

**Rheingold Exploration Corp.**  
**(An Exploration Stage Company)**

Condensed Financial Statements

(Expressed in Canadian Dollars)

**30 April 2012**

**Rheingold Exploration Corp.**  
Condensed Statements of Financial Position  
(Expressed in Canadian Dollars)  
(Unaudited – Prepared by Management)

	As at 30 April 2012 \$	As at 31 January 2012 (Audited) \$
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	145,508	190,340
Amounts receivable (Note 4)	27,059	2,102
Prepaid expenses	341	-
	<u>172,908</u>	<u>192,442</u>
<b>Exploration and evaluation properties</b> (Note 5)	<u>146,534</u>	<u>158,449</u>
	<u>319,442</u>	<u>350,891</u>
<b>Liabilities</b>		
<b>Current</b>		
Trade payables and accrued liabilities (Note 6)	<u>42,538</u>	<u>5,705</u>
<b>Equity</b>		
<b>Share capital</b> (Note 7)	406,150	406,150
<b>Stock option reserve</b>	65,897	20,913
<b>Deficit</b>	<u>(195,143)</u>	<u>(81,877)</u>
	<u>276,904</u>	<u>345,186</u>
	<u>319,442</u>	<u>350,891</u>

**Nature and Continuance of Operations** (Note 1) and **Subsequent Events** (Note 11)

**Approved and Authorized by the Board on 29 June 2012:**

“Paul Pedersen” Director

“Richard Robins” Director

**Rheingold Exploration Corp.**

Condensed Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	<b>For the three month period ended 30 April 2012</b>	<b>For the three month period ended 30 April 2011</b>
	\$	\$
<b>Expenses</b>		
Bank charges and interest	31	18
Meals and entertainment	1,534	-
Office and miscellaneous	1,954	37
Professional fees	51,390	9,221
Share-based payments (Note 7)	44,984	-
Travel	9,731	-
	<hr/>	<hr/>
<b>Net loss before other item</b>	(109,624)	(9,276)
<b>Other item</b>		
Loss of disposition of exploration and evaluation properties	(3,642)	-
	<hr/>	<hr/>
<b>Net loss and comprehensive loss for the year</b>	(113,266)	(9,276)
	<hr/>	<hr/>
<b>Loss and comprehensive loss per share, basic and diluted</b>	(0.014)	(0.006)
<b>Weighted average number of common shares outstanding</b>	7,846,260	1,650,010

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

**Rheingold Exploration Corp.**  
Condensed Statements of Cash Flows  
(Expressed in Canadian Dollars)  
(Unaudited – Prepared by Management)

	<b>For the three month period ended 30 April 2012</b>	<b>For the three month period ended 30 April 2011</b>
	\$	\$
<b>Cash flows used in operating activities</b>		
Net loss for the period	(113,266)	(9,276)
Share-based payments	44,984	-
Loss of disposition of exploration and evaluation properties	3,642	-
Changes in operating assets and liabilities		
Increase in amounts receivable	(6,957)	(1,111)
Increase in prepaid expenses	(341)	-
Increase in trade payables and accrued liabilities	36,833	9,006
	<u>(35,105)</u>	<u>(1,381)</u>
<b>Cash flows used in investing activities</b>		
Exploration and evaluation properties	<u>(9,727)</u>	<u>-</u>
<b>Cash flows from financing activities</b>		
Shares to be issued for cash	<u>-</u>	<u>114,823</u>
<b>Increase (decrease) in cash and cash equivalents</b>	(44,832)	113,442
<b>Cash and cash equivalents, beginning of period</b>	<u>190,340</u>	<u>1,501</u>
<b>Cash and cash equivalents, end of period</b>	<u>145,508</u>	<u>114,943</u>

**Supplemental Disclosures with Respect to Cash Flows (Note 9)**

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

## Rheingold Exploration Corp.

### Condensed Statements of Changes in Equity

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	<b>Common Shares</b>	<b>Share Capital \$</b>	<b>Stock Option Reserve \$</b>	<b>Shares To Be Issued</b>	<b>Deficit \$</b>	<b>Total Equity \$</b>
<b>Balance at 31 January 2011</b>	1,650,010	1,650	-	-	(149)	1,501
Subscriptions received in advanced	-	-	-	114,823	-	114,823
Net loss for the period	-	-	-	-	(9,276)	(9,276)
<b>Balance at 30 April 2011</b>	1,650,010	1,650	-	114,823	(9,425)	107,048
Common shares issued for cash (\$0.05 per share)	2,840,000	142,000	-	(114,823)	-	27,177
Common shares issued for cash (\$0.08 per share)	3,156,250	252,500	-	-	-	252,500
Common shares issued for exploration and evaluation properties (\$0.05 per share)	200,000	10,000	-	-	-	10,000
Share-based payments	-	-	20,913	-	-	20,913
Net loss for the period	-	-	-	-	(72,452)	(72,452)
<b>Balance at 31 January 2012</b>	7,846,260	406,150	20,913	-	(81,877)	345,186
Share-based payments	-	-	44,984	-	-	44,984
Net loss for the period	-	-	-	-	(113,266)	(113,266)
<b>Balance at 30 April 2012</b>	<u>7,846,260</u>	<u>406,150</u>	<u>65,897</u>	<u>-</u>	<u>(195,143)</u>	<u>276,904</u>

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

# **Rheingold Exploration Corp.**

Notes to Condensed Financial Statements

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

**30 April 2012**

---

## **1. Nature and Continuance of Operations**

Rheingold Exploration Corp. (the “Company”) was incorporated under the laws of the province of British Columbia on 29 July 2010.

The Company is a mining exploration company that is exploring for gold and other precious metals in the Rainy River district of northwestern Ontario. The Company’s current objective is to maximize shareholder value by exploring and developing its Pattullo mineral project in a cost effective and technically sound manner.

The Company’s registered and records office is 600 – 1090 West Georgia Street, Vancouver, BC, V6E 3V7.

The Company’s condensed financial statements for the three month periods ended 30 April 2012 and 2011 have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The continuing operations of the Company are dependent upon the Company being able to satisfy its liabilities as they become due and to obtain the necessary financing to acquire, explore and develop its mineral property interests, the attainment of profitable mining operations or the receipt of proceeds from the disposition thereof. The Company had a net loss of \$113,266 for the three month period ended 30 April 2012 (2011 - \$9,276) and had working capital of \$130,370 as at 30 April 2012 (31 January 2012 - \$186,737).

The Company had cash and cash equivalents of \$145,508 at 30 April 2012 (31 January 2012 - \$190,340) but management cannot provide assurance that the Company will ultimately achieve profitable operations or become cash flow positive, or raise additional debt and/or equity capital. However, management believes that the Company’s capital resources should be adequate to continue operating and maintain its business strategy during fiscal 2013. However, if the Company is unable to raise additional capital in the near future, due to the Company’s liquidity problems, management expects that the Company will need to curtail operations, liquidate assets, seek additional capital on less favorable terms and/or pursue other remedial measures. These condensed financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

## **2. Significant Accounting Policies**

These condensed financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company’s annual financial statements for the year ended 31 January 2012.

### **Basis of Presentation**

The Company’s condensed financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as explained in Note 3 and are presented in Canadian dollars except where otherwise indicated.

## **Rheingold Exploration Corp.**

Notes to Condensed Financial Statements

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

**30 April 2012**

---

### **Statement of Compliance**

The condensed financial statements of the Company 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 of the International Financial Reporting Interpretations Committee (“IFRIC”).

### **Significant accounting judgments, estimates and assumptions**

The preparation of the Company’s condensed 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 condensed financial statements and reported amounts of income 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 fair value measurements for financial instruments and share-based payments, the recognition and valuation of provisions for decommissioning liabilities, the recoverability and measurement of deferred tax assets and liabilities and ability to continue as a going concern. Actual results may differ from those estimates and judgments

### **New accounting standards and interpretations not yet adopted**

At the date of authorization of these condensed financial statements, the IASB and IFRIC has issued the following new and revised standards, amendments and interpretations which are not yet effective.

IFRS 9 ‘*Financial Instruments: Classification and Measurement*’ is a new financial instruments standard effective for annual periods beginning on or after 1 January 2015 that replaces IAS 39 and IFRIC 9 for classification and measurement of financial assets and financial liabilities.

IFRS 10 ‘*Consolidated Financial Statements*’ is a new standard effective for annual periods beginning on or after 1 January 2013 that replaces consolidation requirements in IAS 27 (as amended in 2008) and SIC-12.

IFRS 11 ‘*Joint Arrangements*’ is a new standard effective for annual periods beginning on or after 1 January 2013 that replaces IAS 31 and SIC-13.

IFRS 12 ‘*Disclosure of Interests in Other Entities*’ is a new standard effective for annual periods beginning on or after 1 January 2013 that replaces disclosure requirements in IAS 27 (as amended in 2008), IAS 28 (as revised in 2003) and IAS 31.

## Rheingold Exploration Corp.

Notes to Condensed Financial Statements

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

**30 April 2012**

---

IFRS 13 '*Fair Value Measurement*' is a new standard effective for annual periods beginning on or after 1 January 2013 that replaces fair value measurement guidance in other IFRSs.

IAS 1 (Amendment) '*Presentation of Financial Statements*' is effective for annual periods beginning on or after 1 July 2012 and includes amendments regarding Presentation of Items of Other Comprehensive Income.

IAS 19 (Amendment) '*Employee Benefits*' is effective for annual periods beginning on or after 1 January 2013 and revises recognition and measurement of post-employment benefits.

IAS 27 (Amendment) '*Separate Financial Statements*' is effective for annual periods beginning on or after 1 January 2013 that prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.

IAS 28 (Amendment) '*Investments in Associates and Joint Ventures*' is effective for annual periods beginning on or after 1 January 2013 that prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

The Company has not early adopted these standards, amendments and interpretations and anticipates that the application of these standards, amendments and interpretations will not have a material impact on the financial position and financial performance of the Company.

### 3. Financial Instruments and Risk Management

#### Fair values

As at 30 April 2012, the Company's carrying values of cash and cash equivalents, amounts receivable and trade payables approximate their fair values due to their short term maturity.

	Fair value hierarchy	FVTPL, at fair value	Other liabilities, at amortized cost
<b>As at 30 April 2012</b>			
Cash and cash equivalents	Level 1	145,508	-
Trade payables	N/A	-	41,194
<b>As at 31 January 2012</b>			
Cash and cash equivalents	Level 1	190,340	-
Trade payables	N/A	-	205



## **Rheingold Exploration Corp.**

Notes to Condensed Financial Statements

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

**30 April 2012**

---

Disclosure of a three-level hierarchy for fair value measurements based upon transparency of inputs to the valuation of financial instruments carried on the balance sheet at fair values is as follows:

Level 1: inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2: inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability.

Level 3: inputs to the valuation methodology are unobservable and significant to the fair value measurement.

### **Credit risk**

Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents and amounts receivable. The Company manages its credit risk relating to cash and cash equivalents by dealing only with high-rated financial institutions as determined by rating agencies. As at 30 April 2012, amounts receivable of \$27,059 comprised of Goods and Services Tax/Harmonized Sales Tax (“GST/HST”) receivable of \$9,059 (31 January 2012 - \$2,102) and proceeds of \$18,000 (31 January 2012 - \$Nil) from the disposition of the Millen Mountain Property (Note 5). As a result, credit risk is considered insignificant.

### **Liquidity risk**

The Company manages liquidity risk by maintaining an adequate level of cash and cash equivalents to meet its ongoing obligations. The Company has been successful in raising equity financing in the past; however, there is no assurance that it will be able to do so in the future. As at 30 April 2012, the Company had working capital of \$130,370 (31 January 2012 - \$186,737). Liquidity risk is considered insignificant.

### **Other risks**

Unless otherwise noted, it is management’s opinion that the Company is not exposed to significant currency risk, interest rate risk and commodity price risk arising from financial instruments.

## **4. Amounts Receivable**

Amounts receivable as at 30 April 2012 consist of GST/HST receivable of \$9,059 (31 January 2012 - \$2,102) and proceeds of \$18,000 (31 January 2012 - \$Nil) from the disposition of the Millen Mountain Property (Note 5). These amounts are non-interest bearing, unsecured and have settlement dates within one year.

## Rheingold Exploration Corp.

Notes to Condensed Financial Statements

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

**30 April 2012**

---

### 5. Exploration and Evaluation Properties

	<b>Pattullo Property</b>	<b>Millen Mountain Property</b>	<b>Total</b>
	\$	\$	\$
<b>Exploration expenditures</b>			
Beginning, as at 31 January 2012	121,534	10,573	132,107
Consulting fees (Note 8)	5,000	4,550	9,550
Geological	-	-	-
Geophysical	-	-	-
Ending, as at 30 April 2012	<u>126,534</u>	<u>15,123</u>	<u>141,657</u>
<b>Acquisition costs</b>			
Beginning, as at 31 January 2012	20,000	6,342	26,342
Additions	-	177	177
Ending, as at 30 April 2012	<u>20,000</u>	<u>6,519</u>	<u>26,519</u>
	146,534	21,642	168,176
<b>Disposition</b>	<u>-</u>	<u>(21,642)</u>	<u>(21,642)</u>
<b>Total</b>	<u>146,534</u>	<u>-</u>	<u>146,534</u>

#### Pattullo Property

On 17 June 2011, the Company entered into an option agreement to acquire a one hundred percent (100%) undivided interest in 4 unpatented mining claims located in the Pattullo and Tait townships of the Province of Ontario, Canada (the “Pattullo Property”). The Company acquired its option in the Pattullo Property through an Option Agreement with Perry Vern English, acting on behalf of Rubicon Minerals Corporation, (“Rubicon”), dated 13 June 2011, effective 17 June 2011 (the “Pattullo Agreement”). In connection with the Pattullo Agreement, the Company issued 50,000 common shares valued at \$2,500 (\$0.05 per common share) to an unrelated third party as a finder’s fee (Notes 7 and 9). Pursuant to the Pattullo Agreement, the Company agreed to, (a) over a four year period, make cash payments to Perry Vern English for his subsequent delivery to Rubicon in the aggregate amount of \$105,000; and (b) over a two year period, issue Rubicon 150,000 common shares of the Company, as follows:

- Pay \$15,000 in cash upon signing the agreement (paid);
- Issue 50,000 common shares of the Company by 23 June 2011 (issued) (Notes 7 and 9);
- Pay \$15,000 in cash on 17 June 2012;
- Pay \$20,000 in cash on 17 June 2013;
- Issue 50,000 common shares of the Company on 23 June 2012 (Note 11);
- Issue 50,000 common shares of the Company on 23 June 2013;
- Pay \$25,000 in cash on 17 June 2014; and
- Pay \$30,000 in cash on 17 June 2015.

## **Rheingold Exploration Corp.**

Notes to Condensed Financial Statements

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

**30 April 2012**

---

The Company has granted a 2% net smelter royalty to Rubicon, 1% of which can be purchased back by the Company for \$1,000,000.

### **Millen Mountain Property**

The Company had a 100% interest in exploration rights to approximately 3,222 hectares of land located approximately 20 km east of Stewiacke, Nova Scotia (the “Millen Mountain Property”). The Company staked these claims through the Nova Scotia Department of Natural Resources during June of 2011 at a cost of \$1,342. In connection with the staking of the Millen Mountain Property, the Company issued 100,000 common shares valued at \$5,000 (\$0.05 per common share) to a director of the Company as a finder’s fee (Notes 7, 8 and 9).

On 6 April 2012, the Company entered into an agreement with Millen Mountain Exploration Inc., a company related by way of a director and/or shareholder in common, to transfer all mineral rights and exploration licenses related to Millen Mountain Property in exchange for the principal sum of \$18,000, which is to be paid on or before 5 July 2012, resulting in a loss of \$3,642 (2011 - \$Nil) for the three month period ended 30 April 2012 (Note 8).

## **6. Trade Payables and Accrued Liabilities**

Trade payables and accrued liabilities are non-interest bearing, unsecured and have settlement dates within one year.

## **7. Share Capital**

### **Authorized**

The total authorized capital is unlimited common shares with no par value.

### **Issued and Outstanding**

As of 30 April 2012, the total issued and outstanding share capital consists of 7,846,260 (31 January 2012 - 7,846,260) common shares with no par value.

On 11 November 2011, the Company issued 50,000 common shares of the Company at \$0.05 per common share for a total value of \$2,500 related to the Pattullo Property (Notes 5 and 9).

On 31 October 2011, the Company issued 3,156,250 common shares at a price of \$0.08 per common share, for total cash proceeds of \$252,500.

On 5 July 2011, the Company issued 2,840,000 common shares at a price of \$0.05 per common share for total cash proceeds of \$142,000.

On 27 June 2011, the Company issued 50,000 common shares of the Company at \$0.05 per common share for a total value of \$2,500 as finder’s fee related to the Pattullo Property (Notes 5 and 10).

## Rheingold Exploration Corp.

Notes to Condensed Financial Statements

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

**30 April 2012**

---

On 14 June 2011, the Company issued 100,000 common shares of the Company at \$0.05 per common share for a total value of \$5,000 to a director of the Company as finder's fee related to the Millen Mountain Property (Notes 5, 8 and 9).

On 11 January 2011, the Company issued 1,650,000 common shares of the Company at a price of \$0.001 per common share for total cash proceeds of \$1,650.

On 29 July 2010, the Company issued 10 common shares of the Company at a price of \$0.001 to the Chief Executive Officer of the Company related to the incorporation of the Company.

### Stock options

The Company has adopted a stock option plan (the "Plan") which provides eligible directors, officers, employees and consultants of the Company with the opportunity to acquire an ownership interest in the Company and is the basis for the Company's long term incentive scheme. The Plan is administered by the Board, or if appointed, by a special committee of directors appointed from time to time by the Board. The maximum number of common shares issuable under the Plan shall not exceed 10% of the number of common shares of the Company issued and outstanding as of each award date, inclusive of all common shares reserved for issuance pursuant to previously granted stock options. The exercise price of options granted under the Plan will not be less than the closing market price of the Company's common shares on the exchange. The options have a maximum term of ten years from date of issue, and a maximum term of five years from the date of issue for so long as the Company is a Tier 2 issuer on the TSX Venture Exchange.

The following is a summary of the changes in the Company's stock option plan for the three month period ended 30 April 2012 and year ended 31 January 2012:

	Period ended 30 April 2012		Year ended 31 January 2012	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Outstanding, beginning of period (year)	781,200	0.15	-	-
Granted	-	-	781,200	0.15
Exercised	-	-	-	-
Forfeited	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Outstanding, end of period (year)	781,200	0.15	781,200	0.15
	<hr/>	<hr/>	<hr/>	<hr/>
Exercisable, end of period (year)	-	-	-	-

## Rheingold Exploration Corp.

Notes to Condensed Financial Statements

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

**30 April 2012**

---

The weighted average fair value of the options granted during the three month ended 30 April 2012 was estimated at \$Nil (31 January 2012 - \$0.094) per option at the grant date using the Black-Scholes Option Pricing Model. The weighted average assumptions used for the calculation were:

	<b>For the three month period ended 30 April 2012</b>	<b>For the year ended 31 January 2012</b>
Risk free interest rate	-	1.30%
Expected life	-	5.00 years
Expected volatility	-	175%
Expected dividend per share	-	0.00%

### Share-based Payments

Share-based payments for the following options granted by the Company will be amortized over the vesting period, of which \$44,984 was recognized in the three month period ended 30 April 2012 (31 January 2012 - \$20,913):

<b>Grant date</b>	<b>Fair value</b>	<b>For the three month period ended 30 April 2012</b>	<b>For the year ended 31 January 2012</b>
	\$	\$	\$
18 January 2012	73,524	44,984	20,913

### 8. Related Party Transactions

On 6 April 2012, the Company entered into an agreement with Millen Mountain Exploration Inc., a company related by way of a director and/or shareholder in common, to transfer all mineral rights and exploration licenses related to Miller Mountain Property in exchange for the principal sum of \$18,000, which is to be paid on or before 5 July 2012 (Note 5).

During the three month period ended 30 April 2012, the Company paid \$4,550 (31 January 2012 - \$10,573) to TBL Resource Solutions Inc., a company controlled by a director of the Company, for exploration costs related to the Millen Mountain Property and Patullo Property (Note 5). As at 30 April 2012, there is no amount payable to TBL Resource Solutions Inc. (31 January 2012 - \$Nil).

## Rheingold Exploration Corp.

Notes to Condensed Financial Statements

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

**30 April 2012**

---

### Key management personnel compensation

The remuneration of directors and other members of key management were as follows:

	<b>For the three month period ended 30 April 2012</b>	<b>For the year ended 31 January 2012</b>
Share-based payments	<u>44,984</u>	<u>20,913</u>

During the year ended 31 January 2012, the Company issued 100,000 common shares of the Company at \$0.05 per common share for a total value of \$5,000 to a director of the Company as finder's fee related to the Millen Mountain Property (Notes 5, 7 and 9).

### 9. Supplemental Disclosures with Respect to Cash Flows

	<b>For the three month period ended 30 April 2012</b>	<b>For the three month period ended 30 April 2011</b>
	\$	\$
Cash paid during the period for interest	-	-
Cash paid during the period for income taxes	-	-

On 11 November 2011, the Company issued 50,000 common shares of the Company at \$0.05 per common share for a total value of \$2,500 related to the Pattullo Property (Notes 5 and 7).

On 5 August 2011, the Company issued 100,000 common shares of the Company at a price of \$0.05 per common share for a total value of \$5,000 to a director of the Company as finder's fees related to the Millen Mountain Property (Notes 5, 7 and 8).

On 17 June 2011, the Company issued 50,000 common shares of the Company at \$0.05 per common share for a total value of \$2,500 as finder's fee related to the Pattullo Property (Notes 5 and 7).

## **Rheingold Exploration Corp.**

Notes to Condensed Financial Statements

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

**30 April 2012**

---

### **10. Capital Management**

Capital under management is considered to be the Company's shareholders' equity and any debt that it may issue. As at 30 April 2012, the Company's shareholders' equity was \$276,904 and it had no long-term debt. 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. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels. The capital for expansion was mostly from proceeds from the issuance of common shares. This strategy is unchanged from fiscal 2012.

The Company is not subject to externally imposed capital requirements.

### **11. Subsequent Events**

The following events occurred from the three month period ended 30 April 2012 to the date the financial statements were authorized by the Board of Directors on 29 June 2012:

- a) The Company is completing an initial public offering (the "Offering") of 3,350,000 common shares at \$0.15 per share for gross proceeds of \$502,500. Under the terms of an agency agreement, the Company has agreed to pay to the agent a commission of 8% of the aggregate gross proceeds pursuant to the Offering, payable in cash, and a corporate finance fee of \$30,000 which is payable upon completion of the Offering. The Company will also issue share purchase warrants equal to 8% of the number of shares sold pursuant to the Offering, exercisable at a price of \$0.15 per warrant for a period of 24 months from the date of issuance.
- b) The Company issued 50,000 common shares of the Company related to the Pattullo Property (Note 5).