BETHPAGE CAPITAL CORP.

Condensed Interim Financial Statements

June 30, 2012

Presented in Canadian dollars – unaudited

The accompanying notes are an integral part of these financial statements

BETHPAGE CAPITAL CORP.

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by the entity's auditor.

BETHPAGE CAPITAL CORP.
Condensed Interim Statements of Financial Position
(Presented in Canadian dollars - unaudited)

		June 30, 2012		December 31, 2011
Assets				
Current assets				
Cash	$	381,494	$	55,748
Receivables (Note 3)		21,825		18,172
		403,319		73,920
Non-current assets				
Exploration and evaluation assets (Note 4)		139,787		110,078
Total assets	$	543,106	$	183,998
Liabilities and shareholders' equity				
Current liabilities				
Accounts payable and accrued liabilities (Note 5)	$	-	$	32,437
Shareholders' equity				
Share capital (Note 6)		537,775		135,172
Reserves (Note 6)		128,287		107,390
Deficit		(122,956)		(91,001)
Total shareholders' equity		543,106		151,561
Total liabilities and shareholders' equity	$	543,106	$	183,998

Nature of operations and continuance of business (Note 1)
Commitments (Note 4)

These financial statements have been approved by the Board of directors and authorized for issue on August 17, 2012:

(s) Vince Sorace

Vince Sorace, Director

(s) Steve Bajic

Steve Bajic, Director

BETHPAGE CAPITAL CORP.

Condensed Interim Statements of Comprehensive Loss
(Presented in Canadian dollars - unaudited)

	Three months ended June 30, 2012	Three months ended June 30, 2011	Six months ended June 30, 2012	Six months ended June 30, 2011
Expenses				
Accounting and audit	$ 1,270	$ -	$ 7,270	-
Regulatory and listing fees	10,829	-	12,425	-
Legal fees	10,000	-	10,000	-
General and administrative	2,211	-	2,260	-
Net and comprehensive loss	$ 24,310	$ -	$ 31,955	-
Basic and diluted loss per share	$ 0.01	$ -	$ 0.01	-
Weighted average number of shares outstanding	5,573,630	1	5,386,820	1

BETHPAGE CAPITAL CORP.
Condensed Interim Statement of Changes in Equity
(Presented in Canadian dollars - unaudited)

	Share capital		Reserves			
	Common shares	Amount	Stock- based compensation	Warrant capital	Deficit	Total shareholders' equity
Balance, March 31, 2011	1	$ –	$ –	$ –	$ –	$ –
Loss for quarter	–	–	–		–	–
Balance, June 30, 2011	1	$ –	$ –	$ –	$ –	$ –
Balance, March 31, 2012	5,200,000	$ 135,172	$ 31,812	$ 75,578	$ (98,646)	$ 143,916
Shares issued for cash at $0.15 per share	3,000,000	450,000	–	–	-	450,000
Share issue costs, cash	–	(41,500)	–	–	–	(41,500)
Share issue costs, warrants	–	(20,897)	–	20,897	–	-
Shares issued for resource property at $0.15 per share	100,000	15,000	–	–	-	15,000
Loss for the quarter	–	–	–	–	(24,310)	(24,310)
Balance, June 30, 2012	8,300,000	$ 537,775	$ 31,812	$ 96,475	$ (122,956)	$ 543,106

The accompanying notes are an integral part of these financial statements

BETHPAGE CAPITAL CORP.
Condensed Interim Statement of Cash Flows
(Presented in Canadian dollars - unaudited)

	Three months ended June 30, 2012	Three months ended June 30, 2011	Six months ended June 30, 2012	Six months ended June 30, 2011
Cash provided by (used in):				
Operating activities				
Net loss for the period	$ (24,310)	$ -	$ (31,955)	$ -
Changes in non-cash working capital items:				
Receivables	(3,802)	-	(3,653)	-
Accounts payable and accrued liabilities	(14,028)	-	(32,437)	-
Net cash used in operating activities	(42,140)	-	(68,045)	-
Investing activities:				
Exploration and evaluation expenditures	(10,000)	-	(14,709)	-
Financing activities:				
Proceeds from share issues, net of issue costs	408,500	-	408,500	-
Change in cash	356,360	-	325,746	-
Cash, beginning of period	25,134	-	55,748	-
Cash, end of period	$ 381,494	$ -	$ 381,494	$ -

The accompanying notes are an integral part of these financial statements

1. Nature and continuance of operations

Bethpage Capital Corp. (the "Company") was incorporated pursuant to the Business Corporations Act of British Columbia on May 13, 2010. The Company is a resource exploration company that is acquiring and exploring mineral properties. The Company is domiciled in Canada and its office is at Suite 918 – 1030 West Georgia Street, Vancouver, BC.

Pursuant to a prospectus filed with the British Columbia and Alberta Securities Commissions, the Company completed an Initial Public Offering ("IPO") on June 19, 2012 and its shares were listed for trading on the TSX Venture Exchange (the "Exchange"), as a Tier 2 issuer on June 21, 2012.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at June 30, 2012, the Company has not generated any revenue and has incurred a loss since inception. The Company has not yet determined whether its property contains mineral reserves that are economically recoverable. The continued operations of the Company and the recoverability of the amounts capitalized for its mineral property is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of such properties and upon future profitable production or proceeds from the disposition of the properties. The Company's continuation as a going concern is dependent on its ability to generate future cash flows and to obtain additional financing and satisfy current commitments with loans from directors and companies controlled by directors and/or private placements of common stock. There is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Significant accounting policies

(a) Basis of preparation and statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the international Accounting Standards Board ("IASB"), with International Accounting Standard ("IAS") 34 and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The financial statements have been prepared on a historical cost basis. The financial statements are presented in Canadian dollars, which is the Company's functional currency.

(b) Use of estimates and judgments

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Significant areas requiring the use of estimates include the recoverability of exploration and evaluation asset, fair value of stock-based compensation, and future income tax asset valuation allowances.

2. Significant accounting policies (continued)

(b) Use of estimates and judgments (continued)

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available.

(c) Cash and cash equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance to be cash equivalents.

(d) Foreign currency translation

The functional and reporting currency is the Canadian dollar. Transactions denominated in foreign currencies are translated using the exchange rate in effect on the transaction date or at an average rate. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect at the statement of financial position date. Non-monetary items are translated using the historical rate on the date of the transaction. Foreign exchange gains and losses are included in profit or loss.

(e) Exploration and evaluation expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are charged to operations.

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.

Government tax credits received as a result of qualifying expenditures are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

2. Significant accounting policies (continued)

(e) Exploration and evaluation expenditures (continued)

Farm outs

The Company does not record any expenditures made by the farmee in its accounts. It also does not recognize any gain or loss on its exploration and evaluation farm out arrangements but redesignates any costs previously capitalized in relation to the whole interest as relating to the partial interest retained and any consideration received directly from the farmee is credited against costs previously capitalized.

(f) Restoration, rehabilitation, and environmental obligations

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit of production or the straight line method. The obligation is increased for the accretion and the corresponding amount is recognized in profit or loss.

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

As at June 30, 2012, the Company has no material restoration, rehabilitation and environmental obligations.

(g) 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 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.

2. Significant accounting policies (continued)

(g) Income taxes (continued)

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.

(h) Financial instruments

(i) Non-derivative financial assets

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets at fair value through profit or loss

Financial assets are classified as fair value through profit or loss when the financial asset is held for trading or it is designated as fair value through profit or loss. A financial asset is classified as held for trading if: (i) it has been acquired principally for the purpose of selling in the near future; (ii) it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit taking; or (iii) it is a derivative that is not designated and effective as a hedging instrument.

Financial assets classified as fair value through profit or loss are stated at fair value with any gain or loss recognized in profit or loss. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset. The Company does not have any assets classified as fair value through profit or loss.

2. Significant accounting policies (continued)

(h) Financial instruments (continued)

(i) Non-derivative financial assets (continued)

Held-to-maturity investments

Held-to-maturity investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company does not have any assets classified as held-to-maturity investments.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognized in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit or loss. The Company does not have any assets classified as available-for-sale.

Loans and receivables

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

Impairment of financial assets

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income or loss are reclassified to profit or loss in the period. Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted. For marketable securities classified as available-for-sale, a significant or prolonged decline in the fair value of the securities below their cost is considered to be objective evidence of impairment.

For all other financial assets objective evidence of impairment could include:

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

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

2. Significant accounting policies (continued)

(h) Financial instruments (continued)

(i) Non-derivative financial assets (continued)

recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. In respect of available-for-sale equity securities, impairment losses previously recognized through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

(ii) Non-derivative financial liabilities

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: accounts payable and accrued liabilities.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

(i) Loss per share

Basic loss per share is calculated by dividing net loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the reporting period. Diluted loss per share is determined by adjusting the net loss attributable to common shares and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares.

2. Significant accounting policies (continued)

(j) Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instrument issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is credited to the share-based payment reserve. The fair value of options is determined using the Black-Scholes Option Pricing Model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted, shall be based on the number of equity instruments that eventually vest.

(k) Comprehensive loss

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in profit or loss. The Company does not have any other comprehensive income or loss adjustments, accordingly net loss equals comprehensive loss for the periods presented.

(l) Accounting standards issued but not yet effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the period ended June 30, 2012, and have not been applied in preparing these financial statements. To the approval date of these financial statements new and amendments standards are as expected as follows:

New standard IFRS 9, "Financial Instruments"

IFRS 9 replaces IAS 39, "Financial Instruments: Recognition and Measurement". IFRS 9 requires that all financial assets be classified and subsequently measured at amortized cost or at fair value based on the company's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities classified at fair value through profit or loss, financial guarantees and certain other exceptions. The new standard is effective for periods beginning on or after January 1, 2015.

New standard IFRS 13, "Fair Value Measurement"

IFRS 13 replaces the fair value measurement guidance currently dispersed across different IFRS standards with a single definition of fair value and extensive application guidance. IFRS 13 provides guidance on how to measure fair value and does not introduce new requirements for when fair value is required or permitted. It also establishes disclosure requirements to provide users of the financial statements with more information about fair value measurements. The new standard is effective for periods beginning on or after January 1, 2013.

(Presented in Canadian dollars - unaudited)

2. Significant accounting policies (continued)

(l) Accounting standards issued but not yet effective (continued)

New IFRS 10, Consolidated Financial Statements ("IFRS 10") IFRS 11, Joint Ventures; IFRS 12, Disclosures of Involvement with Other Entities;

IFRS 10, Consolidated Financial Statements was issued by the IASB on May 12, 2011 and will replace IAS 27, Consolidated and Separate Financial Statements, and SIC-12, Consolidation – Special Purpose Entities. Concurrent with IFRS 10, the IASB issued IFRS 11, Joint Ventures; IFRS 12, Disclosures of Involvement with Other Entities; IAS 27, Separate Financial Statements, which has been amended for the issuance of IFRS 10 but retains the current guidance for separate financial statements; IAS 28, Investments in Associates and Joint Ventures, which has been amended for conforming changes based on the issuance of IFRS 10 and IFRS 11. IFRS 10 uses control as the single basis for consolidation, irrespective of the nature of the investee, eliminating the risks and rewards approach included in SIC-12, and requires continuous assessment of control over an investee. The above consolidation standards are effective for annual periods beginning on or after January 1, 2013.

New IFRIC 20, "Stripping Costs in the Production Phase of a Surface Mine"

IFRIC 20 clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. The IFRIC is effective for 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. Other standards with future effective dates are not expected to have an impact on the Company's financial statements.

3. Receivables

	June 30, 2012	December 31, 2011
HST Receivable	$ 21,825	$ 17,752
Other receivables	-	420
	$ 21,825	$ 18,172

(Presented in Canadian dollars - unaudited)

4. Exploration and evaluation assets

Acquisition costs- Intangible:		
Balance, December 31, 2011 and 2010	$	-
Option payments, cash		10,000
Option payments, shares		15,000
Staking additional claims		4,309
Balance, June 30, 2012	$	29,309
Exploration costs- Intangible:		
Balance, December 31, 2010	$	-
Geological consulting		20,637
Airborne survey		88,188
Travel and accommodation		1,253
Balance, December 31, 2011	$	110,078
Geological consulting		400
Balance, June 30, 2012	$	110,478
Total, June 30, 2012	$	139,787

On September 16, 2011, the Company entered into an agreement with Eagle Plains Resources Ltd. ("Eagle Plains") whereby the Company was granted the sole and exclusive irrevocable right and option (the "Option") to acquire from Eagle Plains an undivided sixty (60%) percent interest in the Hall Lake Property, situated in the Fort Steele Mining Division, British Columbia. The Hall Lake Property consists of 3 contiguous claim blocks covering 15,283 hectares.

The option may be exercised by the Company:

(a) paying to Eagle Plains aggregate cash of $260,000 as follows:

- (i) $10,000 within 5 business days of the Company's shares being listed on the Exchange (the "Effective Date") (paid);
- (ii) an additional $40,000 on or before 18 months from the Effective Date;
- (iii) an additional $60,000 on or before 30 months from the Effective Date;
- (iv) an additional $75,000 on or before 42 months from the Effective Date; and
- (v) an additional $75,000 on or before 54 months from the Effective Date,

(b) issuing to Eagle Plains a total of 1,000,000 common shares of the Company, subject to such resale restrictions and legends as may be imposed by the applicable securities laws and the Exchange, as follows:

- (i) 100,000 shares within 10 business days of the Effective Date (issued);
- (ii) an additional 100,000 shares on or before 18 months from the Effective Date;
- (iii) an additional 200,000 shares on or before 30 months from the Effective Date;
- (iv) an additional 300,000 shares on or before 42 months from the Effective Date; and
- (v) an additional 300,000 shares on or before 54 months from the Effective Date,

(Presented in Canadian dollars - unaudited)

4. Exploration and evaluation assets (continued)

(c) incurring a total of $3,000,000 in exploration expenditures on the Hall Lake Property ("Expenditures") as follows:

(i) $100,000 in Expenditures prior to December 31st, 2011; (Completed)
(ii) an additional $200,000 in Expenditures prior to 18 months from the Effective Date
(iii) an additional $500,000 in Expenditures prior to 30 months from the Effective Date;
(iv) an additional $800,000 in Expenditures prior to 42 months from the Effective Date; and
(v) an additional $1,400,000 in Expenditures prior to 54 months from the Effective Date.

Should the Company terminate the option or allow certain claims to lapse, the Company has committed to keep the claims in good standing for a 24 month period from the termination date.

5. Accounts payable and accrued liabilities

	June 30, 2012	December 31, 2011
Trade accounts payable	$ -	$ 24,437
Accrued liabilities	-	8,000
	$ -	$ 32,437

6. Share capital

a) Common shares

Authorized: unlimited common shares without par value

Share issuances:

On September 15, 2011, a total of 1,200,000 common shares were subscribed for by directors of the Company at $0.01 per share for proceeds of $12,000.

On November 9, 2011, a total of 4,000,000 share units were subscribed for at $0.05 per unit, for proceeds of $200,000. Each unit comprised one common share and one share purchase warrant. Each warrant entitles the holder to acquire one common share of the Company at a price of $0.05 per share within two years of the Company's IPO. The warrants had an estimated grant date fair value of $75,578 which was included in the warrant reserve. The fair value was determined using the Black-Scholes option pricing model with the following assumptions: expected life of two years; an expected volatility of 120%; a risk free interest rate of 0.9%; and a dividend yield of 0.0%.

On June 19, 2012, the Company issued 3,000,000 shares at $0.15 per share for gross proceeds of $450,000 pursuant to its IPO. The Company paid an agent a cash consideration of $31,500 and a corporate finance fee of $10,000 relating to the IPO. The agent received 25,000 corporate finance warrants, exercisable at $0.15 per share for a period of one year. The warrants had an estimated grant date fair value of $1,706 which was included in the warrant reserve. The fair value was determined using the Black-Scholes option pricing model with the following assumptions: expected life of one year; an expected volatility of 120%; a risk free interest rate of 1.2%; and a dividend yield of 0.0%. In addition, the agent was granted 210,000 agent's warrants exercisable at $0.15 per share for a period of two years. The warrants had an estimated grant date fair value of $19,191 which was included in the warrant reserve. The fair value was determined using the Black-Scholes option pricing model with the following

(Presented in Canadian dollars - unaudited)

6. Share capital (continued)

b) Common shares (continued)

assumptions: expected life of two years; an expected volatility of 120%; a risk free interest rate of 1.3%; and a dividend yield of 0.0%.

On June 20, 2012, the Company issued 100,000 shares at a value of $0.15 per share under the Hall Lake Option agreement as described in Note 4.

c) Warrants

Warrant transactions are summarized as follows:

	Number of Warrants	Exercise Price
Outstanding at December 31, 2010	-	$ -
Issued	4,000,000	0.15
Outstanding at December 31, 2011	4,000,000	0.15
Issued	235,000	0.15
Outstanding at December 31, 2011	4,235,000	$ 0.15

The following table summarizes information about warrants outstanding at June 30, 2012:

Number of Shares	Exercise Price	Expiry date
4,000,000	$0.15	June 19, 2014
25,000	$0.15	June 19, 2013
210,000	$0.15	June 19, 2014
4,235,000		

d) Stock options

On November 9, 2011, the Company adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, at its discretion, and in accordance with the Exchange requirements, grant to directors, officers, key employees and consultants to the Company, options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the common shares issued an outstanding. Such options will be exercisable for a period of up to 10 years from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any one optionee will not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed two percent (2%) of the issued and outstanding common shares. Options may be exercised no later than 90 days following cessation of the optionee’s position with the Company or 30 days following cessation of an optionee conducting investor relations activities’ position.

(Presented in Canadian dollars - unaudited)

6. Share capital (continued)

c) Stock options (continued)

The Company granted 700,000 options to directors and officers during the year ended December 31, 2011. The estimated grant date fair value of the options, which was recorded as stock-based compensation expense, was $31,812 or $0.045 per option. The fair value of the options was determined using the Black-Scholes option pricing model using the following assumptions: an annualized expected volatility of 120%; an expected life of 10 years; a dividend yield rate of 0%; a risk-free interest rate of 1.421% and a forfeiture rate of 0%.

As there's no historical data for determining volatility, management utilized a comparable volatility of early stage resource exploration companies.

Stock option transactions are summarized as follows:

	Number of Options	Exercise Price
Outstanding at December 31, 2010	-	$ -
Granted to directors and officers	700,000	0.15
Outstanding at December 31, 2011 and June 30, 2012	700,000	$ 0.15

The following table summarizes information about stock options outstanding and exercisable at June 30, 2012:

Number of Shares	Exercise Price	Expiry date	Exercisable
700,000	$0.15	June 21, 2022	700,000

7. Financial instruments and risks

(a) Fair values

The fair values amounts receivable and accounts payable and accrued liabilities approximate their carrying values due to the short-term to maturities of these financial instruments.

Financial instruments that are measured subsequent to initial recognition at fair value are grouped into a hierarchy based on the degree to which the fair value is observable. Level 1 fair value measurements are derived from unadjusted, quoted prices in active markets for identical assets or liabilities. Level 2 fair value measurements are derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability directly or indirectly. Level 3 fair value measurements are derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

(b) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk as it does not have any assets or liabilities that are affected by changes in interest rates.

7. Financial instruments and risks (continued)

(c) 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 in its cash and amounts receivable. The risk in cash is managed through the use of a major financial institution which has a high credit quality as determined by rating agencies. Amounts receivable consists, mainly, of HST refunds due from the Government of Canada.

(d) Foreign exchange rate risk

Foreign exchange risk is the risk that the Company's financial instruments will fluctuate in value as a result of movements in foreign exchange rates. The Company has no assets or liabilities denominated in foreign currencies; therefore, is not exposed to foreign exchange risk.

(e) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company requires funds to finance its business development activities. In addition, the Company needs to raise equity financing to carry out its exploration programs. There is no assurance that financing will be available or, if available, that such financings will be on terms acceptable to the Company.

(f) Price risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

8. Capital management

The Company's capital structure consists of cash and share capital. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The property in which the Company currently has an interest is in the exploration stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire interests in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management since inception. The Company is not subject to externally imposed capital requirements.