

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. The securities offered hereby have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "1933 Act") and, except pursuant to an applicable exemption from registration set forth in the 1933 Act, may not be offered, sold or delivered, directly or indirectly, in the United States of America or to U.S. persons unless an exemption from registration is available. See "Plan of Distribution".*

**THIS PROSPECTUS CONSTITUTES A PUBLIC OFFERING OF THESE SECURITIES ONLY IN THOSE JURISDICTIONS WHERE THEY MAY BE LAWFULLY OFFERED FOR SALE AND THEREIN ONLY BY PERSONS PERMITTED TO SELL SUCH SECURITIES. NO SECURITIES REGULATORY AUTHORITY HAS EXPRESSED AN OPINION ABOUT THESE SECURITIES AND IT IS AN OFFENCE TO CLAIM OTHERWISE.**

## PROSPECTUS

INITIAL PUBLIC OFFERING

October 31, 2011

### FAR RESOURCES LTD.

2255 William Street  
Vancouver, B.C. V5L 2S5  
Telephone: (604) 805 - 5035

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**Public Offering of a  
Minimum of 3,000,000 Common Shares and a  
Maximum of 4,000,000 Common Shares at  
\$0.15 per Common Share**

Far Resources Ltd. (the "Issuer") by this Prospectus hereby offers for sale through its agent Canaccord Genuity Corp. (the "Agent") a minimum of 3,000,000 Common Shares and a maximum of 4,000,000 Common Shares of the Issuer at a price of \$0.15 per Common Share for a Minimum Offering of \$450,000 and a Maximum Offering of \$600,000.

Capitalized terms used in this cover page have the meanings ascribed to such terms in the Glossary section of this Prospectus.

	Price to Public <sup>(1)</sup>	Commission to Agent <sup>(2)</sup>	Net Proceeds to the Issuer <sup>(3)</sup>
Per Common Share	\$0.15	\$0.012	\$0.138
Minimum Offering	\$450,000	\$36,000	\$414,000
Maximum Offering	\$600,000	\$48,000	\$552,000

- (1) The Offering Price of the Common Shares was determined by negotiation between the Issuer and the Agent in accordance with the applicable policies of the Exchange.
- (2) The Agent will be paid an Agent's Commission in cash equal to 8% of the gross proceeds of the Offering and non-transferable Agent's Warrants equal to 10% of the aggregate number of Common Shares sold under the Offering, each whole Agent's Warrant entitling the holder to purchase one Agent's Warrant Share for a period of 24 months from the Closing Date at a price of \$0.15. In addition, upon Closing, the Agent will receive a Corporate Finance Fee of \$30,000 payable by way of \$15,000 cash and 100,000 Corporate Finance Fee Shares of the Issuer. The Issuer is also responsible for paying all reasonable out-of-pocket expenses of the Agent including legal costs, taxes and disbursements. See "PLAN OF DISTRIBUTION".
- (3) Before deduction of the balance of the costs of this Offering including legal, audit, printing, regulatory listing expenses and the Agent's expenses including taxes and disbursements estimated at \$55,000, which will be paid out of the Available Funds. See "USE OF PROCEEDS".

National Instrument 41-101 *General Prospectus Requirements* (“**NI 41-101**”) imposes a restriction on the maximum number of securities which may be distributed under a prospectus to an Agent as compensation (“**Qualified Compensation Securities**”). Pursuant to NI 41-101, the aggregate Qualified Compensation Securities must not exceed 10% of the Common Shares offered pursuant to this Prospectus, which in the case of this Offering is, 400,000 securities if the Maximum Offering is sold (300,000 if only the Minimum Offering is sold). For the purposes of this Offering, the following securities, totaling 400,000 securities if the Maximum Offering is sold (300,000 securities if only the Minimum Offering is sold), are Qualified Compensation Securities and are qualified for distribution pursuant to this Prospectus: (a) 100,000 Corporate Finance Fee Shares; and (b) up to 300,000 Agent’s Warrants to purchase up to 300,000 Agent’s Warrant Shares assuming the Maximum Offering is sold (up to 200,000 Agent’s Warrants to purchase up to 200,000 Agent’s Warrant Shares if only the Minimum Offering is sold). To the extent that the Agent is entitled to receive securities as compensation exceeding 10% of the Offering, those securities exceeding the 10% threshold, being 100,000 Agent’s Warrants to purchase up to 100,000 Agent’s Warrant Shares, in either case of the Minimum Offering or Maximum Offering being sold, will not be Qualified Compensation Securities, will not be qualified for distribution under this Prospectus and will be subject to a four month hold period in accordance with applicable securities laws.

Agent’s Position	Maximum size or number of securities available		Exercise Period	Exercise Price per security
	Minimum Offering	Maximum Offering		
Agent’s Warrants <sup>(1)</sup>	300,000	400,000	24 months from the Closing Date	\$0.15
Corporate Finance Fee Shares	100,000	100,000	Closing Date	N/A <sup>(2)</sup>
Total Securities issuable to Agent	Minimum Offering	Maximum Offering		
	<b>400,000</b>	<b>500,000</b>		

- (1) Subject to the restriction contained in NI 41-101 on the maximum number of securities which may be distributed to the Agent under this Prospectus as set out above, the Corporate Finance Fee Shares and the Agent’s Warrants are qualified for distribution by this Prospectus. See “PLAN OF DISTRIBUTION”.
- (2) The Corporate Finance Fee Shares will have a deemed issue price of \$0.15 per share.

This Prospectus also qualifies the distribution of 126,666 Debt Settlement Shares of the Issuer to a director of the Issuer at a deemed price of \$0.15 per share upon Closing of the Offering pursuant to the Debt Settlement. See “SELECTED FINANCIAL INFORMATION AND MANAGEMENT’S DISCUSSION AND ANALYSIS – Transactions with Related Parties”.

**There is no market through which the Common Shares may be sold and purchasers may not be able to resell securities purchased under this Prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See “RISK FACTORS”.**

As at the date of this Prospectus, the Issuer is an “IPO Venture Issuer” (defined under NI 41-101 as an issuer that does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, a U.S. marketplace, or a marketplace outside Canada and the United States of America other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc).

As of the date of this Prospectus, the directors and officers of the Issuer beneficially own, directly or indirectly, or control, collectively 6,900,001 Common Shares or 52.35% of the issued and outstanding Common Shares. Upon completion of the Maximum Offering (assuming no participation by any of the Issuer’s directors and officers in the Offering, the Agent has not exercised the Agent’s Warrants, none of the outstanding Seed Warrants are exercised and the directors and officers have not exercised their incentive stock options) and the Debt Settlement the number and percentage of Common Shares beneficially owned, directly or indirectly, or over which control or direction will be exercised by the directors and officers as a group will be 7,026,667 Common Shares or 40.37% (7,026,667 Common Shares or 42.83% if only the Minimum Offering is sold). See “DIRECTORS AND OFFICERS”, “CAPITALIZATION” and “SELECTED FINANCIAL INFORMATION AND MANAGEMENT’S DISCUSSION AND ANALYSIS – Transactions with Related Parties”.

These securities are considered to be highly speculative due to the nature of the Issuer's business and its formative stage of development. There is no market through which these securities may be sold and subscribers may not be able to resell securities purchased under this Prospectus. The Issuer was formed to pursue mineral exploration, development, production and acquisition of mineral resource properties, the success of which cannot be assured. An investment in natural resource issuers involves a significant degree of risk. The degree of risk increases substantially where property interests are in the exploration or pre-exploration, as opposed to, the development stage. The Issuer's sole mineral resource property is in the pre-exploration stage and is without a known body of commercial ore. The Issuer's proposed exploration programs are exploratory searches for commercial quantities of ore. Furthermore, the Issuer has no history of revenues or earnings and has no present intention to pay any dividends on its Common Shares. Subscribers must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of the Issuer. As a result of these and other factors, an investment in the securities offered hereunder should only be considered by those investors who are able to make long term investments and who can afford the loss of all of their investment. Subscribers should consult their own professional advisors to assess the income tax, legal and other aspects of this investment. See "Risk Factors".

The Agent, as exclusive agent of the Issuer for the purposes of the Offering, conditionally offers the Common Shares on a commercially reasonable efforts basis, subject to prior sale, if, as and when issued by the Issuer and accepted by the Agent in accordance with the Agency Agreement referred to under "Plan of Distribution". **THE OFFERING IS SUBJECT TO THE DISTRIBUTION OF A MINIMUM OF 3,000,000 OF THE COMMON SHARES (\$450,000) ON OR BEFORE 90 DAYS FROM THE DATE OF ISSUE OF THE FINAL RECEIPT FOR THIS PROSPECTUS, UNLESS A RECEIPT FOR AN AMENDMENT TO THIS PROSPECTUS EXTENDING SUCH DATE IS RECEIVED BY THE ISSUER, IN WHICH CASE THE OFFERING MUST CEASE WITHIN 90 DAYS AFTER THE DATE OF THE RECEIPT FOR THE AMENDMENT TO THE FINAL PROSPECTUS. NOTWITHSTANDING THE FOREGOING, THE TOTAL PERIOD OF THE OFFERING MUST NOT END MORE THAN 180 DAYS FROM THE DATE OF THE INITIAL RECEIPT FOR THE FINAL PROSPECTUS. SEE "PLAN OF DISTRIBUTION"**. Subscriptions will be received subject to rejection or allotment in whole or in part and the Issuer reserves the right to close the subscription books at any time without notice. It is expected that share certificates evidencing the Commons Shares in definitive form will be available for delivery at the Closing unless the Agent elects for delivery in electronic book entry form through CDS Clearing and Depository Services Inc. ("CDS") or its nominee. If delivered in book entry form, purchasers of Common Shares will receive only a customer confirmation from the registered dealer that is a CDS participant and from or through which the Common Shares were purchased.

The Issuer is not a related or connected issuer (as such terms are defined in National Instrument 33-105 *Underwriting Conflicts*) to the Agent.

**Unless otherwise noted, all currency amounts in this Prospectus are stated in Canadian dollars.**

Certain legal matters relating to the securities offered hereby will be passed upon by Gregory T. Chu, A Law Corporation, on behalf of the Issuer, and by Miller Thomson LLP, on behalf of the Agent. No person is authorized by the Issuer to provide any information or make any representations other than those contained in this Prospectus in connection with the issue and sale of the securities offered hereunder.

**AGENT:**

**CANACCORD GENUITY CORP.**

**P.O. Box 10337**

**2200 – 609 Granville Street**

**Vancouver, B.C. V7Y 1H2**

**Phone: (604) 643 - 7300**

**Fax: (604) 643 - 7606**

## FORWARD-LOOKING STATEMENTS

This Prospectus contains "forward-looking statements" within the meaning of applicable securities legislation. These forward-looking statements are made as of the date of this Prospectus and the Issuer does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by law.

Forward-looking statements may include, but are not limited to, statements with respect to the future price of metals, the estimation of mineral resources, the realization of mineral resource estimates, the timing and amount of estimated future production, capital expenditures, success of exploration activities, permitting time lines, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage, the completion of transactions and future listings and regulatory approvals. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information in this Prospectus includes, among other things, disclosure regarding: the Issuer's mineral properties as well as its future outlook, statements with respect to the future price of minerals, the success of exploration activities, permitting time lines, costs and expenditures requirements for additional capital, future listings and regulatory approval, the Offering, the closing of the Offering, the issuance of the Common Shares pursuant to the Offering as well as the information under the headings "MINERAL PROJECT – Tchentlo Lake Property, Omineca Mining Division, British Columbia", "USE OF PROCEEDS " and "EXECUTIVE COMPENSATION".

In making the forward looking statements in this Prospectus, the Issuer has applied certain factors and assumptions that it believes are reasonable, including that there is no material deterioration in general business and economic conditions; that the supply and demand for, deliveries of, and the level and volatility of prices of the Issuer's primary metals and minerals develop as expected; that the Issuer receives regulatory and governmental approvals for its properties on a timely basis; that the Issuer is able to obtain financing for its properties on reasonable terms; that the Issuer is able to procure equipment and supplies in sufficient quantities and on a timely basis; that engineering and exploration timetables and capital costs for the Issuer's exploration plans are not incorrectly estimated or affected by unforeseen circumstances; that any environmental and other proceedings or disputes are satisfactorily resolved; and that the Issuer maintain its ongoing relations with its business partners.

However, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Issuer to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors may include, among others, actual results of current exploration activities; actual results of reclamation activities; future metal prices; accidents, labor disputes and other risks of the mining industry; delays in obtaining governmental or regulatory approvals or financing or in the completion of exploration activities, as well as those factors discussed in the section entitled "Risk Factors" in this Prospectus. Although the Issuer has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Issuer does not undertake to update any forward-looking statements, except in accordance with applicable securities laws.

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**GLOSSARY OF DEFINED TERMS**

Certain terms and abbreviations used in this Prospectus are defined below:

"**1933 Act**" means the United States *Securities Act of 1933*, as amended.

"**ASC**" means the Alberta Securities Commission.

"**Agency Agreement**" means the agency agreement entered into between the Issuer and the Agent with respect to the Offering as more particularly described under "PLAN OF DISTRIBUTION".

"**Agent**" means Canaccord Genuity Corp., as agent for the Offering.

"**Agent's Commission**" means a cash commission equal to 8% of the gross proceeds of the Offering.

"**Agent's Warrants**" means the non-transferable warrants to be issued by the Issuer to the Agent upon Closing of the Offering in an amount equal to 10% of the total number of Common Shares sold in the Offering, each Agent's Warrant entitling the holder thereof to purchase one Agent's Warrant Share at a price of \$0.15 for a period of 24 months from the Closing Date.

"**Agent's Warrant Shares**" means the Common Shares in the capital stock of the Issuer issuable upon exercise of the Agent's Warrants.

"**Available Funds**" means the total funds available to the Issuer from the sale of the Common Shares pursuant to the Offering after taking into account any working capital surplus (or deficiency) of the Issuer.

"**BCSC**" means the British Columbia Securities Commission.

"**BCMÉM**" means the British Columbia Ministry of Energy and Mines.

"**Board**" means the board of directors of the Issuer as constituted from time to time.

"**Closing**" means the closing of the Offering, which shall occur only if the Minimum Offering of 3,000,000 Common Shares has been accepted by the Issuer.

"**Closing Date**" means that date, which is not later than 90 days from the issuance of receipts for the final Prospectus, on which Closing occurs.

"**Common Share**" or "**Common Shares**" means, respectively, one or more common shares without par value in the capital of the Issuer.

"**Corporate Finance Fee**" means the corporate finance fee of \$30,000 payable by the Issuer to the Agent in consideration for providing corporate finance services to the Issuer in connection with the Offering, which fee is payable by way of \$15,000 cash and 100,000 Corporate Finance Fee Shares on the Closing Date.

"**Corporate Finance Fee Shares**" means the 100,000 Common Shares forming part of the Corporate Finance Fee payable by the Issuer to the Agent upon Closing.

"**Debt Settlement**" means the issuance, concurrently with the Closing of the Offering, of a total of 126,666 Debt Settlement Shares of the Issuer at a deemed price of \$0.15 per share to Leon F. Anderson, a director and former executive officer of the Issuer, in settlement of accrued management and/or administrative fees totaling \$19,000.

"**Debt Settlement Shares**" means the Common Shares in the capital stock of the Issuer to be issued pursuant to the Debt Settlement.

"**Effective Date**" means the date that final receipts for this Prospectus are issued.

"**Escrowed Shares**" means those Common Shares of the Issuer to be held in escrow by the Escrow Agent following the completion of the Offering as more particularly described under "ESCROWED SHARES AND SHARES SUBJECT TO RESALE RESTRICTIONS".

"**Escrow Agent**" means Equity Financial Trust Company.

"**Escrow Agreement**" means the escrow agreement entered into among the Issuer, the Escrow Agent and certain Principals and shareholders of the Issuer with respect to the Escrowed Shares.

"**Exchange**" means the Canadian National Stock Exchange.

"**Issuer**" means Far Resources Ltd., a corporation incorporated under the *Business Corporations Act* (British Columbia), having its registered office in Vancouver, British Columbia.

"**Listing Date**" means the date the Common Shares of the Issuer are listed for trading on the Exchange.

"**Maximum Offering**" means the maximum subscription pursuant to the Offering of 4,000,000 Common Shares at a price of \$0.15 per Common Share for gross proceeds of \$600,000.

"**Mineral Resources**" has the meaning ascribed to that term by the Canadian Institute of Mining, Metallurgy and Petroleum.

"**Minimum Offering**" means the minimum subscription pursuant to the Offering of 3,000,000 Common Shares at a price of \$0.15 per Common Share for gross proceeds of \$450,000.

"**NI 41-101**" means National Instrument 41-101 *General Prospectus Requirements* adopted by the Canadian Securities Administrators.

"**NI 43-101**" means National Instrument 43-101 *Standards of Disclosure for Mineral Projects* adopted by the Canadian Securities Administrators.

"**Offering**" means the public offering of the Common Shares described herein or in any amendment hereto, being a Minimum Offering of 3,000,000 Common Shares and a Maximum Offering of 4,000,000 Common Shares at a price of \$0.15 per Common Share.

"**Offering Price**" means \$0.15 per Common Share.

"**Optionees**" means the directors, officers, employees of and consultants to the Issuer.

"**OSC**" means the Ontario Securities Commission.

"**Principal**" includes:

- (i) a person or company who acted as a promoter of the Issuer within two years preceding this Prospectus;
- (ii) a director or senior officer of the Issuer or any material operating subsidiary of the Issuer, as listed in this Prospectus;
- (iii) a *20% holder* – a person or company that holds securities carrying more than 20% of the voting rights attached to the Issuer's outstanding securities immediately before and immediately after completion of this Offering;

- (iv) *a 10% holder* – a person or company that:
  - (A) holds securities carrying more than 10% of the voting rights attached to the Issuer’s outstanding securities immediately before and immediately after completion of this Offering; and
  - (B) has elected or appointed, or has the right to elect or appoint, one or more directors or senior officers of the Issuer or any material operating subsidiary of the Issuer; and
- (v) associates and affiliates of any of the above.

"**Prospectus**" means this document and any amendment hereto.

"**Seed Units**" mean the units in the capital of the Issuer sold by the Issuer during its seed capital phase at a price of \$0.05 per unit, each Seed Unit consisting of one Common Share and one Seed Warrant.

"**Seed Warrants**" means the transferable common share purchase warrants forming part of the Seed Units; each whole Seed Warrant entitling the holder thereof to purchase one Seed Warrant Share at a price of \$0.15 on or before June 30, 2012.

"**Seed Warrant Shares**" mean the Common Shares in the capital stock of the Issuer issuable upon exercise of the Seed Warrants.

"**Stock Option Plan**" means the Issuer’s stock option plan approved by the Issuer’s directors on July 20, 2011.

"**Tax Act**" means the *Income Tax Act* (Canada), as amended from time to time.

"**Tchentlo Lake Property**" means the six mineral tenures totaling 2,507.94 hectares comprised in two separate claim blocks located in the Omineca Mining Division of north central British Columbia approximately 100 kilometres northwest of Fort St. James.

"**Tchentlo Lake Report**" means the technical report dated effective July 30, 2011 prepared by C. Von Einsiedel, P.Geol., in compliance with NI 43-101 on the Tchentlo Lake Property entitled "Review of Technical Information and Proposed Exploration Program for the Tchentlo Lake Property".

In this Prospectus, other words and phrases that are capitalized have the meaning assigned in this Prospectus.

Words importing the masculine shall be interpreted to include the feminine or neuter and the singular to include the plural and vice versa where the context so requires.

## CONVERSION

The following table sets forth certain standard conversions between Standard Imperial Units and the International System of Units (or metric units).

To Convert From	To	Multiply By
Feet	Metres	0.305
Metres	Feet	3.281
Miles ("mi")	Kilometres ("km")	1.609
kilometers	Miles	0.621
Acres	Hectares	0.405
Hectares	Acres	2.471



**CURRENCY**

In this Prospectus, unless otherwise indicated, all dollar amounts are expressed in Canadian dollars and references to \$ are to Canadian dollars.

**PROSPECTUS SUMMARY**

*The following is a summary of the principal features of this distribution and should be read together with the more detailed information and financial data and statements contained elsewhere in this Prospectus.*

<p><b>Issuer:</b></p>	<p>Far Resources Ltd.</p> <p>The Issuer was incorporated under the <i>Business Corporations Act</i> (British Columbia) on July 7, 2005 under the name "Far Resources Ltd."</p> <p>The principal business of the Issuer is the acquisition, exploration and, if warranted, development of mineral resource properties.</p>
<p><b>Developments to Date</b></p>	<p>Currently, the Issuer owns a 100% undivided interest in the Tchentlo Lake Property, an early stage exploration prospect, located in north central British Columbia approximately 100 kilometres northwest of Fort St. James.</p> <p>The Tchentlo Lake Property, located in the Omineca Mining Division of British Columbia, encompasses six mineral tenures totaling 2,507.94 hectares in two separate claim blocks referred to as the "North Block" and the "South Block". The North Block consists of three contiguous mineral tenures (1,196.19 hectares) and the South Block consists of three contiguous mineral tenures (1,311.75 hectares). The mineral tenures comprising the Tchentlo Property were staked by the Issuer in late 2007 at a cost of \$28,260 and, save for one tenure, expire on December 1, 2011. The final tenure expires on January 10, 2012. See Figure 1, Location Map of the Tchentlo Lake Property under the heading "MINERAL PROJECT – Tchentlo Lake Property, Omineca Mining Division, British Columbia".</p> <p>Upon completion of this Offering the Issuer plans to carry out Stage 1 and, if warranted, Stage 2 of the recommended exploration program on the Tchentlo Lake Property.</p> <p>The Tchentlo Lake Property exploration program consists of two stages. Stage 1 consists of widely spaced grid soil geochemical surveys on the North Block and a combined verification and grid based soil geochemical survey on the South Block designed to confirm previous gold in soil anomalies identified by Placer Dome on its Lo Property (now covered by the South Block) and determine if the anomalous zone continues to the southeast. The estimated cost of Stage 1 is \$60,000. If Stage 1 confirms the presence of elevated gold, arsenic and antimony values in soils or identifies any significant copper anomalies, a follow up Stage 2 program of fill-in soil sampling and trenching would be warranted at an estimated cost of \$220,000.</p> <p>In the event the Issuer does not complete Stage 1 or carry out sufficient assessment work on the Tchentlo Lake Property to renew the underlying mineral tenures prior to the initial expiry date of December 1, 2011, the Issuer will pay cash in lieu of filing assessment work in order to renew such tenures for an additional one year period. The assessment cost to renew the mineral tenures comprising the Tchentlo Lake Property for the ensuing year is approximately \$10,032.</p> <p>See "MATERIAL PROJECT – Tchentlo Lake Property, Omineca Mining Division, British Columbia" and "USE OF PROCEEDS".</p>
<p><b>Offering</b></p>	<p>The Offering is comprised of a minimum of 3,000,000 Common Shares and a maximum of 4,000,000 Common Shares at a price of \$0.15 per Common Share. Completion of the Offering is subject to the sale of a minimum of 3,000,000 Common Shares.</p> <p>This Prospectus qualifies the distribution of the Common Shares under the Offering, the Corporate Finance Fee Shares, to the extent permissible under NI 41-101, the Agent's Warrants and the Debt Settlement Shares.</p> <p>See "PLAN OF DISTRIBUTION", "DESCRIPTION OF SECURITIES DISTRIBUTED".</p>

<b>Offering Price</b>	\$0.15 per Common Share										
<b>Net Proceeds to the Issuer</b>	<p>The net proceeds from the Offering, after the Agent's Commission but before the balance of the expenses of the Offering estimated at \$55,000, will be \$552,000 if the Maximum Offering is sold (\$414,000 if only the Minimum Offering is sold).</p> <p>See "USE OF PROCEEDS – Funds Available".</p>										
<b>Use of Proceeds</b>	<p>The Issuer intends to use the net proceeds from the Offering to, among other things, pay for the balance of the costs of the Offering, to fund the recommended Stage 1 work program on the Tchentlo Lake Property, to establish a reserve for the recommended Stage 2 work program on the Tchentlo Lake Property (if warranted from the results of Stage 1), to fund the Issuer's estimated general and administrative expenses for the ensuing 12 months and to establish a reserve for unallocated working capital. If, based on the results of the Stage 1 work program, the Issuer decides not to proceed with Stage 2, the net proceeds from the Offering currently allocated as a reserve for Stage 2 will be reallocated towards the acquisition and exploration of one or more new mineral resource properties and for general working capital purposes.</p> <p>See "USE OF PROCEEDS – Principal Purposes".</p>										
<b>Agent's Commission</b>	<p>Upon Closing of the Offering, the Agent will receive an Agent's Commission equal to 8% of the gross proceeds of the Offering payable in cash. The Agent will also receive a Corporate Finance Fee of \$30,000 payable by way of \$15,000 cash and 100,000 Corporate Finance Fee Shares of the Issuer.</p> <p>The Agent will also receive that number of non-transferable Agent's Warrants of the Issuer equal to 10% of the total number of Common Shares sold under the Offering, each whole Agent's Warrant entitling the holder to purchase one Agent's Warrant Share for a period of 24 months from the Closing Date at a price of \$0.15.</p> <p>See "PLAN OF DISTRIBUTION".</p>										
<b>Agent's Right of First Refusal</b>	The Issuer has also granted the Agent a right of first refusal to act as the Issuer's agent in respect of any future brokered equity financings sought by the Issuer for a period of 12 months from the Closing Date.										
<b>Directors and Management</b>	<table> <tr> <td>Keith C. Anderson</td> <td>Director, President and Chief Executive Officer</td> </tr> <tr> <td>Cyrus Driver</td> <td>Director and Chief Financial Officer</td> </tr> <tr> <td>Leon F. Anderson</td> <td>Director</td> </tr> <tr> <td>Lindsay R. Bottomer</td> <td>Director</td> </tr> <tr> <td>Allen Morishita</td> <td>Director</td> </tr> </table> <p>See "DIRECTORS AND OFFICERS".</p>	Keith C. Anderson	Director, President and Chief Executive Officer	Cyrus Driver	Director and Chief Financial Officer	Leon F. Anderson	Director	Lindsay R. Bottomer	Director	Allen Morishita	Director
Keith C. Anderson	Director, President and Chief Executive Officer										
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Lindsay R. Bottomer	Director										
Allen Morishita	Director										
<b>Risk Factors</b>	<p>Prospective investors should carefully consider the information set forth under the heading "RISK FACTORS" and other information set forth herein before deciding to invest in the Common Shares. These securities are considered to be highly speculative due to the nature of the Issuer's business and its formative stage of development.</p> <p>There is no assurance that the Issuer's exploration will result in the discovery of an economically viable mineral deposit. The Issuer has generated losses to date and while upon completion of the Offering the Issuer will have sufficient financial resources to undertake its planned exploration programs, it will require additional funds to further explore its properties. There is no assurance such additional funding will be available to the Issuer on commercially reasonable terms or at all. Additional equity financing may result in substantial dilution thereby reducing the marketability of the Issuer's Common Shares. The Issuer's activities are subject to the risks normally encountered in the mining exploration business. The economics of exploring, developing and operating resource properties are affected by many factors including the cost of exploration and development operations, variations of the grade of any ore mined and the rate of resource extraction and fluctuations in the price of resources produced, government regulations relating to royalties, taxes and</p>										

environmental protection and title defects. The Issuer's current mineral resource property has not been surveyed and may be subject to prior unregistered agreements, interests or land claims and title may be affected by undetected defects. In addition, the Issuer may become subject to liability for hazards against which it is not insured. The mining industry is highly competitive in all its phases and the Issuer competes with other mining companies, many with greater financial and technical resources, in the search for, and the acquisition of, mineral resource properties and in the marketing of minerals. Additional risks include the lack of any market for the securities and the present intention of the Issuer not to pay dividends. Certain of the Issuer's directors and officers also serve as directors or officers of other public and private resource companies, and to the extent that such other companies may participate in ventures in which the Issuer may participate, such directors and officers of the Issuer may have a conflict of interest. An investment in Common Shares is suitable for only those investors who are willing to risk a loss of their entire investment and who can afford to lose their entire investment. Subscribers should consult their own professional advisors to assess the income tax, legal and other aspects of an investment in Common Shares. See "RISK FACTORS".

**Summary Financial Information**

The following is a summary of selected financial information of the Issuer based on the financial statements of the Issuer for the three most recently completed fiscal years ended March 31, 2011, 2010 and 2009 and the subsequent three month period ended June 30, 2011:

	3 Months Ended June 30, 2011 (unaudited)	Fiscal Year Ended March 31		
		2011 (audited)	2010 (unaudited)	2009 (unaudited)
Current cash assets	\$255,741	\$52,768	\$38,854	\$65,047
Working capital (deficiency)	\$166,950	(\$28,523)	\$18,276	\$48,455
Mineral property interests	\$ 46,973	\$46,973	\$28,260	\$28,260
Current liabilities	\$ 88,791	\$81,291	\$20,578	\$16,592
Shareholders' equity	\$248,923	\$38,450	\$46,536	\$76,715
Total Expenses	\$ 34,527	\$73,086	\$30,179	\$50,369
Net Loss/Comprehensive loss	(\$ 34,527)	(\$73,086)	(\$30,179)	(\$50,369)
Basic/Diluted loss per share	(\$0.00)	(\$0.01)	(\$0.00 )	(\$0.01)

See "SELECTED FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS".

## THE ISSUER

The Issuer was incorporated under the *Business Corporations Act* (British Columbia) on July 7, 2005 under the name "Far Resources Ltd."

The Issuer's head office is located at 2255 William Street, Vancouver, B.C. V5L 2S5. The registered and records offices of the Issuer are located at Suite 650 – 1188 West Georgia Street, Vancouver, British Columbia V6E 4A2.

### **Inter-corporate Relationships**

The Issuer has no subsidiaries.

## DESCRIPTION OF THE BUSINESS

### **Narrative Description of the Business**

The Issuer's principal business is the acquisition, exploration and, if warranted, development of mineral resource properties. The Issuer intends to use the net proceeds from the Offering to carry out the recommended Stage 1 and, if warranted, Stage 2 exploration programs on the Tchentlo Lake Property. See "MINERAL PROJECT – Tchentlo Lake Property, Omineca Mining Division, British Columbia".

### **History**

Although incorporated in 2005, the Issuer has carried out only limited and sporadic business and exploration activities to date.

From 2005 to 2007 the Issuer's activities were focused primarily on raising seed capital and investigating potential mineral resource properties for acquisition and exploration.

In late 2007, following the announcement of a new discovery of porphyry copper-gold mineralization by Serengeti Resources Ltd.(TSXV - SIR) at its Kwanika property located approximately 130 kilometres northwest of Fort St. James, the Issuer staked the Tchentlo Lake Property approximately 25 kilometres south of the Kwanika discovery. The Kwanika discovery is located within a series of contiguous claims (comprising approximately 10,000 hectares) staked along the Pinchi Fault Zone which is a major northwest trending structure that forms the western boundary of the Quesnel Trough.

The Tchentlo Lake Property initially comprised five claim blocks totaling approximately 5,000 hectares and was acquired to cover various airborne magnetic highs interpreted to be possible intrusive centers localized along the Pinchi Fault Zone. The two most northerly blocks (referred to as the North Block and the South Block comprising approximately 2,500 hectares) cover possible extensions of the rocks that host the Indata property of Eastfield Resources Ltd. (TSXV – ETF) (the "**Indata Property**") and the former Placer Dome property (explored for gold in 1990) located approximately 20 kilometers to the southeast of Indata Property (formerly referred to as the "**Lo Property**"). The claim blocks located further south along the main Pinchi Fault Zone (referred to as the Pinchi South Blocks comprising approximately 2,500 hectares) covered parts of several airborne magnetic targets. Between 2007 and 2009 most of the ground along the projected southern extension of the Pinchi Fault was staked by Amarc Resources Ltd. (TSXV – AHR) ("**Amarc**").

Between late 2007 and 2009 the Issuer funded a reconnaissance soil geochemical survey designed to evaluate the Pinchi South Blocks. It was noted during the survey that there is extensive overburden covering most the Pinchi South Blocks. The results of the initial survey were negative and based on the fact that Amarc allowed their claim holdings along the southern extension of the Pinchi Fault Zone to lapse the Issuer determined in 2010 to allow the Pinchi South Blocks to lapse and instead focus exploration work on the North and South Blocks.

During 2010 the Issuer activities focused on reviewing published technical data for the Indata Property and compiling historic technical information available for the former Placer Dome Lo Property (now covered by the South Block). Although there is no detailed surface exploration data available for the North Block geological maps published by Eastfield Resources Ltd. (“**Eastfield**”) and regional airborne magnetic data (available from the BCMEM) suggests the rock units that host mineralization on the Indata Property extend into the North Block. See “MINERAL PROJECT – Tchentlo Lake Property, Omineca Mining Division, British Columbia”. During this period, the Issuer also commissioned the preparation of the Tchentlo Lake Report with a view to completing an initial public offering and listing of its Common Shares on the Exchange.

Between January 1, 2011 to May 31, 2011, the Issuer sold a total of 6,200,000 Seed Units at a price of \$0.05 per Seed Unit for gross proceeds of \$310,000 to fund, inter alia, the costs of going public and the ongoing day to day operations of the Issuer. Each Seed Unit consists of one Common Share and one Seed Warrant. Each Seed Warrant entitles the holder thereof to purchase one Seed Warrant Share at a price of \$0.15 (\$0.05 prior to September 3, 2011) on or before June 30, 2012.

Save and except for management, the Issuer presently has no employees. Where applicable, the Issuer relies on independent consultants to assist management in carrying out the day to day operations of the Company. See “DIRECTORS AND OFFICERS” and “EXECUTIVE COMPENSATION”.

As of October 31, 2011, certain employees, partners, officers, directors, affiliates and associates of the Agent held a total of 916,667 Common Shares of the Issuer representing 6.95% of the current issued and outstanding share capital of the Issuer.

Upon completion of this Offering, the Issuer plans to carry out Stage 1 of a recommended two stage exploration program on the Tchentlo Lake Property. Stage 1 consists of widely spaced grid soil geochemical surveys on the North Block and a combined verification and grid based soil geochemical survey on the South Block designed to confirm the main gold in soil anomaly identified by Placer Dome on its Lo Property (now covered by the South Block) and determine if the anomalous zone continues to the southeast. The estimated cost of Stage 1 is \$60,000.

Contingent upon positive results from Stage 1, Stage 2 will consist of a follow up program of fill-in soil sampling and trenching to test targets identified during Stage 1 as having elevated gold, arsenic and antimony values in soils or significant copper anomalies at an estimated cost of \$220,000.

See “MATERIAL PROJECT – Tchentlo Lake Property, Omineca Mining Division, British Columbia” below. See also “USE OF PROCEEDS”.

Except as disclosed herein, management is not presently aware of any material changes that are expected to occur in the Issuer’s business during the current financial year.

### **Material Acquisition**

#### *Tchentlo Lake Property, Omineca Mining Division, British Columbia*

In late 2007, the Issuer staked the Tchentlo Lake Property located approximately 100 kilometres northwest of Fort St. James, British Columbia.

Initially, the Tchentlo Lake Property was comprised of five claim blocks totaling approximately 5,000 hectares, however, following, inter alia, the receipt of negative results from its reconnaissance soil geochemical survey completed in 2009, the Issuer determined to let the Pinchi South Blocks lapse and focus its attention and resources on the North and South Blocks. Staking costs associated with the North and South Blocks total \$28,260.

The six mineral tenures comprising the North and South Blocks are summarized under the heading “MINERAL PROJECT – Tchentlo Lake Property, Omineca Mining Division, British Columbia – Property Description and Location” below and are in good standing until December 1, 2011, save for one tenure expiring January 10, 2012.

The Tchentlo Lake Property is also subject to an annual assessment cost of \$4.00 per hectare for a total of \$10,032 (2,507.94 hectares x \$4.00) for the first three years and \$8.00 per hectare for a total of \$20,064 (2,507.94 hectares x \$8.00) thereafter.

To date, save for \$18,713 in exploration consulting fees and maintenance costs, the Issuer has not carried out any exploration work on the North and South Blocks, but intends to utilize a portion of the Available Funds to carry out the Stage 1 and, if warranted, Stage 2 exploration programs on such blocks recommended in the Tchentlo Lake Report. Additional debt or equity financing will be required to finance further exploration of these blocks. See "RISK FACTORS".

## **MINERAL PROJECT**

### Tchentlo Lake Property, Omineca Mining Division, British Columbia

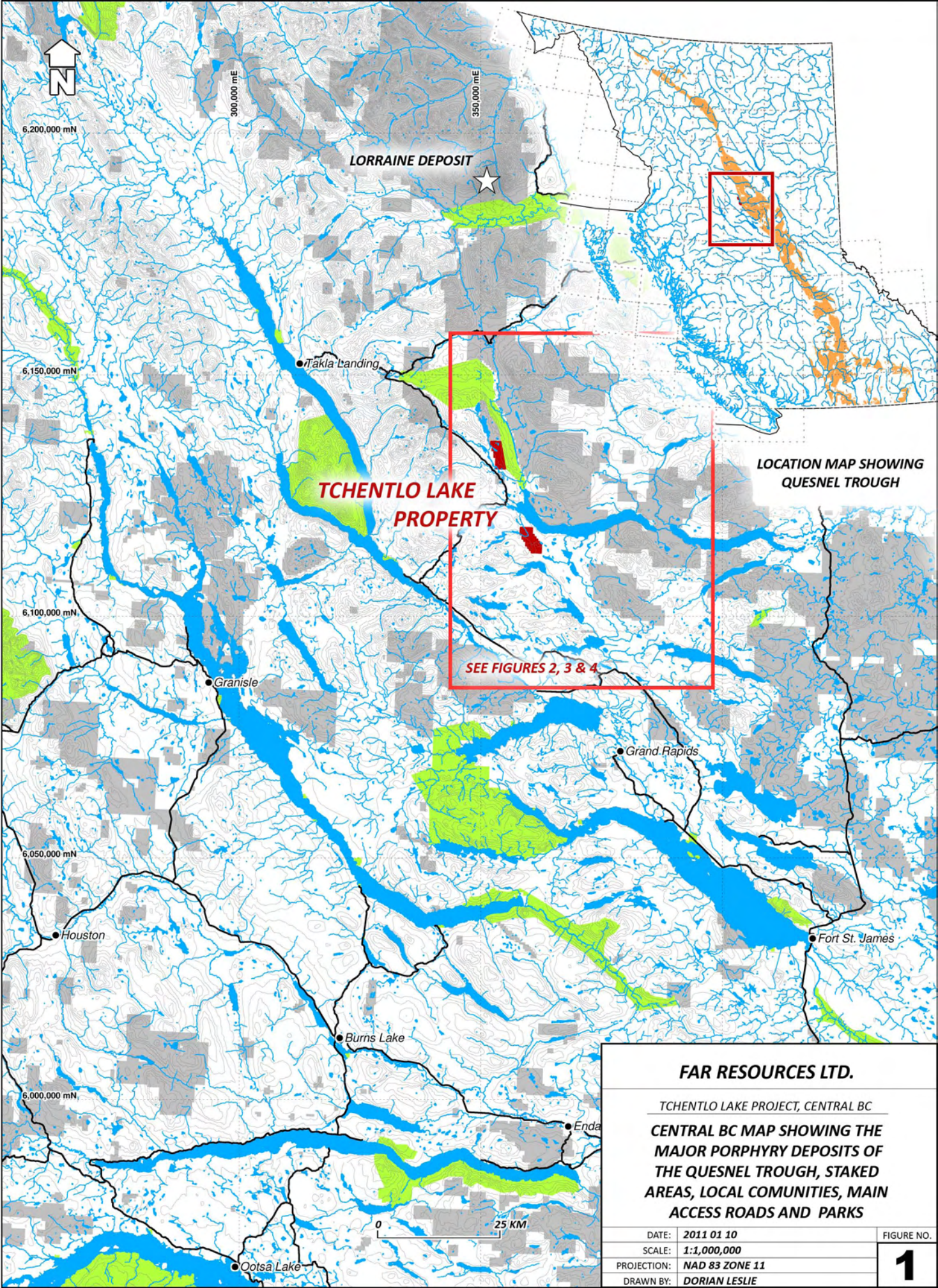
The Issuer's principal mineral project is the Tchentlo Lake Property located in the Omineca Mining Division of north central British Columbia. A technical report dated effective July 30, 2011 in compliance with NI 43-101 on the Tchentlo Lake Property entitled "Review of Technical Information and Proposed Exploration Program for the Tchentlo Lake Property" has been authored by C. Von Einsiedel, P.Geo. (the "Author"). The Tchentlo Lake Report is available for review under the Issuer's profile on the SEDAR database at [www.sedar.com](http://www.sedar.com). A copy of the Tchentlo Lake Report may also be inspected during the period of distribution of the Common Shares and for 30 days thereafter at the head office of the Issuer at 2255 William Street, Vancouver, British Columbia V5L 2S5, during normal business hours.

The Tchentlo Lake Report is the source of all technical disclosure contained herein relating to the Tchentlo Lake Property and the following summary is derived and/or excerpted from information detailed in the Tchentlo Lake Report except where noted.

### **Property Description and Location**

The Issuer holds a 100% interest in the Tchentlo Lake Property comprised of six mineral tenures in two separate claim blocks, being the North Block and the South Block, totalling 2,507.94 hectares.

The North Block consists of three contiguous mineral tenures totalling 1,196.19 hectares and the South Block consists of three contiguous mineral tenures totalling 1,311.75 hectares. All of the mineral tenures comprising the Tchentlo Lake Property were staked pursuant to the BCMEM's MTO system (Mineral Titles Online System). The earliest expiry date of the claim package is December 1, 2011. The location of the Tchentlo Lake Property relative to other mining claims, local communities, parks and access roads is shown in Figure 1 below. The individual claim tenure numbers are shown in Figure 2 below. The North Block is located on NTS Mapsheet 93N03 and the South Block straddles NTS Mapsheet numbers 93N014 and 93N015.



6,200,000 mN

300,000 mE

350,000 mE

LORRAINE DEPOSIT



6,150,000 mN

Takla Landing

**TCHENTLO LAKE PROPERTY**

LOCATION MAP SHOWING QUESNEL TROUGH

6,100,000 mN

SEE FIGURES 2, 3 & 4

6,050,000 mN

Granisle

Grand Rapids

6,000,000 mN

Houston

Fort St. James

Burns Lake

6,000,000 mN

0 25 KM

Ootsa Lake

Enda

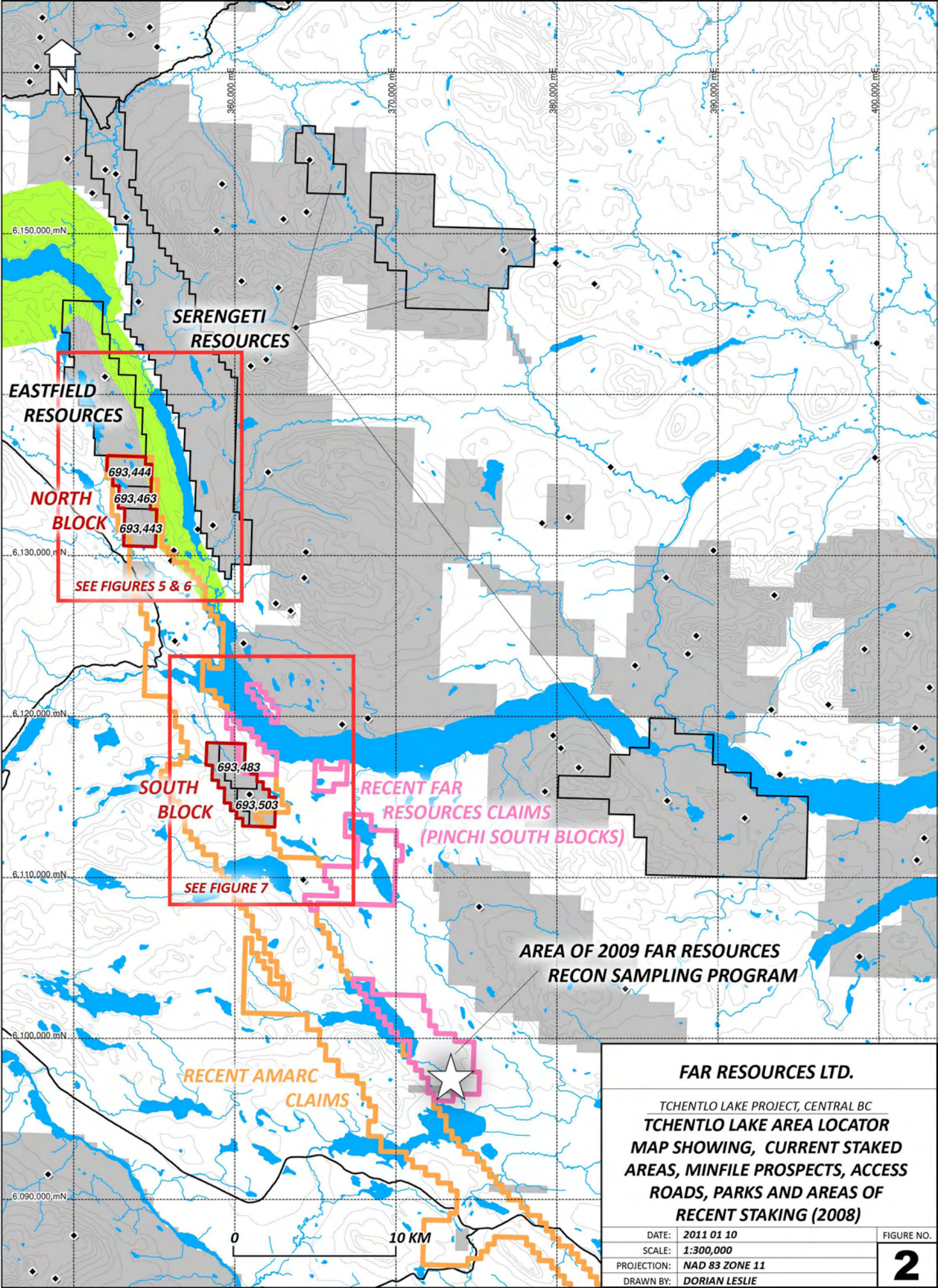
**FAR RESOURCES LTD.**

TCHENTLO LAKE PROJECT, CENTRAL BC

**CENTRAL BC MAP SHOWING THE MAJOR PORPHYRY DEPOSITS OF THE QUESNEL TROUGH, STAKED AREAS, LOCAL COMMUNITIES, MAIN ACCESS ROADS AND PARKS**

DATE:	2011 01 10	FIGURE NO.	1
SCALE:	1:1,000,000		
PROJECTION:	NAD 83 ZONE 11		
DRAWN BY:	DORIAN LESLIE		





SERENGETI  
RESOURCES

EASTFIELD  
RESOURCES

NORTH  
BLOCK

693,444  
693,463  
693,443

SEE FIGURES 5 & 6

SOUTH  
BLOCK

693,483  
693,503

SEE FIGURE 7

RECENT FAR  
RESOURCES CLAIMS  
(PINCHI SOUTH BLOCKS)

AREA OF 2009 FAR RESOURCES  
RECON SAMPLING PROGRAM

RECENT AMARC  
CLAIMS

**FAR RESOURCES LTD.**  
  
TCHENTLO LAKE PROJECT, CENTRAL BC  
**TCHENTLO LAKE AREA LOCATOR  
MAP SHOWING, CURRENT STAKED  
AREAS, MINFILE PROSPECTS, ACCESS  
ROADS, PARKS AND AREAS OF  
RECENT STAKING (2008)**

DATE:	2011 01 10	FIGURE NO.
SCALE:	1:300,000	<b>2</b>
PROJECTION:	NAD 83 ZONE 11	
DRAWN BY:	DORIAN LESLIE	

The mineral cell title claim statistics are summarized in Table 1 below; note that this claim information is not a legal title opinion but is a compilation of claims data based on the Author's review of the Government of the British Columbia Mineral Rights inquiry website (B.C. Mineral Titles - January 20, 2011). The mineral claims do not have to be legally surveyed since they are B.C. Government established cell claims.

**Table 1 List of Mineral Tenures**

Tchentlo Property – North Block (1,196.19 hectares)

<u>Tenure No.</u>	<u>Registered Owner</u>	<u>Area (in hectares)</u>	<u>Expiry Date</u>
693443	Far Resources Ltd.	460.26	December 01, 2011
693444	Far Resources Ltd.	459.88	December 01, 2011
693463	Far Resources Ltd.	276.05	December 01, 2011

Tchentlo Property – South Block (1,311.75 hectares)

<u>Tenure No.</u>	<u>Registered Owner</u>	<u>Area (in hectares)</u>	<u>Expiry Date</u>
693483	Far Resources Ltd.	461.77	December 01, 2011
693503	Far Resources Ltd.	462.01	December 01, 2011
842742	Far Resources Ltd.	387.97	January 10, 2012

The Tchentlo Lake Property is owned 100% by the Issuer and is not subject to any royalties, back in rights, payments or other agreements. Title to the claims is maintained through the performance of annual assessment filings and payment of required fees. For the first three years a minimum of \$4.00 per hectare in eligible exploration expenditures must be incurred. In subsequent years a total of \$8.00 per hectare in eligible exploration expenses must be incurred.

To the best of the Author's knowledge, government permits are not required to carry out the recommended Stage 1 program but will be required to carry out the recommended Stage 2 exploration program and for any follow up diamond drilling program recommended after completion of Stage 2. These programs will require application to the BCMEM for permits and the Issuer may be required to post security equivalent to the estimated costs of any reclamation work which will be required after completion of the proposed exploration work. To the best of the Author's knowledge, approval from local First Nations communities may also be required to carry out the recommended Stage 2 exploration program. There is no guarantee that the Issuer will be able to obtain approval from local First Nations. However, the Author is not aware of any problems encountered by other junior mining companies in obtaining approval to carry out similar programs in nearby areas nor is the Author aware of any instances where local First Nations communities have objected to exploration work in the general project area.

To the best of the Author's knowledge, the surface rights to the Tchentlo Lake Property are currently held by the Province of British Columbia. In the event that a significant mineralized zone is identified an application that includes detailed environmental impact studies must be made to the B.C. Land Title and Survey Authority (LTSA) for surface rights prior to initiation of any advanced exploration or mining activities. There is no guarantee that areas for potential mine waste disposal, heap leach pads, or areas for processing plants will be available within the boundaries of the Tchentlo Lake Property.

**Accessibility, Climate, Local Resources and Infrastructure, Physiography**

Access to the Tchentlo Lake Property is by road from Fort St. James along the Tachie, Leo Creek and Leo-Tchentlo logging roads. The access roads are loose surfaced and were in excellent condition at the time of the Author's property visit in October, 2009. The nearest B.C. Highway grid is approximately 50 kilometres to the south (i.e. of the North Block).

The Tchentlo Lake Property is on the Nechako Plateau which is characterized by rolling terrain varying from 900 to 1,500 meters above sea level. The topography has a generally north westerly trend and is dominated by areas of low relief. Lowland areas are swamp filled or covered by thick glacial deposits resulting in minimal bedrock

exposure. The landscape would offer numerous options for tailings containment and there are numerous water sources available.

The climate is transitional between maritime and continental and is considered comparable to Fort St. James. Environment Canada measured at Fort St. James shows an average of 80 millimetres annual precipitation. Mean seasonal temperature highs for July are 21.5 degrees Celsius and -9.1 degrees Celsius for January. Mean temperature lows are 7.9 and -18.3 degrees Celsius respectively.

The Tchentlo Lake Property is below timberline with the forest varying from open to heavy underbrush. Timber in the area is dominated by spruce, balsam fir and pine. Underbrush is typically slide alder, huckleberry and devils club.

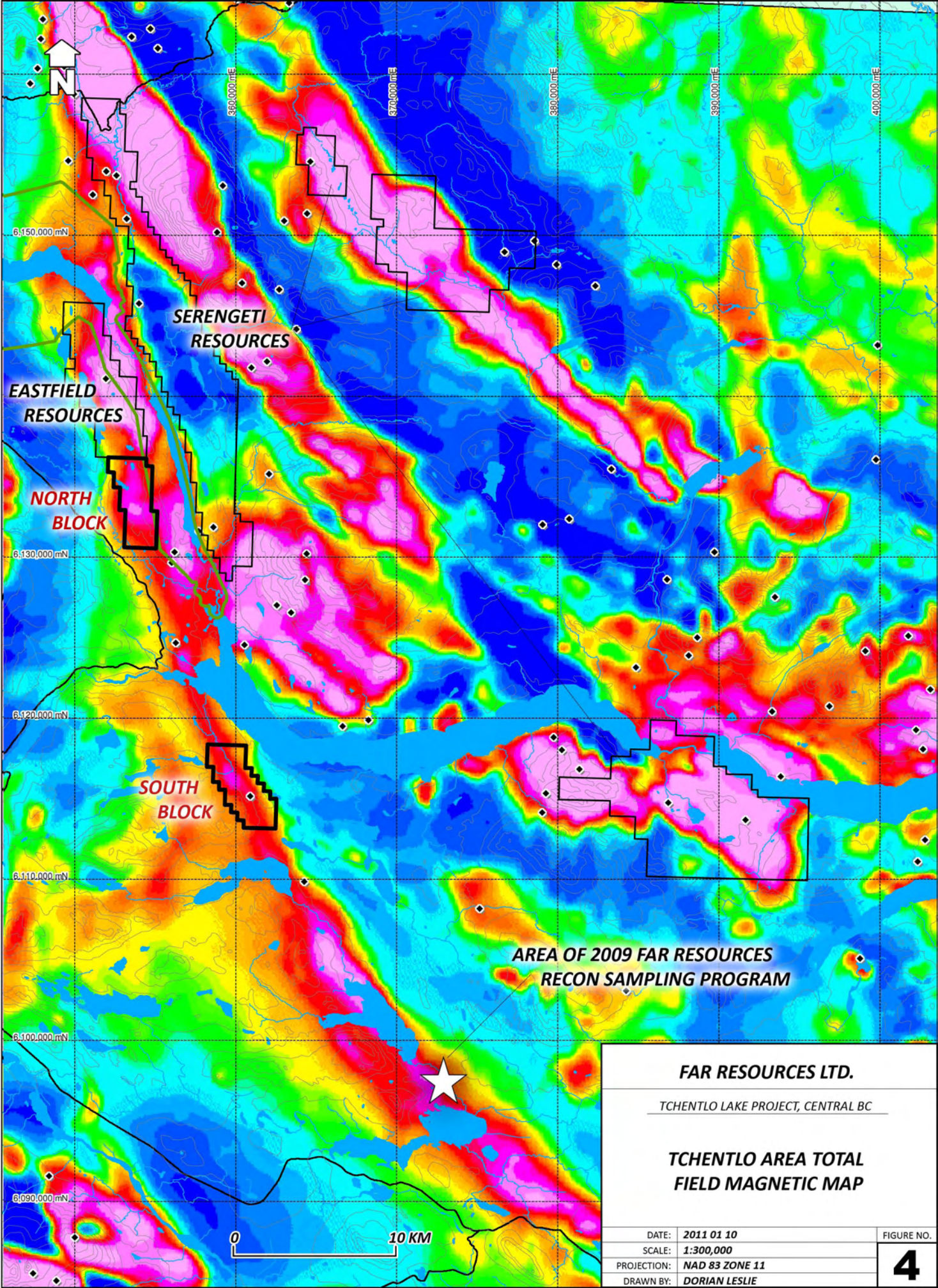
Fort St. James is a resource-based community of about 5,000 people and can provide all required labour and mechanized equipment.

### **Exploration History**

The Tchentlo Lake Property initially comprised five claim blocks totaling approximately 5,000 hectares which were acquired to cover various airborne magnetic highs interpreted to be possible intrusive centers localized along the Pinchi Fault Zone. The two most northerly blocks (referred to as the North Block and the South Block comprising approximately 2,500 hectares) cover possible extensions of the rocks that host Eastfield's Indata Property and the former Placer Dome Lo Property (explored for gold in 1990) located approximately 20 kilometers to the southeast of Indata. The claim blocks located further south along the main Pinchi Fault Zone (referred to as the Pinchi South Blocks comprising approximately 2,500 hectares) covered parts of several airborne magnetic targets. Between 2007 and 2009 most of the ground along the projected southern extension of the Pinchi Fault was staked by Amarc Resources Ltd. ("Amarc"). Figure 2 above shows the current claims held by the Issuer, the location of the Pinchi South Blocks and the location of the recent staking by Amarc along the Pinchi Fault Zone. Figure 4 below is a simplified airborne magnetic maps of the project area that shows the areas of high magnetic response that are interpreted as possible intrusive centers.

In 2009, the Issuer funded a reconnaissance soil geochemical survey designed to evaluate the Pinchi South Blocks. It was noted during the survey that there is extensive overburden covering most the Pinchi South Blocks. The results of the initial survey were negative and based on the fact that Amarc allowed their claim holdings along the southern extension of the Pinchi Fault Zone to lapse the Issuer determined to allow the Pinchi South Block to lapse and instead focus exploration work on the North and South Blocks. During 2010, the Issuer reviewed published technical data for the Indata property and compiled the historic technical information available for the former Placer Dome Lo Property (now covered by the South Block). Although there is no detailed surface exploration data available for the North Block geological maps published by Eastfield and regional airborne magnetic data (available from the BCMEM suggests the rock units that host mineralization on the Indata Property extend into the North Block.

The historic exploration work completed by Placer Dome within the South Block includes grid based soil sample data (984 sample sites collected by Placer Dome from the former Lo Property) all of which is now covered by the South Block. The soil sample data was digitized and entered into a GIS database to establish the location of anomalous sample sites relative to the boundaries of the South Block. Several areas which exhibit moderately to strongly elevated gold (up to 150 ppb), arsenic and antimony contents in soils were identified by Placer Dome, however the source of the anomalies was not determined. The main gold anomaly (located in the southeastern part of the grid established by Placer Dome) trends southeast across three survey lines, is approximately 60 to 70 meters wide and is open to the south. Anomalous arsenic and antimony responses extend the anomalous zone for an additional 300 meters to the northwest. The anomaly exhibits gold, arsenic and antimony values in soils which are similar to the values reported by Eastfield in the area of vein type gold mineralization identified on the Indata Property.



**EASTFIELD  
RESOURCES**

**NORTH  
BLOCK**

**SOUTH  
BLOCK**

**SERENGETI  
RESOURCES**

**AREA OF 2009 FAR RESOURCES  
RECON SAMPLING PROGRAM**

**FAR RESOURCES LTD.**

*TCHENTLO LAKE PROJECT, CENTRAL BC*

**TCHENTLO AREA TOTAL  
FIELD MAGNETIC MAP**

DATE: 2011 01 10

SCALE: 1:300,000

PROJECTION: NAD 83 ZONE 11

DRAWN BY: DORIAN LESLIE

FIGURE NO.

**4**

## **Geological Setting and Mineralization**

According to Morton and Bailey (2006)<sup>1</sup> the Tchentlo Lake Property lies west of and along splay faults related to the contact of two major geological terranes, the Quesnel Terrane (or Quesnel Trough) and the Cache Creek Terrane to the west. The contact between these terranes is marked by the Pinchi Fault Zone, a high angle reverse fault regional extent and associated splay faults.

Cache Creek strata to the west have been thrust over Takla strata to the east. The Quesnel Terrane consists of mafic to intermediate volcanic rocks of the Upper Triassic - Lower Jurassic Takla Group intruded by a composite batholith, the Hogem Batholith with intrusive phases, which range in age from Lower Jurassic to Cretaceous.

The Cache Creek Terrane in the region comprises mainly argillaceous metasedimentary rocks intruded by diorite to granodiorite plutons which may be part of the pre-Triassic age or Lower Cretaceous age and by small ultramafic stocks. Some of these latter intrusions may be of ophiolitic origin. A northwest-striking fault bounded block adjacent to the Quesnel Terrane is underlain largely by limestone within which a sliver of mafic and intermediate volcanic rocks is preserved. Both the limestone and volcanic rocks are considered here to be part of the Cache Creek Group but the evidence for this is equivocal as similar strata occur within the Takla Group elsewhere in the region.

However, metamorphic grade of the Takla Group volcanic rocks is rarely higher than zeolite facies of regional metamorphism while that of the volcanic rocks underlying the Indata property is of greenschist grade, suggesting that these strata are of Cache Creek affinity, not Takla Group. This having been said the proximity of the Indata claims to a major thrust fault may locally have raised the metamorphic grade as has been demonstrated further to south along the Pinchi fault at Pinchi Lake where metamorphic grade increases to blue schist grade at the fault.

The dominant structural style of the Takla Group is that of extensional faulting, mainly to the northwest. In general Takla Group rocks are tilted but not folded. In contrast, strata of the Cache Creek Group have been folded and metamorphosed to lower to middle greenschist facies and, in argillaceous rocks, preserve a penetrative deformational fabric. However, extensional faults are also common within the Cache Creek Group and probably represent the effects of post-collision uplift. In addition to high angle extensional faults, thrust faults are inferred within the Cache Creek Group.

### **Mineralization identified within the Tchentlo Lake Property**

The British Columbia Minfile mineral occurrence database indicates that the South Block covers a known mineral occurrence referred to as the Lo Prospect (Minfile no. 92F392).

The Lo Prospect is described in a report submitted to the BCMEM for assessment credit by Placer Dome (Aris Report No.20037). According to Placer Dome several areas which exhibit moderately to strongly elevated gold (up to 150 ppb), arsenic and antimony contents in soils were identified. The main gold anomaly (located in the southeastern part of the grid established by Placer Dome) trends southeast across three survey lines, is approximately 60 to 70 meters wide and is open to the south. Arsenic and antimony anomalies extend for an additional 300 meters to the north along strike of the gold anomaly. The anomaly exhibits gold, arsenic and antimony values in soils which are similar to the values reported by Eastfield in the area of vein type gold mineralization identified on the Indata Property. The historic work completed by Placer Dome needs to be verified and the soil survey grid needs to be extended to evaluate the anomalous area. It is also noted by Placer Dome that hydrothermal alteration including local quartz-carbonate-mariposite (listwanite) alteration was identified in the southeastern part of the grid. The source of the anomaly was not determined.

The available historic data suggests potential for the discovery of vein type gold mineralization. See Figures 5, 6, 7, 8, 9, and 10 in the Tchentlo Lake Report for available historic data on the South Block and adjoining property technical data for the North and South Blocks.

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<sup>1</sup> Morton, J.W., and Bailey, D., (2006), Summary Report on the Indata Property with Recommendations for Continuing Exploration., Prepared for Redzone Resources Ltd. and Eastfield Resources Ltd.

## Deposit Types

There are two types of mineral deposits that occur in the area of the Tchentlo Lake Property:

- 1) Alkalic and calc-alkaline porphyry copper – gold deposits; and
- 2) Shear hosted gold-silver bearing quartz and carbonate veins.

### *Alkalic and calc-alkaline porphyry copper – gold deposits*

Alkalic and calc-alkaline porphyry copper-gold deposits occur throughout the length of the Quesnel Trough. These deposits occur either within intrusive rocks or in volcanic and sedimentary rocks associated with the intrusive bodies.

These types of deposits are common in the central part of the Quesnel Trough comprising over 50% of the reported mineral occurrences. In these deposits chalcopyrite and other copper minerals, pyrite and molybdenite occur in low grade fracture fillings and in disseminated form. Gold may be a minor but still significant component.

These types of deposits tend to occupy brecciated and faulted zones related to extensively altered subvolcanic intrusions and their volcanic host rocks. Alteration patterns for alkalic type porphyry deposits are distinctly different from those of classic calcalkaline deposits which are characterized by concentric phyllic-argillic-propylitic zones. The alkalic deposits typically have a central potassic or sodic plagioclase zone which passes outward into a propylitic zone. These often overlap and are overprinted by retrograde metasomatic alteration. Magnetite breccias and disseminations are associated with the potassic alteration zone, which hosts most of the copper and gold mineralization. Disseminated pyrite and minor copper mineralization mantle the propylitic alteration zone.

### *Shear Hosted Gold-Silver ( $\pm$ polymetallic) Vein deposits*

The best examples of vein type mineralization in the Tchentlo Lake area are the gold bearing veins identified on the Indata Property. The mineralization is similar to most shear related lode gold deposits. Mineralization is epigenetic in nature and formed from structurally focused hydrothermal fluids, which create a system of low sulphide quartz veins, veinlets or stockworks. These deposits are normally associated with major regional scale structural “breaks” or faults. Deposits are often located in or near a plutonic body. Vein systems often occur in the central parts of discrete shear zones within a larger regional fault, where rotational or simple shear strains predominate. Vein systems are tabular, sub vertical structures of varying thickness and lateral extent; where typical thickness is measured in metres and the strike-dip dimensions are measured in tens or hundreds of metres. The economically viable part of the vein system may be considerably smaller than the whole shear system; often forming discrete shoots of mineralization. Precious metal mineralization often occurs as coarse individual grains, occasionally making this type of deposit difficult to evaluate, due to a “nugget effect” on sample analyses.

Quartz veins usually have sharp contacts with wallrocks and exhibit a variety of textures, including massive, ribboned or banded and stockworks with anastomosing gashes and dilations. Textures may be modified or destroyed by subsequent deformation. Wallrock alteration is characterized by silicification, pyritization and potassium metasomatism generally occurring adjacent to veins (usually within a metre) within a broader zone of carbonate alteration, extending up to tens of metres from the veins. Quartz-carbonate altered rock (listwanite) and pyrite are often the most prominent alteration minerals in the wallrock. Fuchsite, sericite, tourmaline and scheelite are common where veins are associated with felsic to intermediate intrusions.

Ore mineralogy can include: gold, silver, arsenopyrite, chalcopyrite, pyrite, sphalerite, tetrahedrite, argentite, pyrrotite, galena, tellurides, scheelite, and bismuth. Gangue mineralogy includes: quartz and carbonate (calcite, dolomite, ankerite or siderite), hematite-limonite, mariposite (fuchsite), sericite, muscovite, chlorite, tourmaline, graphite.

Typical geophysical signature: Associated structures may be defined by ground magnetic, very low frequency or electromagnetic surveys. Airborne surveys may identify prospective regional-scale major structures. Recent developments in 3D IP surveying technology appear to provide a viable method for assessing the variability in chargeability and resistivity response. The variability may reflect mineralogical changes within mineralized zones or structures and may aid in selection of drill targets.

### **Exploration**

Between late 2007 and 2009 the Issuer acquired the Tchentlo Lake Property and funded a reconnaissance soil geochemical survey designed to evaluate the Pinchi South Blocks. It was noted during the survey that there is extensive overburden covering most the Pinchi South Blocks. The results of the initial survey were negative and based on the fact that Amarc allowed their claim holdings along the southern extension of the Pinchi Fault Zone to lapse the Issuer determined in 2010 to allow the Pinchi South Blocks to lapse and focus exploration work on the North and South Blocks.

During 2010, the Issuer reviewed published technical data for the Indata property and compiled the historic technical information available for the former Placer Dome Lo Property (now covered by the South Block). Although there is no detailed surface exploration data available for the North Block geological maps published by Eastfield and regional airborne magnetic data (available from the BCMEM) suggests the rock units that host mineralization on the Indata Property extend into the North Block. The available historic data suggests potential for the discovery of both porphyry copper type mineralization and vein type gold mineralization. See Figures 5, 6, 7, 8, 9, and 10 of the Tchentlo Lake Report for available historic data on -the South Block and adjoining property technical data for the North and South Blocks.

### **Drilling**

No drilling has been carried out on the Tchentlo Lake Property by the Issuer. In addition, there has been no historic drilling on the Tchentlo Lake Property.

### **Sample preparation, analysis and security**

The published technical reports which detail previous exploration work on the Tchentlo Lake Property indicate that standard QA and QC procedures were implemented by the laboratories that analyzed the samples and that the variability of all reported analyses are within acceptable industry standards.

The objective of the sampling program carried out in 2009 by the Issuer was to assess the effectiveness of soil geochemical surveys in areas of thick overburden along the southern projection of the Pinchi Fault Zone. Samples were collected at 25 meter intervals along two widely spaced, east-west profile lines across a strong magnetic high identified from BCMEM airborne magnetic survey data.

Samples were collected at each station from depths between 20 cm and 50 cm using conventional soil augers. All samples were placed in Kraft paper sample bags, sealed and labeled with unique sample numbers. The location of each sample was noted, in UTM coordinates (NAD 83 Zone 10), with the aid of a hand-held GPS (Garmin 60Cx; accuracy  $\pm 5$ m). The samples were then shipped by the Author to the ALS Chemex laboratory in North Vancouver, B.C.

The samples collected during the 2009 program were collected by independent geologists and field technicians. During the field program samples were stored in vehicles that were used in completion of the field work and were transported to the Author's residence in Mission, B.C.

All samples collected during the 2009 exploration program were submitted to ALS Chemex, of North Vancouver, B.C. for analysis. The -80 micrometer mesh sieved fraction of the soil samples was dissolved in an aqua regia solution (3:1 mixture of hydrochloric and nitric acid) and analyzed for a series of elements by ICP-AES. ALS Chemex employs standard QA and QC protocols on all sample analyses including inserting one blank, reference standard and duplicate analysis in every twenty samples analyzed. No additional QA and QC procedures were implemented as part of the program.

In the Authors opinion the sample security employed by the field personnel involved in the sample collection and the sample preparation and analytical procedures employed by ALS Chemex are adequate for the exploration program carried out by the Issuer on the Tchentlo Lake Property.

ALS Vancouver is in compliance for the requirements of ISO 9001:2000 through February 12, 2011 (ALS Laboratory Group, 2010). ALS Vancouver is accredited through the Standards Council of Canada (SCC) for Metallic Ores and Products Mineral Analysis testing for several techniques including Fire Assay with an Atomic Absorption (AA) finish, Fire Assay with a gravimetric finish and ICP-AES using a four acid digestion.

### **Data Verification**

The present Tchentlo Lake Property covers the soil geochemical survey grids completed by Placer Dome in 1990. Placer Dome reported anomalous soil sample results and anomalous rock sample results from sampling completed within an area referred to as the Lo Prospect Area.

The soil survey completed by Placer Dome consisted of 984 samples collected at 20 meter intervals along 100 meter spaced, east-west oriented grid lines. The area of the Placer Dome grid is completely within the claims that form the South Block. The compilation work carried out by the Issuer involved geo-referencing the historic technical maps from Placer Dome, digitizing the UTM locations of the reported soil sample sites and entering the historic assay data into a GIS database.

According to Placer Dome, samples were collected from either the C Horizon or the transition zone between the B and C horizon using mattocks at depths ranging from 0.5 to 0.7 meters. Samples were dried and sieved to minus 80 mesh and analyzed at the Placer Dome Inc. laboratory. The Placer Dome facility employed techniques similar to those employed by certified laboratories however it is not known if the Placer Dome facility would meet current ISO 9000 standards for certification. It is important to note that the anomalous areas identified by Placer Dome have not yet been confirmed by verification sampling. This verification work will be an important component of the proposed Stage 1 exploration program.

### **Mineral Processing and Metallurgical Testing**

There is no mineral processing or metallurgical testing data available from the Tchentlo Lake Property.

### **Mineral Resource and Mineral Reserve Estimates**

There is no mineral resource compliant with CIM Standards on Mineral Resources and Reserves (CIM, 2000) and therefore no NI 43-101 compliant resource for the Tchentlo Lake Property.

### **Adjacent Properties**

The Issuer acquired the Tchentlo Lake Property by staking and direct purchase in late 2007 after Serengeti Resources Ltd. ("**Serengeti**") announced a new discovery of porphyry copper-gold mineralization at their wholly owned Kwanika Property located approximately 130 kilometers north of Fort St. James. The Kwanika discovery is located within a series of contiguous claims comprising approximately 10,000 hectares staked along the Pinchi Fault Zone which is a major northwest trending structure that forms the western boundary of the Quesnel Trough. Drill results published by Serengeti include DDH K-06-09 which intersected 111.1 meters of 0.69% copper and 0.54 g/t gold; DDH K-07-15 which intersected 0.661% copper and 0.72 g/t gold over 328.3 meters; and, K-07-20 which returned 0.76% copper and 0.91 g/t gold over 107.7 meters.

The Tchentlo Lake Property consists of two separate claim blocks localized along a splay fault from the main Pinchi Fault Zone approximately 25 kilometers south of the Kwanika discovery. Regional geological maps published by the BCMEM show that the claim area covers the transition zone along the Pinchi Fault that separates the Quesnel Trough and the Cache Creek Terrane. The North Block adjoins the southeastern boundary of Eastfield's Indata Property.



Eastfield's Indata Property (located approximately 20 kilometers southwest of Kwanika) covers part of the same splay fault from the main Pinchi Fault Zone. According to Morton and Bailey (2006)<sup>2</sup>, the Indata Property hosts significant porphyry copper mineralization and gold bearing vein type mineralization and warrants additional exploration. The vein type mineralization was identified in 1989 by trenching and drill testing of gold, arsenic and antimony soil geochemical anomalies. Drilling reportedly encountered polymetallic quartz and quartz carbonate veins with gold values ranging from several hundred ppb to 6 g/t with the most significant intercept being 47 g/t gold over 4 meters. In 1995, porphyry type copper mineralization was identified during road construction and a 75 meter long trench (referred to as Trench 7) reportedly averaged 0.36% copper. Follow-up drilling in 1998 reportedly returned 145.4 meters grading 0.20% copper including 24.1 meters grading 0.37% copper.

**It is important to note that there is no assurance that mineralization similar to that encountered on either the Kwanika Property or the Indata Property will be identified on the Tchentlo Lake Property. The technical information concerning these properties is included solely to demonstrate the geological setting of the Tchentlo Lake Property.**

#### **Other relevant data and information**

There is no other relevant data or information concerning the Tchentlo Lake Property.

#### **Interpretation and Conclusions**

The Tchentlo Lake Property consists of two separate claim blocks (referred to as the North Block and South Block) localized along a splay fault from the main Pinchi Fault Zone. Regional geological maps published by BCMEM show that the claim area covers the transition zone along the Pinchi Fault that separates the Quesnel Trough and the Cache Creek Terrane. The North Block adjoins the southeastern boundary of Eastfield's Indata Property and the South Block covers a gold prospect referred to as the Lo Prospect which was formerly owned by Placer Dome.

During 2010, the Issuer reviewed published technical data for the Indata Property and compiled the historic technical information available for the former Placer Dome Lo Property (now covered by the South Block). Although there is no detailed surface exploration data available for the North Block geological maps published by Eastfield and regional airborne magnetic data (available from the BCMEM) suggests the rock units that host mineralization on the Indata Property extend into the North Block.

The historic exploration work completed by Placer Dome within the South Block includes grid based soil sample data (984 sample sites collected by Placer Dome from the former Lo Property) all of which is now covered by the South Block. The soil sample data was digitized and entered into a GIS database to establish the location of anomalous sample sites relative to the boundaries of the South Block. Several areas which exhibit moderately to strongly elevated gold (up to 150 ppb), arsenic and antimony contents in soils were identified by Placer Dome, however the source of the anomalies was not determined. The main gold anomaly (located in the southeastern part of the grid established by Placer Dome) trends southeast across three survey lines, is approximately 60 to 70 meters wide and is open to the south. Anomalous arsenic and antimony responses extend the anomalous zone for an additional 300 meters to the northwest. The anomaly exhibits gold, arsenic and antimony values in soils which are similar to the values reported by Eastfield in the area of vein type gold mineralization identified on the Indata Property.

Based on the available technical data, the Tchentlo Lake Property is considered a property of merit and in the Author's opinion additional exploration work is warranted.

#### **Recommendations**

The Tchentlo Lake Property is considered an early stage exploration project that has potential to host both porphyry type copper – gold mineralization and vein type gold mineralization. The North Block is considered an early stage prospect and warrants a preliminary soil geochemical survey. The South Block has been the focus of a previous soil geochemistry survey by Placer Dome.

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<sup>2</sup> Ibid footnote 1

The historic work completed by Placer Dome within the present South Block needs to be verified and the soil survey grid needs to be extended to evaluate the overall extent of the anomalous area. The available historic data suggests potential for the discovery of vein type gold mineralization.

Stage 1 should consist of widely spaced grid soil geochemical surveys on the North Block and a combined verification and grid based soil geochemical survey on the South Block designed to confirm the main gold in soil anomaly identified by Placer Dome and determine if the anomalous zone continues to the southeast. The estimated cost of Stage 1 is \$60,000.

In the event that Stage 1 confirms the presence of elevated gold, arsenic and antimony values in soils or identifies significant copper anomalies, a Stage 2 follow up program of fill-in soil sampling and trenching would be warranted at a cost of \$220,000.

Proposed Stage 1 Exploration Program

Engineering and project supervision, reports	\$ 7,500
Field costs, vehicle rentals	2,500
Crew travel expenses, accommodation	5,000
Reconnaissance soil surveys (North Block)	
-soil sample collection for 400 samples	15,000
-soil sample assays	5,000
Detail soil survey grids (South Block)	
-soil sample collection for 400 samples	15,000
-soil sample assays	5,000
Contingency	5,000
Total estimated cost of Stage 1	<u>\$ 60,000</u>

Proposed Stage 2 Exploration Program

Engineering, permitting and project supervision, reports	\$ 25,000
Field costs, vehicle rentals accommodation	25,000
Geological mapping, supervision of trenching program	75,000
-collection of fill-in soil samples as required	
Trenching program	
-allowance for an estimated 50 hours of trenching	75,000
Contingency @ 10%	20,000
Total estimated cost of Stage 2	<u>\$220,000</u>

## USE OF PROCEEDS

### Proceeds

The estimated net proceeds to be received by the Issuer under the Offering, after deduction of the Agent's Commission but before deduction of the balance of other costs of the Offering estimated to be \$55,000, is \$414,000 if the Minimum Offering is sold and \$552,000 is the Maximum Offering is sold.

### Funds Available

The following table sets forth the total funds available to the Issuer after giving effect to this Offering as at September 30, 2011:

	<b>Minimum Offering</b>	<b>Maximum Offering</b>
Working capital surplus as at September 30, 2011 <sup>(1)</sup>	\$74,366 – unaudited	\$74,366 – unaudited
Net proceeds of this Offering	\$414,000	\$552,000
<b>Total Available Funds <sup>(2)</sup></b>	<b>\$488,366</b>	<b>\$626,366</b>

(1) Working capital means total current assets less total current liabilities.

(2) These figures assume that no Seed Warrant Shares or Agent's Warrant Shares are issued pursuant to the exercise of the Seed Warrants or the Agent's Warrants, respectively. See "OPTIONS TO PURCHASE SECURITIES" and "PLAN OF DISTRIBUTION".

### Principal Purposes

The Issuer intends to use the Available Funds as at September 30, 2011 to pay the balance of the costs of issue of the Offering, carry out the recommended Stage 1 and, if warranted, Stage 2 exploration programs on the Tchentlo Lake (as summarized under the heading "MATERIAL PROJECT – Tchentlo Lake Property, Omineca Mining Division, British Columbia" above), fund the Issuer's general and administrative expenses for the ensuing year and maintain a working capital reserve as more particularly set out below:

<b>Description</b>	<b>Minimum Offering</b>	<b>Maximum Offering</b>
Estimated balance of costs of issue <sup>(3)</sup>	\$55,000	\$55,000
To pay the cash portion of the Corporate Finance Fee to the Agent	\$15,000	\$15,000
To carry out the recommended Stage 1 exploration program on the Tchentlo Lake Property <sup>(1)</sup>	\$60,000	\$60,000
Reserve to carry out the recommended Stage 2 exploration program on the Tchentlo Lake Property – contingent upon positive results from Stage 1 <sup>(1)</sup>	\$100,000	\$220,000
Working capital (including general & administrative expenses) <sup>(2)</sup>	\$204,000	\$204,000
To provide unallocated working capital <sup>(4)</sup>	\$54,366	\$72,366
<b>TOTAL</b>	<b>\$488,366</b>	<b>\$626,366</b>

(1) See "MINERAL PROJECT – Tchentlo Lake Property, Omineca Mining Division, British Columbia" for details regarding the recommended exploration programs on the Tchentlo Lake Property.

- (2) These funds will be used to fund the Issuer's ongoing general and administrative expenses following completion of this Offering estimated at \$17,000 per month (\$204,000 per annum) for a period of 12 months. See "SELECTED FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS". Notwithstanding the foregoing, the Issuer may utilize a portion of these funds to carry out further exploration of its current and/or future mineral resource properties in which event the Issuer will need to raise additional capital to fund its ongoing general and administrative expenses sooner than presently contemplated. See "RISK FACTORS".
- (3) Includes estimated legal, audit and printing costs, regulatory and listing fees and the Agent's legal fees, taxes and disbursements.
- (4) Any funds received by the Issuer from the sale of Seed Warrant Shares or Agent's Warrant Shares upon the exercise of the Seed Warrants or the Agent's Warrants, respectively, will be added to working capital to fund ongoing operations. There is no certainty that these securities will in fact be exercised.

The Issuer intends to spend the funds available as set out above. There may be circumstances, however, where, for sound business reasons, a reallocation of funds may be necessary. The Issuer will only redirect the funds to other properties on the basis of a recommendation from a professional geologist or engineer. Notwithstanding the foregoing, if, based on the results of the Stage 1 work program, the Issuer decides not to proceed with Stage 2, the Available Funds currently allocated as a reserve for Stage 2 will be reallocated towards the acquisition and exploration of one or more new mineral resource properties and for general working capital purposes.

Pending such use, the Issuer intends to invest the net proceeds in short-term, investment grade, interest-bearing securities and other marketable securities.

The Issuer had negative operating cash flow for the period from incorporation on July 7, 2005 to June 30, 2011. Part of the proceeds of the Offering will be used to fund any negative operating cash flow in future periods.

### **Business Objectives and Milestones**

The Issuer was incorporated for the purpose of acquiring, exploring and, if warranted, developing and commercially exploiting mineral resource properties. The Issuer's primary focus for the use of Available Funds will be to carry out the Stage 1 and, if warranted, Stage 2 exploration programs on its Tchentlo Lake Property in accordance with the recommended work programs thereon.

The Issuer has allocated \$60,000 or approximately 9.58% of the Available Funds assuming the Maximum Offering is completed (12.29% if only the Minimum Offering is sold) to fund the proposed Stage 1 exploration program on the Tchentlo Lake Property as recommended in the Tchentlo Lake Report with the objective of, inter alia, confirming and expanding the extent of mineralization at target areas on the Tchentlo Lake Property so that its potential for development can be assessed. See "MINERAL PROJECT – Tchentlo Lake Property, Omineca Mining Division - Recommendations" for further details of the recommended Stage 1 work program for the Tchentlo Lake Property. Contingent upon positive results from Stage 1, the Issuer intends to proceed with Stage 2 of the recommended exploration program on the Tchentlo Lake Property. The Issuer has reserved an additional \$220,000 or approximately 35.12% of the Available Funds assuming the Maximum Offering is completed (\$100,000 or 20.48% if only the Minimum Offering is sold) towards the cost of the recommended Stage 2 exploration program on the Tchentlo Lake Property. However, if the results from Stage 1 warrant further exploration, the Issuer will not have sufficient funds from the net proceeds of this Offering to fund the full cost of the recommended Stage 2 exploration program on the Tchentlo Lake Property if only the Minimum Offering is sold. In such event, the Issuer will require an additional \$120,000 to complete the entire Stage 2 program. Furthermore, if the results from Stages 1 and 2 are encouraging the Issuer will require further capital in order to complete additional exploration and development work on the Tchentlo Lake Property. There are no assurances that such additional funding will be available to the Issuer on commercially reasonable terms or at all. See "RISK FACTORS".

## **Competitive Conditions**

The mining industry is a highly competitive business. The Issuer competes with many other companies and individuals in the search for and the acquisition of attractive mineral resource prospects and, in particular, gold and/or copper prospects. The ability of the Issuer to acquire mineral resource prospects in the future will depend not only on its ability to develop its present property, but also on its ability to select and acquire suitable producing properties or prospects for mineral exploration. See “RISK FACTORS”.

## **DIVIDENDS**

The Issuer has not paid any dividends. The Issuer intends to retain any future earnings for use in its business and does not expect to pay dividends on the Common Shares in the foreseeable future. Thereafter, any decision to pay dividends on Common Shares will be made by the Board on the basis of the earnings, financial requirements and other conditions existing at such time.

## **SELECTED FINANCIAL INFORMATION AND MANAGEMENT’S DISCUSSION AND ANALYSIS**

*Unless otherwise stated, the following discussion and analysis is dated as of October 31, 2011 and provides information that in management’s opinion is relevant to an assessment and understanding of the Issuer’s operations and financial condition and should be read in conjunction with the audited and unaudited financial statements and the related notes thereto which appear elsewhere in this Prospectus. All figures are in Canadian dollars unless otherwise noted.*

*Furthermore, all statements, other than statements of historical fact, included herein, including without limitation, statements regarding potential financings, exploration results and future plans are forward looking statements that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate, and actual results and future events could or will differ materially from those anticipated in such statements. See “Forward Looking Statements” above.*

### **Overview**

The Issuer is a mineral exploration company whose principal asset is a gold/copper exploration property known as the Tchentlo Lake Property located in the Omineca Mining Division of north central British Columbia.

The Issuer is in the process of exploring its mineral property and has not yet determined whether such property contains reserves that are economically recoverable. The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable reserves, confirmation of the Issuer’s interest in the property in accordance with industry practice, the ability of the Issuer to obtain necessary financing to complete the development, and upon future profitable production.

For a discussion of the general development of the Issuer’s business since incorporation on July 7, 2005 see “DESCRIPTION OF THE BUSINESS” above.

### **Selected Financial Information**

The following is a summary of selected financial information for the Issuer for the periods indicated and should be read in conjunction with the following financial statements appearing elsewhere in this Prospectus:

- (a) the audited financial statements of the Issuer for the fiscal year ended March 31, 2011 and the unaudited financial statements of the Issuer for the fiscal years ended March 31, 2010 and March 31, 2009, each prepared in accordance with Canadian generally accepted accounting principles; and

- (b) the unaudited condensed interim financial statements of the Issuer for the three month period ended June 30, 2011 prepared in accordance with accounting principles consistent with International Financial Reporting Standards and in accordance with International Accounting Standard 34, Interim Financial Reporting.

	For the 3 Month Period ended June 30, 2011 (unaudited)	For the Fiscal Year ended March 31, 2011 (audited)	For the Fiscal Year Ended March 31, 2010 (unaudited)	For the Fiscal Year Ended March 31, 2009 (unaudited)
<b>Revenues</b>	N/A	N/A	N/A	N/A
<b>Expenses</b> General and Administrative	\$34,527	\$73,086	\$30,179	\$50,369
<b>Net and Comprehensive Loss</b>	\$ (34,527)	\$ (73,086)	\$ (30,179)	\$ (50,369)
<b>Loss/share</b> – basic and diluted	(\$0.00)	(\$0.01)	(\$0.00)	(\$0.01)
<b>Working Capital</b>	\$166,950	\$ (28,523)	\$ 18,276	\$ 48,455
<b>Mineral Property Interests</b>	\$46,973	\$ 46,973	\$ 28,260	\$ 28,260
<b>Total Assets</b>	\$337,714	\$ 119,741	\$ 67,114	\$ 93,307
<b>Total Long-Term Financial Liabilities</b>	N/A	N/A	N/A	N/A
<b>Retained Earnings (Deficit)</b>	\$(582,077)	\$(547,550)	\$(474,464)	\$(444,285)
Number of shares outstanding at period end	13,080,001 <sup>(1)</sup>	8,080,001	6,880,001	6,880,001

- (1) Subsequent to June 30, 2011, the Issuer sold a total of 100,000 Seed Warrant Shares at a price of \$0.05 per share for gross proceeds of \$5,000 pursuant to the exercise of 100,000 Seed Warrants. See “CAPITALIZATION” and “PRIOR SALES”.

## Results of Operations

### For the Fiscal Year Ended March 31, 2011

During the fiscal year ended March 31, 2011, the Issuer’s business consisted primarily of raising seed capital and reviewing and compiling published and historical technical information with respect to its Tchentlo Lake Property in preparation for filing of this Prospectus and seeking a listing of the Issuer’s Common Shares on the Exchange.

During the year, the Issuer incurred \$18,213 in exploration consulting fees and maintenance costs of \$500 in respect of the Tchentlo Lake Property. Upon completion of this Offering, the Issuer will proceed to carry out the recommended Stage 1 exploration program on the Tchentlo Lake Property as more particularly described under the heading “MATERIAL PROJECT – Tchentlo Lake Property, Omineca Mining Division, British Columbia”.

The Issuer also incurred general and administrative expenses of \$73,086 during the year comprised mainly of management fees of \$30,000 to one of the Issuer’s executive officers (see “EXECUTIVE COMPENSATION”) and professional fees of \$30,000 comprised of accounting fees to update the Issuer’s financial and accounting records in preparation for the audit of the Issuer’s financial statements for the fiscal year ended March 31, 2011 and audit fees incurred in connection with the audit of such financial statements. The Issuer also incurred property investigation costs of \$10,000 to investigate and conduct due diligence on a mineral resource prospect in Argentina that the Issuer decided not to pursue and additional consulting fees of \$2,500 in respect of general business advice. Office expenses totaled \$586 for the year.

Overall, the Issuer's net and comprehensive loss for the year totaled \$73,086 or \$0.01 per share (basic and diluted).

As at March 31, 2011 the Issuer had total assets of \$119,741 including cash of \$52,768, mineral property costs of \$46,973 and deferred finance costs of \$20,000 representing legal fees incurred by the Issuer in connection with the raising seed capital and preparation of this Prospectus. Total liabilities of the Issuer as at March 31, 2011 were \$81,291 and consisted solely of accounts payable and accrued liabilities.

#### For the Fiscal Year Ended March 31, 2010

During the fiscal year ended March 31, 2010, the Issuer carried out only sporadic and limited operations earning no revenue and incurring management fees of \$30,000 (i.e. \$2,500 per month) to one of the Issuer's executive officers (See "EXECUTIVE COMPENSATION"). Office expenses for the year ended March 31, 2010 were \$179. The Issuer did not expend any funds on the Tchentlo Lake Property during the year.

As a result, the Issuer's net and comprehensive loss for the fiscal year ended March 31, 2010 was only \$30,179 or \$0.00 per share (basic and diluted).

As at March 31, 2010 the Issuer had total assets of \$67,114 compared to total liabilities of \$20,578.

#### For the Fiscal Year Ended March 31, 2009

During the fiscal year ended March 31, 2009, the Issuer's activities were limited to raising seed capital and staking portions of the Tchentlo Lake Property.

The Issuer raised a total of \$60,000 through the sale of 400,000 Common Shares at a price of \$0.15 per share (see "PRIOR SALES") and staked a portion of the Tchentlo Lake Property at a cost of \$18,260 (see "DESCRIPTION OF THE BUSINESS – Material Acquisition – Tchentlo Lake Property, Omineca Lake Property, British Columbia).

The Issuer earned no revenue during the year but incurred general and administrative expenses of \$50,369. The largest expense consisted of management fees of \$30,000 (\$2,500 per month) to one of the Issuer's executive officers (see "EXECUTIVE COMPENSATION") and property investigation costs of \$10,500 related to the Issuer's investigation of additional mineral resource properties for potential acquisition. The Issuer also incurred professional fees of \$9,780 in respect of accounting services and office expenses of \$89.

For the year, the Issuer's net and comprehensive loss was \$50,369 or \$0.01 per share (basic and diluted).

As at March 31, 2009 the Issuer had total assets of \$93,307 and total liabilities of \$16,592.

To date, the Issuer has not paid any dividends. The Issuer intends to retain its future earnings, if any, for use in its business and does not expect to pay dividends on the Common Shares in the foreseeable future. See "DIVIDENDS" above.

#### **Summary of Quarterly Results**

During the three month period ended June 30, 2011 the Issuer's activities were focused primarily on raising seed capital, the preparation of this Prospectus and the implementation of additional accounting and administrative systems and procedures in preparation of becoming a reporting issuer and the increased reporting and compliance requirements associated therewith.

For the three month period ended June 30, 2011, the Issuer earned no revenue and incurred general and administrative expenses of \$34,527 (2010 - \$7,520) consisting primarily of management, consulting and professional fees. The Issuer did not incur any exploration or other expenses on the Tchentlo Lake Property during such period.

The Issuer incurred wages and salaries of \$9,000 (\$3,000 per month), together with a one-time payment of \$3,000 in respect of past services (2010 – Nil), to the Issuer’s President and administrative fees of \$7,500 (\$2,500 per month) (2010 - \$7,500) to a director (and former Secretary of the Issuer). Effective August 1, 2011, such administrative fees payable to such director were reduced to \$1,000 per month. See “EXECUTIVE COMPENSATION”. The Issuer also incurred professional fees (legal) of \$6,000 (2010 – Nil) in connection with the preparation of this Prospectus and consulting fees of \$9,000 (\$3,000 per month) (2010 – Nil) to an arm’s length consultant engaged to assist the Issuer in organizing its affairs to go public.

As a result of the foregoing, the Issuer’s comprehensive loss for the three month period ended June 30, 2011 was \$34,527 or \$0.00 per share (basic and diluted) compared to a comprehensive loss of \$7,520 or \$0.00 per share (basic and diluted) for the corresponding three month period ended June 30, 2010.

As at June 30, 2011, the Issuer had total assets of \$337,714 consisting of cash of \$255,741, deferred financing costs of \$35,000 and mineral property costs of \$46,973.

The total liabilities of the Issuer as of June 30, 2011 were \$88,971 and consisted of accounts payable and accrued liabilities including \$45,578 due to a director (and former Secretary) in respect of accrued management and administrative fees. See “Transactions with Related Parties” below.

The Issuer is not a reporting issuer and, save as aforesaid, has not prepared quarterly financial statements for any fiscal quarter prior to June 30, 2011.

### **Liquidity and Capital Resources**

The Issuer has not generated any revenue from operations and to date has relied entirely upon the sale, by way of private placement, of Common Shares and Seed Units to carry on its business. See “CAPITALIZATION” and “PRIOR SALES”.

The Issuer’s ability to meet its obligations and finance exploration and development activities depends on its ability to generate cash flow through the issuance of Common Shares pursuant to private placements, the exercise of stock options, and short term or long term loans. Capital markets may not be receptive to offerings of new equity from treasury or debt, whether by way of private placements or public offerings. This may be further complicated by the limited liquidity for the Issuer’s shares, restricting access to some institutional investors. The Issuer’s growth and success is dependent on external sources of financing which may not be available on acceptable terms. See also “Capital Expenditure Commitments” below.

### **Working Capital**

As of June 30, 2011, the Issuer had a working capital surplus of \$166,950 (unaudited) comprised of current assets of cash of \$255,741 and accounts payable and accrued liabilities of \$88,791. See also “USE OF PROCEEDS”.

Management of cash balances is conducted in-house based on internal investment guidelines. Cash and cash equivalents are deposited with major Canadian financial institutions. Cash required for immediate operations is held in a chequing account. Excess funds may be invested in conservative money market instruments that bear interest and carry a low degree of risk. Some examples of instruments in which the Issuer may invest its cash are treasury bills, money market funds, bank guaranteed investment certificates and bankers' acceptance notes. The objective of these investments is to preserve funds for the advancement of the Issuer’s properties.



### Requirement of Additional Equity Financing

The Issuer has relied entirely on equity financings for all funds raised to date for its operations. The Issuer will need more funds to fund the exploration and, if warranted, development of its existing mineral resource property and to acquire additional properties worthy of exploration. Until the Issuer starts generating profitable operations from exploration, development and sale of minerals, the Issuer intends to continue relying upon the issuance of securities to finance its operations and acquisitions.

### Capital Expenditure Commitments

The Issuer needs to incur assessment work totaling approximately \$10,032 (2,507.94 hectares x \$4.00 per hectare) on its Tchentlo Lake Property prior to the expiry dates of the mineral tenures comprising the Tchentlo Lake Property (all but one of which expire on December 1, 2011) in order to keep such tenures in good standing. See “MINERAL PROJECT – Tchentlo Lake Property, Omineca Mining Division, British Columbia” for details of the current expiry dates of the mineral tenures comprising the Tchentlo Lake Property.

The Issuer plans to carry out the Stage 1 exploration program on the Tchentlo Lake Property recommended in the Tchentlo Lake Report during the fall of 2011 to satisfy such assessment work, failing which the Issuer will pay cash in lieu of filing assessment work prior to the December 1, 2011 expiry date to renew the mineral tenures comprising the Tchentlo Lake Property for an additional one year period. Stage 1 consists of widely spaced grid soil geochemical surveys on the North Block and a combined verification and grid based soil geochemical survey on the South Block designed to confirm the main gold in soil anomaly previously identified by Placer Dome and determine if the anomalous zone continues to the southeast. The estimated cost of Stage 1 is \$60,000.

In the event that Stage 1 confirms the presence of elevated gold, arsenic and antimony values in soils or identifies significant copper anomalies, a follow up Stage 2 program will consist of fill-in soil sampling and trenching at an estimated cost of \$220,000. The Issuer has reserved a total of \$220,000 from the Available Funds assuming the Maximum Offering is sold (\$100,000 if only the Minimum Offering is sold) to carry out the Stage 2 exploration program. However, if the results from Stage 1 warrant further exploration the Issuer will not have sufficient funds from the Available Funds to fund the full cost of the recommended Stage 2 exploration program on the Tchentlo Lake Property if only the Minimum Offering is sold. In such event, the Issuer will require an additional \$120,000 to complete the entire Stage 2 program. Furthermore, if the results from Stages 1 and 2 are encouraging the Issuer will require further capital in order to complete additional exploration and development work on the Tchentlo Lake Property. There are no assurances that such additional funding will be available to the Issuer on commercially reasonable terms or at all. See “MATERIAL PROJECT – Tchentlo Lake Property, Omineca Mining Division, British Columbia”, “USE OF PROCEEDS” and “RISK FACTORS”.

Except as aforesaid, the Issuer does not have commitments for capital expenditures, there are no known trends or expected fluctuations in the Issuer’s capital resources and the Issuer has no sources of financing that have been arranged but not yet used.

### **Contractual Obligations**

Other than miscellaneous stock option and consulting agreements, the Agency Agreement and the Escrow Agreement, the Issuer does not presently have any other material contractual obligations. See “EXECUTIVE COMPENSATION”, “PLAN OF DISTRIBUTION”, “ESCROWED SHARES AND SHARES SUBJECT TO RESALE RESTRICTIONS” and “MATERIAL CONTRACTS” for additional information on the Issuer’s present contractual obligations.

### **Off-Balance Sheet Arrangements**

The Issuer does not utilize off-balance sheet arrangements.

### **Transactions with Related Parties**

The Issuer has paid or accrued management and/or administrative fees of \$2,500 per month (\$30,000 per annum) to Leon F. Anderson, a director and former Secretary of the Issuer, in each of the three most recently completed fiscal years ended March 31, 2011, March 31, 2010 and March 31, 2009 and the subsequent three month period ended June 30, 2011. As of June 30, 2011, the Issuer was indebted to Mr. Anderson in the aggregate amount of \$45,578 on account of these fees.

By debt settlement agreement dated for reference July 20, 2011, the Issuer has agreed to pay \$19,078, or approximately 50% of the outstanding fees of \$38,078 as at March 31, 2011 in cash (see “Working Capital” above) and the remaining \$19,000 by way of the issuance of 126,666 Debt Settlement Shares at a deemed price of \$0.15 per share. The Debt Settlement Shares are qualified for distribution under this Prospectus and will be issued to Mr. Anderson concurrently with the Closing of this Offering.

Effective August 1, 2011, the administrative fee payable to Leon F. Anderson for providing administrative and consulting services to the Issuer was reduced to \$1,000 per month. See “EXECUTIVE COMPENSATION”.

Commencing April 1, 2011, the Issuer began paying \$3,000 per month to Keith C. Anderson, the President and Chief Executive Officer of the Issuer, for management services. Mr. Anderson also received an additional one-time payment of \$3,000 in recognition of his past services to the Issuer since becoming President on August 4, 2009, which amount was paid to Mr. Anderson in 3 equal installments of \$1,000 each on April 30, 2011, May 31, 2011 and June 30, 2011. See “EXECUTIVE COMPENSATION”.

On July 20, 2011, the Issuer granted stock options to its directors and officers to purchase up to a total of 1,100,000 Common Shares at a price of \$0.15 per Common Share exercisable for a period of five years from the Listing Date. See “OPTIONS TO PURCHASE SECURITIES”.

### **Proposed Transactions**

Except as otherwise disclosed herein, there are no asset or business acquisitions or dispositions currently being proposed by the directors or senior management of the Issuer that will have a material affect on the financial condition, results of operations or cash flows of the Issuer.

### **Financial Statements and Accounting Policies**

The Issuer’s financial statements for fiscal years ended March 31, 2011 (audited), March 31, 2010 (unaudited) and March 31, 2009 (unaudited) appearing elsewhere in this Prospectus have been prepared in conformity with Canadian generally accepted accounting principles (“GAAP”).

In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use International Financial Reporting Standards (“IFRS”), replacing Canada’s own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of April 1, 2011 will require the restatement for comparative purposes of amounts reported by the Issuer for the year ending March 31, 2011.

As a result of the foregoing, the Issuer’s condensed unaudited interim financial statements for the three month period ended June 30, 2011 including comparatives appearing elsewhere in this Prospectus have been prepared using accounting policies consistent with IFRS and in accordance with International Accounting Standard 34, *Interim Financial Reporting*.

In preparing the opening IFRS statement of financial position on April 1, 2010, being the transition date, and the unaudited financial statements of the Issuer for the three month period ended June 30, 2011, there were no adjustments or differences due to the transition from Canadian GAAP to IFRS that affected the Issuer’s financial statements.

The following is a discussion of, among other things, the Issuer's significant accounting policies under IFRS.

### Critical Accounting Estimates

The preparation of financial statements in conformity with IFRS require management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reported period. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made as at June 30, 2011 that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that the actual results differ from assumptions made, relate to, but are not limited to, the following:

- the carrying value and the recoverability of exploration and evaluation assets; and
- the deferred income tax asset allowance.

### **Changes in Accounting Policies including Initial Adoption**

The accounting policies set out below are expected to be adopted by the Issuer for its fiscal year ending March 31, 2012 and have been applied consistently to all periods presented in the condensed interim financial statements of the Issuer for the three month period ended June 30, 2011 including comparatives appearing elsewhere in this Prospectus and in preparing the opening IFRS balance sheet at April 1, 2010 contained therein.

#### *Cash and cash equivalents*

Cash is comprised of cash on hand and cash held interest. Cash equivalents are short-term, highly liquid holdings that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

#### *Mineral properties – exploration and evaluation assets*

##### 1. Pre-exploration costs

Pre-exploration costs are expensed in the period in which they are incurred.

##### 2. Exploration and evaluation expenditures

Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration and evaluation of mineral properties are capitalized by property. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Issuer, 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 statement of comprehensive loss/income.

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

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 Issuer currently has no operational income, any incidental revenues earned in connection with exploration

activities are applied as a reduction to capitalized exploration costs.

#### *Impairment of tangible and intangible assets*

At the end of each reporting date, the Issuer's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in statement of comprehensive loss for the period. For the purpose of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the statement of comprehensive loss.

#### *Financial Instruments*

##### 1. Financial Assets

Financial assets are classified as into one of the following categories based on the purpose for which the asset was acquired. The Issuer's accounting policy under IFRS for each category is as follows:

*Fair value through profit or loss ("FVTPL")* – This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of comprehensive loss.

*Loans and receivables ("LAR")* - Loans and receivables are financial assets with fixed or determinable payments that are not quoted in 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.

*Held-to-maturity ("HTM")* - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Issuer's management has the positive intention and ability to hold to maturity. These assets are measured at amortized costs 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 the statement of comprehensive loss.

*Available-for-sale ("AFS")* - Non-derivative financial assets not included 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 the statement of comprehensive loss.

The Issuer classified its cash and cash equivalents as FVTPL.

## 2. Financial liabilities

Financial liabilities are classified in one of two categories, based on the purpose for which the liability was acquired. The Issuer's accounting policy under IFRS for each category is as follows:

*Fair value through profit or loss ("FVTPL")* – This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of comprehensive loss.

*Other financial liabilities* - This category includes promissory notes, amounts due to related parties and accounts payable and accrued liabilities, all of which are recognized at amortized cost.

The Issuer classified its financial liabilities which consisted of accounts payable and accrued liabilities as other financial liabilities.

## 3. Impairment

All financial assets except for those at FVTPL, are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

### *Income taxes*

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that do not affect either accounting or taxable loss, or differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet 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. To the extent that the Issuer does not consider it probable that a deferred tax asset will be recovered, it provides a valuation allowance against that excess.

### *Loss per share*

The Issuer uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. For the current and prior period this calculation proved to be anti-dilutive.

Loss per share is calculated using the weighted average number of common shares outstanding during the year.

### *Share issue costs*

Share issue costs are deferred and charged directly to share capital on completion of the related financing. If the financing is not completed share issue costs are charged to operations.

Costs directly identifiable with the raising of capital will be charged against the related capital stock. Costs related to shares not yet issued are recorded as deferred financing costs. These costs will be deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related capital stock or charged to operations if the shares are not issued.

### *New standards not yet adopted*

The Issuer has not yet adopted certain standards, amendments and interpretations to existing standards which have been published but are only effective for accounting periods beginning on or after January 1, 2011 or later periods.

- IFRS 9, *Financial statements, Classification and Measurement*, effective for the Issuer's annual reporting period beginning April 1, 2013. The Issuer anticipates that the adoption of this standard will have no material impact except for additional disclosures;
- Amendments to IAS 24, *Related Party Disclosures*, effective for the Issuer's annual reporting period beginning April 1, 2012. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. When the revised standard is applied, the Issuer will need to disclose any transactions between its subsidiaries and its associates; and
- IFRS 10, *Consolidated Financial Statements*, effective for the Issuer's annual reporting period beginning April 30, 2014. This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company and provides additional guidance where it is difficult to access. IFRS 10 replaces the consolidation requirements in SIC-12, *Consolidation-Special Purpose Entities*, and IAS 27, *Consolidated and Separate Financial Statements*. The Issuer is currently evaluating the impact this standard, if any on the Issuer.

### *Capital and Financial Risk Management*

#### 1. Capital management

The Issuer's objective when managing capital is to safeguard the entity's ability to continue as a going concern.

In the management of capital, the Issuer monitors its adjusted capital which comprises all components of equity (i.e. share capital and deficit).

The Issuer sets the amount of capital in proportion to risk. The Issuer manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Issuer may issue common shares through private placements. The Issuer is not exposed to any externally imposed capital requirements.

The Issuer's overall strategy remains unchanged from 2011.

#### 2. Fair value

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 or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The carrying value of cash and cash equivalents receivables and accounts payable and accrued liabilities approximated their fair value because of the short-term nature of these instruments.

Financial instruments measured at fair value on the balance sheet are summarized in levels of fair value hierarchy as follows:

	<b>June 30, 2011</b>		
	Level 1	Level 2	Level 3
<b>Assets</b>			
Cash and cash equivalents	\$ 255,741	\$ -	\$ -

### 3. Financial risk factors

The Issuer's risk exposures and the impact on the Issuer's financial instruments are summarized below:

#### *Credit risk*

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Issuer's cash and cash equivalents are held at a large Canadian financial institution in interest bearing accounts. The Issuer has no investments in asset backed commercial paper.

#### *Liquidity risk*

The Issuer's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2011, the Issuer had a cash balance of \$255,741 (March 31, 2011 – \$52,768; April 1, 2010 - \$38,854) to settle current liabilities of \$88,791 (March 31, 2011 – \$81,291; April 1, 2010 - \$20,578). The Issuer is currently undergoing the Offering to obtain additional working capital to finance its ongoing operations.

#### *Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

##### (a) Interest rate risk

The Issuer has cash balances and no interest-bearing debt. The Issuer's cash does not have significant exposure to interest. As of June 30, 2011, March 31, 2011 and April 1, 2010, the Issuer did not have any investments.

##### (b) Price risk

The Issuer is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Issuer's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Issuer closely monitors commodity prices of oil, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Issuer.

**Disclosure of Outstanding Security Data**

	<u>Authorized</u>	<u>Outstanding</u> (as at June 30, 2011)	<u>Outstanding</u> (as at October 31, 2011)
Voting or Equity Securities Issued and Outstanding	Unlimited Common Shares	13,080,001 <sup>(1)</sup>	13,180,001 <sup>(1)</sup>
Securities convertible, exercisable into or exchangeable for Voting or Equity Securities	N/A	6,200,000 <sup>(2)</sup>	7,200,000 <sup>(3)</sup>

- (1) See “CAPITALIZATION”.
- (2) This figure represents the number of Seed Warrants of the Issuer outstanding as of June 30, 2011. See “OPTIONS TO PURCHASE SECURITIES” for details of the Seed Warrants, incentive stock options and other rights to purchase Common Shares of the Issuer that are held or will be held upon completion of the Offering.
- (3) This figure represents the number of Seed Warrants and stock options of the Issuer outstanding as of October 31, 2011. See “OPTIONS TO PURCHASE SECURITIES” for details of the rights to purchase Common Shares of the Issuer that are held or will be held upon completion of the Offering.

**Additional Disclosure for IPO Venture Issuers Without Significant Revenue**

The following is a breakdown of the capitalized exploration costs incurred by the Issuer during each of the three most recently completed fiscal years ended March 31, 2011, March 31, 2010 and March 31, 2009 and the subsequent three month period ended June 30, 2011:

	For the 3 Months Ended June 30, 2011	For the Fiscal Year Ended March 31			Balance at June 30, 2011
		2011	2010	2009	
Consulting	-	\$18,213	-	-	\$18,213
Maintenance	-	\$500	-	-	\$500
<b>TOTAL</b>	-	<b>\$18,713</b>	-	-	<b>\$18,713</b>

A breakdown of the general and administrative expenses incurred by the Issuer during each of the three most recently completed fiscal years ended March 31, 2011, March 31, 2010 and March 31, 2009 and the subsequent three month period ended June 30, 2011 is contained in the respective financial statements of the Issuer for the fiscal years ended March 31, 2011 (audited), March 31, 2010 (unaudited) and March 31, 2009 (unaudited) and the subsequent three month period ended June 30, 2011 appearing elsewhere in this Prospectus.

**Additional Disclosure for Junior Issuers**

In addition to the proposed expenditures relating to the Tchentlo Lake Property (see “USE OF PROCEEDS”, “Liquidity and Capital Resources” and “Capital Expenditure Commitments” above), the Issuer expects to expend approximately \$204,000 during the next 12 months on general and administrative expenses as follows:



Type	Monthly Expense	Annual Expense
Executive compensation <sup>(1)</sup>	\$3,000	\$36,000
Consulting fees <sup>(1)</sup>	\$1,000	\$12,000
Director fees <sup>(1)</sup>	\$1,500	\$18,000
Administration/Bookkeeping	\$2,500	\$30,000
Rent, general office and business expenses	\$1,500	\$18,000
Professional fees	\$3,500	\$42,000
Transfer Agent & Filing Fees	\$1,500	\$18,000
Telephone and other miscellaneous costs	\$500	\$6,000
Investor Relations & Shareholder Comm.	\$1,500	\$18,000
Travel/Transportation	\$500	\$6,000
<b>TOTAL</b>	<b>\$17,000</b>	<b>\$204,000</b>

(1) See "EXECUTIVE COMPENSATION".

The Issuer has allocated sufficient funds from the Available Funds to cover approximately one year's estimated general and administrative expenses after which time the Issuer will require additional funds to satisfy its ongoing expenses.

There can be no assurance that financing, whether debt or equity, will always be available to the Issuer in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to the Issuer. See "RISK FACTORS".

### Assets and Property

As of June 30, 2011, the Issuer's assets consisted of cash on hand of \$255,741, its interest in the Tchentlo Lake Property totaling \$46,973 and deferred finance costs of \$35,000 for total assets of \$337,714.

The total liabilities of the Issuer as at June 30, 2011 were \$88,791 and consisted solely of accounts payable and accrued liabilities.

Save and except as disclosed herein, the Issuer does not have any commitments for material capital expenditures over either the near or long term or none are presently contemplated over normal operating requirements.

### PRINCIPAL SHAREHOLDERS

The following table sets forth the shareholdings of those persons who, as of the date of this Prospectus, own of record or are known to the Issuer to own beneficially, directly or indirectly, or exercise control or direction over, more than 10% of the issued and outstanding Common Shares both before and after giving effect to the Offering:

Name and Province of Residence	Type of Ownership	Number and Percentage of Common Shares Owned as at the date of this Prospectus	Number and Percentage of Common Shares Owned After Giving Effect to the Minimum Offering	Number and Percentage of Common Shares Owned After Giving Effect to the Maximum Offering
Keith C. Anderson <sup>(1)</sup> B.C., Canada	Of Record and Beneficial	5,425,000 Common Shares or 41.16% <sup>(2)(6)</sup>	5,425,000 Common Shares or 33.07% <sup>(2)(3)(4)(6)</sup>	5,425,000 Common Shares or 31.17% <sup>(2)(3)(5)(6)</sup>

(1) Mr. Anderson is the President, Chief Executive Officer, Promoter and a director of the Issuer. See "DIRECTORS AND OFFICERS" below.

(2) These Common Shares will be subject to escrow restrictions as more particularly set out under the heading "ESCROWED SHARES AND SHARES SUBJECT TO RESALE RESTRICTIONS" herein.

- (3) Assuming no exercise of Seed Warrants, stock options, or Agent's Warrants and no Common Shares are acquired by said principal shareholder under the Offering.
- (4) 30.01% on a fully diluted basis assuming the issuance of 6,100,000 Seed Warrant Shares pursuant to the exercise of outstanding Seed Warrants, 1,100,000 Common Shares pursuant to the exercise of stock options and 300,000 Common Shares upon exercise of the Agent's Warrant including the exercise of 1,500,000 Seed Warrants and 250,000 stock options held by Mr. Anderson. See "FULLY DILUTED SHARE CAPITAL" and "OPTIONS TO PURCHASE SECURITIES".
- (5) 28.69% on a fully diluted basis assuming the issuance of 6,100,000 Seed Warrant Shares pursuant to the exercise of outstanding Seed Warrants, 1,100,000 Common Shares pursuant to the exercise of stock options and 400,000 Common Shares upon exercise of the Agent's Warrant including the exercise of 1,500,000 Seed Warrants and 250,000 stock options held by Mr. Anderson. See "FULLY DILUTED SHARE CAPITAL" and "OPTIONS TO PURCHASE SECURITIES".
- (6) 300,000 of these Common Shares are held by 375703 B.C. Ltd., a private company owned by Mr. Anderson.

### **PROMOTER**

Keith C. Anderson is considered the promoter of the Issuer in that he took the initiative in founding and organizing the business of the Issuer. See "PRINCIPAL SHAREHOLDER" above for details of the Common Shares of the Issuer held by Mr. Anderson.

On March 2, 2004, Mr. Anderson was fined, in his capacity as a registered representative, \$25,000 by the Investment Dealers Association of Canada (the "IDA"), now the Investment Industry Regulatory Organization of Canada, for contravening certain of the IDA's regulations and by-laws in connection with, among other things, conducting unauthorized trades in his wife's account without proper authority and documentation and falsely endorsing the signature of his wife on withdrawal of assets forms and bank cheques issued in his wife's name, in each case without intent to injure. In addition to such fine, the IDA also held that, as a condition of his continued approval in any capacity with a member of the IDA, Mr. Anderson re-write and pass the examination based on the Conduct of Practices Handbook for Securities Industry Professionals, administered by the Canadian Securities Institute within six months and pay \$5,000 towards the costs of the IDA proceedings. Mr. Anderson paid the \$25,000 fine and \$5,000 costs to the IDA but subsequently retired from the brokerage business and therefore did not re-write the above examination.

See also "DIRECTORS AND OFFICERS – Cease Trade Orders, Bankruptcies, Penalties and Sanctions", "SELECTED FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS – Transactions with Related Parties", "PRIOR SALES" and "ESCROWED SHARES AND SHARES SUBJECT TO RESALE RESTRICTIONS".

**DIRECTORS AND OFFICERS**

The following table provides a summary of the past and present principal occupations, within the last 5 years, of the directors and officers of the Issuer. All directors will serve until the Issuer's next annual general meeting.

<b>Name, Age and Province or State and Country of Residence</b>	<b>Position and Date Appointed</b>	<b>Principal Occupation During the Preceding Five Year Period</b>	<b>Number and Percentage of Common Shares Owned as at the date of this Prospectus <sup>(1)</sup></b>	<b>Number and Percentage of Common Shares Owned After Giving Effect to this Offering <sup>(2)(3)</sup></b>
<b>Keith C. Anderson</b> Age: 68 B.C., Canada	Director – July 18, 2005 President – August 4, 2009 Chief Executive Officer – July 20, 2011	President, Far Resources Ltd., Aug 2009 to present; Self-employed real estate developer, June 2006 to present; Vice-President, Canaccord Capital Corp. (now Canaccord Genuity Corp.), pre-1990 to May, 2006	5,425,000 Common Shares or 41.16% <sup>(5)(6)</sup>	5,425,000 Common Shares <sup>(5)(6)</sup> or 33.07% - Minimum Offering 31.17% - Maximum Offering
<b>Cyrus Driver <sup>(4)</sup></b> Age: 62 B.C. Canada	Director – July 20, 2011 Chief Financial Officer – July 20, 2011	Chartered Accountant, May 1977 to present; Partner, Davidson & Company LLP, Chartered Accountants, January 2002 to present	650,000 Common Shares or 4.93% <sup>(5)</sup>	650,000 Common Shares <sup>(5)</sup> or 3.96% - Minimum Offering 3.73% - Maximum Offering
<b>Leon F. Anderson</b> Age: 65 B.C., Canada	Director – July 7, 2005 Secretary – August 4, 2009 (former President, July 5, 2005 to August 4, 2009)	Director, Far Resources Ltd., July 2005 to present (former President July 2005 to August 2009); former President, L.G.R. Resources Ltd. (CNSX – junior mineral exploration company), January 2005 to June 2006;	1 Common Share or 0.00%	126,667 Common Shares <sup>(7)</sup> or 0.77% - Minimum Offering 0.73% - Maximum Offering
<b>Lindsay R. Bottomer <sup>(4)</sup></b> Age: 62 B.C., Canada	Director – July 20, 2011	Professional Geologist, February 1992 to present; Vice-President, Business Development, Entrée Gold Inc. (TSX, AMEX – symbol ETG), January 2010 to present (formerly Vice-President, Corporate Development, November 2005 to December 2009), Director of Entrée Gold Inc. since June 2002; former President and CEO of Silver Quest Resources Ltd. (TSXV - SQI), July 2001 to November 2005	325,000 Common Shares or 2.47% <sup>(5)</sup>	325,000 Common Shares <sup>(5)</sup> or 1.98% - Minimum Offering 1.87% - Maximum Offering
<b>Allen Morishita <sup>(4)</sup></b> Age: 63 B.C., Canada	Director – July 20, 2011	Retired, May 2011 to present; former Vice-President and investment advisor, Canaccord Genuity Corp., Sep, 1980 to May, 2011	500,000 Common Shares <sup>(8)</sup> or 3.79%	500,000 Common Shares <sup>(8)</sup> or 3.05% - Minimum Offering 2.87% - Maximum Offering

- (1) The number of Common Shares of the Issuer beneficially owned, directly or indirectly, or over which control or direction is exercised by each director and officer of the Issuer as of October 31, 2011 prior to giving effect to this Offering and the Debt Settlement.

- (2) The number of Common Shares of the Issuer beneficially owned, directly or indirectly, or over which control or direction is exercised by each director and officer of the Issuer after giving effect to this Offering and the Debt Settlement.
- (3) This figure does not include up to 6,100,000 Seed Warrant Shares issuable pursuant to the exercise of outstanding Seed Warrants, 1,100,000 Common Shares issuable pursuant to the exercise of incentive stock options and 400,000 Common Shares that may be issued upon exercise of the Agent's Warrants assuming the Maximum Offering is sold (300,000 Common Shares if only the Minimum Offering is sold). See "OPTIONS TO PURCHASE SECURITIES", "FULLY DILUTED SHARE CAPITAL" and "PLAN OF DISTRIBUTION".
- (4) Member of the audit committee. The general function of the audit committee is to review the overall audit plan and the Issuer's system of internal controls, to review the external audit, and to resolve any potential dispute with the Issuer's auditors. See "AUDIT COMMITTEE" below.
- (5) These Common Shares will be subject to escrow restrictions as more particularly set out under the heading "ESCROWED SHARES AND SHARES SUBJECT TO RESALE RESTRICTIONS" herein.
- (6) 300,000 of these Common Shares are held by 375703 B.C. Ltd., a private company owned by Mr. Anderson.
- (7) These shares represent the Debt Settlement Shares to be issued to Mr. Anderson upon Closing of the Offering. See "SELECTED FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS – Transactions with Related Parties".
- (8) These Common Shares are held by Morquest Trading Company, a private company in which Mr. Morishita beneficially owns 50% of the issued and outstanding shares.

The number and percentage of Common Shares beneficially owned, directly or indirectly, or controlled by the directors and officers of the Issuer as a group is 6,900,001 shares or 52.35% of the issued and outstanding shares prior to giving effect to this Offering, 7,026,667 shares or 42.83% after giving effect to the Debt Settlement and the Offering if only the Minimum Offering is sold (43.40% on a fully diluted basis) and 7,026,667 shares or 40.37% after giving effect to the Debt Settlement and the Offering if the Maximum Offering is sold (41.50% on a fully diluted basis) and assuming no participation by the directors and officers in the Offering. The fully diluted percentages assume that, all outstanding Seed Warrants and stock options, including 2,250,000 Seed Warrants and 1,100,000 stock options held by the directors and officers of the Issuer as a group, are exercised. See "FULLY DILUTED SHARE CAPITAL" and "OPTIONS TO PURCHASE SECURITIES".

The following is a brief description of the business, work and educational background of the directors and officers of the Issuer.

Keith C. Anderson – President, Chief Executive Officer, Director and Promoter

Mr. Anderson is a former Vice-President and registered representative with Canaccord Capital Corp. (now Canaccord Genuity Corp.) and has been involved in the securities industry, primarily in the resource sector, for more than 25 years. Since retiring from Canaccord Capital Corp. in May, 2006, Mr. Anderson has been involved in real estate development on the Sunshine Coast of British Columbia. In August, 2009 Mr. Anderson took over as President of the Issuer and is primarily responsible for the day to day management of the Issuer and assisting the Issuer in its efforts to complete this Offering and obtain a listing of the Common Shares for trading on the Exchange.

Upon completion of this Offering, it is anticipated that Mr. Anderson will devote approximately 75% of his working time to his role with the Issuer, focusing on the financing and development of the Issuer's key asset, as well as seeking to acquire additional properties to increase shareholder value, and will receive a management fee, as an independent contractor, of \$3,000 per month (\$36,000 per annum). See "EXECUTIVE COMPENSATION".

Cyrus Driver - Chief Financial Officer and Director

Mr. Driver is a Chartered Accountant with more than 30 years experience in the financial reporting and auditing of publicly traded companies. He is currently a partner with Davidson & Company LLP, Chartered Accountants, and a member of the Canadian Institute of Chartered Accountants (May 1977). Mr. Driver has also acted as a director and/or held senior management positions with various publicly listed companies and is currently a director and/or officer of, among other companies, Nevada Exploration Inc., Orko Silver Corp. and Aldrin Resources Corp., all listed for trading on the TSX Venture Exchange. See “CORPORATE GOVERNANCE – Directorships”.

Mr. Driver obtained his designation as a Chartered Accountant from the British Columbia Institute of Chartered Accountants in 1977. Prior to that, Mr. Driver studied in Kenya where he received his basic education and equivalent Grade 13. He then resided in the United Kingdom where he obtained his U.K. Chartered Accountant designation in 1973 from the Institute of Chartered Accountants of England and Wales.

It is anticipated that Mr. Driver will devote between 10% to 15% of his working time to the Issuer in his capacity as the Chief Financial Officer and a director focusing primarily on the Issuer’s ongoing regulatory financial filing requirements with a view to providing the Issuer with a reasonable opportunity to achieve its stated business objectives. No monies have been allocated from the Available Funds to pay any fees to Mr. Driver in his capacity as Chief Financial Officer of the Issuer during the 12 month period following completion of the Offering. Mr. Driver will, however, be entitled to receive, in his capacity as a director of the Issuer and as an independent contractor, a director’s fee of \$500 per month (\$6,000 per annum). See “EXECUTIVE COMPENSATION – Compensation of Directors”.

Leon F. Anderson – Director

Mr. Anderson has been providing management and consulting services to publicly traded companies since 1981 with an emphasis on junior resource companies. From January 2005 to June 2006, Mr. Anderson acted as the President and a director of L.G.R. Resources Ltd., a junior exploration company then listed for trading on the Exchange. From July 1997 to June 2000 Mr. Anderson acted as the President and a director of Consolidated Agarwal Resources Ltd., a junior resource company whose shares were then listed for trading on the Vancouver Stock Exchange. From February 1996 to June 1998 Mr. Anderson acted as the President and a director of Pacific Talc Ltd., a junior resource company involved in the exploration of talc whose shares were, at the time, also listed for trading on the then Vancouver Stock Exchange. From June 2000 to January, 2005 Mr. Anderson was semi-retired, providing management and consulting services to private and public companies on a part-time basis only.

Mr. Anderson works for the Issuer on a part-time basis as a consultant providing general administrative services to the Issuer. Following completion of this Offering it is anticipated that Mr. Anderson will devote approximately 25% of his working time with the Issuer in consideration for which Mr. Anderson will receive a fee, as an independent contractor, of \$1,000 per month (\$12,000 per annum). See “EXECUTIVE COMPENSATION”.

Lindsay R. Bottomer - Director

Mr. Bottomer is a professional geologist with more than 38 years experience in global mineral exploration and development with major and junior mining companies, the last 22 years based in Vancouver, B.C. He is currently the Vice-President, Business Development and a director of Entrée Gold Inc. (TSX and AMEX – symbol ETG) and a former President and Chief Executive Officer of Silver Quest Resources Ltd. (TSXV - SQI).

Mr. Bottomer obtained a Bachelor of Science (Honours) degree in geology from the University of Queensland and a Master of Applied Science degree from McGill University. Mr. Bottomer is a member of the Association of Professional Engineers and Geoscientists of British Columbia and a Fellow of the Australian Institute of Mining and Metallurgy. He is also a past President of the British Columbia and Yukon Chamber of Mines and served for six years from 2002 to 2008 as an elected councilor on the Association of Professional Engineers and Geoscientists of British Columbia.

It is anticipated that Mr. Bottomer will devote sufficient time (estimated at 5% of his working time) to the Issuer in his capacity as a director as may be required to satisfy the Issuer's ongoing regulatory filing requirements and to assist in guiding and developing the Issuer's mineral acquisition and exploration plans with a view to providing the Issuer with a reasonable opportunity to achieve its stated business objectives.

#### Allen Morishita - Director

Mr. Morishita has more than 30 years experience in the securities industry as a Vice-President and investment advisor with Canaccord Genuity Corp. ("**Canaccord**"). Having retired from Canaccord in May, 2011, Mr. Morishita is currently the President of Kyly Investments Ltd. and Secretary/Treasurer of Morquest Trading Corporation, both private investment companies.

It is anticipated that Mr. Morishita will devote approximately 10% of his time to the Issuer in his capacity as a director.

As of the date of this Prospectus, none of the directors or officers has entered into a non-disclosure or non-competition agreement with the Issuer. In addition, each director will serve until the Issuer's next annual general meeting. Officers serve at the pleasure of the board of directors.

### **Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

#### Corporate Cease Trade Orders

Save and except as set out below, none of the directors or executive officers of the Issuer or any personal holding companies of such persons is, or within the ten years prior to the date of this Prospectus, has been, a director, chief executive officer or chief financial officer of any other issuer that was the subject of a cease trade or similar order, or an order that denied the other issuer access to any statutory exemptions, for a period of more than thirty consecutive days:

- (a) while that person was acting as a director, chief executive officer or chief financial officer; or
- (b) after that person ceased acting as a director, chief executive officer or chief financial officer which resulted from an event that occurred while that person was acting in that capacity.

Cyrus Driver is the Chief Financial Officer of Maxim Resources Inc. ("**Maxim**"), a reporting issuer listed on the TSX Venture Exchange, which had a cease trade order issued against it by the BCSC on May 4, 2009 for failure to file its comparative financial statements for the year ended December 31, 2008 within the time period prescribed by applicable securities legislation. The cease trade order was revoked by the BCSC on August 4, 2009 after Maxim filed the required financial statements and management's discussion and analysis.

#### Corporate Bankruptcies

None of the directors, executive officers or shareholders of the Issuer holding a sufficient number of securities to materially affect the control of the Issuer, or any personal holding companies of such persons, is, or within the ten years prior to the date of this Prospectus, has been, a director or executive officer of any other issuer that, while that person was acting in that capacity, or within one year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

#### Penalties or Sanctions

Save and except as set out below, none of the directors, executive officers or shareholders of the Issuer holding a sufficient number of securities to materially affect the control of the Issuer, or any personal holding companies of such persons, has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely to be considered important to a reasonable investor making an investment decision.

On March 2, 2004, Keith C. Anderson, in his capacity as a registered representative, entered into a settlement agreement with the Investment Dealers Association of Canada (the “**IDA**”), now the Investment Industry Regulatory Organization of Canada, and was fined \$25,000 (paid) for failing in his duty to observe to high standards of ethics and conduct in the transaction of business and engaged in business conduct unbecoming or detrimental to the public interest by, without intent to injure, falsely endorsing the signature of his wife on withdrawal of assets forms and bank cheques issued in his wife’s name and falsely endorsing his wife’s signature upon and presenting his wife’s cheque to several banks for negotiation and deposit, including bank accounts of which Mr. Anderson was the beneficial owner. Mr. Anderson also admitted that he failed to obtain and have in his wife’s file any third party authority or power of attorney documentation authorizing him to use his own discretion to conduct trades in his wife’s account and used his own discretion to conduct some trades for his wife’s account without the account being properly approved and documented as a discretionary account contrary to the regulations of the IDA. In addition to the \$25,000 fine, the IDA also held that, as a condition of his continued approval in any capacity with a member of the IDA, Mr. Anderson re-write and pass the examination based on the Conduct of Practices Handbook for Securities Industry Professionals (the “**Practices Handbook**”), administered by the Canadian Securities Institute within six months and pay \$5,000 towards the costs of the IDA proceedings. Mr. Anderson paid the \$5,000 to the IDA but subsequently retired from the brokerage business and therefore did not re-write the Practices Handbook examination.

On May 12, 1998 Leon F. Anderson and another individual entered into an agreed statement of facts with the BCSC and were jointly assessed an administrative fine of \$1,000 for failing to file on a timely basis a Notice of Intention to Sell shares of Pacific Talc Ltd. from a control block (the “**Notice of Intention**”) as required under the then *Securities Act* (British Columbia). Although Mr. Anderson delivered a completed and executed Notice of Intention to his legal counsel prior to selling any shares, such counsel did not file the Notice of Intention with the BCSC until after the first sale from the control block had taken place thereby resulting in a breach of such act.

#### Personal Bankruptcies

None of the directors, executive officers or shareholders of the Issuer holding a sufficient number of securities to materially affect the control of the Issuer, or any personal holding companies of such persons, has, within the ten years prior to the date of this Prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his or her assets.

#### **Conflicts of Interest**

Certain directors and officers of the Issuer are associated with other companies or entities, which may, in certain circumstances, give rise to conflicts of interest requiring them to abstain from certain decisions. Conflicts, if any, will be subject to the procedures and remedies of the *Business Corporations Act* (British Columbia). See "CONFLICTS OF INTEREST".

### **EXECUTIVE COMPENSATION**

The following is a discussion of all significant aspects of the compensation paid or payable to, earned by or awarded to each Chief Executive Officer (“**CEO**”), each Chief Financial Officer (“**CFO**”) and each of the Issuer’s three most highly compensated executive officers, other than the CEO or CFO, who were serving as executive officers (the “**Named Executive Officers**” or “**NEOs**”) at any time during the three most recently completed fiscal years and whose total salary and bonus exceeded \$150,000. The term “Named Executive Officer” also includes any additional individuals for whom disclosure would have been provided except that the individual was not serving as an officer of the Issuer at the end of such period.

As defined under applicable securities legislation, the Issuer had two "Named Executive Officers" during the fiscal years set out above:

Keith C. Anderson	-	President
Leon F. Anderson	-	Secretary (and former President)

Subsequent to March 31, 2011, Cyrus Driver was appointed as the Chief Financial Officer of the Issuer.

### **Compensation Discussion and Analysis**

#### *Goals and Objectives*

Given the Issuer's current size and stage of development, the Board has not appointed a compensation committee and accordingly the Board as a whole will be responsible for determining the compensation (including long-term incentive in the form of stock options) to be granted to the Issuer's executive officers and directors to ensure that such arrangements reflect the responsibilities and risks associated with each position. Management directors are required to abstain from voting in respect of their own compensation thereby providing the independent members of the Board with considerable input as to executive compensation.

The Board intends to review, on an annual basis, the corporate goals and objectives relevant to executive compensation, evaluate each executive officer's performance in light of those goals and objectives and set the executive officer's compensation level based, in part, on this evaluation. The Board will take into consideration the Issuer's overall performance, shareholder returns, and the awards given to executive officers in past years. The Board may also consider the value of similar incentive awards to executive officers at comparable junior resource companies listed on the Exchange, however, as of the date of this Prospectus, no specific companies or selection criteria for the establishment of a benchmark group have been identified by the Board.

The Board's compensation philosophy is aimed at attracting and retaining quality and experienced people which is critical to the success of the Company and will include a "pay-for-performance" element which supports the Company's commitment to delivering strong performance for the shareholders.

#### *Executive Compensation Program*

It is expected that executive compensation will be comprised of three elements: base fee or salary, short-term incentive compensation (discretionary cash bonuses) and long-term incentive compensation (share options). The Board will review all three components in assessing the compensation of individual executive officers and of the Issuer as a whole.

Base fees or salaries and bonuses (discretionary) are intended to provide current compensation and a short-term incentive for executive officer's to meet the Issuer's goals, as well as to remain competitive with the industry. Base fees or salaries are compensation for job responsibilities and reflect the level of skills, expertise and capabilities demonstrated by the executive officers. Executive officers will also be eligible to receive discretionary bonuses as determined by the Board based on each officer's responsibilities, his achievement of individual and corporate objectives and the Issuer's financial performance. Cash bonuses will be intended to reward the executive officers for meeting or exceeding the individual and corporate performance objectives set by the Board.

Stock options will be an important part of the Issuer's long-term incentive strategy for its officers, permitting them to participate in any appreciation of the market value of the Issuer's shares over a stated period of time, and are intended to reinforce commitment to long-term growth and shareholder value. Stock options reward overall corporate performance, as measured through the price of the Issuer's shares and enables executives to acquire and maintain a significant ownership position in the Issuer. See "Option Based Awards" below.

### **Option Based Awards**

Executive officers of the Issuer, as well as directors, employees and consultants, are eligible to participate in the Issuer's stock option plan (the "**Stock Option Plan**") to receive grants of stock options. Individual stock options are granted by the Board as a whole and the size of the options is dependent on, among other things, each officer's level of responsibility, authority and importance to the Issuer and the degree to which such officer's long term contribution to the Issuer will be crucial to its long-term success.

Stock options will normally be granted by the Board when an executive officer first joins the Issuer based on his or her level of responsibility within the Issuer. Additional grants may be made periodically to ensure that the number of options granted to any particular officer is commensurate with the officer's level of ongoing responsibility within the Issuer. The Board will also evaluate the number of options an officer has been granted, the exercise price



of the options and the term remaining on those options when considering further grants. The Issuer anticipates that these options will be priced at the closing trading price of the Issuer's shares on the business day immediately preceding the date of grant and will expire two to five years from the date of grant. No options were granted to the Issuer's executive officers during the three most recently completed fiscal years ended March 31, 2011, 2010 and 2009.

However see "OPTIONS TO PURCHASE SECURITIES" below for details of stock options anticipated to be granted to the Issuer's executive officers prior to completion of the Offering.

### Summary Compensation Table

The following table sets out certain information respecting the compensation paid to the Named Executive Officers for the three most recently completed fiscal years ended March 31, 2011, 2010 and 2009.

Name and principal position	Year	Salary	Share based Awards	Option Based Awards <sup>(1)</sup>	Non-equity incentive plan compensation		Pension Value	All other Compensation (\$) <sup>(2)</sup>	Total Compensation
					Annual Incentive Plans	Long-Term Incentive Plans			
Keith C. Anderson <sup>(3)</sup> President	2011	Nil <sup>(4)</sup>	Nil	Nil <sup>(5)</sup>	N/A	N/A	N/A	N/A	N/A
	2010	Nil	Nil	Nil	N/A	N/A	N/A	N/A	N/A
	2009	Nil	Nil	Nil	N/A	N/A	N/A	N/A	N/A
Leon F. Anderson <sup>(6)</sup> Secretary (former President)	2011	30,000 <sup>(7)(8)</sup>	Nil	Nil <sup>(9)</sup>	N/A	N/A	N/A	N/A	30,000
	2010	30,000 <sup>(7)</sup>	Nil	Nil	N/A	N/A	N/A	N/A	30,000
	2009	30,000 <sup>(7)</sup>	Nil	Nil	N/A	N/A	N/A	N/A	30,000
Cyrus Driver <sup>(10)</sup> Chief Financial Officer	2011	N/A	N/A	N/A <sup>(11)</sup>	N/A	N/A	N/A	N/A	N/A

#### Notes:

- (1) Refer to options granted under the Issuer's Stock Option Plan. See "OPTIONS TO PURCHASE SECURITIES".
- (2) The value of perquisites received by each of the Named Executive Officers, including property or other personal benefits provided to the Named Executive Officers that are not generally available to all employees, were not in the aggregate greater than \$50,000 or 10% of the Named Executive Officer's total compensation during each of the three most recently completed fiscal years ended March 31, 2011, 2010 and 2009.
- (3) Keith C. Anderson was appointed President of the Issuer on August 4, 2009. Prior to such appointment, Mr. Anderson acted as a director of the Issuer (July 18, 2005 to present).
- (4) Effective April 1, 2011, Mr. Anderson began receiving, as an independent contractor, a management fee of \$3,000 per month in consideration for providing management services to the Issuer. Mr. Anderson also received an additional one-time payment of \$3,000 in recognition of his past services to the Issuer since becoming President on August 4, 2009. Such additional payment was paid to Mr. Anderson in 3 installments of \$1,000 each on April 30, 2011, May 31, 2011 and June 30, 2011. Mr. Anderson will continue to receive a management fee of \$3,000 per month (\$36,000 per annum) for the 12 month period following completion of the Offering See "Management/Employment Contracts" below. See also "SELECTED FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS – Additional Disclosure for Junior Issuers".
- (5) Subsequent to March 31, 2011, Mr. Anderson was granted a stock option to purchase up to 250,000 Common Shares of the Issuer at a price of \$0.15 per Common Share exercisable for a period of five years from the Listing Date. See "OPTIONS TO PURCHASE SECURITIES".
- (6) Leon F. Anderson acted as President of the Issuer from incorporation on July 7, 2005 until August 4, 2009. Effective August 4, 2009, Mr. Anderson was appointed Secretary of the Issuer concurrent with the appointment of Keith C. Anderson as President. Mr. Leon Anderson ceased as Secretary of the Issuer on July 20, 2011.
- (7) These fees were paid and/or accrued to Leon F. Anderson in consideration for management and/or administration services provided to the Issuer. As at March 31, 2011, Mr. Anderson had accrued outstanding management and/or administration fees of \$38,078. See "SELECTED FINANCIAL INFORMATION AND MANAGEMENT'S

DISCUSSION AND ANALYSIS – Transactions with Related Parties” for details of Mr. Anderson’s agreement to settle \$19,078 of such amount for cash and \$19,000 for a total of 126,666 Debt Settlement Shares of the Issuer at a deemed price of \$0.15 per share pursuant to the Debt Settlement.

- (8) It is anticipated that upon completion of this Offering, Mr. Anderson will receive, as an independent contractor, an administration fee of \$1,000 per month (\$12,000 per annum) for the 12 month period following completion of the Offering See “Management/Employment Contracts” below. See also “SELECTED FINANCIAL INFORMATION AND MANAGEMENT’S DISCUSSION AND ANALYSIS – Additional Disclosure for Junior Issuers”.
- (9) Subsequent to March 31, 2011, Mr. Anderson was granted a stock option to purchase up to 100,000 Common Shares of the Issuer at a price of \$0.15 per Common Share exercisable for a period of five years from the Listing Date. See “OPTIONS TO PURCHASE SECURITIES”.
- (10) Cyrus Driver was appointed Chief Financial Officer of the Issuer on July 20, 2011.
- (11) Subsequent to March 31, 2011, Mr. Driver was granted a stock option to purchase up to 250,000 Common Shares of the Issuer at a price of \$0.15 per Common Share exercisable for a period of five years from the Listing Date. See “OPTIONS TO PURCHASE SECURITIES”.

## **Incentive Plan Awards**

### *Outstanding Share-Based Awards and Option-Based Awards*

As at March 31, 2011, there were no option-based or share-based awards outstanding to any of the Named Executive Officers. However, see “OPTIONS TO PURCHASE SECURITIES” for details of stock options anticipated to be granted to, among others, the Named Executive Officers of the Issuer prior to completion of the Offering.

### *Incentive Plan Awards – Value Vested or Earned During the Year*

During the fiscal year ended March 31, 2011, there were no option-based awards or share-based awards vested in favour of, or non-equity incentive plan compensation paid or accrued to, the Named Executive Officers.

## **Pension Plan Benefits**

The Issuer does not have any pension, retirement or deferred compensation plans, including defined contribution plans.

## **Termination and Change of Control Benefits**

The Issuer has not entered into any compensatory plans, contracts or arrangements with any of its Named Executive Officers whereby such officers are entitled to receive compensation as a result of the resignation, retirement or any other termination of employment of the Named Executive Officer with the Company or from a change in control of the Company or a change in the Named Executive Officer’s responsibilities following a change in control.

## **Management / Employment Contracts**

The Issuer does not currently have formal management/employment agreements in place with its executive officers. The Board expects that a formal agreement with Keith C. Anderson, the President and Chief Executive Officer of the Issuer, will be entered into following completion of this Offering. The Issuer has allocated a total of \$3,000 per month (\$36,000 per annum) out of the Available Funds for management fees to Mr. Anderson as an independent contractor. The Issuer has also allocated \$1,000 per month (\$12,000 per annum) out of the Available Funds for administrative fees to Leon F. Anderson as an independent contractor. No monies have been allocated from the Available Funds to pay any fees to Cyrus Driver in his capacity as Chief Financial Officer of the Issuer during the 12 month period following completion of the Offering. Mr. Driver will, however, be entitled to receive, in his capacity as a director of the Issuer and as an independent contractor, a director’s fee of \$500 per month (\$6,000 per annum). Such director’s fee will also be paid to the Issuer’s other non-executive directors. See “Compensation of Directors” below. See also “USE OF PROCEEDS” and “SELECTED FINANCIAL INFORMATION AND MANAGEMENT’S DISCUSSION AND ANALYSIS – Additional Disclosure for Junior Issuers”.

## **Compensation of Directors**

No cash compensation was paid to any director of the Issuer in his capacity as such during any of the three most recently completed fiscal years ended March 31, 2011, 2010 or 2009.

In addition, no amount was paid to any director of the Issuer, who was not a Named Executive Officer, during any of the three most recently completed fiscal years ended March 31, 2011, 2010 or 2009 for services as a consultant or expert.

It is anticipated that following completion of the Offering, Cyrus Driver, Lindsay R. Bottomer and Allen Morishita will each receive, as independent contractors, a director's fee of \$500 per month (\$6,000 per annum) in their capacity as a director of the Issuer. In addition, the directors of the Issuer are entitled to participate in the granting of incentive stock options from time to time under the Issuer's Stock Option Plan and to reimbursement of reasonable expenditures incurred in performing their duties as directors.

## **Share-based awards, option-based awards and non-equity incentive plan compensation**

### *Outstanding Share-Based Awards and Option-Based Awards*

No option-based awards or share-based awards were granted to the Issuer's directors, who were not Named Executive Officers, during any of the three most recently completed fiscal years ended March 31, 2011, 2010 or 2009. See "OPTIONS TO PURCHASE SECURITIES" for details of stock options granted to directors, who were not Named Executive Officers, subsequent to March 31, 2011.

### *Incentive Plan Awards – Value Vested or Earned During the Year*

There were no option-based awards or share-based awards granted to the directors of the Issuer, who were not Named Executive Officers, which vested during any of the three most recently completed fiscal years ended March 31, 2011, 2010 or 2009. In addition, the Issuer did not pay any non-equity incentive plan compensation to the directors of the Issuer, who were not Named Executive Officers, during any of such fiscal years.

## **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

None of the directors or executive officers of the Issuer nor any of their associates or affiliates are or have been indebted to the Issuer since its incorporation.

## **AUDIT COMMITTEE**

### **Mandate**

The primary function of the Issuer's audit committee (the "**Audit Committee**") is to assist the Board in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Issuer to regulatory authorities and shareholders, the Issuer's systems of internal controls regarding finance and accounting, and the Issuer's auditing, accounting and financial reporting processes.

The Audit Committee's primary duties and responsibilities are to:

- monitor the integrity, adequacy and timeliness of the Issuer's financial reporting and disclosure practices and compliance with legal and regulatory requirements related to financial reporting;
- provide an open avenue of communication between management, the Issuer's independent auditor and the board of directors; and
- review and appraise the independence and performance of the Issuer's independent auditor.

### **Composition of Audit Committee**

The Audit Committee shall be comprised of three directors as determined by the board of directors, the majority of whom must not be officers or employees of the Issuer pursuant to the *Business Corporations Act* (British Columbia).

It is the Issuer's goal that all members of the Audit Committee are financially literate and that at least one member shall have accounting or related financial management expertise. For the purposes of applicable securities legislation, "financially literate" means the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Issuer's financial statements.

Currently, the members of the Audit Committee are Cyrus Driver, Lindsay R. Bottomer and Allen Morishita. See "Relevant Education and Experience" below.

### **Meetings**

It is the goal of the Issuer that the Audit Committee shall meet at least once each fiscal quarter, or more frequently as circumstances dictate. As part of its mandate to facilitate open communication, the Audit Committee will also seek to meet with management of the Issuer quarterly and the external auditors at least once each fiscal year.

### **Authority and Responsibilities**

In performing its oversight responsibilities, the Audit Committee shall:

1. Review and update the Audit Committee's terms of reference on an annual basis and recommend any proposed changes to the board of directors.
2. Review the appointments of the Issuer's Chief Financial Officer and any other key financial executives involved in the financial reporting process.
3. Review with management and the independent auditor the adequacy and effectiveness of the Issuer's accounting and financial controls and the adequacy and timeliness of its financial reporting processes.
4. Review with management and the independent auditor the annual financial statements and related documents and review with management the unaudited quarterly financial statements and related documents, prior to filing or distribution, including matters required to be reviewed under applicable legal or regulatory requirements.
5. Where appropriate and prior to release, review with management any news releases that disclose annual or interim financial results or contain other significant financial information that has not previously been released to the public.
6. Review the Issuer's financial reporting and accounting standards and principles and significant changes in such standards or principles or in their application, including key accounting decisions affecting the financial statements, alternatives thereto and the rationale for decisions made.
7. Review the quality and appropriateness of the accounting policies and the clarity of financial information and disclosure practices adopted by the Issuer, including consideration of the independent auditor's judgment about the quality and appropriateness of the Issuer's accounting policies. This review may include discussions with the independent auditor without the presence of management.
8. Review with management and the independent auditor significant related party transactions and potential conflicts of interest.
9. Pre-approve all non-audit services to be provided to the Issuer by the independent auditor.

10. Monitor the independence of the independent auditor by reviewing all relationships between the independent auditor and the Issuer and all non-audit work performed for the Issuer by the independent auditor.
11. Establish and review the Issuer's procedures for the:
  - receipt, retention and treatment of complaints regarding accounting, financial disclosure, internal controls or auditing matters; and
  - confidential, anonymous submission by employees regarding questionable accounting, auditing and financial reporting and disclosure matters.
12. Conduct or authorize investigations into any matters that the Audit Committee believes is within the scope of its responsibilities. The Audit Committee has the authority to retain independent counsel, accountants or other advisors to assist it, as it considers necessary, to carry out its duties, and to set and pay the compensation of such advisors at the expense of the Issuer.
13. Review and approve hiring policies regarding current and former partners and employees of the independent auditor.

### **Audit Committee Composition**

The following are the members of the Audit Committee:

Cyrus Driver	Not Independent <sup>(1)</sup>	Financially literate <sup>(1)</sup>
Lindsay R. Bottomer	Independent <sup>(1)</sup>	Financially literate <sup>(1)</sup>
Allen Morishita	Independent <sup>(1)</sup>	Financially literate <sup>(1)</sup>

**Note 1:** As defined by National Instrument 52-110 *Audit Committees* ("**NI 52-110**").

### **Relevant Education and Experience**

All members of the Audit Committee have the ability to read, analyze, and understand the complexities surrounding the issuance of financial statements.

Mr. Driver is a chartered accountant with more than 30 years experience in the financial reporting and auditing of publicly traded companies. He has also acted as a director and/or held senior management positions including Chief Financial Officer with numerous publicly listed companies.

Mr. Bottomer has acted as a director and/or executive officer of numerous publicly listed companies over the past 13 years, particularly junior resources companies. In various cases, Mr. Bottomer also acted as a member of such companies' audit committees as a result of which Mr. Bottomer has gained the ability to read, analyze and understand the complexities surrounding the issuance of financial statements that can presumably be expected to be raised by the Issuer's financial statements.

Mr. Morishita has more than 30 years experience in the securities industry as a Vice-President and investment advisor with, among others, Canaccord. During such period, Mr. Morishita was required to review, analyse and understand the financial statements of publicly listed companies, particularly in the junior resource sector, in order to be able to make appropriate recommendations to his clients regarding investments in such companies as a result of which Mr. Morishita is considered to be "financially literate".

See also "**DIRECTORS AND OFFICERS** " and "**CORPORATE GOVERNANCE – Directorships**".

### **Audit Committee Oversight**

As at the date hereof, the Audit Committee has not made a recommendation to the Board to nominate or compensate an external auditor.

### **Reliance on Certain Exemptions**

The Issuer is relying upon the exemption in section 6.1 of NI 52-110, which provides that the Issuer, as a venture issuer, is not required to comply with Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

At no time since the commencement of the Issuer's most recently completed fiscal year ended March 31, 2011 has the Issuer relied on the exemption in Section 2.4 of NI 52-110, or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

Section 2.4 provides an exemption from the requirement that the audit committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the fiscal year in which the non-audit services were provided. Section 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

### **Pre-Approval Policies and Procedures**

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services. Subject to the requirements of NI 52-110, the engagement of non-audit services will be considered by the Board, and where applicable the Audit Committee, on a case-by-case basis.

### **External Auditor Service Fees**

The aggregate fees incurred by the Issuer to its external auditor, MacKay LLP, Chartered Accountants, in each of the last two fiscal years for audit and other fees are as follows:

<b>Fiscal Year Ending</b>	<b>Audit Fees</b>	<b>Audit Related Fees</b>	<b>Tax Fees</b>	<b>All Other Fees</b>
March 31, 2011	\$15,000 (estimate) <sup>(1)</sup>	Nil	Nil	Nil
March 31, 2010	N/A	N/A	N/A	N/A

## **CORPORATE GOVERNANCE**

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day to day management of the Issuer. The Board and senior management consider good corporate governance to be central to the effective and efficient operation of the Issuer.

Pursuant to National Instrument 41-101 *General Prospectus Requirements*, the Issuer is required to disclose its corporate governance practices in accordance with National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("**NI 58-101**"), as summarized below.

## Board of Directors

The Board is currently comprised of five members.

NI 58-101 suggests that the Board of a public company should be constituted with a majority of individuals who qualify as "independent" directors. An "independent" director is a director who has no direct or indirect material relationship with the Issuer. A material relationship is a relationship which could, in the view of the Board, reasonably interfere with the exercise of a director's independent judgment.

Keith C. Anderson and Cyrus Driver are not independent directors because of their positions as President and Chief Executive Officer and Chief Financial Officer of the Issuer, respectively. In addition, Leon F. Anderson is not independent by virtue of being a former officer of the Issuer and having received consulting fees from the Issuer during each of the three most recently completed fiscal years ended March 31, 2011, 2010 and 2009.

On the other hand, Lindsay R. Bottomer and Allen Morishita are independent directors of the Issuer and have no ongoing interest or relationship with the Issuer other than their current shareholdings and stock options in the Issuer and serving as a director.

Accordingly, as of the date of this Prospectus, the Board of the Issuer is comprised of three non-independent directors and two independent directors; however, it is the goal of the Issuer to appoint at least one more independent director to the Board following the completion of this Offering.

At this stage of the Issuer's development, the Board does not believe it is necessary to adopt a written mandate or to have any formal structures or procedures in place to ensure that the Board can function independently of management, as sufficient guidance for these matters is found in the applicable corporate legislation and regulatory policies. The independent directors exercise their responsibilities for independent oversight of management, and have leadership through their position on the Board and ability to meet independently of management whenever deemed necessary. In addition, each member of the Board understands that he or she is entitled to seek the advice of an independent expert if he or she reasonably considers it warranted under the circumstances. However, as the Issuer grows, the Board will move to develop a formal written mandate.

The Board is specifically responsible for approving long-term strategic plans and annual operating plans and budgets recommended by management. Board consideration and approval is also required for all material contracts, business transactions and all debt and equity financing proposals. The Board also takes responsibility for identifying the principal risks of the Issuer's business and for ensuring these risks are effectively monitored and mitigated to the extent reasonably practicable.

The Board delegates to management, through the Chief Executive Officer and Chief Financial Officer, responsibility for meeting defined corporate objectives, implementing approved strategic and operating plans, carrying on the Issuer's business in the ordinary course, managing the Issuer's cash flow, evaluating new business opportunities, recruiting staff and complying with applicable regulatory requirements. The Board also looks to management to furnish recommendations respecting corporate objectives, long-term strategic plans and annual operating plans.

## Directorships

Save and except as set out below, none of the directors or executive officers of the Issuer are currently directors or executive officers of any other reporting issuers:

Name of Director	Name of Other Reporting Issuer	Position	Dates
Keith C. Anderson	N/A	N/A	N/A
Leon F. Anderson	N/A	N/A	N/A

Cyrus Driver	Nevada Exploration Inc. Orko Silver Corp. Aldrin Resources Corp. Maxim Resources Corp. Cobra Venture Corp. Superior Mining Int'l Corp. Mira Resources Corp. Whitebear Resources Inc.  Bellhaven Copper & Gold Inc.	Director/CFO Director Director CFO Director Director/CFO Director/CFO Director CFO Director	November 2009 to present April 2007 to present August 2006 to present March 2006 to present November 1998 to present February 2001 to present July 2009 to present November 2006 to present September 2007 to present April 2005 to present
Lindsay R. Bottomer	Entrée Gold Inc.  Yale Resources Ltd. BCM Resources Corp. Alita Resources Ltd. Stratabound Minerals Corp. Driven Capital Corp.	Director Vice-President Director Director Director Director Director	June 2002 to present November 2005 to present December 2005 to present September 2006 to present July 2009 to present September 2010 to present July 2011 to present
Allen Morishita	N/A	N/A	N/A

### Position Descriptions

The Board has not, to date, developed formal, documented position descriptions for the Chief Executive Officer or Chief Financial Officer. The Board is currently of the view that the respective corporate governance role of the Board and management, as represented by such executive officers, are clear and that the limits to the responsibility and authority of the Chief Executive Officer and Chief Financial Officer are reasonably well understood and therefore the Board has not developed written position descriptions for such positions.

### Orientation and Continuing Education

There is no formal orientation or training program for new members of the Board, and the Board considers this to be appropriate, given the Issuer's size and current limited operations.

New directors are briefed on strategic plans, short, medium and long term corporate objectives, business risks and mitigation strategies, corporate governance guidelines and existing company policies and have the opportunity to become familiar with the Issuer by meeting with the other directors and with the executive officers. Orientation activities are tailored to the particular needs and experience of each director and the overall needs of the Board.

The skills and knowledge of the Board as a whole is such that the Board believes no formal continuing education process is currently required. The Board is comprised of individuals with varying backgrounds, who have, both collectively and individually, extensive experience in running and managing public companies. Board members are encouraged to communicate with management, auditors and technical consultants to keep themselves current with industry trends and developments and changes in legislation, with management's assistance. Board members have full access to the Issuer's records. See "DIRECTORS AND OFFICERS" for a description of the current principal occupations of the Issuer's Board.

### Ethical Business Conduct

The Board expects management to operate the business of the Issuer in a manner that enhances shareholder value and is consistent with the highest level of integrity. Management is expected to execute the Issuer's business plan and to meet performance goals and objectives. The Board monitors the ethical conduct of the Issuer and ensures that it complies with applicable legal and regulatory requirements, such as those of relevant securities commissions and stock exchanges but, to date, has not adopted a formal written Code of Business Conduct and Ethics.



The Board is of the view that the fiduciary duties placed on individual directors by the Issuer's governing corporate and securities legislation and the common law, as well as the restrictions placed by applicable corporate legislation on the individual director's participation in decisions of the Board in which the director has an interest, are sufficient, at present, to ensure that the Board operates independently of management and in the best interests of the Issuer and its shareholders. In addition, the current limited size of the Issuer's operations and the small number of officers and consultants allow the independent members of the Board to monitor on an ongoing basis the activities of management and to ensure that the highest standard of ethical conduct is maintained. As the Issuer grows in size and scope, the Board anticipates that it will formulate and implement a formal Code of Business Conduct and Ethics.

### **Nomination of Directors**

Given its current size and stage of development, the Board has not appointed a nominating committee and these functions are currently performed by the Board as a whole. Nominees are generally the result of recruitment efforts by Board members and proposed directors' credentials are reviewed in advance with one or more members of the Board prior to a proposed director's nomination.

### **Compensation**

At this time, the Issuer does not believe its size and limited scope of operations requires a formal compensation committee and the Board as a whole is responsible for determining all forms of compensation (including long-term incentive in the form of stock options) to be granted to the Issuer's executive officers and to the directors to ensure such arrangements reflect the responsibilities and risks associated with each position. In addition, any compensation to be paid to executive officers who are also directors must be approved by the disinterested directors thereby providing the independent directors with significant input into compensation decisions.

When determining the compensation of its executive officers in the future, the Board will consider: i) recruiting and retaining executives critical to the success of the Issuer and the enhancement of shareholder value; ii) providing fair and competitive compensation; iii) balancing the interests of management and the Issuer's shareholders; and iv) rewarding performance, both on an individual basis and with respect to operations in general. In order to achieve these objectives, it is the Board's intention that compensation paid to its executive officers should consist of three components: i) base salary; ii) discretionary annual bonus based on actual performance relative to pre-set annual operation targets; and iii) long-term incentive in the form of stock options. See "EXECUTIVE COMPENSATION – Compensation Discussion and Analysis".

Following completion of the Offering, it is anticipated that Cyrus Driver, Lindsay R. Bottomer and Allen Morishita will each receive, as an independent contractor, a fee of \$500 per month (\$6,000 per annum) for his services as a director of the Issuer. The directors of the Issuer are also entitled to participate in the Issuer's Stock Option Plan. See "OPTIONS TO PURCHASE SECURITIES".

### **Committees of the Board of Directors**

At the present time, the Board of the Issuer has appointed only one committee, being the Audit Committee. See "Audit Committee" above.

As the Issuer grows, and its operations and management structure become more complex, the Board may find it appropriate to constitute formal standing committees, such as a Corporate Governance Committee, Compensation Committee and Nominating Committee, and to ensure that such committees are governed by written charters and are composed of at least a majority of independent directors.

### **Assessments**

The Board has not implemented a process for assessing its effectiveness. As a result of the Issuer's size, its stage of development and the limited number of individuals on the Board, the Board considers a formal assessment process to be inappropriate at this time. The Board plans to continue evaluating its own effectiveness on an ad hoc basis.

The Board also monitors but does not formally assess the performance or contribution of individual Board members or committee members.

### **DESCRIPTION OF SECURITIES DISTRIBUTED**

The authorized share capital of the Issuer consists of an unlimited number of Common Shares without par value. The Issuer has only one kind and class of shares and there are no special rights or restrictions attached to that class.

As of the date of this Prospectus, there are a total of 13,180,001 Common Shares issued and outstanding. The Issuer has also reserved for issuance 126,666 Debt Settlement Shares pursuant to the Debt Settlement, up to 6,100,000 Seed Warrant Shares pursuant to the Seed Warrants, up to 1,100,000 Common Shares pursuant to the granting of stock options and up to 4,500,000 Common Shares in conjunction with the completion of this Offering and pursuant to the exercise of the Agent's Warrants and issuance of the Corporate Finance Fee Shares assuming the Maximum Offering is sold (up to 3,400,000 Common Shares if only the Minimum Offering is sold). See "USE OF PROCEEDS", "OPTIONS TO PURCHASE SECURITIES", "PLAN OF DISTRIBUTION" and "FULLY DILUTED SHARE CAPITAL".

#### **Common Shares**

All of the issued Common Shares of the Issuer are fully paid and not subject to any future call or assessment. All Common Shares rank equally as to voting rights, participation in a distribution of the assets of the Issuer on a liquidation, dissolution or winding-up of the Issuer and the entitlement to dividends. The holders of the Common Shares are entitled to receive notice of all meetings of shareholders and to attend and vote the shares at the meetings. Each Common Share carries with it the right to one vote. The Common Shares have no pre-emptive, conversion, exchange, redemption, retraction, purchase for cancellation or surrender provisions and there are no sinking fund provisions in relation to the Common Shares.

In the event of the liquidation, dissolution or winding-up of the Issuer or other distribution of its assets, the holders of the Common Shares will be entitled to receive, on a pro rata basis, all of the assets remaining after the Company has paid out its liabilities. Distribution in the form of dividends, if any, will be set by the Board. See "DIVIDENDS" for particulars of the Issuer's dividend policy.

Provisions as to the modification, amendment or variation of the rights attached to the capital of the Issuer are contained in the Issuer's Articles and the *Business Corporations Act* (British Columbia). Generally speaking, substantive changes to the share capital require the approval of the shareholders by special resolution (at least 66 2/3% of the votes cast).

### **CAPITALIZATION**

The following table outlines the capitalization of the Issuer as of the dates noted both before and after giving effect to this Offering:

<b>Type of Security</b>	<b>Amount Authorized or to be Authorized</b>	<b>Outstanding as at June 30, 2011</b>	<b>Outstanding as at October 31, 2011</b>	<b>Outstanding After Giving Effect to the Minimum Offering</b>	<b>Outstanding After Giving Effect to the Maximum Offering</b>
Common Shares	Unlimited	13,080,001 (\$635,000)	13,180,001 (\$640,000)	16,406,667 <sup>(1)(2)</sup> (\$1,088,000) <sup>(3)</sup>	17,406,667 <sup>(1)(4)</sup> (\$1,226,000) <sup>(5)</sup>
Long Term Debt	N/A	Nil	Nil	Nil	Nil

- (1) The stated capital value is net of the Agent's Commission but does not take into consideration the expenses of the Offering including legal, audit, printing, regulatory listing expenses and the Agent's expenses including taxes and disbursements, the balance of which are estimated at \$55,000.
- (2) This figure includes the issuance of 126,666 Debt Settlement Shares pursuant to the Debt Settlement and 100,000 Corporate Finance Fee Shares to the Agent but does not include up to 6,100,000 Seed Warrant Shares issuable pursuant to the exercise of outstanding Seed Warrants, 1,100,000 Common Shares issuable pursuant to the exercise of stock options and 300,000 Common Shares that may be issued upon exercise of the Agent's Warrants). See "OPTIONS TO PURCHASE SECURITIES", "FULLY DILUTED SHARE CAPITAL" and "PLAN OF DISTRIBUTION".
- (3) This figure is net of \$36,000 to be paid to the Agent by way of Agent's Commission out of the gross proceeds from the sale of Common Shares under the Minimum Offering.
- (4) This figure includes the issuance of 126,666 Debt Settlement Shares pursuant to the Debt Settlement and 100,000 Corporate Finance Fee Shares to the Agent but does not include up to 6,100,000 Seed Warrant Shares issuable pursuant to the exercise of outstanding Seed Warrants, 1,100,000 Common Shares issuable pursuant to the exercise of stock options and 400,000 Common Shares that may be issued upon exercise of the Agent's Warrant). See "OPTIONS TO PURCHASE SECURITIES", "FULLY DILUTED SHARE CAPITAL" and "PLAN OF DISTRIBUTION".
- (5) This figure is net of \$48,000 to be paid to the Agent by way of Agent's Commission out of the gross proceeds from the sale of Common Shares under the Maximum Offering.

Save as disclosed above there has been no material change in the Issuer's capitalization since June 30, 2011, being the date of the latest financial statements of the Issuer included in this Prospectus.

#### **FULLY DILUTED SHARE CAPITAL**

Nature of Issuance	# of Shares/Percentage of Total Assuming Completion of Minimum Offering <sup>(1)</sup>	# of Shares/Percentage of Total Assuming Completion of Maximum Offering <sup>(1)</sup>
Issued and outstanding as of October 31, 2011	13,180,001 or 55.13%	13,180,001 or 52.71%
Seed Warrant Shares reserved for issuance as at October 31, 2011 pursuant to Seed Warrants <sup>(1)</sup>	6,100,000 or 25.52%	6,100,000 or 24.39%
Common Shares allocated for issuance as at October 31, 2011 pursuant to stock options <sup>(1)</sup>	1,100,000 or 4.60%	1,100,000 or 4.40%
Common Shares allocated for issuance as at October 31, 2011 pursuant to the Debt Settlement	126,666 or 0.53%	126,666 or 0.50%
Common Shares to be issued pursuant to this Offering	3,000,000 or 12.55%	4,000,000 or 16.00%
Corporate Finance Fee Shares to be issued to Agent upon completion of this Offering	100,000 or 0.42%	100,000 or 0.40%
Common Shares reserved for issuance in connection with this Offering pursuant to Agent's Warrants	300,000 or 1.25% <sup>(3)</sup>	400,000 or 1.60%
<b>TOTAL</b>	<b>23,906,667 or 100%</b>	<b>25,006,667 or 100%</b>

- (1) Assuming the exercise of the Agent's Warrants, Seed Warrants and stock options granted to directors.
- (2) See "OPTIONS TO PURCHASE SECURITIES" below for details of the number of Seed Warrant Shares and Common Shares reserved for issuance pursuant to the Seed Warrants and stock options, respectively.

**OPTIONS TO PURCHASE SECURITIES**

The Issuer has adopted a Stock Option Plan dated July 20, 2011. The Stock Option Plan is administered by the Board and is designed to attract and motivate directors, officers, employees and consultants of the Issuer and advance the interests of the Issuer by affording such persons with the opportunity to acquire an equity interest in the Issuer through options granted under such plan. The Stock Option Plan has been established as a “rolling” stock option plan such that the maximum number of shares currently available for issuance pursuant to options granted under the plan cannot exceed, in the aggregate, 10% of the Issuer’s issued and outstanding Common Shares from time to time, being approximately 1,740,666 Common Shares assuming the Maximum Offering is sold (1,640,666 Common Shares if only the Minimum Offering is sold).

The following table discloses the particulars of stock options granted to the Issuer’s executive officers and directors as of the date hereof:

Name and Position	Securities Under Options Granted (#)	% of Total Options Granted	Exercise or Base Price (\$/Security)	Market Value of Securities Underlying Options/SARs on the Date of Grant (\$/Security)	Expiration Date
Keith C. Anderson President, CEO and Director	250,000	22.73%	\$0.15	N/A	Five years from the Closing Date
Cyrus Driver Chief Financial Officer and Director	250,000	22.73%	\$0.15	N/A	Five years from the Closing Date
Leon F. Anderson Secretary and Director	100,000	9.08%	\$0.15	N/A	Five years from the Closing Date
Lindsay R. Bottomer Director	250,000	22.73%	\$0.15	N/A	Five years from Closing Date
Allen Morishita Director	250,000	22.73%	\$0.15	N/A	Five years from Closing Date
Other Consultants	Nil	N/A	N/A	N/A	N/A
<b>TOTAL</b>	1,100,000	100.00%			

Pursuant to the Agency Agreement, the Agent is entitled to receive non-transferable Agent’s Warrants to purchase that number of Agent’s Warrant Shares equal to 10% of the aggregate number of Common Shares sold under this Offering at a price of \$0.15 per Agent’s Warrant Share for a period of 24 months from the Closing Date, being 400,000 Agent’s Warrant Shares assuming the Maximum Offering is sold (300,000 Agent’s Warrant Shares if only the Minimum Offering is sold). See “PLAN OF DISTRIBUTION”.

In addition to the foregoing, a total of 6,100,000 Seed Warrant Shares are reserved for issuance pursuant to the exercise of 6,100,000 Seed Warrants granted to purchasers of Seed Units during the Issuer’s seed capital phase. See “PRIOR SALES”. The Seed Warrants are exercisable on or before June 30, 2012 at a price of \$0.15 per Seed Warrant Share. There are no assurances that the Seed Warrants will be exercised in whole or in part.

The following table summarizes those options, warrants and other rights to purchase Common Shares of the Issuer that are held or will be held upon completion of the Offering:

Group	Number of Optionees Within Group	Aggregate Number of Options	Exercise Price	Expiry Date
<b>Stock Options</b>				
Officers (including past and present executive officers) of the Issuer as a group	3	600,000	\$0.15	Five years from Closing Date
Directors (including past directors) of the Issuer who are not also executive officers as a group	2	500,000	\$0.15	Five years from Closing Date
All other employees of the Issuer as a group	Nil	N/A	N/A	N/A
All consultants of the Issuer as a group	Nil	N/A	N/A	N/A
<b>Agent's Warrants</b>				
Canaccord Genuity Corp.	Agent's Warrants	400,000 <sup>(1)</sup>	\$0.15	24 months from the Closing Date
<b>Seed Warrants</b>				
Seed Warrants	Purchasers of Seed Units	6,100,000	\$0.15	June 30, 2012
<b>TOTAL</b>		<b>7,600,000<sup>(2)</sup></b>		

(1) Assuming the Maximum Offering is sold. 300,000 Agent's Warrant Shares if only the Minimum Offering is sold.

(2) Assuming the Maximum Offering is sold. 7,500,000 options if only the Minimum Offering is sold.

There are no assurances that the options, warrants or other rights described above will be exercised or issued in whole or in part.

Except as disclosed above, there are no options, warrants or other rights to acquire Common Shares of the Issuer outstanding.

### **PRIOR SALES**

Since the date of incorporation of the Issuer the following securities have been issued:

Date	Number and Type of Securities	Issue Price Per Security (\$Cdn)	Aggregate Issue Price (\$Cdn)	Consideration Received
July 7, 2005	1 Common Share	\$0.10	\$0.10	Cash
July 18, 2005	4,000,000 Common Shares <sup>(1)</sup>	\$0.001	\$4,000	Cash
September 30, 2005	1,010,000 Common Shares	\$0.05	\$50,500	Cash
September 30, 2006	200,000 Common Shares	\$0.10	\$20,000	Cash
March 31, 2007	603,333 Common Shares	\$0.15	\$90,500	Cash
March 31, 2008	666,667 Common Shares	\$0.15	\$100,000	Cash
April 7, 2008	350,000 Common Shares	\$0.15	\$52,500	Cash

June 30, 2008	50,000 Common Shares	\$0.15	\$7,500	Cash
March 31, 2011	1,200,000 Seed Units <sup>(2)</sup>	\$0.05	\$60,000	Cash
April 5, 2011	4,500,000 Seed Units <sup>(2)</sup>	\$0.05	\$225,000	Cash
April 12, 2011	400,000 Seed Units <sup>(2)</sup>	\$0.05	\$20,000	Cash
May 5, 2011	100,000 Seed Units <sup>(2)</sup>	\$0.05	\$5,000	Cash
September 1, 2011	100,000 Seed Warrant Shares <sup>(3)</sup>	\$0.05	\$5,000	Cash
<b>TOTAL</b>	<b>13,180,001 Common Shares <sup>(4)</sup></b>		<b>\$640,000.10</b>	

- (1) These Common Shares were issued to Keith C. Anderson, the President and Chief Executive Officer of the Issuer, at a price of \$0.001 per share. See “PRINCIPAL SHAREHOLDER”, “PROMOTER” AND “DIRECTORS AND OFFICERS”. Subsequent to March 31, 2011, Mr. Anderson transferred a total of 375,000 of these Common Shares to Cyrus Driver (as to 250,000 shares) and Lindsay R. Bottomer (as to 125,000 shares), both directors and/or officers of the Issuer, at a price of \$0.001 per share.
- (2) Each Seed Unit consisted of one Common Share and one Seed Warrant to purchase one Seed Warrant Share at a price of \$0.05 on or before September 2, 2011 and thereafter at a price of \$0.15 on or before June 30, 2012. See “OPTIONS TO PURCHASE SECURITIES”.
- (3) These Seed Warrant Shares were issued at a price of \$0.05 per share pursuant to the exercise of 100,000 Seed Warrants.
- (4) A total of 6,500,000 of these Common Shares are or will be held in escrow with the Escrow Agent. See “ESCROWED SHARES AND SHARES SUBJECT TO RESALES RESTRICTIONS”. See also “PRINCIPAL SHAREHOLDERS”.

### **ESCROWED SHARES AND SHARES SUBJECT TO RESALE RESTRICTIONS**

#### **Escrowed Shares**

Pursuant to the Escrow Agreement entered into among the Issuer, the Escrow Agent and certain Principals of the Issuer the following Common Shares (the “**Escrowed Shares**”) are or will be held in escrow by the Escrow Agent pursuant to National Policy 46-201 – *Escrow for Initial Public Offerings*:

<b>Name and Province/ Country of Residence of Shareholder</b>	<b>Position with the Issuer</b>	<b>Number of Common Shares Held or to be Held in Escrow as at the date hereof <sup>(1)(2)</sup></b>	<b>Percentage of Class After Giving Effect to the Offering <sup>(3)</sup></b>
Keith C. Anderson B.C., Canada	President, Chief Executive Officer and director	5,425,000 <sup>(4)</sup>	33.07% - Minimum Offering 31.17% - Maximum Offering
Cyrus Driver B.C., Canada	Chief Financial Officer and Director	650,000	3.96% - Minimum Offering 3.73% - Maximum Offering
Lindsay R. Bottomer B.C., Canada	Director	325,000	1.98% - Minimum Offering 1.87% - Maximum Offering
Cheryl More B.C., Canada	N/A <sup>(5)</sup>	100,000	0.61% - Minimum Offering 0.57% - Maximum Offering
<b>TOTAL</b>		<b>6,500,000</b>	<b>39.62% - Minimum Offering 37.34% - Maximum Offering</b>

- (1) See also “PRINCIPAL SHAREHOLDERS” and “DIRECTORS AND OFFICERS”.
- (2) This figure does not include up to 6,100,000 Seed Warrant Shares issuable upon exercise of the Seed Warrants, 1,100,000 Common Shares issuable upon exercise of stock options and 400,000 Agent’s Warrant Shares issuable upon exercise of the Agent’s Warrants assuming the Maximum Offering is sold (300,000 Agent’s Warrant Shares if only the Minimum Offering is sold). See “OPTIONS TO PURCHASE SECURITIES” and “PLAN OF DISTRIBUTION”.
- (3) These shares will be deposited in escrow with Equity Financial Trust Company as Escrow Agent for the Escrowed Shares. The Escrow Agent will be paid a fee for its services in acting as Escrow Agent for the Escrowed Shares.
- (4) 300,000 of these Common Shares are held by 375703 B.C. Ltd., a private company owned by Mr. Anderson.
- (5) Cheryl More is the wife of Cyrus Driver, the Chief Financial Officer and a director of the Issuer.

Subject to the provisions of the Escrow Agreement, the Escrowed Shares are to be released as follows:

<b>Date</b>	<b>Percentage of Escrowed Shares to be Released</b>
Listing Date	10%
6 months from the Listing Date	15%
12 months from the Listing Date	15%
18 months from the Listing Date	15%
24 months from the Listing Date	15%
30 months from the Listing Date	15%
36 months from the Listing Date	15%
<b>TOTAL</b>	<b>100%</b>

The Escrowed Shares cannot generally be transferred or otherwise dealt with while in escrow. Permitted transfers or dealings within escrow include: (1) transfers to continuing or, upon their appointment, incoming directors and executive officers of the Issuer or of a material operating subsidiary, with approval of the Issuer’s Board; (ii) transfers to a person or company that, before the transfer, holds more than 20% of the Common Shares; (iii) transfers to a person or company that, after the transfer, holds more than 10% of the Common Shares and has the right to elect or appoint one or more directors or executive officers of the Issuer or any of its material operating subsidiaries; (iv) transfers to an RRSP or similar trustee plan provided that the only beneficiaries are the transferor or the transferor’s spouse, children or parents; (v) transfers upon bankruptcy to the trustee in bankruptcy; (vi) pledges to a financial institution as collateral for a bona fide loan, provided that upon a realization the securities remain subject to escrow; and (vii) releases from escrow to a holder’s legal representatives upon death. Tenders of Escrowed Shares to a formal take-over bid for all outstanding equity securities would be permitted provided that, if the holder of the Escrowed Shares is a principal of the successor issuer upon completion of the take-over bid, securities received in exchange for tendered Escrowed Shares are substituted in escrow on the basis of the successor issuer’s escrow classification.

#### **Additional Securities Subject to Resale Restrictions**

A total of 100,000 Agent’s Warrants issuable to the Agent upon completion of the Offering and any Agent’s Warrant Shares issuable upon exercise thereof will be subject to a four month hold period from the Closing Date of the Offering in accordance with applicable securities laws. See ‘PLAN OF DISTRIBUTION’.

Other than as set out above, to the knowledge of the directors and officers of the Issuer, no other securities of the Issuer are or will be subject to escrow, hold period or a contractual restriction on transfer on the Effective Date.

## **PLAN OF DISTRIBUTION**

### **Offering of Common Shares**

Pursuant to the Agency Agreement entered into between the Issuer and the Agent, the Issuer has appointed Canaccord Genuity Corp. as its exclusive agent to offer for sale, on a commercially reasonable efforts basis, a minimum of 3,000,000 Common Shares and a maximum of 4,000,000 Common Shares to the public at a price of \$0.15 per Common Share. The Offering Price was determined by negotiation between the Issuer and the Agent in accordance with the applicable policies of the Exchange. See “DESCRIPTION OF SECURITIES DISTRIBUTED” for a description of the material attributes and characteristics of the Common Shares.

The Offering will be made to residents of the provinces of Alberta, British Columbia and Ontario and will close on a day determined by the Agent and the Issuer that is within 90 days after the Effective Date. The Offering may also be sold to investors resident in jurisdictions outside of Canada (excluding the United States), in each case in accordance with all applicable laws, provided that no prospectus, registration statement or similar document is required to be filed in such jurisdiction. All monies and cheques received by the Agent will be held by the Agent in trust pending Closing pursuant to the provisions of the Agency Agreement.

This Offering is not underwritten and in the event the Minimum Offering of 3,000,000 Common Shares does not take place within 90 days after the Effective Date or, subject to the Issuer receiving a receipt for an amendment to this Prospectus, such longer period (not to exceed 90 days after the date of the receipt for such amendment) as the ASC, BCSC and OSC may permit and the Issuer and the Agent (and any subscribers for Common Shares hereunder) may agree, the Offering will terminate and all subscription funds will be returned to the investors without interest or deduction. Notwithstanding the foregoing, the total period of the Offering must not end more than 180 days from the date of the final receipt for this Prospectus.

The Agent will receive a cash commission of \$0.012 per Share, being 8% of the Offering Price, with respect to all Common Shares sold pursuant to this Offering. In addition, the Agent will receive a Corporate Finance Fee of \$30,000 payable by way of \$15,000 cash and 100,000 Corporate Finance Fee Shares of the Issuer in consideration for the Agent providing corporate finance services to the Issuer in connection with the Offering. The Agent’s Commission and the cash portion of the Corporate Finance Fee will be paid out of the proceeds of this Offering. See “USE OF PROCEEDS”.

The Agent will also receive non-transferable Agent’s Warrants entitling it to purchase up to that number of Agent’s Warrant Shares equal to 10% of the Common Shares sold under the Offering at a purchase price of \$0.15 per Agent’s Warrant Share at any time up to the close of business 24 months from the Closing Date.

The Shares offered hereunder have not been and will not be registered under the 1933 Act and may not be offered or sold within the United States. The Agent has agreed that it will not offer for sale or sell or deliver the Shares within the United States.

The Agent may offer selling group participation to one or more registered dealers to offer and sell the Common Shares in jurisdictions where the Common Shares may lawfully be offered for sale, which selling group members may or may not be offered part of the commissions or fees derived from this Offering.

The Agent has agreed to use its commercially reasonable efforts to secure subscriptions for a minimum of 3,000,000 Common Shares and a maximum of 4,000,000 Common Shares offered under this Prospectus on behalf of the Issuer but is not obligated to purchase any Common Shares not sold. The obligations of the Agent under the Agency Agreement may be terminated at any time up to the Closing Date at the Agent’s discretion on the basis of its assessment of the state of the financial markets and may also be terminated at any time upon the occurrence of certain stated events including any material adverse change in the business or financial condition of the Issuer.

The Issuer has also granted the Agent a right of first refusal to act as the Issuer’s agent in respect of any future brokered equity financings sought by the Issuer for a period of 12 months from the Closing Date.



It is a further term of the Agency Agreement that the Issuer shall not, directly or indirectly, issue, sell or grant or agree to announce any intention to issue, sell or grant, any additional equity or quasi-equity securities for a period of 90 days after the Closing Date without the prior written consent of the Agent, such consent not be unreasonably withheld, except in conjunction with:

- (a) the grant or exercise of stock options or similar issuances pursuant to the Issuer's stock option plan or other share compensation arrangements;
- (b) outstanding warrants;
- (c) obligations in respect of existing mineral property agreements; and
- (d) the issuance of securities in connection with property or share acquisitions in the normal course of business.

There are no payments in cash, securities or other consideration being made, or to be made, to a promoter, finder or any other person or company in connection with the Offering.

The directors, executive officers, promoters and other insiders of the Issuer may purchase Common Shares from this Offering and shall pay full price for any Common Shares purchased from this Offering.

As at the date of this Prospectus, the Issuer is an "IPO Venture Issuer" (defined as an issuer that does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, a U.S. marketplace, or a marketplace outside of Canada and the United States of America other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc).

The Exchange has conditionally approved the listing of the Common Shares distributed under this Prospectus on the Exchange. Listing is subject to the Issuer fulfilling all of the listing requirements of the Exchange including distribution of the Common Shares to a minimum number of public securityholders.

To the extent permitted under NI 41-101, this Prospectus also qualifies the issuance of the Corporate Finance Fee Shares and the Agent's Warrants.

NI 41-101 imposes a restriction on the maximum number of securities which may be distributed under a prospectus to an Agent as compensation ("**Qualified Compensation Securities**"). Pursuant to NI 41-101, the aggregate Qualified Compensation Securities must not exceed 10% of the Common Shares offered pursuant to this Prospectus, which in the case of this Offering is, 400,000 securities assuming the Maximum Offering is sold (300,000 if only the Minimum Offering is sold). For the purposes of this Offering, the following securities, totaling 400,000 securities assuming the Maximum Offering is sold (300,000 securities if only the Minimum Offering is sold), are Qualified Compensation Securities and are qualified for distribution pursuant to this Prospectus: (a) 100,000 Corporate Finance Fee Shares; and (b) up to 300,000 Agent's Warrants to purchase up to 300,000 Agent's Warrant Shares assuming the Maximum Offering is sold (up to 200,000 Agent's Warrants to purchase up to 200,000 Agent's Warrant Shares if only the Minimum Offering is sold). The Agent will be entitled to sell any Qualified Compensation Securities qualified for distribution pursuant to this Prospectus through the facilities of the Exchange at the market price at the time of sale without further qualification. To the extent that the Agent is entitled to receive securities as compensation exceeding 10% of the Offering, those securities exceeding the 10% threshold, being 100,000 Agent's Warrants to purchase up to 100,000 Agent's Warrant Shares in either case of the Maximum Offering or Minimum Offering being sold, will not be Qualified Compensation Securities, will not be qualified for distribution under this Prospectus and will be subject to a four month hold period in accordance with applicable securities laws.

This Prospectus also qualifies the distribution of the Debt Settlement Shares.

**Conflicts of Interest**

The Issuer is not considered to be a related party or connected party to the Agent. None of the proceeds of this Offering will be paid to the Agent other than the Agent's Commission of \$48,000 in the event the Maximum Offering is sold (\$36,000 if only the Minimum Offering is sold) pursuant to the Agency Agreement, the cash portion of the Corporate Finance Fee in the amount of \$15,000, and reimbursement of expenses incurred by the Agent in connection with the Offering. See also "RELATIONSHIP BETWEEN THE ISSUER AND AGENT".

**RISK FACTORS**

An investment in securities of the Issuer involves a high degree of risk, should be considered highly speculative due to the nature of the Issuer's involvement in the acquisition, exploration and, if warranted, development of minerals, and should only be made by persons who can afford the risk of loss of their entire investment. Investors should carefully consider all of the information disclosed in this Prospectus prior to making an investment in the Issuer. There can be no assurance that the Issuer's future exploration and development efforts will result in the discovery and development of commercial quantities of ore. In addition to the other information presented in this Prospectus, the following risk factors should be given special consideration when evaluating an investment in any of the Issuer's securities.

**Lack of Operating History**

The Issuer has a very limited history of operations, is in the early stage of development and must be considered a start-up. As such, the Issuer is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. The Issuer has no history of earnings, and there is no assurance that any of its current or future mineral properties will generate earnings, operate profitably or provide a return on investment in the future. There is no assurance that the Issuer will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations. The Issuer has no intention of paying any dividends in the foreseeable future.

**Nature of Exploration and Mining**

Resource exploration and development is a speculative business and involves a high degree of risk. The sole property in which the Issuer currently holds an interest is without a known body of ore and the proposed exploration programs on such property are exploratory searches for ore. Development of this or any future properties will only follow upon obtaining satisfactory exploration results. Natural resource exploration and development involves a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to avoid. There is no assurance that commercial quantities of ore will be discovered. There is also no assurance that even if commercial quantities of ore are discovered, a property will be brought into commercial production or that the metallurgical processing will produce economically viable saleable products. The discovery of commercial deposits is dependent upon a number of factors not the least of which is the technical skill of the exploration personnel involved. The commercial viability of a deposit once discovered and the decision as to whether it should be brought into production will depend upon the results of exploration programs and/or feasibility studies, and the recommendations of duly qualified engineers and/or geologists, all of which involves significant expense. This decision will involve consideration and evaluation of several significant factors including, but not limited to: (1) costs of bringing a property into production, including exploration and development work, preparation of production feasibility studies and construction of production facilities; (2) availability and costs of financing; (3) ongoing costs of production; (4) market prices for the minerals to be produced; (5) environmental compliance regulations and restraints (including potential environmental liabilities associated with historical exploration activities); and (6) political climate and/or governmental regulation and control. The ability of the Issuer to sell, and profit from the sale of any eventual mineral production from any of the Issuer's properties will be subject to the prevailing conditions in the marketplace at the time of sale. Many of these factors are beyond the control of the Issuer and therefore represent a market risk which could impact the long term viability of Issuer and its operations.

## **Operating Hazards and Risks**

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, ground fall, fires, explosions, flooding and earthquakes may occur. Although the Issuer intends to obtain insurance to address certain of these risks, such insurance has limitations on liability and may not be sufficient to cover the full extent of such liabilities. Furthermore, the Issuer may decide not to insure against certain risks as a result of high premiums or other reasons. The payment of any uninsured liabilities would reduce the funds available to the Issuer. The occurrence of a significant event that the Issuer is not fully insured against, or the insolvency of the insurer of such event, could have a material adverse effect on the Issuer.

The Issuer is not insured against most environmental risks. Insurance against environmental risks (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration and production) has not been generally available to companies within the industry. The Issuer will periodically evaluate the cost and coverage of insurance against certain environmental risks that is available to determine if it would be appropriate to obtain such insurance. Without such insurance, and if the Issuer becomes subject to environmental liabilities, the payment of such liabilities would reduce or eliminate its available funds or could exceed the funds the Issuer has to pay such liabilities and result in bankruptcy. Should the Issuer be unable to fund fully the remedial cost of an environmental problem it might be required to enter into interim compliance measures pending completion of the required remedy.

## **Early Stage Property**

The Issuer's sole mineral resource property is in the early exploration stage and is without either resources or reserves. The recommended exploration programs on the Tchentlo Lake Property are exploratory searches for mineral deposits. Development of this or any future mineral properties will only follow upon obtaining satisfactory results. Exploration for and the development of minerals involve a high degree of risk and few properties, which are explored, are ultimately developed into producing properties. There is no assurance that the Issuer's exploration and, if warranted, development activities will result in any discoveries of commercial bodies of ore. The long-term success of the Issuer's operations will be in large part directly related to the cost and success of its exploration programs, which may be affected by a number of factors.

## **Insufficient Resources or Reserves**

Substantial additional expenditures will be required to establish either resources or reserves on mineral properties and to develop processes to extract the minerals. No assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that the funds required for development can be obtained on a timely basis or at all.

## **Maintaining Interests in Mineral Properties**

The Issuer's continuing right to initially earn and subsequently maintain its ownership in its current and any future mineral property interests will be dependent upon compliance with applicable laws and with agreements to which it is a party. There is no assurance that the Issuer will be able to obtain and/or maintain all required permits and licenses to carry on its operations. Additional expenditures will be required by the Issuer to maintain its interests in its properties. There can be no assurance that the Issuer will have or be able to raise the funds, or be able to comply with the provisions of the agreements relating to its properties which would entitle it to an interest therein and if it fails to do so its interest in certain of these properties may be reduced or be lost.

## **Title**

No assurances can be given that title defects to the Tchentlo Lake Property or any future properties in which the Issuer may seek to acquire an interest do not exist. The Tchentlo Lake Property has not been surveyed and may be subject to prior unregistered agreements, interests or land claims and title may be affected by undetected defects. Such property is also subject to annual compliance with reporting and/or filing requirements and the payment of property taxes and/or maintenance fees. Other parties may dispute the Issuer's title to the Tchentlo Lake Property or

other properties. While the Issuer has investigated title to the Tchentlo Lake Property, this should not be construed as a guarantee of title. If title defects do exist, it is possible that the Issuer may lose all or a portion of its right, title, estate and interest in and to the Tchentlo Lake or future properties, when and if earned, to which the title defect relates.

### **Acquiring Additional Properties**

Significant and increasing competition exists for mineral acquisition opportunities throughout the world and, in particular, the province of British Columbia. As a result of this competition, some of which is with large, better established mining companies with substantial capabilities and greater financial and technical resources, the Issuer may be unable to acquire rights to exploit additional attractive mining properties on terms it considers acceptable.

### **Capitalization and Commercial Viability**

The Issuer anticipates that, save and except as disclosed elsewhere in this Prospectus, its current financial resources together with the net proceeds of this Offering will be sufficient to finance the Issuer's budgeted operating costs, exploration programs, development, marketing and anticipated discretionary expenditures over approximately the next 12 months. Accordingly, the Issuer expects that within 12 months following completion of this Offering it will need to raise additional funds from equity markets and/or lenders in order to continue operations and to further explore and, if warranted, develop and mine its properties. Other than its currently proposed exploration programs on the Tchentlo Lake Property (see "MATERIAL PROJECT – Tchentlo Lake Property, Omineca Mining Division, British Columbia"), the Issuer will not have sufficient funds upon Closing to carry out further exploration and, if warranted, development of this or other properties, and will have to obtain other financing or raise additional funds. See "USE OF PROCEEDS – Principal Purposes". To the extent that the Issuer seeks to accelerate its growth objectives the Issuer will need to raise additional funds even sooner. The Issuer has limited financial resources, and there is no assurance that additional funding will be available to the Issuer to carry on future operations, for additional exploration or for the substantial capital that is typically required in order to place a property into commercial production. Although the Issuer has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Issuer will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. The ability of the Issuer to arrange such financing in the future will depend, in part, upon the prevailing capital market conditions as well as the business performance of the Issuer. If additional financing is raised by the issuance of shares from treasury of the Issuer, control of the Issuer may change and security holders may suffer additional dilution. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of its properties or even a loss of property interests.

### **Governmental and Regulatory Requirements**

The current or future operations of the Issuer including, if applicable, development activities and commencement of production on its properties, require permits from various federal, provincial and local governmental authorities, and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Companies engaged in the development and operation of mines and related facilities generally experience increased costs and delays in production and other schedules as a result of the need to comply with the applicable laws, regulations and permits. Permits and studies may be necessary prior to operation of the exploration properties in which the Issuer has an interest and there can be no guarantee that the Issuer will be able to obtain or maintain all necessary permits that may be required to commence construction or operation of mining facilities at these properties on terms which enable operations to be conducted at economically justifiable costs. There can be no assurance that all permits which the Issuer may require for its future operations will be obtainable on reasonable terms or that such laws and regulations would not have an adverse effect on any mining project, which the Issuer might undertake. To the extent such approvals are required and are not obtained, the Issuer may be delayed or prohibited from proceeding with planned exploration or development of mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may

include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Issuer and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in the development of new mining properties.

### **Environmental Regulations**

**Due to the early stage of the Issuer's operations and its minimal capitalization any environmental issues or any changes in environmental regulations would seriously adversely affect the Issuer.** All phases of the Issuer's operations present environmental risks and hazards and are subject to environmental regulation. Environmental hazards may exist on properties in which the Issuer holds an interest which are unknown to the Issuer at present which have been caused by previous or existing owners or operators of the property. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for noncompliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Issuer's operations.

Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. Compliance with such legislation can require significant expenditures and a breach of such legislation may result in the imposition of fines and penalties, some of which may be material. In addition, certain types of operations require the submission and approval of environmental impact assessments which carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. To the extent that any approvals are required and not obtained, the Issuer may be curtailed or prohibited from proceeding with planned exploration or development of mineral properties. The Issuer intends to fully comply with all environmental regulations in all jurisdictions in which it is active.

### **Competition**

The mining industry is highly competitive in all its phases. The Issuer competes with numerous other organizations in the search for, and the acquisition of, mineral resource properties and in the marketing of minerals. The Issuer's competitors include mining companies that have substantially greater financial resources, staff and facilities than the Issuer. The Issuer's ability to generate reserves in the future will depend not only on its ability to explore and develop its present properties, but also on its ability to select and acquire other suitable properties or prospects for exploratory and development. Competitive factors in the distribution and marketing of minerals include price and methods and reliability of delivery.

### **Potential Profitability Depends Upon Factors Beyond the Control of the Issuer**

The potential profitability of mineral properties is dependent upon many factors beyond the Issuer's control. For instance, world prices of and markets for minerals are unpredictable, highly volatile, potentially subject to governmental fixing, pegging and/or controls and respond to changes in domestic, international, political, social and economic environments. Another factor is that rates of recovery of minerals from mined ore may vary from the rate experienced in tests and a reduction in the recovery rate will adversely affect profitability and, possibly, the economic viability of a property. Profitability also depends on the costs of operations, including costs of labour, equipment, electricity, environmental compliance or other production inputs. Such costs will fluctuate in ways the Issuer cannot predict and are beyond the Issuer's control, and such fluctuations will impact on profitability and may eliminate profitability altogether. The economics of developing a mineral property will also be affected by grade of ore, fluctuating mineral markets, costs of processing equipment, competition, extensions on licenses and such other factors as government regulations, including regulations relating to title to mineral claims, royalties, allowable

production, importing and exporting of minerals and environmental protection. Also, the Issuer will rely upon consultants and others for construction and operating expertise. Many of the above factors are beyond the control of the Issuer. Depending on the price of minerals produced, the Issuer may determine that it is impractical to either commence or continue commercial production.

### **Fluctuation in Prices**

The mining industry in general is intensely competitive and there is no assurance that, even if commercial quantities of a mineral resource are discovered, a profitable market will exist for the sale of same. There can be no assurance that mineral prices will be such that the Issuer's properties can be mined at a profit. Factors beyond the control of the Issuer may affect the marketability of any minerals discovered.

Mineral and metal prices have experienced volatile and significant price movements over short periods of time, and are affected by numerous factors beyond the control of the Issuer, including international economic and political trends, expectations of inflation, currency exchange fluctuations (specifically, the U.S. dollar relative to other currencies), interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods. In particular, the supply of and demand for minerals are affected by, among other factors, political events, acts of war, terrorism, economic conditions and production costs in various producing regions. The effect of these factors cannot be predicted.

### **No Prior Public Market; Possible Volatility of Stock**

Prior to the Offering, there has been no public market for the Common Shares. There can be no assurance that an active trading market will develop and be sustained upon the completion of the Offering, or that the market price of the Common Shares will not decline below the initial public offering price. The initial public offering price of the Common Shares has been determined by negotiation between the Issuer and the Agent. As such, the initial public offering price is not necessarily related to the Issuer's net worth or any other established criteria of value and may not bear any relationship to the market price of the Common Shares following the completion of the Offering.

### **Reliance on Key Personnel**

The Issuer's success depends in large measure upon the performance of certain key personnel. Locating mineral deposits depends on a number of factors, not the least of which is the technical skill of the exploration personnel involved. The loss of the services of such key personnel could have a material adverse effect on the Issuer. The Issuer does not have any key person insurance in effect for management. The contributions of the existing management team to the immediate and near term operations of the Issuer are likely to be of central importance. In addition, the competition for qualified personnel in the mineral resource industry is intense and there can be no assurance that the Issuer will be able to continue to attract and retain all personnel necessary for the development and operation of its business. Failure to retain key individuals or to attract or retain additional key individuals with necessary skills could have a materially adverse impact upon the Issuer's success. Currently, other than as disclosed herein, the Issuer does not have any formal contracts with its key personnel. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of the Issuer.

### **Availability of Drilling Equipment and Access**

Mineral exploration and development activities are dependent on the availability of drilling and related equipment (typically leased from third parties) in the particular areas where such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability of such equipment to the Issuer and may delay exploration and development activities. To the extent the Issuer is not the operator of its mineral properties, the Issuer will be dependent on such operators for the timing of activities related to such properties and will be largely unable to direct or control the activities of the operators.

### **Issuance of Debt**

From time to time the Issuer may enter into transactions to acquire assets or the shares of other organizations. These transactions may be financed in whole or in part with debt, which may increase the Issuer's debt levels above

industry standards for mineral resource companies of similar size. Depending on future exploration and development plans, the Issuer may require additional equity and/or debt financing that may not be available or, if available, may not be available on favorable terms. Neither the Issuer's Notice of Articles nor its Articles limit the amount of indebtedness that the Issuer may incur. The level of the Issuer's indebtedness may vary from time to time and could impair the Issuer's ability to obtain additional financing on a timely basis, preventing the Issuer from taking advantage of business opportunities that may arise.

### **Conflicts of Interest**

There are potential conflicts of interest to which some of the directors and officers of the Issuer may be subject in connection with the operations of the Issuer. The officers and directors are engaged and will continue to be engaged in businesses on their own behalf and situations may arise where these officers and directors will be in direct competition with the Issuer. Conflicts of interest, if any, which arise will be subject to and governed by the procedures set forth in the *Business Corporations Act* (British Columbia). See "CONFLICTS OF INTEREST".

### **Dilution**

The Offering Price greatly exceeds the net tangible book value per Common Share and accordingly investors will suffer immediate and substantial dilution of their investment. The Issuer may in the future grant to some or all of its directors, officers, key employees and consultants additional options to purchase Common Shares under the Stock Option Plan at exercise prices equal to market prices at times when the public market is depressed. To the extent that significant numbers of such options are granted and exercised, the interests of then existing shareholders of the Issuer will be subject to additional dilution. Furthermore, the issuance of shares from treasury of the Issuer in connection with future financings will result in additional dilution to existing shareholders. To the extent that such financings are completed at prices less than the Offering Price, such dilution could be substantial. See "RISK FACTORS - Capitalization and Commercial Viability" above.

These above risks should be considered in the context of the Issuer's business, which is described under "DESCRIPTION OF THE BUSINESS".

## **CONFLICTS OF INTEREST**

Certain directors and officers of the Issuer are or may become associated with other companies that are similarly engaged in the business of acquiring, exploring and developing mineral resource properties. Such associations may give rise to conflicts of interest from time to time. Situations may arise in connection with potential acquisitions in investments where the other interests of these directors and officers may conflict with the interests of the Issuer. Directors and officers of the Issuer with conflicts of interest will be subject to and will follow the procedures set out in applicable corporate and securities legislation, regulation, rules and policies. In particular, the *Business Corporations Act* (British Columbia) requires that any directors who have a material interest in any person who is a party to a material contract or a proposed material contract with the Issuer disclose, subject to certain exceptions, that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors and the officers are required to act honestly and in good faith with a view to the best interests of the Issuer. In determining whether or not the Issuer will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Issuer may be exposed and its financial position at the time.

## **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

There are no legal proceedings or regulatory actions pursuant to which the Issuer is a party or of which any of its property is the subject matter nor, to the knowledge of the directors and officers of the Issuer, are any such proceedings or actions known to be contemplated or pending.

## **INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Other than as set out in this Prospectus, management of the Issuer is not aware of any material interest, direct or indirect, of any director or executive officer of the Issuer, any person or company that, to the knowledge of the Issuer, beneficially owns, or controls or directs, directly or indirectly, more than 10% of the Common Shares of the Issuer, or any associate or affiliate of the foregoing persons in any transaction within the three most recently completed fiscal years or within the current fiscal year or in any proposed transaction that has materially affected or is reasonably expected to materially affect the Issuer.

## **RELATIONSHIP BETWEEN ISSUER AND AGENT**

The Issuer is not a “connected issuer” or “related issuer” to the Agent as such terms are defined in National Instrument 33-105 *Underwriting Conflicts*.

## **RELATIONSHIP BETWEEN ISSUER AND PROFESSIONAL PERSONS**

Certain legal matters relating to the Offering will be passed upon by Gregory T. Chu, A Law Corporation (“**Chu**”), on behalf of the Issuer, and by Miller Thomson LLP (“**Miller**”), on behalf of the Agent.

As of the date hereof, neither Chu nor Miller or any director, officer, partner, associate or employee thereof has received or will receive a direct or indirect interest in the property of the Issuer or of any associate or affiliate of the Issuer and none of such persons beneficially owns, directly or indirectly, any securities of the Issuer. In addition, neither Chu nor Miller or any directors, officers, shareholders, partners or associates of such persons is, or is expected to be elected, appointed or employed as, a director, officer, employee or promoter of the Issuer.

## **AUDITOR, REGISTRAR AND TRANSFER AGENT**

The auditor of the Issuer is MacKay LLP, Chartered Accountants, of 1100 – 1177 West Hastings Street, Vancouver, B.C. V6E 4T5.

The transfer agent and registrar for the Common Shares of the Issuer is Equity Financial Trust Company, of Suite 1620, 1185 West Georgia Street, Vancouver, British Columbia V6E 4E6.

## **MATERIAL CONTRACTS**

The following are the material contracts to which the Issuer is or will become a party to on or before completion of this Offering:

1. the debt settlement agreement dated July 20, 2011 between the Issuer and Leon F. Anderson as more particularly described under “SELECTED FINANCIAL INFORMATION AND MANAGEMENT’S DISCUSSION AND ANALYSIS – Transactions with Related Parties”;
2. the Agency Agreement with the Agent as more particularly described under “PLAN OF DISTRIBUTION”; and
3. the Escrow Agreement with Equity Financial Trust Company as more particularly described under “ESCROWED SHARES AND SHARES SUBJECT TO RESALE RESTRICTIONS”.

Copies of all material contracts may be inspected at the head office of the Issuer situated at 2255 William Street, Vancouver, B.C., V5L 2S5 during normal business hours while primary distribution of the securities offered hereunder is in progress and for a period of thirty days thereafter.



Copies of such contracts will also be available on the System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com) upon the issuance of a final receipt for this Prospectus.

### **EXPERTS**

The following persons or companies whose profession or business gives authority to a statement made by the person or company are named in the Prospectus as having prepared or certified a part of that document or a report described in the Prospectus:

- (1) C. Von Einsiedel, P.Geo., an independent professional geologist and "qualified person" as defined in National Instrument 43-101 Standards of Disclosure for Mineral Projects, is the Author responsible for the preparation of the Tchentlo Lake Report; and
- (2) The audited financial statements of the Issuer included with this Prospectus have been subject to audit by MacKay LLP, Chartered Accountants, and their audit report is included herein.

C. Von Einsiedel has advised that he has not received and will not receive direct or indirect interests in the property of the Issuer or have any beneficial ownership, direct or indirect, in securities of the Issuer.

MacKay LLP has advised that they are independent with respect to the Issuer within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

### **OTHER MATERIAL FACTS**

There are no other material facts relating to the Issuer or its business that are not elsewhere disclosed herein.

### **PURCHASER'S STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION**

Securities legislation in the provinces of Alberta, British Columbia and Ontario provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. The securities legislation further provides a purchaser with remedies for rescission or damages if the prospectus and any amendment contain a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal advisor.

### **FINANCIAL STATEMENTS**

Financial statements of the Issuer for the three most recently completed fiscal years ended March 31, 2011 (audited), March 31, 2010 (unaudited) and March 31, 2009 (unaudited) and the subsequent three month period ended June 30, 2011 (unaudited) are included in this Prospectus.

## AUDITOR'S CONSENT

We have read the Prospectus dated October 31, 2011 of Far Resources Ltd. (the "Company") relating to the public offering of a minimum of 3,000,000 and a maximum of 4,000,000 common shares of the Company at a price of \$0.15 per common share. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use in the above-mentioned Prospectus of our auditors' report to the directors of the Company on the balance sheet of the Company as at March 31, 2011 and the statements of operations, comprehensive loss and deficit, and cash flows for the year ended March 31, 2011, which report is dated October 31, 2011.

*"MacKay LLP"*

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**MacKay LLP**  
Chartered Accountants

Vancouver, BC  
October 31, 2011

**FAR RESOURCES LTD.**

**FINANCIAL STATEMENTS**

**MARCH 31, 2011**

## **Independent Auditor's Report**

### **To the Directors of Far Resources Ltd.**

We have audited the accompanying financial statements of Far Resources Ltd., which comprise the balance sheet as at March 31, 2011, and the statements of operations, comprehensive loss and deficit and cash flows for the year 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.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditor's 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 Far Resources Ltd. as at March 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

#### **Emphasis of matter**

Without modifying our opinion, we draw attention to Note 1 to the financial statements which describes the material uncertainty that may cast significant doubt about the ability of Far Resources Ltd. to continue as a going concern.

***"MacKay LLP"***

**Vancouver, British Columbia  
October 31, 2011**

**Chartered Accountants**

**FAR RESOURCES LTD.**  
**BALANCE SHEETS**  
**MARCH 31,**

	<b>2011</b>	<b>2010</b> (unaudited)	<b>2009</b> (unaudited)
<b>ASSETS</b>			
<b>Current</b>			
Cash	\$ 52,768	\$ 38,854	\$ 65,047
<b>Deferred finance cost</b> (Note 12)	20,000	-	-
<b>Mineral property</b> (Note 3)	46,973	28,260	28,260
	<u>\$ 119,741</u>	<u>\$ 67,114</u>	<u>\$ 93,307</u>
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	\$ 81,291	\$ 20,578	\$ 16,592
<b>SHAREHOLDERS' EQUITY</b>			
Contributed surplus (Note 4)	196,000	196,000	196,000
Share capital (Note 4)	385,000	325,000	325,000
Subscriptions received	5,000	-	-
Deficit	<u>(547,550)</u>	<u>(474,464)</u>	<u>(444,285)</u>
	<u>38,450</u>	<u>46,536</u>	<u>76,715</u>
	<u>\$ 119,741</u>	<u>\$ 67,114</u>	<u>\$ 93,307</u>

**Nature and continuance of operations** (Note 1)

**Subsequent events** (Note 12)

**Approved on behalf of the Board:**

*"Keith C. Anderson"*

Director

*"Leon F. Anderson"*

Director

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

**FAR RESOURCES LTD.**  
**STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT**  
**FOR THE YEAR ENDED MARCH 31,**

	<b>2011</b>	<b>2010</b> (unaudited)	<b>2009</b> (unaudited)
<b>EXPENSES</b>			
Consulting	\$ 2,500	\$ -	\$ -
Management fees (Note 6)	30,000	30,000	30,000
Office	586	179	89
Professional fees	30,000	-	9,780
Property investigation costs	<u>10,000</u>	<u>-</u>	<u>10,500</u>
<b>NET AND COMPREHENSIVE LOSS</b>	(73,086)	(30,179)	(50,369)
<b>DEFICIT, BEGINNING</b>	<u>(474,464)</u>	<u>(444,285)</u>	<u>(393,916)</u>
<b>DEFICIT, END</b>	<u>\$ (547,550)</u>	<u>\$ (474,464)</u>	<u>\$ (444,285)</u>
 <b>BASIC AND DILUTED LOSS PER COMMON SHARE</b>	 \$ (0.01)	 \$ (0.00)	 \$ (0.01)
 <b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING</b>	 6,883,289	 6,880,001	 6,860,822

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

**FAR RESOURCES LTD.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31,**

	<b>2011</b>	<b>2010</b> (unaudited)	<b>2009</b> (unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss for the year	\$ (73,086)	\$ (30,179)	\$ (50,369)
Changes in non-cash working capital items:			
Increase in accounts payable and accrued liabilities	<u>32,500</u>	<u>3,986</u>	<u>4,500</u>
Net cash used in operating activities	<u>(40,586)</u>	<u>(26,193)</u>	<u>(45,869)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Deferred exploration costs	<u>(10,500)</u>	<u>-</u>	<u>(18,260)</u>
Net cash used in investing activities	<u>(10,500)</u>	<u>-</u>	<u>(18,260)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Subscriptions received	5,000	-	-
Issuance of common shares for cash	<u>60,000</u>	<u>-</u>	<u>60,000</u>
Net cash provided by financing activities	<u>65,000</u>	<u>-</u>	<u>60,000</u>
<b>Change in cash during the year</b>	<b>13,914</b>	<b>(26,193)</b>	<b>(4,129)</b>
<b>Cash, beginning of year</b>	<u><b>38,854</b></u>	<u><b>65,047</b></u>	<u><b>69,176</b></u>
<b>Cash, end of year</b>	<u><b>\$ 52,768</b></u>	<u><b>\$ 38,854</b></u>	<u><b>\$ 65,047</b></u>
<b>Supplemental disclosures with respect to cash flows (Note 7):</b>			
Cash paid during the year for interest	\$ -	\$ -	\$ -
Cash paid during the year for income taxes	\$ -	\$ -	\$ -

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

**1. NATURE AND CONTINUANCE OF OPERATIONS**

The Company was incorporated under the Business Corporations Act (British Columbia) on July 7, 2005 and is in the exploration stage with respect to its mineral property. Based on the information available to date, the Company has not yet determined whether its mineral property contains economically recoverable reserves. The recoverability of the amounts shown for mineral property and deferred exploration costs is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete their development and upon future profitable production.

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to raise adequate financing to develop its mineral properties, and to commence profitable operations in the future. To date the Company has not generated any significant revenues and is considered to be in the exploration stage. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts and classification of liabilities that might arise from this uncertainty.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Basis of presentation**

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and are presented in Canadian dollars.

**Use of estimates**

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and 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. Significant areas requiring the use of management estimates relate to the determination of impairment of mineral property interests, determining the fair value of stock-based transactions and estimating the future tax rates used to determine future income taxes. Where estimates have been used financial results as determined by actual events could differ from those estimates.

**Deferred financing costs**

Costs directly identifiable with the raising of capital will be charged against the related capital stock. Costs related to shares not yet issued are recorded as deferred financing costs. These costs will be deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related capital stock or charged to operations if the shares are not issued.

**Mineral properties**

The Company records its interests in mineral properties and areas of geological interest at cost. All direct and indirect costs relating to the acquisition of these interests are capitalized on the basis of specific claim blocks or areas of geological interest until the properties to which they relate are placed into production, sold or management has determined there to be an impairment. These costs will be amortized on the basis of units produced in relation to the proven reserves available on the related property following commencement of production. Mineral properties which are sold before that property reaches the production stage will have all revenues from the sale of the property credited against the cost of the property. Properties which have reached the production stage will have a gain or loss calculated based on the portion of that property sold.



**2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Mineral properties (cont'd...)**

The recorded cost of mineral exploration interests is based on cash paid, the value of share consideration and exploration and development costs incurred. The recorded amount may not reflect recoverable value as this will be dependent on the development program, the nature of the mineral deposit, commodity prices, adequate funding and the ability of the Company to bring its projects into production.

**Asset retirement obligations**

The Company has adopted the CICA Handbook section 3110, Asset retirement obligations. This standard focuses on the recognition and measurement of liabilities related to legal obligations associated with the retirement of property, plant and equipment. Under this standard, these obligations are initially measured at fair value and subsequently adjusted for any changes resulting from the passage of time and revisions to either the timing or the amount of the original estimate of undiscounted cash flows.

Mineral property related retirement obligations are capitalized as part of mineral property and deferred exploration and amortized over the estimated useful lives of the corresponding mineral properties.

At March 31, 2011, management has determined that there are no material asset retirement obligations of the Company.

**Impairment of long lived assets**

The Company has adopted the recommendations of CICA Handbook Section 3063 "Impairment of Long-lived Assets" and abstract EIC 174, "Mining Exploration Costs" ("EIC 174") of the Emerging Issues Committee on a prospective basis. Section 3063 requires that long-lived assets and intangibles to be held and used by the Company be reviewed for possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If changes in circumstance indicate that the carrying amount of an asset that an entity expects to hold and use may not be recoverable, future cash flows expected to result from the use of the asset and its disposition must be estimated.

EIC 174 provides that an enterprise that is in the development stage with initially capitalized exploration costs but has not established mineral reserves objectively and therefore does not have a basis for preparing a projection of the estimated future net cash flow from the property, is not obliged to conclude that the capitalized costs have been impaired. However, such an enterprise should consider whether a subsequent write-down of capitalized exploration costs related to mining properties is required.

**Financial instruments**

Under Section 3855, Financial Instruments - Recognition and Measurement all financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments are measured at fair value on initial recognition, except for certain related party transactions. Subsequently, all financial instruments and derivatives are measured in the balance sheet at fair value except for loans and receivables, held-to maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification as follows:

- (1) held-for-trading financial assets and liabilities are measured at fair value and changes in fair value are recognized in net income;

**2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Financial instruments (cont'd...)**

- (2) available-for-sale financial assets are measured at fair value with changes in fair value recorded in other comprehensive income until the asset is derecognized or impaired; and
- (3) all derivative instruments, including embedded derivatives, are recorded in the balance sheet at fair value unless they qualify for the normal sale normal purchase exemption and changes in their fair value are recorded in income unless cash flow hedge accounting is used, in which case changes in fair value are recorded in other comprehensive income.

The Company has classified its cash as held-for-trading measured at fair value. Accounts payable and accrued liabilities are classified as other financial liabilities which are measured at amortized cost. Transaction costs incurred in relation to the acquisition of a financial asset or liability which is classified as held-for-trading are immediately expensed by the Company.

**Amendment to financial instruments – disclosures**

CICA Handbook Section 3862, Financial Instruments – Disclosures was amended to require disclosure about the inputs used in making fair value measurements, including their classification within a hierarchy that prioritizes their significance. The three levels of the fair value hierarchy are:

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

See Note 10 for relevant disclosures.

**Flow-through shares**

Canadian tax legislation permits a company to issue flow-through shares whereby the deduction for tax purposes relating to qualified resource expenditures is claimed by the investors rather than the Company. Recording these expenditures for accounting purposes gives rise to taxable temporary differences. The Company records a reduction in capital stock for the tax benefits transferred to shareholders.

Effective March 19, 2004, the Emerging Issues Committee of the Canadian Institute of Chartered Accountants requires that, when flow-through expenditures are renounced, a portion of the future income tax assets that were not recognized in previous years, due to the recording of a valuation allowance, be recognized as a recovery of income taxes in the statement of operations.

**Valuation of equity units issued in private placements**

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

**2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Valuation of equity units issued in private placements (cont'd...)**

The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded as warrants.

**Future income taxes**

Future income taxes are recorded using the asset and liability method whereby future 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, loss carry-forwards and their respective tax bases. Future tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment or enactment occurs. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

**Stock-based compensation**

The Company accounts for stock options granted to directors, officers, employees and nonemployees using the fair value method of accounting. Accordingly, the fair value of the options at the date of the grant is determined using the Black-Scholes option pricing model and stock-based compensation is accrued and charged to operations, with an offsetting credit to contributed surplus, on a straight-line basis over the vesting periods. The fair value of stock options granted to non-employees is re-measured at the earlier of each financial reporting or vesting date, and any adjustment is charged or credited to operations upon remeasurement. If and when the stock options are exercised, the applicable amounts of contributed surplus are transferred to share capital. The Company has not incorporated an estimated forfeiture rate for stock options that will not vest; rather the Company accounts for actual forfeitures as they occur.

**Loss per share**

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. For the years presented this calculation proved to be anti-dilutive. Basic loss per share is calculated using the weighted-average number of common shares outstanding during the year.

**Recent accounting pronouncements**

*International financial reporting standards ("IFRS")*

In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of April 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ending March 31, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS has not been estimated at this time.

**3. MINERAL PROPERTY**

The following exploration expenses were incurred on the mineral property:

As at March 31, 2011	2011	2010	2009
<b>Acquisition costs</b>			
Balance, beginning	\$ 28,260	\$ 28,260	\$ 10,000
Staking	<u>-</u>	<u>-</u>	<u>18,260</u>
Balance, end	28,260	28,260	28,260
<b>Exploration costs</b>			
Balance, beginning	-	-	-
Consulting	18,213	-	-
Maintenance	<u>500</u>	<u>-</u>	<u>-</u>
Balance, end	<u>18,713</u>	<u>-</u>	<u>-</u>
Total mineral property costs	\$ 46,973	\$ 28,260	\$ 28,260

During the period from incorporation to March 31, 2011, the Company staked various claims in the Tchentlo Lake of north central British Columbia.

The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing.

**4. SHARE CAPITAL**

	Number of Shares	Amount	Contributed Surplus
Authorized			
Unlimited number of common shares without par value			
Issued			
Balance at March 31, 2008	6,480,001	\$ 265,000	\$ 196,000
Shares issued for cash at \$0.15 per share	<u>400,000</u>	<u>60,000</u>	<u>-</u>
Balance at March 31, 2009 and 2010	6,880,001	325,000	196,000
Shares issued for cash at \$0.05 per share	<u>1,200,000</u>	<u>60,000</u>	<u>-</u>
Balance at March 31, 2011	8,080,001	\$ 385,000	\$ 196,000

During the year ended March 31, 2009, the Company issued 400,000 shares at \$0.15 per share for proceeds of \$60,000.

**4. SHARE CAPITAL (cont'd...)**

During the year ended March 31, 2011, the Company issued 1,200,000 units at \$0.05 per unit for proceeds of \$60,000. Each unit consists of one common share and one non-transferable common share purchase warrant which entitles the holder to purchase one common share on or before the earlier of (i) one year from the date of closing of the Company's initial public offering (the "IPO") and (ii) June 30, 2012 at a price of \$0.05 on or before the 15<sup>th</sup> business day immediately following the date a receipt is issued by the British Columbia Securities Commission for a preliminary prospectus filed by the Company in connection with the IPO and thereafter at a price equal to the offering price of the Company's common shares under the IPO. See Note 12 "Subsequent Events".

As at March 31, 2011, 4,000,000 common shares included in share capital are held in escrow. The shares subject to escrow will be released as follows: 10% upon the issuance of notice of listing of the common shares for trading by the Canadian National Stock Exchange ("CNSX"), and the remainder in six equal tranches of 15% every six months thereafter for a period of 36 months.

The Company also has \$5,000 in subscriptions received in advance at March 31, 2011.

**5. WARRANTS**

As at March 31, 2011, the Company had 1,200,000 warrants outstanding:

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Number of Warrants	Exercise Price	Expiry Date
1,200,000	\$ 0.05 *	June 30, 2012 *

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\* subject to adjustment, note 4

**6. RELATED PARTY TRANSACTIONS**

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

During the year ended March 31, 2011, the Company paid or accrued \$30,000 (2010 - \$30,000; 2009 - \$30,000) in management fees to a director of the Company.

At March 31, 2011, included in accounts payable and accrued liabilities is \$38,078 due to a director of the Company.

**7. SUPPLEMENTAL CASH FLOW DISCLOSURES**

The Company had the following non-cash transactions:

At March 31, 2011, the Company had included in accounts payable \$8,213 (2010 - \$Nil; 2009 - \$Nil) of resource property costs.

**8. FUTURE INCOME TAXES**

The actual income tax provisions differ from the expected amounts calculated by applying the Canadian combined federal and provincial corporate income tax rates to the Company's loss before income taxes. The components of these differences are as follows:

	<b>2011</b>	<b>2010</b>	<b>2009</b>
Loss before income taxes	\$ 73,086	\$ 30,179	\$ 50,369
Corporate tax rate	28.00%	29.63%	30.63%
Income tax recovery at statutory rates	20,464	8,942	15,428
Items deductible (not deductible) for tax	-	-	-
Unrecognized benefit of non-capital losses	<u>(20,464)</u>	<u>(8,942)</u>	<u>(15,428)</u>
Future income tax recovery	\$ -	\$ -	\$ -

The significant components of the Company's future income tax assets and liabilities are as follows:

	<b>2011</b>	<b>2010</b>	<b>2009</b>
Non-capital losses	<u>\$ 87,888</u>	<u>\$ 69,616</u>	<u>\$ 62,071</u>
Valuation allowance	<u>(87,888)</u>	<u>(69,616)</u>	<u>(62,071)</u>
Net future tax liability	\$ -	\$ -	\$ -

At March 31, 2011 the Company has non-capital losses of approximately \$351,500 (2010 - \$278,464; 2009 - \$248,285) which may be available to offset future income for income tax purposes which expire over the next twenty years. If not utilized, the non-capital losses expire as follows:

2026	\$ 71,339
2027	73,137
2028	53,440
2029	50,369
2030	30,179
2031	<u>73,086</u>
	<u>\$ 351,550</u>

In addition, there are resource-related expenditures of approximately \$46,973 which may be used to offset future taxable resource income indefinitely, subject to annual rates prescribed by the Canadian Income Tax Act. Due to the uncertainty of realization of these loss carry-forwards, the benefit is not reflected in the financial statements and the Company has provided a full valuation allowance for the potential future tax assets resulting from these loss carry-forwards and resource-related pools.

**9. SEGMENTED INFORMATION**

The Company operates in one reportable operating segment, being exploration and development of mineral properties in British Columbia.

**10. FINANCIAL INSTRUMENTS AND RISK**

The Company's financial instruments consist of cash, accounts payable and accrued liabilities.

**Fair Value**

The Company estimates the fair value of its financial instruments based on current interest rates, market value and pricing of financial instruments with comparable terms. Unless otherwise indicated, the carrying value of these financial instruments approximates their fair market value because of the near maturity of those instruments.

Financial instruments measured at fair value on the balance sheet are summarized in levels of fair value hierarchy as follows:

March 31, 2011	Level 1	Level 2	Level 3
Assets			
Cash	\$ 52,768	\$ -	\$ -

March 31, 2010	Level 1	Level 2	Level 3
Assets			
Cash	\$ 38,854	\$ -	\$ -

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

*Credit risk*

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with major Canadian financial institutions.

*Liquidity risk*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2011, the Company had a cash balance of \$52,768 (2010 - \$38,854; 2009 - \$65,047) to settle current liabilities of \$81,291 (2010 - \$20,578; 2009 - \$16,592). The Company is currently undergoing an IPO to obtain additional working capital to finance its ongoing operations (Note 12). All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms.

**10. FINANCIAL INSTRUMENTS AND RISK (cont'd....)**

*Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's cash does not have significant exposure to interest. As of March 31, 2011, the Company did not have any investments.

(b) Foreign currency risk

The Company believes that it not exposed to significant foreign currency risk.

(c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. 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 stock market to determine the appropriate course of action to be taken by the Company.

**11. CAPITAL MANAGEMENT**

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern.

In the management of capital, the Company monitors its adjusted capital which comprises all components of equity (ie. share capital, contributed surplus and deficit).

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue common shares through private placements. The Company is not exposed to any externally imposed capital requirements.

There were no changes in the Company's approach to capital management during the year ended March 31, 2011.

**12. SUBSEQUENT EVENTS**

Subsequent to the year ended March 31, 2011, the Company:

- i) received subscriptions for 5,000,000 units at \$0.05 for proceeds of \$250,000, of which \$5,000 was received at year end (Note 4). Each unit consists of one common share and one non-transferable common share purchase warrant which entitles the holder to purchase one common share on or before the earlier of (i) one year from the date of closing of the Company's IPO and (ii) June 30, 2012 at a price of \$0.05 on or before the 15<sup>th</sup> business day immediately following the date a receipt is issued by the British Columbia Securities Commission for a preliminary prospectus filed by the Company in connection with the IPO and thereafter at a price equal to the offering price of the Company's common shares under the IPO.



**12. SUBSEQUENT EVENTS (cont'd...)**

- ii) Pursuant to a prospectus dated October 31, 2011 (the "Prospectus") filed with the British Columbia, Alberta, and Ontario Securities Commissions in respect of the IPO, the Company has agreed to offer a minimum of 3,000,000 to a maximum 4,000,000 common shares at a price of \$0.15 per share for minimum gross proceeds of \$450,000 to a maximum of \$600,000. Pursuant to an agency agreement with Canaccord Genuity Corp. (the "Agent"), the Company will pay the Agent a commission of 8% of the gross proceeds of the Offering and a corporate finance fee comprised of \$15,000 cash and 100,000 common shares. In addition, the Agent will be granted non-transferable agent's warrants entitling the Agent to purchase up to 10% of the aggregate number of common shares sold under the IPO, at the IPO price, for a period of 24 months from the date of closing of the IPO. The Company is also responsible for paying all reasonable out-of-pocket expenses of the Agent including legal costs. The IPO is conditional upon the Company having its (final) prospectus accepted for filing by the British Columbia, Alberta, and Ontario Securities Commissions and having the shares of the Company conditionally accepted for listing on the CNSX.
- iii) intends to grant stock options to directors and officers to purchase up to 1,100,000 common shares at a price of \$0.15 per share exercisable for a period of five years from the listing date.
- iv) entered into a debt settlement agreement to settle debt to a director in the aggregate amount of \$38,078. The Company has agreed to pay \$19,078 in cash, and the remaining \$19,000 by the way of issuance of 126,666 common shares at a deemed price of \$0.15 per share.

**FAR RESOURCES LTD.**

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**(Unaudited)**  
**(Expressed in Canadian Dollars)**

**JUNE 30, 2011**

**FAR RESOURCES LTD.**  
**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION (UNAUDITED)**  
(Expressed in Canadian Dollars)  
AS AT

	June 30, 2011	March 31, 2011 (Note 12)	April 1, 2010 (Note 12)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash (Note 4)	\$ 255,741	\$ 52,768	\$ 38,854
<b>Total current assets</b>	<u>255,741</u>	<u>52,768</u>	<u>38,854</u>
<b>Non-current assets</b>			
Deferred financing costs (Note 13)	35,000	20,000	-
Mineral property (Note 5)	<u>46,973</u>	<u>46,973</u>	<u>28,260</u>
<b>Total assets</b>	<u>\$ 337,714</u>	<u>\$ 119,741</u>	<u>\$ 67,114</u>

**LIABILITIES AND SHAREHOLDERS' EQUITY**

<b>Current liabilities</b>			
Accounts payable and accrued liabilities (Note 6)	\$ 88,791	\$ 81,291	\$ 20,578
<b>Shareholders' equity</b>			
Contributed surplus	196,000	196,000	196,000
Share capital (Note 7)	635,000	385,000	325,000
Subscriptions received (Note 13)	-	5,000	-
Deficit	<u>(582,077)</u>	<u>(547,550)</u>	<u>(474,464)</u>
<b>Total shareholders' equity</b>	<u>248,923</u>	<u>38,450</u>	<u>46,536</u>
<b>Total liabilities and shareholders' equity</b>	<u>\$ 337,714</u>	<u>\$ 119,741</u>	<u>\$ 67,114</u>

**Nature and continuance of operations** (Note 1)

**Basis of presentation** (Note 2)

**Subsequent event** (Note 13)

**Approved on behalf of the Board:**

<u>"Leon F. Anderson"</u> Leon F. Anderson	Director	<u>"Keith C. Anderson"</u> Keith C. Anderson	Director
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The accompanying notes are an integral part of these condensed interim financial statements.

**FAR RESOURCES LTD.****CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS (UNAUDITED)**

(Expressed in Canadian Dollars)

FOR THE THREE MONTH PERIODS ENDED JUNE 30,

	2011	2010
<b>EXPENSES</b>		
Consulting	\$ 9,000	\$ -
Management fees (Note 8)	7,500	7,500
Office	27	20
Professional fees	6,000	-
Wages and salaries (Note 8)	<u>12,000</u>	<u>-</u>
<b>Comprehensive loss for the period</b>	<b>(34,527)</b>	<b>(7,520)</b>
<b>Basic and diluted loss per common share</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>
<b>Weighted average number of common shares outstanding</b>	<b>12,741,539</b>	<b>6,880,001</b>

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

**FAR RESOURCES LTD.**  
**CONDENSED INTERIM STATEMENTS OF CASH FLOWS (UNAUDITED)**  
(Expressed in Canadian Dollars)  
**FOR THE THREE MONTH PERIOD ENDED JUNE 30,**

	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period	\$ (34,527)	\$ (7,520)
Changes in non-cash working capital items:		
Increase in accounts payable and accrued liabilities	<u>7,500</u>	<u>-</u>
Net cash used in operating activities	<u>(27,027)</u>	<u>(7,520)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issuance of common shares for cash	245,000	-
Deferred financing costs	<u>(15,000)</u>	<u>-</u>
Net cash provided by financing activities	<u>230,000</u>	<u>-</u>
<b>Change in cash and cash equivalents for the period</b>	202,973	(7,520)
<b>Cash and cash equivalents, beginning of period</b>	<u>52,768</u>	<u>38,854</u>
<b>Cash and cash equivalents, end of period</b>	<u>\$ 255,741</u>	<u>\$ 31,334</u>
<b>Cash and cash equivalents consist of:</b>		
Cash on hand	<u>\$ 255,741</u>	<u>\$ 31,334</u>
<b>Cash paid during the period for interest</b>	\$ -	\$ -
<b>Cash paid during the period for taxes</b>	-	-

**Supplemental disclosures with respect to cash flows (Note 9)**

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

**FAR RESOURCES LTD.**  
**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)**  
(Expressed in Canadian Dollars)

	<u>Capital Stock</u>		Subscriptions Received	Contributed Surplus	Deficit	Total Shareholders' Equity
	Shares	Amount				
Balance, April 1, 2010	6,880,001	\$ 325,000	\$ -	\$ 196,000	\$ (474,464)	\$ 46,536
Loss and comprehensive loss	-	-	-	-	(7,520)	(7,520)
Balance, June 30, 2010	6,880,001	\$ 325,000	\$ -	\$ 196,000	\$ (481,984)	\$ 39,016
Balance, March 31, 2011	8,080,001	\$ 385,000	\$ 5,000	\$ 196,000	\$ (547,550)	\$ 38,450
Shares issued	5,000,000	250,000	(5,000)	-	-	245,000
Loss and comprehensive loss	-	-	-	-	(34,527)	(34,527)
Balance, June 30, 2011	13,080,001	\$ 635,000	\$ -	\$ 196,000	\$ (582,077)	\$ 248,923

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

## 1. NATURE AND CONTINUANCE OF OPERATIONS

Far Resources Ltd. (the "Company") is incorporated under the laws of the Province of British Columbia. The Company's head office is located at suite 2255 William Street, Vancouver, BC, V5L 2S5. The Company's registered and records office is located at Suite 650 – 1188 West Georgia Street, Vancouver, BC, V6E 4A2.

The Company is a mineral exploration company focused on acquiring, exploring and developing resource properties.

## 2. BASIS OF PREPARATION

These condensed interim financial statements, including comparatives have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") and in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*.

The condensed interim financial statements are presented in Canadian dollars, which is the functional currency of the parent company and subsidiaries, unless otherwise noted.

These are the Company's first IFRS condensed interim financial statements for part of the period covered by the first IFRS annual financial statements to be presented in accordance with IFRS for the year ended March 31, 2012. Previously the Company prepared its annual and interim financial statements in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP").

The preparation of these condensed interim financial statements resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under Canadian GAAP. The accounting policies set out below have been applied consistently to all periods presented in these condensed interim financial statements. They have also been applied in preparing an opening IFRS balance sheet at April 1, 2010 for the purposes of the transition to IFRS, as required by IFRS 1, *First Time Adoption of International Financial Reporting Standards* ("IFRS1"). The impact of the transition from Canadian to IFRS is explained in Note 12.

The condensed interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The preparation of these condensed interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the period. Actual results could differ from these estimates.

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

- i) the carrying value and the recoverability of exploration and evaluation assets; and
- ii) the deferred income tax asset allowance.

**2. BASIS OF PREPARATION (cont'd...)**

Going concern of operations

These condensed financial statements are prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at June 30, 2011 the Company has had significant losses. In addition, the Company has not generated significant revenues from operations. The Company has financed its operations primarily through the issuance of common shares. The Company continues to seek capital through various means including the issuance of equity and/or debt. These circumstances lend significant doubt as to the ability of the Company to meet its obligations as they come due, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

In order to continue as a going concern and to meet its corporate objectives, the Company will require additional financing through debt or equity issuances or other available means. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below are expected to be adopted for the year ending March 31, 2012 and have been applied consistently to all periods presented in these condensed interim financial statements and in preparing the opening IFRS balance sheet at April 1, 2010. For purposes of the transition to IFRS, unless otherwise indicated.

**Cash and cash equivalents**

Cash is comprised of cash on hand and cash held interest. Cash equivalents are short-term, highly liquid holdings that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

**Deferred financing costs**

Costs directly identifiable with the raising of capital will be charged against the related capital stock. Costs related to shares not yet issued are recorded as deferred financing costs. These costs will be deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related capital stock or charged to operations if the shares are not issued.

**Mineral properties – exploration and evaluation assets**

*Pre-exploration costs*

Pre-exploration costs are expensed in the period in which they are incurred.

*Exploration and evaluation expenditures*

Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration and evaluation of mineral properties are capitalized by property. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractor and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.



3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont'd...)

**Mineral properties – exploration and evaluation assets** (cont'd...)

*Exploration and evaluation expenditures* (cont'd...)

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 statement of comprehensive loss/income.

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.

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.

**Impairment of tangible and intangible assets**

At the end of each reporting date, the Company’s assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm’s length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in statement of comprehensive loss for the period. For the purpose of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the statement of comprehensive loss.

**Financial instruments**

Financial Assets

Financial assets are classified as into one of the following categories based on the purpose for which the asset was acquired. The Company’s accounting policy for each category is as follows:

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont'd...)

**Financial instruments** (cont'd...)

Financial Assets (cont'd...)

*Fair value through profit or loss ("FVTPL")* – This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of comprehensive loss.

*Loans and receivables ("LAR")* - Loans and receivables are financial assets with fixed or determinable payments that are not quoted in 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.

*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 costs 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 the statement of comprehensive loss.

*Available-for-sale ("AFS")* - Non-derivative financial assets not included 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 the statement of comprehensive loss.

The Company classified its cash and cash equivalents as FVTPL.

Financial liabilities

Financial liabilities are classified in one of two categories, based on the purpose for which the liability was acquired. The Company's accounting policy for each category is as follows:

*Fair value through profit or loss ("FVTPL")* – This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of comprehensive loss.

*Other financial liabilities* - This category includes promissory notes, amounts due to related parties and accounts payable and accrued liabilities, all of which are recognized at amortized cost.

The Company classified its financial liabilities which consisted of accounts payable, accrued liabilities and asset retirement obligations as other financial liabilities.

Impairment

All financial assets except for those at FVTPL, are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Income taxes**

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that do not affect either accounting or taxable loss, or differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet 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. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it provides a valuation allowance against that excess.

**Loss per share**

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. For the current and prior period this calculation proved to be anti-dilutive.

Loss per share is calculated using the weighted average number of common shares outstanding during the year.

**Share issue costs**

Share issue costs are deferred and charged directly to share capital on completion of the related financing. If the financing is not completed share issue costs are charged to operations.

**New standards not yet adopted**

In November 2009, the IASB published IFRS 9, "Financial Instruments", which covers the classification and measurement of financial assets as part of its project to replace IAS 39, "Financial Instruments: Recognition and Measurement." In October 2010, the requirements for classifying and measuring financial liabilities were added to IFRS 9. Under this guidance, entities have the option to recognize financial liabilities at fair value through earnings. If this option is elected, entities would be required to reverse the portion of the fair value change due to own credit risk out of earnings and recognize the change in other comprehensive income. IFRS 9 is effective for the Company on January 1, 2013. Early adoption is permitted and the standard is required to be applied retrospectively. There will be no significant impact on the Company upon implementation of the issued standard.

FAR RESOURCES LTD.  
 NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
 (Expressed in Canadian Dollars)  
 JUNE 30, 2011

**4. CASH AND CASH EQUIVALENTS**

	June 30, 2011	March 31, 2011	April 1, 2010
Cash on hand	\$ 255,741	\$ 52,768	\$ 38,854

**5. MINERAL PROPERTY**

The following exploration expenses were incurred on the mineral property:

	Tchentlo Lake Project
<b>Cost</b>	
Balance, April 1, 2010	\$ 28,260
Additions:	
Consulting	18,213
Maintenance	500
<b>Balance, March 31, 2011 and June 30, 2011</b>	<b>\$ 46,973</b>

	Tchentlo Lake Project
Acquisition costs	\$ 28,260
Consulting	18,213
Maintenance	500
<b>Balance, March 31, 2011 and June 30, 2011</b>	<b>\$ 46,973</b>

During the period from incorporation to June 30, 2011, the Company staked various claims in the Tchentlo Lake of north central British Columbia.

The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing.

FAR RESOURCES LTD.  
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
(Expressed in Canadian Dollars)  
JUNE 30, 2011

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**6. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES**

Payables and accrued liabilities for the Company are broken down as follows:

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	June 30, 2011	March 31, 2011	April 1, 2010
Trade payables	\$ 53,791	\$ 46,291	\$ 20,578
Accrued liabilities	<u>35,000</u>	<u>35,000</u>	<u>-</u>
Total	<u>\$ 88,791</u>	<u>\$ 81,291</u>	<u>\$ 20,578</u>

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**7. CAPITAL STOCK AND RESERVES**

a) Authorized share capital:

As at June 30, 2011, the authorized share capital of the Company was:  
Unlimited number of common shares without par value;  
Unlimited number of preferred shares without par value;  
All issued shares are fully paid.

b) Issued share capital:

During the period ended June 30, 2011, the Company issued 5,000,000 units at \$0.05 for proceeds of \$250,000. Each unit consists of one common share and one non-transferable common share purchase warrant which entitles the holder to purchase one common share on or before June 30, 2012 at a price of \$0.05.

As at June 30, 2011, 4,000,000 common shares included in share capital are held in escrow. The shares subject to escrow will be released as follows: 10% upon the issuance of notice of listing of the common shares for trading by the Canadian National Stock Exchange ("CNSX"), and the remainder in six equal tranches of 15% every six months thereafter for a period of 36 months.

During the year ended March 31, 2011, the Company issued 1,200,000 units at \$0.05 per unit for proceeds of \$60,000. Each unit consists of one common share and one non-transferable common share purchase warrant which entitles the holder to purchase one common share on or before the earlier of (i) one year from the date of closing of the Company's initial public offering (the "IPO") and (ii) June 30, 2012 at a price of \$0.05 on or before the 15<sup>th</sup> business day immediately following the date a receipt is issued by the British Columbia Securities Commission for a preliminary prospectus filed by the Company in connection with the IPO and thereafter at a price equal to the offering price of the Company's common shares under the IPO. See Note 12 "Subsequent Events".

FAR RESOURCES LTD.  
 NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
 (Expressed in Canadian Dollars)  
 JUNE 30, 2011

7. **CAPITAL STOCK AND RESERVES** (cont'd...)

c) Warrants

Warrant transactions are summarized as follows:

	Number of Warrants		Weighted Average Exercise Price
Outstanding, April 1, 2010	1,200,000	\$	0.05
Granted	<u>5,000,000</u>		0.05
Outstanding, March 31, 2011 and June 30, 2011	6,200,000	\$	0.05

As at June 30, 2011, the following warrants are outstanding:

Number of Warrants	Exercise Price	Expiry Date
6,200,000	\$ 0.05	June 30, 2012

8. **RELATED PARTY TRANSACTIONS**

The remuneration of directors and other members of key management personnel during the three months ended June 30, 2011 and 2010 are as follows:

Three months ended June 30,	2011	2010
Management fees (i)	\$ 7,500	\$ 7,500
Wages and salaries (ii)	<u>12,000</u>	<u>-</u>
	\$ 19,500	\$ 2,500

- (i) accrued to a director and officer of the Company.
- (ii) paid to a director of the Company.

The transactions with related parties were in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed to by the parties.

FAR RESOURCES LTD.  
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
(Expressed in Canadian Dollars)  
JUNE 30, 2011

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**8. RELATED PARTY TRANSACTIONS (cont'd...)**

The amounts due from the related party are as follows:

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	June 30, 2011	March 31, 2011	April 1, 2010
Due to director and officer *	\$ 45,578	\$ 38,078	\$ 20,578

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\* - Included in accounts payable

**9. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOW**

During the period ended June 30, 2011, significant non-cash transactions included \$8,213 (2010 - \$Nil) of resource property costs in accounts payable.

**10. SEGMENTED INFORMATION**

The Company operates in one industry segment, being exploration and development of mineral properties in British Columbia.

**11. CAPITAL AND FINANCIAL RISK MANAGEMENT**

**Capital management**

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern. In the management of capital, the Company monitors its adjusted capital which comprises all components of equity (ie. share capital and deficit).

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue common shares through private placements. The Company is not exposed to any externally imposed capital requirements.

The Company's overall strategy remains unchanged from 2011.

**Fair value**

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:

**11. CAPITAL AND FINANCIAL RISK MANAGEMENT (cont'd...)**

**Fair value (cont'd...)**

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly;  
 and

Level 3 – Inputs that are not based on observable market data.

The carrying value of cash and cash equivalents receivables and accounts payable and accrued liabilities approximated their fair value because of the short-term nature of these instruments.

Financial instruments measured at fair value on the balance sheet are summarized in levels of fair value hierarchy as follows:

Assets	June 30, 2011		
	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 255,741	\$ -	\$ -

**Financial risk factors**

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

*Credit risk*

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company's cash and cash equivalents are held at a large Canadian financial institution in interest bearing accounts. The Company has no investments in asset backed commercial paper.

*Liquidity risk*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2011, the Company had a cash balance of \$255,741 (March 31, 2011 – \$52,768; April 1, 2010 - \$38,854) to settle current liabilities of \$90,291 (March 31, 2011 – \$81,291; April 1, 2010 - \$20,578). The Company is currently undergoing an IPO to obtain additional working capital to finance its ongoing operations (Note 13).

*Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.



**11. CAPITAL AND FINANCIAL RISK MANAGEMENT (cont'd...)**

**Financial risk factors (cont'd...)**

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's cash does not have significant exposure to interest. As of June 30, 2011, March 31, 2011 and April 1, 2010, the Company did not have any investments.

(b) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. 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 commodity prices of oil, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

**12. FIRST TIME ADOPTION OF IFRS**

As stated in Note 2, these financial statements are for the period covered by the Company's first interim condensed financial statements prepared in accordance with IFRS.

The accounting policies in Note 3 have been applied in preparing the condensed consolidated financial statements for the period ended June 30, 2011 and 2010, the consolidated financial statements for the year ended March 31, 2011 and the opening IFRS statement of financial position on April 1, 2010, the "Transition Date".

In preparing the opening IFRS statement of financial position and the financial statements for the interim period ended June 30, 2011, the Company has made no adjustments to amounts reported previously in financial statements that were prepared in accordance with Canadian GAAP. There were no differences due to the transition from Canadian GAAP to IFRS that affect the Company's financial statements.

**13. SUBSEQUENT EVENT**

Subsequent to the period ended June 30, 2011, the Company:

- i) pursuant to a prospectus dated October 31, 2011 (the "Prospectus") filed with the British Columbia, Alberta, and Ontario Securities Commissions in respect of the IPO, the Company has agreed to offer a minimum of 3,000,000 to a maximum 4,000,000 common shares at a price of \$0.15 per share for minimum gross proceeds of \$450,000 to a maximum of \$600,000. Pursuant to an agency agreement with Canaccord Genuity Corp. (the "Agent"), the Company will pay the Agent a commission of 8% of the gross proceeds of the Offering and a corporate finance fee comprised of \$15,000 cash and 100,000 common shares. In addition, the Agent will be granted non-transferable agent's warrants entitling the Agent to purchase up to 10% of the aggregate number of common shares sold under the IPO, at the IPO price, for a period of 24 months from the date of closing of the IPO. The Company is also responsible for paying all reasonable out-of-pocket expenses of the Agent including legal costs. The IPO is conditional upon the Company having its (final) prospectus accepted for filing by the British Columbia, Alberta, and Ontario Securities Commissions and having the shares of the Company conditionally accepted for listing on the CNSX.

FAR RESOURCES LTD.  
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
(Expressed in Canadian Dollars)  
JUNE 30, 2011

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**13. SUBSEQUENT EVENT (cont'd...)**

- ii) intends to grant stock options to directors and officers to purchase up to 1,100,000 common shares at a price of \$0.15 per share exercisable for a period of five years from the listing date.
- iii) entered into a debt settlement agreement to settle debt to a director in the aggregate amount of \$38,078. The Company has agreed to pay \$19,078 in cash, and the remaining \$19,000 by the way of issuance of 126,666 common shares at a deemed price of \$0.15 per share.

**CERTIFICATE OF THE ISSUER**

Dated: October 31, 2011

This Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the securities legislation of Alberta, British Columbia and Ontario.

(signed) “*Keith C. Anderson*”

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**KEITH C. ANDERSON**  
Chief Executive Officer

(signed) “*Cyrus Driver*”

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**CYRUS DRIVER**  
Chief Financial Officer

**ON BEHALF OF THE BOARD OF DIRECTORS**

(signed) “*Leon F. Anderson*”

\_\_\_\_\_  
**LEON F. ANDERSON**  
Director

(signed) “*Lindsay R. Bottomer*”

\_\_\_\_\_  
**LINDSAY R. BOTTOMER**  
Director

**PROMOTER**

(signed) “*Keith C. Anderson*”

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**KEITH C. ANDERSON**  
Promoter

**CERTIFICATE OF THE AGENT**

Dated: October 31, 2011

To the best of our knowledge, information and belief, this Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities being offered by this Prospectus as required by the securities legislation of Alberta, British Columbia and Ontario.

**CANACCORD GENUITY CORP.**

Per: (signed) *“Frank G. Sullivan”*

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Frank G. Sullivan  
Vice-President, Investment Banking