TITAN GOLDWORX RESOURCES INC.

(AN EXPLORATION STAGE ENTERPRISE)

CONDENSED INTERIM FINANCIAL STATEMENTS

(EXPRESSED IN CANADIAN DOLLARS)

FIRST QUARTER ENDED JANUARY 31, 2012

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed interim financial statements of Titan Goldworx Resources Inc. for the three months ended January 31, 2012, have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors.

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

The accompanying unaudited condensed 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 condensed interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of the condensed interim financial statements by an entity's auditor.

TITAN GOLDWORX RESOURCES INC.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
EXPRESSED IN CANADIAN DOLLARS
(UNAUDITED)

		January 31, 2012		October 31, 2011
ASSETS				
Current Assets				
Cash	$	906,232	$	956,989
Receivables		3,673		1,685
Total Current Assets		909,905		958,674
Non-Current Assets				
Deferred Financing Costs (Note 8)		45,000		15,000
Exploration & Evaluation Assest (Note 3)		17,700		15,000
Total Non-Current Assets		62,700		30,000
TOTAL ASSETS	$	972,605	$	988,674
LIABILITIES & SHAREHOLDERS' EQUITY				
Current Liabilities				
Accounts Payable & Accrued Liabilities	$	41,425	$	34,872
Total Current Liabilities		41,425		34,872
SHAREHOLDERS' EQUITY				
Share capital (Note 4)		955,800		955,800
Warrant Reserve (Note 4)		14,635		14,635
Deficit		(39,255)		(16,633)
Total Shareholders' Equity		931,180		953,802
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	$	972,605	$	988,674

Nature and Continuance of Operations (Note 1)
Commitments (Note 7)
Subsequent Events (Note 8)

Approved and authorized by the Board of Directors on April 9, 2012:

"Herrick Lau"
Herrick Lau, Director

"Yaron Conforti"
Yaron Conforti, Director

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

TITAN GOLDWORX RESOURCES INC.
CONDENSED INTERIM STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS
EXPRESSED IN CANADIAN DOLLARS
(UNAUDITED)

		Three months ended January 31, 2012
EXPENSES		
Audit and accounting	$	10,200
Office and general		257
Regulatory fees		12,165
Net loss and comprehensive loss for the period	$	(22,622)
Basic and diluted loss per share	$	(0.00)
Weighted average number of common shares outstanding		14,085,000

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

TITAN GOLDWORX RESOURCES INC.
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
EXPRESSED IN CANADIAN DOLLARS
(UNAUDITED)

	Number of Shares	Share Capital $	Deficit $	Warrant Reserve $	Total $
Balance at February 4, 2011	-	-	-	-	-
Share Issued Upon Incorporation	1	1	-	-	1
Non-Brokered Private Placement, May 25, 2011	2,000,000	20,000	-	-	20,000
Non-Brokered Private Placement, May 26, 2011	4,600,000	230,000	-	-	230,000
Repurchase of Shares and Cancellation, July 29, 2011	(1)	(1)	-	-	(1)
Non-Brokered Private Placement, July 29, 2011 (net of share issuance costs)	3,335,000	305,435	-	-	305,435
Non-Brokered Private Placement, August 26, 2011	4,150,000	415,000	-	-	415,000
Finder's Warrants	-	(14,635)	-	14,635	-
Net loss for the period	-	-	(16,633)	-	(16,633)
Balance at October 31, 2011	**14,085,000**	**$ 955,800**	**$ (16,633)**	**$ 14,635**	**$ 953,802**
Net loss for the period	**-**	**-**	**(22,622)**	**-**	**(22,622)**
Balance at January 31, 2012	**14,085,000**	**$ 955,800**	**$ (39,255)**	**$ 14,635**	**$ 931,180**

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

TITAN GOLDWORX RESOURCES INC.
CONDENSED INTERIM STATEMENT OF CASH FLOWS
EXPRESSED IN CANADIAN DOLLARS
(UNAUDITED)

		Three Months Ended January 31, 2012
Net loss for the period	$	(22,622)
Changes in non-cash operating working capital:		
Receivables		(1,988)
Accounts Payable and accrued liabilities		6,553
Changes in deferred finance cost		(15,000)
Net cash used in operating activities		**(33,057)**
Acquisition of mineral interest		(15,000)
Exploration expenditures		(2,700)
Net cash used in investing activities		**(17,700)**
Increase (decrease) in cash		**(50,757)**
CASH, BEGINNING OF PERIOD	$	**956,989**
CASH, END OF PERIOD	$	**906,232**

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Titan Goldworx Resources Inc. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on February 4, 2011. The Company is engaged primarily in the business of evaluating, acquiring and exploring natural resource properties

The head office of the Company is located at 1075 West Georgia Street, Suite 1980, Vancouver, British Columbia, V6E 3C9 and the registered office of the Company is located at 1055 West Georgia Street, Suite 1500, Vancouver, British Columbia, V6E 4N7. The Company does not have any subsidiaries.

The financial information is presented in Canadian Dollars ("CDN"), which is the functional currency of the Company.

These condensed interim financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation.

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

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

	January 31, 2012	October 31, 2010
Deficit	$39,255	$16,633
Working capital	$868,480	$923,802

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of presentation

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

b) Basis of measurements

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

c) Use of estimates and judgments

The preparation of these financial statements requires management to make judgments and estimates and form 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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Significant areas requiring the use of management estimates include assumptions and estimates relating to the impairment of long-lived assets, share-based compensation, decommissioning and rehabilitation liabilities for deferred income tax assets.

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

d) Deferred financing costs

Costs directly identifiable with the raising of capital will be charged against the related share capital. 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 share capital or charged to operations if the shares are not issued.

e) Exploration and evaluation assets

The Company's exploration and evaluation assets are intangible assets relating to mineral rights acquired and exploration and evaluation expenditure capitalized in respect of projects that are at the exploration/pre-development stage. All pre-exploration costs, i.e. costs incurred prior to obtaining the legal right to undertake exploration activities on an area of interest, are expensed as incurred.

No depreciation charge is recognized in respect of exploration and evaluation assets. These assets are transferred to mine development assets upon the commencement of mine development.

Exploration and evaluation expenditure in the relevant area of interest comprises costs which are directly attributable to:

- Acquisition;
- Surveying, geological, geochemical and geophysical;
- Exploratory drilling;
- Land maintenance;
- Sampling; and
- Assessing technical feasibility and commercial viability.

Exploration and evaluation expenditure related to an area of interest where the Company has tenure are capitalized as intangible assets and are recorded at cost less impairment.

Exploration and evaluation expenditure also includes the costs incurred in acquiring mineral rights, the entry premiums paid to gain access to areas of interest and amounts payable to third parties to acquire interests in existing projects. Capitalized costs, including general and administrative costs, are only allocated to the extent that those costs can be related directly to operational activities in the relevant area of interest. Costs related directly to operational activities but incurred prior to engagement of legally binding agreements will be expensed.

All capitalized exploration and evaluation expenditure is assessed for impairment for each reporting period and is impaired if facts and circumstances indicate that impairment may exist. In circumstances where a property is abandoned, the cumulative capitalized costs relating to the property are written off in the period.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

f) Decommissioning and rehabilitation liabilities

The Company recognizes the fair value of a decommissioning and restoration liability the year in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability.

Changes in the decommissioning and restoration liability due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in the statement of operations. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset.

The Company did not have any significant decommissioning and restoration obligations at January 31, 2012.

g) Share-based payments

The share option plan allows Company employees (including directors and senior executives) and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity.

An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in reserves. No expense is recognized for awards that do not ultimately vest.

At the time when the share options are exercised, the amount previously recognized in share option reserve is transferred to share capital. When vested options are forfeited or are not exercised at the expiry date the amount previously recognized in share option expense is transferred to deficit.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received

h) Warrants issued in equity financing transactions

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve issuance of common shares or units.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Each unit comprises a certain number of common shares and a certain number of warrants. Depending on the terms and conditions of each equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the transaction. Warrants that are part of units are valued using the residual method and included in share capital with the common shares that were concurrently issued. Warrants that are issued as payment for agency fee or other transactions costs are accounted for as share-based payments.

i) Comprehensive income/loss

Comprehensive income/loss is the change in the Company's shareholders' equity that results from transactions and other events from other than the Company's shareholders and includes items that would not normally be included in net earnings, such as unrealized gains and losses on available-for-sale investments. Certain gains and losses are presented in other "comprehensive income" until it is considered appropriate to recognize into net earnings.

j) Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of outstanding common shares for the period. In computing diluted earnings per share, an adjustment is made for the dilutive effect of the exercise of stock options and warrants. The number of additional shares is calculated by assuming that outstanding stock options and warrants are exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting periods. In periods where a net loss is reported, outstanding options and warrants are excluded from the calculation of diluted loss per share, as they are anti-dilutive.

k) Financial instruments

All financial assets and financial liabilities are initially recorded at fair value and designated upon inception into one of the following categories: held-to-maturity, available-for-sale, other financial liabilities or fair value through profit or loss ("FVTPL").

Financial assets and liabilities classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit and loss. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Held-to-maturity instruments, loans and receivables and other financial liabilities are measured at amortized cost using the effective interest rate method.

The Company has implemented the following classifications for its financial instruments:

a) Cash has been classified as FVTPL.
b) Accounts payable and accrued liabilities have been classified as financial liabilities not at fair value through profit and loss.

l) Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized in other comprehensive income, in which case it is recognized in equity. Current tax expense is the expected tax payable on the 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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

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. 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 future tax asset will be recovered, it provides a valuation allowance against that excess.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

m) Impairment of financial assets

The Company assesses at the end of each reporting period whether a financial asset is impaired.

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in profit or loss.

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

In relation to trade and other receivables, a provision for impairment is made and an impairment loss is recognized in profit and loss when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are written off against the allowance account when they are assessed as uncollectible.

n) De-recognition of financial assets and financial liabilities

Financial assets are derecognized when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On de-recognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss. For financial liabilities, they are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

o) Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

Recoverable amount is the higher of fair value less costs 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 current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of operations.

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, however the increased carrying amount cannot 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.

p) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Contingent liabilities are not recognized in the financial statements and are disclosed in the notes to the financial statements unless their occurrence is remote. Contingent assets are not recognized in the financial statements, but are disclosed in the notes to the financial statements if their recovery is deemed probable.

q) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

r) Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective. The Company does not expect the impact of such changes on the financial statements to be material.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

IFRS 9, Financial Instruments

IFRS 9 Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2015. The

Company is in the process of evaluating the impact of the new standard on the accounting for the available-for-sale investment.

IFRS 12, Disclosure of Interests in Other Entities

IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Company is yet to assess the full impact of IFRS 12 and intends to adopt the standard no later than the accounting period beginning on January 1, 2013.

IFRS 13, Fair Value Measurement

IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The Company is yet to assess the full impact of IFRS 13 and intends to adopt the standard no later than the accounting period beginning on January 1, 2013.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

3. EXPLORATION AND EVALUATION ASSETS

On July 25, 2011, the Company signed a Letter of Intent ("LOI") with Quantum Rare Earth Developments Corp.("Quantum") in order to acquire an undivided 70% interest in the Tait Township Property, Ontario (the "Property"). The Property is subject to an option agreement (the "Original Option Agreement") between Perry English for Rubicon Minerals Corporation ("Rubicon") and Silver Mountain Mines Corp. ("Silver Mountain") dated July 31, 2009. On January 31, 2011, Quantum completed the acquisition of Silver Mountain, pursuant to which Silver Mountain became a wholly owned subsidiary of Quantum.

On October 21, 2011, the Company entered into the Option and Joint Venture Agreement, which was subsequently amended on November 28, 2011, to acquire an undivided 70% interest in the Property and the Original Option Agreement. The terms of the Option and Joint Venture Agreement include cash payments of $140,000 in total and issuance of 150,000 common shares within 30 days of completion of the Company's initial public offering. Upon earning the 70% interest, the Company will form a joint venture with Silver Mountain.

EXPRESSED IN CANADIAN DOLLARS

3. EXPLORATION AND EVALUATION ASSETS (cont'd…)

As at January 31, 2012, the Company has the following future requirements to fulfill its obligation under the Option and Joint Venture Agreement:

Date	Shares	Cash Payments
Pay within 5 business days of the closing date	-	$15,000
Issue within 30 days of completion of IPO	150,000	-
On or before the first anniversary of the closing date	-	$15,000
On or before the second anniversary of the closing date	-	$20,000
On or before the third anniversary of the closing date	-	$40,000
On or before the fourth anniversary of the closing date	-	$50,000
Total	**150,000**	**$140,000**

The first option payment of $15,000 was paid to Quantum on November 28, 2011.

4. SHARE CAPITAL AND RESERVE

a) Authorized share capital:

As at January 31, 2012, the authorized share capital of the Company was an unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

b) Issued share capital:

(i) Upon incorporation on February 4, 2011, the Company issued one common share at $1.00 per share.

(ii) On May 25, 2011, the Company issued 2,000,000 founders' shares at a price of $0.01 per share for gross proceeds of $20,000.

(iii) On May 26, 2011, the Company completed a private placement of 4,600,000 common shares at a price of $0.05 per share for gross proceeds of $230,000.

(iv) On July 29, 2011, the Company completed the first tranche of a private placement of 3,335,000 common shares at a price of $0.10 per share for gross proceeds of $333,500. In accordance with a finder's fee agreement, the Company issued 277,650 finder's warrants. The fair value of the finder's warrants was calculated using the Black-Scholes model and was determined to be $14,635.

(v) Also on July 29, 2011, the Company repurchased one common share for $1.00 and returned it to treasury for cancellation.

(vi) On August 26, 2011, the Company completed the second tranche of a private placement of 4,150,000 common shares at a price of $0.10 per share for gross proceeds of $415,000.

EXPRESSED IN CANADIAN DOLLARS

4. SHARE CAPITAL AND RESERVE (cont'd…)

c) Share Purchase Warrants:

The continuity of warrants for the period ended January 31, 2012 is as follows:

	Number	**Exercise Price**
		$
Warrants outstanding, beginning of period	-	
Issued	277,650	0.10
Expired	-	-
Exercised	-	-
Warrants outstanding as at October 31, 2011 and January 31, 2012	277,650	$0.10

Share purchase warrants outstanding as at October 31, 2011 and January 31, 2012 are as follows:

Expiry Date		**Price Per Share**	**Warrants Outstanding**
July 29, 2013	$	0.10	277,650
			277,650

The fair value of share purchase warrants granted to the finder was estimated on the date of allocation using the Black-Scholes option pricing model with the following assumptions:

	2011
Discount Rate	1.39%
Estimated volatility	100%
Expected life	2 years
Dividend rate	0%
Forfeiture rate	0%

4. SHARE CAPITAL AND RESERVE (cont'd…)

The fair value of the finder's warrants, estimated using the Black-Scholes pricing model, was $14,635, or $0.05 per warrant.

The Black-Scholes pricing model was developed for use in estimating the fair value of warrants. Also, pricing models require the use of estimates and assumptions including the expected volatility. The Company uses expected volatility rates which are based upon industry average rates. Changes in the underlying assumptions can materially affect the fair value estimates.

a) Stock Options

The Company has a stock option plan whereby the Company is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. Vesting and the term of an option is determined at the discretion of the Board of Directors of the Company.

No stock options have yet been granted under the plan.

b) Escrow Shares

Included in issued share capital are 2,000,000 common shares which will be subject to escrow restrictions upon completion of the IPO which will be released from escrow in tranches over 36 months from its listing.

5. CAPITAL MANAGEMENT

Capital is comprised of shareholders' equity and any long-term debt that the Company may issue. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term.

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.

6. FINANCIAL INSTRUMENTS

The Company's financial instruments are exposed to a number of financial and market risks, including credit, liquidity, interest rate and price risks. The Company may, or may not, establish from time to time active policies to manage these risks. The Company does not currently have in place any active hedging or derivative trading policies to manage these risks since the Company's management does not believe that the current size, scale and pattern of its operations would warrant such hedging activities.

EXPRESSED IN CANADIAN DOLLARS

c6. FINANCIAL INSTRUMENTS (cont'd…)

Fair Value

Assets and liabilities measured at fair value on a recurring basis as at January 31, 2012 are as follows:

	Fair Value Measurements Using			
	Quoted prices in active markets for identical instruments (Level 1)	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Balance, January 31, 2012**
	$	**$**	**$**	**$**
Cash	906,232	–	–	906,232

Assets and liabilities measured at fair value on a recurring basis as at October 31, 2011 are as follows:

	Fair Value Measurements Using			
	Quoted prices in active markets for identical instruments (Level 1)	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Balance, October 31, 2011**
	$	**$**	**$**	**$**
Cash	956,989	–	–	956,989

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The Company believes it has no significant credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure (Note 5).

January 31, 2012	Less than 3 months	3 – 12 months	1 – 5 years	Longer than 5 years	Total
	$	$	$	$	$
Accounts Payables & Accrued Liabilities	41,425	-	-	-	41,425

October 31, 2011	Less than 3 months	3 – 12 months	1 – 5 years	Longer than 5 years	Total
	$	$	$	$	$
Accounts Payables & Accrued Liabilities	34,872	-	-	-	34,872

6. FINANCIAL INSTRUMENTS (cont'd…)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk.

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.

7. COMMITMENTS

See Note 3.

8. SUBSEQUENT EVENTS

a) The Company is in the process of filing its initial public offering (the "IPO") whereby the Company will issue 2,000,000 common shares of the Company (the "Shares") at a price of $0.15 per Share. Canaccord Genuity Corp. (the "Agent") will act as agent for the IPO.

In consideration for acting as agent, the Agent will receive a commission equal to 8% of the gross proceeds raised from the IPO payable in Shares at a price of $0.15 per Share ("Agent's Shares"). The Agent will also be granted warrants ("Agent's Warrants") entitling the Agent to purchase 8% of the aggregate number of Shares issued exercisable for 24 months at $0.15 per Share. The Agent will receive a corporate finance fee comprised of $30,000 payable in cash and 50,000 Shares ("Corporate Finance Shares") at a deemed price of $0.15 per Corporate Finance Share. As of January 31, 2012, the Company has accrued $30,000 in legal fees relating to the IPO. On November 8, 2011, the Company paid a $15,000 retainer to the Agent as part of the corporate finance fee. On February 28, 2012, the Company filed its final prospectus.

b) On completion of the listing and IPO, the Company will grant 625,000 stock options to officers and directors exercisable at $0.15 per share for a period of ten years.