

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

This prospectus constitutes a public offering of securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

The securities offered hereby have not been, and will not be, registered under the United States Securities Act of 1933, as amended, (the "1933 Act") and, except pursuant to an applicable exemption from registration set forth in the 1933 Act, may not be offered, sold or delivered, directly or indirectly, in the United States of America, its territories, its possessions and other areas subject to its jurisdiction, including the Commonwealth of Puerto Rico (the "United States"), or to or for the account of any citizen, national or resident thereof or to a corporation, partnership or other entity created or organized in or under the laws of the United States or an estate or trust the income of which is subject to United States federal income taxation regardless of its source (a "U.S. person").

PROSPECTUS
INITIAL PUBLIC OFFERING

September 16, 2011



(the "Issuer")
611 – 8th Street, P.O. Box 211
Stewart, British Columbia V0T 1W0

Telephone: (250) 636-9283
Facsimile: (250) 636-2446

4,500,000 Common Shares

Price: \$0.15 per Common Share
(the "Offering")

This prospectus ("**Prospectus**") qualifies for distribution 4,500,000 common shares of the Issuer (the "**Offered Shares**"). The Offering is being made to investors resident in British Columbia and Alberta.

	Price to public ⁽¹⁾	Agent's Commission ⁽²⁾⁽³⁾	Net Proceeds to the Issuer ⁽²⁾⁽³⁾
Per Share	\$0.15	\$0.015	\$0.135
Offering	\$675,000	\$67,500	\$607,500

- (1) The offering price of the Offered Shares was established by negotiation between the Issuer and Mackie Research Capital Corporation (the "**Agent**").
- (2) The Agent will receive a commission (the "**Agent's Commission**") equal to 10% of the gross proceeds of the Offering, payable in cash. The Agent will also receive that number of Common Share purchase warrants (the "**Broker Warrants**") that is equal to 10% of the number of Offered Shares sold in the Offering, each Broker Warrant entitling the holder to purchase one Common Share (a "**Broker Share**") for a period of two years from the Closing Date (as defined herein) at a price of \$0.15 per Broker Share. The Broker Warrants are also qualified for distribution pursuant to this Prospectus. The Issuer will also pay the expenses of the Agent in respect of the Offering.
- (3) These figures do not include the corporate finance fee of \$25,000 (plus HST). Such fee is payable in cash, one half of which (\$12,500 plus HST) has been paid and the balance (\$12,500 plus HST) is payable to the Agent on the Closing Date.

The Agent, as exclusive agent of the Issuer for the purposes of the Offering, conditionally offers the Offered Shares for sale on a commercially reasonable efforts basis and subject to prior sale, if, as and when issued by the Issuer, in accordance with the conditions contained in the Agency Agreement referred to under "Plan of Distribution". Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. If the

Offering is not completed within 90 days of the issuance of a receipt for the Prospectus, or if a receipt has been issued for an amendment to the Prospectus, within 90 days of the issuance of such receipt and in any event not later than 180 days from the date of receipt for the Prospectus, the distribution will cease, and all subscription monies will be returned to the subscribers without interest or deduction, unless the subscribers have otherwise instructed the Agent.

AN INVESTMENT IN NATURAL RESOURCE ISSUERS INVOLVES A SIGNIFICANT DEGREE OF RISK. THE DEGREE OF RISK INCREASES SUBSTANTIALLY WHERE THE ISSUER'S PROPERTIES ARE IN THE EXPLORATION STAGE AS OPPOSED TO THE DEVELOPMENT STAGE. AN INVESTMENT IN THESE SECURITIES SHOULD ONLY BE MADE BY PERSONS WHO CAN AFFORD THE TOTAL LOSS OF THEIR INVESTMENT. SEE "RISK FACTORS".

THE OFFERING IS SUBJECT TO THE SALE OF ALL OF THE OFFERED SHARES ON OR BEFORE 90 DAYS FROM THE DATE OF THE FINAL RECEIPT FOR THE PROSPECTUS OR, IF A RECEIPT HAS BEEN ISSUED FOR AN AMENDMENT TO THE PROSPECTUS, WITHIN 90 DAYS OF THE ISSUANCE OF SUCH RECEIPT AND IN ANY EVENT NOT LATER THAN 180 DAYS FROM THE DATE OF THE RECEIPT FOR THE FINAL PROSPECTUS. SEE "PLAN OF DISTRIBUTION".

There is no market through which these securities may be sold and purchasers may not be able to resell securities purchased under this Prospectus. The TSX Venture Exchange has conditionally accepted the listing of the Issuer's Common Shares, including the Offered Shares. The listing is subject to the Issuer meeting all of the listing requirements of the Exchange. See "Risk Factors".

As at the date of this Prospectus, the Issuer does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, a U.S. marketplace, or a marketplace outside of Canada and the United States of America other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc.

Unless otherwise noted, all currency amounts in this Prospectus are stated in Canadian dollars.

Certain legal matters relating to the securities offered hereby will be passed upon by DuMoulin Black LLP, Vancouver, British Columbia, and by Legacy Tax + Trust Lawyers, Vancouver, British Columbia, as to tax matters, on behalf of the Issuer and by Morton and Company, on behalf of the Agent. No person is authorized by the Issuer to provide any information or make any representations other than those contained in this Prospectus in connection with the issue and sale of the securities offered hereunder.

One or more global certificates that represent the aggregate number of Offered Shares subscribed for under this Prospectus will be issued in registered form as directed by the Agent. Purchasers of Offered Shares will receive only a customer confirmation from the Agent as to the number of Common Shares subscribed for. Certificates representing the Common Shares in registered and definitive form will be issued in certain limited circumstances.

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1055 Dunsmuir Street, Suite 564
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FORWARD-LOOKING STATEMENTS

Statements contained in this Prospectus that are not historical facts are "forward-looking statements" or "forward-looking information" (collectively, "**Forward-Looking Information**") (within the meaning of applicable Canadian securities legislation and the U.S. Private Securities Litigation Reform Act of 1995) that involve risks and uncertainties. Forward-Looking Information includes, but is not limited to, statements relating to the amount of financings; expected use of proceeds; business objectives; the acquisition of interests in mineral properties; the timing and costs of future exploration activities on the Issuer's properties; success of exploration activities; permitting time lines and requirements for additional capital. In certain cases, Forward-Looking Information can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". In making the forward-looking statements in this Prospectus, the Issuer has applied several material assumptions, including, but not limited to, the assumption that this Offering will be completed and any additional financing needed will be available on reasonable terms. Other assumptions are discussed throughout this Prospectus and, in particular, in the "Risk Factors" section in this Prospectus. Forward-Looking Information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Issuer to be materially different from any future results, performance or achievements expressed or implied by the Forward-Looking Information. Such risks and other factors include, among others, risks related to the completion of financings and the use of proceeds; operations and contractual obligations; changes in exploration programs based upon results of exploration; future prices of metals; availability of third party contractors; availability of equipment; failure of equipment to operate as anticipated; accidents, effects of weather and other natural phenomena and other risks of the mineral exploration industry; environmental risks; community relations; and delays in obtaining governmental approvals or financing; as well as those factors discussed in the section entitled "Risk Factors" in this Prospectus. Although the Issuer has attempted to identify important factors that could affect the Issuer and may cause actual actions, events or results to differ materially from those described in Forward-Looking Information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that Forward-Looking Information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on Forward-Looking Information. The Forward-Looking Information in this Prospectus is made only as of the date hereof. The Issuer, to the extent required by applicable securities law, will release publicly any revisions to Forward-Looking Information contained in this Prospectus to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

ELIGIBILITY FOR INVESTMENT

In the opinion of Legacy Tax + Trust Lawyers, special tax counsel to the Corporation, on the Closing Date, provided that the Common Shares are on that date listed on a designated stock exchange (which includes the Exchange), the Common Shares will be qualified investments under the Tax Act for trusts governed by registered retirement savings plans ("**RRSPs**"), registered retirement income funds ("**RRIFs**"), registered disability savings plans, deferred profit sharing plans, registered education savings plans and tax-free savings accounts ("**TFSAs**") as defined in the Tax Act.

Notwithstanding the foregoing, if the Common Shares are "prohibited investments" for purposes of the Tax Act, a Holder will be subject to a penalty tax on Common Shares held in a TFSA as set out in the Tax Act. A Common Share will generally not be a prohibited investment for a trust governed by a TFSA held by a particular holder provided that the holder deals at arm's length with the Corporation for purposes of the Tax Act, and does not have a "significant interest" (as defined in the Tax Act) in either the Corporation or a corporation, partnership or trust that does not deal at arm's length with the Corporation for the purposes of the Tax Act. In general terms, a holder of a TFSA will have a significant interest in the Corporation if the TFSA, the holder and other persons not at arm's length with the holder together, directly or indirectly, own not less than 10% of the outstanding Common Shares of the Corporation.

The Tax Proposals announced as part of the 2011 Canadian federal budget provide for similar rules with respect to prohibited investments for annuitants under RRSPs and RRIFs.

Prospective purchasers who intend to hold Common Shares in their TFSA, RRSP or RRIF should consult their own tax advisors regarding their particular circumstances.

CURRENCY

This Prospectus contains references to Canadian dollars and United States dollars. References in this Prospectus to "Cdn\$" are to Canadian dollars and references to "US\$" are to United States dollars. Any references to "\$" not preceded by "Cdn" or "US" are to Canadian dollars.

SUMMARY OF PROSPECTUS

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: The Issuer was incorporated under the *Business Corporations Act* (British Columbia) on November 24, 2009 under the name "Rotation Minerals Ltd."

The Issuer's head office is located at 611 – 8th Street, P.O. Box 211, Stewart, British Columbia, V0T 1W0, and its registered and records office is located at 10th Floor, 595 Howe Street, Vancouver, British Columbia, V6C 2T5.

The principal business of the Issuer is the exploration and development of mineral properties in Alaska and British Columbia. The Issuer intends to fund its initial exploration activities using the proceeds from the Offering.

See "Description of the Business".

The Offering: The Offering will be comprised of 4,500,000 Offered Shares.

This Prospectus qualifies the distribution of the Offered Shares issued under the Offering.

Price: \$0.15 per Offered Share.

Proceeds to the Issuer: \$675,000 (before commissions, fees and expenses of the Offering). See "Use of Proceeds – Funds Available".

Use of Proceeds: The Issuer intends to use the proceeds of the Offering primarily to pay for the commissions, fees and expenses of this Offering, exploration costs on the Riverside Property, general and administrative costs and general working capital. See "Use of Proceeds" for a more detailed discussion.

Agent's Compensation: The Agent will receive a commission equal to 10% of the gross proceeds of the Offering, payable in cash. The Agent will also receive that number of Broker Warrants that is equal to 10% of the number of Offered Shares sold in the Offering, each Broker Warrant entitling the holder thereof to purchase one Broker Share for a period of two years from the Closing Date at a price of \$0.15 per Broker Share. This Prospectus qualifies the distribution of the Broker Warrants. See "Description of Securities Distributed" and "Plan of Distribution".

A corporate finance fee of \$25,000 (plus HST) payable in cash, one-half of which (\$12,500 plus HST) has been paid and the balance (\$12,500 plus HST) is payable to the Agent on the Closing Date.

**Summary of
Financial
Information:**

Selected Financial Information	For the period from November 24, 2009 (date of incorporation) to August 31, 2010 (audited)⁽¹⁾	For the Nine Months Ended May 31, 2011 (unaudited)⁽¹⁾
Cash	\$47,718	\$315,158
Interests in Mineral Properties	\$96,619	\$197,096
Total Assets	\$144,337	\$518,166
Current Liabilities	\$67,826	\$53,680
Share Capital	\$22,500	\$592,000
Shareholders' Equity	\$76,511	\$464,486
Expenses	\$7,489	\$464,396
Gain (Loss)	\$(7,489)	\$(464,396)
Loss per Share (Basic and Diluted)	\$(0.02)	\$(0.08)

(1) Based on information in the audited financial statements of the Issuer for the period from November 24, 2009 (date of incorporation) to August 31, 2010 and the unaudited financial statements for the nine months ended May 31, 2011. See "Financial Statements" and "Management's Discussion and Analysis".

Risk Factors:

The securities of the Issuer are highly speculative due to the nature of the Issuer's business and the present stage of its development. The Issuer's activities are subject to the risks normally encountered in the resource exploration, development and mining business. There is no assurance that the Issuer's exploration will result in the discovery of an economically viable mineral deposit. The economics of developing and operating resource properties are affected by many factors including the cost of exploration and development operations, variations of the grade of ore mined and the rate of resource extraction and fluctuations in the price of resources produced, government regulations relating to royalties, taxes and environmental protection. The Issuer has generated losses to date and while, upon completion of the Offering, the Issuer will have sufficient financial resources to undertake the initial recommended exploration program, the Issuer will require additional funds to explore and develop its properties. There is no assurance such additional funding will be available to the Issuer. Additional equity financing may result in substantial dilution thereby reducing the marketability of the Offered Shares. The Issuer may become subject to liability for hazards, including environmental hazards, against which it is not insured. The Issuer competes with other mining companies with greater financial and technical resources. Certain of the Issuer's directors and officers serve as directors or officers of other public and private resource companies, and to the extent that such other companies may participate in ventures in which the Issuer may participate, such directors and officers of the Issuer may have a conflict of interest. See "Risk Factors".

GLOSSARY OF DEFINED TERMS

The following terms used in this Prospectus have the meanings ascribed to them below. This Glossary of Defined Terms is not exhaustive of the defined terms or expressions used in this Prospectus and other terms and expressions may be defined throughout this Prospectus.

Agent – Mackie Research Capital Corporation

Agency Agreement – The agency agreement dated as of September 16, 2011 between the Agent and the Issuer.

Agent's Commission – Is the amount equal to 10% of the gross proceeds of the Offering payable in cash.

Broker Share – One Common Share of the Issuer, issuable on exercise of a Broker Warrant.

Broker Warrant – A Common Share purchase warrant issued to the Agent entitling the Agent to purchase one Broker Share at a price of \$0.15 for a period of two years from the Closing Date of the Offering.

Canadian GAAP – Canadian Acceptable Accounting Procedures.

Closing Date – Such date or dates that the Issuer and the Agent mutually determine to close the sale of the Offered Shares of the Issuer offered pursuant to this Prospectus.

Common Share – A common share without par value in the capital of the Issuer.

Effective Date – The date the Securities Commissions issue a receipt for the final prospectus.

Exchange – TSX Venture Exchange.

Escrow Agent – Valiant Trust Company

Escrow Agreement – Escrow Agreement dated April 29, 2011 among the Issuer, the Escrow Agent and Principals of the Issuer, as that term is defined in National Policy 46-201.

Escrowed Securities – Common Shares of the Issuer owned by Principals subject to the terms of the Escrow Agreement.

Four J's Option Agreement – The option agreement dated August 9, 2010 and amended May 25, 2011 between the Issuer and Teuton relating to the Four J's Property.

Four J's Property - The five mineral claims located in the Skeena Mining District in the Province of British Columbia that are the subject of the Four J's Option Agreement.

IFRS – International Financial Reporting Standards.

Issuer – Rotation Minerals Ltd.

Moa and Smith – Walter A. Moa, Jr. and Janet M. Smith.

NI 52-107 – National Instrument 51-107 – Acceptable Accounting Principals, Auditing Standards and Reporting Currency.

NP 11-202 – National Policy 11-202 – Process for Prospectus Issuers in Multiple Jurisdictions.

NP 46-201 – National Policy 46-201 – Escrow for Initial Public Offerings.

Offering – The meaning ascribed to it on the face page of this Prospectus.

Offered Shares – 4,500,000 Common Shares qualified for distribution under this Prospectus.

Offering Price – \$0.15 per Offered Share.

Prospectus – means this Prospectus

Riverside Option Agreement – the option agreement dated June 14, 2010 between the Issuer and Moa and Smith relating to the Riverside Property.

Riverside Property – The 8 patented mining claims located in the Hyder Mining District, in Alaska that are the subject of the Riverside Option Agreement.

Securities Commissions – The British Columbia Securities Commission and the Alberta Securities Commission.

SSRRs – Seed share resale restrictions pursuant to Exchange Policy 5.4 (section 10).

Stock Option Plan – The Issuer's stock option plan dated April 21, 2011.

Subscriber – A subscriber for Offered Shares subscribed for under this Offering.

Tax Act – means the *Income Tax Act* (Canada).

Tax Proposals – means all specific proposals to amend the Tax Act that have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof.

Technical Report – The Amended Technical Report on the Riverside Property located Near Hyder, Hyder Mining District, Alaska, dated March 17, 2011 prepared by Alojzy A. Walus, M. Sc., P. Geo.

Teuton – Teuton Resources Corp.

GLOSSARY OF TECHNICAL TERMS

Conversion Factors

To Convert Metric Measurement Shares	To Imperial Measurement Shares	Multiply By
Grams (g)	Ounces (troy) (oz)	0.032
Grams per tonne (g/t)	Ounces (troy) per ton (oz/ton)	0.029
Hectares (ha)	Acres	2.471
Kilometers (km)	Miles (mi)	0.621
Square kilometers (km ²)	Square mile (mi ²)	0.386
Meters (m)	Feet (ft)	3.281
Millimeters (mm)	Inches (in)	0.039
Tonnes (t)	Short tons (2,000 pds)	1.102

Unless otherwise indicated or inconsistent in the context, the following terms used in this Prospectus have the meanings ascribed to them below.

Adit – A horizontal or nearly horizontal entrance to the underground mine.

Au – means gold.

Deposit – A mineralized body which has been physically delineated by sufficient drilling, trenching, and/or underground work, and found to contain a sufficient average grade of metal or metals to warrant further exploration and/or development expenditures; such a deposit does not qualify as a commercially mineable ore body or as containing mineral reserves, until final legal, technical and economic factors have been resolved.

Dip – An angle of inclination between a geological feature/rock and horizontal plane.

Fault – A fracture in a mass of rocks accompanied with relative movement between its two blocks. Faults are the result of the rock's mechanical response when submitted to sufficient stress as to induce

permanent deformation.

Fracture – A break in a material, but commonly applied to more or less clean breaks in rocks or minerals that are not due to cleavage or foliation.

Gneiss – Foliated metamorphic rock in which coarse mineral grains have been arranged into a banded structure.

Granodiorite – An intrusive igneous rock similar to granite, but containing more plagioclase than potassium feldspar.

Hanging Wall – Part of a fault which occurs above the fault plane.

ICP method – Induced-coupled plasma method of analysis.

Igneous – A Primary crystalline rock formed by the solidification of magma.

Mineral deposit – A mass of naturally occurring mineral material, e.g. metal ores or nonmetallic minerals, usually of economic value, without regard to mode of origin. Accumulations of coal and petroleum may or may not be included.

Mineralization – A concentration of minerals within a body of rock.

Ore – A metal or mineral or a combination of these of sufficient value as to quality and quantity to enable it to be mined at a profit.

ppb – parts per billion

ppm - parts per million

Sampling – A technique for collecting representative sub-volumes from a larger volume of geological material. The particular sampling method employed depends on the nature of the material being sampled and the kind of information required.

Shear Zone – Deep level equivalents of faults.

Stope – A step-like excavation made in underground mine to access ore.

Strike – A direction of line formed by the intersection of strata surfaces with the horizontal plane, always perpendicular to the dip direction.

Tailings – The waste material left after extraction of valuable metals from the ore.

CORPORATE STRUCTURE

The Issuer was incorporated under the *Business Corporations Act* (British Columbia) on November 24, 2009 under the name "Rotation Minerals Ltd.".

The Issuer's head office is located at 611 – 8th Street, P.O. Box 211, Stewart, British Columbia, V0T 1W0, and its registered and records office is located at 10th Floor, 595 Howe Street, Vancouver, British Columbia, V6C 2T5.

The Issuer does not have any subsidiaries.

DESCRIPTION OF THE BUSINESS

Narrative Description of Business

The Issuer is a mineral exploration company. Its principal activities consist of evaluating, acquiring, exploring and developing mining properties in Alaska and British Columbia. The Issuer intends to use net proceeds from the Offering primarily to conduct its initial exploration program on the Riverside Property in Alaska. Exploration is conducted through remote sensing, surface mapping and sampling, airborne and/or ground geophysical surveys, and surface and/or underground drilling.

Mineral exploration and development of mining properties are expected to constitute the principal business of the Issuer for the coming years. In the course of realizing its objectives, it is expected the Issuer will enter into various agreements specific to the mining industry, such as purchase or option agreements to purchase mining claims and joint venture agreements.

History Since Incorporation

Financings

On November 24, 2009, the Issuer issued one incorporator Common Share at the price of \$0.01.

On July 7, 2010, the Issuer issued 2,249,999 Common Shares at a price of \$0.01 per Common Share for total proceeds of \$22,499.99.

On February 28, 2011, the Issuer issued 5,650,000 Common Shares at a price of \$0.05 per Common Share for total proceeds of \$282,500.

On February 28, 2011, the Issuer issued 4,783,333 Common Shares at a price of \$0.06 per Common Share for total proceeds of \$286,999.98.

Property Acquisitions

Since its incorporation, the Issuer has focused on acquiring mining claims in Alaska and British Columbia.

Principal Property – Riverside Property

On June 14, 2010, the Issuer entered in the Riverside Option Agreement with Moa and Smith and was granted an option to acquire an 80% interest in the Riverside Property. In order to exercise this option, the Issuer must (a) pay Moa and Smith an aggregate sum of US\$600,000, and (b) spend a minimum of US\$2,700,000 in expenditures on the Riverside Property over four years as follows:

Required Completion Date	Qualifying Expenditures US\$	Cash Payments US\$
June 14, 2010	Nil	10,000 (paid)
December 14, 2010	Nil	\$25,000 (paid)
June 14, 2011	\$100,000 (incurred)	\$25,000 (paid)
June 14, 2012	\$300,000	\$50,000
June 14, 2013	\$800,000	\$150,000
June 14, 2014	<u>\$1,500,000</u>	<u>\$340,000</u>
Total:	\$2,700,000	\$600,000

Upon earning an 80% interest in the Riverside Property, the Issuer shall have the right to purchase the remaining 20% interest by paying US\$1,000,000 to Moa and Smith.

The Issuer also agreed to grant Moa and Smith a net smelter royalty of 2% on metals produced from the Riverside Property. The grant of the net smelter royalty will become effective on the date that the Issuer's interest in the Riverside Property vests. The Issuer has the right, at any time to purchase the net smelter royalty from Moa and Smith in consideration of US\$500,000 for each 1% of the net smelter return royalty.

Moa and Smith are not related to the Issuer or any of its directors or officers.

See "Mineral Projects – Principal Project" below for a full description of the Riverside Property.

Other Properties

Pursuant to the Four J's Option Agreement, the Issuer acquired an exclusive option to acquire a 50% legal and beneficial ownership interest in the Four J's Property. To exercise this option, the Issuer must make payments of \$180,000 and incur a minimum of \$1,800,000 in expenditures on the Four J's Property over four years, as follows:

Required Completion Date	Cash Payments	Required Completion Date	Cumulative Qualifying Expenditures
Aug. 14, 2010	\$20,000 (paid)	-	-
Aug. 9, 2011	\$25,000 (paid)	-	-
Aug. 9, 2012	\$30,000	Sept. 30, 2012	\$600,000
Aug. 9, 2013	\$45,000	Sept. 30, 2013	\$1,100,000
Aug. 9, 2014	\$60,000	Sept. 30, 2014	\$1,800,000
	\$180,000		\$1,800,000

Upon the Issuer exercising the 50% option, the Issuer may acquire an additional 20% interest in the Four J's Property by delivering to Teuton a feasibility study within four years and sixty days from the date of exercise of the initial option.

Teuton is not related to the Issuer or any of its directors or officers.

The Issuer does not consider the Four J's Property to be material.

MINERAL PROJECTS

Principal Project

The Issuer's principal mineral project is the Riverside Property in Alaska. The following is the executive summary of a technical report (the "**Technical Report**") dated March 17, 2011 on the Riverside Property, entitled "Amended Technical Report on Riverside Property Located Near Hyder, Hyder Mining District, Alaska". The Technical Report was prepared by Alojzy A. Walus, M.Sc., P.Geo., Consulting Geologist, of Surrey, British Columbia ("**Walus**"). Walus is a qualified person for the purpose of National Instrument 43-101. The Technical Report is available for review under the Issuer's profile on the SEDAR website at www.sedar.com. The entire Technical Report is incorporated by reference into this Prospectus. The following Summary section is derived from the Technical Report and is qualified by reference to the Technical Report in its entirety. Readers are encouraged to review the Technical Report.

The Technical Report

Summary from the Technical Report

The Technical Report was prepared on request by Rotation Minerals Ltd. of Stewart, BC. It summarizes all the exploration results on the Riverside Property to date. It also provides a general overview of the Riverside Property and its economic potential. The main source of information has been the data from past mining, sampling and drilling programs conducted on the Riverside Property by previous operators in the period from 1924 to 1979. For information about the Riverside Property's past exploration history, the Technical Report relies on reports prepared by geologists who worked in this area, as well as various government publications.

The Qualified Person for this Technical Report is Mr. Alex Walus of Surrey, BC. Mr. Walus is responsible for all sections of this document. The author has visited the Riverside Property on September 13, 2010. The author of this Technical Report is independent of Rotation Minerals Ltd. in compliance with the definition in Section 1.4 of the National Instrument 43-101.

The Riverside Property is located at latitude 58°, 01' north and longitude 130°, 04' west, in the Hyder Mining District, Alaska. It is situated in southeastern Alaska, along the panhandle, immediately east of the Salmon River, approximately 3 kilometres west of the Alaska Canadian International Boundary and 10 kilometres north of Hyder.

Access to the area is via Granduc Road - a gravel, all weather road that connects the area of the past producing Premier Gold Mine, Scottie Gold Mine and Granduc Copper Mine to Hyder, Alaska (a distance of 10 kilometres), then on past Hyder to Stewart, B.C. Stewart is connected by a paved road (Highway 37A) to Highway 16 in central B.C. while access to Hyder from Alaska is via plane or helicopter from Ketchikan, Alaska. An all-weather deep water port is available at either Hyder or Stewart. Travel within the property is possible via old logging roads which have been cleared out for foot access or 4 wheel drive ATVs. The power line from Stewart, B.C. to the Premier Gold Mine crosses the west side of the Riverside Property.

The Riverside Property is underlain by granodiorite of Jurassic or Cretaceous age, which is part of the Coast Range Batholith. The intrusive is a medium grained, light to medium grey coloured rock. The core of the batholith in the Riverside Property area is a porphyritic granodiorite, but the border facies are non porphyritic quartz diorite. The batholith is cut by dykes of granodiorite and granodiorite porphyry associated with the Hyder Quartz Monzonite and the Boundary Granodiorite. A few light-coloured dykes of quartz porphyry and dark-coloured dykes of diabase and lamprophyre also intrude the batholith. Remnants of Hazelton rocks are locally included within granodiorite. The Hazelton group comprises andesite, tuff, volcanic breccia, greywackes, slate, argillite, quartzite, and occasionally some limestone. A strong shear zone known as the Lindeborg shear can be traced over a length of 600 metres ranging in width from 15 to 30 metres is present on the Riverside Property. This shear zone is correlated with a NW

striking inclusion of foliated andesite and argillite of the Hazelton group. The inclusion extends at least 213 metres down dip from the surface with no sign of narrowing at the bottom. It also seems likely that the zone continues to the N.W., an indeterminate distance under the Salmon River gravels. To the S.E. the inclusion is cut by a large granitic dyke and appears to thin out rapidly in this direction.

The quartz veins present in the Riverside Mine are associated with three shear zones. The Lindeborg shear is the most prominent structure on the Riverside Property which hosts quartz veins and stringers with silver, gold, lead-zinc and tungsten mineralization. On the footwall side of the zone, gneissic granodiorite passes gradually into gneiss and eventually into schist. On the hanging-wall side, granodiorite porphyry is the dominant rock type. Two other veins, the Riverview and Cross veins are hosted outside the main shear zone in granodiorite, where the shearing has been less pronounced.

There are two types of mineralization in the Riverside Mine; one is the narrow sulphide vein structure, more common along the hanging wall of the shear zones; the other consists of wide, massive, white quartz containing large creamy yellow crystals of scheelite. The quartz type is not as continuous as the sulphide mineralization, as it widens or pinches in relatively short distances. The veins contain variable amounts of gold, silver, lead, copper, zinc and tungsten which are associated with galena, pyrite, sphalerite, chalcopyrite and scheelite mineralization. Widths of the veins vary from several centimeters to 1.5 metres. Records published by the United States Geological Survey tabulate a past production of 26,583 tonnes of ore during a lengthy but intermittent operating period. This tonnage was developed along 3 different levels from over 1829 metres of underground workings. Average grade produced was 2.86 g/t gold and 101.55 g/t silver, as well as 4 % lead, minor copper and zinc and about 1% tungsten. The production was derived from two veins, the Lindeborg and the Cross. A third vein, the Riverview, was not mined although it was explored for 95 metres.

The Lindeborg Vein has been the source of most of the past production in the Riverside Mine. This vein strikes north-west, dips northerly at about 60 degrees, and can be traced in the underground workings over a distance of 457 metres. The Riverview Vein is sub parallel to the Lindeborg Vein and is located about 150 metres to the southwest. It consists of somewhat discontinuous quartz veining with the local narrow shearing in granodiorite. Dips are in the order of 55 to 70 degrees on the Mill level. It has not been mined, presumably because of a lack of mineable zones. The Cross Vein, from which some production was obtained, strikes north-south and dips easterly at 35 to 45 degrees. It has a strike length in excess of 200 metres, and according to old reports, a down dip extent below the old mill level of about 100 metres. The zone consists of a somewhat sinuous quartz vein of 0.2-1 metre in thickness within granodiorite.

Mineral processing and metallurgical testing has been conducted on the Riverside Property in the past during mining and milling operations from 1925 to 1950 on an intermittent basis. In 1943, the mill had a capacity of 0.9 tonnes an hour or 22.7 tonnes a day. In 1941, according to the US Bureau of Mines, the flow sheet was changed to adapt the mill for scheelite recovery. During the summer of 1941 the owners reported milling 3091 tonnes of ore, from which approximately 27.3 tonnes of scheelite containing 44 percent WO₃ was produced. This concentrate was shipped to the General Electric Co. in June 1942. The operators also recovered 44.5 tonnes of galena concentrate, which was shipped to Bunker Hill and Sullivan smelter in Kellogg, Idaho. The reported content of this concentrate was 68 percent lead, 1069 grams silver, and 37.9 grams gold. From the available data, it is estimated that the ore mined, averaged about 1.3 percent WO₃, 1.0 percent lead, 17.2 g/t silver, and 0.33 g/t gold, with sand tailings carrying about 0.1 percent WO₃.

About 1,636 tonnes of slime tailings were impounded during the 1941 operation. Approximately 1,182 tonnes of these tailings, together with 91 tonnes of mined ore, were milled during the summer of 1942. Considerable test work was carried on to develop a suitable flow sheet in the mill; however, according to the company's reports, 33.3 tonnes of 10.15 percent WO₃ concentrate was shipped in October 1942 to the General Electric Co.

During the period from June to October, 2010, Rotation Minerals Ltd carried out an exploration program on the Riverside Property consisting of the following: locating the old portals, clearing old roads,

trenching, establishing a soil sampling grid, collecting rock and soil samples and sealing the portal and stope areas for safety reasons.

To identify the underground workings and old trenches, Rotation Minerals purchased old maps and data of the Riverside Property. Using this data, the geologist located the adits and determined the best orientation for a soil grid. The geologist also evaluated the competency of the rocks in the underground workings to determine if they were safe for any underground sampling. This work determined that the rocks in the underground workings were unsafe, so the portals were sealed to prevent access that was made possible with the new trails. The geologist also conducted a geological investigation along the old Premier tramline crossing the Riverside Property to evaluate the possibility of contamination from the tramming activities. This consisted of a ground search looking for any float pieces of high grade galena-sphalerite-chalcopyrite ore that may have fallen out of the tram cars. The Premier Mine was a high grade gold-silver mine and ore was shipped to tidewater along a tram line across the Riverside Property. The work did not locate any contaminating mineralization and it was determined that any soil anomalies would be from valid bedrock sources.

The 2010 trenching was carried out in order to locate the Lindeborg Vein, the north extension of the Helen prospect and the north extension of the Six Mile prospect on the Riverside Property. Geological work indicates that the veins to the south of the Riverside Property are exposed immediately south of the claim boundaries and extensions are likely present on the Riverside Property but are covered by overburden. The mineralized veins on the Riverside Property and adjoining ground are present along NW trending structural breaks that tend to be obscured by talus and large glacial boulders.

In order to carry out the trenching, geological and sampling activities, Rotation Minerals cleared trails to allow quad and foot access to the upper reaches of the Riverside Property.

A total of 359 soil samples were collected from a grid with lines 50 metres apart and samples 10 metres apart along these lines. Samples were analyzed for Au and 30 elements using ICP method. Numerous high gold values were obtained ranging from < 1 to 43,200 ppb. Anomalous silver was detected in several samples with values ranging from <0.2 to >200 ppm. Copper values ranged from <1 to 790 ppm, lead values varied from < 2 to > 10,000 ppm and zinc varied from 1 to 8,669 ppm. Soil sampling indicates the presence of a gold bearing structure along line 3+50 E from 250 to 280 S where the 43,200 ppb gold sample was taken. Anomalous gold and silver are associated with a copper, lead and zinc anomaly. Limited sampling on both sides did not adequately define the anomaly. It appears that the anomaly may be related to a gold bearing vein that is parallel to the grid lines.

A total of 23 rock and 2 tailings samples were taken. Samples taken at the upper adit and stope area indicated significant values with a high of 52.64 g/t gold, 1099 g/t silver, 2.51 % copper, 54.4 % lead and 4.63 % zinc. The highs for tailings samples included: 673 ppb gold, 20.4 g/t silver, 0.96% lead and 1090 ppm tungsten.

Trenching was carried out on the Lindeborg Vein above the upper underground workings. The vein was exposed over a 25 m strike length just south of the portal and just west of a collapsed stoped area. The vein was exposed over a length of 10 m in two separate locations along the trenched area. The vein exposed was approximately 0.3 m wide with 0.15 m of massive galena with minor pyrite and sphalerite. Samples RS-2010-6 and RS-2010-7 were taken from this trench. In addition, trenching exposed the dump, which was overgrown with alders and shrubs, from the underground working. Samples RS-2010-1 to 5 and RS-2010-8 to 10 were taken from this exposed dump. Figure 12 below shows the location of the samples from within the trenched area.

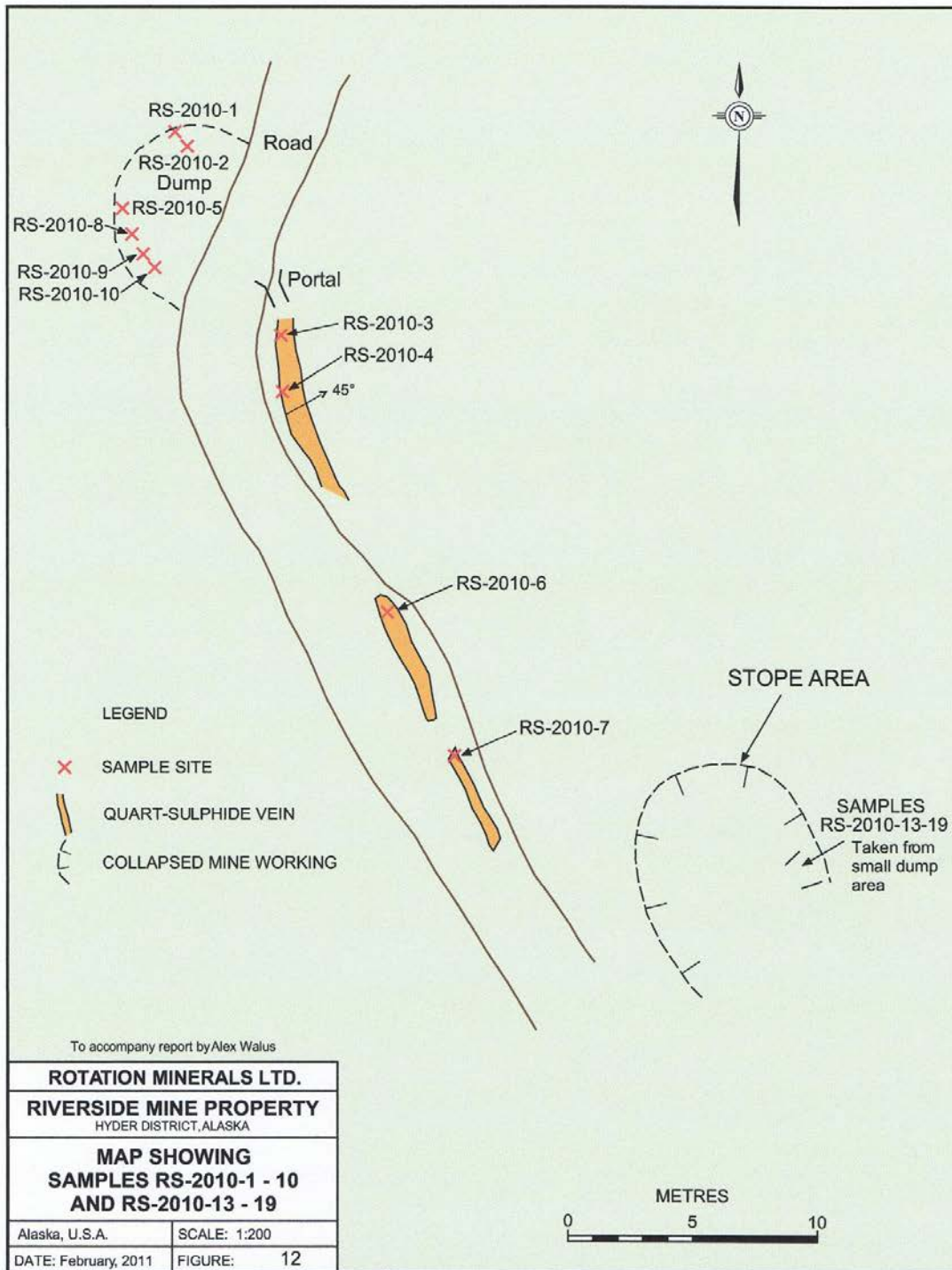


Figure 12

The Riverside Property has an excellent potential for the discovery of high grade gold bearing zones. Data from past exploration and mining operations indicates that the full extent of the gold-silver bearing quartz-sulphide veins has not been explored. The gravel along the Salmon River valley masks exposure of the Lindeborg vein to the north. In addition, the veins dip to the east in which the direction of topography rises. As a result, down dip testing below the mine workings would require drilling long holes. The soil

sampling indicates the possible presence of other gold-silver-base metal bearing quartz veins to the south of the old workings.

A program of further soil sampling, trenching and diamond drilling is recommended in order to test the soil anomalies, check for mineralization extension below the lowest level of mining on the Cross vein and check for down dip extent of the Lindeborg vein. It is recommended that drilling using an underground drill capable of flat and shallow dip angle holes be used to test the top of the Lindeborg vein.

The following exploration program is recommended for this property:

- a. Soil sampling along extended (additional 2-3 km) soil grid.
- b. Excavator trenching over the area of high gold-silver geochemical anomaly.
- c. Drilling of several diamond drill holes to test the vein structures.

The total cost of the program is estimated to be \$300,000.

USE OF PROCEEDS

The Issuer expects to receive the sum of \$675,000 in gross proceeds of the Offering. The funds expected to be available to the Issuer upon completion of the Offering and the expected principal purposes for which such funds will be used are described below.

Funds Available

	Offering
Estimated consolidated working capital as of August 31, 2011 (unaudited) ⁽¹⁾	\$136,500
Net proceeds of the Offering ⁽²⁾	\$607,500
Net Funds Available	\$744,000

- (1) Excluded from this working capital calculation are certain outstanding accounts of the Issuer which are to be paid out of the proceeds of the Offering as noted in the "Principal Purposes" table below.
- (2) After deduction of the Agent's commission, but before deducting the other expenses of the Offering including the corporate finance fee.

Principal Purposes

Principal Purposes	Amount
To pay the balance of the estimated expenses of the Offering ⁽¹⁾	\$70,000
To pay the balance of the corporate finance fee (including HST) to the Agent	\$14,000
To make the cash payment due under the terms of the Riverside Option Agreement on June 14, 2012	\$50,000
To make the cash payment due under the terms of the Four J's Option Agreement on August 9, 2012	\$30,000
To pay the estimated costs of conducting the exploration program on the Riverside Property	\$300,000
Subtotal:	\$464,000
To pay estimated general and administrative costs for the next 12 months ⁽²⁾	\$149,000
To provide general working capital to fund ongoing operations	\$131,000
Total:	\$744,000

- (1) The estimated balance of the expenses of the Offering are \$70,000, including legal fees, audit fees and filing fees with the Exchange and Securities Commissions, as well as the expenses of the Agent.
- (2) General and administrative costs for the next 12 months are expected to be comprised of: legal costs of \$30,000; audit and accounting costs of \$32,000; transfer agent fees of \$9,000, filing fees of \$18,000; management fees of \$48,000 (see "Executive Compensation – Compensation Discussion and Analysis") and office administrative costs of \$12,000 (comprised of office and other miscellaneous costs).

In order to effectively explore the Riverside Property, prior to targeting areas of interest, the Issuer intends to proceed with collecting geological, geophysical, and geochemical data as outlined in the recommended exploration program (see "Mineral Projects – Principal Project – Recommendations from the Technical Report") shortly following completion of the Offering. It is intended that the program will take place when conditions are appropriate in 2011. The modeling phase can begin immediately, whereas some of the geochemical and geophysical surveys which will be carried out to collect the data are expected to commence in the early fall of 2011.

The costs associated with the program are described under "Mineral Projects – Principal Project – Recommendations from the Technical Report". The Issuer anticipates a minimum of \$300,000 in expenditures in 2011 (subject to increase depending on the timing and success of the data compilation and interpretation described above).

The Issuer has not planned exploration programs for 2011 on its Four J's Property. The Issuer expects to incur minimal maintenance costs (an aggregate of approximately \$45,000) in 2011 to keep this property in good standing, which funds would be applied from general working capital.

The Issuer intends to spend the funds available as set out above. There may be circumstances, however, where, for sound business reasons, a reallocation of funds may be necessary. The Issuer will only redirect the funds to other properties on the basis of a recommendation from a professional geologist or engineer. If such event occurs during distribution of the Offered Shares offered under this Prospectus, if required, an amendment to this Prospectus will be filed.

Negative Operating Cash Flow

Since inception, the Issuer has had negative operating cash flow and incurred losses. The Issuer's negative operating cash flow and losses are expected to continue for the foreseeable future. The Issuer cannot predict when it will reach positive operating cash flow, if ever. Due to the expected continuation of negative operating cash flow, the Issuer anticipates that the net proceeds from the Offering will be used to fund future negative operating cash flow.

Business Objectives and Milestones

The Issuer intends to use the funds primarily to conduct the exploration work required under the Riverside Option Agreement and to conduct the exploration program on the Riverside Property in accordance with the recommendations in the Technical Report. The Issuer expects to complete the exploration program in 2011.

DIVIDENDS OR DISTRIBUTIONS

The Issuer has not paid any dividends or distributions on its Common Shares. Any decision to pay dividends on Common Shares in the future will be made by the board of directors on the basis of the earnings, financial requirements and other conditions existing at such time.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following information should be read in conjunction with the Issuer's audited financial statements for the period from November 24, 2009 (Date of Incorporation) to August 31, 2010 and the Issuer's unaudited condensed interim financial statements for the nine months ended May 31, 2011 and related notes thereto.

The Issuer's financial statements were prepared in accordance with International Financial Reporting Standards. All currency amounts are expressed in Canadian dollars unless otherwise noted.

Overall Performance

The Issuer is a mineral exploration company involved in the acquisition and assessment of mineral properties in the United States and Canada. The Issuer's objective is to undertake mineral exploration on properties assessed to be of merit and to define resources. Metals being targeted are precious metals with a focus on gold.

The Issuer intends to be listed on the Exchange upon completion of the Offering. The Offering is subject to regulatory approval.

Highlights of the Issuer's activities to May 31, 2011 are as follows:

On June 14, 2010, the Issuer entered into the Riverside Option Agreement whereby it was granted an option to acquire an 80% interest in the Riverside Property. In order to exercise this option, the Issuer must make the following cash payments and exploration expenditures:

Cash payments:

- US\$10,000 to be paid on execution of the Riverside Option Agreement (paid);
- a further US\$25,000 to be paid on or before December 14, 2010 (paid);
- a further US\$25,000 to be paid on or before June 14, 2011 (paid);
- a further US\$50,000 to be paid on or before June 14, 2012;
- a further US\$150,000 to be paid on or before June 14, 2013; and
- a further US\$340,000 to be paid on or before June 14, 2014.

Exploration expenditures:

- US\$100,000 to be incurred on or before June 14, 2011 (incurred);
- a further US\$300,000 to be incurred on or before June 14, 2012;
- a further US\$800,000 to be incurred on or before June 14, 2013; and
- a further US\$1,500,000 to be incurred on or before June 14, 2014.

Any exploration expenditures in excess of the minimum annual exploration expenditures will be carried over to the next year's commitment. Upon earning an 80% interest in the Riverside Property, the Issuer has the right to purchase the remaining 20% interest for US\$1,000,000. The Riverside Property is subject to a 2% net smelter return royalty on metals produced from the Riverside Property. The Issuer has the right to purchase the net smelter royalty in consideration of US\$500,000 for each 1% of the net smelter return royalty.

Pursuant to the Four J's Option Agreement, the Issuer has an exclusive option to acquire a 50% interest in the Four J's Property. In order to exercise this option, the Issuer must make the following cash payments and exploration expenditures:

Cash payments:

- \$20,000 on execution of the Four J's Option Agreement (paid);
- \$25,000 on or before August 9, 2011 (paid);
- \$30,000 on or before August 9, 2012;
- \$45,000 on or before August 9, 2013; and
- \$60,000 on or before August 9, 2014.

Exploration expenditures:

- \$600,000 on or before September 30, 2012;
- a further \$500,000 on or before September 30, 2013; and
- a further \$700,000 on or before September 30, 2014.

Any exploration expenditures in excess of the minimum annual exploration expenditures will be carried over to the next year's commitment. Upon earning a 50% interest in the Four J's Property, the Issuer may acquire an additional 20% interest by funding the exploration and engineering work necessary to produce a feasibility study on the Four J's Property on or before the date which is four years and sixty days from the date it exercises the initial option.

The Issuer will carry out exploration on its mineral properties with particular emphasis on geophysics and drilling to delineate new gold discoveries. The Issuer is expecting to be well capitalized upon completion of the Offering to meet its exploration commitments over the next 12 months. The Issuer expects to obtain financing in the future primarily through further equity financings or through joint venturing or optioning the Issuer's mineral properties to qualified exploration companies.

Selected Information

	May 31, <u>2011</u>	August 31, <u>2010</u>
Revenues	\$Nil	\$Nil
Net loss for the period	\$(464,396)	\$(7,489)
Basic and diluted loss per share	\$(0.08)	\$(0.02)
Total assets	\$518,166	\$144,337
Non-current financial liabilities	\$Nil	\$Nil
Dividends	\$Nil	\$Nil

Dividends

There are no restrictions that could prevent the Issuer from paying dividends on its common shares. The Issuer has not paid any dividends on its common shares and it is not contemplated that the Issuer will pay any dividends in the immediate or foreseeable future. It is the Issuer's intention to use all available cash to finance operations and explore its mineral properties.

Discussion of Operations

The Issuer's loss from operations for the nine months ended May 31, 2011 was \$464,396 or \$0.08 per share. The Issuer's loss from operations was made up of general and administrative expenses.

Significant among these administrative expenses were accounting and audit fees of \$22,000 to the Company's auditor relating to the audit of the Company's August 31, 2010 financial statements and the review of the Company's May 31, 2011 financial statements, management fees of \$20,000 charged by the Issuer's Chief Executive Officer and Chief Financial Officer at a rate of \$2,000 per month each beginning on January 1, 2011 and a stock-based compensation charge of \$358,500 relating to the fair value of 2,600,000 stock options granted to the directors on April 21, 2011 and to a discount of \$0.01 per share on 4,650,000 Common Shares issued to the directors of the Company on February 28, 2011.

The Company recorded an expense for listing fees totalling \$52,706 for the portion of corporate finance fees and legal fees with respect to the Prospectus that related to the listing of existing shares (costs directly attributable to the issue of new shares are recognized in equity as a deduction from the proceeds. Costs attributable to the listing of existing shares are expensed as incurred.). At May 31, 2011, the Company had recorded deferred share issue costs of \$14,129 for the portion of corporate finance fees and legal fees with respect to the Prospectus related to the issuance of new shares.

The Issuer's loss from operations for the period from November 24, 2009 (Date of Incorporation) to August 31, 2010 was \$7,489 or \$0.02 per share. This loss was comprised primarily of legal fees related to incorporation and initial corporate matters.

The Issuer capitalizes all mineral property acquisition and exploration costs until the properties to which the costs are related are placed into production, sold or abandoned. The decision to abandon a property is largely determined by exploration results and the amount and timing of the Issuer's write-offs of capitalized mineral property costs will vary in a fiscal period from one year to the next and typically cannot be predicted in advance.

During the nine months ended May 31, 2011, mineral property acquisition and exploration costs totalling \$96,477 were incurred.

During the period from November 24, 2009 (Date of Incorporation) to August 31, 2010, mineral property acquisition and exploration costs totalling \$96,619 were incurred.

Summary of Quarterly Results

	Q3	Q2	Q1	Q4
	May 31, <u>2011</u>	February 28, <u>2011</u>	November 30, <u>2010</u>	August 31, <u>2010</u>
Revenues	\$Nil	\$Nil	\$Nil	\$Nil
Net loss for the period	\$(395,585)	\$(61,656)	\$(7,155)	\$(4,098)
Basic and diluted loss per share	\$(0.07)	\$(0.01)	\$(0.00)	\$(0.01)

	Q3	Q2	Q1
	May 31, <u>2010</u>	February 28, <u>2010</u>	November 30, <u>2009</u>
Revenues	\$Nil	\$Nil	\$Nil
Net loss for the period	\$(1,835)	\$(730)	\$(826)
Basic and diluted loss per share	\$(0.01)	\$(0.00)	\$(0.00)

In the above table, the loss in Q2 2011 was primarily due to a stock-based compensation charge of \$46,500 related to a discount of \$0.01 per share on 4,650,000 Common Shares issued to the directors of the Company on February 28, 2011. The loss in Q3 2011 was primarily due to a stock-based compensation charge of \$312,000 related to stock options granted during the quarter as well as a listing fee charge of \$52,706 related to the portion of the corporate finance fee and legal fees with respect to the Prospectus and listing of the Company's existing common shares.

Liquidity and Capital Resources

At May 31, 2011, the Issuer had working capital of \$267,390 available to fund its operations and exploration programs.

Pursuant to the Riverside Option Agreement, the Issuer is required to incur US\$100,000 of exploration expenditures by June 14, 2011 which had been incurred by May 31, 2011. In addition, the Issuer is required to make an option payment of US\$25,000 by June 14, 2011 (paid). Pursuant to the Four J's Option Agreement, the Issuer is required to make an option payment of \$25,000 by August 9, 2011 (paid).

Any shortfalls in these option commitments could result in the Issuer being in default of the terms of the agreements and loss of the properties.

Cash used in investing activities for the nine months ended May 31, 2011 was \$163,734 and consisted of cash spent on a reclamation bond and mineral property acquisition and exploration costs. Cash used in investing activities for the period from November 24, 2009 (Date of Incorporation) to August 31, 2010 was \$33,362 and consisted of cash spent on mineral property acquisition and exploration costs.

At present, the Issuer's operations do not generate cash flow and its financial success is dependent on management's ability to discover economically viable mineral deposits. The mineral exploration process can take many years and is subject to factors that are beyond the Issuer's control.

In order to finance the Issuer's exploration programs and to cover general and administrative expenses, the Issuer raises money through sales of equity securities. Many factors influence the Issuer's ability to raise funds, including the health of the resource market, the climate for mineral exploration investment, the Issuer's track record, and the experience and calibre of its management. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration activities. Management believes it will be able to raise equity capital as required in the long term, but recognizes there will be risks involved that may be beyond their control.

Cash provided by financing activities for the nine months ended May 31, 2011 was \$508,000 and consisted of cash from private placements of common shares at \$0.05 and \$0.06 per share.

Cash provided by financing activities for the period from November 24, 2009 (Date of Incorporation) to August 31, 2010 was \$84,000 and consisted of cash from a private placement of common shares at \$0.01 per share and share subscriptions received for a private placement of common shares at \$0.06 per share.

At May 31, 2011, there were 12,683,333 issued and outstanding common shares without par value.

Initial Public Offering

Subject to prevailing market conditions, the Issuer intends to complete an initial public offering of 4,500,000 common shares at \$0.15 per share for gross proceeds of \$675,000. The Agent will receive a cash commission of 10% of the gross proceeds, payable at closing. In addition, the Issuer will pay the agent a \$25,000 (plus HST) corporate finance fee (of which \$12,500 plus HST has been paid).

Off-Balance Sheet Arrangements

The Issuer does not have any off-balance sheet arrangements.

Risks and Uncertainties

See "Risk Factors" below.

Transactions with Related Parties

Except as noted elsewhere in the Issuer's financial statements, related party transactions are as follows:

During the period ended August 31, 2010, the Issuer paid or accrued the following amounts to related parties:

- (a) \$7,800 to Kasum Tractor Ltd., a shareholder of the Issuer, for equipment rental costs; and
- (b) \$18,600 to Edward Kruchkowski, the President, Chief Executive Officer and a director of the Issuer, for geological consulting costs.

At August 31, 2010, \$27,336 was due to Kasum Tractor Ltd. and Edward Kruchkowski for equipment rental and geological consulting costs.

During the nine months ended May 31, 2011, the Issuer paid or accrued the following amounts to related parties.

- (a) \$10,000 to Edward Kruchkowski, the President, Chief Executive Officer and a director of the Issuer for management fees relating to the activities of the Issuer. The Issuer expects to continue to pay Mr. Kruchkowski a management fee of \$2,000 per month;
- (b) \$10,000 to Randolph Kasum, the Chief Financial Officer, Secretary and a director of the Issuer for management fees relating to the activities of the Issuer. The Issuer expects to continue to pay Mr. Kasum a management fee of \$2,000 per month;
- (c) \$3,500 to MBP Management Ltd., a company wholly-owned by Brent Petterson, a director of the Issuer for accounting and administrative fees.
- (d) \$20,400 to Edward Kruchkowski, the President, Chief Executive Officer and a director of the Issuer for geological consulting costs; and
- (e) \$12,600 to Kasum Tractor Ltd., a shareholder of the Issuer, for trenching costs on the Riverside Property.

At May 31, 2011, \$23,500 was due to Edward Kruchkowski, Randolph Kasum and MBP Management Ltd. for management fees and accounting and administrative fees.

These transactions were in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Amounts due to/from related parties are unsecured, non-interest bearing and have no fixed term of repayment.

Proposed Transactions

The Issuer intends to complete its initial public offering following filing of a final prospectus.

Accounting Policies and Estimates

International Financial Reporting Standards ("IFRS")

In February 2008, the Canadian Accounting Standards Board confirmed that Canadian GAAP for publicly accountable enterprises would be replaced by International Financial Reporting Standards for interim and annual financial statements for fiscal years beginning on or after January 1, 2011, with early adoption permitted.

Therefore, the Issuer would be required to adopt IFRS for its fiscal year commencing September 1, 2011 and the transition would require the restatement for comparative purposes into IFRS of the amounts and disclosures reported by the Issuer for its prior fiscal year ended August 31, 2011. Effectively this would mean that IFRS would need to be implemented September 1, 2010 with an opening balance sheet.

Given the limited operations to date, the Issuer has chosen to early adopt IFRS from the date of incorporation (rather than transition to IFRS) and consequently, the Issuer's financial statements are prepared in accordance with IFRS.

The Issuer made a pre-filing application with the British Columbia Securities Commission for relief from the requirement in NI 52-107 that financial statements included in the Prospectus be prepared in accordance with Canadian generally accepted accounting principles ("**Canadian GAAP**"). The Issuer sought this relief to permit it to prepare its financial statements for inclusion in this Prospectus in accordance with IFRS. The Issuer also made an application with the British Columbia Securities Commission for a waiver from the requirement to prepare financial statements in accordance with Canadian GAAP in order to prepare its interim financial statements for the nine month period ending May 31, 2011 and its annual financial statements for the year ended August 31, 2011 in accordance with IFRS.

Financial Instruments and Other Instruments

The Issuer's financial instruments consist of cash, reclamation bonds and accounts payable and accrued liabilities. Cash and reclamation bonds are classified as loans and receivables and accounts payable and accrued liabilities are classified as other financial liabilities.

The Issuer's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Issuer's financial instruments are summarized below.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Issuer's cash is exposed to credit risk. The Issuer reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Issuer's cash is exposed to interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Issuer will encounter difficulty in meeting obligations associated with financial liabilities. The Issuer's accounts payable and accrued liabilities are all current and due within 90 days of the balance sheet date. The Issuer ensures that it has sufficient capital to meet its short-term financial obligations.

Currency Risk

The Issuer's functional currency is the Canadian dollar. The exploration of the Issuer's mineral properties is partially conducted in United States dollars, which may impact operating results and cash flows by changes in the Canadian dollar vis-à-vis the United States dollar. The Issuer does not engage in any hedging activities to reduce its foreign currency risk. At May 31, 2011, the Issuer had accounts payable and accrued liabilities of US\$Nil (August 31, 2010 – US\$14,260).

Additional Disclosure for Venture Issuers without Significant Revenue

	From November 24, 2009 (Date of Incorporation) to August 31, 2010	For the Nine Months Ended May 31, 2011
Capitalized acquisition and exploration costs for:		
(a) Riverside Property		
Acquisition	\$12,206	\$25,600
Assays	Nil	\$9,139
Equipment rental	\$13,295	\$1,172
Field supplies	\$1,530	\$4,071
Geological	\$26,288	\$27,979
Labour	\$19,074	\$9,774
Trenching	Nil	\$14,112
Supervision	\$4,226	\$4,226
	Total: \$76,619	Total: \$96,073
(b) Four J's Property		
Acquisition	\$20,000	Nil
Geological	Nil	\$404
	Total: \$20,000	Total: \$404
Expensed research and development costs	Nil	Nil
Deferred development costs	Nil	Nil
General and administrative expenses	\$7,489	\$464,396
Any material costs (capitalized, deferred or expensed) not referred to above	Nil	Nil

Additional Disclosure for Junior Issuers

The Issuer expects that the proceeds raised under the Offering will fund operations for the twelve month period following the Closing Date. The total operating costs necessary for the Issuer to achieve its stated business objectives during this period are estimated to be \$458,000. The amount of other material capital expenditures of the Issuer during this period is estimated to be \$50,000. See "Use of Proceeds".

Outstanding Securities Data

As at the date of this Prospectus, there are 12,683,333 common shares issued and outstanding.

DESCRIPTION OF THE SECURITIES DISTRIBUTED

The authorized capital of the Issuer consists of an unlimited number of Common Shares without par value.

Common Shares

There are currently 12,683,333 Common Shares issued and outstanding as at the date of this Prospectus. There are no special rights or restrictions of any nature attached to any of the Common Shares, which all rank equally as to all benefits which might accrue to the holders of the Common Shares, including to receive dividends out of moneys of the Issuer properly applicable to the payment of dividends if and when declared by the board of directors and to participate rateably in the remaining assets of the Issuer in any distribution on a dissolution or winding-up.

All registered shareholders are entitled to receive a notice of any general meeting to be convened by the Issuer. At any general meeting, subject to the restrictions on joint registered owners of Common Shares, on a show of hands every shareholder who is present in person and entitled to vote has one vote and on a poll, every shareholder has one vote for each Common Share of which that shareholder is the registered owner and may exercise such vote either in person or by proxy.

This Prospectus qualifies the distribution of the Offered Shares issued under the Offering.

Broker Warrants and Broker Shares

On completion of the Offering pursuant to this Prospectus, the Agent will receive that number of non-transferable Broker Warrants that is equal to 10% of the Offered Shares sold, each Broker Warrant entitling the holder to purchase one Broker Share for a period of two years from the Closing Date at a price of \$0.15 per Broker Share. This Prospectus qualifies the distribution of the Broker Warrants.

CONSOLIDATED CAPITALIZATION

The following table sets forth the securities of the Issuer currently outstanding and the securities of the Issuer expected to be outstanding after completion of the Offering:

Designation of Security	Amount Authorized	Amount outstanding as of May 31, 2011	Amount outstanding assuming completion of the Offering
Common Shares	Unlimited	12,683,333	17,183,333
Broker Warrants	450,000	Nil	450,000

The Issuer does not have any long-term liabilities.

OPTIONS TO PURCHASE SECURITIES

As of the date of this Prospectus, the Issuer has granted 2,600,000 options to purchase Common Shares as follows:

Group	Aggregate Number of Options	Securities Under Option	Exercise Price Per Common Share	Expiry Date	Market Value of Common Shares on Grant Date	Market Value of Common Shares as of date of this Prospectus
Executive officers, past executive officers, directors and past directors	2,600,000	Common Shares	\$0.15	Five years from date of listing on a stock exchange	N/A	N/A

PRIOR SALES

The Issuer was incorporated on November 24, 2009 with one incorporator Common Share issued at a price of \$0.01.

On July 7, 2010, the Issuer issued 2,249,999 Common Shares at a price of \$0.01 per Common Share for total proceeds of \$22,499.99.

On February 28, 2011, the Issuer issued 5,650,000 Common Shares at a price of \$0.05 per Common Share for total proceeds of \$282,500.

On February 28, 2011, the Issuer issued 4,783,333 Common Shares at a price of \$0.06 per Common Share for total proceeds of \$286,999.98.

ESCROWED SECURITIES

As of the date of this Prospectus, to the knowledge of the Issuer, the following securities of the Issuer will be held in escrow upon completion of the Offering:

Designation of class	Number of Securities Held in Escrow	Percentage of Class
Common Shares	7,400,000	43% ⁽¹⁾

(1) The percentage that the Escrowed Securities will represent of the total issued and outstanding Common Shares upon completion of the Offering.

Under National Policy 46-201 *Escrow for Initial Public Offerings* ("**NP 46-201**"), securities held by Principals (as defined below) are required to be held in escrow in accordance with the national escrow regime applicable to initial public distributions. Equity securities owned or controlled by Principals are subject to the escrow requirements.

A "**Principal**" is defined as:

- (i) a director or senior officer of the Issuer or of a material operating subsidiary of the Issuer, as listed in this Prospectus;
- (ii) a promoter of the Issuer during the two years preceding this Offering;
- (iii) a person who owns and/or controls more than 10% of the Issuer's voting securities immediately before and immediately after completion of this Offering if the person also has elected or appointed or has the right to elect or appoint a director or senior officer of the Issuer or of a material operating subsidiary of the Issuer;
- (iv) a person who owns and/or controls more than 20% of the Issuer's voting securities immediately before and immediately after completion of this Offering; and
- (v) associates and affiliates of any of the above.

Pursuant to an escrow agreement dated April 29, 2011 (the "**Escrow Agreement**") among the Issuer, Valiant Trust Company (the "**Escrow Agent**") and the Principals of the Issuer, the Principals agreed to deposit in escrow their securities of the Issuer (the "**Escrowed Securities**") with the Escrow Agent. As an "emerging issuer" under National Policy 46-201, the Escrow Agreement provides that the Escrowed Securities will be released from escrow as to 10% on listing its securities on the Exchange and then in equal tranches at six month intervals over the 36 months following the listing of the Common Shares on the Exchange (that is 15% of each Principal's holdings being released in each tranche with an initial 10% tranche being released on the date the Common Shares are listed on the Exchange).

Pursuant to the terms of the Escrow Agreement, the securities held in escrow may not be transferred or otherwise dealt with during the term of the Escrow Agreement unless the transfers or dealings within 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;

- (ii) transfers to a person or company that before the proposed transfer holds more than 20% of the Issuer's outstanding Common Shares, or to a person or company that after the proposed transfer will hold more than 10% of the Issuer's outstanding Common Shares and has the right to elect or appoint one or more directors or senior officers of the Issuer or any material operating subsidiary;
- (ii) transfers to an RRSP or similar trustee plan provided that the only beneficiaries are the transferor or the transferor's spouse, children or parents;
- (iii) transfers upon bankruptcy to the trustee in bankruptcy;
- (iv) pledges to a financial institution as collateral for a *bona fide* loan, provided that upon a realization the securities remain subject to escrow; and
- (v) tenders of escrowed securities to a business combination, provided that, if the tenderer is a Principal of the successor Issuer upon completion of the business combination, securities received in exchange for tendered escrowed securities are substituted in escrow on the basis of the successor Issuer's escrow classification.

The following table sets forth details of the issued and outstanding securities that are subject to the Escrow Agreements:

Name and Position	Number of Escrowed Securities⁽¹⁾	Percentage of Outstanding Shares Prior to the Offering	Percentage of Outstanding Shares Subsequent to the Offering⁽²⁾
Edward Kruchkowski, Chief Executive Officer President and director	2,750,000 Common Shares ⁽³⁾	21.7%	16%
Randolph Kasum, Chief Financial Officer, Secretary and director	2,750,000 Common Shares ⁽⁴⁾	21.7%	16%
Lance Robinson, director	1,000,000 Common Shares ⁽⁵⁾	7.9%	5.8%
Brent Petterson, director	400,000 Common Shares ⁽⁶⁾	3.2%	2.3%
Leigh Kasum, shareholder	500,000 Common Shares	3.9%	2.9%

(1) All Common Shares are held directly unless otherwise indicated herein.

(2) Assuming the Offering is completed and 17,183,333 Common Shares are issued and outstanding on closing of the Offering.

(3) In addition, Mr. Kruchkowski holds options that are exercisable into 800,000 Common Shares, which are subject to escrow.

(4) In addition, Mr. Kasum holds options that are exercisable into 800,000 Common Shares, which are subject to escrow.

(5) In addition, Mr. Robinson holds options that are exercisable into 600,000 Common Shares, which are subject to escrow.

(6) In addition, Mr. Petterson holds options that are exercisable into 400,000 Common Shares, which are subject to escrow.

Seed Share Resale Restrictions

"Seed Share Resale Restrictions" ("SSRRs") are hold periods imposed by the Exchange which apply where securities are issued to non-Principals by private companies prior to an initial public offering at a price which is below the initial public offering price. SSRRs will be imposed on the securities of the

Issuer noted below through the placement of restrictive legends on the certificates representing such securities:

- 5,283,333 Common Shares issued prior to the date of this Prospectus are subject to a four month hold period following the closing of the Offering, with 20% released each month with the first release on the Closing Date.

PRINCIPAL SHAREHOLDERS

To the knowledge of the directors and officers, no person beneficially owns, as of the date of this Prospectus, directly or indirectly, or exercises control or direction over, more than 10% of the Issuer's Common Shares other than the following:

Name of Shareholder	No. of Common Shares Held ⁽¹⁾	Percentage of Issued and Outstanding Common Shares as at Prospectus Date	Percentage of Issued and Outstanding Common Shares Upon Completion of the Offering ⁽²⁾
Edward Kruckowski	2,750,000	21.7%	16%
Randolph Kasum	2,750,000	21.7%	16%

(1) All Common Shares are held directly unless otherwise indicated herein.

(2) Assuming the Offering is completed and 16,083,333 Common Shares are issued and outstanding on closing of the Offering.

DIRECTORS AND OFFICERS

Current Directors and Officers

The name, province and country of residence and position with the Issuer of each director and officer of the Issuer, and the principal business or occupation in which each director and officer of the Issuer has been engaged during the immediately preceding five years, and the period during which each director has served as director is set out in the table below. Each director's term of office will expire at the next annual general meeting of the Issuer.

Name, Province and Country of Residence and Position with Issuer	Principal Occupation During the Past Five Years	Period as Director and/or Officer	Number of Common Shares and Percentage of Common Shares at Closing ⁽²⁾
Edward Kruckowski Alberta, Canada <i>President, Chief Executive Officer and Director</i>	Contract Geologist; Director and President, Decade Resources Ltd. (a mineral exploration company in Northern British Columbia listed on the Exchange) from November, 2007 to present; Director, Mountain Boy Minerals Ltd. (a mineral exploration company in the Stewart region of British Columbia listed on the Exchange), July, 2004 to present; Director, Cap-Ex Ventures Ltd. (a mineral exploration and development company with projects in Labrador listed on the Exchange) from October, 2009 to present; Director, Tribune Uranium Ltd. (a company involved in uranium projects) from May, 2007 to October, 2009.	Director since July 7, 2010 Officer since Feb. 15, 2011	2,750,000 (16%)

Name, Province and Country of Residence and Position with Issuer	Principal Occupation During the Past Five Years	Period as Director and/or Officer	Number of Common Shares and Percentage of Common Shares at Closing⁽²⁾
	See "Management of the Issuer" below.		
Randolph Kasum ⁽¹⁾ British Columbia, Canada <i>Chief Financial Officer, Secretary and Director</i>	Chief Financial Officer and director, Mountain Boy Minerals Ltd. from July, 1999 to present; Director, Decade Resources Ltd. since March 2006; Field Operations Manager and Equipment Operator, Kasum Tractor Ltd. (a private heavy equipment company in Stewart, British Columbia) from July, 1987 to present. See "Management of the Issuer" below.	Director since November 24, 2009 CFO since Feb. 15, 2011	2,750,000 (16%)
Lance Robinson ⁽¹⁾ British Columbia, Canada <i>Director</i>	President, Locar Industries Ltd. (a private utility installation and excavation company) from January 2007 to present; Director, Mountain Boy Minerals Ltd. from May, 1999 to present; Director, Decade Resources Ltd., from January, 2009 to present. See "Management of the Issuer" below.	Director since Feb. 15, 2011	1,000,000 (5.8%)
Brent Petterson ⁽¹⁾ British Columbia, Canada <i>Director</i>	Chief Financial Officer, Sniper Resources Ltd. (a gold exploration company with properties in Nevada listed on the Exchange) from February 2009 to present; Director, Garibaldi Resources Corp. (an exploration company with properties in Mexico listed on the Exchange) from November 2007 to present; Chief Financial Officer, Newcastle Resources Ltd. (a company involved in hair cell replication technology listed on the OTCQB) from May 2008 to August 2011; Director, Newcastle Resources Ltd from February 2008 to December 2010; Chief Financial Officer, Pacific Coast Nickel Corp. (an exploration company now named Prophecy Platinum Corp. and listed on the Exchange) from February 2008 to February 2009; Director, Tatonka Oil & Gas Inc. (an oil and gas exploration company in the United States) from May 2001 to September 2007; and director of Mountain Boy Minerals Ltd. beginning on June 30, 2011.	Director since Feb. 15, 2011	400,000 (2.3%)

(1) Member of the Audit Committee

(2) Percentages indicated assume the Offering is completed and 16,083,333 Common Shares are issued and outstanding on closing of the Offering.

Upon completion of the Offering, directors and executive officers of the Issuer, as a group, will beneficially own, directly or indirectly, or exercise control or direction over an aggregate of 6,900,000 Common Shares representing approximately 40.2% of the then outstanding Common Shares of the Issuer.

The term of office of the directors expires annually at the time of the Issuer's annual general meeting. The term of office of the officers expires at the discretion of the Issuer's directors.

Edward Kruchkowski and Randolph Kasum have entered into non-disclosure agreements with the Issuer. None of the directors of the Issuer have entered into non-competition agreements with the Issuer.

Management of the Issuer

The following provides additional information regarding the Issuer's directors and executive officers.

Edward Kruchkowski. Age 63, President, Chief Executive Officer and director. As the Chief Executive Officer of the Issuer, Mr. Kruchkowski will be responsible for the technical operations of the Issuer. Mr. Kruchkowski will spend 80 % of his working time carrying out activities on behalf of the Issuer. Mr. Kruchkowski is under contract to provide management services to the Issuer.

Since 1984, Mr. Kruchkowski has been involved as a principal in junior resource exploration companies which have been listed on the TSX Venture Exchange and its predecessor exchanges. Mr. Kruchkowski's experience includes all aspects of resource exploration and development, financing and management of projects and personnel. Mr. Kruchkowski has been involved in exploration in North America, Russia and South America since 1981. He is a member of Association of Professional Engineers, Geologists and Geophysicists of Alberta and Association of Professional Engineers and Geoscientists of BC.

Randolph Kasum. Age 46, Chief Financial Officer, Secretary and director. Mr. Kasum will be responsible for managing all the administration of the Issuer including all duties as the Issuer's Chief Financial Officer. Mr. Kasum will spend approximately 50% of his working time carrying out activities on behalf of the Issuer. Mr. Kasum is under contract to provide management services to the Issuer.

Since 1999, Mr. Kasum has been the Chief Financial Officer, director and an Audit Committee member for Mountain Boy Minerals Ltd. and a director and Audit Committee member for Decade Resources Ltd. from 2006 to 2009, both junior resource exploration companies listed for trading on the TSX Venture Exchange. During the past 20 years, Mr. Kasum has been an Equipment Operator and a Field Operations Manager for Kasum Tractor Ltd. on many exploration projects for Decade Resources Ltd. and Mountain Boy Minerals Ltd., including the Silver Coin Project, a joint venture between Mountain Boy Minerals Ltd. and Pinnacle Mines Ltd., near Stewart, British Columbia.

Lance Robinson. Age 45, director. Mr. Robinson will spend approximately 5% of his working time carrying out activities on behalf of the Issuer.

Mr. Robinson is the President of Locar Industries Ltd. located in Nanaimo, British Columbia. Mr. Robinson has been a member of the Audit Committee of Mountain Boy Minerals Ltd. for the past 11 years, and a director of Mountain Boy Minerals Ltd. for the past 12 years. Mr. Robinson is also a director of Decade Resources Ltd. for the past three years. Mr. Robinson has been involved in the mining and construction industry for 31 years, including open pit mining as well as underground operations.

Brent Petterson. Age 50, director. Mr. Petterson is a Certified General Accountant. He spent 20 years in public practice with Wolrige Mahon, Chartered Accountants, and Amisano Hanson, Chartered Accountants. He has extensive experience in financial reporting matters associated with public companies.

He is currently Chief Financial Officer of Sniper Resources Ltd. and a director of Garibaldi Resources Corp. and Mountain Boy Minerals Ltd.

As a director of the Issuer, Mr. Petterson will be responsible for the Issuer's accounting and financial reporting. Mr. Petterson anticipates devoting approximately 25% of his working time for the benefit of the Issuer.

Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions

No director, executive officer or promoter of the Issuer is, at the date of this Prospectus, or has been, within the ten years prior to the date this Prospectus, a director, chief executive officer or chief financial officer of any issuer (including the Issuer) that:

- (a) was subject to an Order (as defined below) that was issued while that person was acting in the capacity as director, chief executive officer or chief financial officer, or
- (b) was subject to an Order that was issued after that person ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

"Order" means a cease trade order or similar order or an order that denied the Issuer access to any statutory exemption under securities legislation that was in effect for a period of more than 30 consecutive days.

In addition, other than as disclosed below, no director or executive officer or promoter of the Issuer or shareholder holding sufficient number of securities of the Issuer to affect materially the control of the Issuer:

- (a) is, at the date this Prospectus, or has been within the ten years before the date hereof, a director or executive officer of any issuer (including the Issuer) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangements or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;
- (b) has, within the ten years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become 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; or
- (c) has been subject to:
 - i. any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
 - ii. any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

The directors of the Issuer are required by law to act honestly and in good faith with a view to the best interest of the Issuer and to disclose any interests which they may have in any project or opportunity of the Issuer. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict is required to disclose his interest and abstain from voting on such matter.

To the best of the Issuer's knowledge, there are no known existing or potential conflicts of interest among the Issuer, its promoters, directors, officers or other members of management of the Issuer as a result of their outside business interests except that certain of the directors, officers, promoters and other members of management serve as directors, officers, promoters and members of management of other public companies.

The directors and officers of the Issuer are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosures by directors of conflicts of interest and the Issuer will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors or officers. Such directors or officers, in accordance with the *Business Corporations Act* (British Columbia) are required to disclose all such conflicts and are expected to govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The following table provides information regarding compensation during the period from incorporation on November 24, 2009 to August 31, 2010 paid to or earned by the individuals who served as the President and Chief Executive Officer and the Chief Financial Officer of the Issuer during such period:

Name and Position	Year	Salary	Share-based awards	Option-based awards	Annual incentive plans	Long-term incentive plans	Pension Value	All other compensation	Total compensation
Edward Kruchkowski, President and Chief Executive Officer	From November 24, 2009 to August 31, 2010	Nil	Nil	Nil	Nil	Nil	Nil	\$18,600 ⁽¹⁾	Nil
Randolph Kasum, Chief Financial Officer and Secretary	From November 24, 2009 to August 31, 2010	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

(1) Mr. Kruchkowski received \$18,600 for geological consulting fees.

During the nine months ended May 31, 2011, the Issuer only paid compensation to Edward Kruchkowski as President and Chief Executive Officer of the Issuer and to Randolph Kasum as Chief Financial Officer and Secretary of the Issuer. Mr. Kruchkowski and Mr. Kasum have each received consulting fees of \$2,000 per month commencing in January 2011. The Issuer has not paid any compensation to any other directors or officers in respect of their services since its incorporation.

Following the Offering, the Issuer expects to pay the following officers consulting fees as follows:

Position	Consulting Fee per Month
Edward Kruchkowski <i>Chief Executive Officer and President</i>	\$2,000
Randolph Kasum <i>Chief Financial Officer and Secretary</i>	\$2,000
	Total: \$48,000 per year

The Issuer's compensation program is designed to be competitive with similar junior mining exploration companies and to recognize and reward executive performance. In designing its compensation program, the Issuer considers the compensation practices of benchmark group of companies of a similar size and stage of development to ensure the compensation paid is competitive within the Issuer's industry and geographic location, while taking into account the financial and other resources of the Issuer. A benchmark group is determined by screening and selecting publicly-traded companies in the same general industry as the Issuer that have a size of operations and stage of development similar to the Issuer and are likely to compete with the Issuer for executive talent. The Issuer's current benchmark group of companies is comprised of Decade Resources Ltd. and Mountain Boy Minerals Ltd. The Issuer intends to continue to consider executive compensation paid by companies with similar stage exploration properties, similar management structures and listed on the same stock exchange in establishing compensation to be paid to the Issuer's directors and officers. Compensation to be awarded to the directors and officers will also reflect the need to provide incentive and compensation for the time and effort expended by the directors and senior management while taking into account the financial and other resources of the Issuer.

Incentive Plan Awards

The Issuer does not have any incentive plans, pursuant to which compensation that depends on achieving certain performance goals or similar conditions within a specified period is awarded, earned, paid or payable to the directors and officers of the Issuer.

The Issuer has a stock option plan (the "**Stock Option Plan**") for the granting of incentive stock options to the directors, officers, employees and consultants of the Issuer. The purpose of the Stock Option Plan is to advance the interests of the Issuer by affording such persons the opportunity to acquire an equity interest in the Issuer through rights granted under the Stock Option Plan to purchase shares of the Issuer.

The Stock Option Plan provides that the aggregate number of Common Shares reserved for issuance under the Stock Option Plan or other established plans is a maximum of 20% of the issued and outstanding Common Shares of the Issuer issued and outstanding after completion of the Offering. The Stock Option Plan includes the following provisions:

- (a) the term of an option cannot exceed ten years from the date of grant;
- (b) the number of Common Shares which may be reserved for issuance to any one individual may not exceed 5% of the issued Common Shares in any 12 month period;
- (c) the number of Common Shares which may be reserved for issuance to any consultant shall not exceed 2% of the issued Common Shares in any 12 month period;
- (d) the number of Common Shares which may be reserved for issuance to any optionee engaged in investor relations activities shall not exceed 2% of issued Common Shares in any 12 month period;
- (e) the exercise price cannot be less than the closing market price of the Common Shares prevailing on the day that the option is granted less the maximum discount permitted by the Exchange;

- (f) the Board of Directors may determine and impose a vesting schedule. If vesting is not specified by the Board of Directors, the options will vest in full upon their grant, except options granted to consultants performing investor relations activities, which options vest in stages over 12 months; and
- (g) the options are non-assignable and non-transferrable.

On April 21, 2011, the Issuer granted stock options to each of Mr. Kruchkowski and Mr. Kasum to purchase 800,000 shares of the Issuer. Such stock options have an exercise price of \$0.15 per share and are exercisable for five years from the date of listing on a stock exchange.

Pension Plan Benefits

The Issuer does not have a pension plan that provides for payments or benefits to the directors or officers of the Issuer at, following, or in connection with retirement.

Termination and Change of Control Benefits

The Issuer has entered into consulting agreements with Edward Kruchkowski and Randolph Kasum, the details of which are as follows.

The Issuer entered into a consulting agreement effective January 1, 2011 with Edward Kruchkowski pursuant to the terms of which the Issuer engaged the services of Edward Kruchkowski as Chief Executive Officer and agreed to pay Mr. Kruchkowski a consulting fee of \$2,000 per month for such services. Mr. Kruchkowski is also eligible for a cash bonus to be determined by the Issuer's compensation committee from time to time. The term of the consulting agreement is 36 months, and will automatically renew for a further 36 months upon the expiry of the term. The consulting agreement provides that if the consulting agreement is terminated because of an event of default by the Issuer or following a change of control, or the Issuer does not renew the consulting agreement at the end of the term, one year's remuneration (\$24,000) is payable to Mr. Kruchkowski. In addition, the consultant will receive any bonus or expenses that are due and owing, and any outstanding stock options shall be extended and exercisable for one year.

The Issuer entered into a consulting agreement effective January 1, 2011 with Randolph Kasum pursuant to the terms of which the Issuer engaged the services of Mr. Kasum as Chief Financial Officer and agreed to pay Mr. Kasum a consulting fee of \$2,000 per month for such services. Mr. Kasum is also eligible for a cash bonus to be determined by the Issuer's compensation committee. The term of the consulting agreement is 36 months, and will automatically renew for a further 36 months upon the expiry of the term. The consulting agreement provides that if the consulting agreement is terminated because of an event of default by the Issuer or following a change of control, or the Issuer does not renew the consulting agreement at the end of the term, one year's remuneration (\$24,000) is payable to Mr. Kasum. In addition, the consultant will receive any bonus or expenses that are due and owing, and any outstanding stock options shall be extended and exercisable for one year.

In the consulting agreements, a "change of control" is defined as: (a) an acquisition by any person, directly or indirectly, of common shares or other securities giving the holder the right to vote for the election of directors of the Issuer or any securities convertible or exchangeable into voting securities of the Issuer which, when taken together with any voting securities owned or controlled by the acquiror, the acquiror's securities will equal at least 20% of the voting securities of the Issuer, or (b) the election or appointment of a majority of directors other than those holding office on the date of the consulting agreement and other than new directors who are appointed by the directors to fill casual vacancies occurring from time to time upon voluntary resignation.

Director Compensation

The Issuer has no arrangements, standard or otherwise, pursuant to which directors are compensated by the Issuer for their services in their capacity as directors.

The directors are reimbursed for expenses incurred on behalf of the Issuer. From time to time, directors may be retained to provide specific services to the Issuer and will be compensated on a normal commercial basis for such services.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director or officer of the Issuer, or associate or affiliate of any such director or officer, is indebted to the Issuer.

AUDIT COMMITTEE

The Audit Committee's Charter

The full text of the charter of the Issuer's Audit Committee is set forth below:

"Mandate

The primary function of the audit committee (the "Committee") is to assist the Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Issuer to regulatory authorities and shareholders, the Issuer's systems of internal controls regarding finance and accounting, and the Issuer's auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Issuer's policies, procedures and practices at all levels. The Committee's primary duties and responsibilities are to:

- serve as an independent and objective party to monitor the Issuer's financial reporting and internal control system and review the Issuer's financial statements.
- review and appraise the performance of the Issuer's external auditors.
- provide an open avenue of communication among the Issuer's auditors, financial and senior management and the Board of Directors.

Composition

The Committee shall be comprised of three directors as determined by the Board of Directors, each of whom shall be free from any relationship that, in the opinion of the Board of Directors, would interfere with the exercise of his or her independent judgment as a member of the Committee.

At least one member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Issuer's Charter, the definition of "financially literate" is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Issuer's financial statements.

The members of the Committee shall be elected by the Board of Directors at its first meeting following the annual shareholders' meeting. Unless a Chair is elected by the full Board of Directors, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

Meetings

The Committee shall meet at least quarterly, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least annually with the Chief Financial Officer and the external auditors in separate sessions.

Responsibilities and Duties

To fulfill its responsibilities and duties, the Committee shall:

Documents/Reports Review

1. Review and update this Charter annually.
2. Review the Issuer's financial statements, MD&A and any annual and interim earnings, press releases before the Issuer publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.

External Auditors

3. Review annually the performance of the external auditors who shall be ultimately accountable to the Board of Directors and the Committee as representatives of the shareholders of the Issuer.
4. Obtain annually, a formal written statement of external auditors setting forth all relationships between the external auditors and the Issuer, consistent with Independence Standards Board Standard 1.
5. Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.
6. Take, or recommend that the full Board of Directors take, appropriate action to oversee the independence of the external auditors.
7. Recommend to the Board of Directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.
8. At each meeting, consult with the external auditors, without the presence of management, about the quality of the Issuer's accounting principles, internal controls and the completeness and accuracy of the Issuer's financial statements.
9. Review and approve the Issuer's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Issuer.
10. Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.
11. Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Issuer's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:
 - i. the aggregate amount of all such non-audit services provided to the Issuer constitutes not more than five percent of the total amount of revenues paid by the Issuer to its external auditors during the fiscal year in which the non-audit services are provided;
 - ii. such services were not recognized by the Issuer at the time of the engagement to be non-audit services; and

- iii. such services are promptly brought to the attention of the Committee by the Issuer and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Committee.

Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval such authority may be delegated by the Committee to one or more independent members of the Committee.

Financial Reporting Processes

- 12. In consultation with the external auditors, review with management the integrity of the Issuer's financial reporting process, both internal and external.
- 13. Consider the external auditors' judgments about the quality and appropriateness of the Issuer's accounting principles as applied in its financial reporting.
- 14. Consider and approve, if appropriate, changes to the Issuer's auditing and accounting principles and practices as suggested by the external auditors and management.
- 15. Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.
- 16. Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
- 17. Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
- 18. Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
- 19. Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.
- 20. Review certification process.
- 21. Establish a procedure for the confidential, anonymous submission by employees of the Issuer of concerns regarding questionable accounting or auditing matters.

Risk Management

- 22. To review, at least annually, and more frequently if necessary, the Issuer's policies for risk assessment and risk management (the identification, monitoring, and mitigation of risks).
- 23. To inquire of management and the independent auditor about significant business, political, financial and control risks or exposure to such risk.
- 24. To request the external auditor's opinion of management's assessment of significant risks facing the Issuer and how effectively they are being managed or controlled.
- 25. To assess the effectiveness of the over-all process for identifying principal business risks and report thereon to the Board.

Other

26. Review any related-party transactions."

Composition of the Audit Committee

The following are the members of the Audit Committee:

Randolph Kasum	Not Independent	Financially literate ⁽¹⁾
Lance Robinson	Independent ⁽¹⁾	Financially literate ⁽¹⁾
Brent Petterson	Independent ⁽¹⁾	Financially literate ⁽¹⁾

⁽¹⁾ As defined by National Instrument 52-110 ("NI 52-110").

Audit Committee Member Education and Experience

Randolph Kasum is the Chairman of the Audit Committee. Mr Kasum has been involved in public companies since 1999 and the stock market for over 20 years. Mr. Kasum has been a member of the Board of Directors and Chief Financial Officer of Mountain Boy Minerals Ltd. for the past 12 years. He was also the Chief Financial Officer for Decade Resources Ltd. from 2006 to 2009 and has been Director of that company since 2006. Through his involvement with public companies, Mr. Kasum has developed an understanding of financial reporting sufficient to enable him to act as a member of the Audit Committee.

Lance Robinson Mr. Robinson is a businessman and owner of a construction company on Vancouver Island. He has over 25 years experience in business and more than 12 years experience as a director and officer of public companies. Mr. Robinson's business knowledge and experience has provided him with an understanding of financial reporting sufficient to enable him having acted as a director and officer of such companies to discharge his duties as a member of the Audit Committee.

Brent Petterson is a Certified General Accountant and has been a member of the Audit Committees of several public companies for the past four years. He is currently a member of the Audit Committees of Sniper Resources Ltd. and Garibaldi Resources Corp., public companies listed for trading on the Exchange, and Newcastle Resources Ltd., which is listed on the OTCQB. Previously, Mr. Petterson served as a member on the Audit Committee of Pacific Coast Nickel Corp., listed on the Exchange. As an officer, director and Audit Committee member of various public companies, Mr. Petterson is financially literate and familiar with the preparation and review of financial statements and the accounting principles used in preparing financial statements.

Audit Committee Oversight

At no time since the commencement of the Issuer's most recently completed fiscal period was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

Reliance on Certain Exemptions

At no time since the commencement of the Issuer's most recently completed fiscal period has the Issuer relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

Pre-Approval Policies and Procedures

Except as described in the Audit Committee Charter reproduced above, the Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services.

External Auditors Service Fees (By Category)

The aggregate fees billed by the Issuer's external auditors in the period ended August 31, 2010 for audit fees are as follows:

<i>Fiscal Period Ended</i>	<i>Audit Fees</i>	<i>Audit Related Fees</i>	<i>Tax Fees</i>	<i>All Other Fees</i>
August 31, 2010	Nil	Nil	Nil	Nil

Exemption in Section 6.1 of NI 52-110

The Issuer is relying on the exemptions in Section 6.1 of NI 52-110 from the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations).

CORPORATE GOVERNANCE DISCLOSURE

National Policy 58-201 establishes corporate governance guidelines which apply to all public companies. The Issuer has reviewed its own corporate governance practices in light of these guidelines. In certain cases, the Issuer's practices comply with the guidelines; however, the Board of Directors considers that some of the guidelines are not suitable for the Issuer at its current stage of development and therefore such guidelines have not been adopted. National Instrument 58-101 mandates disclosure of corporate governance practices which disclosure is set out below.

Independence of Members of Board

The Issuer's Board consists of four directors, two of whom the Issuer considers to be independent based upon the tests for independence set forth in NI 52-110. The Issuer considers Lance Robinson and Brent Petterson to be independent. Edward Kruchkowski and Randolph Kasum are not independent, as they are also officers of the Issuer.

Management Supervision by Board

The size of the Issuer is such that all of the Issuer's operations are conducted by a small management team which is also represented on the Board of Directors. The Board of Directors considers that management is effectively supervised by the independent directors on an informal basis as the independent directors are actively and regularly involved in reviewing and supervising the operations of the Issuer and have regular and full access to management. Further supervision is performed through the audit committee which is composed of a majority of independent directors who meet with the Issuer's auditors without management being in attendance.

Participation of Directors in Other Reporting Issuers

None of the directors of the Issuer currently hold directorships in other reporting issuers, other than as set forth below:

<i>Name of Director</i>	<i>Name of Other Reporting Issuer</i>
Edward Kruchkowski	Decade Resources Ltd. ⁽¹⁾ Cap-Ex Ventures Ltd. ⁽¹⁾ Mountain Boy Minerals Ltd. ⁽¹⁾
Randolph Kasum	Decade Resources Ltd. ⁽¹⁾ Mountain Boy Minerals Ltd. ⁽¹⁾
Lance Robinson	Decade Resources Ltd. ⁽¹⁾ Mountain Boy Minerals Ltd. ⁽¹⁾

<i>Name of Director</i>	<i>Name of Other Reporting Issuer</i>
Brent Petterson	Garibaldi Resources Corp. ⁽¹⁾ Mountain Boy Minerals Ltd. ⁽¹⁾

(1) Listed on the Exchange.

Orientation and Continuing Education

While the Issuer does not have formal orientation and training programs, new Board members are provided with:

1. access to material documents of the Issuer, technical reports in respect of the Issuer's mineral properties and the Issuer's internal financial information;
2. access to management and technical experts and consultants; and
3. a summary of significant corporate and securities responsibilities.

Board members are encouraged to communicate with management, auditors and technical consultants; to keep themselves current with industry trends and developments and changes in legislation with management's assistance; and to attend related industry seminars and visit the Issuer's operations. Board members have full access to the Issuer's records.

Ethical Business Conduct

The Board views good corporate governance as an integral component to the success of the Issuer and to meet responsibilities to shareholders. The Board has adopted a Code of Conduct and intends to post the Code on its website (when the website is established). The Board will instruct its management and employees to abide by the Code.

Nomination of Directors

The Board has responsibility for identifying potential Board candidates, although a formal process has not been adopted. The Board assesses potential Board candidates to fill perceived needs on the Board for required skills, expertise, independence and other factors. Members of the Board, management and representatives of the mineral exploration industry are consulted for possible candidates.

Compensation

The Issuer considers Lance Robinson and Brent Petterson to be independent directors of the Issuer. These directors will have the responsibility for determining compensation for the directors and senior management.

To determine compensation payable, the independent directors intend to review compensation paid for directors and chief executive officers of companies of similar size and stage of development in the mineral exploration industry and determine an appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the directors and senior management while taking into account the financial and other resources of the Issuer. In setting the compensation, the independent directors intend to annually review the performance of the Chief Executive Officer in light of the Issuer's objectives and consider other factors that may have impacted the success of the Issuer in achieving its objectives. See also "Executive Compensation – Compensation Discussion and Analysis".

Board Committees

As the directors are actively involved in the operations of the Issuer and the size of the Issuer's operations does not warrant a larger Board of Directors, the Board has determined that any committees in addition to the Audit Committee are not necessary at this stage of the Issuer's development.

Assessments

The Board does not consider that formal assessments would be useful at this stage of the Issuer's development. The Board conducts informal annual assessments of the Board's effectiveness, the individual directors and the Audit Committee.

PLAN OF DISTRIBUTION

Agency Agreement

Pursuant to the Agency Agreement, the Issuer appointed Mackie Research Capital Corporation as the agent to offer the Offered Shares to the public in British Columbia and Alberta on a commercially reasonable efforts basis. The Agent is not obligated to purchase any of the Offered Shares for its own account. The Agent may, in connection with the Offering, retain one or more licensed dealers, brokers or investment dealers as sub-agents.

The Offering is subject to the issue and sale of a minimum of 4,500,000 Offered Shares and raising minimum gross proceeds of \$675,000. Subscriptions will be reviewed for the Offered Shares subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time.

The Agent will receive a commission equal to 10% of the gross proceeds of the Offering payable in cash. The Agent will also receive that number of Broker Warrants that is equal to 10% of the number of Offered Shares sold in the Offering, each Broker Warrant entitling the holder to purchase one Broker Share for a period of two years from the Closing Date at a price of \$0.15 per Broker Share. Further, a corporate finance fee of \$25,000 (plus HST) is payable in cash, one-half of which (\$12,500 plus HST) has been paid and the balance (\$12,500 plus HST) is payable to the Agent at the Closing Date.

The Offered Shares and Broker Warrants are qualified for distribution pursuant to this Prospectus.

The issue price of \$0.15 per Offered Share was determined by negotiation between the Issuer and the Agent.

Pursuant to the Agency Agreement, the Issuer agrees not to issue any common shares, convertible debenture or any other form of equity for a period of 120 days after the Closing Date without the prior written consent of the Agent, except in conjunction with the grant or exercise of stock options or in connection with property or acquisitions in the normal course of business.

The Agency Agreement provides that, upon the occurrence of certain events or at the discretion of the Agent on the basis of its assessment of the state of financial markets or the market for the Offered Shares, the Agent may terminate the Offering and the obligations of subscribers to purchase the Offered Shares will then cease.

Subscriptions will be received for the Offered Shares subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time. Upon rejection of a subscription, the subscription price and the subscription will be returned to the subscriber forthwith without interest or deduction. Completion of the Offering is subject to sale of all of the Offered Shares. If subscriptions for all of the Offered Shares have not been received by that day which falls 90 days from the date of issue of a receipt for the final prospectus, or if a receipt has been issued for an amendment to the final prospectus, within 90 days of the issuance of such receipt and in any event not later than 180 days from the date of the receipt for the final prospectus, subscription funds will be returned without interest or deduction, unless consent of each of the subscribers and the regulatory authorities is obtained.

The Issuer is not a related or connected issuer (as such terms are defined in National Instrument 33-105) to the Agent.

Listing Application

The Exchange has conditionally accepted the listing of the Issuer's Common Shares. Listing is subject to the Issuer meeting all of the listing requirements of the Exchange.

As at the date of this Prospectus, the Issuer does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, a U.S. marketplace, or a marketplace outside of Canada and the United States of America other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc.

RISK FACTORS

The Offered Shares should be considered highly speculative due to the nature of the Issuer's business and the present stage of its development. In evaluating the Issuer and its business, investors should carefully consider, in addition to the other information contained in this Prospectus, the following risk factors. These risk factors are not a definitive list of all risk factors associated with an investment in the Issuer or in connection with the Issuer's operations.

Capitalization and Commercial Viability

The Issuer will require additional funds to further explore, develop and mine its properties. The Issuer will not have sufficient funds upon closing of the Offering to carry out the completion of all proposed activities, and may have to obtain other financing or raise additional funds. See "Use of Proceeds – Principal Purposes". The Issuer has limited financial resources, and there is no assurance that additional funding will be available to the Issuer to carry out the completion of all proposed activities, for additional exploration or for the substantial capital that is typically required in order to place a property into commercial production. Although the Issuer has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Issuer will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of its properties.

While, upon completion of the Offering, the Issuer will have sufficient financial resources to undertake the recommended exploration program in respect of the Riverside Property, the Issuer will require additional funds to further explore and develop the Riverside Property, the Four J's Property and to acquire additional properties.

Current Global Financial Conditions

Current global financial conditions have been subject to increased volatility and numerous financial institutions have either gone into bankruptcy or have had to be rescued by governmental authorities. Access to public financing has been negatively impacted by both sub-prime mortgages and the liquidity crisis affecting the asset-backed commercial paper market. These factors may impact the ability of the Issuer to obtain equity or debt financing in the future and, if obtained, on terms favourable to the Issuer. If these increased levels of volatility and market turmoil continue, the Issuer's operations could be adversely impacted and the value and the price of the shares of the Issuer could be adversely affected.

Exploration and Development

Mineral exploration and development involves a high degree of risk and few properties which are explored are ultimately developed into producing mines.

None of the Issuer's properties presently contain any commercial ore. Should any ore reserves exist, substantial expenditures will be required to confirm ore reserves which are sufficient to commercially mine its current properties, and to obtain the required environmental approvals and permitting required to

commence commercial operations. Should any mineral resource be defined on such properties there can be no assurance that the mineral resource on such properties can be commercially mined or that the metallurgical processing will produce economically viable saleable products. The decision as to whether a property contains a commercial mineral deposit and should be brought into production will depend upon the results of exploration programs and/or feasibility studies, and the recommendations of duly qualified engineers and/or geologists, all of which involves significant expense. This decision will involve consideration and evaluation of several significant factors including, but not limited to: (1) costs of bringing a property into production, including exploration and development work, preparation of production feasibility studies and construction of production facilities; (2) availability and costs of financing; (3) ongoing costs of production; (4) market prices for the minerals to be produced; (5) environmental compliance regulations and restraints (including potential environmental liabilities associated with historical exploration activities); and (6) political climate and/or governmental regulation and control.

The ability of the Issuer to sell, and profit from the sale of any eventual production from any of the Issuer's properties will be subject to the prevailing conditions in the marketplace at the time of sale. Many of these factors are beyond the control of the Issuer and therefore represent a market risk which could impact the long term viability of the Issuer and its operations.

Securities of the Issuer

The price at which the seed rounds of securities were sold was arbitrarily determined by the Issuer and the price of the Offered Shares offered under this Prospectus was determined by negotiation between the Issuer and the Agent and bears no relationship to earnings, book value or other valuation criteria. The Issuer plans to focus on exploration of its properties and to use the proceeds of the Offering to carry out such exploration, but to further such activities and to acquire additional properties will require additional funds and it is likely that, to obtain the necessary funds, the Issuer will have to sell additional securities including, but not limited to, its Common Shares or some form of convertible securities, the effect of which would result in a substantial dilution of the present equity interests of the Issuer's shareholders.

Dilution

The purchase price of the Offered Shares exceeds the net tangible book value per Common Share and accordingly investors will suffer immediate and substantial dilution of their investment.

Title Matters

While the Issuer has performed its own due diligence with respect to title to its properties, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements of transfer or land claims, and title may be affected by undetected defects.

Possible Loss of Interests in Exploration Properties; Possible Failure to Obtain Mining Licenses

The Riverside Option Agreement pursuant to which the Issuer acquired its interests in the Riverside Property and the Four J's Option Agreement pursuant to which the Issuer acquired its interest in the Four J's Property provide that the Issuer must make a series of payments in cash and issue Common Shares over certain time periods and expend certain minimum amounts on the exploration of those properties. If the Issuer fails to make such payments or expenditures in a timely fashion, the Issuer may lose its interest in those properties.

Further, even if the Issuer does complete exploration activities on its properties, it may not be able to obtain the necessary licenses or permits to conduct mining operations on the properties, and thus would realize no benefit from its exploration activities on the properties.

Competition

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

Conflicts of Interest

Certain directors and officers of the Issuer are, and may continue to be, involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors of the Issuer. Situations may arise in connection with potential acquisitions in investments where the other interests of these directors and officers may conflict with the interests of the Issuer. Directors and officers of the Issuer with conflicts of interest will be subject to and will follow the procedures set out in applicable corporate and securities legislation, regulation, rules and policies.

Key Personnel

The Issuer's future success depends, in significant part, upon the continued service and performance of its senior management. The experience and ability of these individuals will be a factor contributing to the Issuer's success and growth. The loss of the services of some or all of these individuals could have a material adverse effect on the Issuer's business prospects. The Issuer has not obtained key man insurance with respect to any of its senior management.

No History of Earnings

The Issuer has no history of earnings, and there is no assurance that any of its mineral properties will generate earnings, operate profitably or provide a return on investment in the future. The Issuer expects to incur losses and negative operating cash flow for the foreseeable future as it conducts its exploration activities on the Riverside Property. The Issuer has not paid dividends in the past and has no plans to pay dividends for the foreseeable future. The future dividend policy of the Issuer will be determined by its directors.

Negative Operating Cash Flow

Since inception, the Issuer has had negative operating cash flow and incurred losses. The negative operating cash flow and losses are expected to continue for the foreseeable future. The Issuer may never achieve positive operating cash flow.

Potential Profitability Depends Upon Factors Beyond the Control of the Issuer

The potential profitability of mineral properties is dependent upon many factors beyond the Issuer's control. For instance, world prices of and markets for gold and silver are unpredictable, highly volatile, potentially subject to governmental fixing, pegging and/or controls and respond to changes in domestic, international, political, social and economic environments. Another factor is that rates of recovery of mined ore may vary from the rate experienced in tests and a reduction in the recovery rate will adversely affect profitability and, possibly, the economic viability of a property. Profitability also depends on the costs of operations, including costs of labour, equipment, electricity, environmental compliance or other production inputs. Such costs will fluctuate in ways the Issuer cannot predict and are beyond the Issuer's control, and such fluctuations will impact on profitability and may eliminate profitability altogether. Additionally, due to worldwide economic uncertainty, the availability and cost of funds for development and other costs have become increasingly difficult, if not impossible, to project. These changes and events may materially affect the financial performance of the Issuer.

Operating Hazards and Risks

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes, may occur. It is not always possible to fully insure against such risks and the Issuer may decide not to insure against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Issuer.

Environmental Risks and Other Regulatory Requirements

The current or future operations of the Issuer, including exploration and development activities and commencement of production on its properties, require permits from various governmental authorities, and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Companies engaged in the development and operation of mines and related facilities generally experience increased costs and delays in production and other schedules as a result of the need to comply with the applicable laws, regulations and permits. There can be no assurance that all permits which the Issuer may require for future exploration activities, construction of mining facilities and conduct of mining operations will be obtainable on reasonable terms or that such laws and regulations would not have an adverse effect on any mining 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 mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations.

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

Uninsurable Risks

In the course of exploration, development and production of mineral properties, several risks and, in particular, unexpected or unusual geological or operating conditions, may occur. It is not always possible to fully insure against such risks, and the Issuer may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise they could reduce or eliminate any future profitability and result in an increase in costs and a decline in value of the securities of the Issuer.

The Issuer is not insured against most environmental risks. Insurance against environmental risks (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration and production) has not been generally available to companies within the industry. The Issuer periodically evaluates the cost and coverage of the insurance against certain environmental risks that is available to determine if it would be appropriate to obtain such insurance. Without such insurance, and if the Issuer becomes subject to environmental liabilities, the payment of such liabilities would reduce or eliminate its available funds or could exceed the funds the Issuer has to pay such liabilities and result in bankruptcy. Should the Issuer be unable to fund fully the remedial cost of an environmental problem it might be required to enter into interim compliance measures pending completion of the required remedy.

PROMOTERS

Edward Kruchkowski and Randolph Kasum may be considered promoters of the Issuer, as that term is defined in the *Securities Act* (British Columbia). These individuals have not received anything of value from the Issuer, and they are not entitled to receive anything of value, except the compensation to be issued under "Executive Compensation – Compensation Discussion and Analysis" and as follows:

- Edward Kruchkowski acquired 750,000 Common Shares at a price of \$0.01 per Common Share and 2,000,000 Common Shares at a price of \$0.05 per Common Share prior to the Offering (21.7% of the outstanding Common Shares as at the date of this Prospectus).
- Randolph Kasum 750,000 Common Shares at a price of \$0.01 per Common Share and 2,000,000 Common Shares at a price of \$0.05 per Common Share prior to the Offering (21.7% of the outstanding Common Shares as at the date of this Prospectus).

All of the foregoing Common Shares are subject to the Escrow Agreement.

See "Directors and Officers – Current Directors and Officers, Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions" and "Interest of Management and Others in Material Transactions" for disclosure regarding these promoters.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

There are no legal proceedings that the Issuer is or was a party to, or to its knowledge that any of its property interests is or was the subject of, and no such legal proceedings are known by the Issuer to be contemplated.

Regulatory Actions

There are no penalties or sanctions imposed against the Issuer by a court or a regulatory authority and the Issuer has not entered into any settlement agreements before a court or with a securities regulatory authority.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The directors, executive officers and principal shareholders of the Issuer or any associate or affiliate of the foregoing have had no material interest, direct or indirect, in any transactions in which the Issuer has participated prior to the date of this Prospectus, and will not have any material interest in any proposed transaction, which has materially affected or is reasonably expected to materially affect the Issuer, except as set out elsewhere in this Prospectus or below. Certain directors and officers of the Issuer acquired Common Shares of the Issuer prior to the date of this Prospectus.

AUDITORS, TRANSFER AGENTS AND REGISTRARS

The auditors of the Issuer are the firm of BDO Canada LLP, Chartered Accountants, of 600 Cathedral Place – 925 West Georgia Street, Vancouver, British Columbia, V6C 3L2.

The Registrar and Transfer Agent for the Common Shares of the Issuer is Valiant Trust Company, 600 – 750 Cambie Street, Vancouver, British Columbia, V6B 0A2

MATERIAL CONTRACTS

Except for contracts made in the ordinary course of business, the following are the only material contracts entered into by the Issuer since its incorporation:

1. Riverside Option Agreement;
2. Agency Agreement; and
3. Escrow Agreement. The terms of this agreement are referred to in "Escrowed Securities".

Copies of all material contracts may be inspected during distribution of the securities being offered under this Prospectus at the registered office of the Issuer at 10th Floor, 595 Howe Street, Vancouver, British Columbia, V6C 2T5 during normal business hours and for 30 days thereafter.

EXPERTS

The following persons or companies whose profession or business gives authority to a statement made by the person or company are named in the Prospectus as having prepared or certified a part of that document, report, valuation, statement or opinion described in the Prospectus:

- (1) The information in this Prospectus under the headings "Summary of Prospectus – Eligibility for Investment" and "Certain Canadian Federal Income Tax Considerations" has been included in reliance upon the opinion of Legacy Tax + Trust Lawyers;
- (2) The audited financial statements of the Issuer included with this Prospectus have been subject to audit by BDO Canada LLP, Chartered Accountants and their audit report is included herein; and
- (3) The information of a scientific or technical nature regarding the Riverside Property in this Prospectus is based on the Technical Report prepared by Walus, a qualified person pursuant to National Instrument 43-101.

Based on information provided by the relevant persons, none of the above persons or companies: (i) have received or will receive any direct or indirect interests in the property of the Issuer or of an associate or affiliate of the Issuer; (ii) hold any beneficial ownership, direct or indirect, in any securities of the Issuer or of any associate or affiliate of the Issuer; or (iii) is or is expected to be elected, appointed or employed as a director, officer or employee of the Issuer or of any associate or affiliate of the Issuer.

BDO Canada LLP has advised that they are independent with respect to the Issuer within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

OTHER MATERIAL FACTS

There are no other material facts concerning the Offered Shares other than as disclosed in this Prospectus.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Legacy Tax + Trust Lawyers, special tax counsel to the Corporation, the following is a general summary, as of the date hereof, of the principal Canadian federal income tax considerations under the Tax Act generally applicable to a holder who acquires Common Shares pursuant to the Offering and who, for the purposes of the Tax Act and at all relevant times, beneficially owns Common Shares as capital property, and deals at arm's length with, and is not affiliated with, the Corporation (a "**Holder**"). The Common Shares will generally be considered to be capital property for this purpose unless either the Holder holds (or will hold) such Common Shares in the course of carrying on a business, or the Holder has acquired (or will acquire) such Common Shares in a transaction or transactions considered to be an adventure or concern in the nature of trade.

This summary is not applicable to: (a) a Holder that is not resident in Canada for purposes of the Tax Act; (b) a Holder that is a "financial institution", as defined in the Tax Act for purposes of the mark-to-market rules; (c) a Holder, an interest in which would be a "tax shelter investment" as defined in the Tax Act; (d) a Holder that is a "specified financial institution" as defined in the Tax Act; (e) a Holder that is a partnership or a trust; (f) a Holder that is a corporation that has elected in the prescribed form and manner and has otherwise met the requirements to use functional currency tax reporting as set out in the Tax Act; or (g) a holder which is exempt from tax under Part I of the Tax Act. Any such Holder to which this summary does not apply should consult its own tax advisor.

This summary is based upon the current provisions of the Tax Act and counsel's understanding of the current published administrative and assessing policies and practices of the Canada Revenue Agency. The summary also takes into account the Tax Proposals, and assumes that all such Tax Proposals will be enacted in the form proposed. No assurance can be given that the Tax Proposals will be enacted in the form proposed or at all. This summary does not otherwise take into account or anticipate any changes in law, whether by way of legislative, judicial or administrative action or interpretation, nor does it address any provincial, territorial or foreign tax considerations, which may be materially different from those described herein.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder. Accordingly, Holders are urged to consult their own tax advisors about the specific tax consequences to them of acquiring, holding and disposing of Common Shares.

The following discussion applies to Holders who, for the purposes of the Tax Act and any applicable income tax treaty or convention, are at all relevant times resident in Canada. Certain holders whose Common Shares might not otherwise qualify as capital property may, in certain circumstances, make an irrevocable election pursuant to subsection 39(4) of the Tax Act such that the Common Shares and every "Canadian security" (as defined in the Tax Act) owned by the Holder in the taxation year of the election and in all subsequent taxation years are deemed to be capital property. Holders should consult their own tax advisors concerning this election.

Dividends on Common Shares

Dividends received or deemed to be received on the Common Shares by a Holder who is an individual (other than certain trusts) will be included in income and will be subject to the gross-up and dividend tax credit rules normally applicable under the Tax Act to taxable dividends received from taxable Canadian corporations. The Corporation may, upon notice to its shareholders, designate all or a portion of such dividends as "eligible dividends" that are entitled to the enhanced dividend tax credit. The amount of the dividend received by an individual (but not the amount of the gross-up) may be subject to alternative minimum tax.

Dividends received or deemed to be received on Common Shares by a Holder that is a corporation will be included in its income and will generally also be deductible in computing its taxable income. A Holder that is a "private corporation" or a "subject corporation", each as defined in the Tax Act, may be liable under Part IV of the Tax Act to pay a refundable tax at a rate of 33% on dividends received or deemed to be received on Common Shares to the extent such dividends are deductible in computing the Holder's taxable income.

Dispositions of Common Shares

A disposition, or a deemed disposition, of a Common Share (other than to the Corporation unless purchased by the Corporation in the open market in the manner in which shares are normally purchased by any member of the public in the open market) by a Holder will generally give rise to a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the Common Share, net of any

reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Common Share to the Holder at the time of the disposition. For this purpose, the adjusted cost base to a Holder of a Common Share will be determined at a particular time by averaging the cost of such Common Share with the adjusted cost base of any other Common Shares owned by the Holder as capital property at that time. Such capital gain (or capital loss) will be subject to the treatment described below under "*Taxation of Capital Gains and Capital Losses*".

Refundable Tax

A Holder that is throughout a taxation year a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay a refundable tax at a rate of 6⅔% on certain investment income received by it in the year, including taxable capital gains (as defined below), but excluding dividends or deemed dividends deductible in computing taxable income.

Taxation of Capital Gains and Capital Losses

Generally, one-half of any capital gain (a "**taxable capital gain**") realized by a Holder for a taxation year must be included in the Holder's income in the year. A Holder is required to deduct one-half of any capital loss (an "**allowable capital loss**") realized in the year from taxable capital gains realized in that year, and allowable capital losses in excess of taxable capital gains may be carried back and deducted in any of the three preceding taxation years, or carried forward and deducted in any subsequent year, from net taxable capital gains realized in such years (but not against other income) to the extent and under the circumstances described in the Tax Act. If the Holder is a corporation, any such capital loss realized on the sale of a Common Share may in certain circumstances be reduced by the amount of any dividends which have been received or which are deemed to have been received on the Common Share. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns shares, directly or indirectly, through a partnership or a trust. Taxable capital gains realized by a Holder who is an individual may give rise to alternative minimum tax depending on the Holder's circumstances.

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

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

EXEMPTIONS FROM INSTRUMENTS

The Issuer has made a pre-filing application with the British Columbia Securities Commission pursuant to National Policy 11-202 – *Process for Prospectus Review in Multiple Jurisdictions* ("**NP 11-202**") for relief from the requirement in NI 52-107 that financial statements included in the Prospectus be prepared in accordance with Canadian GAAP. The Issuer sought this relief to permit it to prepare its financial statements for inclusion in this Prospectus in accordance with IFRS.

In accordance with NP 11-202, the receipt for the final prospectus will evidence that the aforementioned exemptions have been granted to the Issuer.

The Issuer has also made an application with the British Columbia Securities Commission pursuant to National Policy 11-203 – *Process for Exemptive Relief Applications in Multiple Jurisdictions* for a waiver from the requirement in NI 52-107 to prepare financial statements in accordance with Canadian GAAP in order to prepare its interim financial statements for the period ending May 31, 2011 and its annual financial statements for the year ended August 31, 2011 in accordance with IFRS.

FINANCIAL STATEMENTS AND AUDITORS' REPORT

Audited financial statements of the Issuer for the period from November 24, 2009 (Date of Incorporation) to August 31, 2010 and unaudited financial statements of the Issuer for the nine months ended May 31, 2011 are included in this Prospectus.

AUDITORS' CONSENT

We have read the prospectus of Rotation Minerals Ltd. (the "**Company**") dated September 16, 2011 relating to the issue of up to 4,500,000 common shares of the Issuer. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use in the above mentioned prospectus of our report to the directors of the Company on the statement of financial position of the Company as at August 31, 2010 and the statements of comprehensive loss, changes in equity and cash flows for the period from November 24, 2009 (Date of Incorporation) to August 31, 2010. Our report is dated September 16, 2011.

"BDO Canada LLP"
Chartered Accountants
Vancouver, Canada
September 16, 2011

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ROTATION MINERALS LTD.

FINANCIAL STATEMENTS

August 31, 2010

(Stated in Canadian Dollars)



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BDO Canada LLP
 600 Cathedral Place
 925 West Georgia Street
 Vancouver BC V6C 3L2 Canada

Independent Auditor's Report

To the directors of Rotation Minerals Ltd.

We have audited the accompanying financial statements of Rotation Minerals Ltd., which comprise the statement of financial position as at August 31, 2010, and the statements of comprehensive loss, changes in equity and cash flows for the period from November 24, 2009 (Date of Incorporation) to August 31, 2010, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Rotation Minerals Ltd. as at August 31, 2010 and the results of its operations and its cash flows for the period from November 24, 2009 (Date of Incorporation) to August 31, 2010 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 of the financial statements which describes the uncertainty about whether the Company will complete an Initial Public Offering. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern.

BDO Canada LLP

Vancouver, BC
 September 16, 2011

ROTATION MINERALS LTD.
STATEMENTS OF FINANCIAL POSITION
August 31, 2010
(Stated in Canadian Dollars)

	August 31, 2010
<u>ASSETS</u>	
Current	
Cash	\$ 47,718
Exploration and evaluation assets – Notes 5 and 6	<u>96,619</u>
	<u>\$ 144,337</u>
<u>LIABILITIES</u>	
Current	
Accounts payable and accrued liabilities – Note 6	<u>\$ 67,826</u>
<u>SHAREHOLDERS' EQUITY</u>	
Share capital – Notes 7 and 15	22,500
Share subscriptions – Note 7	61,500
Deficit	<u>(7,489)</u>
	<u>76,511</u>
	<u>\$ 144,337</u>

APPROVED AND AUTHORIZED BY THE BOARD
FOR ISSUE ON SEPTEMBER 16, 2011:

<u>(signed) "Edward Kruchkowski"</u> Director Edward Kruchkowski	<u>(signed) "Randy Kasum"</u> Director Randy Kasum
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THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THESE FINANCIAL
STATEMENTS

ROTATION MINERALS LTD.
STATEMENTS OF COMPREHENSIVE LOSS
for the period
November 24, 2009 (Date of Incorporation) to August 31, 2010
(Stated in Canadian Dollars)

	November 24, 2009 (Date of Incorporation) to August 31, <u>2010</u>
General and administrative expenses	
Legal fees	\$ 4,926
Office and miscellaneous	<u>2,563</u>
Loss and comprehensive loss for the period	<u><u>(7,489)</u></u>
Loss per share attributable to the equity shareholders of the Company (basic and diluted)	<u><u>\$ (0.02)</u></u>
Weighted average number of shares outstanding	<u><u>448,399</u></u>

ROTATION MINERALS LTD.
STATEMENTS OF CHANGES IN EQUITY
for the period
November 24, 2009 (Date of Incorporation) to August 31, 2010
(Stated in Canadian Dollars)

	Number of			Share		
	<u>Shares</u>	<u>Amount</u>		<u>Subscriptions</u>	<u>Deficit</u>	<u>Total</u>
Seed shares – Note 7	2,250,000	\$ 22,500	\$	-	\$ -	\$ 22,500
Share subscriptions – Note 7	-	-		61,500	-	61,500
Loss for the period	<u>-</u>	<u>-</u>		<u>-</u>	<u>(7,489)</u>	<u>(7,489)</u>
Balance, August 31, 2010	<u>2,250,000</u>	<u>\$ 22,500</u>	<u>\$</u>	<u>61,500</u>	<u>\$ (7,489)</u>	<u>\$ 76,511</u>

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THESE FINANCIAL
STATEMENTS

ROTATION MINERALS LTD.
STATEMENTS OF CASH FLOWS

for the period
November 24, 2009 (Date of Incorporation) to August 31, 2010
(Stated in Canadian Dollars)

	November 24, 2009 (Date of Incorporation) to August 31, <u>2010</u>
Operating Activities	
Loss for the period	\$ (7,489)
Changes in working capital item related to operations:	
Accounts payable and accrued liabilities	<u>4,569</u>
	<u>(2,920)</u>
Financing Activities	
Share subscriptions	61,500
Shares issued for cash	<u>22,500</u>
	<u>84,000</u>
Investing Activity	
Exploration and evaluation costs	<u>(33,362)</u>
Increase in cash during the period	47,718
Cash, beginning of the period	<u>-</u>
Cash, end of the period	<u><u>\$ 47,718</u></u>
Supplemental disclosure of cash flow information:	
Cash paid for:	
Interest	<u><u>\$ -</u></u>
Income taxes	<u><u>\$ -</u></u>
Non-cash Transaction – Note 9	

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THESE FINANCIAL
STATEMENTS

ROTATION MINERALS LTD.
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2010
(Stated in Canadian Dollars)

Note 1 Corporate Information

Rotation Minerals Ltd. (the “Company”) was incorporated under the Business Corporations Act (British Columbia) on November 24, 2009 and commenced operations on June 14, 2010.

The Company is a mineral property exploration company that is planning a public offering of its shares and intends to list on the TSX Venture Exchange.

The address of the Company’s corporate office and principal place of business is 611 – 8th Street, Stewart, British Columbia, Canada.

Note 2 Basis of Preparation

a) Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. These are the Company’s first financial statements and IFRS has been applied since incorporation on November 24, 2009.

b) Basis of Measurement

These financial statements have been prepared using the historical cost basis.

The financial statements are presented in Canadian Dollars, which is the Company’s functional currency and presentation currency.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgement in applying the Company’s accounting policies. The areas involving a higher degree of judgement of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Rotation Minerals Ltd.

Notes to the Financial Statements

August 31, 2010 – Page 2

(Stated in Canadian Dollars)

Note 2 Basis of Preparation – (cont'd)b) Going Concern of Operations

The Company has not generated revenue from operations and incurred a net loss of \$7,489 for the period ended August 31, 2010, has accumulated a deficit at August 31, 2010 of \$7,489 and expects to incur further losses in the development of its business. These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has not yet determined whether its mineral properties contain economically recoverable reserves. The recoverability of the amounts shown for mineral properties is dependent upon the confirmation of economically recoverable reserves and its ability to obtain adequate financing to develop its mineral properties, and to commence profitable operations in the future. The Company is planning an Initial Public Offering ("IPO") as disclosed in Note 16, which it believes will provide sufficient funds to sustain planned operations for the next twelve months; however there is no assurance that it will be able complete the IPO, all of which casts significant doubt about the Company's ability to continue as a going concern.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

Note 3 Significant Accounting Policies

The financial statements have, in management's opinion, been properly prepared and have been applied consistently for all periods presented within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

a) Foreign Currency Transactions

Foreign currency accounts are translated into Canadian dollars as follows:

At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year-end date, unsettled monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at the year-end date and the related translation differences are recognized in net income. Exchange gains and losses arising on the retranslation of monetary available-for-sale financial assets are treated as a separate component of the change in fair value and recognized in net income. Exchange gains and losses on non-monetary available-for-sale financial assets form part of the overall gain or loss recognized in respect of that financial instrument.

Rotation Minerals Ltd.

Notes to the Financial Statements

August 31, 2010 – Page 3

(Stated in Canadian Dollars)

Note 3 Significant Accounting Policies – (cont'd)a) Foreign Currency Transactions – (cont'd)

Non-monetary assets and liabilities that are measured at historical cost are translated into Canadian dollars by using the exchange rate in effect at the date of the initial transaction and are not subsequently restated. Non-monetary assets and liabilities that are measured at fair value or at a revalued amount are translated into Canadian dollars by using the exchange rate in effect at the date the value is determined and the related translation differences are recognized in net income or other comprehensive loss consistent with where the gain or loss on the underlying non-monetary asset or liability has been recognized.

b) Mineral Exploration and Evaluation Expenditures*Pre-exploration Costs*

Pre-exploration costs are expensed in the period in which they are incurred.

Exploration and Evaluation Expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of comprehensive loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Rotation Minerals Ltd.

Notes to the Financial Statements

August 31, 2010 – Page 4

(Stated in Canadian Dollars)

Note 3 Significant Accounting Policies – (cont'd)b) Mineral Exploration and Evaluation Expenditures – (cont'd)

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as “mines under construction”. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Mineral exploration and evaluation expenditures are classified as intangible assets.

c) Impairment of Non-Financial Assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year-end. Other non-financial assets, including exploration and evaluation assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. The Company has one cash-generating unit for which impairment testing is performed.

An impairment loss is charged to the profit or loss, except to the extent they reverse gains previously recognized in other comprehensive loss.

d) Financial Instruments

Financial Assets

Financial assets are classified as into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Rotation Minerals Ltd.

Notes to the Financial Statements

August 31, 2010 – Page 5

(Stated in Canadian Dollars)

Note 3 Significant Accounting Policies – (cont'd)d) Financial Instruments – (cont'd)*Loans and Receivables*

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in the profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Available-for-Sale Investments

Non-derivative financial assets not included in the above categories are classified as available-for-sale and comprise principally the Company's strategic investments in entities not qualifying as subsidiaries or associates. Available-for-sale investments are carried at fair value with changes in fair value recognized in accumulated other comprehensive loss. Where there is a significant or prolonged decline in the fair value of an available-for-sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously recognized in other comprehensive loss, is recognized in profit or loss. If there is no quoted market price in an active market and fair value cannot be readily determined, available-for-sale investments are carried at cost.

Purchases and sales of available-for-sale financial assets are recognized on a trade date basis. On sale or impairment, the cumulative amount recognized in other comprehensive loss is reclassified from accumulated other comprehensive loss to profit or loss.

Impairment on Financial Assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Rotation Minerals Ltd.

Notes to the Financial Statements

August 31, 2010 – Page 6

(Stated in Canadian Dollars)

Note 3 Significant Accounting Policies – (cont'd)d) Financial Instruments – (cont'd)*Financial Liabilities*

Financial liabilities are classified as other financial liabilities, based on the purpose for which the liability was incurred, and comprise accounts payables and accrued liabilities. These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carrying in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

e) Provisions*Rehabilitation Provision*

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

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

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur. At August 31, 2010, the Company does not have any rehabilitation provisions.

Other Provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

Rotation Minerals Ltd.

Notes to the Financial Statements

August 31, 2010 – Page 7

(Stated in Canadian Dollars)

Note 3 Significant Accounting Policies – (cont'd)f) Income Taxes

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive loss.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

g) Government Grants

From time to time the Company may receive government incentive programs such as investment tax credits. Government incentives are accrued when there is reasonable assurance of realization and reflected as a reduction of the related asset or expense. In the event the investment tax credits received are less than the amount claimed, the difference will be reflected in operations in the period in which it is determined.

h) Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Rotation Minerals Ltd.

Notes to the Financial Statements

August 31, 2010 – Page 8

(Stated in Canadian Dollars)

Note 3 Significant Accounting Policies – (cont'd)i) Loss per Share

Basic loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted loss per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

j) Share-based Payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Rotation Minerals Ltd.

Notes to the Financial Statements

August 31, 2010 – Page 9

(Stated in Canadian Dollars)

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

Note 3 Significant Accounting Policies – (cont'd)j) Share-based Payments – (cont'd)

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

m) Standards, Amendments and Interpretations Not Yet Effective

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting periods beginning after January 1, 2011 or later periods.

The following new standards, amendments and interpretations, that have not been early adopted in these interim financial statements, will or may have an effect on the Company's future results and financial position:

- IFRS 9 Financial Instruments

IFRS 9 Financial Instruments is part of the IASB's wider project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets, amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2013. The Company is in the process of evaluating the impact of the new standard on the accounting for the available-for-sale investment.

The following new standards, amendments and interpretations, that have not been early adopted in these financial statements, will not have an effect on the Company's future results and financial position:

- IFRS 1: Severe Hyperinflation (Effective for periods beginning on or after July 1, 2011)
- IAS 12: Deferred Tax: Recovery of Underlying Assets (Amendments to IAS 12 (Effective for periods beginning on or after January 1, 2012))
- Amendments to IFRS 9 Financial Instruments (Effective for periods beginning on or after January 1, 2013)

Rotation Minerals Ltd.

Notes to the Financial Statements

August 31, 2010 – Page 10

(Stated in Canadian Dollars)

Note 4 Critical Accounting Estimates and Judgments

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only; or in the period of the change and future periods, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

i) Exploration and Evaluation Expenditure

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

ii) Title to Mineral Property Interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

iii) Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

Rotation Minerals Ltd.

Notes to the Financial Statements

August 31, 2010 – Page 11

(Stated in Canadian Dollars)

Note 4 Critical Accounting Estimates and Judgments – (cont'd)

iii) Income Taxes – (cont'd)

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

iv) Rehabilitation Provisions

Rehabilitation provisions have been determined to be \$nil based on the Company's internal estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from period to period.

Note 5 Exploration and Evaluation Assets

Period from November 24, 2009 (Date of Incorporation) to August 31, 2010:

	Riverside <u>(US)</u>	Four J's <u>(Canada)</u>	<u>Total</u>
Balance, November 24, 2009	\$ -	\$ -	\$ -
Exploration and evaluation costs	64,413	-	64,413
Acquisition costs	<u>12,206</u>	<u>20,000</u>	<u>32,206</u>
Balance, August 31, 2010	<u>\$ 76,619</u>	<u>\$ 20,000</u>	<u>\$ 96,619</u>

The impairment assessment of exploration and evaluation assets resulted in no amounts being written off the Company's properties.

Rotation Minerals Ltd.

Notes to the Financial Statements

August 31, 2010 – Page 12

(Stated in Canadian Dollars)

Note 5 Exploration and Evaluation Assets – (cont'd)a) Riverside

By an option agreement dated June 14, 2010, the Company has the option to acquire an 80% interest in the Riverside Property, which consists of eight mineral claims located in the Hyder Mining District in the State of Alaska, USA. Consideration to earn the 80% interest is cash of US\$600,000 and exploration expenditures of US\$2,700,000 as follows:

Cash payments:

- i) US\$10,000 to be paid on execution of the option agreement (paid);
- ii) a further US\$25,000 to be paid on or before December 14, 2010 (paid);
- i) a further US\$25,000 to be paid on or before June 14, 2011 (paid);
- ii) a further US\$50,000 to be paid on or before June 14, 2012;
- iii) a further US\$150,000 to be paid on or before June 14, 2013;
- iv) a further US\$340,000 to be paid on or before June 14, 2014;

Exploration expenditures:

- i) US\$100,000 to be incurred on or before June 14, 2011 (incurred);
- ii) a further US\$300,000 to be incurred on or before June 14, 2012;
- iii) a further US\$800,000 to be incurred on or before June 14, 2013;
- iv) a further US\$1,500,000 to be incurred on or before June 14, 2014;

Any exploration expenditures in excess of the minimum annual exploration expenditures will be carried over to the next year's commitment.

Upon earning an 80% interest in the Riverside Property, the Company has the right to purchase the remaining 20% interest for US\$1,000,000.

The property is subject to a 2% net smelter return royalty. The Company has the right to purchase the net smelter return royalty for US\$500,000 for each 1% of the royalty.

Rotation Minerals Ltd.

Notes to the Financial Statements

August 31, 2010 – Page 13

(Stated in Canadian Dollars)

Note 5 Exploration and Evaluation Assets – (cont'd)b) Four J's

By an option agreement dated August 9, 2010 and amended May 25, 2011, the Company has the option to acquire a 50% interest in the Four J's Property, which consists of five mineral claims located in the Skeena Mining Division in the Province of British Columbia, Canada. Consideration to earn the 50% interest is \$180,000 and exploration expenditures of \$1,800,000 as follows:

Cash payments:

- i) \$20,000 on execution of the agreement (paid);
- ii) a further \$25,000 on or before August 9, 2011 (paid);
- iii) a further \$30,000 on or before August 9, 2012;
- iv) a further \$45,000 on or before August 9, 2013;
- i) a further \$60,000 on or before August 9, 2014.

Cumulative Exploration expenditures:

- i) \$600,000 to be incurred on or before September 30, 2012;
- ii) a further \$500,000 to be incurred on or before September 30, 2013;
- iii) a further \$700,000 to be incurred on or before September 30, 2014.

Any exploration expenditures in excess of the minimum annual exploration expenditures will be carried over to the next year's commitment.

Upon earning the 50% interest, the Company has been granted the option to earn an additional 20% interest by completing the necessary exploration work, studies and reports to deliver a feasibility study on the property.

Rotation Minerals Ltd.

Notes to the Financial Statements

August 31, 2010 – Page 14

(Stated in Canadian Dollars)

Note 6 Related Party Transactions – Note 14

The Company incurred the following charges by directors of the Company, by a company with a director in common with the Company and by a company that is a significant shareholder of the Company for the period ended August 31, 2010:

November 24,
2009 (Date of
Incorporation)
to August 31,
2010

Exploration and evaluation costs	\$ <u>26,400</u>
----------------------------------	------------------

These charges were measured by the exchange amount, which is the amount agreed upon by the transacting parties.

At August 31, 2010, accounts payable and accrued liabilities includes \$27,336 due to a company that is a significant shareholder of the Company.

Amounts due to/from related parties are unsecured, non-interest bearing and have no fixed term of repayment.

Note 7 Share Capital and Contributed Surplusa) Authorized:

Unlimited number of common shares without par value

b) Issued:

For the period from November 24, 2009 (Date of Incorporation) to August 31, 2010:

		Number of <u>Shares</u>	<u>Amount</u>
For cash:			
Private placements	- at \$0.01	<u>2,250,000</u>	\$ <u>22,500</u>
Balance, August 31, 2010		<u><u>2,250,000</u></u>	<u><u>22,500</u></u>

Rotation Minerals Ltd.

Notes to the Financial Statements

August 31, 2010 – Page 15

(Stated in Canadian Dollars)

Note 7 Share Capital and Contributed Surplus – (cont'd)c) Escrow:

Pursuant to an escrow agreement dated April 29, 2011, 7,400,000 common shares were placed into escrow to be released 10% on the date of listing of the Company's common shares on the TSX Venture Exchange ("TSX-V") with the remaining 90% to be released in equal tranches at six-month intervals over the 36 months following the date of listing on the TSX-V.

d) Share Subscriptions:

At August 31, 2010, the Company had received share subscriptions totalling \$61,500 pursuant to private placement agreements for 1,025,000 common shares at \$0.06 per share. Subsequent to August 31, 2010, the Company issued the shares as part of 4,783,333 common shares issued for proceeds of \$287,000 and 5,650,000 common shares issued for proceeds of \$282,000.

Note 8 Share-Based Payments

Stock-based Compensation Plan:

The Company has a Stock Option Plan ("the Plan") under which it is authorized to grant options to directors, officers, consultants or employees of the Company. The number of options granted under the Plan is limited to 20% in the aggregate of the number of issued and outstanding common shares of the Company at the date of the grant of the options. The exercise price of options granted under the Plan may not be less than the fair market value of the Company's common shares at the date the options are granted. Options granted under the Plan have a maximum life of five years and vest on the date of grant or over periods determined by the directors.

On April 21, 2011, the Company granted 2,600,000 stock options to the directors of the Company exercisable at \$0.15 per share (the price of the common shares offered through the Company's IPO) for five years from the date of listing of the Company's shares on the TSX-V.

Rotation Minerals Ltd.

Notes to the Financial Statements

August 31, 2010 – Page 16

(Stated in Canadian Dollars)

Note 9 Non Cash Transactions

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows. The following transactions were excluded from the statements of cash flows:

During the period from November 24, 2009 (Date of Incorporation) to August 31, 2010:

- the Company had \$63,257 in accounts payable and accrued liabilities related to mineral properties.

Note 10 Income Taxes

The Company's effective tax rate for the period ending August 31, 2010 was 13.5%.

The difference between tax expense for the period and the expected income taxes based on the statutory tax rate are as follows:

	Period from November 24, 2009 (Date of Incorporation) to August 31, <u>2010</u>
Net loss	\$ <u>(7,500)</u>
Tax recovery based on the statutory rate of 13.5%	\$ (1,000)
Impact of change in tax rate on listing	(700)
Expenses not deductible for tax purposes	200
Tax losses and other temporary differences not recognized	<u>1,500</u>
Total income tax expense (recovery)	\$ <u>-</u>

The significant components of the Company's deferred tax assets are as follows:

	<u>August 31,</u> <u>2010</u>
Deferred tax assets (unrecognized):	
Non-capital losses carried forward	\$ 1,000
Cumulative eligible capital costs	<u>1,000</u>
	<u>\$ 2,000</u>

The Company has not recognized any deferred tax assets as it is not considered probable that sufficient taxable income will be realized during the foreseeable future to utilize all the future tax assets.

Rotation Minerals Ltd.

Notes to the Financial Statements

August 31, 2010 – Page 17

(Stated in Canadian Dollars)

Note 10 Income Taxes – (cont'd)

The company has recorded exploration and evaluation assets with respect to a mineral property in Alaska and anticipates that there will be no temporary differences between the book values and tax values of the property and that all the asset and liabilities associated with this property will be recovered or settled in Canada.

As at August 31, 2010, the Company had accumulated non-capital losses and cumulative eligible capital costs, of approximately \$3,000 and \$4,000 respectively that are available to carry forward and offset future years' taxable income. The non-capital losses expire by 2030, while the cumulative eligible capital costs are available indefinitely.

Note 11 Financial Instruments

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash is exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash is exposed to interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's accounts payable and accrued liabilities are all current and due within 90 days of the balance sheet date. The Company ensures that it has sufficient capital to meet its short-term financial obligations.

Currency Risk

The Company's functional currency is the Canadian dollar. The exploration of the Company's mineral properties is partially conducted in United States dollars, which may impact operating results and cash flows by changes in the Canadian dollar vis-à-vis the United States dollar. The Company does not engage in any hedging activities to reduce its foreign currency risk. At August 31, 2010, the Company had accounts payable and accrued liabilities of US\$14,260.

Rotation Minerals Ltd.

Notes to the Financial Statements

August 31, 2010 – Page 18

(Stated in Canadian Dollars)

Note 12 Capital Disclosures

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern to pursue the development of its mineral properties, finance corporate overhead costs, meet obligations as they come due, and to maintain a flexible capital structure which optimizes the cost of capital within a framework at an acceptable risk. In the management of capital, the Company includes the components of shareholders' equity, as well as cash. The Company has no earnings and therefore has historically financed its acquisition and exploration activities and corporate overhead costs by the sale of common shares.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash. In order to maximize ongoing development efforts, the Company does not pay out dividends. As at August 31, 2010, the Company has not entered into any debt financing.

The Company is dependent on the capital markets as its sole source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects. The Company is not subject to any externally imposed capital requirements.

Note 13 Loss per Share

Period from
November 24, 2009
(Date of
Incorporation)
to August 31, 2010

Issued common shares, beginning of period	-
Effect of shares issued during the period	<u>448,399</u>
Issued common shares, end of period	<u>448,399</u>

Note 14 Commitments

By agreements with two directors of the Company, each dated January 1, 2011 the Company agreed to pay \$2,000 per month from January 1, 2011 until December 31, 2013 and renewable to December 31, 2016 for consulting fees to each director. In the event that the Company does not renew an agreement, the Company shall pay to that director \$24,000.

Rotation Minerals Ltd.

Notes to the Financial Statements

August 31, 2010 – Page 19

(Stated in Canadian Dollars)

Note 15 Segmented Information

The Company operates in one reportable operating segment, being the acquisition and exploration of mineral properties.

The Company has assets in the following geographic locations:

August 31, 2010

Canada	\$67,718
United States	<u>76,619</u>
	<u>\$144,337</u>

Note 16 Initial Public Offering

The Company entered into an agreement with Mackie Research Capital Corporation (the “agent”) to complete an initial public offering (“IPO”) for the issue of 4,500,000 common shares at \$0.15 per share for gross proceeds of \$675,000. The Company will pay the agent a cash commission of \$67,500 (10% of the gross proceeds) and will issue the agent 450,000 broker warrants to purchase 450,000 common shares (10% of the number of common shares sold pursuant to the IPO) at \$0.15 per share for up to 24 months from the date of closing of the IPO.

The Company will pay the agent a corporate finance fee of \$25,000 of which \$12,500 has been paid subsequent to August 31, 2010 with the remaining \$12,500 payable to the agent on closing of the IPO. The Company is also required to pay administration fees related to the offering and reimburse the agent for certain legal expenses. The IPO is subject to regulatory approval.

ROTATION MINERALS LTD.
CONDENSED INTERIM FINANCIAL STATEMENTS
May 31, 2011
(Stated in Canadian Dollars)
(Unaudited)

ROTATION MINERALS LTD.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
 May 31, 2011 and August 31, 2010
 (Stated in Canadian Dollars)
 (Unaudited)

ASSETS	May 31, <u>2011</u>	August 31, 2010 (Audited)
Current assets		
Cash	\$ 315,158	\$ 47,718
HST receivable	<u>5,912</u>	<u>-</u>
	<u>321,070</u>	<u>47,718</u>
Non-current assets		
Reclamation bonds	4,000	-
Exploration and evaluation assets – Notes 5 and 6	<u>193,096</u>	<u>96,619</u>
	<u>197,096</u>	<u>96,619</u>
	<u>\$ 518,166</u>	<u>\$ 144,337</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities – Note 6	<u>\$ 53,680</u>	<u>\$ 67,826</u>
SHAREHOLDERS' EQUITY		
Share capital – Notes 7 and 16	592,000	22,500
Share subscriptions – Note 7	-	61,500
Deferred share issue costs	(14,129)	-
Contributed surplus – Note 8	358,500	-
Deficit	<u>(471,885)</u>	<u>(7,489)</u>
	<u>464,486</u>	<u>76,511</u>
	<u>\$ 518,166</u>	<u>\$ 144,337</u>

SEE ACCOMPANYING NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

ROTATION MINERALS LTD.
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
for the three month periods ended May 31, 2011 and 2010,
the nine month period ended May 31, 2011
and the period November 24, 2009 (Date of Incorporation) to May 31, 2010
(Stated in Canadian Dollars)
(Unaudited)

	Three months ended May 31, <u>2011</u>	Three months ended May 31, <u>2010</u>	Nine months ended May 31, <u>2011</u>	November 24, 2009 (Date of Incorporation) to May 31, <u>2010</u>
General and administrative expenses				
Accounting and audit fees – Note 6	\$ 15,500	\$ -	\$ 25,500	\$ -
Filing fees	-	-	1,496	-
Legal fees	3,354	540	6,124	2,436
Listing fees	52,706	-	52,706	-
Management fees – Note 6	12,000	-	20,000	-
Office and miscellaneous	25	51	70	250
Stock-based compensation – Notes 6 and 8	<u>312,000</u>	<u>-</u>	<u>358,500</u>	<u>-</u>
Net and comprehensive loss for the period	<u>\$ (395,585)</u>	<u>\$ (591)</u>	<u>\$ (464,396)</u>	<u>\$ (2,686)</u>
Loss per share - basic and diluted	<u>\$ (0.03)</u>	<u>\$ (0.00)</u>	<u>\$ (0.08)</u>	<u>\$ (0.00)</u>
Weighted average number of shares outstanding	<u>12,683,333</u>	<u>1</u>	<u>5,804,212</u>	<u>1</u>

SEE ACCOMPANYING NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

ROTATION MINERALS LTD.
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
for the period November 24, 2009 (Date of Incorporation) to May 31, 2010
for the three month period June 1, 2010 to August 31, 2010
and for the nine month period September 1, 2010 to May 31, 2011
(Stated in Canadian Dollars)
(Unaudited)

	# of <u>Shares</u>	<u>Amount</u>	Share <u>Subscriptions</u>	Contributed <u>Surplus</u>	<u>Deficit</u>	<u>Total</u>
Shares issued for cash:						
- private placement – at \$0.01	1 1	\$ -	\$ -	\$ -	\$ -	\$ -
Loss for the period	<u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>	<u> (2,686)</u>	<u> (2,686)</u>
Balance, May 31, 2010	<u> 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,686)</u>	<u>\$ (2,686)</u>
Balance, June 1, 2010	1	\$ -	\$ -	\$ -	\$ (2,686)	\$ (2,686)
Shares issued for cash:						
- private placement – at \$0.01	2,249,999	22,500	-	-	-	22,500
Share subscriptions – Note 7	-	-	61,500	-	-	61,500
Loss for the period	<u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>	<u> (4,803)</u>	<u> (4,803)</u>
Balance, August 31, 2010	<u>2,250,000</u>	<u>\$ 22,500</u>	<u>\$ 61,500</u>	<u>\$ -</u>	<u>\$ (7,489)</u>	<u>\$ 76,511</u>
Balance, September 1, 2010	2,250,000	\$ 22,500	\$ 61,500	\$ -	\$ (7,489)	\$ 76,511
Shares issued for cash:						
- private placement – at \$0.05	5,650,000	282,500	-	-	-	282,500
- private placement – at \$0.06	4,783,333	287,000	-	-	-	287,000
Share subscriptions – Note 7	-	-	(61,500)	-	-	(61,500)
Stock-based compensation	-	-	-	358,500	-	358,500
Loss for the period	<u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>	<u> (464,396)</u>	<u> (464,396)</u>
Balance, May 31, 2011	<u>12,683,333</u>	<u>\$ 592,000</u>	<u>\$ -</u>	<u>\$ 358,500</u>	<u>\$ (471,885)</u>	<u>\$ 478,615</u>

SEE ACCOMPANYING NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

ROTATION MINERALS LTD.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
for the three month periods ended May 31, 2011 and 2010,
the nine month period ended May 31, 2011
and the period November 24, 2009 (Date of Incorporation) to May 31, 2010
(Stated in Canadian Dollars)
(Unaudited)

	Three months ended May 31, <u>2011</u>	Three months ended May 31, <u>2010</u>	Nine months ended May 31, <u>2011</u>	November 24, 2009 (Date of Incorporation) to May 31, <u>2010</u>
Operating Activities				
Loss for the period	\$ (395,585)	\$ (591)	\$ (464,396)	\$ (2,686)
Add: items not affecting cash:				
Stock-based compensation	312,000	-	358,500	-
Net change in working capital items:				
HST receivable	(5,912)	-	(5,912)	-
Accounts payable and accrued liabilities	<u>33,809</u>	<u>540</u>	<u>49,111</u>	<u>2,936</u>
	<u>(55,688)</u>	<u>(51)</u>	<u>(62,697)</u>	<u>250</u>
Financing Activities				
Deferred share issue costs	(14,129)	-	(14,129)	-
Shares issued for cash	<u>-</u>	<u>-</u>	<u>508,000</u>	<u>-</u>
	<u>(14,129)</u>	<u>-</u>	<u>493,871</u>	<u>-</u>
Investing Activities				
Reclamation bond	(4,000)	-	(4,000)	-
Exploration and evaluation costs	<u>(3,787)</u>	<u>-</u>	<u>(159,734)</u>	<u>-</u>
	<u>(7,787)</u>	<u>-</u>	<u>(163,734)</u>	<u>-</u>
Increase in cash during the period	(77,604)	(51)	267,440	250
Cash, beginning of the period	<u>392,762</u>	<u>301</u>	<u>47,718</u>	<u>-</u>
Cash, end of the period	<u>\$ 315,158</u>	<u>\$ 250</u>	<u>\$ 315,158</u>	<u>\$ 250</u>
Supplemental disclosure of cash flow information:				
Cash paid for:				
Interest	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Income taxes	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Non-cash Transactions – Note 9

SEE ACCOMPANYING NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

ROTATION MINERALS LTD.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
May 31, 2011
(Stated in Canadian Dollars)
(Unaudited)

Note 1 Corporate Information

Rotation Minerals Ltd. (the “Company”) was incorporated under the Business Corporations Act (British Columbia) on November 24, 2009 and commenced operations on June 14, 2010.

The Company is a mineral property exploration company that is planning a public offering of its shares and intends to list on the TSX Venture Exchange.

The address of the Company’s corporate office and principal place of business is 611 – 8th Street, Stewart, British Columbia, Canada.

Note 2 Basis of Preparation

a) Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. IFRS has been applied since incorporation on November 24, 2009.

b) Basis of Measurement

These financial statements have been prepared using the historical cost basis.

The financial statements are presented in Canadian Dollars, which is the Company’s functional currency and presentation currency.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgement in applying the Company’s accounting policies. The areas involving a higher degree of judgement of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Rotation Minerals Ltd.
Notes to the Condensed Interim Financial Statements
 May 31, 2011
 (Stated in Canadian Dollars)
 (Unaudited) – Page 2

Note 2 Basis of Preparation – (cont'd)

b) Going Concern of Operations

The Company has not generated revenue from operations and incurred a net loss of \$7,489 for the period ended August 31, 2010 and a further loss of \$464,396 for the nine months ended May 31, 2011, has accumulated a deficit at May 31, 2011 of \$471,885 and expects to incur further losses in the development of its business. These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has not yet determined whether its mineral properties contain economically recoverable reserves. The recoverability of the amounts shown for mineral properties is dependent upon the confirmation of economically recoverable reserves and its ability to obtain adequate financing to develop its mineral properties, and to commence profitable operations in the future. The Company is planning an Initial Public Offering (“IPO”) as disclosed in Note 16, which it believes will provide sufficient funds to sustain planned operations for the next twelve months; however, there is no assurance that the Company will be able complete the IPO, all of which casts significant doubt about the Company’s ability to continue as a going concern.

These condensed interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

Note 3 Significant Accounting Policies

These condensed interim financial statements have, in management’s opinion, been properly prepared and have been applied consistently for all periods presented within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

a) Foreign Currency Transactions

Foreign currency accounts are translated into Canadian dollars as follows:

At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year-end date, unsettled monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at the year-end date and the related translation differences are recognized in net income. Exchange gains and losses arising on the retranslation of monetary available-for-sale financial assets are treated as a separate component of the change in fair value and recognized in net income. Exchange gains and losses on non-monetary available-for-sale financial assets form part of the overall gain or loss recognized in respect of that financial instrument.

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Note 3 Significant Accounting Policies – (cont'd)

a) Foreign Currency Transactions – (cont'd)

Non-monetary assets and liabilities that are measured at historical cost are translated into Canadian dollars by using the exchange rate in effect at the date of the initial transaction and are not subsequently restated. Non-monetary assets and liabilities that are measured at fair value or at a re-valued amount are translated into Canadian dollars by using the exchange rate in effect at the date the value is determined and the related translation differences are recognized in net income or other comprehensive loss consistent with where the gain or loss on the underlying non-monetary asset or liability has been recognized.

b) Mineral Exploration and Evaluation Expenditures

Pre-exploration Costs

Pre-exploration costs are expensed in the period in which they are incurred.

Exploration and Evaluation Expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of comprehensive loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

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Note 3 Significant Accounting Policies – (cont'd)

b) Mineral Exploration and Evaluation Expenditures – (cont'd)

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as “mines under construction”. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Mineral exploration and evaluation expenditures are classified as intangible assets.

c) Impairment of Non-Financial Assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year-end. Other non-financial assets, including exploration and evaluation assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. The Company has one cash-generating unit for which impairment testing is performed.

An impairment loss is charged to the profit or loss, except to the extent they reverse gains previously recognized in other comprehensive loss.

d) Financial Instruments

Financial Assets

Financial assets are classified as into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

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Note 3 Significant Accounting Policies – (cont'd)

d) Financial Instruments – (cont'd)

Loans and Receivables

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in the profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Available-for-Sale Investments

Non-derivative financial assets not included in the above categories are classified as available-for-sale and comprise principally the Company's strategic investments in entities not qualifying as subsidiaries or associates. Available-for-sale investments are carried at fair value with changes in fair value recognized in accumulated other comprehensive loss. Where there is a significant or prolonged decline in the fair value of an available-for-sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously recognized in other comprehensive loss, is recognized in profit or loss. If there is no quoted market price in an active market and fair value cannot be readily determined, available-for-sale investments are carried at cost.

Purchases and sales of available-for-sale financial assets are recognized on a trade date basis. On sale or impairment, the cumulative amount recognized in other comprehensive loss is reclassified from accumulated other comprehensive loss to profit or loss.

Impairment on Financial Assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

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Note 3 Significant Accounting Policies – (cont'd)

d) Financial Instruments – (cont'd)

Financial Liabilities

Financial liabilities are classified as other financial liabilities, based on the purpose for which the liability was incurred, and comprise accounts payables and accrued liabilities. These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carrying in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

e) Provisions

Rehabilitation Provision

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

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

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur. At May 31, 2011 and August 31, 2010, the Company does not have any rehabilitation provisions.

Other Provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

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Note 3 Significant Accounting Policies – (cont'd)

f) Income Taxes

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive loss.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

g) Government Grants

From time to time the Company may receive government incentive programs such as investment tax credits. Government incentives are accrued when there is reasonable assurance of realization and reflected as a reduction of the related asset or expense. In the event the investment tax credits received are less than the amount claimed, the difference will be reflected in operations in the period in which it is determined.

h) Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments.

Costs directly attributable to the issue of new shares are recognized in equity as a deduction from the proceeds. Costs attributable to the listing of existing shares are expensed as incurred.

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Note 3 Significant Accounting Policies – (cont'd)

i) Loss per Share

Basic loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted loss per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

j) Share-based Payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

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Note 3 Significant Accounting Policies – (cont'd)

j) Share-based Payments – (cont'd)

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

m) Standards, Amendments and Interpretations Not Yet Effective

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting periods beginning after January 1, 2011 or later periods.

The following new standards, amendments and interpretations that have not been early adopted in these interim financial statements, will or may have an effect on the Company's future results and financial position:

- IFRS 9 Financial Instruments is part of the IASB's wider project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets, amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2013. The Company is in the process of evaluating the impact of the new standard on the accounting for the available-for-sale investment.

The following new standards, amendments and interpretations that have not been early adopted in these financial statements, will not have an effect on the Company's future results and financial position:

- IFRS 1: Severe Hyperinflation (Effective for periods beginning on or after July 1, 2011)
- IAS 12: Deferred Tax: Recovery of Underlying Assets (Amendments to IAS 12 (Effective for periods beginning on or after January 1, 2012)
- Amendments to IFRS 9 Financial Instruments (Effective for periods beginning on or after January 1, 2013)

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Note 4 Critical Accounting Estimates and Judgments

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only; or in the period of the change and future periods, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

i) Exploration and Evaluation Expenditure

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

ii) Title to Mineral Property Interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

iii) Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

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Note 4 Critical Accounting Estimates and Judgments – (cont'd)

iii) Income Taxes – (cont'd)

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

iv) Rehabilitation Provisions

Rehabilitation provisions have been determined to be \$nil based on the Company's internal estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from period to period.

Note 5 Exploration and Evaluation Assets

Period from November 24, 2009 (Date of Incorporation) to August 31, 2010 (audited):

	Riverside (US)	Four J's (Canada)	Total
Balance, November 24, 2009	\$ -	\$ -	\$ -
Exploration and evaluation costs	64,413	-	64,413
Acquisition costs	<u>12,206</u>	<u>20,000</u>	<u>32,206</u>
Balance, August 31, 2010	<u>\$ 76,619</u>	<u>\$ 20,000</u>	<u>\$ 96,619</u>

Nine months ended May 31, 2011:

	Riverside (US)	Four J's (Canada)	Total
Balance, August 31, 2010	\$ 76,619	\$ 20,000	\$ 96,619
Exploration and evaluation costs	70,473	404	70,877
Acquisition costs	<u>25,600</u>	<u>-</u>	<u>25,600</u>
Balance, May 31, 2011	<u>\$ 172,692</u>	<u>\$ 20,404</u>	<u>\$ 193,096</u>

The impairment assessment of exploration and evaluation assets resulted in no amounts being written off the Company's properties.

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Note 5 Exploration and Evaluation Assets – (cont'd)

a) Riverside

By an option agreement dated June 14, 2010, the Company has the option to acquire an 80% interest in the Riverside Property, which consists of eight mineral claims located in the Hyder Mining District in the State of Alaska, USA. Consideration to earn the 80% interest is cash of US\$600,000 and exploration expenditures of US\$2,700,000 as follows:

Cash payments:

- i) US\$10,000 to be paid on execution of the option agreement (paid);
- ii) a further US\$25,000 to be paid on or before December 14, 2010 (paid);
- i) a further US\$25,000 to be paid on or before June 14, 2011 (paid);
- ii) a further US\$50,000 to be paid on or before June 14, 2012;
- iii) a further US\$150,000 to be paid on or before June 14, 2013;
- iv) a further US\$340,000 to be paid on or before June 14, 2014;

Exploration expenditures:

- i) US\$100,000 to be incurred on or before June 14, 2011 (incurred);
- ii) a further US\$300,000 to be incurred on or before June 14, 2012;
- iii) a further US\$800,000 to be incurred on or before June 14, 2013;
- iv) a further US\$1,500,000 to be incurred on or before June 14, 2014;

Any exploration expenditures in excess of the minimum annual exploration expenditures will be carried over to the next year's commitment.

Upon earning an 80% interest in the Riverside Property, the Company has the right to purchase the remaining 20% interest for US\$1,000,000.

The property is subject to a 2% net smelter return royalty. The Company has the right to purchase the net smelter return royalty for US\$500,000 for each 1% of the royalty.

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Note 5 Exploration and Evaluation Assets – (cont'd)

b) Four J's

By an option agreement dated August 9, 2010 and amended May 25, 2011, the Company has the option to acquire a 50% interest in the Four J's Property, which consists of five mineral claims located in the Skeena Mining Division in the Province of British Columbia, Canada. Consideration to earn the 50% interest is \$180,000 and exploration expenditures of \$1,800,000 as follows:

Cash payments:

- i) \$20,000 on execution of the agreement (paid);
- ii) a further \$25,000 on or before August 9, 2011 (paid);
- iii) a further \$30,000 on or before August 9, 2012;
- iv) a further \$45,000 on or before August 9, 2013;
- i) a further \$60,000 on or before August 9, 2014.

Cumulative Exploration expenditures:

- i) \$600,000 to be incurred on or before September 30, 2012;
- ii) a further \$500,000 to be incurred on or before September 30, 2013;
- iii) a further \$700,000 to be incurred on or before September 30, 2014.

Any exploration expenditures in excess of the minimum annual exploration expenditures will be carried over to the next year's commitment.

Upon earning the 50% interest, the Company has been granted the option to earn an additional 20% interest by completing the necessary exploration work, studies and reports to deliver a feasibility study on the property.

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Note 6 Related Party Transactions – Note 14

The Company incurred the following charges by directors of the Company, by a company with a director in common with the Company and by a company that is a significant shareholder of the Company during the periods ended May 31, 2011 and 2010:

	Nine months ended May 31, <u>2011</u>	November 24, 2009 (Date of Incorporation) to May 31, <u>2010</u>
Exploration and evaluation costs	\$ 33,000	\$ -
Accounting	3,500	-
Management fees	<u>20,000</u>	<u>-</u>
	<u>\$ 56,500</u>	<u>\$ -</u>

These charges were measured by the exchange amount, which is the amount agreed upon by the transacting parties.

The Company considers its Chief Executive Officer and Chief Financial Officer to be key management. The Company incurred the following key management compensation charges during the periods ended May 31, 2011 and 2010:

	Nine months ended May 31, <u>2011</u>	November 24, 2009 (Date of Incorporation) to May 31, <u>2010</u>
Exploration and evaluation costs	\$ 20,400	\$ -
Management fees	20,000	-
Stock-based compensation	<u>232,000</u>	<u>-</u>
	<u>\$ 272,400</u>	<u>\$ -</u>

At May 31, 2011, accounts payable and accrued liabilities includes \$23,500 (August 31, 2010: \$27,336 - audited) due to directors of the Company, a company with a director in common with the Company and a company that is a significant shareholder of the Company.

Amounts due to/from related parties are unsecured, non-interest bearing and have no fixed term of repayment.

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Note 7 Share Capital

a) Authorized:

Unlimited number of common shares without par value

b) Issued:

For the period from November 24, 2009 (Date of Incorporation) to August 31, 2010 (audited):

		Number of <u>Shares</u>	<u>Amount</u>
For cash:			
Private placements	- at \$0.01	<u>2,250,000</u>	<u>\$ 22,500</u>
Balance, August 31, 2010		<u>2,250,000</u>	<u>22,500</u>

For the nine months ended May 31, 2011:

		Number of <u>Shares</u>	<u>Amount</u>
Balance, August 31, 2010		2,250,000	22,500
For cash:			
Private placements	- at \$0.05	5,650,000	282,500
Private placements	- at \$0.06	<u>4,783,333</u>	<u>287,000</u>
Balance, May 31, 2011		<u>12,683,333</u>	<u>592,000</u>

c) Escrow:

Pursuant to an escrow agreement dated April 29, 2011, 7,400,000 common shares were placed into escrow to be released 10% on the date of listing of the Company's common shares on the TSX Venture Exchange ("TSX-V") with the remaining 90% to be released in equal tranches at six-month intervals over the 36 months following the date of listing on the TSX-V.

d) Share Subscriptions:

At August 31, 2010, the Company had received share subscriptions totalling \$61,500 pursuant to private placement agreements for 1,025,000 common shares at \$0.06 per share. The shares were issued during the nine months ended May 31, 2011.

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Note 8 Share-Based Payments

Stock-based Compensation Plan

The Company has a Stock Option Plan (“the Plan”) under which it is authorized to grant options to directors, officers, consultants or employees of the Company. The number of options granted under the Plan is limited to 20% in the aggregate of the number of issued and outstanding common shares of the Company at the date of the grant of the options. The exercise price of options granted under the Plan may not be less than the fair market value of the Company’s common shares at the date the options are granted. Options granted under the Plan have a maximum life of five years and vest on the date of grant or over periods determined by the directors.

On April 21, 2011, the Company granted 2,600,000 stock options to the directors of the Company exercisable at \$0.15 per share (the price of the common shares offered through the Company’s IPO) for five years from the date of listing of the Company’s shares on the TSX-V.

The fair value of the 2,600,000 stock options of \$0.12 per share or \$312,000 was determined using the Black-Scholes option pricing model with the following assumptions:

Expected dividend yield	0.0%
Expected volatility	110%
Risk-free interest rate	2%
Expected term in years	5 years

On February 28, 2011, the Company recorded a stock-based compensation charge of \$46,500 or \$0.01 per share on 4,650,000 common shares issued to the directors of the Company on that date. The charge represented a discount received on the fair value of the shares for services rendered.

Note 9 Non Cash Transactions

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows. The following transactions were excluded from the statements of cash flows:

During the nine months ended May 31, 2011:

- the Company reclassified \$61,500 in share subscriptions to share capital.

During the period from November 24, 2009 (Date of Incorporation) to August 31, 2010:

- the Company had \$63,257 in accounts payable and accrued liabilities related to mineral properties.

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Note 10 Income Taxes

The Company's effective tax rate for the period ending August 31, 2010 was 13.5%.

The difference between tax expense for the period and the expected income taxes based on the statutory tax rate are as follows:

	Period from November 24, 2009 (Date of Incorporation) to August 31, <u>2010</u>
Net loss	\$ <u>(7,500)</u>
Tax recovery based on the statutory rate of 13.5%	\$ (1,000)
Impact of change in tax rate on listing	(700)
Expenses not deductible for tax purposes	200
Tax losses and other temporary differences not recognized	<u>1,500</u>
Total income tax expense (recovery)	\$ <u>-</u>

The significant components of the Company's deferred tax assets are as follows:

	August 31, <u>2010</u>
Deferred tax assets (unrecognized):	
Non-capital losses carried forward	\$ 1,000
Cumulative eligible capital costs	<u>1,000</u>
	<u>\$ 2,000</u>

The Company has not recognized any deferred tax assets as it is not considered probable that sufficient taxable income will be realized during the foreseeable future period to utilize all the future tax assets.

The company has recorded exploration and evaluation assets with respect to a mineral property in Alaska and anticipates that there will be no temporary differences between the book values and tax values of the property and that all the asset and liabilities associated with this property will be recovered or settled in Canada.

As at August 31, 2010, the Company had accumulated non-capital losses and cumulative eligible capital costs, of approximately \$3,000 and \$4,000 respectively that are available to carry forward and offset future years' taxable income. The non-capital losses expire by 2031, while the cumulative eligible capital costs are available indefinitely.

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Note 11 Financial Instruments

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash is exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash is exposed to interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's accounts payable and accrued liabilities are all current and due within 90 days of the balance sheet date. The Company ensures that it has sufficient capital to meet its short-term financial obligations.

Currency Risk

The Company's functional currency is the Canadian dollar. The exploration of the Company's mineral properties is partially conducted in United States dollars, which may impact operating results and cash flows by changes in the Canadian dollar vis-à-vis the United States dollar. The Company does not engage in any hedging activities to reduce its foreign currency risk. At May 31, 2011, the Company had accounts payable and accrued liabilities of US\$Nil (August 31, 2010 – US\$14,260).

Note 12 Loss Per Share

	Nine months ended May 31, <u>2011</u>	Period from November 24, 2009 (Date of Incorporation) to May 31, <u>2010</u>
Issued common shares, beginning of period	2,250,000	-
Effect of shares issued during the period	<u>3,554,212</u>	<u>1</u>
Issued common shares, end of period	<u>5,804,212</u>	<u>1</u>

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Note 13 Capital Disclosures

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern to pursue the development of its mineral properties, finance corporate overhead costs, meet obligations as they come due, and to maintain a flexible capital structure which optimizes the cost of capital within a framework at an acceptable risk. In the management of capital, the Company includes the components of shareholders' equity, as well as cash. The Company has no earnings and therefore has historically financed its acquisition and exploration activities and corporate overhead costs by the sale of common shares.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash. In order to maximize ongoing development efforts, the Company does not pay out dividends. As at May 31, 2011 and August 31, 2010, the Company has not entered into any debt financing.

The Company is dependent on the capital markets as its sole source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects. The Company is not subject to any externally imposed capital requirements.

Note 14 Commitments

By agreements with two directors of the Company, each dated January 1, 2011 the Company agreed to pay \$2,000 per month from January 1, 2011 until December 31, 2013 and renewable to December 31, 2016 for consulting fees to each director. In the event that the Company does not renew an agreement, the Company shall pay to that director \$24,000.

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Note 15 Segmented Information

The Company operates in one reportable operating segment, being the acquisition and exploration of mineral properties.

The Company has assets in the following geographic locations:

	May 31, <u>2011</u>	(Audited) August 31, <u>2010</u>
Canada	\$345,474	\$67,718
United States	<u>172,692</u>	<u>76,619</u>
	<u>\$518,166</u>	<u>\$144,337</u>

Note 16 Initial Public Offering

The Company entered into an agreement with Mackie Research Capital Corporation (the “agent”) to complete an initial public offering (“IPO”) for the issue of 4,500,000 common shares at \$0.15 per share for gross proceeds of \$675,000. The Company will pay the agent a cash commission of \$67,500 (10% of the gross proceeds) and will issue the agent 450,000 broker warrants to purchase 450,000 common shares (10% of the number of common shares sold pursuant to the IPO) at \$0.15 per share for up to 24 months from the date of closing of the IPO.

The Company will pay the agent a corporate finance fee of \$25,000 of which \$12,500 has been paid with the remaining \$12,500 payable to the agent on closing of the IPO. The Company is also required to pay administration fees related to the offering and reimburse the agent for certain legal expenses. The IPO is subject to regulatory approval.

CERTIFICATE OF THE ISSUER

Dated: September 16, 2011

This Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the securities legislation of British Columbia and Alberta.

"Edward Kruchkowski"

Edward Kruchkowski
Chief Executive Officer

"Randolph Kasum"

Randolph Kasum
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

"Lance Robinson"

Lance Robinson
Director

"Brent Petterson"

Brent Petterson
Director

ON BEHALF OF THE PROMOTERS

"Edward Kruchkowski"

Edward Kruchkowski

"Randolph Kasum"

Randolph Kasum

CERTIFICATE OF THE AGENT

Dated: September 16, 2011

To the best of our knowledge, information and belief, this prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of British Columbia and Alberta.

MACKIE RESEARCH CAPITAL CORPORATION

By: "Kim Bechthold"
Kim Bechthold
Vice President, Venture Investment Banking

