This Prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

INITIAL PUBLIC OFFERING BY WAY OF DISTRIBUTION AS A DIVIDEND-IN-KIND June 13, 2006

PROSPECTUS

LINEAR METALS CORPORATION

Suite 502 - 2000 Barrington Street
Halifax, Nova Scotia B3J 3K1
Telephone: (902) 422-1421

Distribution by Linear Gold Corp. as a Dividend-in-Kind of Units of the Issuer

Linear Gold Corp. (hereinafter defined as "Linear Gold") is distributing to holders of its common shares, as a dividend-in-kind (hereinafter defined as the "Dividend"), units (hereinafter defined as the "Units") of its subsidiary, Linear Metals Corporation (the "Issuer"). The Dividend will be paid on the basis of 1 Unit for every common share of Linear Gold which is outstanding on the record date to be fixed by the Board of Directors of Linear Gold. Each Unit shall be comprised of 0.8 of a common share and one-tenth of one transferable share purchase warrant of the Issuer. Each whole warrant (hereinafter defined as a "Warrant") will entitle the holder to purchase one common share (hereinafter defined as a "Common Share") at an exercise price of $0.12 for an exercise term of 30 days from the date of issuance of the Warrants. Fractional units will not be issued. The number of Units to be distributed to a Linear Gold shareholder will be rounded down to the nearest whole number of Units. As of the date hereof, there are 21,397,780 common shares of Linear Gold issued and outstanding. See "Plan of Distribution".

All Units held by Linear Gold will be distributed, with the result that, following payment of the Dividend, Linear Gold will not own any securities of the Issuer.

As at the date hereof, the Issuer is the wholly-owned subsidiary of Linear Gold. Linear Gold and the Issuer have completed a series of transactions which have resulted in the Issuer acquiring the mineral rights to Linear Gold's Seymour Lake Property (hereinafter defined as the "Seymour Lake Property") and Km 61 Property (hereinafter defined as the "Km 61 Property") (hereinafter collectively defined as the "Canadian Properties"), both in the Thunder Bay Mining District, Ontario, Canada, and Linear Metals Corp. Mexico, S.A. de C.V. ("Linear Metals Mexico"), a subsidiary of the Issuer and 6321593 Canada Inc., acquiring the rights to Cobre Grande, La Morena and Tierra Blanca Properties (hereinafter collectively defined as the "Mexican Properties") from Linear Gold de Mexico, S.A. de C.V. ("Linear Gold Mexico"), a wholly-owned subsidiary of Linear Gold (the series of asset transactions are hereinafter collectively defined as the "Asset Transactions").

Following the Asset Transactions, Linear Gold is now causing the distribution of the Units pursuant to this prospectus (hereinafter defined as the "Dividend Transaction").

This Prospectus qualifies the distribution of the securities of the Issuer comprising the Dividend. The shares issuable upon the exercise of the Warrants shall not be subject to any resale restrictions because the Warrants are being qualified by this Prospectus.

The Issuer has applied to the TSX Venture Exchange (the "Exchange") for listing of its Common Shares. The listing of the Common Shares is subject to the Issuer fulfilling all the listing requirements of the Exchange including the prescribed distribution and financial requirements.

The activities of the Issuer are subject to various risks. See "Risk Factors". There is currently no market through which the Units may be sold.

Certificates representing the Common Shares and the Warrants that comprise the Units will be available for delivery at the Closing. No person is authorized by the Issuer to provide any information or to make any representation other than those contained in this Prospectus in connection with the issue of the securities offered by the Issuer.

None of the Common Shares issuable as part of the Units or upon exercise of the Warrants have been or will be registered under the United States Securities Act or any state securities laws of the United States, and unless so registered, the Common Shares may not be offered or sold in the United States or any territory or possession thereof or to or for the account or benefit of any United States Person, except in each case pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the United States Securities Act, and applicable state securities laws of the United States.

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PROSPECTUS SUMMARY

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

The Issuer:	Linear Metals Corporation was incorporated under the laws of Canada on November 17, 2004.
Business of the Issuer:	The principal business of the Issuer is the exploration of natural resource properties. See "Narrative Description of the Business".
Canadian Properties	The Issuer's Canadian Properties are the Seymour Lake Property and the Km 61 Property, both located in Thunder Bay, Ontario, Canada.
Mexican Properties	The Issuer's Mexican Properties are the Cobre Grande, La Morena and Tierra Blanca Properties located in Mexico.
The Dividend:	Linear Gold is distributing to holders of its common shares, as a dividend-in-kind (the "Dividend"), units (the "Units") of its subsidiary, Linear Metals Corporation (the "Issuer"). The Dividend will be paid on the basis of one Unit for every common share of Linear Gold which is outstanding on the record date to be fixed by the Board of Directors of Linear Gold. Each Unit shall be comprised of 0.8 of a common share and one-tenth of one warrant of the Issuer. Each whole warrant (a "Warrant") will entitle the holder to purchase one common share (a "Common Share") at an exercise price of $0.12 for an exercise term of 30 days from the date of issuance of the Warrants. Fractional Units will not be issued. The number of Units to be distributed to a Linear Gold shareholder will be rounded down to the nearest whole number of Units. As of the date hereof, there are 21,397,780 common shares of Linear Gold issued and outstanding. See "Plan of Distribution". All Units held by Linear Gold will be distributed, with the result that, following payment of the Dividend, Linear Gold will not own any securities of the Issuer. As at the date hereof, the Issuer is the wholly-owned subsidiary of Linear Gold. Linear Gold and the Issuer have completed a series of transactions which have resulted in the Issuer acquiring the mineral rights to Linear Gold's Seymour Lake Property (hereinafter defined as the "Seymour Lake Property") and Km 61 Property (hereinafter defined as the "Km 61 Property") (hereinafter collectively defined as the "Canadian Properties"), both in Thunder Bay, Ontario, Canada, and Linear Metals Corp. Mexico, S.A. de C.V. ("Linear Metals Mexico"), a subsidiary of the Issuer and the Issuer's wholly-owned subsidiary, 6321593 Canada Inc., acquiring the rights to Cobre Grande, La Morena and Tierra Blanca Properties (hereinafter collectively defined as the "Mexican Properties") from Linear Gold de Mexico, S.A. de C.V. ("Linear Gold Mexico"), a wholly-owned subsidiary of Linear Gold (the series of asset transactions are hereinafter collectively

	defined as the "Asset Transactions"). Following the Asset Transactions, Linear Gold is now causing the distribution of the Units pursuant to this prospectus (hereinafter collectively defined as the "Dividend Transaction"). This prospectus qualifies the distribution of the securities of the Issuer comprising the Dividend. The Issuer has applied to the TSX Venture Exchange (the "Exchange") to list the Common Shares of the Issuer. The listing of the Issuer's Common Shares is subject to the Issuer fulfilling all the listing requirements of the Exchange including prescribed distribution and financial requirements. The activities of the issuer are subject to various risks. See "Risk Factors". There is currently no market through which the Units, Common Shares or Warrants may be sold. Certificates representing the Common Shares and the Warrants that comprise the Units will be available for delivery at the Closing. No person is authorized by the Issuer to provide any information or to make any representation other than those contained in this Prospectus in connection with the issue of the securities offered by the Issuer. Unless otherwise noted, all currency amounts in this Prospectus are stated in Canadian dollars.
Management:	The President and Chief Executive Officer and a director of the Issuer and of Linear Gold is Wade K. Dawe. The Vice-President, Finance and Chief Financial Officer of the Issuer and of Linear Gold is Brian MacEachen, a Chartered Accountant. The Vice-President, Exploration of the Issuer and of Linear Gold is Philip F. Pyle. The additional directors of the Issuer are Ken Cai, Michael Gross, also a director of Linear Gold, and Carl Sheppard.
Risk Factors:	Shareholders should carefully review all risk factors. This information is presented as of the date of this Prospectus and is subject to change, completion, or amendment without notice. See "Risk Factors" herein. 1. The Issuer has no current mining operations and no revenue from mining operations. If the Issuer ever commenced actual mining operations, such operations would face the risk of changing circumstances. 2. The Issuer has no history of earnings. The Issuer may need to raise further funds to carry out exploration of its properties. 3. There is no assurance the Issuer will be able to raise funds or settle debt by the issuance of shares for debt to satisfy any indebtedness. In addition, if exploration programs are successful, additional funds will be required to place the

	properties in commercial production. 4. The business of exploration for minerals involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. 5. The Issuer is subject to all of the risks inherent in the mineral industry and the development of mineral properties are highly speculative and involve substantial risks, even when conducted on properties known to contain quantities of minerals. 6. Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. Although the Issuer has investigated its title to all of the properties for which it holds concessions or other mineral leases or licenses, the Issuer cannot give an assurance that title to such properties will not be challenged or impugned. 7. The success of the Issuer is currently largely dependent upon the performance of its officers and directors. The loss of the services of these persons will have a material adverse effect on the Issuer's business and prospects. There is no assurance that the Issuer can maintain the service of its officers and directors or other qualified personnel required to operate the business. 8. The Issuer believes that it presently holds or has applied for all necessary licenses and permits to carry on the activities in which it is currently engaged under applicable laws and regulations in respect of its properties, and the Issuer believes it is presently complying in all material respects with the terms of such licenses and permits. However, such licenses and permits are subject to changes in regulations and in various operational circumstances. 9. Political and related economic uncertainty may exist in countries where the Issuer may operate. The Issuer's mineral exploration and mining activities may be adversely affected by political instability and changes to government regulation relating to the mining industry. 10. The economics of mineral exploration are affected by many factors including the cost of operations, variations in the grade of minerals explored and fluctuations in the market price of minerals. Depending on the price of minerals, it may be determined that it is impractical to continue the mineral exploration operation. Mineral prices are prone to fluctuations and the marketability of minerals is affected by government regulation relating to price, royalties, allowable production and the importing and exporting of minerals, the effect of which cannot be accurately predicted. There is no assurance that a profitable market will exist for the sale of any minerals found on the properties.

	11. Companies engaged in the exploration and development of mineral properties generally experience increased costs and delays in development and other schedules as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that all permits which the Issuer may require for the facilities and conduct of exploration and development operations will be obtainable on reasonable terms or that such laws and regulation would not have an adverse effect on any exploration and development project which the Issuer might undertake. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions including orders issued by regulatory or judicial authorities, causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Amendments to current laws, regulation and permits governing operations and activities of mineral companies, or more stringent implementation thereof, could have a material impact on the Issuer and cause increases in capital expenditures or exploration and development costs or reduction in levels of exploration and development at producing properties or require abandonment or delays in development of new properties. 12. Exploration, development and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences, and political and social instability. The Issuer does not maintain insurance against environmental risks. 13. Significant and increasing competition exists for mineral opportunities in Mexico. Therefore, the Issuer may be unable to acquire additional attractive mineral properties on terms it considers acceptable. Accordingly, there can be no assurance that the Issuers exploration programmes will yield any new reserves or result in any commercial mineral operations. 14. Officers and directors of the Issuer may, from time to time, serve as directors of, or participate in ventures with, other companies involved in natural resource development. As a result, there may be situations that involve a conflict of interest. Furthermore, the Issuer and Linear Gold could be operating in a competitive environment. 15. The Issuer and/or its directors may be subject, with or without merit, to a variety of civil or other legal proceedings. The Issuer does not know of any such pending or actual material legal proceedings as of the date of this Prospectus. 16. The Issuer intends to retain any future earnings to finance its

	business and operations and any future growth. Therefore, the Issuer does not anticipate paying any cash dividends in the foreseeable future. 17. The Issuer's business relies upon the accuracy of its determination as to whether a given deposit has significant mineable minerals. No assurance can be given that the estimated mineral reserves and resources will be recovered or that they will be recovered at the rates estimated. 18. The operations of the Issuer in countries other than Canada are subject to currency fluctuations and such fluctuations may materially affect the financial position and results of the Issuer. The Issuer is subject to risks associated with the fluctuation of the rate of exchange of the Canadian dollar and foreign currencies. The Issuer does not currently take any steps to hedge against currency fluctuations and, accordingly, the Issuer may suffer losses due to adverse foreign currency fluctuations.

CURRENCY

All amounts referenced herein unless otherwise indicated are stated in Canadian dollars referred to as "$".

GLOSSARY OF TERMS

The following is a glossary of certain defined terms used frequently throughout this Prospectus.

"Affiliate" shall mean an affiliated body corporate as defined in the *Canada Business Corporations Act*.

"allowable capital loss" shall mean one-half of the amount of any capital loss incurred by a holder of a Common Share or Warrant.

"Asset Transactions" shall mean the series of transactions wherein the Issuer acquired, directly and indirectly, the Canadian Properties and the Mexican Properties.

"associate" shall mean if used to indicate a relationship with the Issuer (a) a partner of the Issuer; (b) a trust or estate in which the Issuer has a substantial beneficial interest or for which the Issuer serves as trustee or in a similar capacity; (c) a company of which the Issuer beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the company; or in the case of an individual, that individual's spouse or child, or a relative of that individual or that individual's spouse if that relative has the same home as the individual, and for the purpose of this definition, "spouse" includes an individual who is living with another in a marriage-like relationship.

"Board of Directors" shall mean the board of directors of the Issuer.

"Closing" shall mean the date on which the transactions to be completed pursuant to the Dividend Transaction are to be executed.

"Common Shares"	shall mean the common shares without par value of the Issuer.
"CRA"	shall mean the Canada Revenue Agency.
"Directors"	shall mean the directors of the Issuer.
"Dividend"	shall mean the distribution of the Units of the Issuer as a dividend-in-kind to the shareholders of Linear Gold.
"Dividend Transaction"	shall mean the transaction wherein Linear Gold will declare and pay the Dividend.
"Exchange"	shall mean the TSX Venture Exchange.
"Fair Market Value"	shall mean the highest price, expressed in terms of money or money's worth, obtainable in an open and unrestricted market between knowledgeable, informed and prudent parties acting at arm's length, neither party being under any compulsion to transact.
"Handbook"	shall mean the Handbook of the Canadian Institute of Chartered Accountants, as amended from time to time.
"Insider"	shall mean an insider as defined in the *Securities Act* (Ontario), which includes the directors and senior officers of the Issuer or any subsidiaries of the Issuer and any person that has direct or beneficial ownership of, or control or direction over, securities of the Issuer carrying more than 10% of the voting rights attaching to the Issuer's outstanding voting securities.
"Issuer"	shall mean Linear Metals Corporation.
"Linear Gold"	shall mean Linear Gold Corp.
"Linear Gold Caribe"	shall mean Linear Gold Caribe, S.A. de C.V.
"Linear Gold Mexico"	shall mean Linear Gold de Mexico, S.A. de C.V.
"Linear Metals Mexico"	shall mean Linear Metals Corp. Mexico, S.A. de C.V.
"Listing Date"	shall mean the date that the Common Shares of the Issuer are listed and called for trading on the Exchange.
"Private Placement"	shall mean the proposed private placement of 5,000,000 Common Shares of Linear Metals to a group of senior managers of the Issuer at a subscription price of $0.15 per share, the proceeds of which shall be $750,000.
"Prospectus"	shall mean this prospectus document.
"Qualified Person"	shall mean an individual who: (a) is an engineer or geoscientist with at least five years of experience in mineral exploration, mine development or operation or mineral project assessment, or any combination of these;

(b) has experience relevant to the subject matter of the mineral project and the technical report; and

(c) is in good standing with a professional association and, in the case of a foreign association listed in Appendix A of National Instrument 43-101, has the corresponding designation in Appendix A of National Instrument 43-101.

"Record Date"	shall mean a date to be fixed by the Board of Directors of Linear Gold on which each of the holders of common shares of Linear Gold outstanding as at such date shall be deemed to be entitled to receive the Dividend.
"Regulations"	shall mean the regulations prescribed under the Tax Act.
"Standby Commitment"	shall mean the commitment of a group of senior managers of Linear Gold to take up and pay for that number of Common Shares of the Issuer at a subscription price of $0.12 per share to ensure that the Issuer receives gross proceeds from the exercise of Warrants and the management subscription for Common Shares of not less than the amount that the Issuer would have received had all Warrants been exercised.
"Stock Option Plan"	shall mean the stock option plan to be adopted by the Issuer.
"taxable capital gain"	shall mean one-half of the amount of any capital gain earned by a holder of a Common Share or a Warrant.
"Tax Act"	shall mean the *Income Tax Act* (Canada) R.S.C. 1985 c. 1 (5^{th} supp), as amended from time to time.
"United States Securities Act"	shall mean the United States Securities Act of 1933, as amended.
"Units"	shall means units of the Issuer comprising 0.8 of a Common Share and one-tenth of a Warrant.
"Warrant"	shall mean a transferable share purchase warrant, which shall entitle the holder to purchase a Common Share of the Issuer at an exercise price set at $0.12 for an exercise term of 30 days from the date of issuance of the warrants.
"Warrant Indenture"	shall mean an indenture governing the Warrants made between the Issuer and Computershare Trust Company of Canada and entered into as of the date of the declaration of the Dividend.

CORPORATE STRUCTURE

Name and Incorporation

The Issuer was incorporated under the *Canada Business Corporations Act* by Articles of Incorporation effective November 17, 2004 and has not yet carried on any active business. The Issuer's registered office is located at Suite 502, 2000 Barrington Street, Halifax, Nova Scotia. Prior to the Dividend Transaction, all of the issued and outstanding common shares in the capital of the Issuer are owned by Linear Gold.

Inter-Corporate Relationships

The Issuer is currently the wholly-owned subsidiary of Linear Gold, an issuer trading on the Toronto Stock Exchange.

GENERAL DEVELOPMENT OF THE BUSINESS

Three-Year History

Other than the Asset Transactions described herein, the Issuer has not carried on any active business.

Significant Acquisitions and Significant Dispositions

Prior to declaration of the Dividend by Linear Gold, Linear Gold and the Issuer have completed a series of transactions. During March 2006 Linear Metals Corp. Mexico, S.A. de C.V. ("Linear Metals Mexico"), a subsidiary of the Issuer and 6321593 Canada Inc., a wholly-owned subsidiary of the Issuer, acquired the Cobre Grande, La Morena and Tierra Blanca Properties (hereinafter collectively defined as the "Mexican Properties") from Linear Gold de Mexico, S.A. de C.V. ("Linear Gold Mexico"), a wholly-owned subsidiary of Linear Gold. During April 2006, the Issuer acquired the mineral rights to Linear Gold's Seymour Lake Property (hereinafter defined as the "Seymour Lake Property") and Km 61 Property (hereinafter defined as the "Km 61 Property") (hereinafter collectively defined as the "Canadian Properties"), both in Thunder Bay, Ontario, Canada (the series of asset transactions are hereinafter collectively defined as the "Asset Transactions").

Linear Metals Mexico acquired an option from Linear Gold Mexico to earn an 80% interest in the Cobre Grande Property by making all remaining payments pursuant to Linear Gold's existing option to acquire the property from the community of San Baltazar Guelavila. Linear Metals Mexico also has an option to purchase the remaining 20% interest in the property from Linear Gold Mexico for US$1.2 million at any time prior to December 2008. If Linear Metals Mexico does not exercise its option with Linear Gold Mexico, an 80/20 joint venture will be formed between Linear Metals Mexico and Linear Gold Mexico with Linear Metals Mexico acting as operator.

Linear Metals Mexico acquired a 100% interest in the La Morena Property from Linear Gold Mexico for US$555,000. The property is not subject to any royalties.

Linear Metals Mexico acquired Linear Gold Mexico's interest in the Tierra Blanca Property, subject to the option held by Silver Dragon, for US$45,000. Under the remaining terms of the underlying Linear Option, Linear Metals Mexico will make payments of US$35,000 during April 2006 and US$70,000 during April 2007 and will be required to ensure cumulative work expenditures totalling US$800,000 are incurred by April 2008. Linear Metals Mexico will receive all subsequent cash payments and share issuances pursuant to Silver Dragon's option and expects that the expenditures made pursuant to Silver Dragon's option will satisfy the expenditure commitments on the property.

In conjunction with the transfer of the Mexican Properties, on April 20, 2006, Linear Gold subscribed for 14,443,502 Units of Linear Metals.

The Canadian Properties consisting of the Seymour Lake and Km 61 Properties were acquired by Linear Metals from Linear Gold during April 2006 in exchange for 6,954,278 Units of Linear Metals.

Trends

The Issuer is not aware of any trends, commitments, events or uncertainty that may reasonably be expected to have a material effect on the Issuer's business, financial condition or results of operations.

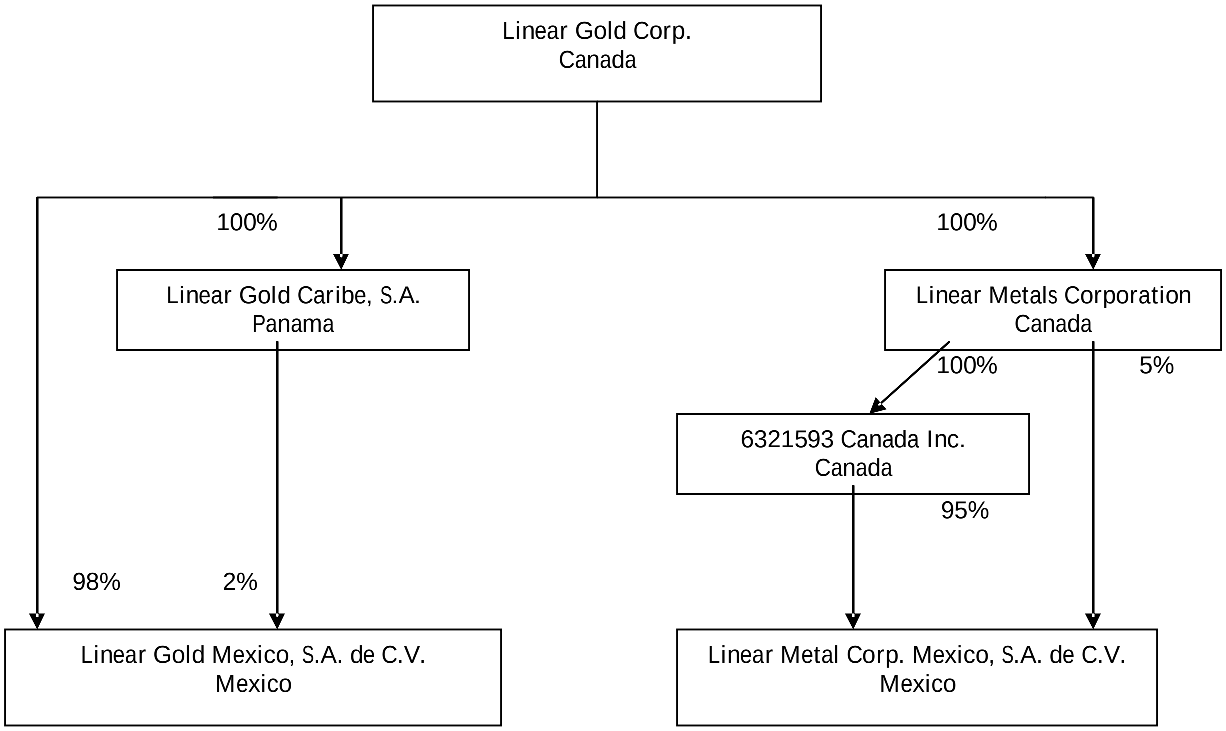
NARRATIVE DESCRIPTION OF THE BUSINESS

The Issuer intends to carry on the business of locating and exploring mineral properties. Pursuant to the Asset Transactions described above, Linear Metals acquired the Canadian Properties and the Mexican Properties.

Linear Gold is a junior mineral exploration company listed on the Toronto Stock Exchange. Linear Gold's head and registered office is located at Suite 502, 2000 Barrington Street, Halifax, Nova Scotia, B3J 3K1.

Prior to October 2003, Linear Gold was focused exclusively on mineral exploration within Canada. In October 2003, Linear Gold acquired the Mexican and Dominican Republic precious metal and base metal property portfolios of M.I.M. International Exploration Property Ltd. and Xstrata Queensland Ltd. (collectively "MIM"). To give effect to these acquisitions, Linear Gold acquired directly and indirectly all issued and outstanding shares of Linear Gold Mexico, S.A. de C.V. ("Linear Gold Mexico") (formerly M.I.M. Mexico, S.A. de C.V.) and Linear Gold Caribe, S.A. de C.V. ("Linear Gold Caribe") (formerly Minera Mount Isa Panama, S.A. de C.V.); the MIM subsidiaries that had been actively exploring for gold and base metals in the Dominican Republic, and Mexico. Both companies have been maintained as Linear Gold subsidiaries for the sole purpose of acquiring properties and conducting exploration work.

Immediately prior to the Asset Transactions and the Dividend Transaction, Linear Gold owned, or controlled under option, interests in 19 mineral properties, including 11 properties in Mexico, via Linear Gold Mexico, three properties in Mexico via Linear Metals Mexico, three properties in the Dominican Republic, via Linear Gold Caribe, and two properties in Canada, via Linear Metals. The following chart illustrates the relationships between Linear Gold and its subsidiaries, including the percentage of voting securities of the subsidiary owned by Linear Gold and the jurisdiction of that subsidiary:



The reorganization of properties that Linear Gold undertook resulted in the transfer of the Seymour Lake Property and the Km 61 Property, both in Ontario, Canada to the Issuer, and the transfer of the Cobre Grande, La Morena and Tierra Blanca Properties in Mexico from its wholly-owned subsidiary Linear Gold Mexico to Linear Metals Corp. Mexico, S.A. de C.V. ("Linear Metals Mexico"), a subsidiary of the Issuer and 6321593 Canada Inc. It is intended that the Seymour Lake, Km 61, La Morena, and Tierra Blanca Properties have been transferred to the subsidiary at Fair Market Value based upon an independent valuation dated February 21, 2006 prepared by A.C.A. Howe International Limited (See "Significant Acquisitions and Significant Dispositions").

The location of the five properties to be transferred is described below.

PROPERTY SUMMARIES

Mexican Properties

The following description of Mexican Properties has been prepared under the supervision of Mr. David Rowe, P.Geo., who serves as the Qualified Person for this information under National Instrument 43-101.

I. Cobre Grande Property, Oaxaca State, Mexico

A report on the Cobre Grande Property, dated July 9, 2004 and prepared in compliance with National Instrument 43-101 by Dr. W. D. Ewert, P.Geo as Qualified Person for the report, has been filed on SEDAR.

Location Description & Tenure

The Cobre Grande Property is a copper-silver-molybdenum skarn prospect situated approximately 60 kilometres southeast of the city of Oaxaca, the State capital of Oaxaca, and near to the community of San Baltazar Guelavila. The Cobre Grande Property is accessible from the city of Oaxaca by paved highway to the city of Matatlan and from Matatlan by 10 kilometres of gravel road.

Four contiguous exploration concessions covering an area of 6,238 hectares comprise the present Cobre Grande Property.

Concession	Date Granted	Title #	Area (Ha)
Cobre Grande	November 22, 2000	212750	98
Cobre Dos	July 29, 2003	220447	482
La Lola Norte	April 14, 2004	221930	2,909
La Lola Sur	April 14, 2004	221929	2,749

History

In March 2004, Linear Gold Mexico entered a five-year option agreement to purchase the concessions from the local community of San Baltazar Guelavila (the "Community"), the owner of the concessions. Under the terms of the option, Linear Gold Mexico was required to make the following payments to the Community, including an annual US$10,000 payment to an education fund for students in the community.

Date	Option Payment	Community Education Fund
March 2004 (paid by Linear Gold)	US $25,000	US $10,000
March 2005 (paid by Linear Gold)	US $40,000	US $10,000
March 2006 (paid by Linear Metals)	US $55,000	US $10,000
March 2007	US $80,000	US $10,000
March 2008	US $80,000	US $10,000
March 2009	US $80,000	US $10,000

At the end of the five-year option period, the Community can choose among a US$12 million buyout, a 2% Net Smelter Return Royalty, or a 15% carried joint venture interest in any future mining projects from the concession as the final purchase payment.

During March 2006, Linear Metals Mexico acquired an option from Linear Gold Mexico to earn an 80% interest in the Cobre Grande Property by making all remaining payments to the Community. Linear Metals Mexico also has an option to purchase the remaining 20% interest in the property from Linear Gold Mexico for US$1.2 million at any time prior to December 2008. If Linear Metals Mexico does not exercise its option with Linear Gold Mexico, an 80/20 joint venture will be formed between Linear Metals Mexico and Linear Gold Mexico with Linear Metals Mexico acting as operator.

All required environmental permits for the project have been acquired and to date all the conditions of grant have been adhered to. Under terms of the environmental drilling permit, any significant disruption to the land surface caused by drilling activities must be reclaimed.

Geologic Setting

Based on regional government mapping, the Cobre Grande prospect is part of a WNW-trending uplifted block of upper Cretaceous sedimentary rocks that is flanked by down-faulted early Tertiary volcanic rocks. The sedimentary rock package has been intruded locally by a complex of late Cretaceous age quartz diorite-granodiorite which has developed large scale skarn and hornfels development along its margins. Detailed geological mapping at Cobre Grande reveals that the underlying calcareous sediments belonging to the Tepozcolula Formation and can be broken down into two distinct lithological horizons — a basal "Unit A" and an upper "Unit B".

Unit A consists of thinly bedded limestone, cherty dolomite and limey arenite and form the basal sequence of the Tepozcolula Formation at Cobre Grande. Both biotite and diopside hornfels are present in great abundance as alteration by-products and this almost certainly requires a siliceous dolomite (Ca-Mg carbonate) protolith. Also, the abundance of both diopside hornfels and local serpentine skarn is suggestive of a locally dolomitic protolith and not a pure limestone (Ca carbonate).

In contrast to the well bedded and recessive nature of Unit A, the massively bedded limestone horizons of Unit B, being more resistant to weathering, form a rugged topography dominated by shear cliffs and steep valleys. Despite their massive nature Unit B rocks are very reactive to skarn formation and related metasomatic mineralization. The contact between units A and B is an especially permissive location for skarn development and it appears that the competency contrast between the two units has created a contact zone of weakness along which the granodiorite intrusions were emplaced, leading to extensive skarn development along the contact.

While skarn mineralization is largely controlled by the primary lithologies of Units A and B, there are likely intra-bed faults that served as both fluid pathways and strongly reactive zones favourable for mineralization.

The intrusive rocks of Cobre Grande are the driving force for skarn development. Like the sediments, the intrusives are Mesozoic in age, strongly porphyritic and appear to be dominated by quartz-diorite, tonalite and granodiorite. The intrusions may be divided into two basic types: a) quartz-diorite porphyries, and b) quartz-eye porphyries, each of which has unique associated styles of alteration and mineralization.

Quartz diorite porphyries are by far the more abundant and are locally characterized by intense quartz veining. The quartz-eye porphyries contain greatly elevated abundances of quartz phenocrysts and are typically, although not necessarily, associated with moderate to intense quartz veining, stockworks, and pods. It is most likely that these porphyries crystallized in the presence of a flux of magmatic-hydrothermal fluids, and that this triggered the rapid crystallization of quartz phenocrysts. Such an inference is supported by the association of quartz rich porphyries with intense stockwork quartz veining.

Exploration History

Work by the Mexican Consejo de Recurso Minerales and Comisión de Fomento Minero identified the skarn copper mineralization in Mesozoic-aged limestones in contact with a porphyritic intrusion of probable late Cretaceous age. Historically, there have been numerous attempts at mining the zones of copper-rich massive sulphides material that occur at Cobre Grande. An adit developed by the Comisión de Fomento Minero in 1966 is described by local villagers as having intersected massive sulphides over a width of 25 to 30 metres. Numerous other adits and pits can be found throughout the Cobre Grande Property area. Examples include the Mina la Iguana, El Chivo, Cobre Grande y Cucharitas and La Escondida y El Mirador. No production or other mining records were kept of these operations and none were large enough to have been economically significant.

The only recorded exploration work on the Cobre Grande Property was that which was conducted by Linear Gold Mexico which at the time was a subsidiary of MIM and held an option on the original 98-hectare Cobre Grande concession between July 2001 and May 2003. MIM terminated the option in May 2003 when it was unable to acquire the adjacent concession blocks onto which it had traced mineralization. Linear Gold acquired Linear Gold Mexico in October 2003.

Before terminating its original option on the Cobre Grande Property in May 2003, Linear Gold Mexico carried out ground EM, magnetics, surface geochemistry, geologic mapping, a MIMDAS IP survey and a diamond drilling program consisting of 16 holes over an area 800 metres by 400 metres along the eastern and southern boundaries of the central concession. Linear Gold Mexico's drilling intersected thick sections of copper-silver mineralization with strong values of gold and zinc.

In March 2004, Linear Gold Mexico negotiated a new option agreement with the Community to include the original core concession as well as the surrounding lands which had been recently acquired by the Community. In late 2004, Linear Gold Mexico completed a road construction and surface sampling program which identified extensions to the known skarn mineralization further south along strike.

Mineralization

Mineralization at the Cobre Grande Property consists mainly of chalcopyrite, bornite, sphalerite, and molybdenite both as disseminations and along fracture controlled veinlets. Most of the mineralization occurs as exoskarn associated with the development of garnet or pyroxene within proximity of the intrusive contacts. Some mineralization also occurs in biotite and pyroxene hornfels due to compositional variations in the host rock assemblage. Additionally, some mineralization is encountered as disseminations and in veinlets within porphyry intrusive rocks of varying compositions.

Drilling

In the period 2001-2002, a total of 16 diamond drillholes were completed by Linear Gold Mexico during the period of its ownership by MIM. Both disseminated and semi-massive sulphide mineralization was encountered, principally as chalcopyrite, bornite, molybdenite and sphalerite associated with garnet and pyroxene skarn development. Results of this drilling included the following important intersections:

Hole	From (m)	To (m)	Thickness (m)	Copper %	Silver g/t	Zinc %	Gold g/t
CG1	14	148	134	0.9	21.6	0.3	0.4
CG3	160	246	86	1.0	15.9	0.1	0.0
CG4	76	218	142	0.6	10.4	0.0	0.0
CG5	8	46	38	0.8	18.3	0.1	0.0
CG6	6	52	46	0.7	15.3	0.1	0.0
CG9	128	170	42	0.5	23.0	2.3	0.0

In late 2004, Linear Gold Mexico conducted a drilling program consisting of 4,600 metres in 10 diamond drillholes and 10 reverse-circulation holes. This program was designed to offset the best drillholes from MIM's previous work and to test the extensions of known mineralization to the south and east on newly acquired lands. Linear Gold Mexico's drill program identified a zone of near-surface oxide copper mineralization with drillholes CG-17, 23 and CGRCI-3, a zone of molybdenum mineralization in drillholes CG18 and 19, and returned the thickest zone of high grade copper and silver found on the property to date with drillhole CG-24. Significant results from this drilling program include:

Hole	From (m)	To (m)	Thickness(m)	Copper %	Silver g/t	MoS2%
CG 17	52	84	32	1.3	23.8	0.01
CG18	118	198	80	0.1	1.8	0.15
CG19	134	204	70	0.3	7.3	0.16
CG20	56	294	238	0.7	18.9	0.02
CG21	52	226	174	0.3	11.4	0.02
CG22	176	242	66	0.6	23.0	0.04
CG24	108	256	148	0.9	19.1	0.03
CGRC1	108	128	20	0.4	5.4	0.08
CGRC2	68	150	82	0.5	11.4	0.06

Sampling Analysis and Security

Geochemical sampling of core from the drilling at the Cobre Grande Property consist of taking a one-quarter split of the core sample along continuous two metre intervals. The samples are either split using a diamond saw or a hydraulic splitter and bagged with individual sample numbers. Samples are shipped by air freight to ALS Chemex Labs in Guadalajara, Mexico where they are washed, dried, crushed, split and pulverized. Pulp samples are then shipped internally to the ALS Chemex facility in Vancouver, Canada where they are analyzed by ICP (Inductively coupled Plasma) for base metals, silver, and trace elements. Gold assays are performed using a 30 gram digestion Fire Assay-AA Finish. Pulp standards are inserted on a regular basis into the assay batch to ensure analytical quality. Blanks and duplicates are also utilized to maintain quality control. Samples are under the control of Linear Metals Mexico geologists until the point they are delivered to the air freight carrier in Oaxaca City. Samples are picked up from the air freight carrier by ALS Chemex in Guadalajara.

Mineral Resources and Mineral Reserves

No Mineral Resource or Reserve calculations have been made for the Cobre Grande Property.

Future Exploration and Development

Future exploration on the Cobre Grande Property will focus on drilling the extensions of mineralization along strike and down dip from the area of Holes CG3, 4, 17, 21, 22, and 24. Holes will be drilled with a detailed enough spacing in order to permit a mineral resource calculation under the standards of National instrument 43-101. Additionally, electrical geophysical surveys are planned to extend further south from the original geophysical grid in order to predict the trends of mineralization along strike.

II. La Morena Property, Coahuila State, Mexico

Location, Description & Tenure

The La Morena Property is a skarn and epithermal copper-silver prospect located in the Ocampo Municipality of the State of Coahuila, 150 kilometres south of the Texas border. The La Morena Property is accessible by gravel road from the towns of El Alicante or Lopez Mateos and consists of one exploitation concession, 520 hectares in area, and one exploration concession 432 hectares in area.

Concession	Date Granted	Title #	Area (Ha)
La Morena (exploitation)	March 12, 2003	201652	520
Refugio (exploration)	February 2006	226481	432

Ownership

In May 2004, Linear Gold Mexico purchased the La Morena concession outright from the previous owner for a one-time cash payment of US$120,000 with no retained royalty. The Refugio concession was staked during 2005, by Linear Gold Mexico, after work in the area suggested additional mineralization on adjacent open lands.

Linear Metals Mexico acquired a 100% interest in the La Morena Property from Linear Gold Mexico in March 2006 for US$555,000. The property is not subject to any royalties.

Geological Setting

The La Morena Property lies within the central portion of the La Morena mountain range or Sierra La Morena which is the result of northwest-southeast trending fold structures of Cretaceous aged carbonate sedimentary rocks. Little to no volcanic and/or intrusive rocks crop-out within the concession area, even though the property sits near the southern tip of the large alkaline volcanic province of Sierra de Hechiceiros and adjacent to the quartz porphyry stocks of Cerro Blanco.

The concession encompasses the La Morena mineral prospects which are located in a pronounced, near-circular topographic depression approximately eight square-kilometres in area that is coincident with a large area of hydrothermally altered (low to moderate temperature alteration), recrystallized limestones and a one kilometre x two kilometre zone of northeast trending veins, mantos, and moderate to strong stockwork quartz-carbonate veining and brecciation. The principal alteration mineral assemblage is silica + carbonate + sericite + pyrite. The epithermal veins (up to five metres wide) crop-out as iron oxide + silica gossans with abundant copper carbonates and lattice boxwork after sulphides. High temperature skarn alteration (garnet + pyroxene) is weak but are occasionally seen along the margins of some of the thicker mantos.

Mineralization at surface is manifested as iron-silica gossans caused by strong leaching and supergene alteration of primary sulphides in the veins and mantos. This leaching and alteration extends to depths greater than 100 metres.

Exploration History

A joint mineral resource study consisting of surface sampling, IP geophysics, diamond drilling was completed by Mexican Consejo de Recursos and the Japanese aid agency, JICA, over a large area (16,000 square-kilometres) of northwestern Coahuila between 1975 and 1978. Their work was focused only in part on the La Morena Property area and was originally driven by satellite interpretation followed by regional geochemistry, out of which La Morena was one of nine anomalous areas selected for follow-up. The group initiated geologic mapping and geochemical sampling over the La Morena prospects based on readily identifiable surface mineralization, the curious topographic depression and near absence of any previous exploration.

In all, the group collected 283 surface samples and drilled five diamond drill holes totalling 1,200 metres. Four of the five drillholes encountered base and precious metal mineralization including 8.0 metres of 3.9% Cu, 151 g/tonne Ag, and 5.5 g/tonne Au. Assays for gold were not carried out consistently due to the prevailing low gold price in 1978.

No additional exploration was carried out on the La Morena Property for 25 years, mainly because the La Morena Property was part of a Mining Mineral Reserve into the 1990s.

In 2004, Linear Gold Mexico collected 55 surface rock samples from outcrops of altered limestone over a six square-kilometre area within the concession. Thirty of these samples returned gold assays ranging from 100 to 4,720 ppb Au (4.72 g/tonne Au), of which 6 samples returned in excess of 1.0 g/tonne Au. A total of 11 of 55 samples ranged from 48 to 383 g/tonne Ag including 6 samples greater than 100 g/tonne Ag.

In addition, a new zone of enriched base metal mineralization was identified to the northwest of the core area and included in the 432 hectare exploration concession staked by Linear Gold Mexico during 2005 (Refugio). This zone also carries high silver values, with 36% of samples (nine out of 25) returning over 1000 g/tonne Ag, with a high of 1,750 g/tonne (56 troy ounces) Ag. Four samples out of the 25 contained greater than 10% lead, with a high of 17.4% lead. Four samples of the 25 returned greater than 3% zinc, with a high of 30% zinc. Four samples out of the 25 returned greater than 0.1% copper, with a high of 0.9% copper.

Mineralization

Mineralization at La Morena is principally observed as oxides of copper including malachite, azurite, chalcocite and copper-iron manganese oxides. Copper occurs to a lesser extent in the sulphide phase, principally as chalcopyrite. Silver mineral species have yet to be recognized, but are likely to occur as sulfosalts and within base metal sulphide species. Mineralization is hosted as veins, mantos, and chimneys along preferred zones of weakness within the carbonate section.

Drilling

In 1978, the Japanese Aid agency JICA in cooperation with the Mexican Consejo de Recursos Minerales carried out a 5-hole drilling program to test combined geophysical and geochemical targets. The highlights from this drilling program include:

Hole	From (m)	To (m)	Thickness (m)	Copper %	Silver g/t	Gold g/t
M1	12.0	16.7	4.7	2.5	161.3	2.2
M2	120.5	128.5	8.0	3.9	151.4	5.5
M%	146.9	151.2	4.3	1.0	16.4	unassayed

In 2005, Linear Gold Mexico completed a 6-hole, 1,500 metre, diamond drilling program on the La Morena Property that was designed to verify the results of JICA's 1978 drilling as well as test surface geochemical and geophysical anomalies. The six drillholes were widely spaced and covered 1.2 kilometres length along the axis of the trend of hydrothermal alteration mapped at surface. Highlights of the drill program included:

Hole	From (m)	To (m)	Thickness (m)	Copper %	Silver g/t
LMLG-02	115.9	145.7	29.8	0.6	38.8
Including	122.8	136.2	13.4	0.9	57.9
LMLG-04	285.0	308.2	23.2	0.1	218.2
Including	285.0	288.0	3.0	0.2	351.0
Including	300.0	303.0	3.0	0.5	1245.0

Sampling, Analysis and Security

Geochemical sampling of core from the drilling at the La Morena Property consist of taking a one-half split of the core sample along continuous two-three metre intervals. The samples are either split using a diamond saw or a hydraulic splitter and bagged with individual sample numbers. Samples are transported by Linear Metals Mexico geologists to ALS Chemex Labs in Chihuahua, Mexico where they are washed, dried, crushed, split and pulverized. Pulp samples are then shipped internally to the ALS Chemex facility in Vancouver, Canada where they are analyzed by ICP (Inductively coupled Plasma) for base metals, silver, and trace elements. Gold assays are performed using a 30 gram digestion Fire Assay-AA Finish. Pulp standards are inserted on a regular basis into the assay batch to ensure analytical quality. Blanks and duplicates are also utilized to maintain quality control. Samples are under the control of Linear Metals Mexico geologists until they are delivered to ALS Chemex in Chihuahua.

Mineral Resources and Mineral Reserves

No Mineral Resource or Reserve calculations have been made for the La Morena Property.

Future Exploration and Development

Future exploration on the La Morena Property will focus on drilling the extensions of mineralization along strike and down dip from Holes LMLG02 and LMLG04. If offsets to both of these recognized zones of mineralization can be identified, an aggressive drilling program will be undertaken in order to permit a mineral resource calculation under the standards of National instrument 43-101. Additionally, electrical geophysical surveys may be carried out in order to predict the trends of mineralization along strike.

III. Tierra Blanca Property, Durango State, Mexico

Location

The Tierra Blanca Property is a gold-silver prospect located about 250 kilometres to the northwest of the city of Durango in the Sierra Madre Occidental. The Tierra Blanca Property can be accessed from Durango by a series of paved and dirt roads and consists of one exploration concession, 515 hectares in area.

Ownership

Concession	Date Granted	Area (Ha)
Tierra Blanca	October 11, 1995	515

In May 2004, Linear Gold Mexico entered into a 4-year option (the "Linear Option") to acquire a 100% interest in the Tierra Blanca Property. Under the terms of this option, Linear Gold Mexico was required to make graduated annual payments totalling US$165,000 and incur graduated annual work commitments totalling US$800,000 by April 2008. At the end of the option period, Linear Gold Mexico could elect to purchase the Tierra Blanca Property outright for US$2.0 million.

On September 13, 2005, Linear Gold Mexico granted Silver Dragon Resources Inc. ("Silver Dragon"), a Delaware-based company, the option to acquire a 55% interest in the Tierra Blanca Property for a series of cash payments, work commitments and the issuance of fully paid shares of Silver Dragon. The terms of Silver Dragon's option are designed to cover the ongoing cash and expenditure obligations of the underlying Linear Option and are as follows:

Date	Cash	# of Shares
On signing (paid to Linear Gold Mexico)	US$45,000	100,000
March 31, 2006 (paid to Linear Metals Mexico)	US$75,000	
September 7, 2006		200,000
March 30, 2007	US$110,000	
September 7, 2007		300,000
Total	US$230,000	600,000

During March 2006, Linear Metals Mexico acquired Linear Gold Mexico's interest in the Tierra Blanca Property, subject to the option held by Silver Dragon, for US$45,000. Under the remaining terms of the underlying Linear Option, Linear Metals Mexico will make payments of US$35,000 during April 2006 and US$70,000 during April 2007 and will be required to ensure cumulative work expenditures totalling US$800,000 are incurred by April 2008. Linear Metals Mexico will receive all subsequent cash payments and share issuances pursuant to Silver Dragon's option and expects that the expenditures made pursuant to Silver Dragon's option will satisfy the expenditure commitments on the property.

Should Silver Dragon fulfill its option and vest its 55% interest, the final US$2.0 million payment required under the underlying Linear Option would be funded jointly by Silver Dragon and Linear Gold Mexico on a pro-rata basis 55/45.

Geological Setting

The oldest rocks of the area consist of a sequence of siliciclastic marine slate carbonaceous and sandstone that have been extensively folded, most likely Jurassic in age.

Altered granodioritic or dacitic intrusives, dated between 80 and 105 Ma (Consejo de Recursos Minerales), are hosted in the siliciclastic sequence. They consist of numerous dikes and irregular-body apophyses. These intrusives contain from 5% to 10% clear, euhedral to rounded quartz phenocrysts averaging I to 2 mm across. Milky to grayish, yellow translucent plagioclase feldspar crystals averaging 2 to 3 mm across compose approximately 20% of the intrusive and are more uniformly distributed through it than are quartz phenocrysts. The outcrop pattern suggests the presence of an intrusive at depth, possibly a dacitic dome. The intrusions and siliciclastic sequence are overlain by a sequence of post-mineralization rhyolites.

The intrusives, slate and sandstones show pervasive alteration consisting of silica-sericite with abundant pyrite. Pyrite is the most common and widespread sulphide mineral in the claim and occurs in veinlets wherever quartz is found. Manganese oxides, goethite and hematite are common stains along open cracks. Less common vuggy silica is present in the dikes. The principal structures documented are veins and stockwork veinlets. The veinlets, entirely converted to quartz and pyrite, are much more pronounced adjacent to many dikes. Most of the veins are parallel to dikes and have a principal trend of N-S, N20°-40°W with dips varying from 800 to 900. Small-scale artisanal mining has taken place on some veins.

Exploration History

In 2004, Linear Gold Mexico carried out a reconnaissance surface sampling program over the Tierra Blanca Property, collecting 62 soil samples and 35 rock chip samples. Of the 62 soil samples collected, 18 assayed in excess of 100 ppb gold, with a high of 1,370 ppb gold (1.37 g/tonne of Au). The distribution of the soil gold anomaly occurs over an area of 500 metres by 350 metres and is associated with a zone of granodioritic to dacitic intrusions penetrating Cretaceous aged siltstones. The gold anomaly is marked by extensive silicification which is also present in other areas of the concession yet to be sampled. Of the 35 rock chip samples, 4 assayed in excess of 1.0 g/tonne gold- ranging from 1.39 to 17.6 g/tonne. Eight rock chip samples returned greater than 100 g/tonne- ranging from 282 to 2,060 g/tonne and averaging 1,118 g/tonne.

A second phase of rock-chip sampling carried out by Linear Gold Mexico confirmed the zone of gold mineralization with 5 out of the 30 samples containing in excess of 1.0 g/tonne Au, with a high of 2.73 g/tonne Au. In addition, 5 out of the 30 samples also contain in excess of 40 g/tonne Ag, with a high of 179 g/tonne Ag.

In late 2005, Silver Dragon began a detailed reconnaissance geological mapping and regional stream sediment, rock chip, and mine dump sampling programs over the Tierra Blanca Property. During January and February 2006, Silver Dragon released the results of detailed reconnaissance geologic mapping and stream-sediment, rock-chip and mine-dump sampling programs completed on the Tierra Blanca Property. Silver Dragon reported that four zones had been identified within the project area with the potential of economically significant silver and gold mineralization with a large area of intense hydrothermally altered volcanic and intrusive rock.

Mineralization

Mineralization consists principally of quartz and iron oxide veinlets and disseminations with anomalous gold and silver. Minor base metal sulphide minerals are also present as chalcopyrite, sphalerite, and galena. There is strong clay alteration with associated anomalous gold and silver in both sedimentary and intrusive rocks with the system.

Drilling

No drilling has been carried out on the Tierra Blanca Property to date.

Sampling, Analysis and Security

Geochemical sampling surface rocks soils and stream sediments are by conventional techniques. Samples are transported by Linear Metals Mexico or Silver Dragon geologists to Durango where they are picked up by truck by ALS Chemex Labs for transport to Guadalajara, Mexico where they are washed, dried, crushed, split and pulverized. Pulp samples are then shipped internally to the ALS Chemex facility in Vancouver, Canada where they are analyzed by ICP (Inductively coupled Plasma) for base metals, silver, and trace elements. Gold assays are performed using a 30 gram digestion Fire Assay-AA Finish. Pulp standards are inserted on a regular basis into the assay batch to ensure analytical quality. Blanks and duplicates are also utilized to maintain quality control. Samples are maintained under the control of Linear Metals Mexico or Silver Dragon geologists until they are delivered to ALS Chemex in Durango.

Mineral Resources and Mineral Reserves

No Mineral Resource or Reserve calculations have been made for the Tierra Blanca Property.

Future Exploration and Development

Future exploration on the Tierra Blanca Property will focus on target delineation trenching, and drilling of the most prospective areas based on surface geochemistry and geologic mapping.

Canadian Properties

The following description of Canadian Properties has been prepared under the supervision of Mr. Peter Dimmell, P.Geo., who serves as the Qualified Person for this information under National Instrument 43-101.

I. Seymour Lake Property, Canada

The Canadian Properties consisting of the Seymour Lake and Km 61 Properties were acquired by Linear Metals from Linear Gold during April 2006 in exchange for 6,954,278 Units of Linear Metals.

Location, Description & Tenure

The Seymour Lake Property is a tantalum-lithium-beryllium prospect located in north-western Ontario, in the Crescent Lake area of the Thunder Bay Mining District approximately 15 kilometres north of Lake Nipigon and approximately 45 kilometres northeast of the community of Armstrong. Access to the property is via Highway 527, 250 kilometres north from Thunder Bay to Armstrong and then northeast approximately 57 kilometres along the Jackfish Road, a well-maintained, all-weather gravel logging road. An unimproved winter logging road extends southward along the western portion of the property from the Jackfish Road. Approximately five kilometres south along the logging road, an ATV / tractor trail leads to the 'Aubrey' pegmatites, approximately 1 kilometre to the east, that comprise the prospect.

Elevation differences on the property are up to 150 metres, with 20 to 30 metre-high cliffs on the ridges. The property is covered by a mixture of mature hardwood and softwood forest growth. Power is available from Armstrong and water is readily available from brooks and ponds that are present in the area.

The Seymour Lake Property consists of 4 contiguous unpatented claims totalling 51 claim units and comprising approximately 800 hectares. The claims have not been surveyed. The Issuer is not aware of any significant environmental liabilities associated with the Seymour Lake Property. The table following describes the claim holdings.

Name of Claim	Claim No.	(Units)	Ownership Rights (in brief)	Registration	Expiry
Seymour Lake Property, Thunder Bay, ON.					
Crescent Lake Township	1245661	16	100% subject to NSR	Linear Gold	05-Jan-07
Crescent Lake Township	1245646	15	100% subject to NSR	Linear Gold	19-Jan-07
Crescent Lake Township	1245662	8	100% subject to NSR	Linear Gold	19-Jan-07
Crescent Lake Township	1245664	12	100% subject to NSR	Linear Gold	19-Jan-07
Total		51			

History

In January 2001, Linear Gold optioned the initial core group of 16 claim units, covering the Aubrey showings, from Stares Contracting Corp. of Thunder Bay, Ontario. During 2001, Linear Gold staked an additional 79 claim units around the original group. During 2004 and 2005, 44 claim units were dropped by Linear Gold, to make the present group of 51 claim units that covers the Aubrey showings plus potential on-strike extensions.

The terms of the original option on the Seymour Lake Property granted Linear Gold the right to earn 100% interest in the claims by making a series of payments totalling $120,000 and 200,000 shares and incurring $300,000 in eligible exploration expenditures over three years.

During the year ended March 31, 2004, Linear Gold satisfied the terms of the option and exercised its right to purchase a 100% interest in the Seymour Lake Property. The Seymour Lake Property remains subject to a 3% Net Smelter Return Royalty ("NSR") to Stares Contracting Corp., of which 1.5 % of the royalty can be bought for $1,000,000. Pursuant to the defined 'area of influence' included in the original option agreement, the additional claims staked by Linear Gold in January 2001 are also subject to the 3% NSR.

During April 2006, Linear Metals acquired from Linear Gold a 100% interest in the Seymour Lake Property, subject to the 3% NSR.

Geological Setting

The property is within the Caribou Lake-Marshall Lake greenstone belt which is in the Wabigoon geological subprovince. The pegmatite dikes are associated with the margin of an Algoman age, granitic pluton, within the Caribou Lake-Marshall Lake greenstone belt. The pegmatite dikes intrude Keewatin (Archean age), schistose, metavolcanics consisting of both mafic and felsic rocks, and Timiskaming, schistose, meta-sedimentary units consisting of greywacke, arkose, quartzite, and conglomerate. Two types of pegmatites are noted: contact and injected. The contact dikes are found along the contact with the metavolcanics, are coarse grained and contain spodumene (lithium mineralization) with no significant tantalum mineralization. The injected type form sills further from the contact area, are generally finer grained and contain beryl and spodumene plus tantalite-columbite mineralization. Tantalum mineralization, occurring as tantalite - columbite, is associated with the finer grained (aplitic) phases of the pegmatites.

Exploration History

Historical work carried out in the 1960s and 1970s revealed significant concentrations of rare earth elements in the North and South Aubry pegmatites, including tantalum (up to 0.05 % Ta_2O_5 over 1.5 metres), beryllium and lithium. The North Aubry pegmatite was reported to be up to 90 metres wide. Limited exploration in 1999 re-evaluated the tantalum potential of the known zones and reported tantalum values exceeding 100 g/tonne Ta.

Exploration conducted on the Seymour Lake Property during 2001 by Linear Gold included line cutting, and two phases of prospecting, rock and soil sampling, mechanical stripping/trenching, trench mapping and channel sampling. Fourteen trenches were excavated, exposing the North and South Aubry pegmatite dikes and testing the area between the two zones. Generally continuous channel sampling along the trenches gave significant tantalum values (>250 g/tonne Ta) in all trenches over the exposed 200 metre strike length of the North Aubry pegmatite. High-grade tantalum mineralization in the form of coarse crystalline tantalite (Ta_2O_5) was observed near the pegmatite-mafic volcanic contacts in trenches NA-5, NA-2 and NA1-NE. Samples from mineralized zones in trench NA-5 gave grades averaging 2.49% Ta_2O_5 over 4.0 metres (including 5.6% Ta_2O_5 over 1.0 metre), and 0.76% Ta_2O_5 over 2.75 metres (including 2.03% Ta_2O_5 over 1.0 metre). A selected grab sample from the east-end of trench NA-5 assayed 4.3% Ta_2O_5. Samples from trench NA-2 graded 0.42% Ta_2O_5 over 2.0 metres (including 0.78% Ta_2O_5 over 1.0 metre). A high-grade grab sample from trench NA-2 also assayed 4.3% Ta_2O_5.

Mineralization

The geologic controls on mineralization are not well understood. The coarse tantalite mineralization as crystals and crystal aggregates is nuggety in nature and at present the distribution and continuity of the mineralization is unknown. The content and extent of finer grained tantalite mineralization is also unknown at this time.

Drilling

In 2002, Linear Gold carried out a 32-hole diamond drilling program totalling 1,863 metres, testing the North Aubrey pegmatite over a 200 metre strike length with 23 shallow vertical drillholes (SL-02-1 to 16, and 25-31), and the South Aubrey pegmatite and adjacent areas over a 380 metre strike length with 9 shallow vertical drill holes (SL-02-17 to 24). The drilling showed that the pegmatites occur as an undulating series of stacked sheets that dip moderately to steeply eastward. The main body of the North Aubrey pegmatite ranges in true thickness from 10-28 metres over a strike length of 123 metres. It remains open down dip to the east, possibly becoming more steeply dipping, and continues as a narrower zone to the north and south. The main body of the South Aubrey pegmatite maintains an estimated true thickness of 15-16 metres over a strike length of at least 95 metres. It remains open along strike to the north and south, and down dip to the east. Significant results from the drilling program include:

- 3.35 metres of 0.024% Ta_2O_5 (Hole SL-02-2)
- 3.60 metres of 0.031% Ta_2O_5 (Hole SL-02-5)
- 5.70 metres of 0.020% Ta_2O_5 (Hole SL-02-14)
  - incl. 2.55 metres of 0.037% Ta_2O_5
- 7.55 metres of 0.054% Ta_2O_5 (Hole SL-02-15)
  - incl. 3.40 metres of 0.104% Ta_2O_5
  - incl. 0.90 metres of 0.306% Ta_2O_5
- 17.70 metres of 0.046% Ta_2O_5 (Hole SL-02-31)
  - incl. 3.40 metres of 0.108% Ta_2O_5
- 15.10 metres of 0.019% Ta_2O_5 (Hole SL-02-20)
  - incl. 4.60 metres of 0.037% Ta_2O_5

(Note: All intersections are considered to be true width)

The high levels of tantalum in the tantalite are believed to be the highest recorded in Ontario and similar to that recorded at the Tantalum Mining Corporation of Canada's Bernic Lake Mine in Manitoba, Canada's only tantalum producer.

Sampling, Analysis and Security

While trenching, an attempt was made to collect continuous 1-metre channel samples across the width of the pegmatites exposed in the trenches. In places samples were staggered due to irregular outcrop surfaces or trench orientations. Channel sampling was carried out by Stares Contracting Corp. and Emerald Geological Services utilizing a Stihl "quickcut" rock saw. Two continuous parallel cuts in the outcrop were sawed then chipped out using a chisel. Samples were tagged, bagged and shipped to the XRAL Laboratory in Mississauga, Ontario by bus or transport. The samples were analyzed for Ta, Nb, Cs, and Rb by the XRF7 method and for Li and Be by the ICP90 method. Detection limits are 5 ppm for Ta, Be and Cs, 2 ppm for Nb and Rb and 10 ppm for Li. Samples with values above the upper detection limit were reanalyzed using assay techniques.

The drill core was transported to Armstrong, to a building on the old military base, where it was logged and marked for sampling. Attempts were made to cut the core using a diamond saw however the extreme hardness of the core (especially the spodumene) made this impossible and the core was split using a core splitter, with one-half of the core retained and the other half bagged and sent for analyses as described for the channel samples. Samples were kept in the locked building until they were sent to Thunder Bay where they were shipped by ground transport to XRAL.

At this early stage of exploration of the property, the Issuer believes that the sampling, preparation, security and analytical procedures were adequate.

Mineral Resources and Mineral Reserves

No mineral resource or mineral reserve has been established for the Seymour Lake Property.

Future Exploration and Development

Neither Linear Gold nor the Issuer has conducted any significant exploration on the Seymour Lake Property since the drilling program completed in 2003.

II. Km 61 Property - Canada

Introduction

The Km 61 Property is a molybdenum / copper property, with porphyry affinity, located to the northeast and contiguous with the Seymour Lake Property. Porphyry related copper – molybdenum mineralization was located in this area during regional exploration related to the Seymour Lake Property in 2002. The property was optioned to Noranda Inc. ("Noranda") (now Falconbridge Limited ("Falconbridge")) in 2003. Noranda / Falconbridge carried out work on the claims in the fall of 2003 and the summers of 2004 and 2005. A National Instrument 43-101 compliant technical report on the property has been filed on SEDAR. The report was prepared by Matthew Ian Rees, the Qualified Person on the project, who is a Senior Geologist with Falconbridge, the operator of the project, as an assessment report for the property in late 2005. The information below is taken from this technical report.

Location, Description & Tenure

The Km 61 Property is a copper-molybdenum-gold-silver prospect located immediately to the north and contiguous to the Seymour Lake Property. The claims are located along the gravel Jackfish haulage road, well maintained by Buchanan Forest Products Ltd., from approximately Kilometre 59 to Kilometre 65, which provides easily drivable access to the property from Armstrong, the nearest community. The Km 61 Property is also connected by the partially improved logging road, which is the access to the Seymour Lake Property, to the main CN rail line at the abandoned village of Ferland Station, approximately 12 kilometres to the south of the property. The Armstrong NMR airfield, with paved runways, is located at Kilometre 13, east of Armstrong.

The east end of the property, along the Little Jackfish River system between Seymour and Chapais Lakes, is partially underlain by a license of occupation for flooding, held by Ontario Hydro. Inquiry with Ontario

Power Generation indicates that a study for a hydro-electric facility on the river was completed many decades ago, but there are no plans for development at this time or in the near future. It has been suggested during discussions that a mine being developed in the area could make a positive business case for constructing the dam. The Km 61 Property is located approximately 12 kilometres south of the main drainage divide between Hudson's Bay and the Great Lakes. The Okogi Reservoir is located approximately 25 kilometres north of the property.

The terrain has generally low relief, broken only locally by large diabase-capped, "mesa-like" hills. In part the low relief is due to extensive coverage by glacial deposits, including large areas of outwash sands and local eskers. Large portions of the area have been clear-cut and replanted however most of the property remains forested with a mixture of hardwoods and softwoods.

The Km 61 Property consists of 16 contiguous unpatented claims totalling 177 claim units and approximately 2,800 hectares. The claims have not been surveyed. There are no known environmental liabilities associated with the Km 61 Property. The table below describes the claim holdings.

Name of Claim	Claim No.	(Units)	Ownership Rights (in brief)	Registration	Expiry
Km 61 Property, Thunder Bay, Ontario					
Km 61 - Crescent Lake Township	3001236	12	100% subject to NSR-OTF	Falconbridge	22-Jul-07
Km 61 - Crescent Lake Township	3001237	15	100% subject to NSR-OTF	Falconbridge	22-Jul-07
Km 61 - Crescent Lake Township	3007162	15	ACI w/ Falconbridge	Falconbridge	28-Nov-06
Km 61 - Crescent Lake Township	3007163	15	ACI w/ Falconbridge	Falconbridge	28-Nov-06
Km 61 - Crescent Lake Township	3007164	15	ACI w/ Falconbridge	Falconbridge	28-Nov-06
Km 61 - Crescent Lake Township	3007165	2	ACI w/ Falconbridge	Falconbridge	28-Nov-06
Km 61 - Crescent Lake Township	3007166	2	ACI w/ Falconbridge	Falconbridge	28-Nov-06
Km 61 - Crescent Lake Township	1245648	6	100% subject to NSR-OTF	Falconbridge	19-Jan-07
Km 61 - Crescent Lake Township	3014032	8	100% subject to NSR-OTF	Falconbridge	06-Aug-07
Km 61 - Crescent Lake Township	3014033	16	100% subject to NSR-OTF	Falconbridge	06-Aug-09
Km 61 - Crescent Lake Township	3014034	8	100% subject to NSR-OTF	Falconbridge	06-Aug-07
Km 61 - Crescent Lake Township	3014035	12	100% subject to NSR-OTF	Falconbridge	06-Aug-09
Km 61 - Crescent Lake Township	3016645	16	ACI w/ Falconbridge	Falconbridge	02-Sep-07
Km 61 - Crescent Lake Township	3016646	16	ACI w/ Falconbridge	Falconbridge	02-Sep-07
Km 61 - Crescent Lake Township	3016647	16	ACI w/ Falconbridge	Falconbridge	02-Sep-07
Km 61 - Crescent Lake Township	3016648	3	ACI w/ Falconbridge	Falconbridge	02-Sep-07
Total		177			

Notes: Where indicated, the NSR varies between 0.5% and 3.0%, 50% of which can be repurchased by the Issuer.
OTF – optioned to Falconbridge.
ACI - Area of Common Interest w/ Falconbridge.

History

The Km 61 Property showing was discovered by Linear Gold in 2002 during regional prospecting on the Seymour Lake Property, when chalcopyrite – molybdenite mineralization was discovered on new woods roads that had been developed in the area. The Km 61 Property was evaluated by a limited trenching and sampling program in 2002 which gave significant values in copper, molybdenum, silver and gold from grab and channel samples from the porphyry and mafic volcanic units in the area.

The Km 61 Property was optioned to Noranda (now Falconbridge) on November 3, 2003. Under the terms of the agreement, Falconbridge may earn a 51% interest in the Km 61 Property by making payments totalling $250,000 and undertaking $1,250,000 of eligible exploration expenditures on the property by December 31, 2007. To date, Linear Gold has received payments of $80,000, and all subsequent payments arising from the option agreement will be payable to Linear Metals. Upon earning a 51% interest, Falconbridge has a further option to increase its interest to 65% by incurring all exploration costs to feasibility stage, completing a bankable feasibility study, and paying an additional $250,000. Falconbridge may then elect to increase its interest to 70% by arranging for financing to production. Falconbridge is the operator during the initial option period and thereafter so long as it has at least a 50% interest in the Km 61 Property.

During April 2006, Linear Metals acquired from Linear Gold a 100% interest in the Km 61 Property, subject to Falconbridge's option agreement.

The claims are registered in the name of Falconbridge Limited and Linear Gold. The option agreement with Linear Gold included 7 claims (77 units) which comprised the northern portion of the Seymour Lake Property, staked by Linear Gold in January 2001 (1 claim/6 units), July 2002 (2 claims/27 units) and August 2006 (4 claims/44 units). In 2003 and 2005, Falconbridge staked additional claims pursuant to the option agreement's Area of Common Interest ("ACI"), adding a total of 9 new claims (100 units) to the Km 61 Property.

Geological Setting

The Km 61 property is located in the Caribou Greenstone Belt, which trends east-north-east to the north of Lake Nipigon, extending eastward from the Onamon-Tashota Greenstone Belt. It lies along the northern margin of the Wabigoon Subprovince which is defined by the Sydney Lake-Lake St. Joseph Fault zone. The Caribou belt differs from the Marshall Lake portion of the Tashota belt in that it is dominated by mafic and ultramafic rocks, including komatiites, with lesser intermediate and felsic metavolcanic rocks. The Caribou belt also contains metasedimenatry units, including abundant iron formation. Numerous Archean-aged mafic and ultramafic bodies intrude the volcanics. A prominent south-south-west trending portion of the belt wraps around the northwest end of a large composite felsic pluton in the property area. The contacts of the pluton, which can be seen on regional vertical gradient magnetic maps, is reported to be composed of tonalite and granodiorite, with lessor granite, monzonite and diorite phases (Pye, 1968). The area is cut by a series of prominent late south-south-west trending faults (with left-lateral displacement) that dictate the odd shape of Crescent Lake. Lying near the north end of the Nipigon Embayment, the area has also been affected by the Proterozoic Mid-Continental Rift event, expressed locally by outliers of Logan diabase sills that form prominent mesa-like, flat topped, hills, which can be seen on magnetic maps as strong highs or reverse polarized lows.

Exploration History

The Km 61 Property is located within the Caribou Greenstone belt which has been prospected for magmatic Cu-Ni sulphide, lode gold, rare element pegmatites and volcanogenic massive sulphides at various times and in different phases beginning mainly in the early 1950s, although some gold prospecting may have taken place around Toronto Lake as early as 1915. Following the discovery of the Aubry REE pegmatite occurrences on the Seymour Lake Property, now held by Linear Metals, by prospector Nelson Aubry in the late 1940s, exploration in the immediate area was concentrated on rare metal pegmatites carrying lithium, tantalum and cesium which continued into the 1950s and 1960s. In the 1970s and early 1980s a phase of exploration for Ni and Cu-Zn, focused on mafic intrusions and iron formation in the area. Canadian Dyno Mines briefly worked the area in 1967-68, focussing on pyritic and graphitic conductors hosted by felsic volcanics and iron formation that trend along the north end of the current Falconbridge grid. A review of the assessment records, shows that no previous exploration work was carried out directly over the present target area. Almost no exploration occurred in the area during the 1980s and 1990s except for limited work by prospectors utilizing OPAP grants mainly oriented at REEs. In 2002, Linear Gold optioned the Aubry Li, Ta, Cs occurrence from Stares Contracting Corp. During the course of exploration for REEs in the summer of 2002, Cu-Mo-Au-Ag mineralized intrusive float was found along the north side of the Jackfish Road at approximately kilometre 59.7, which was then followed approximately 1.5 kilometre up-ice to an area of sparse outcrop in a recent clear-cut. Limited mechanized trenching and channel sampling was undertaken to follow-up the discovery, which showed a large area of sericitic altered porphyry dykes that hosted disseminated and stringer sulphide mineralization associated with intense quartz stock-working.

Noranda (now Falconbridge) evaluated the Km 61 Property in July 2003 and carried out a small soil survey in August. Based the results of the property visits, an option agreement was negotiated with Linear Gold in November 2003. The initial field program, completed in the fall of 2003, outlined IP and coincident soil anomalies that warranted follow-up. In the summers of 2004 and 2005, Falconbridge carried out moderate size drill programs to test portions of the widely-spaced anomalous responses over a 600 metre x 1,200 metre area.

Mineralization

At Km 61, mineralization and alteration are hosted by quartz monzonite porphyry with quartz phenocrysts (Carson, 2004), however, up to four different porphyry phases have been identified in drilling, all of roughly similar composition, but with differing phenocryst types and sizes.

Mapping and drilling have shown that the main alteration assemblages, specifically the "phyllic" (sericite) and "potassic" (biotite) zones, are often intimately intermixed and intergrown within the felsic porphyry, where both are observed to replace hornblende and feldspar (Carson, 2004), but are dominated by sericite, while in the host mafic volcanics, strong biotite alteration predominates proximally, with a weakly developed actinolite-epidote-chlorite zone ("propyllitic") more distal. True argillic alteration is not expressed, or has been metamorphosed to higher-temperature silicate phases, however late surficial clay alteration of feldspars is reported in thin section (Carson, 2004). Accessory alteration phases include tourmaline, garnet, and amphibole (variety probably actinolite, and field-termed "actinolite" for its distinct green colour). These accessory phases, the coarseness and the contemporaneous nature of the biotite-sericite alteration, indicate the mineralizing event is of a mixed, higher-T magmatic-metasomatic-hydrothermal origin, than truly hydrothermal (Carson, 2004).

Drilling

Falconbridge completed drill programs consisting of 3,217 metres of diamond drilling in 13 holes during 2004 and 2005. The programs were designed to test IP chargeability, soil anomaly, and geologic targets over an area of approximately 600 metres x 1200 metres.

A five-hole program, totalling 1178 metres, which tested the western end of an IP chargeability anomaly of approximately 500 metres x 1000 metres (open) over a 100 metre strike length, where there was good geological control from trenching was carried out in August 2004. Although anomalous copper / molybdenum values were located in holes K-04-1 to 3, the best values were located in K-04-04 which gave 131 metres of 0.08 % Cu and 0.047 % Mo, and which remained open to depth, and in K-04-05, where the northern porphyry body averaged 0.07 % Cu over 87 metres, while a porphyry breccia zone at depth returned 0.19 % Cu, 0.04 % Mo, and 4.5 g/t Ag over 12.5 metres, possibly indicating the start of a central porphyry body. As both holes were 100 metre step-outs to the east, these results indicated the potential for a possible Cu-Au rich zone in the core of the system along strike to the northeast.

In the fall of 2005, Falconbridge carried out a 2,039 metre program in eight holes plus deepening K-04-04. Sections of better Cu mineralization (e.g. K-05-6: 61.2 metres @ 0.19% Cu, K-05-7: 128.8 metres @ 0.12% Cu, K-05-9: 7.3 metres @ 0.26% Cu) than in the 2004 program were intersected, however grades remained well short of target Cu grades. Drilling did intersect significant molybdenum mineralization including a 3 metre wide (drill width) high-grade vein system intersected in holes K-05-8 and K-05-12, which graded 1.78% Mo and 1.41% Mo respectively with 0.25 g/t Au. The high-grade Mo vein system is flanked to the north and south, at approximately 100 metre distances, by two zones of disseminated and veinlet-hosted Mo mineralization. The larger southern Mo zone (open to the NE) was intersected in holes K-04-03 (20.7 metres @ 0.054% Mo, and 9.0 metres @ 0.082% Mo, 0.22% Cu), K-04-04/K-05-4A (23.3 metres @ 0.038% Mo, and 123.1 metres @ 0.047%), and K-05-7 (128.8 metres @ 0.058% Mo, 0.12% Cu). The narrower and shorter northern Mo zone was intersected only in K-05-06, but may continue north-eastward, less intensely, into K-05-10 (53.3 metres @ 0.033% Mo, 0.11% Cu). In K-05-06, two higher grade zones were intersected (61.2 metres @ 0.076% Mo, 0.19% Cu, and 8.6 metres @ 0.066% Mo, 0.16% Cu), separated by 14 metres of less mineralized mafics. Since the target was a copper rich porphyryl, sampling gaps exist for Mo, where Cu mineralization was limited, although molybdenite mineralization was visible in the core.

Sampling, Analysis and Security

Sample intervals were laid out and measured by the logging geologist, marked with crayon and insertion of two assay book tags. Nominal 1.5 metre long samples of drill core were cut on diamond-blade, water-cooled, electric-driven saws (Vancon or Target types), half of which was bagged and labelled with one of the previously inserted tags. The other "half" of the perforated tag was stapled into the core box at the beginning of the sample interval. In 2004, due to logistical necessity, the cutting and sampling was done in Thunder Bay at the facilities of Stares Contracting Corp. Although an open air yard, the site is secured by a six-foot high fence, barbed wire, and a locked gate. In 2005, the core was sampled onsite at the Seymour Lake camp.

Individual bagged samples were placed in large woven plastic "rice" bags onsite, and sealed with zip-lock straps. Loads of 10 to 15 rice bags were then transported in company vehicles by Falconbridge personnel directly to Accurassay Labs of Thunder Bay. Details of exact analytical methods are available on the assay certificates and at the laboratory websites.

In 2004, a total of 366 samples were taken, and in 2005, a total of 459 samples were collected. It should be noted that approximately 10 samples were laid out and tagged in the 2004 drill core (K-04-05), and 50 samples in the 2005 core, but were not sawn due to various logistical considerations (saw repair, camp closure, etc.). These samples however, were not highly mineralized and unlikely to affect any composite interval results significantly.

The core samples were prepared by standard crushing and pulping techniques (90% pass -8 mesh, and 90% pass -150 mesh), and in 2004, analysed initially by ICP-AES, with Au done by 30g Fire Assay. Due to problems discovered with the ICP analyses, the pulps were eventually sent to ALS Chemex for standard geochemical analyses by AA, as Accurassay were unable at the time to perform standard assaying for Mo (no nitrous oxide set-up for the AA). In 2005, all analyses for Cu-Au-Ag were done by Accurassay using standard 30 g Fire Assay and AA analytical methods, and pulps were again forwarded to ALS Chemex for Mo assaying by AA.

Mineral Resources and Mineral Reserves

No mineral resource or mineral reserve has been established for the Km 61 Property.

Future Exploration and Development

Falconbridge has reported porphyry copper and molybdenum mineralization has been encountered over a 600 metre x 1,200 metre area and is planning to conduct follow-up drilling, trenching, IP geophysics, geochemistry, and geological mapping in the summer of 2006, with emphasis on the molybdenum potential in the porphyry.

USE OF PROCEEDS

The net proceeds of the exercise of the Warrants and the completion of the Standby Commitment and the Private Placement are expected to be not less than approximately $1,000,000. Such proceeds will be used to fund follow-up drill programs on the Cobre Grande and La Morena Properties, to acquire new properties and for general working capital purposes as set out below:

Description of Use of Proceeds	Amount ($)
Recommended work program on the Cobre Grande Property	370,000
12 months' general and administrative expenses	150,000
12 months' property payments on the Mexican and Canadian Properties	100,000
Costs of Listing and Share Distribution	100,000
Unallocated expenses	280,000
TOTAL	$1,000,000

MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion and analysis should be read in conjunction with the audited financial statements and related notes thereto which appear elsewhere in this Prospectus. All figures are in Canadian dollars unless otherwise noted.

Three Months Ended January 31, 2006

The Issuer did not earn any revenue during the three months ended January 31, 2006. The Issuer incurred banking fees of $43 during the three months ended January 31, 2006. As of January 31, 2006, the assets of the Issuer totalled $220 and liabilities aggregated $3,805. The Issuer is dependent on successfully completing future financings to continue as a going concern.

Year Ended October 31, 2005

The Issuer did not earn any revenue during the year ended October 31, 2005. The Issuer incurred professional fees associated with the incorporation of the Issuer and its subsidiaries of $3,298 and banking fees of $245 during the year ended October 31, 2005. As of October 31, 2005, the assets of the Issuer totalled $263 and liabilities aggregated $3,805. The Issuer is dependent on successfully completing future financings to continue as a going concern.

Liquidity and Cash Resources

As a wholly-owned subsidiary of Linear Gold, the Issuer has been inactive. The purpose of the Dividend Transaction is to provide the Issuer with the liquidity and cash reserves to carry on its intended business; however, the Issuer anticipates that it will have to complete additional financings in the future. The Standby Commitment and the Private Placement will ensure that the Issuer has the minimum capital required to meet the Exchange's minimum working capital requirements.

DESCRIPTION OF THE SECURITIES DISTRIBUTED

Authorized Capital

The authorized capital of the Issuer consists of an unlimited number of Common Shares.

Common Shares

The holders of Common Shares are entitled to one vote for each share held at all meetings of shareholders of the Issuer and to receive dividends, if, as and when declared by the Board of Directors. In the event of the liquidation, dissolution or winding up of the Issuer, the holders of the Common Shares are entitled to receive those assets distributable to shareholders. There are no indentures or agreements limiting the payment of dividends and other than the Warrants contemplated hereby, no conversion, special liquidation, pre-emptive or subscription rights affecting the Common Shares. The presently outstanding Common Shares are not subject to any call or assessment and the Common Shares offered hereby when issued and sold as described by this Prospectus will not be subject to any call or assessment.

PRO FORMA CONSOLIDATED CAPITALIZATION

The following table sets forth the pro forma consolidated capitalization of the Issuer as at the dates indicated after giving effect to the Dividend Transaction. The table should be read in conjunction with the Pro Forma Consolidated Financial Statements of the Issuer and the accompanying notes contained elsewhere in this Prospectus:

	Outstanding as at October 31, 2005 before giving effect to the Dividend and Asset Transactions, the exercise of warrants and/or standby share subscription and the Private Placement	Outstanding as at October 31, 2005 after giving effect to the Dividend and Asset Transactions, the exercise of warrants and/or standby share subscription and the Private Placement
Indebtedness		
Long-term debt	NIL	NIL
Total debt	NIL	NIL
Shareholders' Equity		
Common Shares	1	24,258,002
Total shareholders' equity	($3,542)	$2,058,318

Except for the information stated above, there are no material changes in the share and loan capital of the Issuer.

OPTION TO PURCHASE SECURITIES

There are currently no outstanding options to purchase securities of the Issuer.

Proposed Stock Option Plan

The Issuer's Management has recommended that the Issuer adopt a Stock Option Plan, as it is a requirement of the Exchange, containing among other things, provisions consistent with the current policies of the Exchange. The Stock Option Plan is also subject to Exchange approval.

Under the Stock Option Plan

- the Board of Directors may grant up to that number of stock options which is equal to 10% of the issued and outstanding Common Shares of the Issuer, at their discretion, in accordance with the terms of the Stock Option Plan;

- the exercise price of an option cannot be less than the last closing price of the Issuer's Common Shares on the trading day immediately before the date of grant, less the applicable discount permitted under the Exchange's policies;

- the maximum term of any option will be five years from the date of grant or such lesser period as determined by the Board of Directors; and

- any amendment to the Stock Option Plan will also be subject to the approval of the Exchange and may also require shareholder approval.

Options granted under the Stock Option Plan, together with all other stock options previously granted by the Issuer, could result at any time in:

- the number of Common Shares reserved for issuance under stock options granted to Insiders exceeding 10% of the Issuer's total issued capital; or

- the number of Common Shares issued to Insiders, within a one year period, exceeding 10% of the Issuer's total issued capital; or

- the number of Common Shares issued to any one Insider and his associates, within a one-year period, exceeding 5% of the Issuer's total issued capital.

Prior Sales

There have been no prior sales of the Common Shares of the Issuer since November 17, 2004, the date of incorporation of the Issuer.

ESCROWED SHARES

Escrowed Securities

In accordance with the provisions of Exchange Escrow Policy 5.4, Common Shares acquired by subscribers under the Private Placement ("Private Placement Subscribers") will be subject to Tier 2 Value Escrow and released pursuant to Schedule B2 both as defined in Escrow Policy 5.4, starting retroactively the Listing Date of the Issuer's Common Shares, except that, subject to prior Exchange approval:

(a) in the event the Private Placement price of $0.15 per share is greater than the Post Listing Market Price (as hereinafter defined) of the Common Shares of the Issuer (less a maximum discount of 25%), the Escrowed Securities (as hereinafter defined) will be released from escrow, but will be subject to a four-month hold period starting retroactively from the Listing Date of the Issuer's Common Shares;

(b) in the event the Private Placement Price of $0.15 per share is equal to the Post Listing Market Price of the Common Shares of the Issuer (less a discount that is between 25% and 50%), the Escrowed Securities will be released from escrow pursuant to Schedule B1 of Tier 1 Value Escrow both as defined in Escrow Policy 5.4, starting retroactively from the Listing Date of the Issuer's Common Shares.

Post Listing Market Price refers to the ten-day weighted average price of trading of the Issuer's Common Shares beginning on the date that is the later of: (i) three business days following mailing of the Issuer's share certificates to shareholders of record of Linear Gold for purposes of declaration and payment of the Dividend; or (ii) the Listing Date of the Issuer's Common Shares.

Pursuant to an agreement (the "Escrow Agreement") among the Issuer, Computershare Trust Company of Canada (the "Escrow Agent") and the Private Placement Subscribers, to be executed prior to the Private Placement, the Private Placement Subscribers will agree to deposit in escrow an aggregate of 5,000,000 Common Shares acquired pursuant to the Private Placement (the "Escrowed Securities") with the Escrow Agent. Pursuant to the terms of the Escrow Agreement, the securities to be held in escrow may not be transferred or otherwise dealt with during the term of the Escrow Agreement unless the transfers or dealings within the escrow are:

(i) transfers to continuing or, upon their appointment, incoming directors and senior officers of the Issuer or of a material operating subsidiary, with approval of the Issuer's Board of Directors, provided such transferees shall also become parties to the Escrow Agreement in the place and stead of the transferors;

(ii) transfers to an RRSP or similar trustee plan provided that the only beneficiaries are the transferor or, if the transferor's spouse or children, provided such transferees shall also become parties to the Escrow Agreement in the place and stead of the transferors;

(iii) transfers upon bankruptcy to the trustee in bankruptcy; and

(iv) pledges to a financial institution as collateral for a *bona fide* loan, provided that upon a realization the securities remain subject to escrow. Tenders of Escrowed Securities to a take-over bid are permitted provided that, if the tenderer is a Private Placement Subscriber, securities received in exchange for tendered Escrowed Securities are substituted in escrow on the basis of the successor corporation's escrow classification.

PRINCIPAL SHAREHOLDERS

To the knowledge of the Issuer's directors and senior officers, no person beneficially owns, directly or indirectly, or exercises control or direction over, or upon completion of the distribution of the Dividend will own, Common Shares carrying more than 10% of all voting rights.

Upon completion of the distribution of the Dividend, the Insiders of the Issuer shall hold in aggregate Common Shares representing 14.1% of the 17,118,224 Common Shares, which will then be outstanding. If all of the Insiders of the Issuer were to exercise the Warrants they are being issued, they would hold an aggregate of 2,686,787 Common Shares, which would represent 14% of the issued and outstanding Common Shares on a fully diluted basis. Members of the public will hold the balance of the issued and outstanding Common Shares.

The Standby Commitment could result in a maximum of 2,139,778 Common Shares being issued to Insiders, which would result in Insiders holding an aggregate of 4,528,033 Common Shares, representing 23.5% of the issued and outstanding Common Shares of the Issuer on a fully diluted basis.

The Private Placement will result in a minimum of 5,000,000 Common Shares being issued to Insiders. Following completion of the private placement, if all of the Insiders of the Issuer were to exercise the Warrants they are being issued, they would hold an aggregate of 7,686,787 Common Shares, which would represent 31.7% of the issued and outstanding Common Shares on a fully diluted basis. If pursuant to the Standby Commitment, the maximum number of shares was issued to insiders, following completion of the subscription pursuant to the Standby Commitment and the Private Placement, Insiders would hold an aggregate of 9,528,003 Common Shares, which would represent 39.3% of the issued and outstanding Common Shares on a fully diluted basis.

DIRECTORS AND OFFICERS

Name, Address, Occupation and Security Holding

The names of the current directors and officers of the Issuer and their principal occupation are set out below:

Name, Municipality of Residence and Position with the Issuer	Principal Occupation at Present and for Past Five Years	Number of Voting Securities owned on completion of the distribution of the Dividend
Wade K. Dawe President and director Halifax, Nova Scotia	Mining Executive President and CEO, Linear Gold Corp.	1,042,655
Ken Cai director	Mining Executive President and CEO, Minco Silver Corporation	NIL
Michael Gross director	Professor of Surgery, Dalhousie University, Halifax, Nova Scotia Director, Linear Gold Corp.	1,120,880
Carl Sheppard director	President and Managing Partner, Strategic Concepts, Inc.	8,000
Brian MacEachen Chief Financial Officer Halifax, Nova Scotia	Vice-President, Finance and Chief Financial Officer, Linear Gold Corp.	242,320
Philip F. Pyle Vice-President, Exploration	Vice-President, Exploration, Linear Gold Corp.	2,400

The terms of the foregoing director and officer appointments shall expire at the next annual general meeting of the shareholders of the Issuer.

A description of the principal occupation for the past five years and summary of the experience of the directors and officers of the Issuer is as follows:

Wade K. Dawe

Director and Vice President

Wade K. Dawe has been an entrepreneur in Canadian mining and venture capital industries since 1994. With extensive contacts in the business and investment banking communities he has consulted for a number of successful publicly traded Canadian companies and has raised millions of dollars in equity financing. Mr. Dawe was named Director and Vice President of Linear Gold in February of 2000 and in September 2003 was appointed Chairman, President and CEO of Linear Gold. He is also a founding shareholder of Keeper Resources Inc., a Calgary-based producer of oil and gas, and retains a position on its board. Mr. Dawe earned a Bachelor of Commerce degree from Memorial University of Newfoundland (MUN) in 1992. Mr. Dawe has not entered into a non-competition or non-disclosure agreement with Linear Gold and is 35 years of age.

Brian MacEachen

Vice President & Chief Financial Officer

Brian MacEachen is a Chartered Accountant with more than 16 years of experience in overseeing the financial management of publicly traded companies. Mr. MacEachen has been the Vice President and Chief Financial Officer of Linear Gold since January 2004. Mr. MacEachen has served with a number of public companies and prior to joining Linear Gold served as Chief Financial Officer of Salter Street Films Limited, and as Treasurer for each of Franco-Nevada Mining Corporation Limited and Aur Resources Inc. Mr. MacEachen is a director of Avalon Ventures Limited, a TSX Venture Exchange listed mineral exploration company. A native of Ontario, Mr. MacEachen earned his Bachelor of Business Administration from St. Francis Xavier University and now resides in Halifax, Nova Scotia.

Philip Pyle

Vice-President of Exploration

Phil Pyle has been the Vice-President of Exploration for Linear Gold since October 2003. With over 25 years of experience in exploration, including over 15 years working in Central America, Phil has successfully negotiated mineral rights agreements with local, state and federal levels of government.

Mr. Pyle is fluent in Spanish and holds a Masters degree in Geological Sciences from the University of Texas at Austin and a Bachelors degree in Earth Sciences from Dartmouth College.

Dr. Michael Gross

Director

Dr. Michael Gross is a full professor of surgery at Dalhousie University in Halifax, Nova Scotia, for the past 14 years, Dr. Gross has also been the Medical Director for the QE II Health Sciences Centre Tissue Bank, the largest comprehensive tissue bank in Canada. In addition, he offers consultation to the orthopaedic appliance industry and holds patents on devices in reconstructive orthopaedic surgery.

Dr. Gross has served on the boards of directors of two publicly traded companies. He has served as a director of Linear Gold since 2002.

Dr. Gross received his degree in medicine from the University of Newcastle Upon Tyne in England in 1975. He obtained a Fellowship in Surgery in London, England in 1979 and a Canadian Fellowship in Orthopaedic Surgery in 1981.

Dr. Ken Z. Cai

Director

Dr. Cai has served as President, Chief Executive Officer and a director of Minco Mining & Metals Corporation since February 1996. Dr. Cai holds a Ph.D. in mineral economics from Queens University in Kingston, Ontario, Canada. Dr. Cai, a Chinese national now living in Canada, has 20 years of experience in mineral exploration, project evaluation, corporate financing and company management. Dr. Cai has been responsible for negotiating property agreements in China on behalf of Minco Mining & Metals Corporation, through his contacts in the Chinese mining communities. Dr. Cai has served as a director of several publicly traded and private Canadian and Chinese companies. He is currently also the President and CEO of Minco Silver Corporation.

Mr. Carl Sheppard

Director

Mr. Sheppard is the president and managing partner of Strategic Concepts, Inc., a business planning and advisory company. At Strategic Concepts, Inc., he is responsible for overseeing the company's strategic planning, economic modeling and financial feasibility consulting services. He has provided consulting services to numerous new and expanding resource development companies, including De Beers Canada, Iron Ore Company of Canada, Inco Limited, Voisey's Bay Nickel Company Limited, New Millennium Capital, Husky Energy and Chevron Canada. Mr. Sheppard has a Masters of Development Economics from Dalhousie University, a Bachelor of Arts Honours Degree from York University's Glendon College and a Bachelor of Arts Degree from Memorial University of Newfoundland and Labrador (MUN).

Corporate Cease Trade Orders or Bankruptcies

No director, officer, promoter or other member of management of the Issuer has, within the past ten years, been a director, officer or promoter of any other issuer that, while that person was acting in that capacity:

(a) was the subject of a cease trade or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than 30 consecutive days; or

(b) was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

Penalties or Sanctions

No director, officer, promoter or other member of management of the Issuer has, within the past ten years, been the subject of any penalties or sanctions by a court or securities regulatory authority relating to trading in securities, the promotion, formation or management of a publicly traded company or involving theft or fraud.

Personal Bankruptcies

No current or proposed director, officer, promoter or other member of management of the Issuer has, within the past ten years, been declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager, or trustee appointed to hold the assets of that individual.

Conflicts of Interest

Conflicts of interest may arise as a result of the directors and officers of the Issuer holding positions as directors or officers of other companies. Some of the directors and officers have been and will continue to be engaged in the identification and evaluation of assets and businesses, with a view to potential acquisition of interests in businesses and companies of their own behalf and on behalf of other companies, and situations may arise where the directors and officers will be in direct competition with the Issuer. Conflicts, if any, will be subject to the procedures and remedies under the *Canada Business Corporations Act*.

EXECUTIVE COMPENSATION

Compensation of Named Executive Officers of the Issuer

SUMMARY COMPENSATION TABLE

	ANNUAL COMPENSATION				LONG-TERM COMPENSATION	
					Awards	
Name and Principal Position	Year	Salary ($)	Bonus ($)	Other Annual Compensation ($)	Securities Under Options Granted (#)	All Other compensation ($)
Wade K. Dawe President	2005	NIL	NIL	NIL	NIL	NIL
Brian MacEachen Vice-President, Finance and Chief Financial Officer	2005	NIL	NIL	NIL	NIL	NIL
Philip F. Pyle Vice-President, Exploration	2005	NIL	NIL	NIL	NIL	NIL

Termination of Employment, Change in Responsibilities and Employment Contracts

There are currently no employment contracts between the Issuer and the above-named officers. The Executive Officers are employees of Linear Gold and will provide services to the Issuer pursuant to a management contract between Linear Gold and the Issuer. The Issuer will compensate Linear Gold on a proportionate basis for the amount of executive time spent managing the business of the Issuer, subject to adjustment as necessary.

The Issuer does not have any plan or arrangement with respect to compensation to its executive officers which would result from the resignation, retirement or any other termination of employment of the executive officers' employment with the Issuer or from a change of control of the Issuer or a change in the executive officers' responsibilities following a change in control.

Compensation of Directors

Directors of the Issuer are not entitled to receive fees for attending meetings of the Board of Directors and shareholders. The Issuer did not pay or accrue any amounts payable to directors during the fiscal year ended October 31, 2005.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

No person who is, or at any time during the fiscal year ended October 31, 2005 was, a director or officer of the Issuer, or any associate of any such director or officer, was at any time since the beginning of the fiscal year of the Issuer as at October 31, 2005 indebted to the Issuer. No director, officer or associate thereof is currently indebted to the Issuer.

PLAN OF DISTRIBUTION

Linear Gold is distributing the Dividend to holders of its common shares including but not limited to those resident in those provinces where this Prospectus has been filed.

The Dividend will consist of Units, each Unit comprised of 0.8 of a Common Share and one-tenth of one Warrant of the Issuer, and will be paid on the basis of one Unit for every one common share of Linear Gold which is issued and outstanding on the record date to be fixed by the Board of Directors of Linear Gold. Fractional Units will not be issued. The number of Units to be distributed to a Linear Gold shareholder will be rounded down to the nearest whole number of Units. At the time the Dividend is paid, it is expected that the Issuer will have approximately 17,118,224 Common Shares outstanding.

Each whole Warrant will entitle the holder to purchase one Common Share at an exercise price of $0.12 for an exercise term of 30 days from the date of issuance of the Warrants. Warrant certificates will be issued for whole Warrants only. The Warrants will be issued in registered form under, and will be governed by, the Warrant Indenture and shall be transferable pursuant to the terms of the Warrant Indenture between the Issuer and Computershare Trust Company of Canada.

Certificates evidencing the Warrants will be created and issued on the date of Closing and will be delivered to the holders of common shares of Linear Gold on such date.

No fractional Common Shares will be issuable upon the exercise of any Warrants. Holders of Warrants will not have any voting or any other rights which a holder of Common Shares would have until the Warrants are properly exercised and Warrant Shares issuable upon the exercise of the Warrants are issued.

There is currently no market through which the Units, Common Shares or Warrants may be sold. The Issuer is applying to list the Common Shares on the Exchange and listing is subject to the Issuer fulfilling all of the listing requirements of the Exchange including prescribed distribution and financial requirements.

None of the Common Shares issuable as part of the Units or upon exercise of the Warrants have been or will be registered under the United States Securities Act or any state securities laws of the United States, and unless so registered, the Common Shares may not be offered or sold in the United States or any territory or possession thereof or to or for the account or benefit of any United States Person, except in each case pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the United States Securities Act, and applicable state securities laws of the United States.

Warrant Indenture

The Warrant Indenture will, among other things, include provisions for the appropriate adjustment in the class, number and price of the Common Shares to be issued upon exercise of the Warrants upon the occurrence of certain events, including any subdivision, consolidation or reclassification of the Issuer's common stock, the payment of stock dividends and the Issuer's amalgamation, consolidation or merger.

The Warrant Indenture will provide for adjustment in the class and/or number of securities issuable upon the exercise of the Warrants and/or exercise price per security in the event of the following additional events:

- reclassification of the Issuer's common stock;

- consolidation, amalgamation or merger with or into any other corporation or other entity (other than consolidations, amalgamations, arrangements or mergers which do not result in any reclassification of the Issuer's outstanding common stock or a change of the Issuer's common stock into other shares); or
- the transfer of the Issuer's property and assets as an entirety or substantially as an entirety to another corporation or other entity.

STANDBY COMMITMENT

Under an agreement (the "Standby Agreement") dated April 20, 2006, a group of managers of Linear Gold led by Wade Dawe, President, and Brian MacEachen, Vice-President and Chief Financial Officer ("Linear Gold Management"), has agreed to take up and pay for that number of Common Shares at a subscription price of $0.12 per share to ensure that the Issuer receives gross proceeds from the exercise of Warrants and the Management subscription for Common Shares of not less than the amount the Issuer would have received had all the Warrants been exercised (the "Standby Commitment"). No additional fee will be payable to Linear Gold Management. The Standby Agreement may be terminated by Linear Gold Management no later than 4:00 p.m. (Halifax time) on the Warrants Expiration Date in certain circumstances, including based upon its assessment of the financial markets in Canada or elsewhere, if there is any occurrence which, in its opinion, seriously affects or may seriously affect the financial markets in Canada or the business of the Issuer taken as a whole or in the event an order or ruling is issued suspending or ceasing trading in the securities of the Issuer.

PRIVATE PLACEMENT

The Issuer proposes to distribute by way of a private placement following the Dividend a minimum of 5,000,000 Common Shares of Linear Metals at a subscription price of $0.15 per share to a group of senior managers of the Issuer led by Wade Dawe, President, and Brian MacEachen, Vice-President and Chief Financial Officer ("Management"), the proceeds of which shall be $750,000 (the "Private Placement"). No additional fee will be payable to Management. The Standby Commitment and the Private Placement will ensure that the Issuer has the minimum capital required to meet the Exchange's minimum working capital requirements. The Private Placement may not be completed by Management in certain circumstances, including based upon its assessment of the financial markets in Canada or elsewhere, if there is any occurrence which, in its opinion, seriously affects or may seriously affect the financial markets in Canada or the business of the Issuer taken as a whole or in the event an order or ruling is issued suspending or ceasing trading in the securities of the Issuer. All Common Shares issued pursuant to the Private Placement may be subject to escrow. See "Escrowed Securities".

RISK FACTORS

1. No Ongoing Operations and No Production History

The Issuer has no current mining operations and no revenue from mining operations. If the Issuer ever commenced actual mining operations, such operations would face the risk of changing circumstances, including but not limited to:

- failure of production to achieve mineral recovery levels indicated by pre-production testing of drill core and bulk samples;

- estimates of reserves being adversely affected by encountering unexpected or unusual geological formations;
- production costs being adversely affected by unforeseen factors such as substantial adverse changes in exchange rates or changes in environmental protection requirements, breakdowns and other technical difficulties, slides, cave-ins or other natural disasters, work interruptions or labour strikes;
- the grade of ore actually mined being lower than that indicated by drilling results;
- persistently lower market prices of the products mined than those used to determine the feasibility of mining a mineral occurrence;
- adverse changes in interest rates that may apply to project development debt.

2. Limited Operating Results

The Issuer has no history of earnings. The Issuer may need to raise further funds to carry out exploration of its properties with the objective of locating mineral reserves.

3. Requirement For Further Financing

There is no assurance the Issuer will be able to raise finds. If the Issuer's exploration programs are successful, additional funds will be required to place the properties in commercial production. The only sources of future funds presently available to the Issuer are the sale of equity capital, borrowed capital, or the offering by the Issuer of an interest in its properties to be earned by another party or parties carrying out development thereof. There is no assurance that any such funds will be available for operations. Failure to obtain additional financing on a timely basis could cause the Issuer to forfeit its interest in its properties and reduce or terminate its operations.

4. Exploration

The business of exploration for minerals involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. At present, there are no known bodies of commercially mineable ore on any of the properties in which the Issuer has an interest.

5. Development

The Issuer is subject to all of the risks inherent in the mineral industry and the development of mineral properties are highly speculative and involve substantial risks, even when conducted on properties known to contain quantities of minerals. Technical considerations, delays in obtaining governmental approvals, inability to obtain financing, or other factors could cause delays or increase costs; such delays or increased costs could materially and adversely affect the financial performance of the Issuer. Mineral exploration is subject to accidents, environmental hazards, the discharge of toxic chemicals and a variety of other hazards. Such events may increase production costs or result in liability. Environmental hazards may exist on the Issuer's properties which are unknown to the Issuer at present which have been caused by previous or existing owners or operators of the properties. The Issuer currently does not carry on operations and as a result does not currently maintain insurance against such liabilities. Upon the occurrence of any of the events set out above, the Issuer could incur significant costs that could have a materially adverse effect upon its financial condition.

6. Title to Properties

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. Although the Issuer has investigated its title to all of the properties for which it holds concessions or other mineral leases or licenses, the Issuer cannot give an assurance that title to such properties will not be challenged or impugned. The Issuer can never be certain that it will have valid title to its mineral properties. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify, and transfers under foreign law often are complex. The Issuer does not carry title insurance on its properties. A successful claim that the Issuer does not have title to a property could cause the Issuer to lose its rights to mine that property, perhaps without compensation for its prior expenditures relating to the property.

7. Management

The success of the Issuer is currently largely dependent upon the performance of its officers and directors. The loss of the services of these persons will have a material adverse effect on the Issuer's business and prospects. There is no assurance that the Issuer can maintain the service of its officers and directors or other qualified personnel required to operate the business. Failure to do so could have a material adverse affect on the Issuer and its prospects.

8. Requirement for Permits and Licenses

The Issuer believes that it presently holds or has applied for all necessary licenses and permits to carry on the activities in which it is currently engaged under applicable laws and regulations in respect of its properties, and the Issuer believes it is presently complying in all material respects with the terms of such licenses and permits. However, such licenses and permits are subject to changes in regulations and in various operational circumstances. A substantial number of additional permits and licenses will be required should the Issuer proceed beyond exploration. There can be no guarantee that the Issuer will be able to obtain such licenses and permits.

9. Political and Foreign Risk

Political and related legal and economic uncertainty may exist in countries where the Issuer may operate. The Issuer's mineral exploration and mining activities may be adversely affected by political instability and changes to government regulation relating to the mining industry.

Other risks of foreign operations include political unrest, labour disputes, invalidation of governmental orders and permits, corruption, war, civil disturbances and terrorist actions, arbitrary changes in law or policies of particular countries, foreign taxation, price controls, delays in obtaining or the inability to obtain necessary governmental permits, opposition to mining from environmental or other non-governmental organizations, limitations on foreign ownership, limitations on the repatriation of earnings, limitations on gold exports and increased financing costs. These risks may limit or disrupt the Issuer's projects, restrict the movement of funds or result in the deprivation of contract rights or the taking of property by nationalization or expropriation without fair compensation.

10. Fluctuating Mineral Prices

The economics of mineral exploration are affected by many factors including the cost of operations, variations in the grade of minerals explored and fluctuations in the market price of minerals. Depending on the price of minerals, it may be determined that it is impractical to continue the mineral exploration operation. The mineral industry in general is an intensely competitive industry in which operators compete for the acquisition of mineral claims as well as the recruitment and retention of qualified employees. Mineral prices are prone to fluctuations and the marketability of minerals is affected by government regulation relating to price, royalties, allowable production and the importing and exporting of minerals, the effect of which cannot be accurately predicted. There is no assurance that a profitable market will exist for the sale of any minerals found on the properties.

11. Environmental Risks and other Regulatory Requirements

The current or future operations of the Issuer, including development activities and commencement of production on its properties, require permits from various federal and local governmental authorities, and such operations are and will be governed by laws and regulations governing exploration, development, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, site safety and other matters. Companies engaged in the exploration and development of mineral properties generally experience increased costs and delays in development and other schedules as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that all permits which the Issuer may require for the facilities and conduct of exploration and development operations will be obtainable on reasonable terms or that such laws and regulation would not have an adverse effect on any exploration and development project which the Issuer might undertake.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions including orders issued by regulatory or judicial authorities, causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in exploration and development operations may be required to compensate those suffering loss or damage by reason of the exploration and development activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations.

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

12. Uninsurable Risks

Exploration, development and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences, and political and social instability. It is not always possible to obtain insurance against all such risks and the Issuer may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any further profitability and result in increasing costs and a decline in the value of the securities of the Issuer. The Issuer does not maintain insurance against environmental risks.

13. Competition

Significant and increasing competition exists for mineral opportunities. There are a number of large established mineral companies with substantial capabilities and greater financial and technical resources than the Issuer. The Issuer may be unable to acquire additional attractive mineral properties on terms it considers acceptable. Accordingly, there can be no assurance that the Issuer's exploration programs will yield any new reserves or result in any commercial mineral operations.

14. Conflicts of Interest

Officers and directors of the Issuer may, from time to time, serve as directors of or participate in ventures with other companies involved in natural resource development. As a result, there may be situations that involve a conflict of interest. Each director will attempt not only to avoid dealing with such other companies in situations where conflicts might arise but will also disclose all such conflicts in accordance with the *Canada Business Corporations Act* and will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law. Furthermore, the Issuer and Linear Gold could be operating in a competitive environment.

15. Litigation

The Issuer and/or its directors may be subject, with or without merit, to a variety of civil or other legal proceedings. The Issuer does not know of any such pending or actual material legal proceedings as of the date of this Prospectus.

16. No Cash Dividends Are Expected to be Paid in the Foreseeable Future

The Issuer intends to retain any future earnings to finance its business and operations and any future growth. Therefore, the Issuer does not anticipate paying any cash dividends in the foreseeable future.

17. Ore Reserves and Reserve Estimates

The Issuer's business relies upon the accuracy of its determination as to whether a given deposit has significant mineable minerals. No assurance can be given that the estimated mineral reserves and resources will be recovered or that they will be recovered at the rates estimated. Mineral reserve and resource estimates are based on limited sampling and, consequently, are uncertain because the samples may not be representative. Mineral reserve and resource estimates may require revision (either up or down) based on actual production experience.

18. Currency Fluctuations

The operations of the Issuer in countries other than Canada are subject to currency fluctuations and such fluctuations may materially affect the financial position and results of the Issuer. The Issuer is subject to risks associated with the fluctuation of the rate of exchange of the Canadian dollar and foreign currencies. The Issuer does not currently take any steps to hedge against currency fluctuations although it may elect to hedge against the risk of currency fluctuations in the future. There can be no assurance that steps taken by the Issuer to address foreign currency fluctuations will eliminate all adverse effects and, accordingly, the Issuer may suffer losses due to adverse foreign currency fluctuations.

PROMOTER

Linear Gold has taken the initiative in founding and organizing the business of the Issuer and, accordingly, may be considered to be a promoter of the Issuer within the meaning of applicable securities legislation.

LEGAL PROCEEDINGS

There are no material pending legal proceedings to which the Issuer is or is likely to be a party or of which any of its properties is or is likely to be subject.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than the Dividend Transaction, the Standby Commitment and the Private Placement described herein, no Insider of the Issuer and no associate or affiliate of any Insider has had any material interest, direct or indirect, in any transaction since the incorporation of the Issuer or in any proposed transaction, which, in either case, has materially affected or will materially affect the Issuer.

RELATIONSHIP BETWEEN ISSUER AND PROFESSIONAL PERSONS

No professional person as defined in s. 106 of the Rules under the *Securities Act* (British Columbia) nor any partner, employee, responsible solicitor nor associate thereof has any beneficial interest in securities or property of the Issuer, or of an associate of the Issuer, or expects to be elected, appointed or employed as a director, senior officer of the Issuer or of an associate or affiliate of the Issuer, or is a promoter of the Issuer or of an associate of the Issuer, except that Daniel F. Gallivan, Q.C. of Cox Hanson O'Reilly Matheson, solicitor to the Issuer and Linear Gold, is the Corporate Secretary of Linear Gold and owns, directly or indirectly, less than 1% of the issued and outstanding common shares of Linear Gold.

AUDITORS, TRANSFER AGENTS AND REGISTRARS

Auditors

The Issuer's auditor is PricewaterhouseCoopers LLP, Chartered Accountants of Halifax, Nova Scotia and will remain the Issuer's auditor after completion of the distribution of the Dividend.

Transfer Agent and Registrar

The Issuer's registrar and transfer agent is Computershare Trust Company of Canada, 1969 Upper Water Street, Suite 2008, Purdy's Wharf, Tower II, Halifax, Nova Scotia B3J 3R7.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the only material contracts entered into by the Issuer within two years prior to the date hereof or to be entered into in connection with the Asset Transactions and the Dividend Transaction which can reasonably be regarded as material are:

(i) Mineral Rights Assignment Agreement made as of April 3, 2006 between the Issuer and Linear Gold whereby Linear Gold agreed to assign the Canadian Properties to the Issuer;

(ii) Assignment Agreement dated March 28, 2006 between Linear Gold de Mexico, S.A. de C.V. and Linear Metals Corp. Mexico, S.A. de C.V. whereby Linear Gold de Mexico, S.A. de C.V. agreed to assign the La Morena Property located in Mexico to Linear Metals Corp. Mexico, S.A. de C.V.;

(iii) Assignment Agreement dated March 28, 2006 between Linear Gold de Mexico, S.A. de C.V. and Linear Metals Corp. Mexico, S.A. de C.V. whereby Linear Gold de Mexico, S.A. de C.V. agreed to assign the Tierra Blanca Property located in Mexico to Linear Metals Corp. Mexico, S.A. de C.V.;

(iv) Option Agreement dated March 28, 2006 between Linear Gold de Mexico, S.A. de C.V. and Linear Metals Corp. Mexico, S.A. de C.V. whereby Linear Gold de Mexico, S.A. de C.V. agreed to option the Cobre Grande Property located in Mexico to Linear Metals Corp. Mexico, S.A. de C.V.;

(v) Subscription Agreement dated April 20, 2006 between Linear Gold and the Issuer whereby Linear Gold subscribed for 14,443,502 Units of Linear Metals;

(vi) Transfer Agency Agreement dated June 9, 2006 between the Issuer and Computershare Investor Services Inc. whereby Computershare Investor Services Inc. will act as transfer agent for the Issuer in accordance with their standard fee schedule;

(vii) Warrant Indenture dated June 2006 between the Issuer and Computershare Trust Company of Canada whereby Computershare Trust Company of Canada will act as warrant agent for the Issuer in accordance with their standard fee schedule;

(viii) the Escrow Agreement (See "Escrowed Shares"); and

(ix) the Standby Agreement (See "Standby Commitment").

Inspection of Material Contracts and Reports

Copies of all the material contracts and reports referred to in this Prospectus may be inspected at the registered office of the Issuer at Suite 502, 2000 Barrington Street, Halifax, Nova Scotia during normal business hours during the distribution of the securities offered hereunder, and for a period of 30 days thereafter, as well as on the SEDAR website at www.sedar.com upon the Effective Date of this Prospectus.

EXPERTS

Certain legal matters relating to the Dividend and the tax consequences thereof will be passed on by Cox Hanson O'Reilly Matheson, Barristers & Solicitors, on behalf of the Issuer, and in regards to the title of the Mexican Properties by Pizarro-Suarez & Vasquez, Barristers & Solicitors of Mexico City, Mexico. As at the date hereof no principals and associates of Cox Hanson O'Reilly Matheson, Barristers & Solicitors, or Pizarro-Suarez & Vasquez, Barristers & Solicitors of Mexico City, Mexico own any of the outstanding Common Shares of the Issuer. No person or company whose profession or business gives authority to a statement made by such person or company and who is named as having prepared or certified a part of this Prospectus, or prepared or certified a report or valuation described or included in this Prospectus, has received or shall receive a direct or indirect interest in the property or associates of the Issuer.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Cox Hanson O'Reilly Matheson, Barristers & Solicitors, counsel to the Issuer, the following is a summary of the principal Canadian federal income tax considerations generally applicable to the acquisition, holding and disposition of Common Shares and Warrants by Linear Gold Shareholders who acquire Units pursuant to this Prospectus. This summary is applicable to a holder who, for purposes of the Tax Act, holds the each of the Common Shares and Warrants as capital property, and deals at arm's length and is not affiliated with the Issuer. The Common Shares and Warrants will each generally be considered capital property to a holder unless either the holder holds such Common Shares and Warrants in the course of carrying on a business of buying and selling securities or the holder has acquired the Common Shares and Warrants in a transaction or transactions considered to be an adventure in the nature of trade. Certain Canadian-resident holders who might not otherwise be considered to hold their Common Shares as capital property may, in certain circumstances, be entitled to make an irrevocable election pursuant to subsection 39(4) of the Tax Act to deem the Common Shares, and every other "Canadian security" (as defined in the Tax Act, which definition would not include the Warrants) owned by such holder in the taxation year of the election and in all subsequent taxation years, to be capital property. This summary is not applicable to any holder which is a "financial institution" (as defined in the Tax Act) or to any holder an interest in which would be a "tax shelter investment" (as defined in the Tax Act).

This summary is based on the current provisions of the Tax Act, the regulations thereunder (the "Regulations"), all proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance of Canada prior to the date hereof (the "Proposals") and counsel's understanding of the administrative and assessing practices and policies of the Canada Revenue Agency (the "CRA") which have been made publicly available prior to the date hereof. No assurance can be given that the Proposals will be enacted as proposed, if at all. This summary does not take into account or anticipate any other changes in law, whether by legislative, regulatory, administrative or judicial decision or action or changes in the administrative practices of the CRA, and does not take into account provincial, territorial or foreign income tax legislation or considerations.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to a holder of Common Shares and Warrants, and does not take into account other federal tax considerations. The income and other tax consequences of acquiring, holding and disposing of Common Shares and Warrants will vary according to the status of the holder, the province or provinces in which the holder resides or carries on business and, generally, the holder's own particular circumstances. Accordingly, the following description of income tax matters is of a general nature only and is not intended to constitute advice to any particular holder.

Residents of Canada

The following summary is relevant to a holder of Units who, for the purposes of the Tax Act and any applicable tax treaty or convention, is resident in Canada at all relevant times.

Acquisition of Units

The distribution of Units as a dividend-in-kind will be a taxable dividend to Linear Gold Shareholders. The amount of that dividend will be equal to the fair market value of the Unit at the time of distribution. The Issuer and Linear Gold project that the fair market value of a Unit at the time of distribution will be $0.06, but such position is not binding on the CRA. Where the Linear Gold Shareholder is an individual, the amount of the dividend will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received from taxable Canadian corporations. Subject to the potential application of subjection 55(2) of the Tax Act discussed below, where the Linear Gold Shareholder is a corporation, the dividend will be included in computing its income and generally will be deductible in computing taxable income. Private corporations and certain other corporations controlled by or for the benefit of an individual or a related group of individuals generally will be liable to pay a 33 1/3% refundable tax on dividends under Part IV of the Tax Act. This tax will be refunded to the corporation at a rate of $1 for every $3 of taxable dividends paid while it is a private corporation.

In certain circumstances, subsection 55(2) of the Tax Act treats a dividend (other than a dividend subject to Part IV tax that is not refunded as a consequence of the payment of a dividend as part of the same series of transactions or events) received by a corporation as proceeds of disposition or a capital gain. Although counsel does not believe subsection 55(2) of the Tax Act should apply to the dividend of the Units, corporate shareholders that are not subject to Part IV tax on the dividend should consult their own tax advisors with respect to the potential application of subsection 55(2) of the Tax Act to the dividend.

Common Shares and Warrants received by a holder of Linear Gold Shares will have a cost to the holder for tax purposes equal to their fair market value at the time of payment of the dividend-in-kind and will be averaged with the cost of all other Common Shares and Warrants held as capital property at the time.

A holder of a Warrant will not realize a gain or loss upon the exercise of such Warrant. The holder's cost of Common Shares acquired by exercising Warrants will be equal to the aggregate of the holder's adjusted cost base of the Warrants exercised plus the exercise price paid for the Common Shares. The holder's adjusted cost base of the Common Shares so acquired will be determined by averaging the cost of those Common Shares with the adjusted cost base (determined immediately before the acquisition of the Common Shares) of all other Common Shares held as capital property by such holder at the time of acquisition.

In the event of the expiry of an unexercised Warrant, the holder will realize a capital loss equal to the holder's adjusted cost base of such Warrant.

Tax Treatment of Capital Gains and Capital Losses

On a disposition or deemed disposition of a Common Share or a Warrant (other than a disposition arising on the exercise or expiry of a Warrant), the holder will realize a capital gain (or capital loss) equal to the amount by which the proceeds of disposition or deemed proceeds of disposition of the Common Share or Warrant exceed (or are less than) the aggregate of any costs of disposition and the adjusted cost base to the holder of the Common Share or the Warrant immediately before the disposition. One half of any such capital gain will be the holder's taxable capital gain from the disposition of Common Shares or Warrants, and one half of any such capital loss will be the holder's allowable capital loss for the disposition of Common Shares or Warrants.

A holder who disposes of Common Shares or Warrants will be required to include in income for the year of disposition the taxable capital gain resulting from the disposition, and may deduct any allowable capital loss resulting from the disposition against taxable capital gains realized by the holder during the same taxation year. Allowable capital losses in excess of taxable capital gains for any particular taxation year may be carried back and deducted against taxable capital gains in any of the three preceding years or carried forward and deducted against taxable capital gains realized in any subsequent year to the extent and under the circumstances permitted in the Tax Act.

In the case of a holder that is a corporation, the amount of any capital loss otherwise determined resulting from the disposition of a Common Share may be reduced by the amount of dividends previously received or deemed to have been previously received thereon, to the extent and under the circumstances described in the Tax Act. Analogous rules apply where a corporation is, directly or through a trust or partnership, a member of a partnership or beneficiary of a trust which owns Common Shares.

A holder that is, throughout the relevant taxation year, a "Canadian-controlled private corporation" as defined in the Tax Act may be liable to pay, in addition to the tax otherwise payable under the Tax Act, a refundable tax of 6 2/3% of its "aggregate investment income" for the year, which is defined to include the "eligible portion" of the corporation's taxable capital gains.

Capital gains realized by an individual may result in liability for alternative minimum tax.

Dividends on Common Shares

Dividends received or deemed to be received on the Common Shares by an individual (including a trust) will be included in computing the individual's income for tax purposes and will be subject to the gross-up and dividend tax credit rules normally applicable to dividends received from taxable Canadian corporations. A holder that is a corporation will include dividends received or deemed to be received on the Common Shares in computing its income for tax purposes and generally will be entitled to deduct the amount of such dividends in computing its taxable income, with the result that no tax will be payable by it in respect of such dividends. Certain corporations, including private corporations and subject corporations (as such terms are defined in the Tax Act), may be liable to pay a refundable tax under Part IV of the Tax Act at the rate of 33 1/3% of the dividends received or deemed to be received on the Common Shares to the extent that such dividends are deductible in computing taxable income. This tax will be refunded to the corporation at a rate of $1 for every $3 of taxable dividends paid while it is a private corporation.

Non-Residents of Canada

The following summary is relevant to a holder of Units who, at all relevant times, for purposes of the Tax Act and any applicable tax treaty or convention, is a non-resident or is deemed to be a non-resident of Canada and does not use or hold and is not deemed to use or hold Common Shares and Warrants in the course of carrying on a business in Canada. Special rules, which are not discussed below, may apply to a non-resident that is an insurer which carries on business in Canada and elsewhere.

Acquisition of Units

A non-resident holder of Linear Gold Shares who receives Units as a dividend-in-kind will have received a dividend equal to the fair market value of the Units on the date of distribution. Such dividends will be subject to withholding tax at the rates described below under "Taxation of Dividends". The Common Shares and Warrants received by a holder of Linear Gold Shares (including any Common Shares sold on the holder's behalf to pay the withholding tax for which the holder is liable) will have a cost to the holder for tax purposes equal to their respective fair market values on the date of distribution.

Tax Treatment of Capital Gains

On a disposition or deemed disposition of a Common Share or a Warrant (other than a disposition arising on the exercise or expiry of a Warrant), a non-resident holder will realize a capital gain (or capital loss) equal to the amount by which the proceeds of disposition of the Common Shares or the Warrants exceed (or are less than) the aggregate of any costs of disposition and the adjusted cost base to the non-resident holder of the Common Shares or the Warrants immediately before the disposition.

A non-resident of Canada is liable for Canadian income tax on a capital gain realized on the disposition of property only where that property constitutes taxable Canadian property as defined in the Tax Act. One-half of any capital gain from the disposition of taxable Canadian property will be the non-resident's taxable capital gain, which is subject to Canadian tax.

Under the Tax Act, shares or warrants of a public corporation generally will not constitute taxable Canadian property unless at any time in the five years immediately preceding the disposition the non-resident holder, either alone or together with persons with whom the non-resident does not deal at arm's length, owned (or had under option to acquire) more than 25% of the shares of any class (or series) of the corporation or the right to acquire more than 25% of the shares of any class (or series) of the corporation. Even in circumstances where the Common Shares or the Warrants are taxable Canadian property of a non-resident holder, the non-resident holder may be entitled to relief from Canadian tax on any taxable capital gain realized on the disposition thereof pursuant to the terms of an applicable tax treaty between Canada and the country of residence of the non-resident.

A holder of a Warrant will not realize a gain or loss upon the exercise of such Warrant. The holder's cost of Common Shares acquired by exercising Warrants will be equal to the aggregate of the holder's adjusted cost base of the Warrants exercised plus the exercise price paid for the Common Shares. The holder's adjusted cost base of the Common Shares so acquired will be determined by averaging the cost of those Common Shares with the adjusted cost base (determined immediately before the acquisition of the Common Shares) of all other Common Shares held as capital property by such holder at the time of acquisition.

In the event of the expiry of an unexercised Warrant, the holder will realize a capital loss equal to the holder's adjusted cost base of such Warrant.

Taxation of Dividends

Under the Tax Act, dividends paid or credited to a non-resident are subject to withholding tax at the rate of 25% of the gross amount of the dividends. This withholding tax may be reduced or eliminated pursuant to the terms of an applicable tax treaty between Canada and the country of residence of the non-resident.

OTHER MATERIAL FACTS

Except as otherwise mentioned in this Prospectus, there are no material facts not previously disclosed to the public or in this Prospectus.

PURCHASER'S STATUTORY RIGHTS

Securities legislation in certain of the provinces and territories provides purchasers with the right to withdraw from an agreement to purchase securities within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories of Canada, securities legislation further provides a purchaser with remedies of rescission or, in some jurisdictions, damages where the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province of territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal advisor.

FINANCIAL STATEMENTS

Attached to and forming part of this Prospectus are the Issuer's audited consolidated financial statements for the period from incorporation to October 31, 2005 and unaudited consolidated financial statements for the interim three-month period ended January 31, 2006.

April 6, 2006 (except for note 4 which is as of June 6, 2006)

Auditors' Report

To the Shareholder of
Linear Metals Corporation

We have audited the consolidated balance sheet of **Linear Metals Corporation** as at October 31, 2005 and the consolidated statements of operations and deficit and cash flows for the period then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at October 31, 2005 and the results of its operations and cash flows for the period then ended in accordance with Canadian generally accepted accounting principles.

(signed) *"PricewaterhouseCoopers LLP"*

Chartered Accountants
Halifax, Nova Scotia

Linear Metals Corporation
Consolidated Balance Sheets
As at

	January 31, 2006 $ (unaudited)	October 31, 2005 $	November 17, 2004 $
Assets			
Current assets			
Cash	220	263	1
Liabilities			
Current liabilities			
Advance from Linear Gold Corp.	3,805	3,805	–
Shareholders' Equity (Deficiency)			
Capital stock (note 3)	1	1	1
Deficit	(3,586)	(3,543)	–
	(3,585)	(3,542)	1
	220	263	1

Approved on behalf of the Board of Directors

By: (signed) "Wade K. Dawe"
Director

By: (signed) "Michael Gross"
Director

Linear Metals Corporation
Consolidated Statements of Operations and Deficit

	For the three months ended January 31, 2006 $ (unaudited)	For the period November 17, 2004 to January 31, 2005 $ (unaudited)	For the period November 17, 2004 to October 31, 2005 $
Expenses			
Professional services	–	3,298	3,298
Banking fees	43	245	245
Net loss for the period	(43)	(3,543)	(3,543)
Deficit – Beginning of period	(3,543)	–	–
Deficit – End of period	(3,586)	(3,543)	(3,543)
Basic and full diluted loss per share	(42)	(3,543)	(3,543)
Weighted average number of common shares outstanding	1	1	1

Linear Metals Corporation
Consolidated Statements of Cash Flows

	For the three months ended January 31, 2006 $ (unaudited)	For the period November 17, 2004 to January 31, 2005 $ (unaudited)	For the period November 17, 2004 to October 31, 2005 $
Cash provided by (used in)			
Operating activities			
Net loss for the period	(43)	(3,543)	(3,543)
Financing activities			
Advance from Linear Gold Corp.	–	3,805	3,805
Proceeds from issuance of capital stock	–	1	1
	–	3,806	3,806
Net change in cash during the period	(43)	263	263
Cash – Beginning of period	263	–	–
Cash – End of period	220	263	263

1 Incorporation

Linear Metals Corporation (the "Corporation") was incorporated under the Canada Business Corporations Act on November 17, 2004 and to date, there have been no operations. The Corporation is a wholly-owned subsidiary of Linear Gold Corp. ("Linear Gold").

2 Basis of presentation

These consolidated financial statements include the accounts of the Corporation and its wholly-owned subsidiaries, 6321593 Canada Inc. and Linear Metals Corp. Mexico, S.A. de C.V. ("LMCM"), a Mexican subsidiary with no operations or significant assets.

3 Capital stock

Authorized
An unlimited number of common shares

	January 31, 2006 $ (unaudited)	**October 31, 2005 $**	**November 17, 2004 $**
Issued and fully paid			
1 common share	1	1	1

4 Subsequent events

a) During March 2006, the Corporation acquired interests in the Cobre Grande, La Morena and Tierra Blanca properties located in Mexico, through the following transactions:

Cobre Grande

The Corporation acquired the right to earn an 80% interest in the 6,238 hectare Cobre Grande polymetallic mineral project located in Oaxaca, Mexico, by fulfilling the remaining terms of an option agreement initially entered by Linear Gold with the community of San Baltazar Guelavila. The remaining terms of the purchase option agreement with the community include annual payments over a three-year period totalling US$325,000 and additional project expenditures of approximately US$1.2 million by March 2009. At the end of the three-year option period, the community can choose between a US$12 million buyout, a 2% Net Smelter Returns royalty, or a 15% joint venture interest with Linear being responsible for all capital outlays. Linear Gold retains a 20% interest in the agreement which the Corporation can purchase at any time prior to December 31, 2008 for US$1.2 million. If the Corporation does not acquire the residual 20% interest from Linear Gold, an 80/20 joint venture will be formed and be responsible for the Community's US$12 million buyout, a 2% Net Smelter Returns royalty or 15% joint venture interest.

4 Subsequent events (continued)

La Morena

The Corporation acquired a 100% interest in the 952 hectare La Morena property located in the state of Coahuila, Mexico from Linear Gold for US$555,000.

Tierra Blanca

The Corporation acquired the right to acquire a 100% interest in the 515 hectare Tierra Blanca property located in the state of Durango, subject to an option held by Silver Dragon Resources Inc. ("Silver Dragon") entitling them to earn a 55% interest in the property. Linear acquired its right from Linear Gold for US$45,000. Under the remaining terms of the underlying option, the Corporation will make payments of US$35,000 during April 2006 and US$70,000 during April 2007, and is required to incur work expenditures totalling US$800,000 by April 2008. At the end of the option period, the property can be purchased outright for US$2 million.

Silver Dragon is entitled to earn a 55% interest in the Tierra Blanca property through an option agreement granted Linear Gold during September 2005 which has been assumed by the Corporation. The terms of Silver Dragon's option are designed to cover the ongoing cash and expenditure obligations of the underlying Linear Option and require Silver Dragon to make payments to the Corporation of US$75,000 during March 2006 and US$110,000 during March 2007 and incur work expenditures totalling US$850,000 by April 2008. To maintain their option throughout this period, Silver Dragon is required to issue 200,000 common shares of Silver Dragon to the Corporation during September 2006, and an additional 300,000 shares during September 2007.

b) During April 2006, the Corporation acquired interests in the Seymour Lake and KM 61 properties located in Ontario, Canada from Linear Gold for the issuance of 6,954,278 Units. Each unit consists of 0.8 common shares of the Corporation and one-tenth of a warrant to acquire a common share of the Corporation at $0.12, expiring 30 days after issuance ("Unit").

Seymour Lake

The Corporation acquired a 100% interest in the Seymour Lake property which is a tantalum-lithium-beryllium prospect located in north western Ontario, in the Crescent Lake areas of the Thunder Bay Mining District. The property consists of 4 contiguous unpatented claims totalling 51 claim units and comprising approximately 800 hectares, consists of 16 contiguous unpatented claims totalling 177 claim units and covering approximately 2,800 hectares. The Seymour Lake property is subject to a 3% Net Smelter Return royalty of which 1.5% can be purchased by the Corporation for $1 million.

4 Subsequent events (continued)

KM 61

The Corporation acquired a 100% interest in the KM 61 property located to the northeast and contiguous with the Seymour Lake project, subject to an option held by Falconbridge Ltd. ("Falconbridge") formerly Noranda Inc. The property consists of 16 contiguous unpatented claims totalling 177 claim units and covering approximately 2,800 hectares.

KM 61 was optioned to Falconbridge in November 2003. Under the remaining terms of this agreement, Falconbridge may earn a 51% interest in the KM 61 property by paying the Corporation $170,000 and undertaking expenditures on the property of $1,250,000 by December 31, 2007, of which $450,000 was required to have been spent by December 31, 2005. Upon earning a 51% interest, Falconbridge has a further option to increase its interest to 65% by incurring all exploration costs to a feasibility stage, completing a bankable feasibility study, and paying the Corporation an additional $250,000. Falconbridge may then elect to increase its interest to 70% by arranging for financing to production. Falconbridge is the operator during the initial option period and thereafter so long as it has at least a 50% interest in the property. The option does not grant Falconbridge any rights to the tantalum/pegmatite portion of the Seymour Lake property.

c) On April 20, 2006, Linear Gold subscribed for 14,443,502 Units of the Corporation for proceeds of $675,000.

d) On June 6, 2006, Linear Gold declared a dividend-in-kind consisting of a distribution of Units in the Corporation to Linear Gold's shareholders of record on June 26, 2006. Each unit consisted of one fully paid share of the Corporation and one-tenth warrant, with each full warrant entitling the holder to acquire one additional share in the Corporation at the exercise price of $0.12. The warrants expire 30 days after issuance. The distribution will result in the issuance of 21,397,780 Units comprising 17,118,224 common shares and 2,139,778 warrants of the Corporation.

e) The Corporation has arranged a standby commitment to subscribe for an equivalent number of common shares to the number of warrants that expire unexercised, such that the Corporation will issue 2,139,778 shares pursuant to the exercise of warrants and the subscription commitment and result in proceeds to the Corporation of $256,773 and 19,258,002 shares of the Corporation issued and outstanding.

f) The Corporation has arranged a Private Placement commitment providing for a subscription of 5,000,000 common shares of the Corporation at $0.15 per share for proceeds of $750,000. The completion of the Private Placement is conditional on the listing of the Corporation's shares on the TSX Venture exchange.

CERTIFICATE OF THE ISSUER

Dated: June 13, 2006

The foregoing constitutes full, true and plain disclosure of material facts relating to the securities offered by this prospectus as required by Part 9 of the *Securities Act* (British Columbia), Part 9 of the *Securities Act* (Alberta), Part XI of *The Securities Act, 1988* (Saskatchewan), Part VII of *The Securities Act* (Manitoba), Part XV of the *Securities Act* (Ontario), Part 6 of the *Securities Act* (New Brunswick) and Section 63 of the *Securities Act* (Nova Scotia) and the rules and regulations thereunder.

"Wade K. Dawe"	*"Brian MacEachen"*
WADE K. DAWE	BRIAN MACEACHEN
Chief Executive Officer	Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

"Wade K. Dawe"	*"Michael Gross"*
WADE K. DAWE	DR. MICHAEL GROSS
Director	Director