

This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended, and, subject to certain exceptions, may not be offered, sold or delivered, directly or indirectly in the United States of America, its territories or possessions. See "Plan of Distribution".

PROSPECTUS

Initial Public Offering

Date: April 23, 2012

VELA MINERALS LTD.

OFFERING OF 10,000,000 SHARES

PRICE: \$0.15 PER SHARE

VELA MINERALS LTD. (the "Company", "Vela", "Issuer", "we", "us" or "our") hereby offers, through its agent, Macquarie Private Wealth Inc. (the "Agent"), on a commercially reasonable efforts basis (the "Offering"), for sale to the public in the provinces of Alberta, British Columbia and Ontario (the "Selling Jurisdictions"), 10,000,000 Shares (the "Offered Shares") of the Company (the "Offering") at a price of \$0.15 per Share (the "Offering Price").

	Number of Offered Shares (1) (2)	Price to Public (1)	Agent's Commission (3)	Net Proceeds to the Company (3) (4)
Per Share	1	\$0.15	\$0.0135	\$0.1365
Offering	10,000,000	\$1,500,000	\$135,000	\$1,365,000

Notes:

- (1) The Offering Price was fixed by negotiations between the Agent and the Company.
- (2) The Company has granted to the Agent an option (the "Over-Allotment Option") exercisable in whole or in part at any time up to and including the Closing to solicit and accept subscriptions for up to 1,500,000 additional Shares (each an "Over-Allotment Share") at the Offering Price. The Over-Allotment Option may only be exercised by the Agent to cover over-allotted subscriptions received from subscribers. Herein, unless otherwise specified, the terms "Common Shares" or "Shares" include the Over-Allotment Shares. If the Over-Allotment Option is exercised in full, the total price to the public, Agent's Commission and proceeds available to the Company will be \$1,725,000, \$155,250, and \$1,569,750 respectively. This Prospectus qualifies the grant of the Over-Allotment Option and the issuance of any Over-Allotment Shares issuable upon exercise of the Over-Allotment Option. See "Plan of Distribution".
- (3) The Agent will receive a commission of 9% of the gross proceeds of the Offering payable in cash (the "Agent's Commission"). The Agent will receive a Corporate Finance Fee of \$25,000 plus HST of \$3,000 of which \$12,500 plus HST of \$1,500 has been paid as a non-refundable deposit. The balance of the Corporate Finance Fee of \$12,500 plus HST of \$1,500 will be paid upon closing of the Offering.

The Agent has been granted a non-transferable option (the "Agent's Compensation Option") to purchase that number of Shares which is equal to 10% of the aggregate number of Offered Shares and Over-Allotment Shares sold under this Prospectus at an exercise price of \$0.15 per Share for a period of

of twenty-four months from the date of listing on the Exchange. This Prospectus qualifies the grant of the Agent's Compensation Option and the issuance of any Shares issued upon exercise of the Agent's Compensation Option. The Agent will be reimbursed for its expenses and its legal fees and disbursements in connection with the Offering. The Agent has been paid an initial deposit of \$15,000 to be applied against such expenses. See "*Plan of Distribution*".

- (4) Before deduction of the remaining expenses of the Company and the Agent related to this Offering. See "Use of Proceeds".

The proceeds from subscriptions will be held by the Agent, pursuant to the Agency Agreement, until subscriptions for the Offering of 10,000,000 Shares are received. The Offering must be completed within 90 days after the date of the issue of a final receipt for the Prospectus (unless an amendment is filed and accepted, in which event the Offering must be completed by a date not more than 180 days from the date of final receipt).

This Offering is not underwritten and is subject to receipt by the Company of subscriptions for the Offering of \$1,500,000. In the event the full subscription for the Offering is not obtained within 90 days from the date a final receipt is issued for the Prospectus, all funds raised hereunder will be refunded to investors without interest or deduction unless an amendment is filed and the securities regulatory authorities have issued a receipt.

An investment in the Offered Shares should be considered to be highly speculative and involves a significant degree of risk due to the nature of the Company's business and its formative stage of development. The Company was incorporated to find, explore and develop resource properties in British Columbia. The Company's property is in the exploration stage as opposed to the development stage and is without a known body of commercial ore. The proposed exploration program is an exploratory search for ore. The Company has no present intention to pay any dividends on its Shares. The Company has no history of earnings. Subscribers must rely upon the ability, expertise, judgment, integrity and good faith of the management of the Company. An investment in the Offered Shares involves a high degree of risk and should only be considered by those investors who can afford to lose their entire investment.

There is no market through which the Shares may be sold and purchasers may not be able to resell Offered Shares purchased under this Prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities and the extent of issuer regulation. See "*Risk Factors*".

Upon completion of the Offering, the Offered Shares issued pursuant to the Offering will represent 66.67% of the Company's issued and outstanding Shares, and 30% of the Company's issued and outstanding Shares will be owned by the promoters, insiders and holders of escrow securities. One or more of the directors of the Company has an interest, direct or indirect, in other natural resource companies. Reference should be made to the items "*Risk Factors*" and "*Conflict of Interest*" herein for a comment as to the resolution of possible conflicts of interest.

As of the date of this Prospectus, the Company 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 Market of the London Stock Exchange and or the PLUS markets operated by PLUS Markets Group plc.

The Agent conditionally offers the Offered Shares on a commercially reasonable efforts basis, and subject to prior sales, if, as, and when issued by the Company and delivered and accepted by the Agent in accordance with the conditions contained in the Agency Agreement referred to under “*Plan of Distribution*”. The Company is not a related or connected issuer (as such terms are defined in National Instrument 33-105 Underwriting Conflicts) to the Agent. See “*Relationship Between the Company and the Agent*”. Certain legal matters in relation to the Offering have been reviewed on the Company’s behalf by McClusky & Dalling and on the Agent’s behalf by Getz Prince Wells LLP. No person is authorized to provide any information or make any representation in connection with the Offering other than as contained in this Prospectus.

Agent’s Position	Maximum size or number of securities available	Exercise period or acquisition date	Exercise price or average acquisition price
Over-Allotment Option	1,500,000	Closing	\$0.15
Agent’s Compensation Option (1)	1,000,000	Twenty four months from the date of listing of the Shares on an exchange.	\$0.15

(1) In the event the Over-Allotment Option is exercised in full, the Agent will be entitled to receive 1,150,000 Shares upon exercise of the Agent’s Compensation Option.

The TSX Venture Exchange (“TSX-V”) has conditionally approved the listing of the Shares. Listing is subject to the Company fulfilling all of the listing requirements of the TSX-V which includes distribution of the minimum number of public shareholders.

AGENT

MACQUARIE PRIVATE WEALTH INC.
Suite 550 – 500 Burrard Street
Vancouver, British Columbia V6C 2B5
1-866-640-0400

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CURRENCY RATES, METRIC EQUIVALENTS AND ABBREVIATIONS

All currency amounts in the Prospectus are stated in Canadian dollars unless otherwise indicated. All financial information with respect to the Company has been presented in Canadian dollars in accordance with generally accepted accounting principles in Canada.

The following table sets forth certain standard conversions from Standard Imperial Shares to the International System of Shares (or metric Shares).

<u>To Convert from Metric</u>	<u>To Imperial</u>	<u>Multiply by</u>
Grams (g)	Grains	15.430
Grams (g)	Ounces (troy) (oz)	0.032
Grams per tonne (g/t)	Ounces (troy) per ton (oz/ton)	0.029
Hectares	Acres	2.471
Kilometres (km)	Miles (mi)	0.621
Square Kilometres (km ²)	Square Mile (mi ²)	0.386
Metres	Feet	3.281
Millimetres (mm)	Inches (in)	0.039
Tonnes (t)	Short tons (2000 pds)	1.102
Acres	Hectares	0.155
Hectares	Acres	2.471

GLOSSARY OF GEOLOGICAL AND MINING TERMS

Unless otherwise indicated or inconsistent in the context, the terms and abbreviations defined hereunder shall have in the Prospectus the relative meanings set out below:

“**Ag**”: silver.

“**As**”: arsenic.

“**Assay**”: an analysis of minerals and mine products to determine the concentration of their components.

“**Au**”: gold.

“**Base Metals**”: metals more chemically active than gold, silver and the platinum group metals (e.g. copper, zinc, nickel).

“**Breccia**”: a rock made up of angular or sub-angular fragments >2mm embedded in a fine-grained matrix.

“**Basin**”: a depression, usually of considerable size, which may be erosional or structural in origin.

“**Chromite**”: a dark brown to black mineral. It is an iron-chromium oxide, with traces of magnesium and aluminum.

“**Cu**”: copper.

“**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 of a geological feature/rock from the horizontal.

“**Dump**”: an accumulation of debris.

“**Fault**”: a fracture in a geological shear 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.

“**Fe**”: iron.

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

“**Galena**”: a sulphite of lead containing traces of Ag (up to 1%) or Fe, Zn.

“**Gossan**”: a rusty, ferruginous deposit filling the exposed upper regions of mineral vein.

“**Igneous**”: a primary crystalline rock formed by the solidification of magma.

“**Intrusion**”: a body of igneous rock formed by the consolidation of magma intruded into other rocks, in contrast to lavas, which are extruded upon the surface.

“**Lithological**”: geological description pertaining to different rock types.

“**Maar**”: a circular lake filling a crater (tens to hundreds of metres), sometimes surrounded by a low thin boulder layer of volcanic debris.

“**Mafic**”: a magmatic rock composed of dark, iron and magnesium rich minerals.

“**Mg**”: magnesium.

“**Meta**”: as a prefix means occurring later than or in succession to. Used with the name of a rock to indicate that it has undergone metamorphosis.

“**Metaphorphic**”: relating to a pronounced change of a rock affected by pressure and/or heat.

“**Metasomatism**”: a metamorphism that involves changes in the global chemical composition of primeval rocks.

“**Mineralization**”: a concentration of minerals within a body of rock.

“**Mo**”: molybdenum.

“**Olivine**”: an iron-magnesium silicate mineral. It is a common constituent of magnesium-rich, silica-poor igneous rocks; metamorphism of some high magnesium sediments also can form olivine.

“**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.

“**Outcrop**”: the part of a rock formation that is exposed at the Earth’s surface.

“**Pb**”: lead.

“**Pluton**” (or “**Plutonic**”) a general term applied to a body of intrusive igneous rock, irrespective of its shape, size or composition.

“**ppb**”: part per billion.

“**ppm**”: part per million.

“**Rhyolite**”: a magmatic silica rich rock.

“**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.

“**Sb**”: antimony (technically “stibium”).

“**Sedimentary**”: pertaining to rocks formed by the accumulation of sediments, formed by the erosion of other rocks.

“**Shale**”: fine-grained laminated sedimentary rock made up of silt or clay-sized particles.

“**Shear**”: a plane of fracture and a sliding along that plane, in a rock bed.

“**Stratigraphy**”: the study of stratified rocks in terms of time and space; branch of geology specifically concerned with the arrangement of layered rocks.

“**Strike**”: a direction of line formed by the intersection of strata surfaces with the horizontal plane, always perpendicular to the dip direction.

“**Sulphide**”: a sulphur-bearing mineral.

“**Tectonic**”: relating to the deformation of geological grounds after their formation.

“**Zn**”: zinc.

FORWARD-LOOKING STATEMENTS

Certain statements included in this Prospectus constitute forward-looking statements, including those identified by the expressions “anticipate”, “believe”, “plan”, “estimate”, “aim”, “schedule”, “expect”, “intend”, “may”, “should”, “could”, “might”, “will”, “indicate”, “suggest” and similar expressions (including negative and grammatical variations) to the extent they relate to the Company or its management. The forward-looking statements are not historical facts but reflect current expectations regarding future results or events and are based on various estimates, factors and assumptions and involve known and unknown risks, uncertainties and other factors. Information concerning the interpretation of drill results also may be considered forward-looking statements, as such information constitutes a prediction of what mineralization might be found to be present if and when a project is actually developed. The risk factors described in this Prospectus are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in the Company’s forward-looking statements. In addition, any forward-looking statements represent the Company’s estimates only as of the date of this Prospectus and should not be relied upon as representing the Company’s estimates as of any subsequent date. The material factors and assumptions that were applied in making the forward-looking statements in this Prospectus include, among others: (a) execution of the Company’s existing plans or exploration programs for each of its properties, either of which may change due to changes in the views of the Company, or its joint venture partners, or if new information arises which make it prudent to change such plans or programs; and (b) the accuracy of current interpretation of exploration results, since new information or new interpretation of existing information may result in changes in the Company’s expectations. Readers should not place undue reliance on the Company’s forward-looking statements, as the Company’s actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company’s business, or if the Company’s estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that forward-looking statements will materialize. Subject to applicable laws, the Company assumes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason. The Company does not have any policies or procedures in place concerning the updating of forward looking information other than those required under applicable securities law. For a description of material factors that could cause the Company’s actual results to differ materially from the forward-looking statements in this Prospectus, see “*Risk Factors*”.

DEFINED TERMS

In this Prospectus, including the summary hereto, unless the subject matter context is inconsistent therewith, the following terms shall have the meanings set forth below:

“**Agency Agreement**” means the agency agreement dated April 23, 2012 with respect to the Offering between the Company and the Agent as more particularly described under the heading “*Plan of Distribution*”;

“**Agent**” means Macquarie Private Wealth Inc.;

“**Agent’s Commission**” means the cash fee of 9% of the gross proceeds of the Offering payable to the Agent pursuant to the Agency Agreement;

“**Agent’s Compensation Option**” means a non-transferable option to purchase that number of Shares which is equal to 10% of the aggregate number of Offered Shares sold and Over-Allotment Shares (if applicable) sold under this Prospectus at an exercise price of \$0.15 per Share for a period of twenty-four months from the Listing Date;

“**Agent’s Compensation Option Shares**” means the Shares issued to the Agent upon exercise of the Agent’s Compensation Option;

“**BCA-BC**” means the *Business Corporations Act*- British Columbia;

“**CEO**” means Chief Executive Officer;

“**CFO**” means Chief Financial Officer;

“**Claims**” means the ten contiguous mineral claims comprising the Rossland Property;

“**Closing**” means the closing of the Offering;

“**Corporate Finance Fee**” means \$25,000 plus HST of \$3,000;

“**Company**” or “**Vela**” means Vela Minerals Ltd., a company incorporated pursuant to the *BCA-BC*;

“**Escrow Agreement**” means the escrow agreement between the Company, Olympia Trust Company of Canada and various escrow holders, dated December 6, 2011, respecting certain Shares held in escrow in connection with the Offering;

“**IFRS**” means International Financial Reporting Standards;

“**Listing Date**” means the first day of trading of the Shares on the TSX-V;

“**NSR**” means net smelter return;

“**NI 43-101**” means National Instrument 43-101, Standards of Disclosure for Mineral Projects;

“**Offered Shares**” means the Shares offered for sale pursuant to this Prospectus;

“**Offering**” means the public offering of the Offered Shares described herein or in any amendment hereto;

“**Over-Allotment Option**” means the option granted to the Agent pursuant to which the Agent may solicit and accept additional subscriptions to a maximum of 15% of the Offered Shares, being a maximum of 1,500,000 Shares;

“**Over-Allotment Shares**” means the Shares issued upon exercise of the Over-Allotment Option by the Agent;

“**Optionor**” means Andrew Molnar, who granted the option to acquire the Rossland Property;

“**Prospectus**” means this Prospectus dated April 23, 2012;

“**Rossland Agreement**” means an agreement with an effective date of June 30, 2011 as amended by an addendum dated January 11, 2012 with an effective date of June 30, 2011 between the Company and the Optionor whereby the Company was granted an option to acquire a 100% interest in the Rossland Property. See “*Our Business*”, “*Our Property*” and “*Material Contracts*”.

“**Rossland Property**” means ten mineral claims under option by the Company pursuant to the Rossland Agreement;

“**Selling Jurisdictions**” means the provinces of Alberta, British Columbia and Ontario;

“**Share**” or “**Shares**” means, respectively, one or more common shares without par value in the capital of the Company;

“**Stock Option Plan**” means the plan adopted by the Company governing the grant of stock options;

“**Technical Report**” means the report dated March 6, 2012 prepared by Afzaal Pirzada, P. Geo., of Geomap Exploration Inc. that is compliant with NI 43-101;

“**Transfer Agent**” means Olympia Trust Company;

“**TSX-V**” or “**Exchange**” means the TSX Venture Exchange.

SUMMARY OF THE 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. Reference is made to the Glossary of Geological and Mining Terms and Defined Terms for the definitions of certain terms with initial capital letters used in this Prospectus and in this summary.

The Offering

The Offering is for 10,000,000 Offered Shares for sale to the public by the Agent at an Offering Price of \$0.15 per Offered Share. The Offering is subject to an Over-Allotment Option whereby the Agent may solicit and accept additional subscriptions to a maximum of 15% of the Offering. The Company will pay the Agent an Agent's Commission equal to 9% of the gross proceeds of the Offering in cash and pay the Agent a Corporate Finance Fee of \$25,000 plus HST of \$3,000 of which \$12,500 plus HST of \$1,500 has been paid as a non-refundable deposit. The balance of the Corporate Finance Fee of \$12,500 plus HST of \$1,500 will be paid on Closing of the Offering. The Agent will be reimbursed for its expenses in connection with the Offering. The Company has paid the Agent an initial deposit of \$15,000 to be applied against such expenses. The Agent has reserved the right to offer selling group participation in the Offering to other registered representatives. Any fee paid to such selling group will be paid by the Agent out of the Agent's Commission.

This Prospectus also qualifies for distribution the Agent's Compensation Option in the Selling Jurisdictions.

Price \$0.15 per Offered Share.

Closing Completion of the Offering must be no later than 90 days from the final Prospectus receipt date.

The Company The Company was incorporated on May 19, 2011 pursuant to the *BCA-BC*. The Company was formed to acquire, explore and develop mineral claims in British Columbia. The Company has entered into the Rossland Agreement to acquire a 100% interest in the Rossland Property located in British Columbia. See "*Our Business*", "*Our Property*" and *Material Contracts*.

Directors, Officers and Senior Management	<u>Name</u>	<u>Position Held</u>
	Derrick Strickland	Director and CEO
	Dale Hansen	Director, CFO and Corporate Secretary
	Charles Chebry	Director
	Gregory Robb	Director
	See " <i>Directors and Officers</i> ".	

Description of Capital The Company has one class of Shares authorized for issuance, and such Shares vote on the basis of one vote per Share. Prior to completion of this Offering the Company has 5,000,000 Shares issued and outstanding. There are no fixed dividends payable.

Offering Jurisdictions The Offering will be made in the provinces of Alberta, British Columbia and Ontario.

Use of
Proceeds

Offering:

The gross proceeds of the Offering to the Company will be \$1,500,000 assuming the Over-Allotment Option is not exercised. The estimated net proceeds of the Offering to the Company after deduction of the Agent's Commission of \$135,000 and the balance of the Corporate Finance Fee of \$12,500 plus HST of \$1,500 will be \$1,351,000.

The total funds available to the Company at the close of the Offering including the estimated working capital of approximately \$12,052* as at March 31, 2012 and the net offering of \$1,351,000 are estimated to be \$1,363,052.

*This figure takes into account the \$50,000 Rossland Property payment which was accrued as a current liability in the October 31, 2011 audited financial statement. The \$50,000 will be paid for the Rossland Property on the Listing Date.

The Company intends to spend its allocated available funds as stated in this Prospectus. There may be circumstances however, where for sound business takes into reasons, a reallocation of the funds available may be necessary. The principal purposes for which the funds available are intended to be used in order of their priority are listed below.

	Description	Amount \$
1	Balance of the cost of the Offering	30,000
2	Carry out Phase 1 of the recommendation of the Technical Report on the Rossland Property. See "Our Business" and "Our Property".	308,825
3	CEO and CFO Consulting Contracts. See "Executive Compensation" and "Material Contracts".	72,000
4	Legal and audit fees for one year.	30,000
5	Office expenses.	20,000
6	Estimated regulatory fees for one year.	20,000
7	Estimated fees for investor relations (1)	40,000
8	Estimated costs of travel and conferences.	30,000
9	Unallocated working capital. (2)	812,227
	Total	1,363,052

(1) The Company plans to hire a person to conduct investor relations services. No one will be retained until after the Closing of the Offering.

(2) The Company has negative cash flow from operating activities for the three month period ending January 31, 2012 of \$12,259 and \$11,568 from its incorporation to October 31, 2011 for an aggregate negative cash flow of \$23,827. See "Risk Factors".

The unallocated working capital will be used to fund anticipated future negative cash flow and could be use to pay a portion of the Phase 2 program for the Rossland Property. Phase 2 is contingent upon favourable results from the Phase 1 work program, and would include extension of the previous geochemical and geophysical surveys, and diamond drilling and will be based upon the findings of the Phase 1 exploration programme which is expected to be \$500,000.

If the results of the Phase 1 exploration program are not favourable the Company anticipates that it would have sufficient funds to meet its budgeted administrative costs for a further three years and may also have funds to acquire and explore another mining property. In that case the Company would have to determine the appropriate method of acquiring another property. If Shares could not be used to acquire the said property, then the Company would have to look to raise further capital for acquisition purposes.

See “*Plan of Distribution*”.

Business Objectives and Milestones The Company’s business objectives are to conduct exploration work of \$308,825 on the Rossland Property pursuant to Phase 1 of the Technical Report. Commencement of the exploration work in 2012 is dependent upon the Company receiving the net proceeds of the Offering.

<u>Event</u>	<u>Time Frame</u>
Closing	Within 90 days of filing final Prospectus
To carry out the Phase 1 recommendations of the Technical Report on the Rossland Property	Within one year of listing the Company’s Shares on the Exchange

See “*Our Business*” and “*Our Property*”.

Developments The Company currently has an option to acquire a 100% interest in the Rossland Property. See “*Our Business*”, “*Our Property*” and “*Material Contracts*”.

Risk Factors An investment in the Offered Shares is highly speculative due to the nature of the Company’s business and its formative stage of development, and is suitable only for investors willing to risk the loss of their investment and who can afford to lose their entire investment. The Company was incorporated to explore for mineral prospects, the success of which exploration cannot be assured. The Rossland Property does not have any resource or reserve calculation as defined in NI 43-101. The Company has no business history or earnings record. See “*Our Business*” and “*Our Property*”. The Company has no present intention to pay any dividends on its Shares. There are additional risks associated with the investment relating to the Company’s prospects for success, availability of subsequent financing, the absence of a market for its securities, competition in the industry, potential liability for damages arising during operations, governmental regulation, availability of commodities markets, fluctuation in prices and changes in income tax laws. In assessing the risks of an investment in the Offered Shares, potential investors should realize that they are relying on the experience, judgment, discretion, integrity and good faith of the management of the Company. Subscribers should consult their own professional advisors to assess the income tax, legal and other aspects of an investment in the Offered Shares. See “*Risk Factors*”.

During the period from May 19, 2011 (date of incorporation) to the date of this Prospectus, the Company issued 1,000,000 Shares at a price of \$0.015 per Share, 3,000,000 Shares at a price of \$0.05 per Share and 1,000,000 Shares at a price of \$0.10 per Share for an aggregate of 5,000,000 Shares, which will represent 33.33% of the issued and outstanding Shares of the Company upon completion of the Offering.

1,000,000 Shares issued at a price of \$0.015 per Share, 3,000,000 Shares issued at a price of \$0.05 per Share and 500,000 Shares issued at a price of \$0.10 per Share are subject to escrow pursuant to the Escrow Agreement. There are a total of 4,500,000 Shares in escrow.

450,000 Shares will be released from escrow on the first day of trading of the Company's Shares on a stock exchange or quotation system. Thereafter 675,000 Shares will be released on each of the six, twelve, eighteen, twenty-four, thirty and thirty-six month anniversary of the first release date. The possible sale of the released Shares on each release date could negatively affect the market price of the Company's Shares and result in an excess of sellers of Shares to buyers of Shares and seriously affect the liquidity of the Shares. See "*Escrowed Securities*" and "*Risk Factors*".

Summary
Financial
Information

The following sets forth selected financial information with respect to the financial operations of the Company, which information has been derived from the audited financial statements as at October 31, 2011 of the Company and should be read in conjunction with "*Selected Financial Information and Management Discussion and Analysis*" and the audited financial statements of the Company and related notes included elsewhere in this Prospectus.

	January 31, 2012 (unaudited) \$	Date of Incorporation to October 31, 2011 (audited) (\$)
OPERATIONS		
Revenues	0	0
Net loss	(75,259)	11,568
Basic and diluted loss per Share	(0.02)	0
BALANCE SHEET		
Working capital (deficiency)	48,627	4,195
Total assets	267,593	213,620
Mineral property assets	165,946	149,237

OUR CORPORATE STRUCTURE

Name and Incorporation

The Company, Vela Minerals Ltd. was incorporated on May 19, 2011 pursuant to the *BCA-BC* with incorporation number 0911035.

Its head office, registered and records office is located at #810 – 675 W. Hastings Street, Vancouver, BC V6B 1N2.

The Company does not have any subsidiaries.

The Company's Shares are not listed or posted for trading on any stock exchange. See "*Listing Application*".

OUR BUSINESS

Three-Year History

The Company was formed on May 19, 2011 to acquire, explore and develop mining properties. As at the date hereof, the Company has an option to acquire a 100% interest in one mining exploration property, the Rossland Property located in the Trail Creek Mining Division of British Columbia. See "*Material Contracts*".

Significant Acquisitions and Dispositions

Pursuant to the Rossland Agreement the Company was granted an option by the Optionor to acquire a 100% interest in the Rossland Property by paying \$70,000 and issuing 500,000 Shares as follows:

Date	Cash	Shares
June 30, 2011	\$20,000 (paid)	
Listing Date	\$50,000	125,000
Six months after the Listing Date		125,000
Nine months after the Listing Date		125,000
Twelve months after the Listing Date		125,000

Due to an oversight, the Rossland Agreement only listed eight of the ten mineral claims comprising the Rossland Property. On January 11, 2012 the Company and the Optionor signed an addendum to the Rossland Agreement with an effective date of June 30, 2011, clarifying that the original Rossland Agreement was intended to include the ten mineral claims comprising the Rossland Property. See Table 1 of "*Our Property*".

The Optionor retained a royalty equal to 2% of the NSR which can be purchased by the Company at any time by the payment of \$2,000,000.

The Company can at any time accelerate any or all of the cash payments and Share issuances required under the Rossland Agreement.

The registered ownership of the Claims was initially transferred from the Optionor to Derrick Strickland who subsequently transferred the registered ownership to the Company.

The Rossland Agreement is an option only and may be terminated at any time by the Company. The Company will not earn any interest in the Rossland Property until all of the cash and Share

issuances have been made. The Company can terminate the Rossland Agreement by written notice at any time.

During the option period the Company:

- has the exclusive right to enter upon and explore the Rossland Property, erect buildings and remove samples for testing, including bulk samples, and generally carry out exploration and development operations, and make or accrue exploration expenditures at its sole discretion and expense;
- make or arrange for all payments required by, licenses, contracts and other agreements related to the Rossland Property, pay all taxes, assessments and like charges on the Rossland Property and shall otherwise promptly pay and discharge expenses incurred in its operations on the Rossland Property;
- maintain the Rossland Property free and clear of all liens, charges, encumbrances, royalties, agreements, underlying interests and conflicting rights created by, through or under the Company except for the royalty of 2% of the NSR retained by the Optionor;
- promptly apply for and diligently pursue the granting of all approvals necessary or advisable for the activities it wishes to conduct during the option period, subject to the Company's right to revise its plans for such activities from time to time in its sole and unfettered discretion;
- permit the authorized representatives of the Optionor, at their own risk and expense, access to the Rossland Property at all reasonable times upon advance notice and the Optionor agrees to indemnify the Company against and to save it harmless from all costs, claims, liabilities and expenses that the Company may incur or suffer as a result of any injury (including injury causing death) to any representative of the Company while on the Rossland Property, however, neither Party shall be relieved of responsibility for its own negligence;
- conduct all operations on the Rossland Property in accordance with sound mining and engineering practices and in substantial compliance with all applicable laws, regulations, orders and ordinances; and
- deliver to the Optionor semi-annually a substantially complete set of factual data relating to work performed on the Rossland Property by or on behalf of the Company;
- cannot surrender or abandon any portion of the Claims without consulting with the Optionor prior to surrender or abandonment of any such claims. If the Optionor does not concur with any proposed surrender or abandonment by the Company, the Company shall make available to the Optionor that portion of the Rossland Property sought to be abandoned or surrendered, at no cost to the Optionor but free and clear of all encumbrances created by, through or under the Company.

The Optionor and the Company have mutually agreed to indemnify each other. The Optionor agreed to indemnify the Company from all obligations which may arise by virtue of the Optionor's interest in the Rossland Property up to June 30, 2011.

The Company agreed to indemnify Optionor from all obligations and liabilities of the Optionor which may arise by virtue of the Company's interest in the Rossland Property after June 30, 2011.

The Company is and will remain responsible for all environmental claims and obligations pertaining to environmental laws resulting from its exploration work on the Rossland Property during the term of the Rossland Agreement, including reclamation, bonding and clean-up even if the Rossland Property is abandoned by the Company.

All questions or matters in dispute under the Rossland Agreement shall be submitted to arbitration in accordance with the *Commercial Arbitration Act* of British Columbia. On termination, the Company is required to leave the Rossland Property free of encumbrances, remove all supplies and equipment and perform all remaining reclamation, rehabilitation and remediation work required by applicable law, including environmental law.

Trends

The Company does not know of any trends, commitment, events or uncertainties that are expected to have a material effect on its business, financial condition or results of operations other than as disclosed herein under "*Risk Factors*".

OUR PROPERTY

General

The Company's business objective is to carry out the recommendations of the Technical Report on the Rossland Property. The Technical Report author, Afzaal Pirzada, P. Geo. visited the Rossland Property on September 11, 2011 and is a "qualified person" and considered "independent" in each case within the meaning of NI 43-101. Prospective purchasers of the Offered Shares are encouraged to read the Technical Report in its entirety. Where the information is in italics, it is a direct quote from the Technical Report. The tables and figures referred to in the extract of the Technical Report can be seen in the complete Technical Report which is available for review under the Company's profile at www.sedar.com.

The following information about the Rossland Property is an extract from the Technical Report which reviews among other things the geology of the Rossland Property as well as surrounding geologies and recommends a Phase 1 work program with a proposed budget of \$308,825 that includes compilation of historic data, geophysical surveying, trenching, blasting, and sampling on the soil geochemical anomalies, and detailed geological mapping.

"The intent of this work would be to define the relationship of soil geochemical anomalies with the underlying and exposed bedrock, mineralization and sulphide bearing quartz veins. A 20-line kilometre 3-D Induced Polarization ground geophysical survey is proposed as part of this exploration programme." The intent of this work would be to find targets for diamond drilling which is recommended as phase 2 work exploration program."

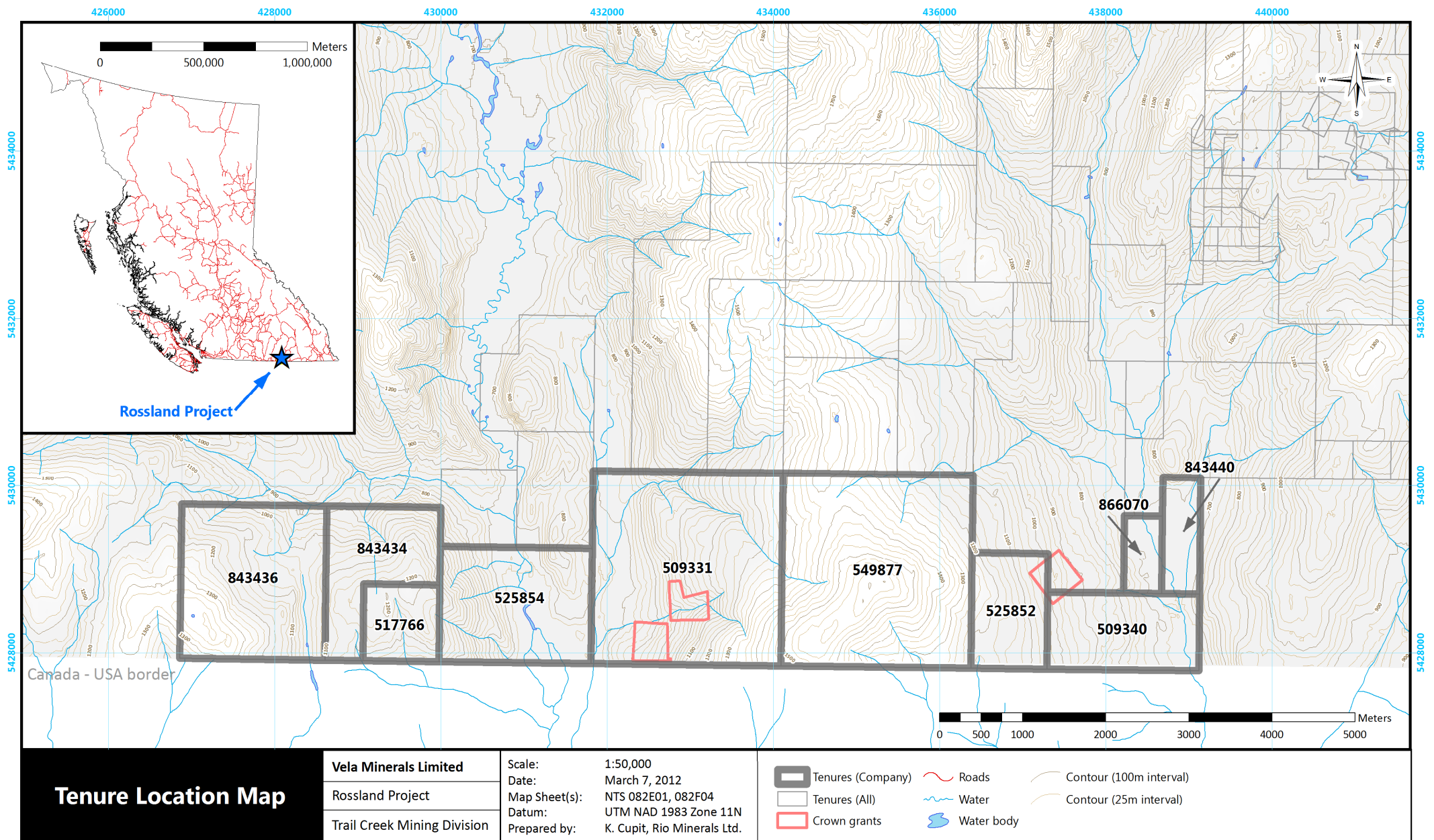
Property Description and Location

"The Rossland Property is located approximately 13 km to 16 km southwest of the town of Rossland, British Columbia, Canada (Figure 1). The Rossland Property consists of ten contiguous

Mineral Claims covering approximately 2,384.9947 hectares located in the Trail Creek Mining Division of British Columbia. The Rossland Property Mineral Claims were staked using the British Columbia Mineral Titles Online computer Internet system. The Mineral Claims were located by the author using the same system. With the British Columbia mineral claim staking system there can be no internal fractions or open ground. The centre of the Rossland Property is located at latitude 49° 01' 37" N and 117° 55' 20" W longitude, located on NTS map sheet 082F-001. The southern boundary of the Mineral Claims is the Canadian – U.S.A. International Boundary. Claim data is summarized in Table 1, while a map showing all the claims is presented in Figure 2. VML is the 100% registered owner of the Mineral Claims.

Table 1

Tenure Number	Claim Name	Owner	Tenure Type	Good To Date	Area (ha)
509331	PORTLAND-VELVET	Vela Minerals Ltd.	Mineral	2013/Oct/24	529.714
509340	SUNSET	Vela Minerals Ltd	Mineral	2013/Oct/24	166.593
517766	SANTA ROSA	Vela Minerals Ltd	Mineral	2013/Oct/24	84.767
525852	BORDERLINE	Vela Minerals Ltd	Mineral	2013/May/15	127.138
525854	MAGGIE MAY	Vela Minerals Ltd	Mineral	2013/Oct/24	254.291
549877	VERMONT	Vela Minerals Ltd	Mineral	2013/Oct/24	529.697
843434	REPUBLIC	Vela Minerals Ltd	Mineral	2013/Oct/24	169.514
843436	KLONDIKE	Vela Minerals Ltd	Mineral	2013/Oct/24	423.8069
866070	SUNSET-2	Vela Minerals Ltd	Mineral	2013/Jul/13	42.3738
843440	V-2	Vela Minerals Ltd	Mineral	2013/Oct/24	57.10



Tenure Location Map

Vela Minerals Limited
 Rossland Project
 Trail Creek Mining Division

Scale: 1:50,000
 Date: March 7, 2012
 Map Sheet(s): NTS 082E01, 082F04
 Datum: UTM NAD 1983 Zone 11N
 Prepared by: K. Cupit, Rio Minerals Ltd.

- Tenures (Company)
- Tenures (All)
- Crown grants
- Roads
- Water
- Water body
- Contour (100m interval)
- Contour (25m interval)

Based on the legal opinion provided by McClusky and Dalling, Barristers & Solicitors to VML on March 05, 2012, three Crown Grants exist within the Rossland Property Boundaries which VML does not own. VML does not have permission to carry out exploration work on the Crown Grants. The following Crown Grants were reported to exist within the Rossland Property boundaries. These Crown Grants cover less than 5% of the area within the Rossland Property therefore there is no significant risk to the Company to carry out exploration work. The location of these Crown Grants is shown on Figure 4.

Table 1: Claims and Crown Grants

Tenure Number	Claim Name	Crown Grants Located in the Mineral Claims
509331	PORTLAND-VELVET	<ol style="list-style-type: none"> 1. L. Nora Claim (Crown Grant) D.L. 4203 disclosed in south central portion of the claim. Its area is less than 25 Hectares and this Crown grant hold the mineral rights. 2. Olga Mineral Claim (Crown Grant) D.L. 4201 disclosed in the southwest section of the claim. Its area is less than 25 Hectares and this Crown grant hold the mineral rights.
509340	SUNSET	<ol style="list-style-type: none"> 1. Mountain Trail Mineral Claim (Crown Grant) D.L. 4078 disclosed in the northwest section of the claim partially overlies a portion of the claim of less than 5 hectares. This Crown Grant holds the mineral rights. 2. A small portion of the northeast portion of the claim is located within the boundary of King George VI Park and is not open to mineral exploration.
525852	BORDERLINE	<ol style="list-style-type: none"> 1. Mountain Trail Mineral Claim (Crown Grant) D.L. 4078 disclosed in the northeast section of the claim partially overlies a portion of the claim of less than 10 hectares. This Crown grant holds the mineral rights.

Historical production information from mineralized zones on the Rossland Property is limited or unavailable, and the author is not aware of any environmental liabilities that have potentially accrued from this historical activity.

Accessibility, Climate, Physiography, Local Resources, and Infrastructure

Access

The Rossland Property has good year round road access from the city of Rossland, British Columbia. From Highway 22, a two lane gravel road traverses through the centre of the Mineral Claims. Logging roads provide access to the rest of the Mineral Claims. A small portion of the eastern part of the Rossland Property requires access permission from the surface landowners. Vela has been given permission to access the Rossland Property by the private landholder. Trail and Castlegar airports are located approximately 5 km and 43 km respectively from the town of Rossland.

Climate

The climate is typical of the interior of British Columbia with warm and dry summers, and cold winters with heavy snow. The temperature in the summer averages 20 degrees Celsius, and in the winter averages -5 degrees Celsius. In winters snow often exceeds 180 cm (six feet). Although the

area normally has about seven months of snow-free conditions, historical exploration has been successfully conducted throughout the year. Water is readily accessible in the project area.

Physiography

The Rossland Property is located in mountainous, sub-alpine terrain covered by mature forests. Elevation across most of the Rossland area ranges between 800 and 1300 metres above sea level (ASL); slopes are mostly moderate to gentle, but can locally be quite steep. The amount of rock outcrop is highly variable across the district, and in most of the area ranges between 0 and 15%. In recent years many cut blocks have been logged on the Rossland Property.

Local Resources and Infrastructure

The town of Rossland is located about 13 to 16 kilometres to the northeast of the Rossland Property. The town and area have a long mining history and as such, most services are readily available. The city of Trail with a population of 8,000 is located 5 kilometres east of Rossland. Trail hosts a large smelting plant operated by Teck Resources Limited. The Trail smelter facility produces lead and zinc and is powered by hydroelectric power from the nearby Waneta and Brilliant hydroelectric plants; these plants also provide power to local communities and can be the source of electricity for the Rossland Property. Mining and exploration personnel are available in Rossland, Trail and their surrounding communities. The property size is sufficient to accommodate future mining operations, potential tailings storage areas; potential waste disposal areas, heap leach pad areas, and potential processing plant sites but Vela has to acquire surface rights to build these facilities.

HISTORY

General History

The history of mining in Trail and Rossland area began in the 1890s, with the discovery of gold and copper ore on the face of Red Mountain by Joe Moris and Joe Bourgeois. The five claims staked by Moris and Bourgeois on Red Mountain in July of that year led to the rise of Rossland as the premier mining centre in North America and the birth of the settlement we now call the city of Trail. The Rossland area mines proved to be very rich in gold and copper ore and the lots in the Trail Creek town site sold briskly.

In 1906 the smelter facility, the War Eagle, Center Star, and St. Eugene mines, along with the Rossland Power Company were amalgamated to form the Consolidated Mining and Smelting Company of Canada Limited (CM&S) which later became known as Cominco Ltd., and is now the recognized major international mining company Teck Resources Limited (source: <http://www.trailhistory.com/history.php>).

The historical work on the Rossland Property is described in the following sections, where Section 6.2 deals with the work carried out in 2006 and Section 6.3 deals with the work performed before 2006.

Historical Work 2006

In 2006 Major Gold Ltd. carried out an exploration program on the Rossland Property. The work consisted of prospecting, grid surveys, soil geochemistry, rock sampling, and magnetometer surveys, and was carried out during the period September 8th, 2006 to December 4th, 2006.

Geological fieldwork was conducted by Professional Geologist, Gregory R. Thomson of Thomson Geological Consulting, Langley, B.C. (Thomson, G.R., 2007).

Rock Sampling

The following summary of the 2006 rock sampling program is taken from an assessment report dated March 22, 2007.

A total of 18 grab rock samples were collected during 2006 exploration program. The rock samples were taken from workings in the Portland–Velvet area, and other areas of the Rossland Property. A summary of analytical results is shown in Table 4. The results display a wide range of concentrations for different metals. As shown in the table, the concentration of gold is from 72 ppb to 20,462 ppb (average: 5,194 ppb); silver 2 ppm to >100 ppm (average: 16 ppm); copper 573.3 ppm to >10,000 ppm (average: 3,268 ppm); lead 1.1 ppm to >10,000 ppm (average: 579 ppm); and zinc 6 ppm to >10,000 ppm (average 707 ppm). A grab sample of rusty pyritic skarn material from a trenched area located southwest of the Velvet shaft was composed of 50% quartz with 10% pyrite as blebs and disseminations and returned 15,363 ppb Au from sample no. 451139. A grab of vuggy/frothy quartz material from the main Velvet dump which was composed of 20-30% blebs and cubes of med-coarse grain pyrite within vugs returned 1393 ppb Au, and 10.6 ppm Ag (sample no. 451134).

Table 2: Summary of analytical results from 2006 rock sampling program

Sample #	Zone Name	Gold ppb	Silver ppm	Copper ppm	Lead ppm	Zinc ppm
451133	Velvet	1,962	2	994.9	10	29
451134	Velvet	1,393	10.6	479.7	12.7	18
451135	Velvet	3,635	4.2	7,979.9	5.6	73
451136	Velvet	10,452	9.2	>10,000	3.9	80
451137	Velvet	4,525	21.6	4,477.3	19.1	24
451138	Velvet	2,952	14	2,141.2	12.1	6
451139	Velvet	15,363	7.5	9,728.4	6.7	71
451140	Velvet	13,179	38.8	689.8	12.1	7
451141	Douglas	20,462	>100	1,029.9	26.9	6
451142	Douglas	243	7.4	573.3	4.2	37
451143	Triumph	166	>100	5,917.7	>10,000	>10,000
451144	Triumph	72	34.5	3,123.5	>10,000	>10,000
451145	Triumph	487	>100	2,305.6	>10,000	5,900
451146	Velvet	886	<0.1	3,810.1	12.2	44
451147	Triumph	811	41.4	2,599.1	8,530.1	4,942
451148	Cu Wonder	14,298	18	>10,000	1.1	26
451149	Cu Wonder	205	6.1	5,811.8	20.8	18
451150	Whoop Up	2,397	4.2	625.1	10	25
Average		5,194	16	3,268	579	707

Grid Survey

A GPS located soil grid was established on the Portland–Velvet showing for a total of 44.35 kilometres of surveyed grid. This grid consists of a 1.6 km north-south oriented baseline and 33 east-west cross-lines, for a total of 42.75 kilometres of grid lines. Grid lines were spaced 50 metres apart with stations placed on 25 metre centers. Stations were marked with pickets and flagging.

Soil Geochemical Survey

A total of 456 soil samples were collected from the Portland grid. Soil samples were taken from a depth of 15-45 cm with a shovel and spoon. Soil was placed in marked Kraft envelopes, which were then dried, placed into marked poly bags, sealed with zap straps, placed into marked rice bags, double sealed with zap straps, and shipped directly to Acme Analytical Laboratories of Vancouver, British Columbia for Group 1DX - 31 element ICP analysis and additional Group 3B Gold fire assay analysis.

Soil Geochemistry Results

Anomalous Au-Ag-Cu-As-Pb-Zn patterns in soil mimics recognized mineralized localities on the Rosslund Property. Several single point gold anomalies ranging from 105 ppb to 2647 ppb (sample location 28900N 33300E) require further investigation. Copper and gold in soil is co-incident with anomalous values of both minerals realized throughout approximately 20% of the grid area. Anomalous patterns identify extensions along strike from recognized occurrences as well as several areas which require follow-up investigation.

Portland-Velvet:

Soil geochemistry outlined a 300 x 200 metre multi-element soil anomaly located in the area of the historic Portland-Velvet Mine. Gold in soil in this area ranges from 113 ppb to spot highs of 2,035 ppb. The anomaly appears to trend towards the northwest where the anomaly remains open. Silver values of up to 4.1 ppm were realized in the mine area at station L29400N 33200E. Copper values of up to 7,243.3 ppm were obtained from station L29300N 33200E.

Copper Wonder:

The re-discovered Copper Wonder area displays elevated values of gold (Au), silver (Ag), copper (Cu), and arsenic (As) in soils with a relative absence of lead (Pb), and zinc (Zn). This anomaly may reflect down-slope transportation of minerals from the Copper Wonder Area.

Victory-Triumph:

Arsenic, gold, copper and zinc, are coincident in the southern portion of the grid near the Triumph Area, with the lead and zinc anomalies displaying a 100 metre x 200 metre anomaly which remains open to the southeast.

Magnetometer Survey

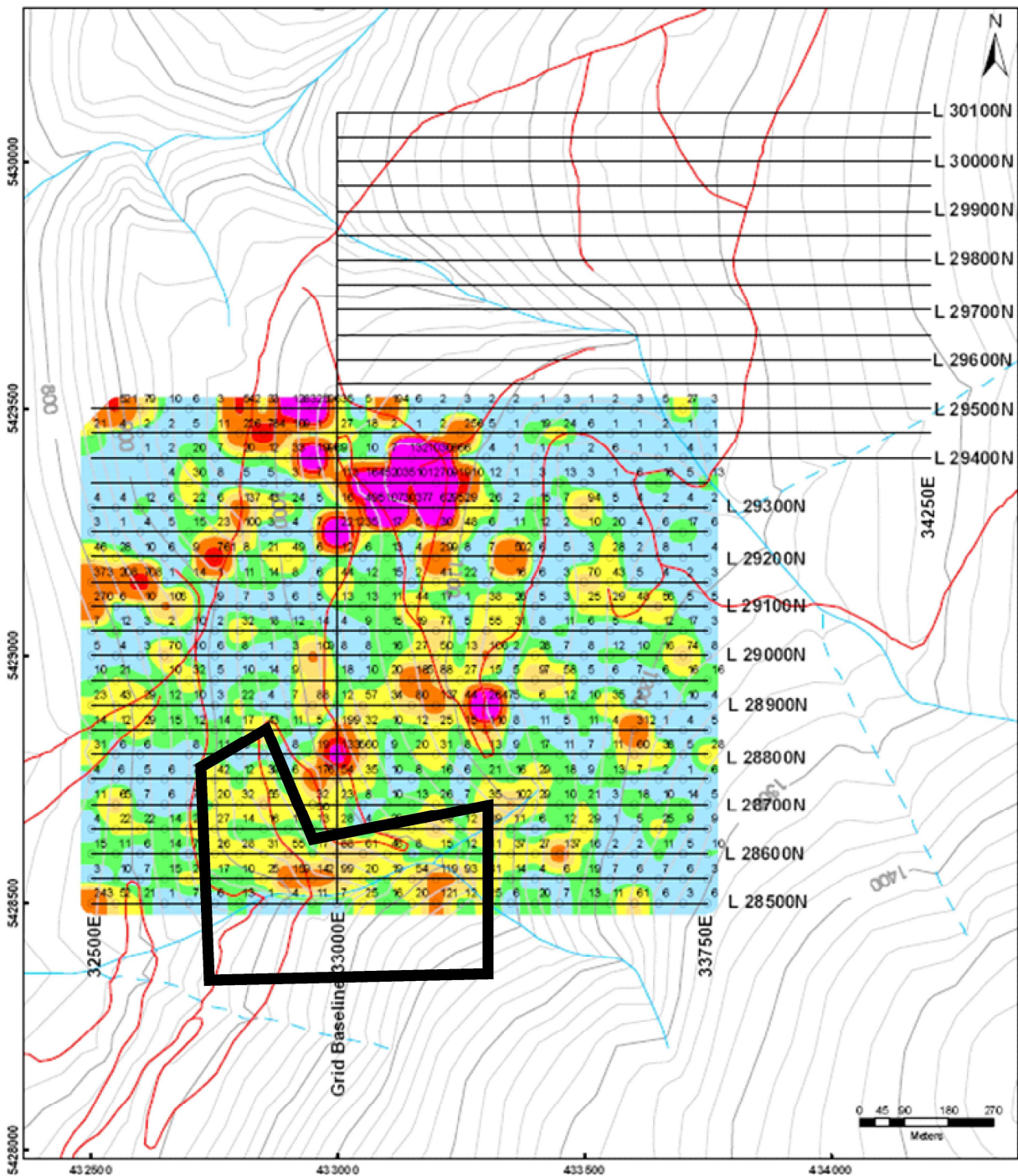
An Overhauser GSM-19 v7.0 Magnetometer with an Overhauser GSM-19 v7.0 Base station was used for the Magnetometer survey. The base and rover magnetometers were time-synched each morning with the base gammas for both units set at 55000 nT (nano-Teslas). The base station was located off-grid in the same geographic position for the entire survey. Readings were taken along the cross-lines at 12.5 metre stations. The base station and rover data was retrieved each evening.

The Portland-Velvet area magnetic survey resulted in the detection of several areas of broad, weak to moderate, anomalies in magnetic susceptibility, as well as strong anomalies developing in the northwestern, eastern, and south-eastern ends of the grid (Figure 8). The geochemical grid did not extend to the north-eastern and eastern anomalies; however, the south-eastern anomaly is co-incident with multi-element and Au soil anomaly. These anomalous zones appear to have a general north-south orientation throughout the central portion of the established grid area.

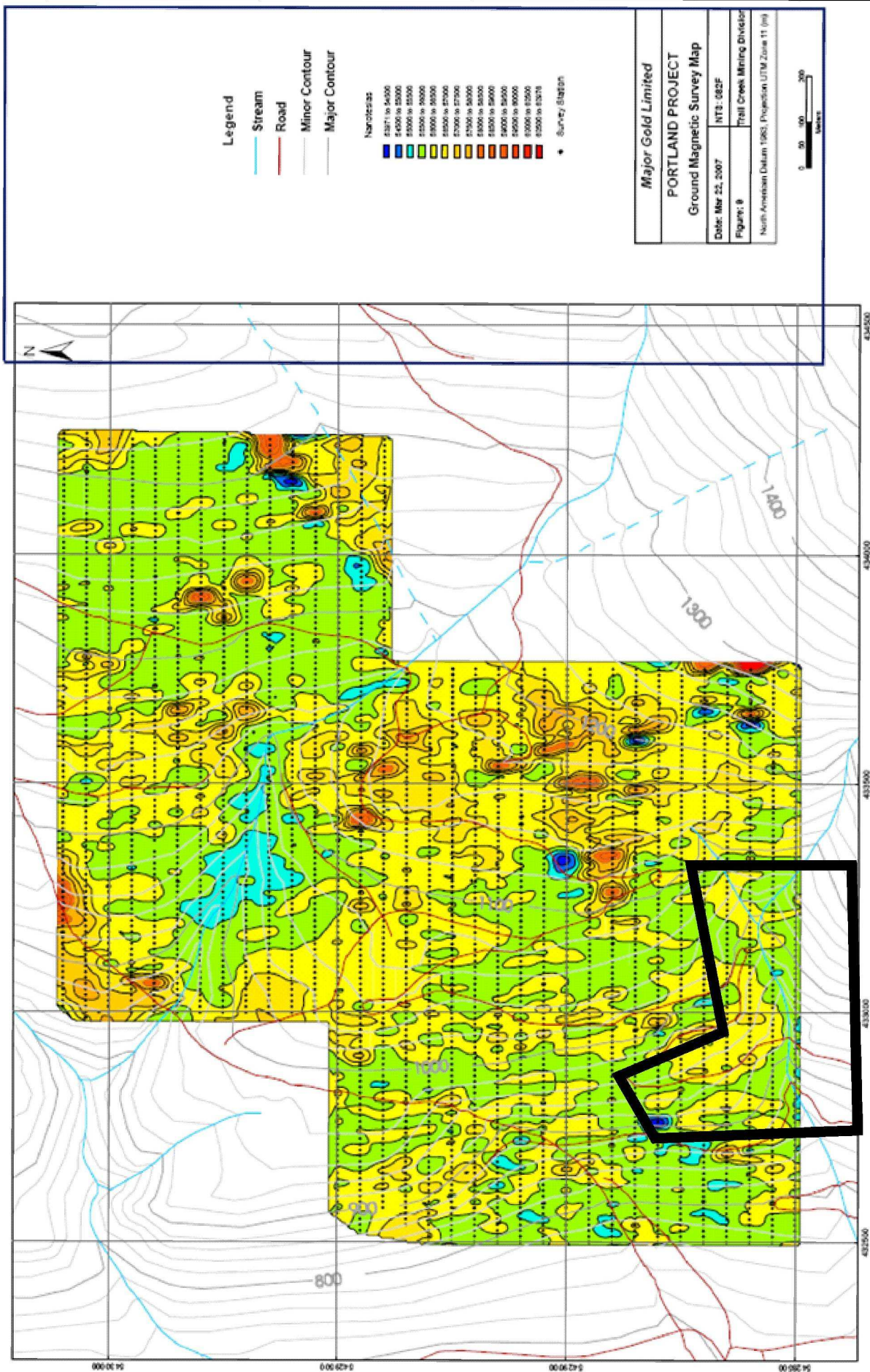
The most pronounced zone of anomalous magnetic susceptibility is roughly 1000m x 500m wide and is encompassed by the easterly dimension of 33250E to 33750E and the northerly extent of 5428500N to 5429500N. Within this general broad zone of weak to moderate susceptibility are found several localized centres of strong magnetic susceptibility, particularly between Northings 428750N to 429500N, covering a general north-south strike of approximately 750 metres.

These localized areas of strong magnetic susceptibility do not occur in areas of known mineralization and the magnetic effects should not be construed as suggesting the presence of buried or hidden forms of mineralization. However, the clustering of relatively strong magnetic susceptibility over a relatively small area should not be discounted. The areas of strongest magnetic susceptibility should be investigated with further ground investigation, particularly prospecting in these areas.

The historic Velvet Mine area does not occur within the belt of strongly anomalous magnetic susceptibility; however, the Victory-Triumph prospect that is located 750 metres southeast of the Velvet Mine does occur within the belt of higher anomalous magnetic susceptibility. The Victory-Triumph showing is a copper-gold mineral occurrence which has received little modern exploration. The general nature and style of mineralization is poorly understood, but may have important significance in regard to possible similar as yet to be discovered mineral zones in this general vicinity.



<i>Major Gold Limited</i>	
PORTLAND PROJECT	
Soil Geochemistry - Au	
Date: Mar 22, 2007	NTS: 082F
Figure 8	Trail Creek Mining Division
North American Datum 1983, Projection UTM Zone 11 (m)	



Crown Grant



Historical Work Before 2006

The historical exploration and mining work carried out prior to 2006 on each area is described in the following paragraphs. As per information provided by VML, all the past producing mines and mineral showings described below are located on the Rossland Property claims.

Portland-Velvet (Past Producer)

The Portland and Velvet Crown Grants (now the Portland-Velvet claim) and several others held by record lie on the northwest slope of Mount Sophia at about 1,097 metres elevation.

In April 1896, J. Cromie located the Portland claim and in September of the same year O. Geldness located the Velvet. The two claims were developed separately until 1904. The Velvet claim was acquired in 1897 by Velvet Mines Ltd. and they carried on development work until Velvet-Portland Mines Ltd. was formed in 1904 to acquire both properties. The mine was operated intermittently by the company or by leasers until it was closed in 1916. Granby Consolidated Mining, Smelting & Producing Co. examined the workings in 1918 and subsequently relinquished their option.

Rosslund-Velvet Mines Ltd. took over the property in 1920 and intermittent work was carried on by the company or by leasers until 1928 when the mine closed. Velvet Gold Mining Co. Ltd., formed in the fall of 1932 reopened the mine and operated it intermittently until the fall of 1937.

Velgo Mining Incorporated took over the property in 1938 and later in the year leased it to R. Bielli & Associates who subsequently formed the Velvet Leasing Syndicate. The syndicate name was changed in 1941 to Velvet Gold Leasers. The leasers operated until 1942 when the mine was closed. The mine remained closed until 1952 except for a brief period in 1946 when Velvet Gold-Copper Mines Incorporated acquired the property and leased it to J. Coryell, Jr. A diamond drilling program was carried out at this time consisting of 7 holes totalling 438 metres from No. 8 level and 4 holes totalling 172 metres from the surface (data not available).

In 1952 the property was acquired by Messrs. Kenward and Sweet. Leasers began mining operations and in 1953 built a small mill. Mid-West Copper & Uranium Mines Ltd. acquired the property in 1955 and intermittent operations were carried on by the company or by leasers. A new mill was built and put into operation in 1956. In October 1964 the company was reorganized under the name Mid-West Mines Ltd.

The property was developed by a vertical shaft serving 6 levels, of which No. 4 and No. 6 are accessible from the surface by adits. A 527-metre long adit on No. 8 level is connected to No. 6 level by a raise. Around 1978, Velvet Exploration Co. Ltd. (formerly Kendal Mining and Exploration Company Limited) acquired the mine. In 1980, they carried out 914.4 metres of drilling consisting of 244 metres of diamond drilling, and 670.4 metre of percussion drilling.

From 1901 to 1964, 88,833 tonnes of ore produced 620,785 grams gold, 664,359 grams silver, 1,154,104 kilograms copper, 37 kilograms lead, and 25 kilograms zinc. In August 1982 it was reported that 907 tonnes grading 5.48 grams per tonne gold and other commodities were shipped to the H.B. mill of David Minerals Ltd. in Salmo (Minfile Velvet, Portland – 082FSW162).

Cautionary statement: Investors are cautioned that the potential quantity indicated above, which the author has been unable to verify and is not necessarily indicative of the mineralization on the Rossland Property that is the subject of the technical report, nor does it comply with the current NI 43-101 standard. It has been provided only for illustration purposes. At this time, there is insufficient public information to verify the information

Victory-Triumph (Prospect)

The Victory-Triumph occurrence is located approximately 500 m to the southeast of Portland-Velvet occurrence. By 1887, a vein showing copper mineralization had been exposed by stripping for 18 metres and "defined for 6 metres between walls at another point". The country rock in this area is stained with malachite, a copper oxide mineral. An adit has also been driven and was 38 metres long by the year 1897 (Thomson G.R., 2007).

Douglas-Hunter (Past Producer)

The former Douglas Crown Grant claim (now the Portland Claim) is located on the west side of Mount Sophia adjacent to the International Country Boundary and about 1.6 kilometres south of the Portland-Velvet Mine (Portland Claim) from which it is accessible by road.

The earliest development of the mine was in 1900 and 1901 when some 240 metres of tunnelling was done. No further activity was reported until the period from 1948 to 1950 when the subsequent owners performed minor development work and made a small shipment of ore. The workings consist of 3 adits at elevations of approximately 1204m, 1237m, and 1274 metres. In 1949, when the property was examined by Little, the middle adit was caved and the upper adit accessible for only a short distance.

In 1948 and 1950, a total of 9 tonnes of quartz-rich ore was shipped and produced 591 grams silver, 592 kilograms lead, and 479 kilograms zinc (Thomson G.R., 2007).

Cautionary statement: Investors are cautioned that the potential quantity indicated above is not NI 43-101 compliant and has not been verified by the author and may not be indicative of the Rossland Property the subject of this report. It has been provided only for illustration purposes. At this time, there is insufficient public information to verify the information.

Copper Wonder (Showing)

The Copper Wonder was re-discovered during the 2006 field season. The mine proper consists of two caved adits of unknown length. A large (100m x 100m) tailings pile consisting of magnetite-copper-gold skarn material is located in this area as well as a handmade sorting table. This area is not mentioned in any published material and has been named after the original Crown Grant (now Portland Claim) (Thomson, G.R., 2007).

Vermont (Showing)

During 1987-88, First Manhattan Resources carried out an exploration program on the Rossland Property which included: collecting 1,576 soil samples; 396 rock chip samples; and 35 line-kilometres of magnetometer and VLF survey at a station interval of 25m. The results of the work indicated presence of a northwest trending soil geochemical anomaly in the western part of the Rossland Property, a gold plus base metal geochemical and geophysical anomaly in a north-south direction along the west side of Sophia mountain peak, and a few scattered gold plus base metal soil anomalies in the eastern portion of the grid over the favourable Elise Formation rocks. Recommendations for further work in the report included: trenching, blasting and sampling of the soil geochemical anomalies; extending geochemical and ground geophysics grid in the eastern and northern parts of the Vermont claims (Burton, A.1988).

Sunset (Past Producer)

In 75 years between 1898 and 1964 the mine produced a total 43 tonnes from which 4,448 grams of silver, 373 grams of gold, 1,420 kilograms of lead, 1,940 kilograms of zinc and 99 kilograms of

copper were recovered (Thomson G.R., 2007). In 1963, Utica Mines Ltd. drilled 13 short diamond drill holes for a total drilling 853.7 m (2,801 ft) (Howe, A.C.A., 1969). In 1969, an examination of the core was carried out by A.C.A. Howe. The results are summarized in the following table:

Table 3: Summary of 1969 Core Examination Data

Hole No.	Vein Intersection	Assays			
	In Feet	Ag (oz/ton)	Pb %	Zn %	Cu %
1	33-34	12.7	12.3	15.4	1.1
	98-100	7.9	10.6	15.3	0.8
2	122-123	4.5	2.6	18.5	0.5
3	108.5-114.5	11.4	3.3	9.6	1.4
4	96-97	4.4	2.5	7.5	0.4
	152-153	4.0	3.0	0.6	0.4
	165-166	1.2	0.6	8.1	0.5
	183.4-189.4	0.6	1.2	6.2	Tr.
5	117.5-122	4.6	2.2	0.05	Tr.
10	139-153	3.4	3.0	0.6	1.3
	164-167	1.4	6.0	8.1	0.9
	175-177	0.6	4.0	6.2	0.7
12	23-24.5	6.5	4.4	0.7	0.2
	164-167	0.9	1.2	0.8	Tr.
13	288.5-290	0.9	1.7	4.8	0.6
	360.5-365.5	1.3	0.2	3.6	Tr.

Note: Drill holes 6, 7, 8, 9, and 11 were abandoned or too steep to intersect the shear zone

The mineralization found in the drill holes was mainly comprised of pyrite, sphalerite, galena, and chalcopyrite occurring in small fractures and in massive sections. The mineralization is mostly associated with zonal alteration, marked by silicification of argillites where dull grey argillites change to buff or white colour.

In November 2001, a soil geochemical survey was carried out on the property at approximately 300m by 550m (1000' x 1800') grid covering about 32 line kilometres. A total of 531 soil samples were collected and tested for copper, lead, molybdenum, silver and zinc. The survey delineated the Sunset showing as a definitely anomalous but confined geochemical pattern which may possibly extend eastward. Further work was recommended in both reports, including further soil geochemistry, magnetometer, and induced polarization surveys on the property (White G.E., 1974).

Cautionary statement: Investors are cautioned that the potential quantity indicated above is not NI 43-101 compliant and has not been verified by the author and may not be indicative of the Rossland Property the subject of this report. It has been provided only for illustration purposes. At this time, there is insufficient public information to verify the information.

Santa Rosa (Showing)

In 1987, Triple R Resources Inc. completed exploration work on the property that consisted of soil and rock geochemistry covering the entire Santa Rosa showing area. A total of 1,455 soil samples

were collected at minimum 100m line spacing and 25m or 50m sampling station intervals. The results of the sampling indicated a large coincident silver-copper-arsenic-lead-zinc anomalous zone at the south-central part of the property, centred at L65E, 13+00S. Except for some low order lead-zinc anomalies, the northern part of the property was considered geochemically barren. Further work was recommended which included: prospecting and mapping in the soil anomalous zone, magnetometer and VLF survey, and trenching if warranted (Keyser J.H., and Smith G., 1988; Minfile 082FSW306).

Mitzi (Showing)

Thematic showing is located 150 metres south of the Mountain Trail Crown Grant (Lot 4078), and consists of a 3.5 metre wide zone which strikes 005 degrees and dips 75 degrees east. According to the recent assessment reports, shafts were sunk along iron stained and weakly mineralized shears which strike 330 degrees on the adjoining Mountain Trail Crown Grant. Apparently, around 1946, 58 tonnes of ore were shipped and produced 239 grams gold, 1,131 grams silver and 3,538 kilograms of copper with the average grade of the ore approximately 3.7 grams per tonne gold, 17.4 grams per tonne silver and 0.6 per cent copper. The showing may be associated with mineralized shear zones near the margins of a granitic intrusive and limestone contact on the Sunset showing (Thomson G.R., 2007). Prior to 1910, a number of hand sorted shipments were made to the smelter located at Westport, Washington, but the records were apparently destroyed in the fire which destroyed the smelter (Tan, S.S, 1983).

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Soil geochemical survey was carried out at the Rossland Property during the period June-July, 1983, in which 201 samples were collected on a grid spacing of 50m and 15m. The survey results indicated an anomalous area of 175m by 200m around the main showing. In October 1983, a magnetometer and VLF-EM Survey was carried out at the same station spacing as the geochemical soil survey of July 1983. Further exploration work, such trenching or short-hole blasting at 100m north and 15m east of the showing, was recommended (Tan S.S & Perkins D., 1982-83; Perkins D.A., 1983).

Geological Setting

Regional Geology

The Rossland district and surrounding region contains stratified volcanic and sedimentary rocks of Late Paleozoic to Eocene age as follows (also see Figure 4 and Table 3):

1. The Mount Roberts Formation, a Pennsylvanian to Permian succession of siliceous siltstone, greywacke, chert, and limestone (Little, 1982), is exposed west and north of the Rossland district.
2. The Early Jurassic Elise Formation of the Rossland Group unconformably overlies the Mount Roberts Formation. In the Rossland district, the Elise Formation is at least 5000 metres thick and comprises a basal pebble conglomerate overlain by volcanic conglomerate, flow breccias, tuff, and intercalated siltstone and mudstone. This sequence is predominantly andesitic in composition and is exposed throughout the district. The Early Jurassic age is based on fossils in sedimentary units and a U-Pb date of ~197 Ma on zircon in tuff.

3. *A small exposure of the Late Cretaceous Sophie Mountain Formation is found south of the district. Regionally, this unit formed as conglomerate, siltstone, and argillite deposits in small, structurally-controlled basins atop the Elise Formation.*
4. *Middle Eocene volcanic rocks of the Maroon Formation unconformably overlie older rock types. These are exposed west and southeast of the district and comprise pyroxene and/or plagioclase porphyritic trachy-andesite and andesite flows and tuffs.*

Intrusive Rock Types

The Rosslund district contains at least seven types of intrusive rocks that range from Early Jurassic (possibly Late Paleozoic) to Eocene in age:

1. *The largest is the Rosslund sill, a 0.7 to 1.0 km wide body north of the Rosslund Monzonite (see below) which hosts most of the major producing veins in the Main and North belts. It is medium-grained, has hornblende and augite phenocrysts, and locally displays fragmental or flow-banded textures.*
2. *West of the Rosslund district are exposures of a southwest-trending belt of ultramafic intrusions dominated by serpentized dunite and olivine wehrlite (Little, 1982; Ash, 2001). These dark grey to black, fine-grained intrusions are the oldest in the district (possibly Paleozoic) and typically have sharp to faulted contacts with adjacent rocks.*
3. *Sub-volcanic, porphyritic monzo-gabbro sills intrude, and are probably contemporaneous with, volcanic rocks of the Elise Formation (Höi and Dunne, 2001). A smaller body of this rock is exposed in the South Belt. It has not been dated but is similar to other sub-volcanic intrusions in the region that have been dated between 193 and 200 Ma. The Rosslund Monzonite is the most important intrusion in the district. It measures roughly 3 by 8 kilometres in size and has an easterly elongation. It is hosted by the Elise Formation and the Rosslund Sill, and has provided a U-Pb date of 167.5 ±0.5 Ma from zircon. It is a composite pluton with fine-to coarse-grained phases that range from monzodiorite to Monzonite. The intrusions comprise various combinations of augite, biotite, hornblende, plagioclase, and K-feldspar, with accessory magnetite, apatite, and titanite, and minor quartz. The pluton is enclosed by an inner aureole of siliceous and calc-silicate hornfels that grades outward to a biotite hornfels up to 450 metres wide (Little, 1982), and both are commonly overprinted by metasomatic skarn alteration. All veins in the North, Main, and South Belts occur within this thermal aureole. Compositionally similar dykes are numerous in the host rock to the pluton, and are commonly associated spatially with mineralized veins and structures.*
4. *The Late Jurassic Trail Pluton intrudes the Elise Formation in the northeast part of the district. It is a medium-grained granodiorite (Little, 1982; Höi and Dunne, 2001) that extends beneath and cuts off many of the veins in the North and Main Belts (Rhys, 1995; Höi and Dunne, 2001). The Rainy Day pluton, located northwest of the Rosslund Monzonite, may be a satellite body of the Trail Pluton; it has been dated at 166.3 ±1.4 Ma by U-Pb methods. Compositionally similar dykes yield 162.3 ±1.2/-2.5 Ma, and it crosscuts the Rosslund Monzonite. The Rainy Day pluton has been linked to formation of Mo-rich breccia deposits in the northwest part of the district.*
5. *The Eocene Coryell Intrusions comprise dykes and sills of alkaline syenite that are related to the Coryell batholith located west of the district (Little, 1982; Höi and Dunne, 2001). Many of these dykes have a northerly trend with steep dips, but sills are also present within the Elise Formation.*

6. *The Eocene Sheppard Intrusions are exposed southeast of the Rossland District and manifest granite to rhyolite and syenite plugs, dykes and sills.*
7. *Narrow Biotite Lamprophyre Dykes of Tertiary ages are present in some parts of the district, but are volumetrically minor. They are typically north-trending and steeply dipping (Thomson, G.R., 2007).*

In the vicinity of the Rossland Property, the southern part of the Rossland area is underlain primarily by volcanic rock of the Lower Jurassic Elise Formation (Rossland Group) in Quesnellia "Terrane". These rocks rest unconformably on metasedimentary rocks of the Pennsylvanian and possibly Permian Mount Roberts Formation and are in apparent fault contact with rocks of Carboniferous age (both Upper Paleozoic units may be correlative with the Milford Group). Locally, the Elise Formation is overlain by coarse conglomerates of the Upper Cretaceous Sophie Mountain Formation (Thomson, G.R., 2007).

The Rossland area contains two structural domains separated by an irregular line of intrusions and faults trending east-northeast and referred to as the Rossland break. The southern domain contains northeasterly trending structures whereas the northern domain, in which the major mineral deposits occur, contains northerly trending structures. The structural framework of the Rossland district is divided into the following three tectonic episodes:

1. *Extensional tectonism during deposition of the Elise Formation in Early Jurassic time.*
2. *Compressive tectonism produced east-directed thrust faulting and associated minor folding between 187 and 167 Ma, prior to intrusion of Middle and Late Jurassic plutons. Thrust faulting is associated with the Midnight Mine area, where gold mineralization is found preferentially along the volcanic/ultramafic contact.*
3. *Normal faulting in the Eocene occurred before and after emplacement of the Coryell intrusions. These faults are numerous, steeply-dipping, north-trending, gouge-filled structures. They displaced bedding and mineralized structures. (Höy and Dunne, 2001; J.T Fyles, 1984).*

Table 4: General Stratigraphic Column of the Rossland Area

Age	Greenwood - Grand Forks	Christina Lake	Rossland - Trail	Nelson - Castlegar
EOCENE	Coryell Suite Marron, Kettle Formations Ladybird Suite?	Coryell Suite Ladybird Suite?	Coryell Suite Marron Formation (OK Volcanics) Ladybird Suite	Coryell Suite College Creek Pluton Ladybird Suite
CRET.			Sophie Mountain Formation	Kinnaird Pluton
JURASSIC	Middle	Nelson Suite	Nelson Suite Hornblende Diorite (Nelson S.)	Nelson Suite Rossland Monzonite
	Early		Rossland Group Elise Fm.? (Sinemurian) Archibald Fm.? Fife diorite	Rossland Group Hall Fm. (Toarcian) Elise Fm.? (Sinemurian) Archibald Fm. (Sinemurian)
TRIASSIC	Brooklyn Formation	Josh Creek diorite (foliated calcic amphibole microdiorite)		Slocan Group
PERMIAN	Attwood Group Knob Hill Group Old Diorite (Carb. to Permian)		Mount Roberts Formation (Pennsylvanian to Early Triassic)	Mount Roberts Formation Kaslo Group
AGE?	Grand Forks-Kettle Complex (Precambrian)	Mollie Creek assemblage (metasiltstone, marble, and metasedimentary schist)	Trail Gneiss	Gneiss - Gwillim Creek and Castlegar areas
Reference	Little 1982, Fyles 1990	This Contribution	Simony 1979, Little 1982, Höy and Andrew 1991, Höy and Dunne 1997, Stinson 1995, Roback and Walker 1995	Simony 1979, Little 1982, Carr et al. 1987, Parrish et al. 1988, Brown and Logan 1989, Roback and Walker 1995, Simony and Carr 1997

Note: Carb., Carboniferous; Cret., Cretaceous; Fm., Formation; S., Suite.

Property Geology

The Velvet Claim area is within dunite and wehrlite ultramafic cumulates intruded by Coryell rocks. The ultramafic rocks are exposed as four pendants, the largest approximately 600 by 150 metres in area (Figure 9). Ultramafic outcrops are a medium-brown colour on weathered surfaces; a penetrative foliation or shearing is generally present. In thin section, the ultramafics comprise antigorite plus serpentine after olivine, magnetite, spinel, chrysotile and other opaques in a serpentine mat (Little, 1982a). Xenoliths of mafic volcanic rocks occur within the ultramafics in the Velvet mine area. The shaft on the Portland claim is reported to be in a large xenolith of pyritized, silicified greenstone (Drysdale, 1915). Mafic flows, pyroclastic breccia, tuff and minor siltstone crop out south of Santa Rosa Creek (Keyser and Smith, 1988).

The Victory-Triumph and Douglas-Hunter area is underlain by coarse conglomerate of the Upper Cretaceous Sophie Mountain Formation in which lenticular beds of coarse-grained faintly stratified sandstone and argillite strike 340 degrees and dip 70 degrees northeast. The conglomerate is cut by several dykes of the Middle Eocene Coryell Intrusions comprised of pink to greenish porphyritic syenite as well as sheared lamprophyre dykes exposed in the underground workings.

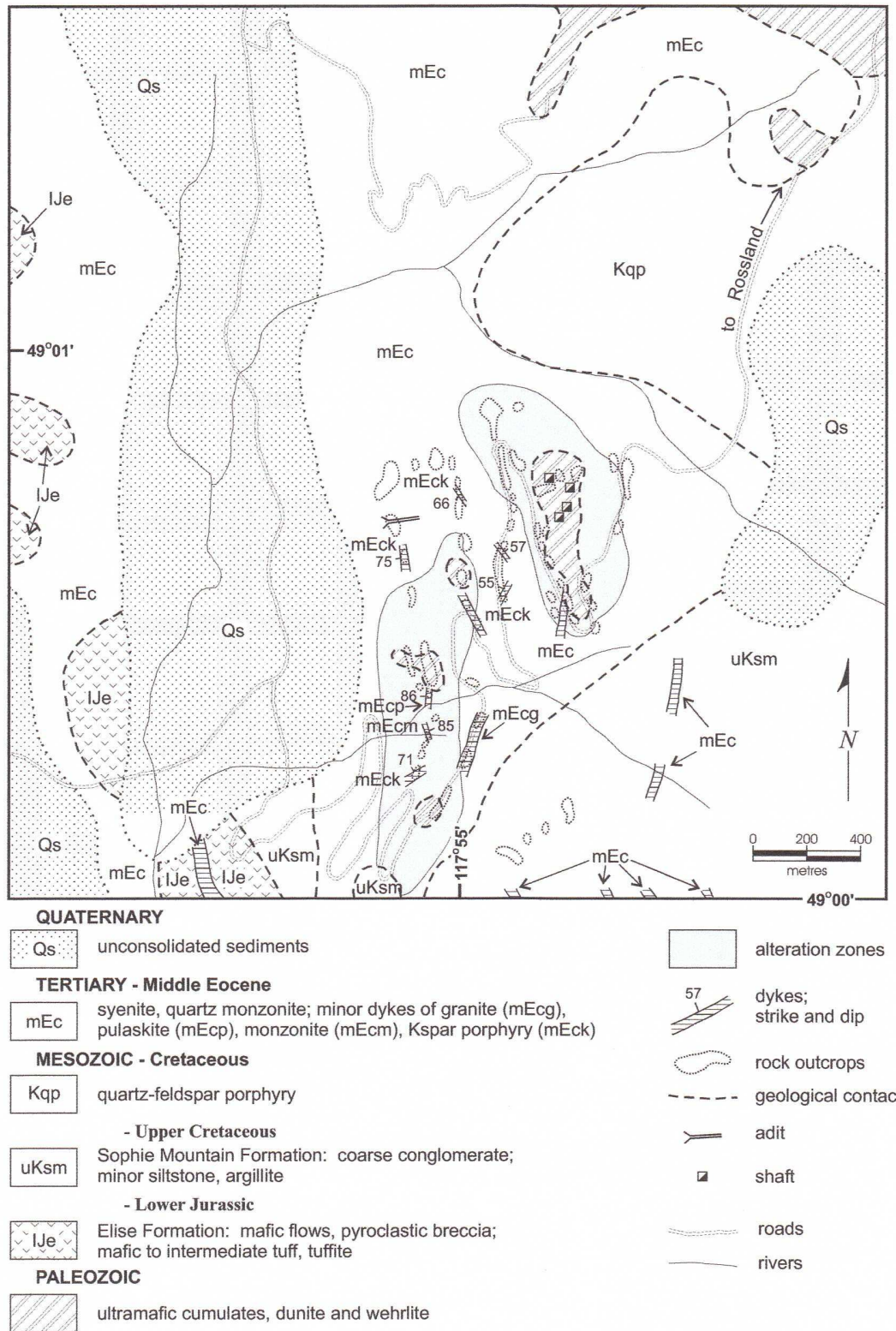
The area of **the Olga and Copper Wonder** occurrences is also underlain by the southern contact of the Middle Eocene Coryell batholith with the Upper Cretaceous Sophie Mountain Formation.

The **Vermont** showing occurs in the vicinity of Mount Sophia. The west half of the mountain is underlain by the Upper Cretaceous Sophie Mountain Formation consisting of conglomerate with thin interbeds of argillite and siltstone. The east half of the mountain is underlain by volcanics of the Lower Jurassic Elise Formation, Rossland Group. Dykes of the Middle Eocene Coryell Intrusions cut the conglomerate.

The **Sunset area** is underlain by the Pennsylvanian to Permian Mount Roberts Formation comprised of interbedded siltstone, argillite, greywacke and limestone units which strike 038 degrees and dip 40 degrees north. These are overlain by rocks of the Lower Jurassic Elise Formation (Rossland Group) comprised of black siltstone, andesitic flows, tuffs, and breccia. The formations are intruded by a Middle Eocene Sheppard leucocratic granite intrusion.

The **Santa Rosa and Mitzi** showings are underlain by Lower Jurassic Elise Formation rocks of the Rossland Group comprised of andesite, tuff, agglomerate, breccia and black siltstone. The Rossland Group rocks are intruded by the Middle Eocene Coryell Intrusions comprised of syenite to Monzonite stocks.

Figure 2: Geology of Velvet Mine area (After Höy, P.E., Dunne, 2001)



Mineralization

There are several areas of past producing mines and surface showings located on the Rosslund Property. A description of mineralization data available from 2006 exploration program and other historical work carried out on the Rosslund Property is provided in the following sections:

Portland-Velvet

Shear zones cutting the ultramafic rocks in the Velvet mine area contain veins of quartz and calcite with specularite, chalcopyrite, and pyrite; galena and sphalerite occur in lesser amounts. Locally, chalcopyrite is massive, particularly along the margins of the ore shoots. Minor scheelite may be sparsely disseminated in the ore (Stevenson, 1943, p. 154). Drysdale (1915, p. 78) reported a lens of molybdenite half a metre thick at the Velvet mine. The veins generally strike north parallel to the main dike system and dip steeply west. Drysdale (1915, p. 157) described the vein wallrock as “impregnated for some feet”, indicating a significant alteration envelope. Little (1960, p. 182) suggested that the wallrock had been replaced in part by quartz, calcite, and sulphide minerals. Little also described the Velvet mine as shear zone-related, containing veins or stockwork of veinlets with disseminated sulphides. Within approximately 100 metres of the serpentinized ultramafics, Coryell intrusive rocks are propylitized to a green colour, with chloritization of biotite (20%), break-down of feldspars to epidote (20%), sericite and clay minerals (25%) and addition of quartz (up to 20%). Drysdale (1915) described the Coryell wallrock adjacent to veins in the Velvet mine as “a mottled grey irruptive rock, with coarse siliceous and chloritic phases, which is much epidotized in places”. The wide distribution of altered Coryell rocks in the Velvet mine area may be a useful exploration parameter for mineral exploration in Coryell batholith rocks (Höy, P.E. Dunne, 2001).

High nickel content in some samples collected during 2006 exploration work reflects the ultramafic host. The main Velvet vein occurs in the Kelley stope, the richest area of the mine (Peters, 1937). The main vein trends north-south and dips 70° west. Four productive veins, including the South and Stable veins, occur 20, 40, 60 and 105 metres east of, and parallel to, the Main vein. Ore zones occur at the intersection of north-trending veins with crosscutting dikes or faults. Sulphides in the veins have been largely altered to limonite and malachite in the upper three levels of the mine (Drysdale, 1915, p. 157; Little, 1960, p. 182). Later crosscutting east-trending veins are barren.

Douglas-Hunter

At Douglas Hunter, a shear zone, striking 120 degrees and dipping 70 degrees northeast, exists along the contact between the conglomerate and syenite. The shear zone is approximately 3.0 metres wide and hosts individual mineralized lenses and veins of quartz ranging up to 0.3 metres in width. They occur in irregular intervals along the lower tunnel of the 230-metre long underground workings. The quartz veins are locally fractured, and the fractures filled with altered wallrock. Pyrite is the most abundant mineral with occasional concentrations of galena, sphalerite, and chalcopyrite (Thomson, G.R., 2007).

Vermont

The showings were reported to contain copper, lead, zinc, silver and gold; presumably the sulphides are chalcopyrite, galena and sphalerite. The conglomerates are reported to contain minor amounts of silver and gold (Burton A., 1988; Thomson, G.R., 2007).

Sunset

The occurrence consists of discontinuous veins or lenses of quartz which host argentiferous galena, sphalerite, chalcopyrite, and minor pyrite in the metasediments of the Mount Roberts Formation. The lenses occur in steeply dipping fractures which strike east-west and vary in width from several

centimetres to a few metres. Mineralized intersections occur in shear zones near or within the margins of the granitic intrusive and limestone contact. Hematite in ore from the New Sunset is partially replaced by magnetite (Howe, A.C.A., 1969).

Santa Rosa

Mineralization consists of shear-controlled sulphide-bearing vein structures ranging up to 3 metres in width. The dominant orientation is 150 degrees with a secondary set at 025 degrees. Both have steep to moderate dips. The veins appear to be associated with contacts of the syenitic intrusives.

At one location a 1-metre wide quartz-clay-lithic breccia sulphide vein is exposed in a trench. It is hosted in a shear trending 168 degrees and dipping 72 degrees north within silicified, variably gossanous andesite. Pyrite, chalcopyrite, galena, and sphalerite occur in stringers parallel to the veins margins, as well as isolated blebs and disseminations.

Similar mineralization to the previous sample is exposed along five metres in andesite outcrop located about 700 metres to the northwest. An exposure of quartz-feldspar porphyry is found 10 metres south of this area. About 1.5 kilometres to the northwest on Santa Rosa Creek, about 200 metres upstream from the Swehaw Creek confluence, is another tungsten showing.

A zone of pyritized and silicified pods occur, up to 10 cubic centimetres in volume. These zones are hosted by andesite that is cut by granitoid dykes (Minfile: 082FSW306).

Mitzi

The Mitzi showing consists of a 3.5 metre wide zone which strikes 005 degrees and dips 75 degrees east in andesite. Mineralization is disseminated and in stringers with quartz in a shear zone and consists of galena, sphalerite, pyrite, chalcopyrite and pyrrhotite. Fine-grained, disseminated pyrite occurs on the surface and is pervasive in the wallrock. Silicification extends for 2 to 3 metres beyond both walls of the shear as a hydrothermal alteration halo (Valley, A.J., 1983; Thomson, G.R., 2007).

Exploration

Vela contracted Rio Minerals Limited to carry out an exploration program, from July 19 to August 10, 2011, consisting of the following:

1. Soil sampling at three separate grid surveys:
 - Triumph Grid - V-11: 13,200 metres, eleven – 1,200 metre lines with 25 metre stations – 481 soil samples;
 - Mitzi Grid – M-11: 4,500 metres, nine - 500 metre lines with 25 metre stations - 153 soil samples; and
 - Sunset: S-11: 3,500 metres, seven - 500 metre lines with 25 metre stations – 147 soil samples.
2. Hand-trenching and rock sampling at the Mitzi, Sunset, and Triumph Locations – a total of 89 chip channel rock samples were collected;
3. Regional stream sediment sampling – 13 samples; and
4. Regional prospecting.

Goals for the field season were to verify and to compile previous geological work and to outline new areas of possible mineralization. The town of Rossland, B.C. acted as the base of operations for the duration of the program. The field crew for the 2011 exploration program was supplied by Rio Minerals Limited of Vancouver, B.C. and Discovery Consultants (specifically Tom Carpenter, P. Geo) of Vernon, BC and consisted of the following personnel: Bruce Brownlee, Andrew Molnar, Riley Molnar, Robert Paeseler, and Jason Fast.

Tom Carpenter P. Geo., conducted geological fieldwork with the assistance of Bruce Brownlee of Rio Minerals Limited. Geological fieldwork consisted of 1:100 scale mapping of the Triumph, Mitzi, and Sunset areas as well as revisiting areas of past work (Portland, Douglas, and Copper Wonder).

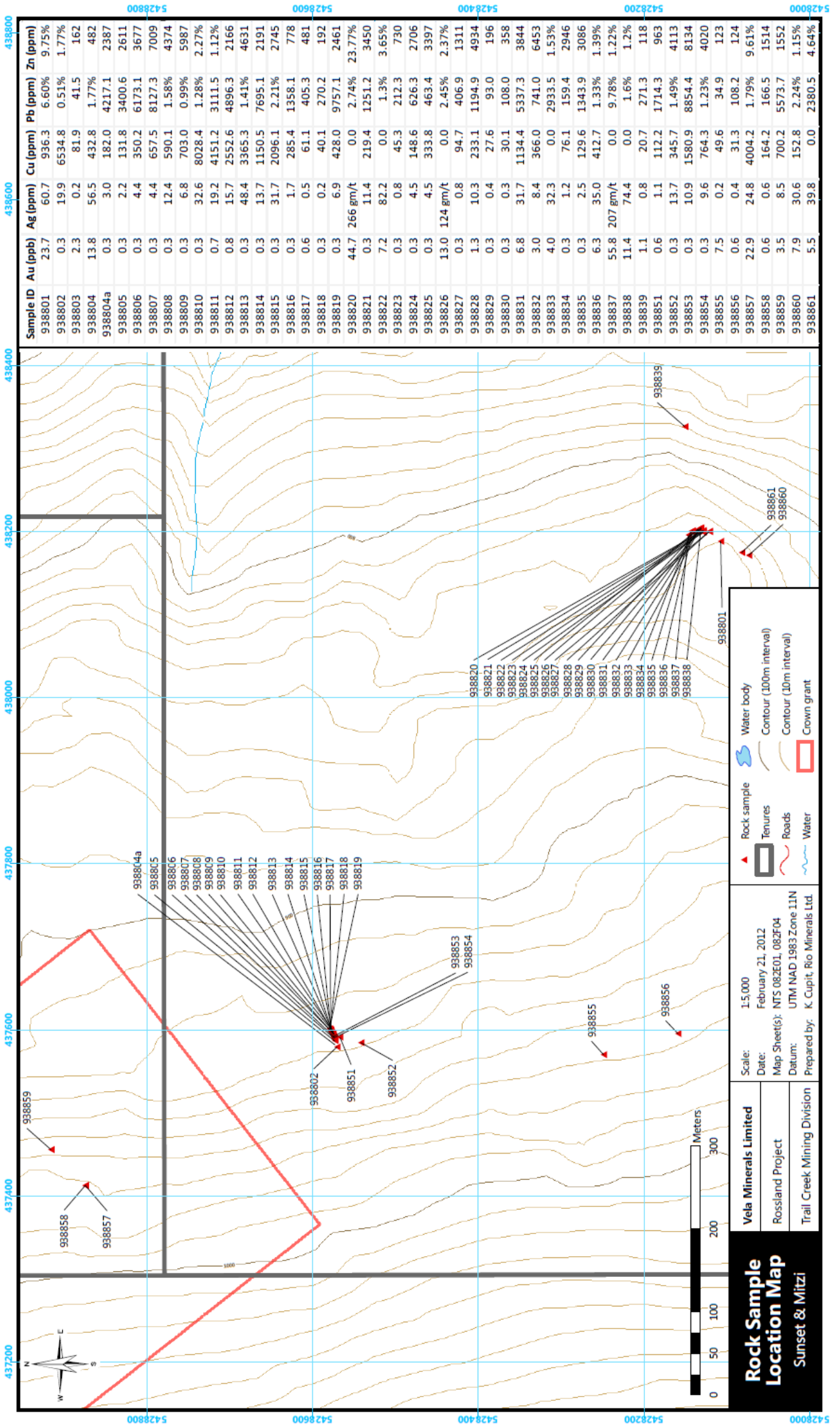
All samples were forwarded to Acme Analytical Laboratories Ltd. in Vancouver for 36-element ICP-MS analysis (Group 1-DX2).

Rock Sampling Results

A total of 89 chip channel rock samples were collected during 2011 exploration program. The rock samples were taken by hand trenching and chip sampling across one metre or less from workings in the Mitzi, Sunset, and Triumph area. A few grab samples were also taken during the sampling program. Sample locations and analytical results are shown on Figures 14 and 15. The results display a wide range of concentrations for different metals. The results from Mitzi trench indicate high copper, lead, and zinc values. The copper values are from 40.1 ppm to 8,028.4 ppm, lead values are from 270.2 ppm to over 10,000 ppm, and zinc values are from 192 ppm to over 10,000 ppm. Gold and silver values are low in this area. Sample No. 938872 is located on a Crown Grant which is not part of the Property.

Chip channel rock samples from the Triumph area were taken by digging two trenches. The results of trench 1 indicate the concentration of gold is from 3.5 ppb to 1,896 ppb; silver 0.2 ppm to 38.2 ppm, copper 18 ppm to 1,434.9 ppm; lead 13.3 ppm to 3,591.1 ppm; and zinc 74 ppm to 4,185 ppm. Similarly, the results of trench 2 indicate the concentration of gold is from <0.5 ppb to 237.2 ppb; silver <0.1 ppm to 14.6 ppm, copper 3.8 ppm to 179.1 ppm; lead 11.2 ppm to 1,783 ppm; and zinc 19 ppm to 378 ppm.

Chip channel rock samples from the Sunset area indicate the concentration of gold is from <0.5 ppb to 44.7 ppb; silver 0.8 ppm to >100 ppm, copper 27.6 ppm to >10,000 ppm; lead 93 ppm to >10,000 ppm; and zinc 196 ppm to >10,000 ppm.

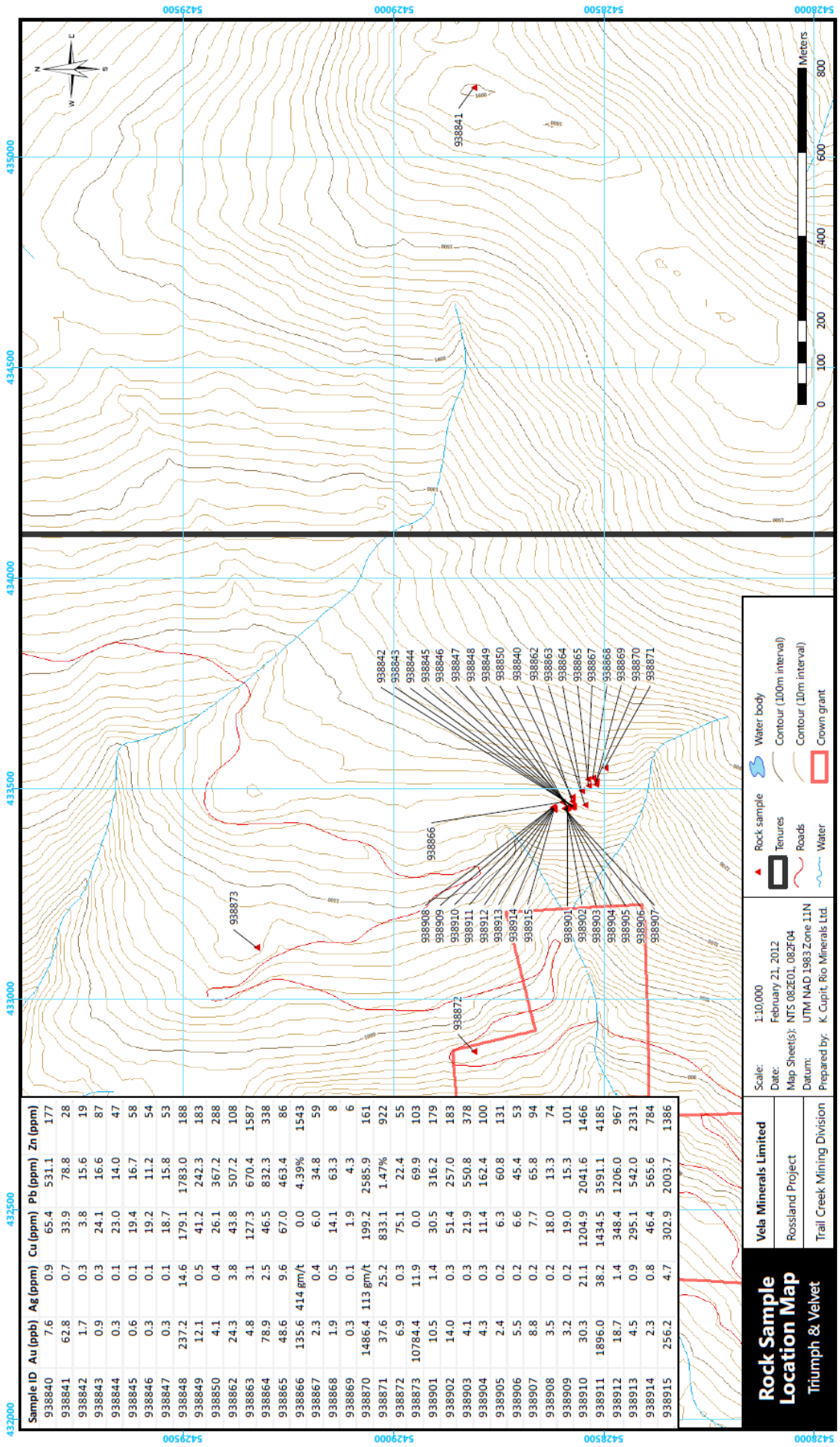


Vela Minerals Limited
 Rossland Project
 Trail Creek Mining Division

Scale: 1:5,000
 Date: February 21, 2012
 Map Sheet(s): NTS 082E01, 082F04
 Datum: UTM NAD 1983 Zone 11N
 Prepared by: K. Cupit, Rio Minerals Ltd.

- Rock sample
- Tenures
- Roads
- Water
- Water body
- Contour (100m interval)
- Contour (10m interval)
- Crown grant

Rock Sample Location Map
 Sunset & Mitzi



Sample ID	Au (ppb)	Ag (ppm)	Cu (ppm)	Pb (ppm)	Zn (ppm)
938840	7.6	0.9	65.4	531.1	177
938841	62.8	0.7	33.9	78.8	28
938842	1.7	0.3	3.8	15.6	19
938843	0.9	0.3	24.1	16.6	87
938844	0.3	0.1	23.0	14.0	47
938845	0.6	0.1	19.4	16.7	58
938846	0.3	0.1	19.2	11.2	54
938847	0.3	0.1	18.7	15.8	53
938848	237.2	14.6	179.1	1783.0	188
938849	12.1	0.5	41.2	242.3	183
938850	4.1	0.4	26.1	367.2	288
938862	24.3	3.8	43.8	507.2	108
938863	4.8	3.1	127.3	670.4	1587
938864	78.9	2.5	46.5	832.3	338
938865	48.6	9.6	67.0	463.4	86
938866	135.6	41.4 gm/t	0.0	4.39%	1543
938867	2.3	0.4	6.0	34.8	59
938868	1.9	0.5	14.1	63.3	8
938869	0.3	0.1	1.9	4.3	6
938870	1486.4	113 gm/t	199.2	2585.9	161
938871	37.6	25.2	833.1	1.47%	922
938872	6.9	0.3	75.1	22.4	55
938873	10784.4	11.9	0.0	69.9	103
938901	10.5	1.4	30.5	316.2	179
938902	14.0	0.3	51.4	257.0	183
938903	4.1	0.3	21.9	550.8	378
938904	4.3	0.3	11.4	162.4	100
938905	2.4	0.2	6.3	60.8	131
938906	5.5	0.2	6.6	45.4	53
938907	8.8	0.2	7.7	65.8	94
938908	3.5	0.2	18.0	13.3	74
938909	3.2	0.2	19.0	15.3	101
938910	30.3	21.1	1204.9	2041.6	1466
938911	1896.0	38.2	1434.5	3591.1	4185
938912	18.7	1.4	34.8	1206.0	967
938913	4.5	0.9	295.1	542.0	2331
938914	2.3	0.8	46.4	565.6	784
938915	256.2	4.7	302.9	2003.7	1386

Rock Sample Location Map
Triumph & Velvet

Vela Minerals Limited
Rossland Project
Trail Creek Mining Division

Scale: 1:10,000
Date: February 21, 2012
Map Sheet(s): NTS 082E01, 082F04
Datum: UTM NAD 1983 Zone 11N
Prepared by: K. Cuptit, Rio Minerals Ltd.

Legend:
 Rock sample (Red triangle)
 Water body (Blue area)
 Tenures (Black outline)
 Roads (Red line)
 Water (Blue line)
 Contour (100m interval) (Brown line)
 Contour (10m interval) (Brown line)
 Crown grant (Red outline)

Stream Sediment Survey

A regional stream sediment sampling was carried out to establish the metal content of sediments brought down by drainage systems in various areas of the Rossland Property. The sediment survey results indicated arsenic values of 0.8 ppm to 25.7 ppm (higher values in the eastern part of the survey area), gold ranged from 0.5 ppb to 217.5 ppb (higher values in the Portland–Velvet area), barium from 46 ppm to 385 ppm, copper 8.9 ppm to 837.9 ppm, and lead 11.6 ppm to 183.8 ppm. The Portland-Velvet area stands out in terms of relative concentration of gold, copper, and lead.

The samples collected during this survey were placed in Hubco silt sample bags, which were then dried, placed into marked poly bags, sealed with zap straps, placed into marked rice bags, double sealed with zap straps, and shipped directly to Acme Analytical Laboratories of Vancouver, British Columbia for Group IDX2 - 36 elements ICP analysis.

Soil Geochemical Survey

A total of 781 soil samples were collected from three soil grids at Triumph (481 samples), Mitzi (153 samples), and Sunset (147 samples) areas. Soil samples were placed in marked Kraft envelopes, which were then dried, placed into marked poly bags, sealed with zap straps, placed into marked rice bags, double sealed with zap straps, and shipped directly to Acme Analytical Laboratories of Vancouver, British Columbia for Group IDX2 - 36 elements ICP analysis.

Soil Geochemistry Results

The results of soil samples from Triumph grid (V-11 Grid) indicate a coincidental gold and copper anomaly in the south central part of the survey grid where isolated silver anomalies are also located. This grid is the northern extension of 2006 soil sampling grid. The gold copper anomaly extends to the south on the 2006 soil anomaly described in Section 6.2.4. Lead and zinc anomalies are more scattered and do not follow a definite trend, the eastern part of the grid is relatively more anomalous than the western part. As shown on Figures 21 to 26, a part of the soil grid in the south is located on a Crown Grant, therefore is not within the Property boundary.

On the Sunset grid, there is a strong copper, lead, zinc, and silver anomaly in the southeast part of the grid. Moderate and dispersed gold anomalies are found throughout the survey grid area.

On the Mitzie Grid, there are isolated gold and silver anomalies which are coincidental with larger anomalous zones of copper, lead and zinc (Figures 34 – 40). Northwest corner of the Mitzie Grid is located on a Crown Grant, and therefore is not a part of the Property.

Drilling

Vela has not performed drilling on the Rossland Property to date.

Sampling Preparation, Analysis and Security

The author was not present at the time of the 2011 work program and has only reviewed the data of such program. The author observed the flagging and several sampling locations of 2006 and 2011 soil sampling grids during September 11, 2011 site visit. All the rock trenching sites were also observed during the site visit and sample tags were in place for 2011 rock sampling program. The rock and soil samples were found to be collected at regular intervals from the potential mineralized locations and other areas of geological interest. Based on the author's field visit and the results of exploration work the samples appear to be representative of the sample

locations indicated. As discussed in Section 9.1, these samples represent a wide range of concentrations for different metals.

The rock chip channel samples collected during 2011 were placed in marked poly bags, sealed with zap straps, placed into marked rice bags, double sealed with zap straps, and shipped directly to Acme Analytical Laboratories of Vancouver, British Columbia for Group IDX - 31 element ICP analysis.

Soil samples from the 2011 exploration work were collected from the "B" horizon, typically at a depth of 15-45 cm with a shovel and spoon. Soil samples were placed in marked Kraft envelopes, which were then dried, placed into marked poly bags, sealed with zap straps, placed into marked rice bags, double sealed with zap straps, and shipped directly to Acme Analytical Laboratories of Vancouver, British Columbia for Group IDX - 31 element ICP analysis.

All the rock and soil samples collected during 2011 exploration work were prepared and analyzed by Acme Analytical Laboratories which is an accredited laboratory located in Vancouver, BC, Canada. Acme Analytical Laboratories is currently registered with ISO 9001:2000 accreditation which requires implementing and maintaining a quality assurance system that is compliant with one of the three applicable models (i.e. ISO 9001, 9002 or 9003).

Each soil sample was dried and sieved to provide an -80-mesh fraction. A 30gm split was collected from the -80-mesh fraction. All samples were leached with 60ml 2-2-2 HCL-HNO₃-H₂O at 95°C for one hour and then diluted to 200 ml. (Acme Analytical Laboratories analysis code Group 1-DX).

All rock samples were crushed to -10 mesh followed by pulverizing a 250-gram split to -150 mesh (95%). A 30-gram cut of the -150-mesh material from each sample was then analyzed for Group IDX - 31 element ICP analysis (Acme Analytical Laboratories analysis code Group 1-DX).

All sample pulps and rejects are stored by Acme Analytical Laboratories in Vancouver, British Columbia. All of the samples are recorded in a number of digital database formats, using Excel spreadsheets.

The sample preparation, security and analytical procedures used by the laboratories are considered adequate by the author for the 2011 exploration work as conducted by Vela.

During the September 11, 2011 Rossland Property visit, a total of fourteen rock samples were collected by the author and were placed in marked poly bags. All the rock samples were under the care and control of the author and a witness sample of each rock sample was retained and is available for viewing. The samples were prepared and analyzed by Acme Analytical Laboratories in Vancouver, BC, Canada using analytical code 1-DX-3B.

For the present study, the sample preparation, security and analytical procedures used by the laboratories are considered adequate. No officers, directors, employees or associates of Vela were involved in sample preparation. The samples are considered to be representative of dominant mineralization type expected on the Rossland Property.

Data Verification

The author visited the Rossland Property on September 11, 2011 accompanied by Andrew Molnar, the Optionor of the Rossland Property. Geological work was performed in order to verify the existing data and consisted of rock chip and grab sampling and visiting approachable 2006 and 2011 exploration areas and areas of previous workings. The samples collected during the present study are considered to represent the possible types of mineralization present on the Rossland Property. Sample flagging from the 2006 and 2011 soil survey grid and sample locations, trenching and rock sample tags were observed on the Rossland Property. Historical core stored in a worn out shed on the Sunset claim was observed but the core racks and boxes were damaged and markings were not observable.

Field descriptions of the samples collected during the September 11, 2011 Rossland Property visit are provided in Table 6.

Table 6: Field Descriptions and Locations of Samples

The samples were delivered by the author to Acme Analytical Laboratories labs in Vancouver, an accredited

Sample ID	Easting	Northin g	Elevatio n	Type/Area	Description
VM11-01	0433182	5429431	1,060 m	Grab from Portland-Velvet old workings	Vuggy quartz vein material in volcanics (Collected near sample 451137 – 2006)
VM11-02	0433182	5429431	1,060 m	Same as above	Altered volcanics with 20 to 30% disseminated sulphides (pyrite, pyrrhotite)
VM11-03	0433182	5429431	1,060 m	Same as above	Same as above with malachite staining along slickensides
VM11-04	0433432	5428622	1,151 m	Triumph showing-chip from a boulder outside the old	Vuggy quartz vein having sulphides at contact with volcanics (near 2006 sample 451143/451145)
VM11-05	0433432	5428622	1,151 m	Triumph showing-chip sample along 1 m long 30 cm wide zone	Quartz vein in volcanics, with alteration zone disseminated sulphides, mainly pyrite, pyrrhotite (near 2011 sample
VM11-06	0433459	5428610	1,160 m	Triumph- chip sample outcrop to the east of old workings	Quartz vein in volcanics with trace sulphides (near 2011 sample V11-938915)
VM11-07	0433454	5428580	1,171 m	Triumph – chip sample outcrop, along one metre length	Vuggy quartz having sulphides at contact with volcanics (near chip sample 938848-49)
VM11-08	0437581	5428572	941 m	Mitzi Showing – Trench 2011 outcrop chip sample	Volcanic rocks with porphyritic texture, 15-25% disseminated sulphides (near sample V11-938810)
VM11-09	0437581	5428575	939 m	Same as above	Same as above, more altered and friable with reddish brown alteration and malachite staining (near sample
VM11-10	0437574	5428578	941 m	Same as above	Same as above with more voids, trace sulphides, haematitic and limonitic alteration (near sample V11-938816)
VM11-11	0438160	5428080	845 m	Sunset Showing – outcrop chip sample within historical trench	Porphyritic volcanic rocks with trace sulphides
VM11-12	0438190	5428116	846 m	Another historical trench at Sunset Showing chip sample	Same as above with up to 30% sulphides (mainly pyrite, pyrrhotite), (near sample V11-938820)
VM11-13	0438190	5428116	844 m	Same as above	Outcrop of volcanic rocks with malachite staining (near sample V11-9388928)
VM11-14	0438171	5428109	851 m	Same as above	Porphyritic volcanic rocks with trace sulphides, haematitic alteration (near sample V11-9388934)

laboratory in Canada, for Group IDX – 36 elements ICP-MS and Group G6 – gold by fire assay. Over limit samples from IDX were analyzed by Group 7TD- which report percent level concentrations as determined by ICP emission spectrometry. Highlights of the assay results are provided in the following table 7.

Table 7 Assay Highlights

Table 8: Results of samples above the method detection limit

Method	G6	1D	1D	1D	1D	1D	1D	1D
Sample ID	Au	Ag	Co	Cu	Mn	Ni	Pb	Zn
	ppb	ppm	ppm	ppm	ppm	ppm	ppm	ppm
VM11-01	>10,000	8.6	>2,000	974	63	572	6	2
VM11-02	4,995	4.8	268	5,516	551	175	5	76
VM11-03	1,279	2	69	3,271	683	92	<3	100
VM11-04	111	>100	4	3,934	163	15	>10,000	4,976
VM11-05	765	49.3	21	>10,000	>10,000	99	6,425	>10,000
VM11-06	593	6.7	6	343	1,687	33	1,458	1,305
VM11-07	120	8.2	2	145	1,994	10	1,612	274
VM11-08	<5	36	68	>10,000	3,686	15	>10,000	>10,000
VM11-09	6	38.3	50	7,116	3,290	12	>10,000	6,617
VM11-10	5	3.4	21	474	3,392	15	2,203	1,071
VM11-11	143	>100	94	8,370	4,706	28	>10,000	>10,000
VM11-12	95	>100	258	>10,000	2,452	71	>10,000	>10000
VM11-13	6	8.9	18	249	2,254	10	1193	5,220
VM11-14	8	8.7	56	569	3,481	11	936	>10,000

Method	G6Gr	7TD	7TD	7TD
Sample ID	Au	Cu	Pb	Zn
	ppb	%	%	%
VM11-01	14,000			
VM11-04		0.368	3.01	0.53
VM11-05		0.985	0.58	2.54
VM11-08		0.997	1.67	3.01
VM11-09		0.698	1.91	0.75
VM11-11		0.803	4.33	3.98
VM11-12		2.323	4.05	15.50
VM11-14		0.051	0.09	6.28

Interpretation and Conclusions

The Rossland Property is located within the Rossland mining camp which is the second largest gold-producing camp in British Columbia. The area contains a wide variety of mineral deposits and numerous past producers. The main deposit types in this area are: Gold-Quartz-Ankerite Veins; Molybdenum-Gold Breccia Skarns; Gold-Copper Veins; Gold Bearing Skarns; and Polymetallic Veins.

The Rossland Property lies within a geological and structural environment located proximal to the prolific copper-gold-silver vein Rossland Camp. The Rossland Property mineral claims contain the Velvet, Douglas, and Sunset past producing underground mines, the Victory-Triumph prospect, and the Olga, Santa Rosa, Vermont, Mitzi, and Copper Wonder showings.

The Rossland district and surrounding region contain stratified volcanic and sedimentary rocks of Late Palaeozoic to Eocene age which have been intruded by at least seven intrusive events.

The data presented in this report is based on published assessment reports available from Vela, the British Columbia Ministry of Mines, Minfile data, the Geological Survey of Canada, and the Geological Survey of BC. A portion of the data was collected by the author during a September 11, 2011 Rossland Property visit. All the consulted data sources are assumed to be reliable for the purpose of this report. The historical information and data collected during the course of present study is considered sufficient to provide an opinion about the merit of the Rossland Property as a viable exploration target.

The mineralization found at the Portland-Velvet may have formed as mesothermal veins along structures related to Middle Jurassic thrust faults marginal to ophiolitic crustal and or mantle lithologies. The most applicable deposit model considered for the Rossland Property is Au-Cu Vein model which requires a systematic exploration approach by understanding local geology, structure, alteration, and geochemical trends. The available historical data and reports suggest that the distribution of many mineral deposits in south-eastern British Columbia are controlled, at least in part, by deep crustal structures. The crustal structures appear to have controlled the distribution of granitic magmas, outflow of hydrothermal fluids, and the formation of a variety of mineral deposit types.

A total of 89 rock samples were collected during 2011 exploration program. The samples were taken from the Mitzi, Sunset and Triumph areas by hand trenching. The results display a wide range of concentrations for different metals. The results from the Mitzi trench indicate high copper, lead and zinc values. The copper values are from 40.1 ppm to 8,028.4 ppm, lead values are from 270.2 ppm to over 10,000 ppm, and zinc values are from 192 ppm to over 10,000 ppm. Gold and silver values are low in this area.

Samples from the Triumph area were taken by digging two hand-trenches. The results of Trench 1 indicate the concentration of gold is from 3.5 ppb to 1,896 ppb; silver 0.2 ppm to 38.2 ppm, copper 18 ppm to 1,434.9 ppm; lead 13.3 ppm to 3,591.1 ppm; and zinc 74 ppm to 4,185 ppm. Similarly, the results of Trench 2 indicate the concentration of gold is from <0.5 ppb to 237.2 ppb; silver <0.1 ppm to 14.6 ppm, copper 3.8 ppm to 179.1 ppm; lead 11.2 ppm to 1,783 ppm; and zinc 19 ppm to 378 ppm.

Rock samples from the Sunset area indicate the concentration of gold is from <0.5 ppb to 44.7 ppb; silver 0.8 ppm to >100 ppm, copper 27.6 ppm to >10,000 ppm; lead 93 ppm to >10,000 ppm; and zinc 196 ppm to >10,000 ppm.

The stream sediment survey results indicated that the Portland-Velvet area stands out in terms of relative concentration of gold, copper, and lead.

The 2011 exploration work has outlined soil geochemical anomalies in and around the Portland-Velvet Mine area, and the Sunset and Mitzi showings. The highest areas of anomalous geochemical response may indicate areas of buried undiscovered mineralization and should be investigated by a program of thorough geophysical surveying, prospecting, trenching, and more detailed geochemical/geophysical surveys in the areas of greatest interest.

Magnetometer surveys carried out over the 2006 grid area delineated general northerly trends related to possible mineralized zones throughout the grid area, but were not definitive in locating known specific mineral zones, such as the Portland-Velvet mineral zone. Future geophysical work in this area should employ techniques capable of locating conductive zones of mineralization such as VLF-EM and Induced Polarization.

Other historical work carried out on the Rossland Property is summarized as follows.

- 1. In 2006, Major Gold Ltd. carried out exploration work including rock sampling, soil geochemical survey, and ground magnetometer survey. The rock samples confirmed presence of high-grade gold, silver, copper, lead and zinc surface occurrences within the Rossland Property. The concentration of gold was from 72 ppb to 20,462 ppb (average 5194 ppb); silver 2 ppm to >100 ppm (average 16 ppm); copper 573.3 ppm to >10,000 ppm (average 3268 ppm); lead 1.1 ppm to >10,000 ppm (average 579 ppm); and zinc 6 ppm to >10,000 ppm (average 707 ppm). Soil geochemical work indicated anomalies in and around the Portland-Velvet Mine area, Copper Wonder showing, and Victory Triumph showing. The magnetometer surveys delineated general northerly trends related to possible mineralized zones throughout the grid area, but were not definitive in locating known specific mineral zones, such as the Portland-Velvet mineral zone. Further geophysical survey was recommended using techniques capable of locating conductive zones of mineralization such as VLF-EM and Induced Polarization.*
- 2. In 2001, the exploration work on the Sunset area indicated presence of soil anomalies on the showing. A total of 13 drill holes were completed for this Rossland Property which intersected anomalous silver, copper, zinc zones associated pyrite, galena, and chalcopyrite occurring in small fractures and in massive sections within silicified alteration zones.*
- 3. On the Vermont showing, 1987-88 exploration work indicated presence of a northwest trending soil geochemical anomaly in the western part of the Rossland Property, a gold plus base metal geochemical and geophysical anomaly in a north-south direction along the west side of Sophia mountain peak, and a few scattered gold plus base metal soil anomalies in the eastern portion of the grid.*
- 4. In 1987, the exploration work on Santa Rosa showing indicated a large coincident silver-copper-arsenic-lead-zinc anomalous zone at the south-central part of the Rossland Property.*
- 5. Exploration work carried out in 1983 on the Mitzi showing indicated an anomalous area of 175 m by 200 m around the main showing.*

The above-mentioned exploration data provides the basis for a follow-up work program including detailed geological mapping, prospecting, trenching and blasting, and sampling of important soil anomalies which are following structural and geological trends.

Based on the review of the historical data, past producing history, and results of present study, it is concluded that the Rossland Property is a property of merit and possesses a good potential for discovery of zinc, lead, copper, gold and other mineralization. Good road access and availability of exploration and mining services in the vicinity makes it a worthy mineral exploration target. The Rossland Property is an early stage exploration property and there is a risk that the recommended work program may not result in discovering a potential mineable resource on the Rossland Property.

The author is of the opinion that the present study has met its original objectives and provides the basis for listing on the TSX Venture Exchange.

Recommendations

In the qualified person's opinion the character of the Rossland Property is sufficient to merit the following Phased work program. This can be accomplished through a two phase exploration program, where each phase is contingent upon the results of the previous phase.

Phase 1 – Data Compilation, Geophysical Surveying, Trenching and Sampling

The suggested Phase 1 work program includes compilation of all the historical geological, geophysical and geochemical data available for the Rossland Property, and rendering this data into a digital database into GIS

formats for further interpretation. This work will include georeferencing historical survey grids; samples, drill holes, trenches, geophysical survey locations, and detailed property geological maps.

The fieldwork component of this phase will include geophysical surveying, trenching, blasting and sampling as warranted on the soil geochemical anomalies, geophysical survey trends, and historical trenching and locations of previous mining activity. The intent of this work would be to define the relationship of soil geochemical anomalies with the underlying and exposed bedrock, mineralization and sulphide bearing quartz veins. A 20-line kilometre 3-D Induced Polarization ground geophysical survey is proposed as part of this exploration. This work should be carried out on the following target areas:

1. Soil anomalies identified in the 2006 and 2011 soil geochemical surveys. Particular attention should be given to the gold and copper anomaly on the Portland–Velvet grid; the copper, lead, zinc and silver anomaly on the Sunset grid; and the gold anomaly on the Mitzi grid.
2. Vermont area geophysical and geochemical anomalies indentified by the 1987-88 exploration work.
3. Sunset area soil anomalies reported in the 2001 exploration work. Revisiting the old drill holes to confirm their locations and presence of any historical core.
4. A large coincident silver-copper-arsenic-lead-zinc anomalous zone in the Santa Rosa showing area.
5. The soil anomaly (175m x 200m) around the Mitzi showing.

The estimated cost of this program is \$308,825.

<i>Item</i>	<i>Unit</i>	<i>Rate</i>	<i>Number of Units</i>	<i>Total (\$)</i>
<i>GIS Software Licensing</i>	<i>Lump Sum</i>	\$2,500	1	2,500
<i>GIS Technician</i>	<i>days</i>	\$450	15	6,750
<i>Maps production and Report</i>	<i>Lump Sum</i>	\$10,000	1	10,000
<i>Bond and permitting</i>	<i>Lump Sum</i>	\$10,000	1	10,000
<i>3-D IP Geophysical Survey</i>	<i>line-km</i>	\$3,500	20	70,000
<i>Geological mapping and Prospecting 2 persons crew</i>	<i>days</i>	\$1,100	50	55,000
<i>Assaying rock samples</i>	<i>sample</i>	\$45	1000	45,000
<i>Excavator rental 30 days</i>	<i>days</i>	\$1,500	15	22,500
<i>Trenching and Blasting</i>	<i>days</i>	\$1,000	10	10,000
<i>Accommodation and Meals</i>	<i>days</i>	\$200	100	20,000
<i>Vehicles : 2 – 4x4 trucks</i>	<i>days</i>	\$300	30	9,000
<i>Supplies and Rentals</i>	<i>Lump Sum</i>	\$5,000	1	5,000
<i>Reports</i>	<i>Lump Sum</i>	\$15,000	1	15,000
		<i>Subtotal</i>		\$280,750
<i>Contingency (10%)</i>				\$28,075
TOTAL (CANADIAN DOLLARS)				\$308,825

Contingent upon favourable results from the Phase 1 work program, a carefully thought out Phase 2 program would include extension of the previous geochemical and geophysical surveys, and diamond drilling. The scope of work and cost of this phase will be

based upon the findings of the Phase 1 exploration programme and is expected to be \$500,000”

End of Extract from Technical Report

USE OF PROCEEDS

Funds Available

The gross proceeds of the Offering to the Company will be \$1,500,000. The estimated net proceeds of the Offering to the Company after deduction of the anticipated Agent's Commission of \$135,000 and the balance of the Corporate Finance Fee of \$12,500 plus HST of \$1,500 will be \$1,351,000. These figures assume the Over-Allotment Option is not exercised.

The total funds available to the Company at the close of the Offering including the estimated working capital of approximately \$12,052* as at March 31, 2012 and the net offering of \$1,351,000 are estimated to be \$1,363,052.

*This figure takes into account the \$50,000 Rossland Property payment which has been accrued as a current liability in the October 31, 2011 audited financial statements. The \$50,000 will be paid for the Rossland Property on the Listing Date.

The Company intends to spend its available funds as stated in this Prospectus. There may be circumstances however, where for sound business reasons, a reallocation of the funds available may be necessary. The principal purposes for which the funds available are intended to be used, in order of their priority are listed below.

	Description	Amount \$
1	Balance of the cost of the Offering.	30,000
2	Carry out Phase 1 of the recommendation of the Technical Report on the Rossland Property. See "Our Business" and "Our Property".	308,825
3	CEO and CFO Consulting Contracts. See "Executive Compensation" and "Material Contracts".	72,000
4	Legal and audit fees for one year.	30,000
5	Office expenses.	20,000
6	Estimated regulatory fees for one year.	20,000
7	Estimated fees for investor relations. (1)	40,000
8	Estimated costs of travel and conferences.	30,000
9	Unallocated working capital. (2)	812,227
	Total	1,363,052

(1) The Company plans to hire a person to conduct investor relations services. No one will be retained until after Closing of the Offering.

(2) The Company has negative cash flow from operating activities for the three month period ending January 31, 2012 of \$12,259 and \$11,568 from its incorporation to October 31, 2011 for an aggregate negative cash flow of \$23,827.

The unallocated working capital will be used to fund anticipated future negative cash flow and could be used to complete a portion of the Phase 2 program for the Rossland Property. Phase 2 is contingent upon favourable results from the Phase 1 work program, and would include extension of the previous geochemical and geophysical surveys and diamond drilling and is expected to be \$500,000.

If the results of the Phase 1 exploration program are not favourable the Company anticipates that it would have sufficient funds to meet its budgeted administrative costs for a further three years and may also have funds to acquire and explore another mining property. In that case the Company would have to determine the

appropriate method of acquiring another property. If Shares could not be used to acquire the said property, then the Company would have to look to raise further capital for acquisition purposes. The Company's management is confident that the proposed work program is a reasonable and prudent exploration program and that its budget is a reasonable estimate of the cost to undertake the proposed work program.

Business Objectives and Milestones

The Company's business objective is to conduct a recommended work program at a cost of \$308,825 on the Rossland Property pursuant to the Technical Report. Commencement of the exploration work in 2012 is dependent upon the Company receiving the net proceeds of the Offering.

<u>Event</u>	<u>Time Frame</u>
1. Closing	Within 90 days of filing final Prospectus
2. To carry out Phase 1 of the work program on the Rossland Property	Within 1 year of listing the Company's Shares on the TSX-V

See "*Our Business*" and "*Our Property*".

SELECTED FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion and analysis includes financial information from, and should be read in conjunction with, the financial statements of the Company and the notes thereto, appearing elsewhere in this Prospectus, as well as the disclosure contained throughout this Prospectus. The Company's financial statements have been prepared in accordance with international financial reporting standards (IFRS).

INTRODUCTION

Vela Minerals Ltd. (the "Company") was incorporated under the BCA-BC on May 19, 2011.

Annual Information

The following table is a summary of selected financial information for the Company for the three month period ended January 31, 2012 and the period from May 19, 2011, the date of incorporation, to October 31, 2011. The information presented below has been summarized from the Company's audited financial statements from the date of incorporation to October 31, 2011 and interim financial statements for the three month period ended to January 31, 2012 included elsewhere in this Prospectus.

For the period ended or as at	For the three months ended January 31, 2012	For the period from May 19, 2011 to October 31, 2011 (Audited)
Current assets (\$)	102,547	64,383
Mineral properties (\$)	165,046	149,237
Total assets (\$)	267,593	213,620
Current liabilities (\$)	53,920	60,188
Long term financial liabilities (\$)	-	-
Revenues (\$)	6	-
Net loss (\$)	75,259	46,568
Basic and diluted net loss per Share (\$)	(0.02)	0.01
Weighted average number of Shares outstanding	4,701,087	3,319,394

Management's Discussion and Analysis

The following management discussion and analysis of the financial condition and results of operations of the Company for the three month period ended January 31, 2012 and the period from incorporation to October 31, 2011 was prepared by management of the Company based on information available as at *, 2012.

Overall Performance

The Company is engaged primarily in the business of evaluating, acquiring and, if warranted, developing natural resource properties in British Columbia. The Company holds an option to acquire, subject to certain net smelter royalty interests, an undivided 100% interest in the Rossland Property, an exploration property situated in British Columbia as further described under the heading "*Our Property*". Under the terms of the Rossland Agreement, the Company paid cash consideration of \$20,000 with an additional \$50,000 to be paid on the Listing Date. The Company will also issue an aggregate of 500,000 Shares pursuant to the Rossland Agreement in four tranches of 125,000 Shares each over a one year period beginning with the Listing Date.

During the period of July 19th, 2011 through August 10th, 2011, the Company conducted exploration activities on the Rossland Property consisting of soil sampling, hand trenching and regional stream sediment sampling. Following completion of the Offering, the Company plans to carry out phase 1 of the recommendations of the Technical Report on the Rossland Property.

The Company has made an application to have its Shares listed on the TSX-V. The Company is an exploration stage company and has produced no revenues to date.

Results of Operations

During the three months ended January 31, 2012, the Company's comprehensive loss of \$75,259 which was derived from general and administrative expenses and share based payments. General and administrative expenses included the following: accounting and audit fees of nil (May 19 – October 31 2011("2011") - \$7,500) legal fees of \$11,238 (2011 - \$3,805); office and general expenses of \$1,027 (2011 - \$263). These general and administrative expenses primarily related to the Company's preparation for an initial public offering of its Shares. Share based payments of \$63,000 (2011 - \$35,000) were recorded as the result of 1,050,000 stock options being issued in November 2011.

During the quarter, the Company raised an additional \$100,000 by issuing 1,000,000 shares at \$0.10 per share. As at January 31, 2012, there were 5,000,000 Shares issued and outstanding compared with 4,000,000 shares outstanding at October 31, 2011.

During the three months ended January 31, 2012, the Company was primarily involved in evaluating the results of the exploration program carried out in the fall of 2011 and preparing a 43-101 report in support of listing the Company on the stock exchange. A total of \$15,809 was spent on the properties in the quarter net of a mineral exploration tax credit accrual of \$347. A breakdown of these expenditures is as follows:

Additions:

Assaying & petrographic	1,156
Geological consulting & salaries	15,000
Mineral tax credits	(347)

Balance for the three month period ended at January 31, 2012	\$ 15,809
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During the period from May 19, 2011 through October 31, 2011, the Company focused on acquiring and exploring the Rosslund Property and taking the necessary steps to prepare for the Offering. Exploration costs during the period totalled \$79,237 net of an accrual for mineral exploration tax credit of \$33,340. The Company also paid \$20,000 as the first option payment for the Rosslund Property and accrued an additional \$50,000 for the payment due to the Optionor on the Listing Date. Total mineral property expenditures for the period including the initial option payment and the upcoming option payment under the Rosslund Agreement were \$149,237. Exploration expenses to January 31, 2012 (excluding option payments) were composed of assaying and petrographic - \$18,995, claims and land use-\$1,443, geological consulting and salaries-\$83,561, travel & accommodations-10,594, vehicle usage-\$8,326 and field supplies - \$5,814. See Note 7 to the financial statements for the quarter ended January 31, 2012.

Liquidity and Capital Resources

The Company is a mining exploration and development company with no revenue producing properties and, consequently, does not generate operating income or cash flow. The Company has incurred losses since inception. The only current source of revenue is interest earned on its cash deposits. The Company has relied upon the issuance of equity capital to provide working capital to fund the Company's operations.

During the three months ended January 31, 2012, the Company raised \$100,000 in equity capital. During the period from May 19, 2011 to October 31, 2011, the Company's capital resources were limited to the \$165,000 raised from the sale of Shares. Since the Company does not expect to generate any revenue in the near future, it will continue to rely primarily upon the sale of Shares to raise capital. There can be no assurance that financing will be available to the Company when required or at all.

Other than for purposes of the Rosslund Agreement, and as described under the heading "Use of Proceeds", the Company does not have any commitments for material expenditures over either the near or long term and none are presently contemplated over and above normal operating requirements. The estimated balance of the costs of this Offering of \$30,000, the proposed \$308,825 Phase I program and the estimated general and administrative costs to be incurred by the Company during the 12 months following this Offering of \$212,000 are all expected to be paid from the net proceeds of this Offering. See "Use of Proceeds".

Off Balance Sheets Transactions

The Company has no off-balance sheet arrangements.

SHARE CAPITAL

Authorized: Unlimited common shares with no par value

Issued and Outstanding The Company has 5,000,000 Shares issued and outstanding at January 31, 2012 and its Share capital is \$237,500 net of share issuance costs of \$27,500 associated with the upcoming IPO. For the period ended October 31, 2011, the Company had 4,000,000 shares outstanding and its Share capital was \$165,000.

Escrow Shares

The Company has 4,500,000 Shares held in escrow by the Company's transfer agent. The escrowed Shares will be held in escrow and released pro-rata to the shareholders as to 10% of escrow Shares on the Listing Date and the remainder in six equal tranches of 15% every six months thereafter for a period of 36 months.

Stock Options

The Company adopted a stock option plan (the "Stock Option Plan") under which it can grant options to directors, officers, employees, and consultants for up to 10% of the issued and outstanding Shares from time to time. Under the Stock Option Plan, the exercise price of an option may not be less than the closing market price during the trading day immediately preceding the date of the grant of the option, less any applicable discount allowed by the Exchange. The options can be granted for a maximum term of 10 years and vest at the discretion of the board of directors.

On November 30, 2011, the Company granted 1,050,000 stock options to its directors, exercisable on the Listing Date. Each option is exercisable into one Share of the Company at a price of \$0.15 per Share for a term of five years from the Listing Date.

Transactions with Related Parties

There were no transactions with related parties during the three months ended January 31, 2012 or in the period from May 19, 2011 through October 31, 2011. The Company entered into consulting agreements dated November 30, 2011 with Derrick Strickland regarding the provision of CEO and geological services at an hourly rate of \$100 plus HST and with a private company owned by Dale Hansen for the provision of CFO and accounting services to be performed by Dale Hansen at an hourly rate of \$75 plus GST. The effective date of the consulting agreements is the Listing Date. The consulting agreements are subject to a one year renewal. The consulting agreements may be terminated by either party on two months notice.

Financial Instruments

Fair Value of Financial Instruments

The Company's financial instruments recognized on the balance sheet consist of cash and cash equivalents, and accounts payable and accrued liabilities. Cash and cash equivalents are carried at fair value, measured under level 1 of the fair value hierarchy. Due to their short-term nature, the carrying values of accounts payable and accrued liabilities approximate their fair value.

Capital Management

The Company considers its capital to be the total shareholders' equity which at January 31, 2012 was \$213,673 and \$153,432 as at October 31, 2011.

The Company's objectives in managing its capital are: to maintain corporate and administrative functions necessary to support the Company's operations and corporate functions; to perform mineral exploration activities on the Company's exploration projects; and to seek out and acquire new projects of merit.

The Company manages its capital structure in a manner that provides sufficient funding for operational and capital expenditure activities. The Company is not subject to any externally imposed capital requirements. Funds are secured, when necessary, through the sale of Shares.

Market Risk

Interest risk

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments. The Company does not have significant amounts on deposit or debts. Outstanding and is therefore not subject to significant interest risk.

Credit risk

Credit risk is the risk of potential loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations. The Company's receivable balances are from tax authorities, therefore the Company is not subject to significant credit rate risk.

Liquidity Risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. As at January 31, 2012, the Company's working capital was \$48,627. As at October 31, 2011, the Company's working capital was \$4,195. In order for the Company to continue to perform an exploration program on its Rossland Property, and to continue operations, it will require additional equity financing.

All of the Company's financial liabilities, which consist of accounts payables and accrued liabilities and amounts due to related party, have contractual maturities of less than 90 days.

Significant Accounting Policies

Exploration and evaluation properties

The Company capitalizes all exploration and evaluation property expenditures including costs associated with acquisition, prospecting, sampling, mapping, assaying and other work involved in searching for mineral properties.

If a property is put into commercial production, the acquisition and exploration expenditures will be depleted using the units-of-production basis based upon the proven reserves available. Proceeds received from the sale of an interest in a property are credited against the carrying value of the property, with any excess included in income for the period. If a property is sold or abandoned, these expenditures will be written off. Costs associated with administrative overhead are expensed as incurred.

Exploration and evaluation properties are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Where there is evidence of impairment, the net carrying amount of the property will be written down to its fair value, with any excess included in net income for the period. The loss on impairment is not reversed even if the circumstances change and the net recoverable amount subsequently increases.

Cash and cash equivalents

Cash and cash equivalents include amounts on deposit with financial institutions and readily convertible, highly liquid investments with maturities of three months or less on inception that are expected to be used to fund current operations.

Financial instruments

The Company's financial assets and liabilities are classified and measured as follows:

- Cash and cash equivalents are classified as held for trading and are measured at fair value. Gains and losses related to periodic measurement are recorded in the statement of operations.
- Accounts payable and accrued liabilities are classified as other liabilities and are initially measured at fair value and subsequently at amortized cost using the effective interest rate method.

The fair value of financial instruments is measured within a 'fair value hierarchy' which comprises the following three levels:

Level 1:	Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2:	Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and
Level 3:	Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

Income taxes

Income taxes are calculated using the liability method of tax allocation accounting. Temporary differences arising from the difference between the tax basis of an asset or liability and its carrying amount on the balance sheet are used to calculate deferred income tax liabilities or assets. Deferred income tax liabilities or assets are calculated using tax rates anticipated to apply in the periods that the temporary differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs. To the extent that the Company does not consider it to be probable that a deferred tax asset will be recovered, it provides a valuation allowance against the excess.

Mineral exploration tax credits

Provincial Taxation authorities provide tax incentives for undertaking mineral exploration directives in certain areas. Refundable mineral exploration tax credits on eligible mineral exploration expenditures incurred in those areas are treated as a reduction of the capitalized exploration costs of the respective mineral properties.

Provisions

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

Share based payments

The Company measures transactions with third parties where stock is issued in exchange for goods or services based on the fair value of the consideration received, or the fair value of the stock issued, whichever is more reliably measurable.

Net income or loss per Share

Net income or loss per Share is computed by dividing the net income or loss by the weighted average number of Shares outstanding during the period. The treasury stock method of calculating diluted per share amounts is used whereby any proceeds from the exercise of stock options or warrants that are in-the-money are assumed to be used to purchase Shares of the Company at the average market price during the period. For periods in which the Company is in a net loss position, the effect of the exercise of stock options and warrants is anti-dilutive.

Other MD&A Requirements

Additional Disclosure for Venture Issuers without Significant Revenue

The details of general and administrative expenses are included in the consolidated statement of loss, comprehensive loss and deficit in the financial statements of the Company.

Disclosure of Outstanding Security Data

As at the date of this Prospectus, the Company has one class of share capital, of which 5,000,000 Shares are currently issued and outstanding. Other than the Agent's Compensation Option to be issued to the Agent in connection with the Offering and incentive stock options that have been issued pursuant to the Company's Stock Option Plan, the Company has no securities convertible to or exercisable to acquire Shares of the Company.

PLAN OF DISTRIBUTION

Pursuant to the Agency Agreement dated April 23, 2012, between the Company and the Agent, the Company has appointed the Agent to act as its exclusive agent to offer for distribution in the Selling Jurisdictions, on a commercially reasonable efforts basis, 10,000,000 Offered Shares for sale to the public by the Agent at an Offering Price of \$0.15 per Offered Share. The Company will pay the Agent an Agent's Commission equal to 9% of the gross proceeds of the Offering in cash. The Agent will also be paid a Corporate Finance Fee of \$25,000 plus HST of \$3,000 of which \$12,500 plus HST of \$1,500 has been paid and the balance of \$12,500 plus HST of \$1,500 will be paid at Closing of the Offering. The Agent will be reimbursed for its expenses and its legal fees and disbursements in connection with the Offering. The Company has paid the Agent an initial deposit of \$15,000 to be applied against such expenses.

The Agent has been granted a non-transferable option (the "Agent's Compensation Option") to purchase that number of Shares which is equal to 10% of the aggregate number of Offered Shares and Over-Allotment Shares (if any) sold under this Prospectus at an exercise price of \$0.15 per Share for a period of twenty-four months from the Listing Date. See "*Plan of Distribution*".

This Prospectus also qualifies for distribution the Agent's Compensation Option in the Selling Jurisdictions.

The Company has granted to the Agent the Over-Allotment Option exercisable in whole or in part at any time up to and including the Closing to solicit and accept subscriptions for up to 1,500,000 Over-Allotment Shares at the Offering Price. The Over-Allotment Option may only be exercised by the Agent to cover over-allotted subscriptions received from subscribers. This Prospectus qualifies the grant of the Over-Allotment Option and the issuance of any Over-Allotment Shares issuable upon exercise of the Over-Allotment Option.

The obligation of the Agent under the Agency Agreement may be terminated at its discretion on the basis of its assessment of the state of financial markets or upon the occurrence of certain stated events. The Agent has reserved the right to offer selling group participation in the Offering to other registered representatives. Any fee paid to such selling group will be paid by the Agent out of the Agent's Commission. The Offering Price was determined by negotiations between the Company and the Agent.

Subscriptions for the Offered Shares and the Over-Allotment Shares will be payable cash against delivery of the Share certificates representing the Offered Shares and any Over-Allotment Shares. Subscriptions for Offered Shares 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. The Offering must be completed within 90 days after the date of the issue of a final receipt for the Prospectus (unless an amendment is filed and receipted, in which event the Offering must be completed by a date not more than 180 days from the date of final receipt).

The Agent hereby conditionally offers, as Agent on behalf of the Company, the Offered Shares on a commercially reasonable efforts basis, subject to prior sale if, as, and when issued. The Closing is conditional upon, among other things, the receipt of subscriptions for 10,000,000 Offered Shares no later than 90 days after the final Prospectus receipt date. If the Offering has not been fully subscribed the Agent shall promptly return the proceeds of subscription without interest or deduction.

As at the date of this Prospectus, the Company 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.

The Shares offered hereby have not been and will not be registered under the United States *Securities Act of 1933*, as amended, and may not be offered or sold within the United States or to U.S. persons except in certain transactions exempt from the registration requirements of the United States *Securities Act of 1933*.

LISTING APPLICATION

The TSX-V has conditionally approved listing of the Shares. Listing is subject to the Company fulfilling all the listing requirements of the TSX-V which include distribution to a minimum number of public shareholders.

DESCRIPTION OF THE SECURITIES DISTRIBUTED

Authorized and Issued Share Capital

The Company is authorized to issue an unlimited number of Shares without par value, of which 5,000,000 Shares are issued and outstanding as fully paid and non-assessable as of the date hereof.

Common Shares

All of the Shares of the Company rank equally as to voting rights, participation in a distribution of the assets of the Company on the liquidation, dissolution or winding-up of the Company and the entitlement to dividends. The holders of the Shares are entitled to receive notice of all meetings of shareholders and to attend and vote such Shares at the meetings. Each Share carries with it the right to one vote. The Shares do not have pre-emptive rights and are not subject to redemption. Holders of the Shares are entitled to receive such dividends as may be declared by the board of directors out of funds legally available therefore. In the event of dissolution or winding up of the affairs of the Company, holders of the Shares are entitled to share rateably in all assets of the Company remaining after payment of all amounts due to creditors. See "*Plan of Distribution*".

PRIOR SALES

During the period from May 19, 2011 (date of incorporation) to the date of this Prospectus, the Company issued one Share at a price of \$0.01 per Share, which has been cancelled, 1,000,000 Shares at a price of \$0.015 per Share, 3,000,000 Shares at a price of \$0.05 per Share, and 1,000,000 Shares at a price of \$0.10 per Share for an aggregate of 5,000,000 Shares, which will represent 33.33% of the issued and outstanding Shares of the Company upon completion of the Offering.

4,500,000 of the issued Shares are held in escrow. See "*Escrowed Securities and Securities Subject to Contractual Restrictions on Transfer*".

	Date Issued	Number of Shares	Price per Share (\$)	Total fair value consideration (\$)	Total cash consideration (\$)	Date returned to treasury
1.	May 19, 2011	1	.01	.01	.01	June 15, 2011
2	June 15, 2011	400,000	0.015	6,000	6,000	
3	June 15, 2011	2,200,000	0.05	110,000	110,000	
4	June 17, 2011	100,000	0.015	1,500	1,500	
5	June 17, 2011	200,000	0.05	10,000	10,000	
6	June 22, 2011	500,000	0.015	7,500	7,500	
7	June 22, 2011	600,000	0.05	30,000	30,000	
8	November 30, 2011	500,000	0.10	50,000	50,000	
9	December 9, 2011	500,000	0.10	50,000	50,000	

1. Initial subscriber's share.
- 2-8. Shares issued to the directors of the Company.
9. Shares issued to arms length subscribers.

See "*Options to Purchase Securities*" regarding 1,050,000 stock options granted to the directors of the Company.

CAPITALIZATION

The following table sets forth the share and loan capital of the Company as at January 31, 2012 and at the date of this Prospectus. There is no long term debt. The table should be read in conjunction with the audited financial statements of the Company appearing elsewhere in this Prospectus.

<u>Authorized</u>	<u>Outstanding as at January 31, 2012</u>	<u>Outstanding as at the date of this Prospectus</u>	<u>Outstanding after giving effect to the Offering</u>
Common Shares (unlimited)	5,000,000 (\$265,000)	5,000,000 (\$265,000)	15,125,000 (1) (\$1,765,000)
Long Term Debt	Nil	Nil	Nil

- (1) Includes 125,000 Shares issued for the Rossland Property, assumes the Over-Allotment Option is not exercised, the Agent's Compensation Option is not exercised and none of the Stock Options are exercised. See "*Our Property*", "*Options to Purchase Securities*" and "*Plan of Distribution*".

OPTIONS TO PURCHASE SECURITIES

Options

The Company approved a Stock Option Plan on November 30, 2011. Under the Stock Option Plan, the Company can issue up to 10% of the issued and outstanding Shares at the time of grant as incentive stock options to directors, officers, insiders, employees and other service providers to the Company. The Stock Option Plan included the following:

- (a) a condition that options are non-assignable and non-transferable;
- (b) the term of an option cannot exceed ten years from the date of grant;
- (c) a condition that no more than 5% of the issued shares of the Company may be granted to any one individual in any 12 month period unless disinterested shareholder approval is obtained;
- (d) a condition that no more than 2% of the issued shares of the Company may be granted to any one consultant in any 12 month period;
- (e) unless otherwise determined by the directors an optionee can exercise one-third of the options at any time, after the first year an additional one-third and after the second year an additional one-third;
- (f) a condition that no more than an aggregate of 2% of the issued shares of the Company may be granted to a person conducting investor relations activities in any 12 month period and shall vest over 12 months with no more than 25% of the options vesting in any three month period;
- (g) the period in which an optionee's heirs or administrators can exercise any portion of its outstanding options is the earlier of: (a) one year from the optionee's death, or (b) the expiration of the option period.

The Stock Option Plan will be administered by the board of directors of the Issuer, or delegated to a committee of three directors of the Issuer which will have full and final authority with respect to the granting of all options thereunder. No such committee has not been set up.

On November 30, 2011 the Company granted five year options to purchase an aggregate of 1,050,000 Shares at \$0.15 per Share to its directors. The options expire five years after the Listing Date. The Shares issuable on exercise of the options and assuming the Over-Allotment Option is not exercised, would, if exercised, represent 6.5% of the Company's issued and outstanding Shares on completion of the Offering. There are no plans to exercise the options prior to completion of the Offering. The Options granted are as follows:

Optionee	Number of Options Granted	Expiration Date	Exercise Price
Two Executive Officers	650,000	Five years after the date of listing of the Shares on the Exchange	\$0.15 per Share (1), (2)
Two directors who are not Executive Officers	400,000		\$0.15 per Share (1), (2)
Total	1,050,000		

(1) The Exercise Price is the Offering Price.

(2) See "Selected Financial Information and Management Discussion and Analysis", "Executive Compensation" and "Material Contracts".

PRINCIPAL SHAREHOLDERS

Two of the directors currently own, directly or indirectly, or exercise control or direction over more than 10% of the Shares of the Company as at the date of this Prospectus. One director will directly exercise control or direction over more than 10% of the Shares of the Company on completion of the Offering.

Name of Shareholder	No. of Shares	% as at the date of this Prospectus	% upon completion of the Offering (1)	Number and % on a fully diluted basis (2)
Charles Chebry	2,900,000 (3)	58.00%	19.17%	3,100,000 8.73%
Tyro Industries Ltd. (owned by a director, Derrick Strickland)	1,200,000 (3)	24.00%	7.93%	1,550,000 9.37%

(1) Assumes these individuals do not participate in the Offering, the Over-Allotment Option is not exercised and any stock options held by such individuals are not exercised.

(2) Assumes the 1,050,000 stock options are exercised, the 1,000,000 Shares underlying the Agent's Compensation Option are issued, the balance of the 375,000 Shares are issued for the Rossland Property and the Over-Allotment Option is not exercised. See "*Options to Purchase Securities*", "*Our Property*" and "*Plan of Distribution*".

(3) The shares are held both beneficially and of record and are held in escrow. See "*Escrowed Securities and Securities Subject to Contractual Restrictions on Transfer*."

DIRECTORS AND OFFICERS

Name, Address, Occupation and Security Holding

The following table sets out information regarding each of the Company's directors and officers, including the municipality of residence, the position and office held and the period of time served in this position, their principal occupation for the previous five years and the number and percentage of securities beneficially owned, directly or indirectly, or over which control or direction is exercised.

Name, Municipality of Residence and Position Held	Date Appointed as a director or officer	Principal Occupation in the previous 5 years	Number Shares held prior to the Offering
Derrick Strickland (1) Vancouver, BC CEO, director	May 19, 2011	Self employed professional geologist	1,200,000 24.00% (3)
Charles Richard Chebry (1) (2) Calgary, Alberta Director	May 19, 2011	Mineral company executive	2,900,000 58.00%
Dale Lawrence Hansen (2) Calgary, Alberta CFO, director, Corporate Secretary	May 19, 2011	Oil and gas mineral company executive	350,000 7.00%

Gregory Alan Robb (2) Calgary, Alberta Director	November 10, 2011	Oil and gas executive	50,000 1.00%
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- (1) Mr. Strickland and Mr. Chebry are principal shareholders. See “*Principal Shareholders*”.
- (2) Member of the Company’s audit committee.
- (3) Held indirectly by a private company wholly owned by Derrick Strickland.

The term of office of all of the directors will expire on the date of the next annual general meeting of the Company’s shareholders.

As at the date of this Prospectus, the directors and of the Company, as a group, beneficially owned or controlled or directed, directly or indirectly, an aggregate of 4,500,000 Shares, representing 90% of the issued and outstanding Shares prior to the Offering.

Of the 4,500,000 Shares owned by the directors, 1,000,000 were issued at a price of \$0.15 per Share, 3,000,000 shares were issued at a price of \$0.05 per Share and 500,000 were issued at a price of \$0.010 per Share.

Upon completion of Offering, assuming no participation by any of the Company’s directors and officers in the Offering, the directors have not exercised their incentive stock options and the Over-Allotment Option is not exercised, the number and percentage of the Shares beneficially owned, directly or indirectly, or over which control or direction will be exercised by the directors and executive officers of the Company as a group will be 30% on completion of the Offering. These Shares are subject to escrow restrictions. See “*Escrowed Shares*”.

Biographical Information - Management

The persons forming the management team of the Company are described briefly below.

Derrick Strickland: Age: 45, Director and CEO

Mr. Strickland is a self employed professional geologist. He received a Bachelor of Science degree from Concordia University in April 1993 and an MBA from the University of Phoenix in February 2001. He received his British Columbia Professional Geologist designation (P. Geo.) in January 2002. He has more than 12 years of industry experience as a geological consultant.

Mr. Strickland is currently a director of the following TSX-V companies: Bastion Resources Ltd. (CNSX) since December 2009; New Shoshoni Ventures Ltd. (TSX-V) since October 2004 and Tajiri Ventures Corp. (now Tajiri Resources Corp) (TSX-V) since April 2011.

He was previously a director of the following companies: Bold Ventures Inc. (TSX-V) from October 2009 to September 2010; E-Energy Ventures Ltd. (TSX-V) from February 2009 to June 2011; Challenger Development Corp. from January 2008 to December 2011; Enwin Resources Inc. (OTC-US) January 2002 to February 2007; Gem International Resources Inc. (TSX-V) from September 2010 to June 2011; Gravity West Mining Corp. (TSX-V) from June 2007 to May 2009; International Samuel Exploration Corp. (TSX-V) from January 2007 to October 2010; Xenex Minerals Ltd. (NEX) from June 2006 to June 2011 and North American Potash Developments Inc. (formerly Ringbolt Ventures Ltd.) (TSX-V) from June 2006 to January 2012.

He was President of Ringbolt Ventures Ltd. (TSX-V) from June 2006 to October 2008 and Vice President of Exploration of International Samuel Exploration Corp. (TSX-V) from January 2007 to October 2010.

Mr. Strickland is subject to the confidentiality provision contained in the consulting agreement between him and the Company. He is not subject to any non competition restrictions. See “*Executive Compensation*”.

Mr. Strickland anticipates devoting approximately 25% of his time to the Company's affairs with the time increasing as required.

Dale Hansen: Age: 44 Director, CFO and Secretary

Mr. Hansen is a certified management accountant. He was granted the designation of a certified management accountant by Certified Management Accountants of Alberta in May 1996. Since November 2010 he has been the CFO of Argonaut Exploration Inc. (TSX-V) and Happy Creek Minerals Ltd. (TSX-V). He was self employed from January 2010 to August 2010. He was a manager of various departments of Suncor Energy Inc. from May 2000 to August 2009. Suncor Energy Inc. is still operating.

Mr. Hansen is subject to the confidentiality provision contained in the consulting agreement between him and the Company. He is not subject to any non competition restrictions. See "*Executive Compensation*".

Mr. Hansen anticipates devoting approximately 25% of his time to the Company's affairs with the time increasing as required.

Biographical Information - Non Management Directors

Gregory Alan Robb: Age: 55 Director

Mr. Robb is an oil and gas executive. He received a Bachelor of Science Geology from the University of Calgary in May 1982 and a Master of Science Geology from the University of Alberta in May 1985. He has been Vice-President of Exploration of Kallisto Energy Corp. (TSX-V) since November 2009. He was Vice-President of Exploration of Salvo Energy Corporation (a private Company) from September 2006 to August 2009 and Addison Energy Ltd. (a private company) from June 2000 to February 2006.

Mr. Robb will devote the time required in his position as a non management director. He has not signed a non-disclosure agreement or a non compete agreement.

Charles Chebry: Age: 52 Director

Mr. Chebry is a Certified Management Accountant. He is currently an officer and or director of the following TSX-V companies: CEO, President and director of Altiplano Minerals Ltd. since May 2010; director of Argonaut Exploration Inc. since June 2008; CEO and President of Cedar Mountain Exploration Inc. since January 2007; director of Cedar Mountain Exploration Inc. since March 2006; director of Happy Creek Minerals Ltd. since July 2008; director of North Country Gold Corp. since April 2010; director of Olympia Financial Group Inc. since March 1997; director of Target Capital Inc. since June 2008.

He was formerly an officer or director of the following TSX-V companies: CFO of Argonaut Exploration Inc. from June 2008 to October 2010; CFO and Vice-President of Finance of Eyelogic Systems Inc. from April 1998 to December 2006; Director of Eyelogic Systems Inc. from April 1998 to June 2011; CFO of Happy Creek Minerals Ltd. from July 2009 to October 2010; CFO of Kivalliq Energy Corp. from July 2008 to October 2010; Vice-President of Finance of Olympia Financial Group Inc. from March 1997 to December 2006; CEO, President, CFO and director of Arta Enterprises Inc. from December 2000 to July 2002; director of CBR Gold Corp. from July 2002 to April 2010; CFO and director of Kaminak Gold Corporation from April 2007 to March 2009.

Mr. Chebry will devote the time required in his position as a non management director. He has not signed a non-disclosure agreement or a non compete agreement.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

None of the Company's directors or executive officers are or have been within ten years prior to the date of this Prospectus, a director, Chief Executive Officer or Chief Financial Officer of any company including the Company that:

- (a) was subject to an order that was issued while the director or executive officer 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 the director or executive officer 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 that capacity as director, chief executive officer or chief financial officer.

For the purposes herein "order" means:

- (a) a cease trade order;
- (b) an order similar to a cease trade order; or
- (c) an order that denied the relevant company access to any exemption under securities legislation,

that was in effect for a period of more than 30 consecutive days.

None of the directors or executive officers of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

- (a) is, as at the date of this Prospectus, or has been within the 10 years before the date of this Prospectus, a director or executive officer of any company (including the Company) 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, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;
- (b) has, within the 10 years before the date of this Prospectus, 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 the director, executive officer or shareholder;
- (c) are or have been subject to 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
- (d) has been subject to 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 Company will not be devoting all of their time to the affairs of the Company as they have employment outside of the Company and some of them are directors and officers of other companies, some of which are in the same business as the Company. The directors and officers of the Company are required by law to act in the best interests of the Company. They have the same obligations to the other companies in respect of which they act as directors and officers. Discharge by the directors and officers of their obligations to the Company may result in a breach of their obligations to the other companies, and in certain circumstances this could expose the Company to liability to those companies. Similarly, discharge by the directors and officers of

their obligations to the other companies could result in a breach of their obligation to act in the best interests of the Company. Such conflicting legal obligations may expose the Company to liability to others and impair its ability to achieve its business objectives.

EXECUTIVE COMPENSATION

Compensation of Directors

Set out below are particulars of the compensation paid to the Named Executive Officers of the Company. Named Executive Officers or “NEOs” means the following individuals:

- (a) Each Chief Executive Officer,
- (b) Each Chief Financial Officer;
- (c) Each of the Company’s three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers at the end of the most recently completed financial year; and whose total salary and bonus exceeds \$150,000; and
- (d) Any additional individuals for whom disclosure would have been provided under (c) except that the individual was not serving as an officer of the Company at the end of the most recently completed financial year.

As at October 31, 2011 the Company had two Named Executive Officers, Derrick Strickland and Dale Hansen. No compensation was paid during the period from the date of incorporation to October 31, 2011.

Name and principal position (a)	Year (b)	Salary (\$) (c)	Share-based awards (\$) (d)	Option-based awards (\$) (e)	Non-equity incentive plan compensation (\$) (f)		Pension value (\$) (g)	All other Compensation (\$) (h)	Total Compensation (\$) (i)
					Annual incentive plans (f1)	Long-term incentive plans (f2)			
CEO Derrick Strickland	2011	Nil	Nil	Nil	Nil	Nil	Nil	17,500 (1)	Nil
CFO Dale Hansen	2011	Nil	Nil	Nil	Nil	Nil	Nil	3,500 (1)	Nil

- (1) Share based payments of \$63,000 (2011 - \$35,000) were recorded in Q1 2012 as the result of 1,050,000 stock options being issued in November 2011. Of the \$35,000 in share based payments reported in 2011, Derrick Strickland was allocated \$17,500, Dale Hansen was allocated \$3,500 and Charles Chebry was allocated \$14,000.

Compensation Discussion and Analysis

Goals and Objectives

Given the Company's current size and stage of development, the Board has not appointed a compensation committee and accordingly the Board as a whole will be responsible for determining the compensation (including long-term incentive in the form of stock options) to be granted to the Company's executive officers and directors to ensure that such arrangements reflect the responsibilities and risks associated with each position. Management directors are required to abstain from voting in respect of their own compensation thereby providing the independent members of the Board with considerable input as to executive compensation.

The Board intends to review, on an annual basis, the corporate goals and objectives relevant to executive compensation, evaluate each executive officer's performance in light of those goals and objectives and set the executive officer's compensation level based, in part, on this evaluation. The Board will take into consideration the Company's overall performance, shareholder returns, and the awards given to executive officers in past years. The Board may also consider the value of similar incentive awards to executive officers at comparable junior resource companies listed on the TSX-V, however, as of the date of this Prospectus, no specific companies or selection criteria for the establishment of a benchmark group have been identified by the Board.

Executive Compensation Program

It is expected that executive compensation will be comprised of two elements: base fee or salary, and long-term incentive compensation (share options). The Board will review the two components in assessing the compensation of individual executive officers and of the Company as a whole.

Base fees or salaries are intended to provide current compensation for executive officer's to meet the Company's goals, as well as to remain competitive with the industry. Base fees or salaries are compensation for job responsibilities and reflect the level of skills, expertise and capabilities demonstrated by the executive officers.

Stock options will be an important part of the Company's long-term incentive strategy for its officers, permitting them to participate in any appreciation of the market value of the Company's shares over a stated period of time, and are intended to reinforce commitment to long-term growth and shareholder value. Stock options reward overall corporate performance as measured through the price of the Company's shares and enables executives to acquire and maintain a significant ownership position in the Company. See "Option Based Awards" below.

Option Based Awards

Executive officers of the Company, as well as directors, employees and consultants, are eligible to participate in the Company's Stock Option Plan to receive grants of stock options. Individual stock options are granted by the Board as a whole and the size of the options is dependent on, among other things, each officer's level of responsibility, authority and importance to the Company and the degree to which such officer's long term contribution to the Company will be crucial to its long-term success. Stock options will normally be granted by the Board when an executive officer first joins the Company based on his or her level of responsibility within the Company. Additional grants may be made periodically to ensure that the number of options granted to any particular officer is commensurate with the officer's level of ongoing responsibility within the Company. The Board will also evaluate the number of options an officer has been granted, the exercise price of the options and the term remaining on those options when considering further grants. The Company anticipates that these options will be priced at the closing trading price of the Company's shares on the business day immediately preceding the date of grant. No options were granted to the Company's executive officers during the most recently completed fiscal year ended October 31, 2011. However, see "*Options To Purchase Securities*" for details of stock options granted to the Company's executive officers after October 31, 2011.

Summary of Compensation

No compensation was paid to the Named Executive Officers for the fiscal period ended October 31, 2011.

The Company does not provide retirement or other benefits for any of its directors or officers. The two Named Executive Officers entered into consulting agreements with the Company dated November 30, 2011. No options were granted as at the year ended October 31, 2011. 1,050,000 options were granted to the directors on November 30, 2011. See "*Options to Purchase Securities*" and "*Material Contracts*".

Consulting Agreements

The Company entered into consulting agreements dated November 30, 2011 with Derrick Strickland regarding the provision of CEO and geological services at an hourly rate of \$100 plus HST and with a private company owned by Dale Hansen for the provision of CFO and accounting services to be performed by Dale Hansen at an hourly rate of \$75 plus GST. The effective date of the consulting agreements is the Listing Date. The agreements provide for reimbursement of expenses, are for a term of 12 months subject to automatic one year renewals. The agreements are unaffected by a change of control. The consulting agreements may be terminated by either party on two months notice. See “*Selected Financial Information and Management Discussion and Analysis*” and “*Material Contracts*”.

Stock Option Plan

The Company has adopted a Stock Option Plan dated November 30, 2011. On November 30, 2011, the Company granted five year options to purchase 1,050,000 Shares at a price of \$0.15 per Share to its Named Executive Officers and non management directors.

See “*Selected Financial Information and Management Discussion and Analysis*” and “*Options to Purchase Securities*”.

Long-Term Incentive Plans, Options and SARs Awards in Most Recently Completed Fiscal year

During the fiscal year ended October 31, 2011 there were no option-based awards outstanding to any of the Named Executive Officers. However, see “*Options to Purchase Securities*” for details of stock options granted on November 30, 2011.

During the fiscal year ended October 31, 2011 there were no option based awards or share based awards vested in favour of, or non-equity incentive plan compensation paid or accrued to the Named Executive Officers.

The Company does not have any pension, retirement or deferred compensation plans, including defined contribution plans.

Compensation of Directors

The Company has not paid, awarded granted given or otherwise provided any compensation to its directors other than grant of options to purchase Shares. There are no plans to pay directors fees post Closing. See “*Option to Purchase Securities*”, “*Consulting Agreements*” above and “*Material Contracts*” regarding compensation.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No existing or proposed director or executive officer or employee of the Company or any associate of any of them, is or has, since the Company’s incorporation, been indebted to the Company.

PROMOTERS

Three of the directors, Derrick Strickland, Charles Chebry and Dale Hansen are considered to be the promoters of the Company as they took the initiative of founding the Company. Derrick Strickland currently owns directly and indirectly 1,200,000 Shares (24% of the issued Shares) and has a consulting contract with the Company to provide CEO services at an hourly rate of \$100 plus HST. Charles Chebry currently owns 2,900,000 Shares (58% of the issued Shares). Dale Hansen currently owns 350,000 Shares (7% of the issued Shares) and has a consulting contract with the Company to provide CFO services at an hourly rate of \$75 plus HST. All three promoters have options to acquire Shares at a price of \$0.15 per Share: Charles Chebry – 200,000, Dale Hansen – 300,000 and a company owned by Derrick Strickland - 350,000. See “*Executive Compensation*”, “*Material Contracts*” and

“Options to Purchase Securities” for details of proposed compensation and stock options granted to these individuals.

AUDIT COMMITTEE

As of the date of this Prospectus, the members of the audit committee of the Company are Charles Chebry, Dale Hansen and Gregory Robb. As defined in National Instrument 52-110 Audit Committees (“NI 52-110”), all of the members of the audit committee are “financially literate”. Dale Hansen is not independent pursuant to applicable legislation as he is the Company’s CFO and Corporate Secretary. Charles Chebry and Gregory Robb are not officers of the Company and are not involved in the day to day operations of the Company. As such, they are considered to be independent pursuant to applicable legislation. See “Material Contracts”.

Audit Committee Charter

Pursuant to NI 51-110, the Company’s audit committee is required to have a charter. The full text of the Company’s audit committee charter is attached as Schedule “A” to this Prospectus.

Relevant Education and Experience

All of the members of the audit committee have gained their experience by participating in the management of publicly traded companies other than the Company and they are all financially literate. They all have 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 reasonably be expected to be raised by the Company’s financial statements.

For a description of the education and experience of each of the audit committee members, see “Directors and Officers”.

Audit Committee Oversight

At no time since the beginning of the Company’s most recent completed financial year was a recommendation of the audit committee to nominate or compensate an external auditor not adopted by the Company’s Board of Directors.

Pre-Approval Policies and Procedures

The audit committee has not adopted specific policies and procedures for the engagement of non-audit services.

External Auditor Service Fees

Audit Fees and Audit-Related Fees

“Audit Fees” are billed by the Company’s external auditor for services provided in auditing the Company’s financial statements. “Audit-Related Fees are fees not included in Audit Fees that are billed by the auditor for assurance and related services that are reasonably related to performing the audit or reviewing the Company’s financial statements.

The audit fees billed by the Company’s external auditor from incorporation on May 19, 2011 to October 31, 2011 were \$7,500.

Tax Fees

Tax fees billed by the external auditor from incorporation on May 19, 2011 to October 31, 2011 were nil.

All Other Fees

All other fees are fees billed by the auditor for products and services not included in the previous categories. No fees for other services were billed by the Company's external auditor for the financial year ended October 31, 2011.

Exemption

As the Company is an "IPO Venture Issuer" as defined in National Instrument 41-101 – General Prospectus Requirements, the Company is relying on the exemption in section 6.1 of NI 52-110, from the requirements of Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110. The Company has not relied on the de minimus non-audit services exemption or any other exemption under Part 8 of NI 52-110.

CORPORATE GOVERNANCE

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day-to-day management of the Company. National Policy 58-201 *Corporate Governance Guidelines* establishes corporate governance guidelines which apply to all public companies. These guidelines are not intended to be prescriptive but to be used by issuers in developing their own corporate governance practices. The Board is committed to sound corporate governance practices and feels that the Company's corporate governance practices are appropriate and effective for the Company given its current size.

Pursuant to National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("NI 58-101") the Company is required to disclose its corporate governance practices, which are summarized below.

Board of Directors

The Board is currently composed of Charles Chebry, Dale Hansen, Gregory Robb and Derrick Strickland.

NI 58-101 suggests that the board of directors of a public company should be constituted with a majority of individuals who qualify as "independent" directors. An "independent" director is a director who is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to materially interfere with the director's ability to act with a view to the best interests of the company, other than interests and relationships arising from shareholding.

Charles Chebry and Gregory Robb are considered by the Board to be "independent" within the meaning of NI 58-101. Dale Hansen and Derrick Strickland are executive officers of the Company and accordingly are considered to be "non-independent".

The Board plans to meet for formal board meetings on an as needed basis to review and discuss the Company's business activities and to consider and if thought fit, to approve matters presented to the Board for approval, and to provide guidance to management. In addition, management will informally provide updates to the Board at least once per quarter between formal meetings. In general, management consults with the Board when deemed appropriate to keep it informed regarding the Company's affairs.

The Board will facilitate the exercise of independent supervision over management through these various meetings. At present, the Board does not have any formal committees other than its audit committee. When necessary, the Board will strike a special committee of independent directors to deal with matters requiring independence. The composition of the Board is such that the independent directors have significant experience in business affairs and, as a result, these directors are able to provide independent supervision over management.

In the event of a conflict of interest at a meeting of the Board, the conflicted director will in accordance with corporate law and in accordance with his fiduciary obligations as a director of the Company, disclose the nature and extent of his interest to the other directors and abstain from voting on any matter in which he has declared an interest.

Directorships

The following table lists the directorships of other reporting issuers that are held by the directors:

Charles Chebry

Name of Reporting Issuer	Market	Positions Held with Issuer
Altiplano Minerals Ltd.	TSX-V	Director
Argonaut Exploration Inc.	TSX-V	Director
Cedar Mountain Exploration Inc.	TSX- V	CEO, President Director
Happy Creek Minerals Ltd.	TSX-V	Director
North County Gold Corp.	TSX- V	Director
Olympia Financial Group Inc.	TSX- V	Director
Target Capital Inc.	TSX- V	Director

Derrick Strickland

Name of Reporting Issuer	Market	Positions Held with Issuer
Bastion Resources Ltd.	CNSX	Director
New Shoshoni Ventures Ltd	TSX-V	Director
Tajiri Ventures Corp.	TSX-V	Director

Dale Hansen

Name of Reporting Issuer	Market	Positions Held with Issuer
Argonaut Exploration Inc.	TSX-V	CFO Director

Orientation and Continuing Education

The Company has not yet developed an official orientation or training program for new directors. As required, new directors will have the opportunity to become familiar with the Company by meeting with the other directors and with officers and employees. Orientation activities will be tailored to the particular needs and experience of each director and the overall needs of the Board.

Ethical Business Conduct

The Board has adopted a code of business conduct and ethics to monitor the ethical conduct of

the Company and ensure that it complies with applicable legal and regulatory requirements, such as those of relevant securities commissions and stock exchanges. The Code governs the fiduciary duties placed on individual directors as well as the restrictions on the individual director's participation in decisions of the Board in which the director has an interest, in compliance with the Company's governing corporate legislation and the common law to ensure that the Board operates independently of management and in the best interests of the Company.

Nomination of Directors

The Board does not have a nominating committee. The full Board will be involved in nomination of new candidates for Board positions. Board members will be asked for recommendations of people that they know of or have heard of that would contribute to the success of the Company if added to the Board.

Compensation

The Company does not have a compensation committee as the Board of Directors is responsible for determining all forms of compensation, including long-term incentive in the form of stock options, to be granted to the senior officers and directors of the Company. The independent Board members review the compensation of the senior officers to ensure that it is competitive and to ensure such arrangements reflect the responsibilities and risks associated with each position. When determining the compensation of its senior officers, the Board considers: i) recruiting and retaining executives critical to the success of the Company and the enhancement of shareholder value; ii) providing fair and competitive compensation; iii) balancing the interests of management and the Company's shareholders; and iv) rewarding performance, both on an individual basis and with respect to operations in general.

Board Committees

The Board has no committees other than the audit committee. See “*Audit Committee.*”

Assessments

Any committee of the Board and individual directors will be assessed on an ongoing basis by the Board. The Board has not, as yet, adopted formal procedures for assessing the effectiveness of the Board, its committees or individual directors.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER

National Policy 46-201 – *Escrow for Initial Public Offerings* (“NP 46-201”) provides that all shares of an issuer owned or controlled by its principals will be escrowed at the time of the issuer's initial public offering, unless the shares held by the principal or issuable to the principal upon conversion of convertible securities held by the principal collectively represent less than 1% of the total issued and outstanding shares of the issuer after giving effect to the initial public offering.

Securities held by principals of the Company are held in escrow pursuant to NP 46-201 for a period of time following the Company's Offering as an incentive for the principals to devote their time and attention to the Company's business while they are security holders. Principals include all persons or companies that, on the completion of the Offering, fall into one of the following categories:

a) Directors and senior officers of the Company or the directors and officers of a material operating subsidiary of the Company;

b) Promoters during the two years preceding the Offering;

c) Those who own and/or control more than 10% of the Company's voting securities immediately before and after completion of the Offering if they also have elected or appointed or have the right to elect or appoint one or more of the Company's directors or senior officers or one or more of the directors or senior officers of a material operating subsidiary of the Company;

d) Those who own and/or control more than 20% of the Company's voting securities immediately before and after completion of the Offering; and

e) Associates and affiliates of any of the above.

The escrowed Shares will be held in escrow pursuant to the Escrow Agreement. The following is a list of the holders of escrowed Shares:

Name of Shareholder	Number of Shares held in escrow	Percentage of class as at the date of this Prospectus	Percentage of class after giving effect to the Offering (1)
Tyro Industries Corp. a private company owned by Derrick Strickland	1,200,000	24.0%	7.93%
Charles Chebry	2,900,000	58.0%	19.17%
Dale Hansen	350,000	7.0%	2.31%
Gregory Robb	50,000	1.0%	0.33%
Total	4,500,000	90.0%	29.75%

1) The percentage figures in this column assume the Over-Allotment Option is not exercised and the directors have not exercised their stock options.

All of the escrowed Shares are held by Computershare Trust Company of Canada and will be released according to the following schedule.

On the Listing Date	1/10 of the escrowed Shares
6 months after the Listing Date	1/6 of the remaining escrowed Shares
12 months after the Listing Date	1/5 of the remaining escrowed Shares
18 months after the Listing Date	1/4 of the remaining escrowed Shares
24 months after the Listing Date	1/3 of the remaining escrowed Shares
30 months after the Listing Date	1/2 of the remaining escrowed Shares
36 months after the Listing Date	The balance of the remaining escrowed Shares

The complete text of the Escrow Agreement may be viewed under the Company's profile on SEDAR at www.sedar.com following Closing.

CONFLICTS OF INTEREST

The directors of the Company will not be devoting all of their time to the affairs of the Company as they are employed by third parties and are also directors and officers of other companies, some

of which are in the same business as the Company. The directors and officers of the Company are required by law to act in the best interests of the Company. They have the same obligations to the other companies in respect of which they act as directors and officers. Discharge by the directors and officers of their obligations to the Company may result in a breach of their obligations to the other companies, and in certain circumstances this could expose the Company to liability to those companies. Similarly, discharge by the directors and officers of their obligations to the other companies could result in a breach of their obligation to act in the best interests of the Company. Such conflicting legal obligations may expose the Company to liability to others and impair its ability to achieve its ability to achieve its business objectives.

DIVIDEND POLICY

There is no restriction that would prevent the Company from paying dividends on Shares. However the Company has not paid dividends in the past and does not anticipate paying dividends in the near future. The Company expects to retain its earnings to finance future growth and when appropriate retire debt.

RISK FACTORS

This section describes the material risks affecting the Company's business, financial condition, operating results and prospects.

The securities offered hereby should be considered a highly speculative investment due to the nature of the Company's business and its present stage of development. A prospective investor should carefully review the risk factors set out below and all of the information disclosed in this Prospectus before making an investment decision. There may be other risks and uncertainties that are not known to the Company or that the Company currently believes are not material, but which also may have a material adverse effect on its business, financial condition, operating results or prospects. In that case, the trading price of the Company's Shares could decline substantially, and investors may lose all or part of the value of the Shares held by them.

An investment in the Shares of the Company should only be made by persons who can afford a significant or total loss of their investment. There is no market through which these Offered Shares may be sold and purchasers may not be able to resell Offered Shares purchased under this Prospectus.

Risks Related to our Business

Lack of Revenue

As the Company does not have revenues, it will be dependent upon future financings to continue its plan of operation. The Company has not generated any revenues since incorporation. The Company's business objectives include the implementation and execution of exploration programs on the Rosslund Property. There is no assurance that these exploration activities will result in the establishment of commercially exploitable mineral deposits on the Rosslund Property. Even if commercially exploitable mineral deposits are discovered, the Company may require substantial additional financing in order to carry out the full exploration and development of the Rosslund Property before the Company is able to achieve revenues from sales of mineral resources that the Company is able to extract.

There is no assurance the Company will have the funds required to pay annual fees to keep the Rosslund Property in good standing and to make option payments to keep certain property agreements in good standing. See "*Properties*" and "*Material Contracts*".

Use of Funds

The Company's management has significant flexibility in applying the proceeds received from the Offering. Because a portion of the proceeds are not allocated to any specific purpose, investment or transaction, you cannot determine the value or propriety of management's application of the proceeds on the Company's behalf. See "Use of Proceeds" for a more detailed description of how management intends to apply the proceeds of the Offering.

Negative Cash Flow

The Issuer has no history of earnings and had negative operating cash flow in the period from incorporation to October 31, 2011. The Rosslund Property is in the exploration stage and there are no known commercial quantities of mineral reserves on it. There is no assurance that the Rosslund Property will generate earnings, operate profitably or provide a return on investment in the future. The Company has not paid dividends in the past and has no plans to pay dividends for the foreseeable future. The future dividend policy of the Company will be determined by its directors.

Absence of Prior Public Market and Volatility of Share Prices

There has been no prior public market for the Company's Shares, and an active trading market may not develop or, if it does develop, may not be sustained. The lack of an active market may impair shareholders' ability to sell their Shares at the time they wish to sell them or at a price that they consider reasonable.

The lack of an active market may also reduce the fair market value and increase the volatility of the Shares. In the past, some companies have experienced volatility in their share value and have been the subject of securities class action litigation. The Company might become involved in securities class action litigation in the future. Such litigation often results in substantial costs and diversion of management's attention and resources and could have a negative effect on the Company's business and results of operation.

An inactive market may also impair the Company's ability to raise capital by selling Shares and to acquire other exploration properties or interests by using its Shares as consideration.

Conflicts of Interest

Certain of the directors and officers of the Company are also directors and officers of other resource companies involved in the mining industry and conflicts of interest may arise between their duties as officers and directors of the Company and as officers and directors of such other companies. Such conflicts must be disclosed in accordance with, and are subject to such other procedures and remedies as apply under the *BCA-BC*.

Dependence on Key Personnel

The Company's success is highly dependent upon the performance of key personnel working part-time in management, supervisory and administrative capacities or as consultants. The loss of the services of its senior management or key personnel could have a material and adverse effect on the Company and its business and results of operations. The Company does not maintain key man insurance regarding these individuals.

Insurance

The Company may not always be able or may choose not to obtain insurance for many of the risks that it faces. 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 Company 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 the value of the Company's securities. The Company is currently not insured against 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 Company will periodically evaluate the cost and coverage of the insurance that is available against certain environmental risks to determine if it would be appropriate to obtain such insurance. Without such insurance, and if the Company becomes subject to environmental liabilities, the payment of such liabilities would reduce or eliminate the Company's available funds or could exceed the funds it has to pay such liabilities and result in bankruptcy. Should the Company be unable to fund fully the remedial cost of an environmental problem, the Company might be required to enter into interim compliance measures pending completion of the required remedy.

Issuance of Debt

From time to time, the Company may enter into transactions to acquire assets or the shares of other companies. These transactions may be financed partially or wholly with debt, which may increase the Company's debt levels above industry standards. The Company's articles do not limit the amount of indebtedness that the Company may incur. The level of the Company's, indebtedness from time to time could impair the Company's ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise.

Reliance on Independent Contractors

The Company's success depends to a significant extent on the performance and continued service of independent contractors. The Company will contract the services of professional drillers and others for exploration, environmental, construction and engineering services. Poor performance by such contractors or the loss of such services could have a material and adverse effect on the Company and its business and results of operations and could result in failure to meet its business objectives.

Tax Issues

Income tax consequences in relation to the Shares will vary according to circumstances of each investor. Prospective investors should seek independent advice from their own tax and legal advisers prior to subscribing for the Shares.

Liquidity

The possible sale of Shares released from escrow on each release date could negatively affect the market price of the Company's Shares and also result in an excess of sellers of Shares to buyers of Shares and seriously affect the liquidity of the Shares. See "*Escrowed Securities*".

Risks Related to Mining

Exploration and Development

Resource exploration is a speculative business and involves a high degree of risk. There is no known body of commercial ore on the Rosslund Property and there is no certainty that the expenditures made by the Company in the exploration of the Rosslund Property or otherwise will result in discoveries of commercially recoverable quantities of minerals. The exploration for and development of mineral deposits involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Although the discovery of an ore body may result in substantial rewards, few properties explored are ultimately developed into producing mines. It is impossible to ensure that the current exploration programs planned by the Company will result in a profitable commercial mining operation.

Significant capital investment is required to achieve commercial production from successful exploration efforts. The commercial viability of a mineral deposit is dependent upon a number of factors. These include: (i) deposit attributes such as size, grade and proximity to infrastructure, (ii) current and future metal prices (which can be cyclical), and (iii) government regulations, including those relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and necessary supplies and environmental protection. The complete effect of these

factors, either alone or in combination, cannot be entirely predicted, and their impact may result in the Company not receiving an adequate return on invested capital.

Market fluctuations and the prices of metals may render resources uneconomic. Moreover, short-term operating factors relating to the mineral deposits, such as the need for orderly development of the deposits or the processing of new or different grades of ore, may cause a mining operation to be unprofitable in any particular accounting period.

There is no assurance that the Rossland Property possesses commercially mineable bodies of ore. The Rossland Property is in the exploration stage as opposed to the development stage and has no known body of economic mineralization. The known mineralization of the Rossland Property has not been determined to be economic ore and there can be no assurance that a commercially mineable ore body exists on the Rossland Property. Such assurance will require completion of final comprehensive feasibility studies and, possibly, further associated exploration and other work that concludes a potential mine is likely to be economic. In order to carry out exploration and development programs of any economic ore body and place it into commercial production, the Company may be required to raise substantial additional funding.

Acquisition of Additional Mineral Properties

If the Company loses or abandons its interest in the Rossland Property, there is no assurance that it will be able to acquire another mineral property of merit or that such an acquisition would be approved by the Exchange. There is also no guarantee that the TSX-V will approve the acquisition of any additional properties by the Company, whether by way of option or otherwise, should the Company wish to acquire any additional properties.

Land Claims

The Company's properties may now or in the future be the subject of aboriginal land claims. The legal nature of aboriginal land claims is a matter of considerable complexity. The impact of any such claim on the Company's ownership interest in the Company's properties cannot be predicted with any degree of certainty and no assurance can be given that a broad recognition of aboriginal rights in the area in which the properties is located, by way of a negotiated settlement or judicial pronouncement, would not have an adverse effect on the Company's activities. Even in the absence of such recognition, the Company may at some point be required to negotiate with holders of aboriginal interests in order to facilitate exploration and development work on the properties.

Fluctuating Mineral Prices

The Company's revenues, if any, are expected to be in large part derived from the extraction and sale of precious and base minerals and metals. Factors beyond the control of the Company may affect the marketability of metals discovered, if any. Metal prices have historically fluctuated widely. Consequently, the economic viability of any of the Company's exploration projects cannot be accurately predicted and may be adversely affected by fluctuations in mineral prices.

Title

There is no assurance that the Company's title to its properties will not be challenged. The acquisition of title to mineral exploration properties is a very detailed and time-consuming process. Title to and the area of mineral properties may be disputed. While the Company has diligently investigated title to its properties, it may be subject to prior unregistered agreements or transfers or aboriginal land claims and title may be affected by undetected defects. The Company has not surveyed the boundaries of its properties and consequently the boundaries may be disputed.

Permits and Licenses

There is no assurance that the Company will obtain required permits and licenses. The Company's operations may sometimes require licenses and permits from various governmental authorities. The Company believes that it will be able to obtain in the future all necessary licenses and permits to carry on the activities which it intends to conduct, and

intends to comply in all material respects with the terms of such licenses and permits. There can be no guarantee, however, that the Company will be able to obtain and maintain, at all times, all necessary licenses and permits required to undertake the proposed exploration and development or to place its properties into commercial production and to operate mining facilities thereon. In the event of commercial production, the cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations or preclude the economic development of a particular property.

Competitive Nature of the Mining Industry

There is aggressive competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company will be competing with other mining companies, many of which have greater financial resources than the Company does, for the acquisition of mineral claims, leases and other mineral interests, as well as for the recruitment and retention of qualified employees and other personnel. There can be no assurance that the necessary funds can be raised or that any projected work will be completed.

Environmental, Health and Safety Regulation of Resource Industry

All phases of the Company's operations are subject to environmental regulations in British Columbia. If the Rossland Property is proven to host economic reserves of metals, mining operations will be subject to federal, provincial and local laws relating to the protection of the environment, including laws regulating removal of natural resources from the ground and the discharge of materials into the environment. Mining operations will be subject to federal, provincial and local laws and regulations which seek to maintain health and safety standards by regulating the design and use of mining methods and equipment. Various permits from government bodies are required for mining operations to be conducted; no assurance can be given that such permits will be received. No assurance can be given that environmental standards imposed by federal, provincial or local authorities will not be changed or that any such changes would not have material adverse effects on the Company's activities. Moreover, compliance with such laws may cause substantial delays or require capital outlays in excess of those anticipated, thus causing an adverse effect on the Company. Additionally, the Company may be subject to liability for pollution or other environmental damage, which it may not be able to insure against.

Availability of Drilling Equipment and Access Restrictions

Mining exploration and development activities are dependent on the availability of drilling and related equipment in the particular areas where such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability of such equipment to the Company and may delay exploration and development activities.

Stress in the Global Economy

Reduction in credit, combined with reduced economic activity and the fluctuations in the United States dollar, may adversely affect businesses and industries that purchase commodities, affecting commodity prices in more significant and unpredictable ways than the normal risks associated with commodity prices. The availability of services such as drilling contractors and geological service companies and/or the terms on which these services are provided may be adversely affected by the economic impact on the service providers. The adverse effects on the capital markets generally make the raising of capital by equity or debt financing much more difficult and the Company is dependent upon the capital markets to raise financing. Any of these events, or any other events caused by turmoil in world financial markets, may have a material adverse effect on the Company's business, operating results, and financial condition.

Current Global Financial Condition

Current global financial conditions have been subject to increased volatility. Access to financing has been negatively impacted by both sub-prime mortgages in the United States and elsewhere and the liquidity crisis affecting the asset-backed commercial paper market. As such, the Company is subject to counterparty risk and liquidity risk. The Company is exposed to various counterparty risks including, but not limited to: (i) through financial institutions that hold the Company's cash; (ii) through companies that have payables to the Company; and (iii) through the Company's insurance providers. The Company is also exposed to liquidity risks in meeting its operating expenditure requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the ability of the Company to obtain loans and

other credit facilities in the future and, if obtained, on terms favourable to the Company. If these increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted and the trading price of the Shares could be adversely affected.

Environmental and other Regulatory Requirements

The operations of the Company require permits from various levels of government. Such operations are subject to laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. The Company believes it is in substantial compliance with all material laws and regulations that currently apply to its activities. There can be no assurance, however, that all permits which the Company may require for construction of mining facilities and conduct of mining operations, particularly environmental permits, will be obtainable on reasonable terms or that compliance with such laws and regulations would not have an adverse effect on the profitability of any mining project that the Company might undertake.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, 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 for violations of applicable laws or regulations and, in particular, environmental laws.

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 Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Unknown Environmental Risks for Past Activities

Exploration and mining operations involve a potential risk of releases to soil, surface water and groundwater of metals, chemicals, fuels, liquids having acidic properties and other contaminants. In recent years, regulatory requirements and improved technology have significantly reduced those risks. However, those risks have not been eliminated and the risk of environmental contamination from present and past exploration or mining activities exists for mining companies. Companies may be liable for environmental contamination and natural resource damages relating to properties that they currently own or operate or at which environmental contamination occurred while or before they owned or operated the properties. However, no assurance can be given that potential liabilities for such contamination or damages caused by past activities at these properties do not exist.

Political Regulatory Risks

Any changes in government policy may result in changes to laws affecting ownership of assets, mining policies, monetary policies, taxation, rates of exchange, environmental regulations, labour relations, repatriation of income and return of capital. This may affect both the Company's ability to undertake exploration and development activities in respect of present and future properties in the manner currently contemplated, as well as its ability to continue to explore, develop and operate the Rossland Property in which it has an interest or in respect of which it has obtained exploration and development rights to date. The possibility that future governments may adopt substantially different policies, which might extend to expropriation of assets, cannot be ruled out.

Currency Risk

Currency fluctuations may affect the cash flow which the Company may realize from its operations, since most mineral commodities are sold in a world market in U.S. dollars. The Company's costs are incurred primarily in Canadian dollars.

Unlimited Number of Authorized but Unissued Shares

The Company has an unlimited number of Shares that may be issued by the Board of Directors without further action or approval of the Company's shareholders. While the Board of Directors is required to fulfil its fiduciary obligations in connection with the issuance of such Shares, the Shares may be issued in transactions with which

not all shareholders agree, and the issuance of such Shares will cause dilution to the ownership interests of the Company's shareholders. See "*Our Property*" and "*Material Agreements*".

LEGAL PROCEEDINGS

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

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

There are no material interests, direct or indirect, of officers, senior officers, any shareholders who beneficially own, directly or indirectly, more than 10% of the outstanding Shares or any known associate or affiliates of such persons, in any transaction since incorporation or in any proposed transaction which has materially affected or is reasonably expected to materially affect the Company. See "*Our Business*" and the disclosure therein and in particular the disclosure regarding the Rossland Property.

RELATIONSHIP BETWEEN THE COMPANY AND THE AGENT

The Company is not a Related or Connected Issuer to the Agent (as such terms are defined in National Instrument 33-105 – *Underwriting Conflicts*).

AUDITORS, TRANSFER AGENT AND REGISTRAR

Auditor

The Company's auditor is Kenway Mack Slusarchuk Stewart, LLP, Chartered Accountants located at 333 - 11 Avenue SW, Suite 220, Calgary, Alberta T2R 1L9.

Transfer Agent

The Transfer Agent and Registrar of the Company's Shares is Olympia Trust Company of 1900 Cathedral Place, 925 West Georgia Street, Vancouver, BC V6C 3L2. Charles Chebry, a director of the Company, is a director of Olympia Trust Company.

MATERIAL CONTRACTS

The following are the material contracts entered into by the Company since incorporation:

Property Agreement

The Company has entered into the Rossland Agreement with an effective date of June 30, 2011 between the Company and the Optionor whereby the Company was granted an option to acquire a 100% interest in the Rossland Property comprising ten mineral claims. On January 11, 2012 the Company and the Optionor signed an addendum to the Rossland Agreement with an effective date of June 30, 2011, clarifying that the Rossland Agreement which only listed eight mineral claims should have included all ten mineral claims comprising the Rossland Property. See "*Our Business*" and "*Our Property*".

Consulting Agreements

The Company entered into consulting agreements dated November 30, 2011 with Derrick Strickland to provide CEO services and with a private company owned by Dale Hansen to provide CFO services. See “Executive Compensation”.

Escrow Agreement

Escrow agreement dated December 6, 2011 among the Company, Olympia Trust Company of Canada and the holders of the escrowed Shares. See “*Escrowed Securities*”.

Agency Agreement

Agency Agreement: dated April 23, 2012 between the Company and Macquarie Private Wealth Inc. See “*Plan of Distribution*”.

Copies of these agreements, together with the Technical Report, will be available on the SEDAR website at www.SEDAR.com, and will be available for inspection at the head office of the Company during normal business hours during the period of the distribution of the securities offered hereby and for a period of 30 days thereafter.

INTEREST OF EXPERTS

The auditor of the Company, Kenway Mack Slusarchuk Stewart, LLP, Chartered Accountants, audited the October 31, 2011 financial statements and is independent within the meaning of the Rules of Professional conduct of the Institute of Chartered Accountants of Alberta and as of the date of this Prospectus, did not own or have any registered or beneficial interests, direct or indirect, in any securities or other property of the Company.

Afzaal Pirzada prepared the Technical Report in accordance with NI 43-101 on behalf of the Company. Afzaal Pirzada is a “Qualified Person” and “Independent” as such terms are defined in NI 43-101. Afzaal Pirzada does not own any Shares of the Company nor have any interest in the Rossland Property.

OTHER MATERIAL FACTS

There are no further facts or particulars in respect of the securities being distributed pursuant to this Prospectus that are not already disclosed herein that are necessary to be disclosed for this Prospectus to contain full, true and plain disclosure of all material facts relating to such securities.

PURCHASERS’ STATUTORY RIGHT OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces in Canada 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 amendments. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or in some jurisdictions, revisions of the price or damages if the Prospectus and any amendment contain a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of such purchaser’s province. Purchasers of the Offered Shares or Over-Allotment Shares should refer to the applicable provisions of the securities legislation of the purchaser’s province for the particulars of these rights or consult with a legal adviser.

VELA MINERALS LTD.

Audit Committee Charter

(Approved by the Board November 30, 2011)

I. Mandate and Purpose of the Committee

The Audit Committee (the "**Committee**") of the board of directors (the "**Board**") of Vela Minerals Ltd. (the "**Company**") is a standing committee of the Board whose primary function is to assist the Board in fulfilling its oversight responsibilities relating to:

- (a) the integrity of the Company's financial statements;
- (b) the Company's compliance with legal and regulatory requirements, as they relate to the Company's financial statements;
- (c) the qualifications, independence and performance of the Company's auditor;
- (d) internal controls and disclosure controls;
- (e) the performance of the Company's internal audit function; and
- (f) performing the additional duties set out in this Charter or otherwise delegated to the Committee by the Board.

II. Authority

The Committee has the authority to:

- (a) engage and compensate independent counsel and other advisors as it determines necessary or advisable to carry out its duties; and
- (b) communicate directly with the Company's auditor.

The Committee has the authority to delegate to individual members or subcommittees of the Committee.

III. Composition and Expertise

The Committee shall be composed of a minimum of three members, each whom is a director of the Company. The Committee shall be comprised of members, a majority of whom are not officers, employees or Control Persons (as such term is defined in the policies of the TSX-V) of the Company.

Committee members shall be appointed annually by the Board at the first meeting of the Board following each annual meeting of shareholders. Committee members hold office until the next annual meeting of shareholders or until they are removed by the Board or cease to be directors of the Company.

The Board shall appoint one member of the Committee to act as Chair of the Committee. If the Chair of the Committee is absent from any meeting, the Committee shall select one of the other members of the Committee to preside at that meeting.

IV. Meetings

Any member of the Committee or the auditor may call a meeting of the Committee. The Committee shall meet at

least four times per year and as many additional times as the Committee deems necessary to carry out its duties. The Chair shall develop and set the Committee's agenda, in consultation with other members of the Committee, the Board and senior management.

Notice of the time and place of every meeting shall be given in writing to each member of the Committee, at least 72 hours (excluding holidays) prior to the time fixed for such meeting. The Company's auditor shall be given notice of every meeting of the Committee and, at the expense of the Company, shall be entitled to attend and be heard thereat. If requested by a member of the Committee, the Company's auditor shall attend every meeting of the Committee held during the term of office of the Company's auditor.

A majority of the Committee shall constitute a quorum. No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present in person or by means of such telephonic, electronic or other communications facility that permits all persons participating in the meeting to communicate adequately with each other during the meeting.

The Committee may invite such directors, officers and employees of the Company and advisors as it sees fit from time to time to attend meetings of the Committee.

The Committee shall meet without management present whenever the Committee deems it appropriate.

The Committee shall appoint a Secretary who need not be a director or officer of the Company. Minutes of the meetings of the Committee shall be recorded and maintained by the Secretary and shall be subsequently presented to the Committee for review and approval.

V. Committee and Charter Review

The Committee shall conduct an annual review and assessment of its performance, effectiveness and contribution, including a review of its compliance with this Charter. The Committee shall conduct such review and assessment in such manner as it deems appropriate and report the results thereof to the Board.

The Committee shall also review and assess the adequacy of this Charter on an annual basis, taking into account all legislative and regulatory requirements applicable to the Committee, as well as any guidelines recommended by regulators or the TSX Venture Exchange and shall recommend changes to the Board thereon.

VI. Reporting to the Board

The Committee shall report to the Board in a timely manner with respect to each of its meetings held. This report may take the form of circulating copies of the minutes of each meeting held.

VII. Duties and Responsibilities

(a) Financial Reporting

The Committee is responsible for reviewing and recommending approval to the Board of the Company's annual and interim financial statements, MD&A and related news releases, before they are released.

The Committee is also responsible for:

- (i) being satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, other than the public disclosure referred to in the preceding paragraph, and for periodically assessing the adequacy of those procedures;
- (ii) if deemed appropriate by the Committee, engaging the Company's auditor to perform a review of the interim financial statements and receiving from the Company's auditor a formal report on the auditor's review of such interim financial statements;

- (iii) discussing with management and the Company's auditor the quality of applicable accounting principles and financial reporting standards, not just the acceptability thereof;
- (iv) discussing with management any significant variances between comparative reporting periods; and
- (v) in the course of discussion with management and the Company's auditor, identifying problems or areas of concern and ensuring such matters are satisfactorily resolved.

(b) **Auditor**

The Committee is responsible for recommending to the Board:

- (i) the auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company; and
- (ii) the compensation of the Company's auditor.

The Company's auditor reports directly to the Committee. The Committee is directly responsible for overseeing the work of the Company's auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the Company's auditor regarding financial reporting.

(c) **Relationship with the Auditor**

The Committee is responsible for reviewing the proposed audit plan and proposed audit fees. The Committee is also responsible for:

- (i) establishing effective communication processes with management and the Company's auditor so that it can objectively monitor the quality and effectiveness of the auditor's relationship with management and the Committee;
- (ii) receiving and reviewing regular feedback from the auditor on the progress against the approved audit plan, important findings, recommendations for improvements and the auditor's final report;
- (iii) reviewing, at least annually, a report from the auditor on all relationships and engagements for non-audit services that may be reasonably thought to bear on the independence of the auditor; and
- (iv) meeting in camera with the auditor whenever the Committee deems it appropriate.

(d) **Accounting Policies**

The Committee is responsible for:

- (i) reviewing the Company's accounting policy note to ensure completeness and acceptability with applicable accounting principles and financial reporting standards as part of the approval of the financial statements;
- (ii) discussing and reviewing the impact of proposed changes in accounting standards or securities policies or regulations;

- (iii) reviewing with management and the auditor any proposed changes in major accounting policies and key estimates and judgments that may be material to financial reporting;
- (iv) discussing with management and the auditor the acceptability, degree of aggressiveness/conservatism and quality of underlying accounting policies and key estimates and judgments; and
- (v) discussing with management and the auditor the clarity and completeness of the Company's financial disclosures.

(e) **Risk and Uncertainty**

The Committee is responsible for reviewing, as part of its approval of the financial statements:

- (i) uncertainty notes and disclosures; and
- (ii) MD&A disclosures.

The Committee, in consultation with management, will identify the principal business risks and decide on the Company's "appetite" for risk. The Committee is responsible for reviewing related risk management policies and recommending such policies for approval by the Board and, once approved by the Board, overseeing the implementation and ongoing monitoring of such policies.

The Committee is responsible for requesting the auditor's opinion of management's assessment of significant risks facing the Company and how effectively they are managed or controlled.

(f) **Controls and Control Deviations**

The Committee is responsible for reviewing:

- (i) the plan and scope of the annual audit with respect to planned reliance and testing of controls; and
- (ii) major points contained in the auditor's management letter resulting from control evaluation and testing.

The Committee is also responsible for receiving reports from management when significant control deviations occur.

(g) **Compliance with Laws and Regulations**

The Committee is responsible for reviewing regular reports from management and others (e.g. auditors) concerning the Company's compliance with financial related laws and regulations, such as:

- (i) tax and financial reporting laws and regulations;
- (ii) legal withholdings requirements;
- (iii) environmental protection laws; and
- (iv) other matters for which directors face liability exposure.

VIII. Non-Audit Services

All non-audit services to be provided to the Company or its subsidiary entities by the Company's auditor must be pre-approved by the Committee.

IX. Submission Systems and Treatment of Complaints

The Committee is responsible for establishing procedures for:

- (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
- (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

The Company has adopted a Code of Business Conduct and Ethics (the "Code") which provides for the reporting and treatment of complaints and concerns. The Committee is responsible for reviewing complaints and concerns that are brought to the attention of the Chair of the Audit Committee in accordance with the provisions of the Code and the Policy and for ensuring that any such complaints and concerns are appropriately addressed. The Committee shall report quarterly to the Board on the status of any complaints or concerns received by the Committee.

X. Hiring Policies

The Committee is responsible for reviewing and approving the Company's hiring policies regarding partners, employees and former partners and employees of the present and former auditor of the Company.

**VELA MINERALS LTD.
Code of Business Conduct and Ethics**

(ADOPTED BY THE BOARD NOVEMBER 30, 2011)

Purpose and Application

The board of directors (the “**Board**”) of Vela Minerals Ltd. (the “**Company**”) has adopted this Code of Business Conduct and Ethics (the “**Code**”), which is designed to provide guidance on the conduct of the Company’s business in accordance with high ethical standards. As a public company, the Company must not only conduct, but must also be seen to conduct, its business in accordance with such high ethical standards.

The Code constitutes written standards that are reasonably designed to promote integrity and to deter wrongdoing. The provisions of this Code are mandatory.

The Code applies to every director, officer and employee of the Company and its direct or indirect subsidiaries (collectively “**Company Personnel**”). For the purposes of this Code, the term “**employee**” includes contractors and consultants who provide services to the Company or who act as the Company’s representative in dealings with third parties.

Company Personnel are expected to:

- ▶ Understand the requirements of his or her position, including Company expectations and applicable governmental rules and regulations.
- ▶ Comply with this Code and all applicable laws, rules and regulations.
- ▶ Report any violation of this Code of which he or she becomes aware.
- ▶ Be accountable for complying with this Code.

Compliance

The Company expects all Company Personnel to adhere to high standards of personal and professional integrity and to avoid any conduct that might reflect unfavourably upon himself or herself, other Company Personnel or upon the Company. The Company’s business goals are important and demanding, but these goals must be achieved honestly and ethically. Action or failure of action in contravention of the Code may be considered as unauthorized and outside the course of employment, and the Company may not indemnify Company Personnel for their costs that arise out of such conduct.

Company Personnel who have executive or managerial responsibilities are expected to ensure that the provisions of this Code are communicated to Company Personnel reporting to him or her.

Company Personnel are expected to comply with all aspects of this Code and to support others in doing so. In the event that Company Personnel violate this Code, other policies and procedures or any of the laws and regulations that govern the Company’s business, the Company will take immediate and appropriate action up to and including termination of employment or contract, claims for reimbursement of losses or damages, and reference to authorities.

The Board is responsible for monitoring compliance with the Code. A waiver of this Code will be granted only in exceptional circumstances and will be granted by the Board only.

Compliance with Laws

The Company and Company Personnel are expected to comply with all legal requirements applicable to the Company's business. Ignorance of the law is not a defense. Moreover, agreements or arrangements need not necessarily be in writing for contravention to be inferred from the conduct of the parties. If this Code does not cover a particular situation or if the application or interpretation of a local law is uncertain, or in circumstances where the proper course of ethical conduct is unclear, Company Personnel should seek the assistance of their supervisor who, if necessary, should seek competent local legal advice or, if necessary, the advice of the Company's counsel. If there is insufficient time to obtain such advice, Company Personnel should conduct themselves in a manner they would not hesitate to have fully publicly disclosed. Supervisors, on learning of any contravention of this Code, shall take appropriate corrective action.

Conflicts of Interest

A "conflict of interest" exists whenever an individual's private interests interfere or conflict in any way (or even appear to interfere or conflict) with the interests of the Company. Company Personnel must act honestly and in good faith, with a view to the best interests of the Company. Company Personnel must avoid all situations in which their personal interests conflict with or might appear to conflict with their duties to the Company.

The Company's basic policy is that, though Company Personnel are entitled to privacy in their personal affairs, Company Personnel have a duty to be free of those outside interests, activities and influences which might impair the exercise of their independent judgment, fiduciary responsibility, initiative or efficiency in acting for the Company, or expose Company Personnel to legal liability or public criticism.

If a director or officer of the Company has a material interest, either directly or indirectly, in any transaction or agreement that the Company proposes to enter into, such director or officer shall comply with the applicable laws, rules and policies which govern "conflicts of interest" in connection with such transaction or agreement. In addition, such director or officer shall disclose in writing the nature and extent of such interest in advance of any related Board or committee meeting and shall recuse himself or herself from any meeting at which the matter is discussed.

A director or officer will be deemed to have a material interest in any transaction or agreement which the Company proposes to enter into if such transaction or agreement is with an entity in which the director or officer has a material financial interest (as defined below) or with which the director or officer has a "material relationship". A material relationship is a relationship which could be reasonably expected to interfere with the exercise of an individual's independent judgement and will be presumed to exist in the situations described in Section 1.4 of NI 52-110 – *Audit Committees* as they relate to the other entity, including where the individual is an employee or executive officer of the other entity with which the Company proposes to transact.

Other potential conflicts of interest are so varied that it is impracticable to establish universal criteria in this Code as to what constitutes a prohibited conflict of interest. Set forth below are examples of the types of situations which could indicate a conflict of interest:

- ▶ **Financial Interest:** Company Personnel and their families (including spouse, children or spouse equivalent residing together) shall not own, control or hold a material financial interest in any business entity that does or seeks to do business with, or is in competition with the Company, unless prior written approval has been obtained from the Board of Directors in the case of directors or officers of the Company, or from the President and CEO in the case of all other Company Personnel, which approval shall only be given if it will not result in a detriment to the Company. A material financial interest will be presumed where ownership is in excess of 5% of the entity.
- ▶ **Outside Activities:** Company Personnel must ensure that any outside business or activity does not present a real or perceived conflict with the interests of the Company.
- ▶ **Outside Directorships:** Outside directorships are permitted with the approval of the Board in the case of officers, and with the approval of the President and CEO in the case of other employees. Any officer or employee accepting an approved outside directorship must ensure that such activity does not deprive the Company of the time and attention required of such officer or employee to perform his or her duties

properly, and must be aware of any potential for conflicts with the interests of the Company.

Fair Dealing

All customers, suppliers and independent contractors purchasing or furnishing goods and services must be dealt with fairly. Decisions to hire a subcontractor or source materials from a particular vendor must be made on the basis of objective criteria such as quality, reliability, technical experience, price, delivery, service and maintenance of adequate sources of supply.

Company Personnel shall not take unfair advantage of anyone, including the Company's security holders, customers, suppliers, competitors and employees, through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair-dealing practice.

Gifts and Entertainment

Company Personnel must be prudent in offering or accepting gifts (including tickets to sporting, recreational or other events) to or from a person or entity with which the Company does or seeks to do business.

Modest gifts, reasonable entertainment and other courtesies may be extended by appropriate Company Personnel to persons or entities doing business or otherwise having dealings with the Company if such activity can be justified to further the Company's best interests. No gift or entertainment should be of such value as to constitute a real personal enrichment of the recipient. Public scrutiny of the gift, entertainment or courtesy should not be embarrassing to or reflect unfavourably upon the Company or the recipient.

Company Personnel are prohibited from soliciting or receiving any gift, loan, reward or benefit from a supplier or other individual or entity that does or seeks to do business with, or is a competitor of, the Company. This prohibition does not extend to accepting modest gifts, favours or entertainment provided that no such gift, favour or entertainment is of such nature as might affect, or reasonably be thought by others to affect, the person's judgment or conduct in matters involving the Company.

Dealings with Officials

All dealings between Company Personnel and public or private officials must be conducted in a manner that will not compromise the integrity, or place in question, the reputation of the Company or such officials. No unlawful or otherwise improper payment or gift is to be made or offered with a view to assisting the Company in obtaining or retaining business, affecting the enactment or enforcement of any laws, or otherwise to obtain favours.

No employee or officer may offer improper payments when acting on behalf of the Company. Company funds must not be used to make payment or provide anything of value, directly or indirectly (through agents or otherwise), in money, property, services or any other form to a government official, political party or candidate for political office in consideration for the recipient agreeing to:

- ▶ exert influence to assist the Company in obtaining or retaining business or securing any advantage; or
- ▶ commit any act in violation of a lawful duty or otherwise influence an official act.

If Company Personnel are in doubt about the legitimacy of a payment, such situations should be immediately referred to the Chair of the Audit Committee.

Community and Local Public Relations

Community and local public relations shall always be conducted with integrity and sensitivity to others with the intent to build an image that will facilitate the Company's ability to achieve its goals while providing cooperation and support to its neighbours and host governments, as appropriate. Where appropriate, the Company may provide physical and/or financial assistance, on a local basis, to develop a cooperative relationship with its neighbours by active involvement in public works, education, medical and health services and other non-political matters where the Company's resources can compliment local operations and activities.

Confidential Information

Confidential information is information that is not known to the general public and includes technical, commercial and financial information and all intellectual property of the Company.

Company Personnel must protect the confidentiality of information concerning the Company and its business activities, as well as that of companies having business dealings with the Company. Confidential information may not be given or released without proper authority and appropriate protection to anyone not employed by the Company or to Company Personnel who have no need for such information.

Company Personnel are prohibited from trading or encouraging others to trade in the securities of the Company where the person trading is in possession of material non-public information.

Use of Corporate Assets and Opportunities

All Company Personnel are responsible for protecting the Company's assets against loss from unauthorized or improper use or disposition:

- ▶ **Use of Resources:** Resources, including Company time, materials, supplies, equipment, information, electronic mail and computer systems, are generally only to be used for Company purposes.
- ▶ **Use of Internet and Email:** Company computer resources and networks are provided for Company-related business purposes. Excessive personal use is inappropriate. Use of Company computer resources to view, retrieve or send sexually-related or pornographic messages or material, violent or hate-related messages or material, bigoted, racist or other offensive messages or other messages or material related to illegal activities is strictly prohibited.
- ▶ **Use of Company Name:** Company Personnel must not use their employment status to obtain personal gain from those doing or seeking to do business with the Company. Company Personnel may not use the Company's name or purchasing power to obtain personal discounts or rebates unless the discounts are made available to all Company Personnel.
- ▶ **Patents and Inventions:** Inventions, discoveries and patented or copyright material, made or developed by Company Personnel in the course of, and relating to, their employment with the Company are the property of the Company unless a written release is obtained or covered by contract.
- ▶ **Corporate Opportunities:** Company Personnel may not appropriate for themselves Company property or a business opportunity that has arisen through the use of Company property, information or by virtue of their position with the Company.

Health, Safety and Environment

The Company is committed to providing a safe and healthy working environment and protecting the public interest with standards and programs that meet or exceed industry standards and applicable government codes, standards and regulations in all jurisdictions in which it does business. All Company operations are to be conducted in a manner that protects the health and safety of Company Personnel and people in the communities where the Company operates. Employees must be aware of the safety issues and policies that affect their job, other employees and the community in general. Managers, upon learning of any circumstance affecting the health and safety of the workplace or the community, must act immediately to address the situation. Employees must immediately advise their managers of any workplace injury or any circumstance presenting a dangerous situation to them, other co-workers or the community in general, so that timely corrective action can be taken.

The Company is committed to sound environmental management. It is the intent of the Company to conduct itself in partnership with the environment and community at large as a responsible and caring corporate citizen. The Company is committed to managing all phases of its business in a manner that minimizes any adverse effects of its operations on the environment.

Employment Practices

The Company is committed to a workplace environment where Company Personnel are treated with dignity, fairness and respect. All Company Personnel have the right to work in an atmosphere that provides equal employment opportunities and is free of discriminatory practices and illegal harassment. The Company is committed to actions and policies to assure fair employment, including equal treatment in hiring, promotion, training, compensation, termination and corrective action and will not tolerate discrimination by its employees and agents.

The Company will not tolerate harassment of its employees, customers or suppliers in any form.

Books and Records

The Company's books, records and accounts are to reflect accurately, fairly and in reasonable detail, all transactions in accordance with the highest standards of integrity and applicable accounting standards.

Appropriate records must be kept of all transactions and there are to be no cash funds, bank accounts, investments or other assets, which are either not recorded or inadequately recorded on the books. No payment is to be approved without adequate supporting documentation.

Business documents and records (voice, paper and electronic) are to be retained in accordance with applicable law and the Company's record retention practices.

Individuals and entities with whom the Company deals may request that commissions, service fees and other amounts be remitted to third persons or bank accounts in third countries. Such payments may only be made if: (i) the amount payable does not arise from artificial additions to normal pricing; (ii) payment is authorized in writing by the individual or entity earning the commission, fee or other amounts; (iii) payment is made to the same individual or entity to which it is owed or to an affiliate under common ownership, and (iv) payment will not violate applicable law.

Frank disclosure is to be made to all reasonable enquiries of the Company's auditors and legal advisors.

Reporting Contraventions of the Code

Company Personnel are responsible for being aware of, understanding and complying with this Code. Company Personnel must promptly report any problems or concerns and any actual or potential violation of this Code. To do otherwise, will be viewed as condoning a violation of this Code.

There shall be no reprisal or other action taken against any Company Personnel who, in good faith, bring forward concerns about actual or potential violations of laws or the Code. Anyone engaging in any form of retaliatory conduct will be subject to disciplinary action, which may include termination.

Problems and concerns, including any actual or potential violation of this Code, should be reported immediately in accordance with the Company's Whistleblower Policy. Reports may be made anonymously.

Consequences of Violating this Code

Failure to comply with this Code will be considered by this Company to be a very serious matter. Depending on the nature and severity of the violation, disciplinary action may be taken by the Company, up to and including termination. In addition, the Company may make claims for reimbursement of losses or damages and may refer this matter to the authorities. Anyone who fails to report a violation upon discovery or otherwise condones the violation of this Code may also be subject to disciplinary action.

Vela Minerals Ltd.

Financial Statements

For the period from incorporation on May 19, 2011 to October 31, 2011



Kenway Mack Slusarchuk Stewart LLP
CHARTERED ACCOUNTANTS

Independent Auditors' Report

To: The Shareholders of **Vela Minerals Ltd.**

We have audited the accompanying financial statements of Vela Minerals Ltd., which comprise the balance sheet as at October 31, 2011 and the statements of loss and comprehensive loss, changes in equity, and cash flows for the period then ended, 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.

Auditors' 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 auditors' 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 auditors consider 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 controls. 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 Vela Minerals Ltd. as at October 31, 2011, and the results of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

We draw attention to Note 3 of the financial statements which indicates the existence of material uncertainty related to amounts or conditions that cast significant doubt upon the Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

April 23, 2011
Calgary, Alberta

Kenway Mack Slusarchuk Stewart LLP

Chartered Accountants

Vela Minerals Ltd.

Balance Sheet

As at October 31, 2011

Assets

Current

Cash and cash equivalents	\$	18,225
Harmonized sales tax receivable		12,818
Mineral exploration tax credit receivable (note 6)		33,340

64,383

Exploration and evaluation properties (note 7)

149,237

\$ 213,620

Liabilities

Current

Accounts payable and accrued liabilities	\$	10,188
Provision for obligation under purchase option agreement (note 8)		50,000

60,188

Shareholders' equity

Share capital (note 10)	165,000
Share option reserve	35,000
Deficit	(46,568)

153,432

\$ 213,620

Going concern (note 3)

Approved on behalf of the Board

Signed "*Derrick Strickland*" Director

Signed "*Dale Hansen*" Director

See accompanying notes to financial statements

Vela Minerals Ltd.

Statement of Loss and Comprehensive Loss

For the period from incorporation on May 19, 2011 to October 31, 2011

Expenses

Professional fees	\$ 11,305
Share based payments	35,000
Office and administration	263

Net loss and comprehensive loss for the period \$(46,568)

Weighted average number of shares outstanding 3,319,394

Basic and diluted net loss per common share \$ 0.01

See accompanying notes to financial statements

Vela Minerals Ltd.

Statement of Changes in Equity

For the period from incorporation on May 19, 2011 to October 31, 2011

	<u>Common Shares</u>		Share Option Reserve	Deficit	Total Equity
	Number of Shares	Amount			
Common shares issued for cash	4,000,000	\$ 165,000			\$ 165,000
Share based payments (note 10)			\$ 35,000		\$ 35,000
Net loss for the period				(46,568)	(46,568)
Balance as at October 31, 2011	4,000,000	\$ 165,000	\$ 35,000	\$ (46,568)	\$ 153,432

See accompanying notes to financial statements

Vela Minerals Ltd.

Statement of Cash Flows

For the period from incorporation on May 19, 2011 to October 31, 2011

Cash and cash equivalents provided by (used in)

Operating activities

Net loss for the year	\$ (46,568)
Items not involving cash	
Share based payments	35,000

(11,568)

Change in non-cash working capital items

Harmonized sales tax receivable	(12,818)
Accounts payable	10,188

(14,198)

Investing activities

Expenditures on exploration and evaluation properties, net of recoveries	(132,577)
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Financing activities

Common shares issued for cash	165,000
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Increase in cash and cash equivalents

18,225

Cash and cash equivalents - beginning of period

-

Cash and cash equivalents - end of period

\$ 18,225

Cash and cash equivalents consist of cash amounts on deposit

\$ 18,225

See accompanying notes to financial statements

Vela Minerals Ltd.

Notes to Financial Statements

For the period from incorporation on May 19, 2011 to October 31, 2011

1. Description of business

Vela Minerals Ltd. (“the Company”) was incorporated in Canada with limited liability under the legislation of the Province of British Columbia on May 19, 2011. The registered and records office is located at #810 – 675 W. Hastings Street, Vancouver, British Columbia, V6B-1N2.

The Company is in the business of acquiring and exploring mineral properties. The Company has not yet determined whether its properties contain mineral reserves that are economically recoverable. The Company’s plans are to carry out active exploration efforts on its mineral properties. The recoverability of the amounts shown for mineral properties is dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain necessary financing to conduct operations, and ultimately upon future profitable production or proceeds from disposition of the mineral properties.

At year end one of the directors holds a controlling number of shares.

2. Basis of presentation

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee. The financial statements were authorized for issue by the Board of Directors on December 9, 2011.

Basis of measurement

The financial statements have been prepared on the historical cost basis as set out in the accounting policies below. Certain items, including cash and cash equivalents, are stated at fair value.

Functional and presentation currency

The Company’s financial statements are presented in its functional currency, Canadian dollars (“\$”).

Use of estimates and judgments

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

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

Critical judgements and estimates in these financial statements include the following:

- Impairment of exploration and evaluation properties (note 7)
- Provisions for obligation under purchase option agreement (note 8)
- Measurement of share based payments (note 8)
- Deferred tax asset (note 9)

Vela Minerals Ltd.
Notes to Financial Statements

For the period from incorporation on May 19, 2011 to October 31, 2011

3. Going concern

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events or conditions that cast significant doubt upon the entity's ability to continue as a going concern.

The Company's ability to continue to meet its obligations and carry out its planned exploration activities is uncertain and dependent upon the continued financial support of its shareholders and on securing additional financing. There is, however, no assurance that any such initiatives will be sufficient and, as a result, there is significant doubt regarding the going concern assumption and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations for the foreseeable future. These adjustments could be material.

4. Accounting standards issued but not yet effective

The International Accounting Standards Board ("IASB") has issued a number of new standards, amendments to standards and interpretations that are not yet effective as of October 31, 2011, and have not been applied in preparing these statements. The Company is currently assessing the impact of these new standards, however it anticipates that these new standards will not have a material impact on the Company's financial statements.

Amendments to IFRS 7 "Financial Instruments: Disclosures"

This amendment increases the disclosure required regarding the transfer of financial assets that result in derecognition. This amendment is effective for annual periods beginning on or after July 1, 2011.

New standard IFRS 9 "Financial Instruments"

This new standard is a partial replacement of International Accounting Standards ("IAS") 39 "Financial Instruments: Recognition and Measurement". This new standard is effective for annual periods beginning on or after January 1, 2015.

The standard simplifies existing standards for the recognition and measurement of financial instruments. All financial instruments would be classified into one of two basic categories; those measured at amortized cost or those measured at fair value. The classifications would be based on both the characteristics of the instrument and the business model under which it is managed.

4. Accounting standards issued but not yet effective (continued)

New standard IFRS 10 “Consolidated Financial Statements”

This new standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where it is difficult to assess. IFRS 10 replaces those parts of IAS 27 Consolidated and Separate Financial Statements (revised 2011) that address when and how an entity should prepare consolidated financial statements and replaces SIC 12 Consolidation – Special Purpose Entities in its entirety. IAS 27 retains the current guidance for separate financial statements. The standard is effective for annual periods beginning on or after January 1, 2013.

New standard IFRS 11 “Joint Arrangements”

This new standard provides for a more substance based reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. IFRS 11 supersedes IAS 31 Interests in Joint Ventures and SIC 13 Jointly Controlled Entities – Non-Monetary Contributions by Ventures. IAS 28 Investments in Associates and Joint Ventures (revised 2011) has been amended to conform to changes based on the issuance of IFRS 10 and IFRS 11. The standard is effective for annual periods beginning on or after January 1, 2013.

New standard IFRS 12 “Disclosure of Interests in Other Entities”

This new standard requires extensive disclosures relating to an entity’s interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. An entity is required to disclose information that help users of its financial statements evaluate the nature of and risks associated with its interests in other entities and the effects of those interests on its financial statements. The effective date of IFRS 12 is January 1, 2013, but entities are permitted to incorporate any of the new disclosures in their financial statements before that date.

New standard IFRS 13 “Fair Value Measurement”

The new standard defines fair value, provides guidance on its determination, and requires disclosures about fair value measurements. This changes how fair value is calculated with a focus on measuring an exit price. This combination of IFRS and US Generally Accepted Accounting Principles into a single source does not change the how fair value is used with respect to the items that should be measured or disclosed at fair value. IFRS 13 is effective for annual periods beginning January 1, 2013.

Amendment to IAS 12 “Income Taxes”

IAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment provides further guidance in the area by stating that recovery of the carrying amount will, normally, be through sale. The change is effective for annual periods beginning on or after January 1, 2012.

Vela Minerals Ltd.
Notes to Financial Statements

For the period from incorporation on May 19, 2011 to October 31, 2011

5. Significant accounting policies

Exploration and evaluation properties

The Company capitalizes all exploration and evaluation property expenditures including costs associated with acquisition, prospecting, sampling, mapping, assaying and other work involved in searching for mineral properties.

If the properties are put into commercial production, the acquisition and exploration expenditures will be depleted using the units-of-production basis based upon the proven reserves available. Proceeds received from the sale of an interest in a property are credited against the carrying value of the property, with any excess included in income for the period. If the properties are sold or abandoned, these expenditures will be written off. Costs associated with administrative overhead are expensed as incurred.

Exploration and evaluation properties are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Where there is evidence of impairment, the net carrying amount of the property will be written down to its fair value, with any excess included in net income for the period. The loss on impairment is not reversed even if the circumstances change and the net recoverable amount subsequently increases.

Cash and cash equivalents

Cash and cash equivalents include amounts on deposit with financial institutions and readily convertible, highly liquid investments with maturities of three months or less on inception that are expected to be used to fund current operations.

Financial instruments

The Company's financial assets and liabilities are classified and measured as follows:

- Cash and cash equivalents are classified as held for trading and are measured at fair value. Gains and losses related to periodic measurement are recorded in the statement of operations.
- Accounts payable and accrued liabilities are classified as other liabilities and are initially measured at fair value and subsequently at amortized cost using the effective interest rate method.

The fair value of financial instruments is measured within a 'fair value hierarchy' which comprises the following three levels:

- Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and

Vela Minerals Ltd.
Notes to Financial Statements

For the period from incorporation on May 19, 2011 to October 31, 2011

5. Significant accounting policies (continued)

Financial instruments (continued)

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

Income taxes

Income taxes are calculated using the liability method of tax allocation accounting. Temporary differences arising from the difference between the tax basis of an asset or liability and its carrying amount on the balance sheet are used to calculate deferred income tax liabilities or assets. Deferred income tax liabilities or assets are calculated using tax rates anticipated to apply in the periods that the temporary differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs. To the extent that the Company does not consider it to be probable that a deferred tax asset will be recovered, it provides a valuation allowance against the excess.

Mineral exploration tax credits

Provincial Taxation authorities provide tax incentives for undertaking mineral exploration directives in certain areas. Refundable mineral exploration tax credits on eligible mineral exploration expenditures incurred in those areas are treated as a reduction of the capitalized exploration costs of the respective mineral properties.

Provisions

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

Share based payments

The Company measures transactions with third parties where stock is issued in exchange for goods or services based on the fair value of the consideration received, or the fair value of the stock issued, whichever is more reliably measurable.

Net income or loss per common share

Net income or loss per common share is computed by dividing the net income or loss by the weighted average number of common shares outstanding during the period. The treasury stock method of calculating diluted per share amounts is used whereby any proceeds from the exercise of stock options or warrants that are in-the-money are assumed to be used to purchase common shares of the Company at the average market price during the period. For periods in which the Company is in a net loss position, the effect of the exercise of stock options and warrants is anti-dilutive.

Vela Minerals Ltd.
Notes to Financial Statements

For the period from incorporation on May 19, 2011 to October 31, 2011

6. Mineral exploration tax credits

Qualifying exploration expenditures in British Columbia are subject to a 20% refundable provincial tax credit provided that these costs are not incurred by the Company to meet an expenditure obligation arising pursuant to an agreement to issue flow-through shares. In addition, costs incurred on the Company's Rossland property are subject to an additional 10% refundable tax credit because the Company's properties are located within an area prescribed by the British Columbia government as being significantly impacted by the Mountain Pine Beetle. These refundable tax credits have been accrued for qualifying exploration expenditures for the period ended October 31, 2011 and have offset the accumulated capitalized balance for the expected mineral properties.

7. Exploration and evaluation properties

	Rossland
Additions:	
Initial option payment	\$ 20,000
Provision for an additional option payment (note 8)	50,000
Assaying & petrographic	17,839
Claims and land use	1,443
Geological consulting & salaries	68,561
Travel & accommodations	10,594
Vehicle usage	8,326
Field supplies	5,814
Mineral tax credits (note 6)	<u>(33,340)</u>
	<u>\$ 149,237</u>
As at October 31, 2011:	
Acquisition of claims	\$ 70,000
Exploration	112,577
Mineral tax credits	<u>(33,340)</u>
	<u>\$ 149,237</u>

Rossland property

On June 30, 2011, the Company signed an option agreement to acquire a 100% interest in certain mineral claims located in the Trail and Rossland area of southern British Columbia. Under the terms of the Purchase Option Agreement, the Company paid cash consideration of \$20,000 with an additional \$50,000 to be paid upon listing on the TSX Venture exchange (the "Exchange"). The Company will also issue an aggregate of 500,000 shares in the Company pursuant to the option agreement in four tranches of 125,000 shares each over a one year period beginning with the date of listing.

Vela Minerals Ltd.
Notes to Financial Statements

For the period from incorporation on May 19, 2011 to October 31, 2011

8. Provision for obligation under purchase option agreement

The additional \$50,000 amount to be paid under the Rossland purchase option agreement (note 7) upon listing has been recognized as a liability. No amount has been recognized for the shares to be issued under the purchase option agreement as the fair value could not be reliably measured.

Additionally, the Company agrees to pay a royalty in an amount equal to 2% of net proceeds on all minerals produced from the Rossland property and sold by the Company. The Company has the option to purchase the royalty at any time by making a payment of cash equal to \$2,000,000.

9. Deferred income taxes

Reconciliation of the statutory combined federal and provincial income taxes to the effective income taxes:

For the period of May 19, 2011 through October 31, 2011

Loss before income taxes	\$ 11,568
Statutory rate	26.5%
Expected income tax recovery	3,066
Change in non-recognized deferred tax assets	(3,066)
Future income taxes recovery	\$ -

At October 31, 2011, the Company had \$11,568 of Canadian federal net operating loss carryforwards which expire in 2031. The net operating loss carryforward created a \$3,066 deferred tax asset, which was not recognized in the statement of financial position as the realization of tax loss carryforward is not considered to be probable.

10. Share capital

Authorized

Unlimited number of common shares

Vela Minerals Ltd.
Notes to Financial Statements

For the period from incorporation on May 19, 2011 to October 31, 2011

10. Share capital (continued)

<u>Issued</u>	Number of common shares	Amount
Private placement for cash	4,000,000	\$ 165,000
<hr/>		
Balance - October 31, 2011	4,000,000	\$ 165,000

Pursuant to the purchase option agreement (note 7) the Company expects to issue an additional 500,000 common shares over a one year period commencing with initial listing on the Exchange.

In June of 2011, the Company issued 1,000,000 shares at \$0.015 and 3,000,000 shares at \$0.05. In recognition of the difference in market value, the Company has recorded share based payments in the amount of \$35,000.

11. Financial instruments, capital management, and risk management

Financial instrument fair value

The Company's financial instruments recognized on the balance sheet consist of cash and cash equivalents, harmonized sales tax receivable and accounts payable and accrued liabilities. Cash and cash equivalents are carried at fair value, measured under level 1 of the fair value hierarchy. Due to their short-term nature, the carrying values of accounts payable and accrued liabilities approximate fair value.

Capital management

The Company considers its capital to be the total shareholders' equity which at period end was \$153,432.

The Company's objectives in managing its capital are: to maintain corporate and administrative functions necessary to support the Company's operations and corporate functions; to perform mineral exploration activities on the Company's exploration projects; and to seek out and acquire new projects of merit.

The Company manages its capital structure in a manner that provides sufficient funding for operational and capital expenditure activities. The Company is not subject to any externally imposed capital requirements. Funds are secured, when necessary, through equity capital raised by means of private placements.

Vela Minerals Ltd.
Notes to Financial Statements

For the period from incorporation on May 19, 2011 to October 31, 2011

Market risks

Interest risk

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments. The company does not have significant amounts on deposit or debts outstanding and is therefore not subject to significant interest risk.

11. Financial instruments, capital management, and risk management (continued)

Credit risk

Credit risk is the risk of potential loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations. The Company's receivable balances are from tax authorities, therefore the Company is not subject to significant credit rate risk.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due.

As at October 31, 2011, the Company's working capital is \$4,195. In order for the Company to continue to perform an exploration program on its properties, and to continue operations, it will require additional equity financing.

12. Subsequent events

Subsequent to the balance sheet date, the Company issued an additional 1,000,000 shares for total gross proceeds of \$100,000.

The company is making an initial public offering, and a preliminary prospectus has been filed with the securities regulatory authorities in the provinces of Alberta, British Columbia and Ontario but has not yet become final for the purpose of the sale of securities. The Corporation is offering 10,000,000 common shares at \$0.15 per share to the public. The gross proceeds to the Corporation are expected to be \$1,500,000 before deducting expenses and commissions of this issue. The Company has agreed to pay the Agent a commission of 9% of the gross proceeds of the Offering payable in cash, and a Corporate Finance Fee of \$25,000 (plus HST). The Company has granted to the Agent an Over-Allotment Option exercisable in whole or in part at any time up to and including the Closing to solicit and accept subscriptions for up to 1,500,000 additional Shares at the Offering Price. The Agent has also been granted a non-transferable option to purchase that number of Shares which is equal to 10% of the aggregate number of Offered Shares and Over-Allotment Shares sold under the Prospectus at a price of \$0.15 per Share for a period of twenty-four months from the date of listing on the Exchange. Under the requirements of the applicable securities regulatory authorities and the Exchange, 4,500,000 shares were transferred into escrow to be held pursuant to the Escrow Agreement.

The Company entered into consulting agreements dated November 30, 2011 with Derrick Strickland regarding the provision of CEO and geological services at an hourly rate of \$100 plus HST and with a

Vela Minerals Ltd.
Notes to Financial Statements

For the period from incorporation on May 19, 2011 to October 31, 2011

private company owned by Dale Hansen for the provision of CFO and accounting services to be performed by Dale Hansen at an hourly rate of \$75 plus GST. The effective date of the consulting agreements is the first day the Company's Shares are listed for trading on the Exchange, subject to a one year renewal. The consulting agreements may be terminated by either party on two month's notice.

On November 30, 2011, the Company granted 1,050,000 stock options to directors, officers and a consultant of the Company, exercisable on the date the Company becomes listed on the TSX-V (the "Listing Date"). Each option is exercisable into one Share of the Company at a price of \$0.15 per Share for a term of five years from the Listing Date.

Vela Minerals Ltd.

Condensed Interim Financial Statements

For the three months ended January 31, 2012

Vela Minerals Ltd.

Condensed Interim Statement of Financial Position

As at,

	(unaudited) January 31, 2012	(audited) October 31, 2011
Assets		
Current		
Cash and cash equivalents	\$ 63,572	\$ 18,225
Harmonized sales tax receivable	5,288	12,818
Mineral exploration tax credit receivable (note 5 & 6)	33,687	33,340
	102,547	64,383
Exploration and evaluation properties (note 6)	165,046	149,237
	\$ 267,593	\$ 213,620
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 3,920	\$ 10,188
Provision for obligation under purchase option agreement (note 7)	50,000	50,000
	53,920	60,188
Shareholders' equity		
Share capital (note 8)	237,500	165,000
Share option reserve	98,000	35,000
Deficit	(121,827)	(46,568)
	213,673	153,432
	\$ 267,593	\$ 213,620

Going concern (note 3)

Approved on behalf of the Board

Signed "*Derrick Strickland*" Director

Signed "*Dale Hansen*" Director

See accompanying notes to financial statements

Vela Minerals Ltd.

Condensed interim statement of loss For the periods ended,

	(unaudited) For the three months ended January 31, 2012	(audited) For the period from incorporation on May 19, 2011 to October 31, 2011
Revenue		
Interest income	\$ 6	\$ -
Expenses		
Professional fees	\$ 11,238	\$ 11,305
Share based payments (note 8)	63,000	35,000
Office and administration	1,027	263
Net loss and comprehensive loss for the period	\$(75,259)	\$(46,568)
Weighted average number of shares outstanding	4,701,087	3,319,394
Basic and diluted net loss per common share	\$ (0.02)	\$ (0.01)

See accompanying notes to financial statements

Vela Minerals Ltd.

Condensed Interim Statement of Changes in Equity For the periods ended,

	<u>Common Shares</u>		Share Option Reserve	Deficit	Total Equity
	Number of Shares	Amount			
Common shares issued for cash	4,000,000	\$ 165,000			\$ 165,000
Net loss for the period				(11,568)	(11,568)
Balance as at October 31, 2011 (audited)	4,000,000	\$ 165,000	\$ -	\$ (11,568)	\$ 153,432
Common shares issued for cash	1,000,000	100,000			100,000
Cost of share issuance		(27,500)			(27,500)
Share based payments			63,000		63,000
Net loss for the period				(75,259)	(75,259)
Balance as at January 31, 2012 (unaudited)	5,000,000	\$ 237,500	\$ 63,000	\$ (86,827)	\$ 213,673

See accompanying notes to financial statements

Vela Minerals Ltd.

Condensed Interim Statement of Cash Flows For the periods ended,

	(unaudited) For the three months ended January 31, 2012	(audited) For the period from incorporation on May 19, 2011 to October 31, 2012
Cash and cash equivalents provided by (used in)		
Operating activities		
Net loss for the period	\$ (75,259)	\$ (46,568)
Items not involving cash		
Share based payments	63,000	35,000
	(12,259)	(11,568)
Change in non-cash working capital items		
Harmonized sales tax receivable	7,530	(12,818)
Accounts payable	(6,268)	10,188
	(10,997)	(14,198)
Investing activities		
Expenditures on exploration and evaluation properties, net of recoveries	(16,156)	(132,577)
Financing activities		
Common shares issued for cash	100,000	165,000
Cash share issuance costs	(27,500)	-
	72,500	165,000
Increase in cash and cash equivalents	45,347	18,225
Cash and cash equivalents - beginning of period	18,225	-
Cash and cash equivalents - end of period	\$ 63,572	\$ 18,225
Cash and cash equivalents consist of cash amounts on deposit	\$ 63,572	\$ 18,225

See accompanying notes to financial statements

Vela Minerals Ltd.
Notes to Interim Financial Statements (unaudited)

As at and for the three month period ended January 31, 2012

1. Description of business

Vela Minerals Ltd. (“the Company”) was incorporated in Canada with limited liability under the legislation of the Province of British Columbia on May 19, 2011. The registered and records office is located at #810 – 675 W. Hastings Street, Vancouver, British Columbia, V6B-1N2.

The Company is in the business of acquiring and exploring mineral properties. The Company has not yet determined whether its properties contain mineral reserves that are economically recoverable. The Company’s plans are to carry out active exploration efforts on its mineral properties. The recoverability of the amounts shown for mineral properties is dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain necessary financing to conduct operations, and ultimately upon future profitable production or proceeds from disposition of the mineral properties.

At quarter end one of the directors holds a controlling number of shares.

2. Basis of presentation

These condensed interim financial statements, including comparatives, have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) and in accordance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting* as issued by the International Accounting Standards Board. Accordingly, these condensed interim financial statements do not include all of the information and footnotes required by IFRS for complete year end reporting purposes. Results for the period ended January 31, 2012 are not necessarily indicative of future results.

The accounting policies applied by the Company in these condensed, interim financial statements are the same accounting policies and methods used in the audited financial statements for the period from incorporation on May 19, 2011 to October 31, 2011.

3. Going concern

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events or conditions that cast significant doubt upon the entity's ability to continue as a going concern.

The Company’s ability to continue to meet its obligations and carry out its planned exploration activities is uncertain and dependent upon the continued financial support of its shareholders and on securing additional financing. There is, however, no assurance that any such initiatives will be sufficient and, as a result, there is significant doubt regarding the going concern assumption and, accordingly, the ultimate

Vela Minerals Ltd.
Notes to Interim Financial Statements (unaudited)

As at and for the three month period ended January 31, 2012

appropriateness of the use of accounting principles applicable to a going concern. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations for the foreseeable future. These adjustments could be material.

4. Accounting standards issued but not yet effective

The International Accounting Standards Board (“IASB”) has issued a number of new standards, amendments to standards and interpretations that are not yet effective as of October 31, 2011, and have not been applied in preparing these statements. The Company is currently assessing the impact of these new standards; however it anticipates that these new standards will not have a material impact on the Company’s financial statements.

Amendments to IFRS 7 “Financial Instruments: Disclosures”

This amendment increases the disclosure required regarding the transfer of financial assets that result in derecognition. This amendment is effective for annual periods beginning on or after July 1, 2011.

New standard IFRS 9 “Financial Instruments”

This new standard is a partial replacement of International Accounting Standards (“IAS”) 39 “Financial Instruments: Recognition and Measurement”. This new standard is effective for annual periods beginning on or after January 1, 2015.

The standard simplifies existing standards for the recognition and measurement of financial instruments. All financial instruments would be classified into one of two basic categories; those measured at amortized cost or those measured at fair value. The classifications would be based on both the characteristics of the instrument and the business model under which it is managed.

New standard IFRS 10 “Consolidated Financial Statements”

This new standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where it is difficult to assess. IFRS 10 replaces those parts of IAS 27 Consolidated and Separate Financial Statements (revised 2011) that address when and how an entity should prepare consolidated financial statements and replaces SIC 12 Consolidation – Special Purpose Entities in its entirety. IAS 27 retains the current guidance for separate financial statements. The standard is effective for annual periods beginning on or after January 1, 2013.

New standard IFRS 11 “Joint Arrangements”

This new standard provides for a more substance based reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. IFRS 11 supersedes IAS 31 Interests in Joint Ventures and SIC 13 Jointly Controlled Entities – Non-Monetary Contributions by Ventures. IAS 28 Investments

Vela Minerals Ltd.
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in Associates and Joint Ventures (revised 2011) has been amended to conform to changes based on the issuance of IFRS 10 and IFRS 11. The standard is effective for annual periods beginning on or after January 1, 2013.

New standard IFRS 12 “Disclosure of Interests in Other Entities”

This new standard requires extensive disclosures relating to an entity’s interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. An entity is required to disclose information that help users of its financial statements evaluate the nature of and risks associated with its interests in other entities and the effects of those interests on its financial statements. The effective date of IFRS 12 is January 1, 2013, but entities are permitted to incorporate any of the new disclosures in their financial statements before that date.

New standard IFRS 13 “Fair Value Measurement”

The new standard defines fair value, provides guidance on its determination, and requires disclosures about fair value measurements. This changes how fair value is calculated with a focus on measuring an exit price. This combination of IFRS and US Generally Accepted Accounting Principles into a single source does not change how the fair value is used with respect to the items that should be measured or disclosed at fair value. IFRS 13 is effective for annual periods beginning January 1, 2013.

Amendment to IAS 12 “Income Taxes”

IAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment provides further guidance in the area by stating that recovery of the carrying amount will, normally, be through sale. The change is effective for annual periods beginning on or after January 1, 2012.

5. Mineral exploration tax credits

Qualifying exploration expenditures in British Columbia are subject to a 20% refundable provincial tax credit provided that these costs are not incurred by the Company to meet an expenditure obligation arising pursuant to an agreement to issue flow-through shares. In addition, costs incurred on the Company’s Rossland property are subject to an additional 10% refundable tax credit because the Company’s properties are located within an area prescribed by the British Columbia government as being significantly impacted by the Mountain Pine Beetle. These refundable tax credits have been accrued for qualifying exploration expenditures for the period ended January 31, 2012 and have offset the accumulated capitalized balance for the expected mineral properties.

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6. Exploration and evaluation properties

	Rosland
Additions:	
Initial option payment	\$ 20,000
Provision for an additional option payment (note 7)	50,000
Assaying & petrographic	17,839
Claims and land use	1,443
Geological consulting & salaries	68,561
Travel & accommodations	10,594
Vehicle usage	8,326
Field supplies	5,814
Mineral tax credits (note 5)	(33,340)
<hr/>	
Balance as at October 31, 2011	\$ 149,237
Additions:	
Assaying & petrographic	1,156
Geological consulting & salaries	15,000
Mineral tax credits (note 5)	(347)
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Balance as at January 31, 2012	\$ 165,046

Rosland property

On June 30, 2011, the Company signed an option agreement to acquire a 100% interest in certain mineral claims located in the Trail and Rosland area of southern British Columbia. Under the terms of the Purchase Option Agreement, the Company paid cash consideration of \$20,000 with an additional \$50,000 to be paid upon listing on the TSX Venture exchange (the "Exchange"). The Company will also issue an aggregate of 500,000 shares in the Company pursuant to the option agreement in four tranches of 125,000 shares each over a one year period beginning with the date of listing.

7. Provision for obligation under purchase option agreement

The additional \$50,000 amount to be paid under the Rosland purchase option agreement (note 6) upon listing has been recognized as a liability. No amount has been recognized for the shares to be issued under the purchase option agreement as the fair value could not be reliably measured.

Additionally, the Company agrees to pay a royalty in an amount equal to 2% of net proceeds on all minerals produced from the Rosland property and sold by the Company. The Company has the option to purchase the royalty at any time by making a payment of cash equal to \$2,000,000.

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As at and for the three month period ended January 31, 2012

8. Share capital

Authorized

Unlimited number of common shares

Issued

	Number of common shares	Amount
Private placement for cash	4,000,000	\$ 165,000
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Balance - October 31, 2011	4,000,000	\$ 165,000
Private placement for cash	1,000,000	\$ 100,000
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Balance – January 31, 2012	5,000,000	\$ 265,000

Pursuant to the purchase option agreement (note 6) the Company expects to issue an additional 500,000 common shares over a one year period commencing with initial listing on the Exchange.

Shares held in escrow

4,500,000 Common Shares are subject to escrow as at January 31, 2012. Pursuant to the underlying escrow agreements, 10% of the shares under escrow will be released upon listing on the exchange and thereafter, 15% will be released every six months.

Stock Options

On November 30, 2011, the Company granted 1,050,000 stock options to directors, officers and a consultant of the Company, exercisable on the date the Company becomes listed on the TSX-V (the “Listing Date”). Each option is exercisable into one Share of the Company at a price of \$0.15 per Share for a term of five years from the Listing Date. All options vest immediately and the Company have recorded share based payments in the amount of \$63,000 based on the Black Scholes option pricing model. The following assumptions were used in the calculation:

	Three Months Ended January 31, 2012	Period Ended October 31, 2011
Strike price	\$ 0.15	n/a
Market value	\$ 0.10	n/a
Risk free interest rate	1.46%	n/a
Expected option life	5 Years	n/a
Expected stock price volatility	80%	n/a
Divident payments during life of option	Nil	n/a
Expected forfeiture rate	Nil	n/a

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Option pricing models require the input of highly speculative assumptions, including the expected future price volatility of the Company's shares. Changes in these assumptions can materially affect the fair value estimate and, therefore, existing models do not necessarily provide a reliable single measure of the fair value of the Company's share options.

9. Financial instruments, capital management, and risk management

Financial instrument fair value

The Company's financial instruments recognized on the balance sheet consist of cash and cash equivalents, and accounts payable and accrued liabilities. Cash and cash equivalents are carried at fair value, measured under level 1 of the fair value hierarchy. Due to their short-term nature, the carrying values of accounts payable and accrued liabilities approximate fair value.

Capital management

The Company considers its capital to be the total shareholders' equity which at period end was \$213,673.

The Company's objectives in managing its capital are: to maintain corporate and administrative functions necessary to support the Company's operations and corporate functions; to perform mineral exploration activities on the Company's exploration projects; and to seek out and acquire new projects of merit.

The Company manages its capital structure in a manner that provides sufficient funding for operational and capital expenditure activities. The Company is not subject to any externally imposed capital requirements. Funds are secured, when necessary, through equity capital raised by means of private placements.

Market risks

Interest risk

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments. The company does not have significant amounts on deposit or debts outstanding and is therefore not subject to significant interest risk.

Credit risk

Credit risk is the risk of potential loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations. The Company's receivable balances are from tax authorities, therefore the Company is not subject to significant credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. As at January 31, 2012, the Company's working capital is \$48,627. In order for the Company to continue to perform an exploration program on its properties, and to continue operations, it will require additional equity financing.

Vela Minerals Ltd.
Notes to Interim Financial Statements (unaudited)

As at and for the three month period ended January 31, 2012

10. Subsequent events

The company is making an initial public offering, and a preliminary prospectus has been filed with the securities regulatory authorities in the provinces of Alberta, British Columbia and Ontario but has not yet become final for the purpose of the sale of securities. The Corporation is offering 10,000,000 common shares at \$0.15 per share to the public. The gross proceeds to the Corporation are expected to be \$1,500,000 before deducting expenses and commissions of this issue. The Company has agreed to pay the Agent a commission of 9% of the gross proceeds of the Offering payable in cash, and a Corporate Finance Fee of \$25,000 (plus HST). The Company has granted to the Agent an Over-Allotment Option exercisable in whole or in part at any time up to and including the Closing to solicit and accept subscriptions for up to 1,500,000 additional Shares at the Offering Price. The Agent has also been granted a non-transferable option to purchase that number of Shares which is equal to 10% of the aggregate number of Offered Shares and Over-Allotment Shares sold under the Prospectus at a price of \$0.15 per Share for a period of twenty-four months from the date of listing on the Exchange. Under the requirements of the applicable securities regulatory authorities and the Exchange, 4,500,000 shares were transferred into escrow to be held pursuant to the Escrow Agreement.



Kenway Mack Slusarchuk Stewart LLP
CHARTERED ACCOUNTANTS

AUDITORS' CONSENT

We have read the Prospectus of Vela Minerals Ltd. (the "Company") dated April 23, 2012 relating to the offering of 10,000,000 shares. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use through inclusion in the above-mentioned Prospectus of our report dated April 23, 2012 to the Shareholders of the Company on the balance sheet of the Company as at October 31, 2011 and the statements of loss and comprehensive loss, changes in equity and cash flows for the period ended October 31, 2011.

Calgary, Alberta

April 23, 2012

Kenway Mack Slusarchuk Stewart LLP

Chartered Accountants

CERTIFICATES

CERTIFICATE OF THE COMPANY

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 the provinces of Alberta, British Columbia and Ontario.

DATED: April 23, 2012

“Derrick Strickland”

Derrick Strickland
Chief Executive Officer

“Dale Hansen”

Dale Hansen
Chief Financial Officer

On Behalf of the Board of Directors

“Charles Chebry”

Charles Chebry
Director

“Gregory Robb ”

Gregory Robb
Director

CERTIFICATE OF THE PROMOTERS

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 the provinces of Alberta, British Columbia and Ontario.

DATED: April 23, 2012

“Derrick Strickland”

Derrick Strickland

“Dale Hansen”

Dale Hansen

“Charles Chebry”

Charles Chebry

CERTIFICATE OF THE AGENT

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 the provinces of Alberta, British Columbia and Ontario.

DATED: April 23, 2012

Macquarie Private Wealth Inc.

Per: "Brent Larkan"

Brent Larkan
Head of Syndication and PVC

Per: "Nargis Sunderji"

Nargis Sunderji
Vice President, PVC Corporate Finance