

Infinity Minerals Corp.
Condensed Interim Financial Statements
For the three and nine months ended May 31, 2012 and May 31, 2011

Expressed in Canadian Dollars - Unaudited

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited condensed interim financial statements of Infinity Minerals Corp. (the "Company") are the responsibility of management and the Board of Directors.

The unaudited condensed interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the balance sheets date. In the opinion of management, the unaudited condensed interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34, Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the unaudited condensed interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed interim financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibilities for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

(signed) "Ron Shenton"

Ron Shenton

Chief Executive Officer

(signed) "Brian Roberts"

Brian Roberts

Chief Financial Officer

NOTICE TO READER

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of management. The unaudited condensed interim financial statements as at and for the three and nine months ended May 31, 2012 and May 31, 2011 have not been reviewed by the Company's auditors.

Infinity Minerals Corp.
Condensed Interim Statements of Financial Position
(Expressed in Canadian dollars - Unaudited)

	May 31, 2012	August 31, 2011
ASSETS		
Current assets		
Cash	\$ 98,045	\$ 66,674
Term deposit	521,569	301,340
HST recoverable	24,762	7,166
Prepaid expenses	1,500	-
	645,876	375,180
Non-current assets		
Property, plant and equipment (Note 2)	389	-
Deferred finance fee (Note 8)	-	27,500
Exploration and evaluation assets (Note 3)	157,694	131,194
	158,083	158,694
TOTAL ASSETS	\$ 803,959	\$ 533,874
LIABILITIES		
Current liabilities		
Trade payables and accrued liabilities	\$ 9,762	\$ 16,742
TOTAL LIABILITIES	9,762	16,742
SHAREHOLDERS' EQUITY		
Share capital (Note 4)	1,034,007	582,657
Share-based payment reserve (Note 4)	111,623	-
Deficit	(351,433)	(65,525)
TOTAL SHAREHOLDERS' EQUITY	794,197	517,132
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 803,959	\$ 533,874

On behalf of the Board of Directors:

"Ron Shenton" Director

"Brian Roberts" Director

Infinity Minerals Corp.
Condensed Interim Statements of Comprehensive Loss
(Expressed in Canadian dollars - Unaudited)

	Three Months Ended May 31, 2012	Three Months Ended May 31, 2011	Nine Months Ended May 31, 2012	Nine Months Ended May 31, 2011
Expenses				
Amortization	\$ 31	\$ -	\$ 31	\$ -
Consulting	1,000	-	1,000	-
Investor relations	3,500	-	3,500	-
Legal and audit	3,010	20,580	51,326	21,408
Listing and filing fees	14,539	-	32,021	-
Management fees (Note 5)	35,000	15,000	65,000	20,000
Office and general	4,698	119	9,240	1,295
Stock based compensation	-	-	111,623	-
Transfer agent	9,496	-	11,098	-
Loss before other items	71,274	35,699	284,839	42,703
Other items				
Interest expense	1,291	-	3,900	-
Interest income	(1,453)	-	(2,831)	-
Net loss and comprehensive loss for the period	\$ 71,112	\$ 35,699	\$ 285,908	\$ 42,703
Loss per share - basic and diluted	\$ (0.01)	\$ (0.00)	\$ (0.03)	\$ (0.00)
Weighted average number of shares outstanding	11,689,613	9,515,700	10,245,627	8,335,497

See accompanying notes to the financial statements

Infinity Minerals Corp.
Condensed Interim Statement of Changes in Shareholders' Equity
(Expressed in Canadian dollars - Unaudited)

	Share capital		Share- based payment reserve	Deficit	Total
	Number of shares	Amount			
Balance at November 12, 2010	-	\$ -	\$ -	\$ -	\$ -
Issue of incorporation share	1				
Return to treasury	(1)	-	-	-	-
Net loss for the period	-	-	-	(65,525)	(65,525)
Shares issued for cash – private placement	7,500,000	562,500	-	-	562,500
Shares issued for mineral property interests	2,015,700	20,157	-	-	20,157
Balance at August 31, 2011	9,515,700	\$ 582,657	\$ -	\$ (65,525)	\$ 517,132
Shares issued for cash – private placement	4,000,000	600,000	-	-	600,000
Share issue costs	-	(148,650)	-	-	(148,650)
Stock based compensation	-	-	111,623	-	111,623
Net loss for the period	-	-	-	(285,908)	(285,908)
Balance at May 31, 2012	13,515,700	\$ 1,034,007	\$ 111,623	\$ (351,433)	\$ 794,197

See accompanying notes to the financial statements

Infinity Minerals Corp.
Condensed Interim Statements of Cash Flows
(Expressed in Canadian dollars - Unaudited)

	Three Months Ended May 31, 2012	Three Months Ended May 31, 2011	Nine Months Ended May 31, 2012	Nine Months Ended May 31, 2011
Operating activities				
Comprehensive loss for the period	\$ (71,112)	\$ (35,699)	\$ (285,908)	\$ (42,703)
Deduct interest income relating to investing activities	(1,453)	-	(2,831)	-
Adjustments for non-cash items:				
Accrued interest expense	1,083	-	3,900	-
Amortization	31	-	31	-
Stock based compensation	-	-	111,623	-
Changes in non-cash working capital items:				
Recoverable taxes	(13,515)	(4,631)	(17,596)	(17,454)
Prepaid expenses	(1,500)	4,313	(1,500)	(1,687)
Trade payables and accrued liabilities	(48,852)	(1,517)	(10,880)	14,488
Net cash flows used in operating activities	(135,318)	(37,534)	(203,161)	(47,356)
Investing activities				
Term deposit	(319,679)	-	(220,229)	-
Purchase of equipment	(420)	-	(420)	-
Deferred finance fee	27,500	-	27,500	-
Expenditures on deferred exploration costs	(26,000)	(7,381)	(26,500)	(111,037)
Interest income	1,453	-	2,831	-
Net cash flows used in investing activities	(317,146)	(7,381)	(216,818)	(111,037)
Financing activities				
Proceeds from the issuance of common shares, net of share issue costs	451,350	-	451,350	562,500
Bank overdraft	-	-	-	-
Net cash flows used in investing activities	451,350	-	451,350	562,500
(Decrease) Increase in cash	(1,114)	(44,915)	31,371	404,107
Cash, beginning	99,159	449,022	66,674	-
Cash, ending	\$ 98,045	\$ 404,107	\$ 98,045	\$ 404,107

Supplemental disclosure with respect to cash flows

There were no significant non-cash investing and financing transactions for the nine months ended May 31, 2012.

See accompanying notes to the financial statements

1. Nature and continuance of operations

Infinity Minerals Corp. (the "Company") was incorporated on November 12, 2010, under the laws of the province of British Columbia, Canada, and its principal activity is the acquisition and exploration of mineral properties.

On November 15, 2010, the Company signed a Mineral Property Purchase Agreement ("MMPA") to acquire a 100% interest in the Rainbow Claim Group comprising of 318 hectares located in the Greenwood Mining Division, Midway, British Columbia. The Company issued 2,015,700 common shares in exchange for mineral property interests of \$20,157 to a director of the Company. These shares are subject to an escrow agreement.

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The Company has incurred losses from inception of \$351,433, but has raised \$1,162,500. The Company needs to raise sufficient capital to fund exploration and evaluation costs, administration expenses and future acquisitions. The Company's ability to continue as a going concern is dependent upon its ability to attain future profitable operations and to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. As at May 31, 2012, the Company had not yet achieved profitable operations and expects to incur further losses in the development of its business plan, all of which may cast significant doubt about the Company's ability to continue as a going concern. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company not be able to continue as a going concern.

2. Significant accounting policies and basis of preparation

The financial statements were authorized for issue on July 11, 2012 by the directors of the Company. The directors of the Company have the power to amend and reissue the financial statements.

Statement of compliance

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34, "Interim Financial Reporting" using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These condensed interim financial statements do not include all of the information required for full annual financial statements.

Basis of preparation

These condensed interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's August 31, 2011 annual audited financial statements. The financial statements of the Company have been prepared on an accrual basis and are presented in Canadian dollars unless otherwise noted.

2. Significant accounting policies and basis of preparation (cont'd)

Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation and judgment relate to the recoverability of the carrying value of exploration and evaluation assets and the fair value measurements for financial instruments, the recognition and valuation of provisions for restoration and environmental liabilities, qualifying expenditures for refundable and non-refundable tax credits, timing of receipt of refundable tax credits, and the recoverability and measurement of deferred tax assets and liabilities. Actual results may differ from those estimates and judgments.

Exploration and evaluation assets

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Government tax credits are recorded when there is reasonable certainty that they will be received and when there are no unfulfilled obligations remaining. Government tax credits are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets and other financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

2. Significant accounting policies and basis of preparation (cont'd)

Financial instruments (cont'd)

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

The Company does not have any derivative financial assets and liabilities.

Impairment of assets

The carrying amount of the Company's long-lived assets is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are included in the determination of net loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

2. Significant accounting policies and basis of preparation (cont'd)

Cash

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. As at May 31, 2012, the Company had no cash equivalents.

Short-term investments

Short-term investments consist of variable rate guaranteed investment certificates ("GICs") with original terms of one year or less but greater than three months. Short-term investments are designated as held-for-trading and are recorded at fair value.

Income taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the Canadian taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:

Deferred income tax is provided using the balance sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Flow-through shares:

Share capital includes flow-through shares which is a unique Canadian tax incentive pursuant to certain provisions of the Canadian Income Tax Act. Proceeds from the issuance of flow-through shares are used to fund qualified Canadian exploration and evaluation projects and the related income tax deductions are renounced to the subscribers of the flow-through shares. The premium paid for flow-through shares in excess of the market value of the shares without flow-through features, at the time of issue, is credited to other liabilities and recognized in income at the time qualifying expenditures are incurred. The Company recognizes a deferred tax liability with a corresponding charge in the statement of operations and comprehensive loss to income when the qualifying exploration and evaluation expenditures are renounced.

2. Significant accounting policies and basis of preparation (cont'd)

Income taxes (cont'd)

Flow-through shares (cont'd)

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures with a two-year period. The portion of the proceeds received but not yet expended at the end of the Company's period is disclosed separately as flow-through expenditure commitments.

Net Loss per Share

Basic loss per share is calculated by dividing the loss available to common shareholders by the weighted average number of common shares outstanding during the period. Dilutive earnings per share reflect the potential dilution of securities that could share in the earnings of an entity. In periods where a net loss is incurred, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive and basic and diluted loss per common share is the same. In a profit year, under the treasury stock method, the weighted average number of common shares outstanding used for the calculation of diluted earnings per share assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are used to repurchase common shares at the average price during the year.

Restoration and environmental obligations

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environmental disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur.

At May 31, 2012, the Company had no restoration and environmental obligations.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of income and comprehensive income during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

2. Significant accounting policies and basis of preparation (cont'd)

Property, plant and equipment (cont'd)

Depreciation and amortization are calculated on a straight-line method to write off the cost of the assets to their residual values over their estimated useful lives. The depreciation and amortization rates applicable to each category of property, plant and equipment are as follows:

Class of property, plant and equipment	Depreciation rate
Office equipment	20% declining balance

Share-based Payments

The Company accounts for stock options issued to employees at the fair value determined on the grant date using the Black-Scholes option pricing model. The fair value of the options is recognized as an expense using the graded vesting method where the fair value of each tranche is recognized over its respective vesting period. When stock options are forfeited prior to becoming fully vested, any expense previously recorded is reversed.

Share-based payments made to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined that the fair value of the goods or services cannot be reliably measured. These payments are recorded at the date of the goods and services are received.

Warrants issued are recorded at estimated fair values determined on the grant date using the Black-Scholes model. If and when the stock options or warrants are ultimately exercised, the applicable amounts of their fair values in the reserves account are transferred to share capital.

Amendments to IFRS 7 "Financial Instruments: Disclosures"

This amendment increases the disclosure required regarding the transfer of financial assets, especially if there is a disproportionate amount of transfer transactions that take place around the end of a reporting period. This amendment is effective for annual periods beginning on or after July 1, 2011

New standard IFRS 9 "Financial Instruments"

This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". This new standard is effective for annual periods beginning on or after January 1, 2013.

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the financial statements.

3. Exploration and evaluation assets

On November 15, 2010, the Company signed a Mineral Property Purchase Agreement ("MMPA") to acquire a 100% interest in the Rainbow Claim Group comprising of 318 hectares located in the Greenwood Mining Division, Midway, British Columbia. The Company issued 2,015,700 common shares in exchange for mineral property interests of \$20,157 to a director of the Company. These shares are subject to an escrow agreement.

3. Exploration and evaluation assets (cont'd)

The composition of accumulated acquisition and deferred exploration costs is:

Acquisition costs:

Balance, beginning and end of period	\$ <u>20,157</u>
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Deferred exploration costs:

Balance, beginning of period	\$ 111,037
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Assessment Filing Fees with BCMEM	500
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Geological Field Work	<u>26,000</u>
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Balance, beginning and end of period	<u>\$ 137,537</u>
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Exploration and evaluation assets, end of period	<u>\$ 157,694</u>
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4. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At May 31, 2012 there were 13,515,700 issued and fully paid common shares (August 31, 2011 – 9,515,700).

Share issuances

On April 11, 2012 the Company completed its initial public offering of 4,000,000 units at a price of \$0.15 per unit for total gross proceeds of \$600,000. Each unit was comprised of one common share and one half of one tradable common share purchase warrant. Each whole warrant is exercisable into one additional common share of the Company exercisable at \$0.20 until April 11, 2013 or exercisable at \$0.30 until April 11, 2014. In connection with this offering, the Company paid a cash commission equal to 10% of the gross proceeds and issue 400,000 agent warrants exercisable at \$0.15 per warrant until April 11, 2014.

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the three and nine month periods ended May 31, 2012 was based on the loss attributable to common shareholders of \$71,112 and \$285,908, respectively, and the weighted average number of common shares outstanding of 11,689,613 and 10,245,627, respectively.

Diluted loss per share did not include the effect of 940,000 stock options as the effect would be anti-dilutive.

Shares held in escrow

The escrow agreement provides share release equal to 10% upon completion of the IPO and listing on the TSX Venture Exchange, the remaining shares will be released in 6 equal tranches (15%) every six months. As of May 31, 2012, a total of 248,570 shares have now been released and a total of 2,237,130 shares remain in the escrow pool.

4. Share capital (cont'd)

Stock option plan and stock options

The Company has a 10% rolling stock option plan for its directors, employees and consultants to acquire common shares of the Company at a price determined by the fair market value of the shares at the date of grant. During the nine months ended May 31, 2012, the company granted 940,000 stock options with a fair value of \$111,623. The Company's stock option plan provides for immediate vesting or vesting at the discretion of the Board at the time of the option grant. Stock options granted to investor relations' consultants vest over a twelve month period, with one quarter of such options vesting in each three month period.

The changes in options during the nine month period ended May 31, 2012 were as follows:

	May 31, 2012		August 31, 2011	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning of period	-	\$ -	-	\$ -
Options granted	940,000	0.15	-	-
Options outstanding, end of period	940,000	\$ 0.15	-	\$ -
Options exercisable, end of period	940,000	\$ 0.15	-	\$ -

Details of options outstanding as at May 31, 2012 are as follows:

Weighted average exercise price	Weighted average contractual life	Number of options outstanding
\$0.15	4.30 years	940,000
\$0.15	4.30 years	940,000

The weighted average grant date fair value of options granted during the nine month period ended May 31, 2012 was approximately \$0.12. The fair value was determined using the Black-Scholes option pricing model using the following weighted average assumptions:

	Nine month period ended May 31, 2012	Period From November 12, 2010 (inception) to August 31, 2011
Expected life of options	5 years	-
Annualized volatility	110%	-
Risk-free interest rate	1.56%	-
Dividend rate	0%	-

4. Share capital (cont'd)

Share purchase warrants

The changes in share purchase warrants during the nine month period ended May 31, 2012 were as follows:

	May 31, 2012		August 31, 2011	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of period	-	\$ -	-	\$ -
Granted	2,400,000	0.19	-	-
Outstanding, end of period	2,400,000	\$ 0.19	-	\$ -

Details of share purchase warrants outstanding as at May 31, 2012 are as follows:

Weighted average exercise price	Weighted average contractual life	Number of options outstanding
\$0.19	1.86 years	2,400,000
\$0.19	1.86 years	2,400,000

5. Related party transactions

The Company incurred the following transactions with directors, officers and companies that are controlled by directors of the Company.

Key management personnel compensation

	Nine Months Ended May 31, 2012	Nine Months Ended May 31, 2011
Management fees	\$ 65,000	\$ 20,000
Stock based compensation	111,623	-
	\$ 176,623	\$ 20,000

6. Financial risk management

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

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank accounts. The Company's bank accounts are held with a major bank in Canada. As all of the Company's cash and cash equivalents are held by one bank in Canada, there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. The Company is not exposed to credit risk on recoverable taxes, as these are due from the Government of Canada.

6. Financial risk management (cont'd)

Liquidity risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash and banking facilities.

The following is an analysis of the contractual maturities of the Company's non-derivative financial liabilities as at May 31, 2012:

	Within one year	Between one and five years	More than five years
Trade payables and accrued liabilities	\$ 9,762	\$ -	\$ -
	\$ 9,762	\$ -	\$ -

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, commodity prices, and interest rates will affect the Company's net earnings or the value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

Foreign currency exchange rate risk and commodity price risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Commodity price risk is the risk that market values and future incomes will fluctuate because of changes in commodity prices. The Company does not have any direct exposure to foreign currency exchange rate risk or commodity price risk. The Company had no forward exchange rate contracts or commodity price contracts in place as at May 31, 2012.

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. As at May 31, 2012, the Company did not have any significant interest rate risk.

The Company had no interest rate swap or financial contracts in place as at May 31, 2012.

Capital Management

The Company defines capital that it manages as shareholders' equity that is expected to be realized in cash. The Company raises capital through private and public share offerings and related party loans and advances. Capital is managed in a manner consistent with the risk criteria and policies provided by the board of directors and followed by management. All sources of financing and major expenditures are analyzed by management and approved by the board of directors.

The Company's primary objectives when managing capital is to safeguard and maintain the Company's financial resources for continued operations and to fund expenditure programs to further advance mineral property interests.

The Company is meeting its objective of managing capital through detailed review and due diligence on all potential acquisitions, preparing short-term and long-term cash flow analysis to maintain sufficient resources.

The Company is able to scale its expenditure programs and the use of capital to address market conditions by reducing expenditures and the scope of operations during periods of commodity pricing decline and economic downturn.

There were no changes in the Company's approach to capital management during the period from March 1, 2012 to May 31, 2012.

6. Financial risk management (cont'd)

The Company is not subject to any externally imposed capital requirements.

Classification of financial instruments

The following is an analysis of the Company's financial assets measured at fair value as at May 31, 2012:

	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 98,045	\$ -	\$ -
Term deposits	\$ 521,569	\$ -	\$ -

	Level 1	Level 2	Level 3
Trade payables and accrued liabilities	\$ 9,762	\$ -	\$ -

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

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.

7. Segmented information

Operating segments

The Company operates in a single reportable operating segment – the acquisition, exploration and development of mineral properties.

Geographic segments

The Company's non-current assets are located in Canada.

8. Commitments

i) Flow-through

In December 2010, the Company received cash proceeds of \$187,500 for the issue of 2,500,000 flow-through common shares. The Company is committed to expending these funds on qualifying exploration in accordance with the provisions of the Canadian Income Tax Act. As at May 31, 2012, the Company has an obligation to spend approximately \$78,000 by December 31, 2012 in connection with tax benefits renounced.