

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

A copy of this Preliminary Prospectus has been filed with the securities regulatory authorities in every province of Canada except Québec but has not yet become final for the purpose of the sale of securities. Information contained in this Preliminary Prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the Prospectus is obtained from the securities regulatory authorities in every province of Canada except Québec.

This Preliminary 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. 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".

SECOND AMENDED AND RESTATED PRELIMINARY PROSPECTUS DATED SEPTEMBER 12, 2012, AMENDING AND RESTATING THE AMENDED AND RESTATED PRELIMINARY PROSPECTUS DATED MAY 14, 2012, WHICH AMENDED AND RESTATED THE PRELIMINARY PROSPECTUS DATED APRIL 5, 2012

INITIAL PUBLIC OFFERING

September 12, 2012

WOLF DEN RESOURCES CORPORATION

Unit 5 – 1100 Russell Street
Thunder Bay, ON P7B 5N2
Telephone: (807) 624-1131
Facsimile: (807) 624-1133

OFFERING:

- ◆ UNITS AT A PRICE OF \$◆ PER UNIT
 - ◆ FLOW-THROUGH COMMON SHARES AT A PRICE OF \$◆ PER SHARE
-

This Prospectus (as defined herein) is being filed by Wolf Den Resources Corporation (the "**Company**") to qualify for distribution in every province of Canada except Québec (the "**Selling Jurisdictions**") and to offer for sale by way of an initial public offering (the "**Offering**") through Canaccord Genuity Corp., RBC Dominion Securities Inc. and Jones, Gable & Company Limited (the "**Placement Agents**") as placement agents for a syndicate of agents (the "**Selling Group**") in connection with the sale on a commercially reasonable efforts basis of ◆ units of the Company (each, a "**Unit**") at a price of \$◆ per Unit and ◆ flow-through common shares of the Company that qualify as "flow-through shares" (each, a "**FT Share**" and the Units and FT Shares collectively, the "**Offered Securities**") as defined in subsection 66(15) of the *Income Tax Act* (Canada) (the "**Tax Act**") at a price of \$◆ per FT Share for gross proceeds of \$9,000,000. Each Unit consists of one Common Share (as defined herein) of the Company (each, a "**Unit Share**") and one-half of one non-transferable Common Share purchase warrant (each whole warrant, a "**Warrant**"). Each Warrant will entitle the holder to purchase one Common Share of the Company (each, a "**Warrant Share**") at an exercise price of \$◆ per Warrant Share for a period of 24 months following the Closing Date (as defined herein). The Company will have the right to require the registered holders of the Warrants (the "**Warrant holders**") to exercise the Warrants in the event that the average trading price of the Common Shares on a recognized stock exchange in North America on which the Common Shares are listed is equal to or greater than \$◆ for a period of 20 consecutive Trading Days (as defined herein) (the "**Acceleration Right**"). The price of the Units and FT Shares has been determined by negotiation between the Company and the Placement Agents. A purchaser may purchase Units, FT Shares or a combination of both. See "Plan of Distribution".

The Company will use an amount equal to the gross proceeds received from the sale of the FT Shares to incur Canadian exploration expenses (“**CEE**”, as defined herein) in the period that begins on the closing of the Offering and ends on December 31, 2013, which will be renounced by the Company to the initial purchasers of the FT Shares effective December 31, 2012. See “Certain Canadian Federal Income Tax Considerations”.

	NUMBER OF SECURITIES	PRICE TO PUBLIC	AGENTS’ COMMISSION ⁽¹⁾	NET PROCEEDS TO COMPANY ⁽²⁾
Unit	1	\$♦	\$♦	\$♦
FT Share	1	\$♦	\$♦	\$♦
Offering ⁽³⁾	♦	\$9,000,000	\$500,000	\$8,500,000

Notes:

- (1) The Offering Price (as defined herein) and the terms of the Offering have been determined by negotiation between the Company and the Placement Agents. The Offered Securities are being sold on a commercially reasonable efforts basis and the distribution thereof will remain open until the earlier of the Closing Date (as defined herein) and the latest date permitted by applicable securities regulatory authorities. Pursuant to the terms and conditions of the Agency Agreement dated ♦, 2012 between the Company and the Placement Agents, the Company has agreed to pay a cash commission (the “**Agents’ Commission**”) of six percent (6%) of the gross proceeds of the Offering (except with respect to proceeds from the sale of Offered Securities to certain purchasers introduced by the Company to the Placement Agents (the “**Special Orders**”) for which the Placement Agents will be entitled to an Agents’ Commission equal to four percent (4%) of such proceeds, up to an aggregate of \$2,000,000). In addition, the Placement Agents will also receive that number of common share purchase warrants which is equal to seven percent (7%) of the number of Offered Securities sold in the Offering (the “**Agents’ Warrants**”) (except with respect to the sale of Offered Securities made pursuant to Special Orders for which the Placement Agents will be entitled to be issued that number of Agents’ Warrants as is equal to five percent (5%) of the number of Offered Securities sold pursuant to such Special Orders, up to an aggregate of \$2,000,000). Each Agents’ Warrant shall entitle the holder to acquire one Common Share (each, an “**Agents’ Warrant Share**”) at the exercise price of \$♦ per Agents’ Warrant Share, for a period of 24 months from the Closing Date. See “Plan of Distribution” for more information about the Agents’ Warrants. This Prospectus also qualifies the distribution of the Agents’ Warrants. See “Plan of Distribution” and “Description of the Securities Distributed”. For the purposes of the table above, Agents’ Commission is calculated assuming a 6% commission with respect to proceeds of \$7,000,000 and a 4% commission with respect to \$2,000,000 from Special Orders. If a 6% commission is payable on the entire gross proceeds of \$9,000,000, such commission per Offered Security will increase by \$40,000 and commission for the entire Offering will increase to \$540,000 leaving net proceeds to the Company of \$8,460,000.
- (2) Before deduction of the expenses of the Offering, estimated to be approximately \$300,000, and assuming no exercise of the Over-Allotment Option (as defined below). The Company will pay all of the reasonable legal expenses of the Placement Agents up to \$120,000 plus taxes and disbursements and other costs of the Placement Agents, other than legal expenses, up to \$10,000.
- (3) The Company has granted the Placement Agents an over-allotment option (the “**Over-Allotment Option**”), exercisable in whole or in part, at the sole discretion of the Placement Agents at any time for a period of thirty (30) days from the Closing Date of the Offering, to purchase at the Offering Price (as defined herein) up to that number of Units which is equal to 15% of the number of Offered Securities sold in the Offering solely to cover over-allotments, if any, and for market stabilization purposes. In respect of the Over-Allotment Option, the Company will pay to the Placement Agents a fee equal to 6% of the gross proceeds realized through the issue of Offered Securities pursuant to the Over-Allotment Option. If the Over-Allotment Option is exercised in full, the total price to the public, the Agents’ Commission and net proceeds to the Company will be \$10,350,000, \$581,000 and \$9,769,000, respectively (assuming Special Orders of \$2,000,000). If the Over-Allotment Option is exercised in full and there are no Special Orders, the total price to the public, the Agents’ Commission and the net proceeds to the Company will be \$10,350,000, \$621,000 and \$9,729,000, respectively. A Subscriber (as defined herein) who acquires Units forming part of the Over-Allotment Option acquires such Units under this Prospectus regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. This Prospectus qualifies the grant of the Over-Allotment Option and the distribution of the Units issuable upon exercise of the Over-Allotment Option. See “Plan of Distribution”.

The Company is engaged in the exploration and development of mineral properties. At the date hereof, the Company’s sole material property is the Clarence Stream Property (as defined herein) in which the Company holds a 70% registered and participating interest, which was acquired from Cliffs (as defined herein) pursuant to the terms of the Amended Clarence Stream Agreement (as defined herein). The Company’s interest in the Clarence Stream Property is subject to the 1% Cliffs NSR, the 2% Cox NSR and the Extended Retransfer Right (each as defined herein). Pursuant to the terms of the Amended Clarence Stream Agreement, the Company must pay \$2,000,000 and issue \$1,600,000 worth of Common Shares at the price per Unit Share sold pursuant to the Offering within five (5) Business Days (as defined herein) of the Listing Date (as defined herein). Pursuant to the terms of the Amended Clarence Stream Agreement, the Company granted the Extended Retransfer Right (as defined herein) to Cliffs, whereby the Company is required to satisfy the Listing Condition on or prior to November 30, 2012 and if it fails to do so, Cliffs has the right to demand until January 13, 2014 that the Company retransfer its 70% interest in the Clarence Stream Property back to Cliffs for no consideration. In addition, the Company has entered into the Amended Portage Purchase Agreement (as defined herein), whereby the Company has agreed to acquire the remaining 30% registered and participating interest it does not currently hold in the Clarence Stream Property from Rockport (as defined herein) in consideration for payment of a non-refundable deposit of \$75,000 (paid on March 14, 2012), payment of \$1,000,000 and the issuance of \$560,000 worth of Rockport Units (as defined herein) at the price per Unit sold pursuant to the Offering, provided that the Listing Condition is satisfied on or prior to a date that is within ninety (90) days of the issuance by the Principal Regulator of a receipt for the Final Prospectus (as defined herein), and, in any event, no later than November 30, 2012. The Closing (as defined herein) and the satisfaction of

the payment and issuance obligations to Cliffs under the Amended Clarence Stream Agreement are cross-conditional, such that the Offering will not be completed if the Company is not in a position to concurrently satisfy its remaining obligations with respect to the acquisition of its 70% registered and participating interest from Cliffs. Although the Company will seek to complete its acquisition of the remaining 30% registered and participating interest in the Clarence Stream Property pursuant to the Amended Portage Purchase Agreement on or shortly after the Closing Date, the Closing is not conditional upon the completion of such acquisition. The Company anticipates that the Common Shares issuable to Cliffs under the Amended Clarence Stream Agreement and the Rockport Units issuable to Rockport under the Amended Portage Purchase Agreement will be issued concurrently with the Closing. Such Common Shares and Rockport Units will be issued pursuant to an exemption from the prospectus requirements under NI 45-106 (as defined herein). The Common Shares and Rockport Units will be subject to a restricted period in accordance with NI 45-102 (as defined herein). At the Closing Date, and assuming the satisfaction of the applicable cash payment and Common Share issuance to Cliffs under the Amended Clarence Stream Agreement, and assuming the completion of the acquisition pursuant to the Amended Portage Purchase Agreement, the Company anticipates it will own a 100% registered and participating interest in the Clarence Stream Property (subject to the 1% Cliffs NSR and the 2% Cox NSR). See “Description of the Business - Three Year History – Clarence Stream Property”.

The following table summarizes the securities to be granted by the Company to the Placement Agents in connection with the Offering:

Placement Agents' Position	Maximum Number of Securities Available	Exercise Period	Exercise Price
Agents' Warrants ⁽¹⁾	◆ ⁽¹⁾⁽²⁾	24 months from the Closing Date	Exercise price: \$◆
Over-Allotment Option	◆ ⁽²⁾	30 days from the Closing Date	Exercise price: \$◆

Notes:

⁽¹⁾ Each Agents' Warrant entitles the holder to acquire one Agents' Warrant Share at an exercise price of \$◆ per Agents' Warrant Share for a period of 24 months following the Closing Date. For the purposes of the table above, the number of Agents' Warrants is calculated assuming 7% of the number of Offered Securities sold in the Offering with respect to gross proceeds of \$7,000,000 and 5% of the number of Offered Securities sold with respect to \$2,000,000 of gross proceeds from Special Orders. If there are no Special Orders, and Agents' Warrants are issued at 7% on the entire proceeds of \$9,000,000, such number of Agents' Warrants will increase to ◆. Does not include any Agents' Warrants issued in connection with the Over-Allotment Option. If the Over-Allotment Option is exercised in full, the Company will grant the Placement Agents an additional ◆ Agents' Warrants (assuming Special Orders of \$2,000,000) or an additional ◆ Agents' Warrants assuming no Special Orders.

⁽²⁾ This Prospectus qualifies the grant of all of the compensation securities granted to the Placement Agents. See “Plan of Distribution”.

Subscriptions for the Offered Securities will be 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. On the Closing Date, global certificates representing the Offered Securities sold under the Offering (other than certificates representing the Unit Shares and Warrants comprising the Units in the Offering sold to Subscribers who were offered or sold the Units in the United States (as defined herein) or are U.S. Persons (as defined herein), which will be represented by individual certificates) will be available for delivery in book-based form through CDS Clearing and Depository Services Inc. (“CDS”) or its nominee and will be deposited with CDS. Any certificates representing the Unit Shares and Warrants issuable upon the exercise of the Over-Allotment Option will be available for delivery in book-based form through CDS or its nominee and will be so deposited on the date of issue of such securities. A Subscriber for Offered Securities, other than Subscribers for Units in the Offering who were offered the Units in the United States or are U.S. Persons, will receive only a customer confirmation from the registered dealer who is a CDS participant and from or through whom the Offered Securities are purchased. The Closing of the Offering is the date or such dates that the Company and the Placement Agents mutually determine to close the Offering which the Company and Placement Agents expect to be on or about ◆, 2012 (the “Closing Date”). Certificates representing the Offered Securities offered under this Prospectus will be issued in registered form to CDS or its nominee and will be deposited with CDS on the Closing Date of the Offering. Registrations and transfers of Offered Securities deposited with CDS will be effected only through the book-based system administered by CDS. At the discretion of the Company, in certain limited circumstances, physical certificates may be issued by the Company's registrar and transfer agent to owners evidencing their ownership of Offered Securities. Until the Closing, all subscription proceeds will be held in a separate bank account of the Placement Agents in trust. If the Offering is not fully subscribed within ninety (90) days from the date a receipt is issued for the Final Prospectus, or such later date as the Company and the Placement Agents may agree and the securities regulatory authorities may approve, the Offering

will be discontinued and all subscription funds received by the Placement Agents in connection with the Offering will be returned to Subscribers without interest, set-off or deduction.

In connection with the sale of the Offered Securities, the Placement Agents and members of the Selling Group may over-allot or effect transactions which stabilize or maintain the market price of the Common Shares at levels other than those which might otherwise prevail in the open market. Such transactions may have the effect of preventing or mitigating a decline in the market price of the Common Shares. Such transactions, if commenced, may be discontinued at any time. See “Plan of Distribution”.

The Offering will remain open until such date as may be agreed upon by the Company and the Placement Agents, but no later than the date that is ninety (90) days after a receipt is issued by the Principal Regulator pursuant to National Policy 11-202 (“**NP 11-202**”) *Process for Prospectus Review in Multiple Jurisdictions* for the Final Prospectus, unless an amendment to the Final Prospectus is filed and the Principal Regulator has issued a receipt for the amendment, in which case the Offering must cease within ninety (90) days after the date of the receipt for the amendment to the Final Prospectus. Notwithstanding the above, the total period of the Offering must not end more than one-hundred and eighty (180) days from the date of the initial receipt for the Final Prospectus.

The Company has applied to list its Common Shares on the TSX Venture Exchange. Listing will be subject to the Company fulfilling all of the listing requirements of the TSX Venture Exchange.

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 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.

There is currently no market through which the Offered Securities may be sold and purchasers may not be able to resell securities 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.

Investments in natural resource issuers involve a significant degree of risk. The degree of risk increases substantially where the issuer’s properties are in the exploration as opposed to the development stage. An investment in the Offered Securities should only be made by persons who can afford the total loss of their investment. See “Risk Factors”.

Thomas Quigley and David Brown, directors of the Company, reside outside of Canada. Although Messrs. Quigley and Brown have appointed Clark Wilson LLP, 800 – 885 West Georgia Street, Vancouver, BC V6C 3H1, as their agent for service of process in British Columbia, it may not be possible for investors to enforce judgments obtained in Canada against Messrs. Quigley and Brown.

Certain legal matters in connection with the Offering and this Prospectus were handled by Clark Wilson LLP, Vancouver, British Columbia, on behalf of the Company, and by McMillan LLP, Toronto, Ontario on behalf of the Placement Agents.

Potential investors are advised to consult their own legal counsel and other professional advisers in order to assess income tax, legal and other aspects of this investment.

No person has been authorized to give any information other than that contained in this Prospectus, or to make any representations in connection with the Offering made hereby, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Company. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy securities in any jurisdiction or to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction.

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GLOSSARY OF TERMS

The following is a glossary of certain non-technical terms used in this Prospectus. Terms and abbreviations used in the financial statements of the Company may be defined separately and the terms defined below may not be used therein.

“1% Cliffs NSR” means the 1% net smelter returns royalty with respect to the Clarence Stream Property payable by the Company to Cliffs in accordance with the terms of the Cliffs Royalty Agreement.

“1.5% Armstrong NSR” means the 1.5% net smelter returns royalty with respect to the Armstrong Property payable by the Company to the Armstrong Vendor in accordance with the terms of the Armstrong Amendment.

“2% Cox NSR” means the 2% net smelter returns royalty with respect to the Clarence Stream Property payable by the Company to Cox in accordance with the terms of the Cox NSR Royalty Agreement, subject to a right to repurchase 1% of the 2% Cox NSR for the sum of \$500,000 for each half percent (0.5%) and includes an advance royalty payment of \$15,000 annually, deductible against proceeds from the 2% Cox NSR.

“Acceleration Right” means the right of the Company to require Warrantholders to exercise the Warrants held by them in the event that the average trading price of the Common Shares on a recognized stock exchange in North America is equal to or greater than \$♦ for a period of 20 consecutive Trading Days.

“Administrative Services Agreement” means the Administrative Services Agreement dated July 15, 2011 between 1752466 Ontario Inc. doing business as ‘The Alyris Group’ and the Company, whereby 1752466 Ontario Inc. has agreed to provide certain services to the Company including financial, accounting, operational, information systems, taxation and regulatory compliance services.

“Agency Agreement” means the Agency Agreement dated ♦, 2012 between the Company and the Placement Agents relating to the Offering.

“Agents’ Commission” means the commission payable by the Company to the Placement Agents for assisting with the Offering in accordance with the terms of the Agency Agreement.

“Agents’ Warrants” means that number of non-transferable Agents’ Warrants equal to 7% of the total number of Offered Securities sold pursuant to the Offering (except with respect to the sale of Offered Securities pursuant to Special Orders for which the Placement Agents will be entitled to be issued the number of Agents’ Warrants as is equal to 5% of the number of Offered Securities sold pursuant to such Special Orders, up to an aggregate of \$2,000,000), each Agents’ Warrant entitling the holder to acquire one Agents’ Warrant Share at a price of \$♦ per Agents’ Warrant Share for a period of 24 months after the Closing Date.

“Agents’ Warrant Shares” means the Common Shares to be issued to the Placement Agents on exercise of the Agents’ Warrants as described under the heading “Plan of Distribution”.

“Amended Clarence Stream Agreement” means the Clarence Stream Agreement, as amended by the Cliffs Amendments, between the Company and Cliffs, whereby the Company purchased a 70% registered and participating interest in and to the Clarence Stream Property subject to the 1% Cliffs NSR, 2% Cox NSR and the Extended Retransfer Right.

“Amended Portage Purchase Agreement” means the Portage Purchase Agreement, as amended by the Portage Amendments, between the Company and Rockport, whereby the Company agreed to purchase a 30% registered and participating interest in and to the Clarence Stream Property subject to the 2% Cox NSR.

“Armstrong Amendment” means the amended and restated binding letter of intent agreed and accepted September 12, 2012 between the Company and the Armstrong Vendor which amended and restated the terms of the Armstrong Agreement.

“Armstrong Agreement” means the binding letter of intent dated September 19, 2011 between the Company and the Armstrong Vendor.

“Armstrong Property” means the 8 contiguous claim blocks comprising 158 claim units located in the Bathurst Mining Camp of northern New Brunswick.

“Armstrong Vendor” means 653947 N.B. Ltd./653947 N.B. Ltee.

“Author” means David A. Ross, M.Sc., P.Geo., the author of the Technical Report and a Qualified Person.

“Board” means the Board of Directors of the Company.

“Business Day” means any day other than a Saturday, Sunday or statutory holiday on which Canadian chartered banks are open for business in Toronto, Ontario.

“Carlton-Aitkin Project” means, collectively, the total of 35 private and state mining leases, including the Lawman Property, covering approximately 9,828 mineral acres and 4,219 surface acres for mineral properties located in the Carlton and Aitkin counties in Minnesota, United States.

“CEE” means one or more expenses described in paragraph (f) of the definition of CEE in subsection 66.1(6) of the Tax Act, excluding amounts which are prescribed to be “Canadian exploration and development overhead expenses” (as defined in the regulations to the Tax Act for the purposes of paragraph 66(12.6)(b) of the Tax Act), the amount of any assistance described in paragraph 66(12.6)(a) of the Tax Act or amounts each of which is a cost of acquiring or obtaining the use of seismic data described in paragraph 66(12.6)(b.1) of the Tax Act, or any expenses for prepaid services or rent that do not qualify as outlays and expenses for the period as described in the definition of “expense” in paragraph 66(15) of the Tax Act.

“CIM” means the Canadian Institute of Mining, Metallurgy and Petroleum.

“Clarence Stream Agreement” means the Clarence Stream Property Sale Agreement dated January 13, 2012 between the Company and Cliffs.

“Clarence Stream Property” means the mineral property consisting of 793 claims totaling 17,446 hectares located approximately 70 kilometers south of Fredericton, New Brunswick and 25 kilometers northwest of the town of St. George in Charlotte County, southern New Brunswick.

“Cliffs” means Cliffs Chromite Ontario Inc., a Canadian company.

“Cliffs Amendment” means the letter agreement dated March 30, 2012 between the Company and Cliffs amending the terms of the Clarence Stream Agreement.

“Cliffs Second Amendment” means the letter agreement dated September 10, 2012 between the Company and Cliffs amending the terms of the Clarence Stream Agreement as amended by the Cliffs Amendment.

“Cliffs Amendments” means the Cliffs Amendment and the Cliffs Second Amendment.

“Cliffs Royalty Agreement” means the Clarence Stream Property Net Smelter Returns Royalty Agreement dated January 13, 2012 between the Company and Cliffs, whereby the Company granted the 1% Cliffs NSR to Cliffs.

“Closing” means the closing of the Offering.

“Closing Date” means the date that the Company and the Placement Agents mutually determine to complete the Offering pursuant to this Prospectus which the Company and Placement Agents expect to be on or about ♦, 2012.

“Commissions” means the securities commissions in each of the Selling Jurisdictions.

“Common Share” means a common share in the capital of the Company, including, for greater certainty, the common shares issued pursuant to the Offering.

“Company” means Wolfden Resources Corporation.

“**Cox**” means Reg Cox, the holder of the 2% Cox NSR.

“**Cox NSR Royalty Agreement**” means the Option Agreement dated March 23, 1999 between Cox and Freewest Canada which, among other things, sets out the terms of the 2% Cox NSR.

“**CRM**” means Certified Reference Materials.

“**Effective Date**” means the date on which the securities regulatory authority that is the principal regulator in accordance with MI 11-102 issues a final receipt for the Final Prospectus pursuant to NP 11-202.

“**Election**” means the election, pursuant to the Tax Act, to be a “public corporation” on the same day as, but after, the Closing.

“**Escrow Agent**” means Equity Financial Trust Company.

“**Escrow Agreement**” means the Escrow Agreement dated April 26, 2012 among the Company, the Escrow Agent, Ewan Downie, Iain Downie, Symone Downie and MPC.

“**Exploration License Agreement**” means the Exploration License Agreement dated May 1, 2012 between the Company and the Surface Rights Holder whereby the Surface Rights Holder granted the Company certain exploration rights with respect to 11 claims that form part of the Clarence Stream Property.

“**Extended Retransfer Right**” means the right granted by the Company to Cliffs pursuant to the Cliffs Amendments, whereby the Listing Condition was extended from March 31, 2012 to November 30, 2012, providing Cliffs with the right to demand the retransfer of the 70% registered and participating interest in the Clarence Stream Property for no consideration if the Listing Condition is not satisfied on or prior to such date. See “Description of the Business – Three-Year History”.

“**Final Prospectus**” means the final prospectus filed by the Company with the Regulatory Authorities in connection with the Offering.

“**FT Shares**” means the ♦ flow-through Common Shares offered for sale under this Prospectus.

“**FT Share Subscription Agreement**” means a subscription agreement for subscriptions of FT Shares to be entered into between the Company and the Placement Agents, as agents for, on behalf of and in the name of, all Subscribers.

“**Freewest Canada**” means Freewest Resources Canada Inc., a company incorporated under the laws of Canada.

“**GAAP**” means Canadian generally accepted accounting principles.

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

“**Incentive Plan**” means the Company’s Share Incentive Plan adopted on February 29, 2012 by the Board and on March 26, 2012 by the shareholders of the Company, and providing for the granting of incentive options, share purchase rights and share bonuses to the Company’s directors, officers, employees and consultants.

“**Indicated Mineral Resource**” has the meaning ascribed to such term by the Canadian Institute of Mining, Metallurgy and Petroleum, as the CIM Definition Standards on Mineral Resources and Mineral Reserves adopted by CIM Council, as amended.

“**Inferred Mineral Resource**” has the meaning ascribed to such term by the Canadian Institute of Mining, Metallurgy and Petroleum, as the CIM Definition Standards on Mineral Resources and Mineral Reserves adopted by CIM Council, as amended.

“**Lawman Property**” means the property consisting of four metallic mineral leases with the State of Minnesota and one private mineral lease agreement all located in Township 48N, Range 22W (Section 30) and Township 48N, Range 23 W (Sections 21, 22 and 23) with a total of 1,955.74 mineral acres and 1,291.91 surface acres in Aitkin

County, Minnesota. The metallic mineral leases and the private mineral lease are subject to a base royalty on the metallic minerals and associated mineral products recovered from each ton of ore mined from the Lawman Property that fluctuates from 3.95% to 20% depending upon the net return value per ton.

“**Lead Placement Agent**” means Canaccord Genuity Corp.

“**Listing Condition**” means the listing of the Common Shares on a stock exchange in North America.

“**Listing Date**” means the date on which the Common Shares are listed on a stock exchange in North America.

“**Loan Facility**” means the Convertible Loan Facility dated March 29, 2012, as amended on September 12, 2012, between the Company and Ewan Downie, a director and the Chairman of the Company, whereby the Company is permitted to draw down up to \$250,000 with any amount drawn down accruing 10% interest per annum with a maturity date of November 30, 2012. Provided the Company is listed on a stock exchange in North America on the maturity date, any principal and accrued interest on the maturity date may be converted into Common Shares at the election of Mr. Downie at a 10% discount to the prior day closing price of the Common Shares on a stock exchange in North America. Mr. Downie may also elect to convert the principal amount of the Loan Facility plus accrued interest thereon into Common Shares at the Closing Date in which case, the conversion price of the outstanding amounts under the Loan Facility shall be equal to the price per Unit Share sold pursuant to the Offering.

“**MI 11-102**” means Multilateral Instrument 11-102 *Passport System*.

“**Mineral Resource**” has the meaning ascribed to such term by the Canadian Institute of Mining, Metallurgy and Petroleum, as the CIM Definition Standards on Mineral Resources and Mineral Reserves adopted by CIM Council, as amended.

“**Minnesota Property**” means, collectively, the Carlton-Aitkin Project and the Rum River Project.

“**Mortgage**” means the Mortgage of Mineral Rights dated January 11, 2012 executed by the Company in favour of Cliffs as registered against title to the 70% registered and participating interest in the Clarence Stream Property held by the Company to secure the obligations of the Company to Cliffs under the Clarence Stream Agreement.

“**MPC**” means Minerals Processing Corporation, a private company incorporated pursuant to the laws of the State of Michigan.

“**MPC Agreement**” means the Share Sale Agreement dated November 4, 2009, as amended February 2, 2010, among the Company, MPC and MPC Sub Corporation pursuant to which the Company acquired all of the issued and outstanding securities of MPC Sub Corporation from MPC in consideration for the aggregate cash payment of USD\$125,000 and the allotment and issuance of 7,883,333 Common Shares to MPC.

“**Named Executive Officers**” or “**NEO**” means the following individuals:

- (a) the Company’s Chief Executive Officer (CEO);
- (b) the Company’s Chief Financial Officer (CFO);
- (c) each of the three most highly compensated executive officers of the Company, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000, for that financial year; and
- (d) each individual who would be a Named Executive Officer under paragraph (c) but for the fact that the individual was neither an executive officer of the Company or its subsidiaries, nor acting in a similar capacity, at the end of that financial year.

“**NI 41-101**” means National Instrument 41-101 *General Prospectus Requirements* of the Canadian Securities Administrators.

“**NI 43-101**” means National Instrument 43-101 *Standards of Disclosure for Mineral Properties* of the Canadian Securities Administrators.

“**NI 45-102**” means National Instrument 45-102 *Resale of Securities*.

“**NI 45-106**” means National Instrument 45-106 *Prospectus and Registration Exemptions*.

“**NI 52-110**” means National Instrument 52-110 *Audit Committees* of the Canadian Securities Administrators.

“**NI 58-101**” means National Instrument 58-101 *Disclosure of Corporate Governance Practices* of the Canadian Securities Administrators.

“**NP 11-202**” means National Policy 11-202 *Process for Prospectus Reviews in Multiple Jurisdiction*.

“**NP 46-201**” means National Policy 46-201 *Escrow for Initial Public Offerings* of the Canadian Securities Administrators.

“**NP 58-201**” means National Policy 58-201 *Corporate Governance Guidelines* of the Canadian Securities Administrators.

“**Offered Securities**” means, collectively, the ♦ Units and the ♦ FT Shares offered for sale pursuant to this Prospectus.

“**Offering**” means the offering of ♦ Units and ♦ FT Shares of the Company as described in this Prospectus.

“**Offering Price**” means \$♦ per Unit and \$♦ per FT Share.

“**Options**” means the incentive stock options granted pursuant to the Incentive Plan to directors, officers, employees and consultants of the Company and other designated persons to acquire Common Shares. See “Options to Purchase Securities”.

“**Over-Allotment Option**” means the option granted by the Company to the Placement Agents to allow the Placement Agents to purchase additional Units of up to 15% of the number of Units sold in the Offering for a period of thirty (30) days from the Closing Date for market stabilization purposes and to cover over-allotments, if any. See “Plan of Distribution”.

“**Placement Agents**” means Canaccord Genuity Corp., RBC Dominion Securities Inc. and Jones, Gable & Company Limited who have agreed to assist the Company with respect to the Offering on a commercially reasonable efforts basis in accordance with the terms of the Agency Agreement.

“**Pooled Shares**” means the Common Shares held by the Pooling Agent in accordance with the terms of the Voluntary Pooling Agreement.

“**Pooling Agent**” means Equity Financial Trust Company.

“**Portage Amendment**” means the amending agreement dated March 29, 2012 between the Company and Rockport amending the terms of the Portage Purchase Agreement.

“**Portage Amendments**” mean the Portage Amendment and the Portage Second Amendment.

“**Portage Purchase Agreement**” means the Clarence Stream Property Sale Agreement dated March 7, 2012 between the Company and Rockport.

“**Portage Second Amendment**” means the amending agreement dated September 6, 2012 between the Company and Rockport amending the terms of the Portage Purchase Agreement as amended by the Portage Amendment.

“**Principal**” of the Company means:

- (a) a person or company who acted as a promoter of the Company within two years before the Prospectus;
- (b) a director or senior officer of the Company or any of its material operating subsidiaries at the time of the Prospectus;
- (c) a person or company that holds securities carrying more than 20% of the voting rights attached to the Company's outstanding securities immediately before and immediately after the Company's initial public offering;
- (d) a person or company that:
 - (i) holds securities carrying more than 10% of the voting rights attached to the Company's outstanding securities immediately before and immediately after the Company's initial public offering, and
 - (ii) has elected or appointed, or has the right to elect or appoint, one or more directors or senior officers of the Company or any of its material operating subsidiaries; or
- (e) such other person or company designated as a "principal" under NP 46-201.

"Principal Regulator" means the securities regulatory authority or regulator determined in accordance with NP 11-102.

"Prospectus" means this second amended and restated preliminary prospectus filed by the Company with the Regulatory Authorities in connection with the Offering.

"QA" means quality assurance.

"QC" means quality control.

"Qualified Person" means an individual who:

- (a) is an engineer or geoscientist with a university degree, or equivalent accreditation, in an area of geoscience, or engineering, relating to mineral exploration or mining;
- (b) has at least five years of experience in mineral exploration, mine development or operation or mineral project assessment, or any combination of these, that is relevant to his or her professional degree or area of practice;
- (c) has experience relevant to the subject matter of the mineral project and the technical report;
- (d) is in good standing with a professional association; and
- (e) in the case of a professional association in a foreign jurisdiction, has a membership designation that
 - (i) requires attainment of a position of responsibility in their profession that requires the exercise of independent judgment; and
 - (ii) requires
 - A. a favourable confidential peer evaluation of the individual's character, professional judgment, experience, and ethical fitness; or
 - B. a recommendation for membership by at least two peers, and demonstrated prominence or expertise in the field of mineral exploration or mining.

“**Regulatory Authorities**” means the Commissions and any applicable stock exchange.

“**Rockport**” means Rockport Mining Corp., a company incorporated under the laws of Canada.

“**Rockport Units**” means the units issuable by the Company to Rockport pursuant to the Amended Portage Purchase Agreement which will be equal in all respects to the Units except that each unit will be issued pursuant to an exemption from the prospectus requirements under NI 45-106 and be subject to a restricted period in accordance with NI 45-102.

“**RPA**” means Roscoe Postle Associates Inc. of Toronto, Ontario.

“**Rum River Project**” means, collectively, 35 private and state mining leases and one agreement with respect to deeded land covering in total approximately 11,043 mineral acres and approximately 5,260 surface acres for mineral properties located in the Kanabec and Mille Lacs counties in Minnesota, United States.

“**Securities**” means, collectively, the Units, Shares and Warrants.

“**Securities Commissions**” means the securities commissions in each of the Selling Jurisdictions.

“**Selling Jurisdictions**” means each of the provinces of Canada, except Québec.

“**Shares**” means, collectively, the Unit Shares, FT Shares and Warrant Shares.

“**Special Order**” means the special orders for the sale of Offered Securities to certain purchasers introduced by the Company to the Placement Agents in respect of which a reduced commission structure will apply.

“**Subscriber**” means a person, company or other entity that subscribes for Offered Securities under the Offering.

“**Surface Rights Holder**” means J.D. Irving, Limited.

“**Tax Act**” means the *Income Tax Act* (Canada), and the regulations thereunder, as amended, re-enacted or replaced from time to time.

“**Tax Proposals**” means all specific proposals to amend the Tax Act publicly announced by the Minister of Finance (Canada) prior to the date of this Prospectus.

“**Technical Report**” means the technical report on the Clarence Stream Property entitled “Technical Report on the Clarence Stream Gold Project, New Brunswick, Canada” dated September 7, 2012, prepared for the Company by David A. Ross, M.Sc., P.Geo., in accordance with NI 43-101.

“**Trading Days**” means the days on which the stock exchange in North America on which the Common Shares are listed at the relevant time is open for trading and the transaction of business.

“**Units**” means the ♦ units of the Company offered for sale under this Prospectus, each unit being comprised of one Unit Share and one-half of one Warrant.

“**Unit Shares**” means the Common Shares comprising part of the Units.

“**United States**” means the United States of America.

“**U.S. Person**” has the meaning ascribed to it in section 902(k) of Regulation S promulgated under the US Securities Act, and includes, among other things, any natural person resident in the United States, any partnership or corporation organized or incorporated under the laws of the United States and any trust of which any trustee is a U.S. person.

“**US Securities Act**” means the United States *Securities Act of 1933*, as amended.

“Voluntary Pooling Agreement” means the Voluntary Pooling Agreement to be entered into among the Company, the Pooling Agent and the shareholders of the Company set out therein on or prior to the Closing Date.

“Warrant Agent” means Equity Financial and Trust Company in its capacity as warrant agent under the Warrant Indenture.

“Warrant Indenture” means the warrant indenture to be entered into between the Company and the Warrant Agent, to be dated as of the Closing Date.

“Warrant Shares” means the Common Shares issuable upon exercise of the Warrants in accordance with the terms thereof.

“Warrantholders” means the registered holders of the Warrants.

“Warrants” means the non-transferable Common Share purchase warrants comprising the Units offered for sale under this Prospectus, each whole Warrant being exercisable into one Warrant Share at an exercise price of \$♦ per Warrant Share for a period of 24 months from the Closing Date, subject to the Acceleration Right of the Company.

GLOSSARY OF TECHNICAL TERMS

μ	micron	km ²	square kilometre
°C	degree Celsius	kPa	kilopascal
°F	degree Fahrenheit	kVA	kilovolt-amperes
μg	microgram	kW	kilowatt
A	ampere	kWh	kilowatt-hour
A	annum	L	litre
m ³ /h	cubic metres per hour	L/s	litres per second
cfm	cubic metres per minute	m	metre
bbl	barrels	M	mega (million)
Btu	British thermal units	m ²	square metre
C\$	Canadian dollars	m ³	cubic metre
cal	calorie	min	minute
cm	centimetre	MASL	metres above sea level
cm ²	square centimetre	mm	millimetre
d	day	mph	miles per hour
dia.	diameter	MVA	megavolt-amperes
dmt	dry metric tonne	MW	megawatt
dwt	dead-weight ton	MWh	megawatt-hour
ft	foot	m ³ /h	cubic metres per hour
ft/s	foot per second	opt, oz/st	ounce per short ton
ft ²	square foot	oz	Troy ounce (31.1035g)
ft ³	cubic foot	oz/dmt	ounce per dry metric tonne
g	gram	ppm	part per million
G	giga (billion)	psia	pound per square inch absolute
Gal	Imperial gallon	psig	pound per square inch gauge
g/L	gram per litre	RL	relative elevation
g/t	gram per tonne	s	second
gpm	Imperial gallons per minute	st	short ton
gr/ft ³	grain per cubic foot	stpa	short ton per year
gr/m ³	grain per cubic metre	stpd	short ton per day
hr	hour	t	metric tonne
ha	hectare	tpa	metric tonne per year
hp	horsepower	tpd	metric tonne per day
in	inch	US\$	United States dollar
in ²	square inch	USg	United States gallon
J	joule	USgpm	US gallon per minute
k	kilo (thousand)	V	volt
kcal	kilocalorie	W	watt
kg	kilogram	wmt	wet metric tonne
km	kilometre	yd ³	cubic yard
km/h	kilometre per hour	yr	year

CURRENCY

In this Prospectus, unless otherwise indicated, all dollar amounts are expressed in Canadian dollars and references to \$ are to Canadian dollars.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus contains “forward-looking statements” within the meaning of applicable Canadian securities legislation. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. These statements are only predictions. Management of the Company believes the expectations reflected in such forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in or incorporated by reference into this Prospectus should not be unduly relied upon. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur. These forward-looking statements are made as of the date of this Prospectus and, except as required under applicable securities legislation, the Company does not intend and does not assume any obligation to update these forward-looking statements if circumstances or management’s beliefs, expectations or opinions change.

In particular, this Prospectus contains forward-looking statements pertaining to the following:

- planned completion of the Offering and the timing and receipt of approvals and consents required;
- planned exploration and development of the Clarence Stream Property;
- the timing of the recommended work programs contained in the Technical Report;
- satisfaction of obligations by the Company to Cliffs under the Amended Clarence Stream Agreement;
- estimates of mineral resources with respect to the Clarence Stream Property;
- costs, timing and results of exploration and development activities;
- the belief that the massive sulphide boulders on the Armstrong Property may have a local bedrock source;
- information with respect to the Company’s future financial and operating performance;
- timing and receipt of approvals, consents and permits under applicable legislation;
- supply and demand for precious metals and anticipated economic market for gold;
- expectations regarding the ability to raise capital and the availability of funds; and
- closing of the Amended Portage Purchase Agreement.

Such forward-looking statements or information are based on a number of assumptions which may prove to be incorrect. In addition to any other assumptions identified in this Prospectus, assumptions have been made regarding, among other things:

- the timely receipt of required regulatory and exchange approvals and other necessary consents;
- the ability to obtain financing on acceptable terms;
- the ability of the Company to list on a stock exchange in North America on or prior to November 30, 2012;
- the ability of the Company to renew the Exploration License Agreement with the Surface Rights Holder who holds surface rights over 11 mining claims covering a portion of the Clarence Stream Property;
- the price of gold and future gold prices;
- conditions in general economic and financial markets;
- availability of exploration equipment and skilled labour;
- timing and amount of capital expenditures;
- royalty rates;
- the Company’s ultimate ability to mine, process and sell minerals profitably;
- effects of regulation by governmental agencies; and
- future operating costs.

The actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this Prospectus:

- risks inherent in the mining business;
- the substantial capital requirements of the Company and ability to maintain adequate capital resources to carry out its business activities;
- the Clarence Stream Property is subject to the Extended Retransfer Right;
- the risk the Company is called upon to indemnify Cliffs for any prior liabilities under the Amended Clarence Stream Agreement;
- the risk the Company is unable to close the Amended Portage Agreement for any reason;
- the risk that the Company is unable to complete the Offering or list its Common Shares on a stock exchange;
- regulatory and environmental risks;
- reliance on the CRA's approval of the Election (as defined herein);
- regulatory, permit and license requirements;
- results of exploration activities and development of mineral properties;
- industry competition;
- operating hazards and limitations on insurance risk;
- fluctuations in commodity prices and marketability of minerals;
- inability to renew the Exploration License Agreement;
- the tax treatment of FT Shares;
- governmental regulation of the mineral resource industry, including environmental regulation;
- the Company's title and interest to its mineral properties may be subject to challenge;
- stock market volatility and capital market valuation;
- discretion in use of net proceeds of the Offering;
- funds may not be available to the Company on terms acceptable to the Company or at all;
- financing risks and dilution to shareholders resulting from future financing activities;
- reliance on management and dependence on key personnel;
- conflicts of interest; and
- general market and industry conditions.

See "Risk Factors".

The foregoing list is not exhaustive of the factors that may affect the Company's forward-looking statements. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the forward-looking statements. The Company's forward-looking statements are based on beliefs, expectations and opinions of management on the date the statements are made. For the reasons set forth above, investors should not place undue reliance on any forward-looking statement.

Unless otherwise indicated, technical information in this Prospectus regarding the Qualifying Property is derived from the Technical Report prepared by the Author who is a Qualified Person and is independent of the Company within the meaning of NI 43-101. Such information is based on assumptions, qualifications and procedures which are not fully described herein. Reference should be made to the full text of the Technical Report, which is available under the Company's profile on the SEDAR website at www.sedar.com. During the Offering, a copy of the Technical Report will be available at the office of the Company located at 5 – 1100 Russell Street, Thunder Bay, Ontario, P7B 5N2, where it may be examined during normal business hours.

PROSPECTUS SUMMARY

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

Principal Business of the Company

The Company is engaged in the exploration and development of mineral properties. The Company's sole material property is a 70% registered and participating interest in the advanced stage exploration property known as the Clarence Stream Property located in the Province of New Brunswick, Canada, subject to the 2% Cox NSR, the 1% Cliffs NSR and the Extended Retransfer Right. The Company has also entered into the Amended Portage Purchase Agreement, whereby the Company has agreed to acquire the remaining 30% registered and participating interest in the Clarence Stream Property which it does not currently hold from Rockport in consideration for the payment of \$1,000,000 and the issuance of \$560,000 worth of Rockport Units at the price per Unit sold pursuant to the Offering, provided that the Listing Condition is satisfied on or prior to the date which is ninety (90) days from the date of the issuance of a receipt by the Principal Regulator for the Final Prospectus and, in any event, no later than November 30, 2012.

The Company also holds interests in two early stage and non-material exploration properties consisting of the Lawman Property and the Armstrong Property. The Company's objective is to explore and, if warranted, develop the Clarence Stream Property. See "Description of the Business" and "Property Description and Location".

Management, Directors & Officers

Ewan Downie	Chairman of the Board and Director
Donald Hoy	President, CEO, Qualified Person and Director
Lance Dyll	CFO
Shaun Drake	Secretary
Iain F. Downie	Director
William McCrindle	Director
Thomas O. Quigley	Director
David Brown	Director
Daniel Mechis	Director

See "Directors and Executive Officers".

Clarence Stream Property

The Clarence Stream Property is an advanced stage exploration property that consists of 793 claims totaling 17,446 hectares located approximately 70 kilometers south of Fredericton, New Brunswick and 25 kilometers northwest of the town of St. George in Charlotte County, southern New Brunswick, within NTS sheets 21G/6 and 7. The Company currently holds a 70% registered and participating interest in the Clarence Stream Property subject to the 2% Cox NSR, 1% Cliffs NSR and the Extended Retransfer Right. The Company has also entered into the Amended Portage Purchase Agreement, whereby the Company has agreed to acquire the remaining 30% registered and participating interest which it does not currently hold from Rockport in consideration for the payment of \$1,000,000, the issuance of \$560,000 worth of Rockport Units at the price per Unit sold pursuant to the Offering and a commitment to retain qualified Rockport consultants and personnel to provide mineral exploration services with respect to the Clarence Stream Property in exchange for payments in the aggregate amount of \$60,000, provided that the Listing Condition is satisfied on or prior to the date which is ninety (90) days from the date of the issuance of a receipt by the Principal Regulator for the Final Prospectus and, in any event, no later than November 30, 2012. See "Description of the Business – Three-Year History – Clarence Stream Property".

As set out in the Technical Report with respect to the Clarence Stream Property and at a cut-off grade of 3 g/t Au, Indicated Mineral Resources are estimated to total 822,000 tonnes grading 6.90 g/t Au containing 182,000 ounces of gold. Inferred Mineral Resources are estimated to total 1.2 million tonnes grading 6.34 g/t Au containing 250,000 ounces of gold. The Author estimated an Indicated antimony resource to be 114,000 tonnes grading 2.9% Sb containing 7.3 million pounds of antimony. This antimony resource is contained within part of the Anomaly-A gold resource. See "Property Description and Location".

The Offering

The Company, through the Placement Agents, is offering ♦ Units at a price of \$♦ per Unit and ♦ FT Shares at a price of \$♦ per FT Share on a commercially reasonable efforts basis. See "Plan of Distribution".

Over-Allotment Option

The Company has granted the Placement Agents the Over-Allotment Option, exercisable in whole or in part, at the sole discretion of the Placement Agents, for a period of thirty (30) days from the Closing Date, to purchase up to an additional ♦ Units at a price of \$♦ per Unit, solely to cover over-allotments, if any, and for market stabilization purposes. In respect of the Over-Allotment Option, the Company will pay to the Placement Agents a fee equal to 6% of the gross proceeds realized through the issuance of the Units pursuant to the Over-Allotment Option. If the Over-Allotment is exercised in full, the total price to the public will be \$10,350,000, the total Agents' Fee will be \$581,000 (assuming the maximum number of Special Orders of \$2,000,000) and the net proceeds to the Company, before deducting the estimated expenses of the Offering, will be \$9,769,000. This Prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Units to be issued and sold upon exercise of the Over-Allotment Option.

Conditions to Closing

The Closing and the satisfaction of the payment and issuance obligations to Cliffs under the Amended Clarence Stream Agreement, are cross-conditional on each other, such that the Offering will not close if the Company is not in a position to concurrently satisfy its remaining obligations with respect to the acquisition of its 70% registered and participating interest from Cliffs.

Use of Proceeds

The Company expects to receive aggregate gross proceeds of \$9,000,000 from the sale of Offered Securities pursuant to the Offering (assuming the Over-Allotment Option is not exercised). After deducting the Agents' Commission of \$500,000 (assuming the maximum number of Special Orders of \$2,000,000) and the balance of estimated costs of the Offering of \$300,000, the Company anticipates it will have net proceeds of \$8,200,000. The Company anticipates that total funds available to the Company of \$8,191,500, consisting of net proceeds of \$8,200,000 from the Offering plus estimated working capital deficiency of \$8,500 as at August 31, 2012, will be used as follows:

Maintain the Clarence Stream Property in good standing for at least 18 months ⁽¹⁾	\$2,000,000
Property acquisition costs of 30% interest in Clarence Stream Property from Rockport ⁽²⁾	\$1,000,000
To pay for the Phase 1 exploration program expenditures on the Clarence Stream Property ⁽³⁾	\$1,500,000
To pay for the Phase 2 exploration program expenditures on the Clarence Stream Property ⁽³⁾	\$1,500,000
Maintain Armstrong Property in good standing for at least 18 months ⁽⁴⁾	\$95,000
To provide funding for capital equipment and leasehold improvement costs for 18 months	\$60,000
To pay Rockport consulting fees ⁽⁵⁾	\$60,000
Unallocated Working Capital	\$290,000

To provide working capital sufficient to meet administrative, legal, audit and office overhead costs for 18 months	<u>\$1,686,500</u>
TOTAL:	<u>\$8,191,500</u>

Notes:

- (1) Pursuant to the terms of the Amended Clarence Stream Agreement, the Company is required to pay Cliffs \$2,000,000 within five (5) Business Days of the Listing Date. See "Description of Business – Clarence Stream Property".
- (2) Pursuant to the terms of the Amended Portage Purchase Agreement, the Company is required to pay Rockport \$1,000,000 within five (5) Business Days of the Listing Date. See "Description of Business – Clarence Stream Property".
- (3) See "Property Description and Location".
- (4) Pursuant to the terms of the Armstrong Amendment, the Company is required to pay the Armstrong Vendor \$30,000 on the date of the Company's listing on the TSX Venture Exchange, \$40,000 on or prior to January 17, 2014 and \$25,000 on or prior to January 17, 2014 in the event the Company has not listed its Common Shares on a Canadian stock exchange on or prior to October 17, 2012. See "Description of Business – Armstrong Property".
- (5) Pursuant to the terms of the Portage Second Amendment, the Company has agreed to retain qualified consultants and personnel of Rockport for mineral exploration services with respect to the Clarence Stream Property in exchange for payments in the aggregate amount of \$60,000 which the Company anticipates will be paid over the period of 12 months following the Closing.

The Company will use an amount equal to the gross proceeds from the sale of the FT Shares to incur CEE, which will be renounced to Subscribers for the FT Shares effective December 31, 2012. See "Use of Proceeds".

The Company intends to spend the funds available to it as stated in this Prospectus. There may be circumstances, however, where for sound business reasons a reallocation of funds may be necessary. See "Use of Proceeds".

Risk Factors

An investment in the Offered Securities of the Company should be considered highly speculative and investors may incur a loss on their investment. The following risk factors should be given special consideration when evaluating an investment in the Offered Securities:

- Mineral exploration is inherently risky and it is impossible to ensure that the Company's current or proposed exploration programs will result in commercially viable mining operations.
- The Clarence Stream Property is subject to the Extended Retransfer Right in favour of Cliffs, whereby if the Company fails to satisfy the Listing Condition on or prior to November 30, 2012, Cliffs has the right to demand until January 13, 2014 the Company transfer the Clarence Stream Property back to Cliffs for no consideration.
- Pursuant to the terms of the Amended Clarence Stream Agreement, the Company has agreed to assume any liabilities of Cliffs and its affiliates that result from Cliff's prior interest in the Clarence Stream Property and has agreed to indemnify Cliffs and its affiliates from any liabilities under all prior agreements between Cliffs and third parties, including all environmental liabilities of Cliffs and all liabilities with respect to Cliffs' prior interest in the Clarence Stream Property.
- Pursuant to the terms of the Amended Portage Agreement, the Company has agreed to purchase the remaining 30% registered and participating interest in the Clarence Stream Property it does not currently hold for the consideration set out in such agreement provided that the Company satisfies the Listing Condition on or prior to the date which is ninety (90) days from the date of the issuance of a receipt by the Principal Regulator for the Final Prospectus and, in any event, no later than November 30, 2012.
- The Company is subject to various regulatory and environmental risks.
- The Company's activities may require permits or licenses which may not be granted to the Company.

- The Company's mining and exploration activities involve significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate.
- The Company competes with other companies with greater financial, technical and other resources.
- Operations in which the Company may have a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of precious metals, any of which could result in work stoppages, damage to property, and possible environmental damage.
- In recent years, both metal prices and publicly traded securities prices have fluctuated widely.
- There is no guarantee of the Company's title to its properties.
- The Company may not be able to renew the Exploration License Agreement with the Surface Rights Holder regarding surface rights covering 11 claims on the Clarence Stream Property.
- There is no assurance of a positive, or any, return on an investment in the Offered Securities.
- There is currently no market for the Offered Securities and no assurance that an active market will develop or be sustained after this Offering.
- A decline in the market price of the Shares could impair the ability of the Company to raise additional capital through the sale of securities.
- The Company may elect to allocate the net proceeds received from this Offering differently than what is described under "Use of Proceeds – Principal Purpose".
- There is no guarantee that current federal and provincial tax laws will not be altered in a materially adverse manner and no guarantee that there will be differences between federal and provincial tax authorities with respect to the tax treatment of the FT Shares.
- The Company may not be able to complete the Offering. Additional Common Shares may be issued in the future which will cause dilution to the ownership interests of the Company's shareholders.
- The directors and officers of the Company may be directors and officers of other natural resources companies and a conflict of interest may arise.
- The events in global financial markets recently have had a profound impact on the global economy.
- Current global financial conditions have been subject to increased volatility.
- The Company and its assets may become subject to uninsurable risks.
- The Company is currently largely dependent on the performance of its directors and there is no assurance the Company can maintain their services.
- The Company and/or its directors may be subject to a variety of civil or other legal proceedings, with or without merit. See "Risk Factors".

Summary of Financial Information

The following selected consolidated financial information is subject to and more fully explained in the detailed information contained in the financial statements of the Company and notes thereto included in this Prospectus. The selected consolidated financial information set out below is derived from unaudited consolidated financial information for the Company as at and for the three and six months ended June 30, 2012 and 2011 and audited consolidated financial information for the Company as at and for the financial years ended December 31, 2010 and 2011 and as at December 31, 2009 and for the period from incorporation on August 12, 2009 to December 31, 2009.

	Three Months Ended June 30, 2012 \$ (unaudited) Under IFRS	Three Months Ended June 30, 2011 \$ (unaudited) Under IFRS	Six Months Ended June 30, 2012 \$ (unaudited) Under IFRS	Six Months Ended June 30, 2011 \$ (unaudited) Under IFRS
Revenue	Nil	1,968	3,352	1,968
Mineral Exploration and Acquisition/Development Costs	110,535	213,464	452,831	500,254
General and Administrative Expenses	107,612	60,974	234,799	65,078
Comprehensive loss for the period	(218,953)	(293,071)	(1,013,499)	(609,385)
Loss per Common Share	(0.01)	(0.01)	(0.04)	(0.02)
		Year Ended December 31, 2011 \$ (audited) Under IFRS	Year Ended December 31, 2010 \$ (audited) Under IFRS	Period from Incorporation on August 12, 2009 to December 31, 2009 \$ (audited) Under IFRS
Revenue		7,163	463	47
Mineral Exploration and Acquisition/Development Costs		978,564	3,127,238	Nil
General and Administrative Expenses		293,952	10,911	69
Comprehensive loss for the period		(1,405,402)	(3,265,697)	(37,074)
Loss per Common Share		(0.06)	(0.19)	(0.03)

	As at June 30, 2012 \$ (unaudited) Under IFRS	As at December 31, 2011 \$ (audited) Under IFRS	As at December 31, 2010 \$ (audited) Under IFRS	As at December 31, 2009 \$ (audited) Under IFRS
Current Assets	247,548	926,959	1,115,818	2,418,674
Total Assets	355,859	949,251	1,115,818	2,418,674
Current Liabilities	50,796	109,752	144,667	22,510
Long Term Debt	Nil	Nil	Nil	Nil
Shareholders' Equity	305,063	839,499	971,151	2,396,164
Cash Dividends per Common Share	Nil	Nil	Nil	Nil

ELIGIBILITY FOR INVESTMENT

In the opinion of Clark Wilson LLP, counsel to the Company and McMillan LLP, counsel to the Placement Agents, based on the current provisions of the Tax Act and subject to the assumptions and qualifications in the section entitled “Certain Canadian Federal Income Tax Considerations” and “Risk Factors” contained in this Prospectus, provided that at the relevant time either: (i) the Shares are listed on a “designated stock exchange” within the meaning of the Tax Act, (which currently includes Tiers 1 and 2 of the TSX Venture Exchange; or (ii) the Company is a “public corporation” (as that term is defined in the Tax Act), the Shares and the Warrants will be “qualified investments” under the Tax Act for a trust governed by a registered retirement savings plan (“RRSP”), registered retirement income fund (“RRIF”), registered education savings plan, deferred profit sharing plan, registered disability savings plan and a tax free savings account (“TFSA”) (all as defined by the Tax Act) (collectively the “Deferred Plans”), provided that, in the case of the Warrants, each person that is an annuitant, a beneficiary, an employer or a subscriber under, or a holder of, such a Deferred Plan, deals at arm’s length with the Company (within the meaning of the Tax Act).

The Common Shares are not currently listed on a “designated stock exchange” and the Common Shares may not be unconditionally listed on a “designated stock exchange” on the Closing Date. The Company intends to make an election, pursuant to the Tax Act, to be a “public corporation” on the same day as, but after, the Closing of the Offering (the “Election”). The Company will make the Election on the reliance that the Canada Revenue Agency (the “CRA”) will administratively accept that the Election, if validly made in satisfaction of the minimum requirements set out in the Tax Act and duly filed, will render the Shares issued on the Closing Date to be “qualified investments” for Deferred Plans at the time of issuance (the “Company’s Reliance”). **If the Company does not make the Election, the Company’s Reliance is incorrect, or the Election is not accepted as being validly filed or made in satisfaction of the minimum requirements set out in the Tax Act, and the Shares are not unconditionally listed on a “designated stock exchange” on the Closing Date, the Shares and Warrants will not be “qualified investments” for a Deferred Plan at the time of issuance on the Closing Date.**

Notwithstanding the foregoing, the annuitant of a RRSP or a RRIF or the holder of a TFSA, as the case may be, will be subject to a penalty tax if the Shares or Warrants held in a RRSP, RRIF or TFSA are a “prohibited investment” for the purposes of the Tax Act. The Shares and Warrants will generally be a “prohibited investment” if the annuitant or the holder, as the case may be, does not deal at arm’s length with the Company for the purposes of the Tax Act or has a “significant interest” (as defined in the Tax Act) in the Company or a corporation, partnership or trust with whom the Company does not deal at arm’s length for the purposes of the Tax Act. **Subscribers should consult their own tax advisors to ensure that the Shares and Warrants would not be a “prohibited investment” for a trust governed by a RRSP, RRIF or TFSA in their particular circumstances.**

It is not anticipated that Deferred Plans will subscribe for FT Shares as Deferred Plans will not benefit from a deduction in respect of CEE as described below under “Certain Canadian Federal Income Tax Considerations”. However, Subscribers may wish to transfer their FT Shares to a Deferred Plan following the initial purchase. Such a transfer will be deemed for the purposes of the Tax Act to be a disposition for proceeds equal to the fair market value of the FT Shares on the date of the transfer. Subscribers who intend to transfer all or a portion of their FT Shares to a Deferred Plan should consult their own tax advisors as to the tax consequences of such a transfer, having regard to their own particular circumstances. See “Certain Canadian Federal Income Tax Considerations – Residents of Canada – Disposition of Shares”.

CORPORATE STRUCTURE

Name and Incorporation

Wolfdan Resources Corporation was incorporated under the *Business Corporations Act* (Ontario) on August 12, 2009 and is registered to do business in the Province of New Brunswick. On March 4, 2011, the Company filed Articles of Amendment to delete certain provisions from the Articles of the Company which, among other things, limited the number of shareholders to thirty-five (35) persons and prohibited invitations being made to the public to subscribe for securities of the Company. On March 29, 2012, the Company further amended its Articles and By-laws to remove certain restrictions on the transfer of securities of the Company, to reduce the number of classes of Common Shares, to eliminate the classes of preferred shares and to increase the flexibility afforded to the Board and

management in the governance and operations of the Company. The Company's registered and records office and head office is located at Unit 5 – 1100 Russell Street, Thunder Bay, Ontario P7B 5N2.

Inter-corporate Relationships

The Company has one wholly-owned subsidiary, MPC Sub Corporation, a private company incorporated under the laws of the state of Michigan, United States on October 5, 2009. The Company owns all of the issued and outstanding shares in the capital of MPC Sub Corporation and 100% of the votes attached to all voting securities of MPC Sub Corporation.

DESCRIPTION OF THE BUSINESS

The Company is engaged in the exploration and development of mineral properties. The Company's sole material property is a 70% registered and participating interest in the advanced stage exploration property known as the Clarence Stream Property located in the Province of New Brunswick, Canada, subject to the 2% Cox NSR and the 1% Cliffs NSR and subject to the Extended Retransfer Right. The Company also holds interests in two early stage and non-material exploration properties consisting of the Lawman Property and the Armstrong Property. The Company's objective is to explore and, if warranted, develop the Clarence Stream Property.

The Clarence Stream Property is an advanced stage exploration property that consists of 793 claims totaling 17,446 hectares located 70 kilometers south of Fredericton, New Brunswick and 25 kilometers northwest of the town of St. George in Charlotte County, southern New Brunswick, within NTS sheets 21G/6 and 7. The Company intends to use \$1,500,000 from the net proceeds raised through the issuance of FT Shares under the Offering to carry out the planned Phase 1 exploration program for the Clarence Stream Property as recommended by the Technical Report. If Phase 1 is successful, the Company intends to use an additional \$1,500,000 from the net proceeds raised through the issuance of FT Shares under the Offering to carry out Phase 2 as recommended by the Technical Report. See "Property Description and Location" and "Use of Proceeds".

On April 23, 2010, the Company acquired an indirect interest in the early exploration stage Minnesota Property through the acquisition of all of the issued and outstanding shares of MPC Sub Corporation pursuant to the MPC Agreement dated November 4, 2009 as amended February 2, 2010, among the Company, MPC and MPC Sub Corporation. The Minnesota Property was comprised of interests in private and state mineral leases in the Carlton, Aitkin, Kanabec and Mille Lacs counties in Minnesota, United States. After completing initial exploration on the Minnesota Property, the Company decided to relinquish all interest in the Minnesota Property as of April 30, 2012 except for the Lawman Property which the Company continues to hold. The Company does not intend to conduct any exploration activities on the Lawman Property until exploration is warranted and until funds are obtained to carry out such an exploration program. As at the date of this Prospectus, the Company does not consider the Lawman Property to be material to its operations. The Lawman Property is held by MPC in trust for MPC Sub Corporation. See "Description of Business – Lawman Property".

In addition to the Clarence Stream Property and the Lawman Property, the Company holds an option to acquire a 100% interest in the Armstrong Property, an early exploration stage property located in the Bathurst Mining Camp of northern New Brunswick, Canada. The Armstrong Property consists of 8 contiguous claim blocks comprising 158 claim units. The Company does not intend to conduct any exploration activities on the Armstrong Property until exploration is warranted and until funds are obtained to carry out such an exploration program. As at the date of this Prospectus, the Company does not consider the Armstrong Property to be material to its operations and has not completed a technical report in accordance with NI 43-101 on the Armstrong Property.

Employees

As at the date of this Prospectus, the employees of the Company were Donald Hoy, the President and Chief Executive Officer, and Lance Dyll, the Chief Financial Officer. All other administrative services are provided on a consulting basis through 1752466 Ontario Inc. doing business as The Alyris Group pursuant to the terms of the Administrative Services Agreement.

Environmental Regulation

All phases of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. See "Risk Factors". The Company maintains, and anticipates continuing to maintain, a policy of operating its business in compliance with all environmental regulations.

Three-Year History

During the Company's prior three year history, it acquired three property interests consisting of the Clarence Stream Property, the Minnesota Property and the Armstrong Property. On April 30, 2012, the Company relinquished all interest in the Minnesota Property except for the Lawman Property which originally formed part of the Carlton-Aitkin Project.

Clarence Stream Property

On January 13, 2012, the Company entered into the Clarence Stream Agreement with Cliffs pursuant to which the Company acquired a 70% registered and participating interest in the Clarence Stream Property as further described below in consideration for the:

- payment of \$5,000,000 within five (5) Business Days of the Listing Date;
- allotment and issuance of that number of Common Shares having a deemed aggregate value equal to \$3,500,000 at a price per Common Share equal to the price per Unit Share sold pursuant to the Offering;
- grant of the 1% Cliffs NSR; and
- assumption of all liabilities of Cliffs associated with the Clarence Stream Property.

On January 13, 2012, Cliffs transferred and registered a 70% interest in the Clarence Stream Property in the name of the Company. Pursuant to the terms of the Clarence Stream Agreement, the Company granted a retransfer right to Cliffs which has been superseded by the Extended Retransfer Right following the execution of the Cliffs Amendments as described below. Pursuant to the original retransfer right, the Company was required to list its Common Shares on a North American stock exchange (the "**Listing Condition**") on or prior to March 31, 2012. If the Company failed to satisfy the Listing Condition, Cliffs had the right to demand that the Company retransfer its 70% registered and participating interest in the Clarence Stream Property back to Cliffs for no consideration.

Following entry into the Clarence Stream Agreement, the Company and Cliffs entered into the Cliffs Amendments which amended the terms of the Clarence Stream Agreement, whereby Cliffs agreed to extend the deadline for satisfaction of the Listing Condition from March 31, 2012 to November 30, 2012 (the "**Extended Retransfer Right**"). In addition, and pursuant to the terms of the Cliffs Amendments, Cliffs agreed to reduce the consideration payable under the Amended Clarence Stream Agreement to consist of payment of \$2,000,000 and the issuance of \$1,600,000 worth of Common Shares.

In the event the Extended Retransfer Right is exercised prior to January 13, 2014, the Company will be required to transfer its 70% registered and participating interest back to Cliffs for no consideration and the Company will also be required to indemnify Cliffs for any losses incurred in respect of activities undertaken by the Company in relation to the Clarence Stream Property at any time prior to the exercise of the Extended Retransfer Right. Upon exercise of the Extended Retransfer Right, the Company will be released from its obligation to pay and discharge any assumed liabilities other than those accruing or arising following the entry into the Clarence Stream Agreement and prior to the date of exercise of the Extended Retransfer Right. Additionally, in the event the Extended Retransfer Right is exercised prior to January 13, 2014, the 1% Cliffs NSR and the underlying Cliffs Royalty Agreement that established the 1% Cliffs NSR will terminate upon the date the Extended Retransfer Right is exercised. The closing of the Offering and the satisfaction of the payment and issuance obligations to Cliffs under the Amended Clarence Stream Agreement are cross-conditional, such that the Offering will not close if the Company is not in a position to concurrently satisfy its remaining obligations with respect to the acquisition of its 70% registered and participating interest from Cliffs.

Under the Amended Clarence Stream Agreement, the 70% interest in the Clarence Stream Property includes additional properties in the area that is within 3 kilometres of the outermost circumambient boundaries of the Clarence Stream Property as on January 13, 2012 if those areas are acquired by Cliffs between January 13, 2012 and the Listing Date or if those areas are acquired by the Company at any time after January 13, 2012.

The Company is not permitted to transfer any of its rights in and to the 70% registered and participating interest in the Clarence Stream Property, under either the Amended Clarence Stream Agreement or the Cliffs Royalty Agreement until the satisfaction of the payment of cash, issuance of Common Shares, grant of the 1% Cliffs NSR and assumption of liabilities stated above. Following such satisfaction, the Company may transfer any or all of its rights in the 70% registered and participating interest in the Clarence Stream Property with written consent from Cliffs if the proposed transferee agrees to assume all terms and conditions under the Amended Clarence Stream Agreement. If Cliffs reasonably determines that such proposed transferee is less creditworthy than the Company, then the Company may not be relieved or discharged from any of its obligations under the Clarence Stream Agreement.

On January 13, 2012, and as required by the Clarence Stream Agreement, the Company entered into the Cliffs Royalty Agreement. Pursuant to the Cliffs Royalty Agreement, the Company granted Cliffs the 1% Cliffs NSR with respect to production of minerals from the Clarence Stream Property and the area which is within 3 kilometres of the circumambient boundaries of the Clarence Stream Property as established on January 13, 2012. The Company is not permitted to grant any additional royalties of any nature with respect to the Clarence Stream Property or the minerals or products therefrom other than:

- the 1% Cliffs NSR;
- the 2% Cox NSR;
- royalties legally imposed by any government authority; and
- royalties in connection with royalty-based financing specifically for feasibility studies or mine development from feasibility to production in an aggregate amount up to 0.5% of the net smelter returns.

To secure the obligations of the Company under the Amended Clarence Stream Agreement, the Company signed the Mortgage on January 11, 2012 in favour of Cliffs. Pursuant to the terms of the Mortgage, the Company mortgaged and created a security interest in the 70% interest in the Clarence Stream Property in favour of Cliffs. In the event of a breach by the Company of the secured obligations or an event of default by the Company under the Amended Clarence Stream Agreement or Mortgage, Cliffs has the right to require the Company to retransfer to it the 70% interest in the Clarence Stream Property. An event of default under the Mortgage includes a breach of the Company's obligations under the Amended Clarence Stream Agreement, a material adverse change on the status or condition of the Company, a material misstatement by the Company included in the Amended Clarence Stream Agreement or Mortgage or an assignment of bankruptcy or similar proceeding by the Company. The Mortgage was registered in the Mining Recorder's Office in New Brunswick on January 16, 2012.

On March 7, 2012, the Company entered into the Portage Purchase Agreement which was amended pursuant to the Portage Amendments. Pursuant to the terms of the Amended Portage Agreement, the Company has agreed to acquire the remaining 30% registered and participating interest it does not currently hold in the Clarence Stream Property from Rockport in consideration for payment of \$1,000,000, the issuance of \$560,000 worth of Rockport Units at the price per Unit sold pursuant to the Offering and a commitment to retain qualified Rockport consultants and personnel to provide mineral exploration services with respect to the Clarence Stream Property in exchange for payments in the aggregate amount of \$60,000, provided the Listing Condition is satisfied on or prior to the date which is ninety (90) days from the date of the issuance of a receipt by the Principal Regulator for the Final Prospectus and, in any event, no later than November 30, 2012. As required, the Company paid Rockport a non-refundable deposit of \$75,000 on March 14, 2012. The Company intends to pay \$1,000,000 from proceeds of the Offering to satisfy the purchase price to Rockport immediately upon the Closing Date.

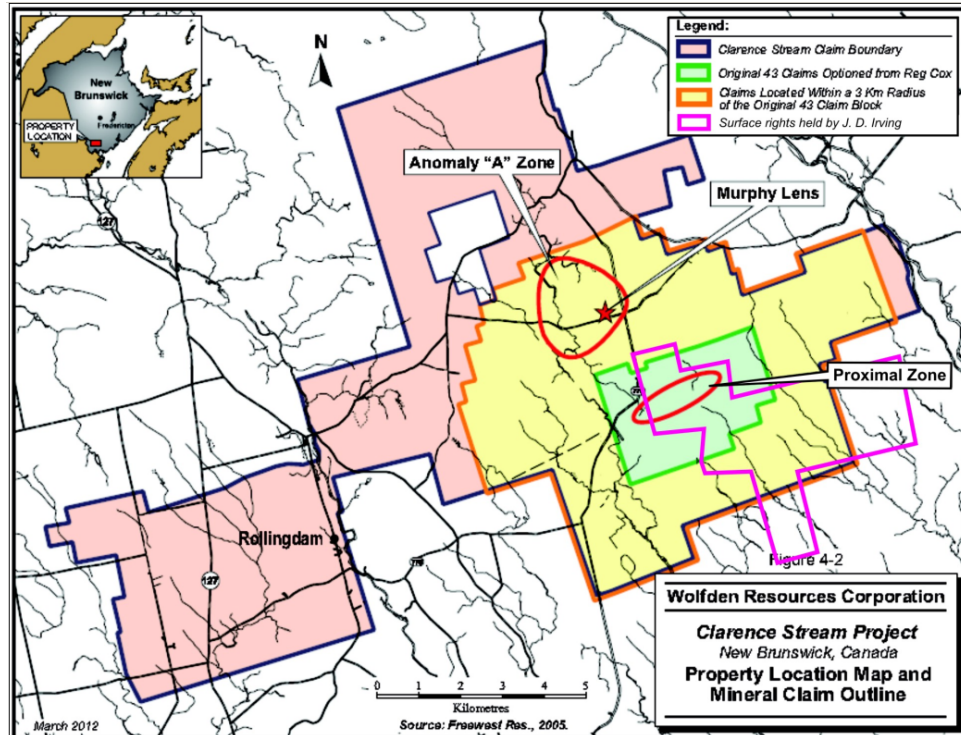
Although the Company seeks to complete its acquisition of the remaining 30% registered and participating interest in the Clarence Stream Property pursuant to the Amended Portage Purchase Agreement, on or shortly after the Closing Date, the Closing is not conditional upon the completion of such acquisition. The Company anticipates that the Common Shares issuable to Cliffs under the Amended Clarence Stream Agreement and to Rockport under the

Amended Portage Purchase Agreement will be issued concurrently with the Closing. Such Common Shares will be issued pursuant to an exemption from the prospectus requirements under NI 45-106. The Common Shares will be subject to a restricted period in accordance with NI 45-102. At the Closing Date, and assuming the completion of the acquisition pursuant to the Amended Portage Purchase Agreement and further assuming the Company pays the required amount and issues the required number of Common Shares to Cliffs under the Amended Clarence Stream Agreement, the Company anticipates it will own a 100% registered and participating interest in the Clarence Stream Property (subject to the 1 % Cliffs NSR and the 2% Cox NSR).

On May 1, 2012, the Company entered into the Exploration License Agreement with the Surface Rights Holder, whereby the Surface Rights Holder granted certain exploration rights to the Company with respect to 11 claims that cover a portion of the mineralization of the Clarence Stream Property. The exploration rights granted to the Company consist of the right to complete several diamond drill holes within certain drill zones as set out in the agreement and the acknowledgment that tree harvesting and surface disturbance is anticipated. Written approval by the Surface Rights Holder's representative is required for all planned activities prior to their actual commencement. In consideration for the grant of such rights, the Company paid \$1,250 to the Surface Rights Holder following entry into the Exploration License Agreement. Additionally, the Company is required to pay the following to the Surface Rights Holder:

- \$3,000 per drill zone as set out in the Exploration License Agreement which is an area of land not greater than one mile in diameter, provided that in any particular drill zone, the rate per drill hole is not to be greater than \$1,000;
- \$2,500 for road usage on the Clarence Stream Property per 3 month period (or partial 3 month period);
- \$600 per kilometer of survey line or cut line;
- payment of the Surface Rights Holder's land manager charges, including an overhead charge of 33% related to the repair and maintenance of roads on the Clarence Stream Property from excessive damage to the roads resulting from the Company's use; and
- compensation for all timber and wood products which are cut or damaged by the Company's exploration activities as set out in the agreement.

The Company has agreed to indemnify the Surface Rights Holder from any and all claims arising out of the exploration activities of the Company as permitted under the Exploration License Agreement and has further agreed to release the Surface Rights Holder for any cost or claim that the Company has or may have against the Surface Rights Holder under the Exploration License Agreement. The Exploration License Agreement does not contain any renewal provisions and terminates on the earlier of completion of the anticipated exploration activities and May 1, 2013. Following termination of the Exploration License Agreement, the Company intends to renew or enter into a subsequent agreement with the Surface Rights Holder to permit any additional exploration and development work that is required with respect to the Clarence Stream Property.



Lawman Property

On April 23, 2010, the Company acquired all of the issued and outstanding shares in the capital of MPC Sub Corporation from MPC pursuant to the MPC Agreement dated November 4, 2009 as amended February 2, 2010 among the Company, MPC and MPC Sub Corporation in consideration for the cash payment of US\$125,000 and the issuance of 7,883,333 Common Shares to MPC. MPC Sub Corporation was the beneficial owner, subject to certain royalties and encumbrances, of the Minnesota Property which was held in trust for MPC Sub Corporation by MPC pursuant to an agreement of trust dated April 23, 2010. On April 30, 2012, the Company relinquished all interest in the Minnesota Property except for the Lawman Property which the Company continues to hold. The Lawman Property is held in trust for MPC Sub Corporation by MPC. The Company does not intend to conduct any exploration activities on the Lawman Property until exploration is warranted and until funds are obtained to carry out such an exploration program. See “Description of Business – Lawman Property”.

See “Glossary of Terms – Lawman Property” for a description of the property and a summary of the royalties which the Lawman Property is subject to.

Armstrong Property

On September 19, 2011, the Company entered into the Armstrong Agreement, as amended by the Armstrong Amendment, pursuant to which the Company has the right to earn a 100% interest in the Armstrong Property by making cash payments and issuing Common Shares to the Armstrong Vendor and incurring certain exploration expenditures over a five year period as follows:

- \$40,000 cash payment upon signing of the Armstrong Agreement (paid);
- \$70,000 in exploration expenditures before the Listing Date (completed);
- \$30,000 cash payment on the date the Listing Date;
- \$90,000 worth of Common Shares on or prior to January 17, 2013;
- \$40,000 cash payment and \$40,000 worth of Common Shares on or prior to January 17, 2014;
- \$40,000 cash payment, \$40,000 worth of Common Shares and \$2,500,000 of exploration expenditures (\$1,250,000 on diamond drilling) on or prior to January 17, 2015;

- \$25,000 cash payment, \$25,000 worth of Common Shares on or prior to January 17, 2016; and
- \$25,000 cash payment, \$25,000 worth of Common Shares as well as an additional \$2,500,000 in exploration expenditures on or prior to January 17, 2017.

Upon satisfaction of the above obligations, the Company will earn a 100% interest in the Armstrong Property, subject to the 1.5% Armstrong NSR retained by the Armstrong Vendor. The Company has the right to purchase 0.5% of the 1.5% Armstrong NSR for \$2,000,000 on or before the delivery of a positive feasibility study. The Company also has the right to purchase an additional 0.5% of the 1.5% Armstrong NSR for \$2,500,000 on or before commencement of commercial production. Upon the Company acquiring a 100% interest in the Armstrong Property, on subsequent anniversaries, the Company is required to make advanced royalty payments to the Armstrong Vendor in the amount of \$25,000 on each subsequent anniversary until delivery of a positive feasibility study. Thereafter, annual payments of \$50,000 shall be made following the delivery of a positive feasibility study up until the first anniversary date following commercial production, all deductible against proceeds from the 1.5% Armstrong NSR. In addition, the Company is obligated to make bonus payments to the Armstrong Vendor for the following:

- upon discovery of volcanic-hosted massive sulphides (VHMS) in-situ on the Armstrong Property (greater than 5% lead-zinc-copper over 1 metre), \$25,000 cash and \$50,000 worth of Common Shares; and
- upon delineation of a VHMS deposit in excess of 1,000,000 tonnes (greater than 5% lead-zinc-copper), \$125,000 in cash and \$150,000 worth of Common Shares.

The Company has paid \$25,000 to the Armstrong Vendor as a result of the Listing Condition not being satisfied on or prior to March 19, 2012 pursuant to the terms of the Armstrong Agreement. Under the terms of the Armstrong Amendment, the Company has agreed to pay \$25,000 to the Armstrong Vendor if the Common Shares are not listed on a Canadian stock exchange on or prior to October 17, 2012. The \$25,000 penalty is payable by the Company on or before January 17, 2014. The Company has agreed that it will not conduct any significant exploration on the Armstrong Property until the Common Shares are listed on a Canadian stock exchange.

In the event the Armstrong Amendment is terminated, the Company is required to return the Armstrong Property in good standing for at least a period of 12 months.

Anticipated Changes in Current Financial Year

At the date of this Prospectus, the Company does not anticipate any additional changes to its business with the exception of exploration activities to advance the Clarence Stream Property in accordance with the recommended work programs as set out in the Technical Report. The Company has not yet made any decision as to future exploration activities with respect to the Lawman Property and the Company intends to carry out exploration activities on the Armstrong Property in order to keep such property in good standing in accordance with the Armstrong Amendment. As a mineral exploration company, the Company may enter into additional property agreements in the ordinary course of business.

Trends

There are significant uncertainties regarding the price of gold and other minerals and the availability of equity financing for the purposes of mineral exploration and development. The prices of gold and other minerals have historically experienced substantial volatility and during the past two years, financial markets have deteriorated to the point where it has become extremely difficult for companies to raise new capital. The Company's future performance is largely tied to the development of its current mineral property interests and the overall financial markets. Financial markets are likely to be volatile in Canada in the short term, reflecting ongoing concerns about the stability of the global economy and weakening global growth prospects. As well, concern about global growth has led to volatility in the commodity markets. Unprecedented uncertainty in the credit markets has also led to increased difficulties in borrowing/raising funds. Companies worldwide have been affected negatively by these trends. As a result, the Company may have difficulties raising equity financing for the purposes of mineral exploration and development, particularly without excessively diluting present shareholders of the Company and Subscribers in the Offering. With continued market volatility and slower worldwide economic growth, the

Company's strategy is to continue exploring the Clarence Stream Property, begin extraction of minerals, if exploration results confirm the viability of mineral deposits, and seek out other prospective resource properties to acquire until such time as the capital markets stabilize. The Company believes this focused strategy will enable it to meet the near-term challenges presented by the capital markets while maintaining the momentum on key initiatives. These trends may limit the Company's ability to develop and/or further explore the Clarence Stream Property, the Lawman Property, the Armstrong Property and/or other property interests acquired in the future.

PROPERTY DESCRIPTION AND LOCATION

For an explanation of certain technical terms used in this Prospectus, see "Glossary of Technical Terms".

The Company's sole material property is the advanced exploration stage Clarence Stream Property which is described in further detail below. The Company intends to use proceeds received from the Offering, among other things, on the recommended Phase 1 and Phase 2 work programs on the Clarence Stream Property and acquisition costs in connection with the Clarence Stream Property. See "Use of Proceeds".

Technical Report on the Clarence Stream Property

David A. Ross, M.Sc., P.Geo. of Roscoe Postle Associates Inc. ("**RPA**") of Toronto, Ontario was retained by the Company to prepare a NI 43-101 independent technical report on the Clarence Stream Property. Information in this section of a scientific or technical nature in respect of the Clarence Stream Property is based upon the technical report entitled "*Technical Report on the Clarence Stream Gold Project, New Brunswick, Canada*" dated September 7, 2012. David A. Ross, M.Sc., P.Geo. is a Qualified Person and is independent of the Company.

The Technical Report is a readdressed version of the Technical Report on the Clarence Stream Gold Project, New Brunswick, Canada, prepared for Freewest Canada and Rockport dated December 31, 2009 (Ross, 2009). No work has been carried out on the property since that date, however, the Technical Report has been updated to reflect changes in ownership of the property and a new exploration and development budget has been included.

Reference should be made to the full text of the Technical Report. The Technical Report is available under the Company's profile on the SEDAR website at www.sedar.com. During the Offering, a copy of the Technical Report will be held at the office of the Company located at Unit 5 – 1100 Russell Street, Thunder Bay, Ontario P7B 5N2, where it may be examined during normal business hours. The following information has been revised with respect to certain references.

Project Description and Location

Location

The Clarence Stream Property is located 70 km south of Fredericton and 25 km northwest of the town of St. George in Charlotte County, southern New Brunswick (Figure 4-1). St. George is the nearest community of significance, with a population of approximately 1,500 people. Saint John, a major city and seaport, is located 110 km to the east of the property. The Universal Transverse Mercator (UTM) coordinates (NAD 83, Zone 19) for the Anomaly-A area, which is located approximately three kilometres northwest of the Proximal Zone, are 655,400E and 5,026,000N. The property covers part of NTS sheets 21G/6 and 7.

Land Tenure

The Clarence Stream Property is comprised of 793 claims totalling 17,446 ha (Table 4-1 and Figure 4-2). All claims require renewal prior to October 26, 2012. To keep the claims in good standing, the Company makes annual payments of \$23,790 and files assessment work of \$396,500 to the government of New Brunswick.

Table 4-1 Claim Group Summary
Wolfden Resources Corporation. – Clarence Stream Property

Group Number	3479
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Group name	Clarence Stream
Date recorded	26-Oct-1998
Expiry date	26-Oct-2012
Number of claims	793
Claim numbers	2618001A to P; 2618002A to P; 2618003A to P; 2618004A to P; 2618005A to G, J to N; 2618006C to F, K to M; 2618011A to P; 2618012A to P; 2618013A to J; 2618013L, O to P; 2618014A, B, D, H to P; 2618015A to P; 2618016A to P; 2618021A to P; 2618022A to P; 2618023A to P; 2618024A to P; 2618025A to P; 2618026A to I; 2618031A to P; 2618032A to L, P; 2618035A, B, G to K, O, P; 2618036A, B; 2618041A to D, F to K, N, O, P; 2618042A to C; 2618051A to D; 2619052M; 2619053D, E, L, M; 2619061C to F, L to M; 2619062D, E, K to P; 2619063A to P; 2619064A to H; 2619071A to P; 2619072A to P; 2619073A to L, N to P; 2619074A, B, H; 2619081A to P; 2619082A to P; 2619083A to O; 2619084B to F, K to N; 2619085C to E, L; 2619091A to P; 2619092A to P; 2619093A to P; 2619094A to P; 2619095A to D, F to H; 2718009A, G to J, O, P; 2718010A to C, G to J, M to P; 2718020K to P; 2718028L, M; 2718029D, E, L, M, P; 2718038I, K to P; 2718039A to P; 2718040A to P; 2718048B to P; 2718049A to P; 2718050A to P; 2718057O, P; 2718058A to C, E to P; 2718059A to P; 2718060A to P; 2718068P; 2718069A, H to N, O, P; 2718070A to P; 2718080A, H, I; 2719070M; 2719080J to P; 2719089K to N; 2719090C to P; 2719099D to G, I to P; 2719100A to P.
Prospector License No.	15821
Owner	WOLF DEN RESOURCES CORPORATION

Early in January 2010, the New Brunswick Government implemented a new on-line map staking system (NB e-Claims) for the Province. The new claims acquisition system is based on a predefined New Brunswick grid that required conversion of existing ground staked claims to conform to the new format. The legal authority necessary to proceed with the conversion required changes to the Mining Act and this was completed as of October 1, 2009. Due to the implementation of the new grid system for map staking, following conversion, the Clarence Stream property is considerably larger than the claims area governed under the older system of ground staking. For those parts of the property that did not share a common boundary with another claim holder, a buffer area has been added to the new claims configuration that is consistent with the north-south grid system under NB e-Claims. In this situation, the Company can elect to retain the supplementary areas, or so called buffer areas resulting from the claims conversion, or drop them to reduce the resultant claim area. In the situation where after conversion, there are overlapping claims with neighbouring stakeholders (i.e. common claim boundaries under the old system of ground staking and the resulting buffers), the stakeholders must negotiate to determine who will have title to individual units. The Company has yet to negotiate such common claims with other stakeholders. The current Mineral Resources on the property are well within the new claim boundaries.

In an agreement with Cox dated March 23, 1999, the previous owner Freewest Canada acquired a 100% interest in the original 43 claims which cover the initial Clarence Stream discovery. To earn its interest, Freewest Canada made cash payments of \$200,000 and issued 100,000 shares to Cox. Cox retains the 2% Cox NSR, of which Freewest Canada can buy back 1.0% for the sum of \$500,000 for each 0.5%. Advance royalty payments of \$15,000 annually are due to Cox, such payments are deductible against the 2% Cox NSR proceeds.

As part of the March 1999 agreement with Cox, additional claims that were acquired by Freewest Canada within a three kilometre radius of the original 43 claim block would become part of the agreement and governed by its terms. Freewest Canada subsequently staked an additional 695 claims surrounding the initial claims, 272 of which are subject to the terms indicated above. The other 423 claims lie outside the three kilometre radius and were accordingly owned outright by Freewest Canada (Figure 4-2).

Rockport entered into a joint venture agreement dated October 11, 2007, with Freewest Canada whereby Rockport had the right to earn a 65% interest in 11,552 hectares of the Clarence Stream Property. Rockport had to expend \$3,000,000 for exploration and development work on the Clarence Stream Property by October 2008 to earn a 30% participating interest. To earn an additional 20% interest (50% total), Rockport was to have expended an additional \$4,500,000 on exploration and development work. After Rockport had earned this 50% interest, it could have earned an additional 15% (65% total), by funding the project through to a positive feasibility study.

Rockport fulfilled the \$3,000,000 expenditure, thereby earning a 30% participating interest in the property. Since earning its 30% participating interest in the Property, Rockport subsequently lost any additional right to earn additional interest by failing to meet the earn-in requirements as spelled out in the joint venture agreement.

In January of 2010, Freewest Canada was taken over by Cliffs Natural Resources Inc., in a transaction that involved all of Freewest Canada's properties including the Clarence Stream Property, being transferred to Cliffs Natural Resources Inc. Subsequent to this, in late 2011, Cliffs Natural Resources Inc. transferred its 70% interest in the Clarence Stream Property to a wholly-owned subsidiary, known as Cliffs.

In January 2012, the Company entered into the Clarence Stream Agreement with Cliffs, as amended by the Cliffs Amendment and Cliffs Second Amendment, whereby the Company agreed to purchase a 70% interest in the Clarence Stream Property from Cliffs. In March 2012, the Company entered into the Portage Purchase Agreement with Rockport, as amended by the Portage Amendment and the Portage Second Amendment, whereby the Company agreed to purchase the remaining 30% interest in the Clarence Stream Property from Rockport. See "Description of the Business – Clarence Stream Property".

RPA is not aware of any environmental liabilities associated with the Clarence Stream Property.

Figure 4-1 General Location Map

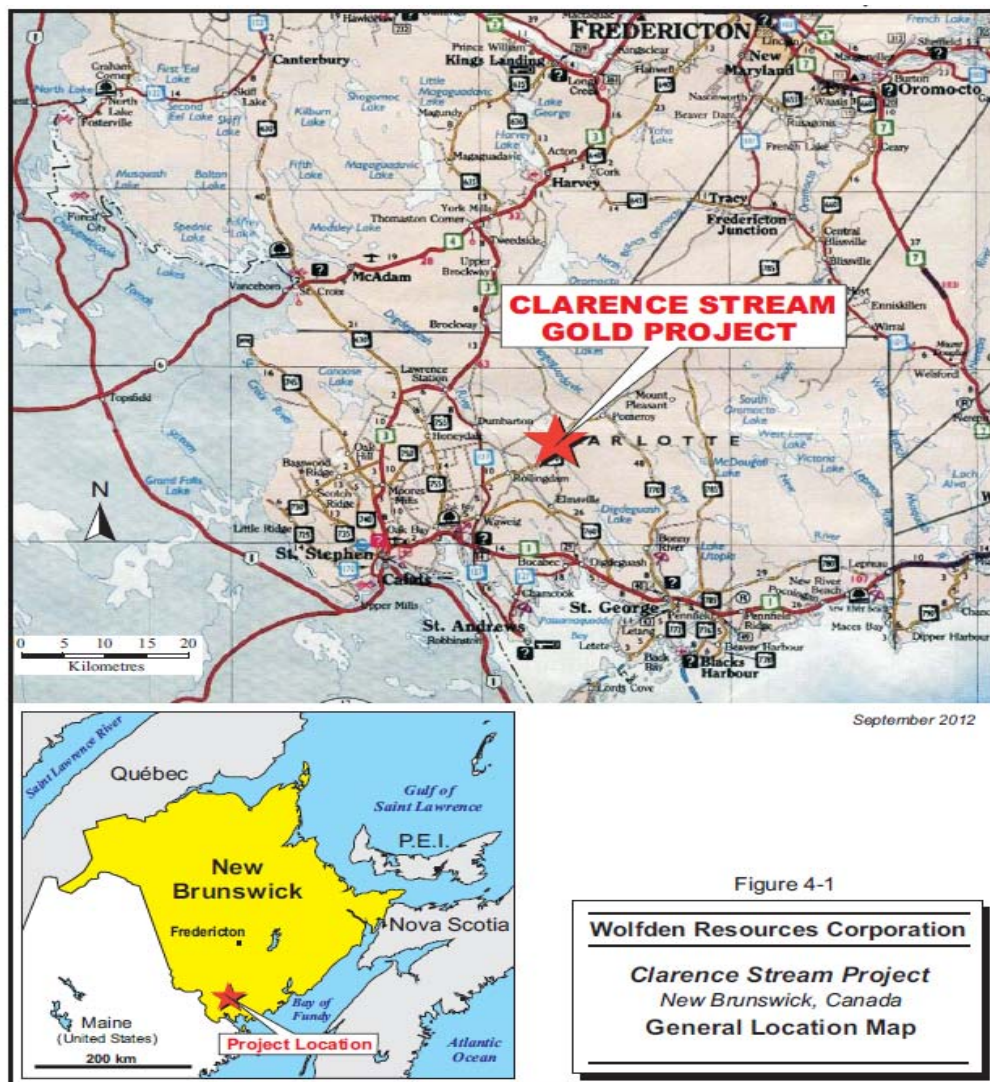
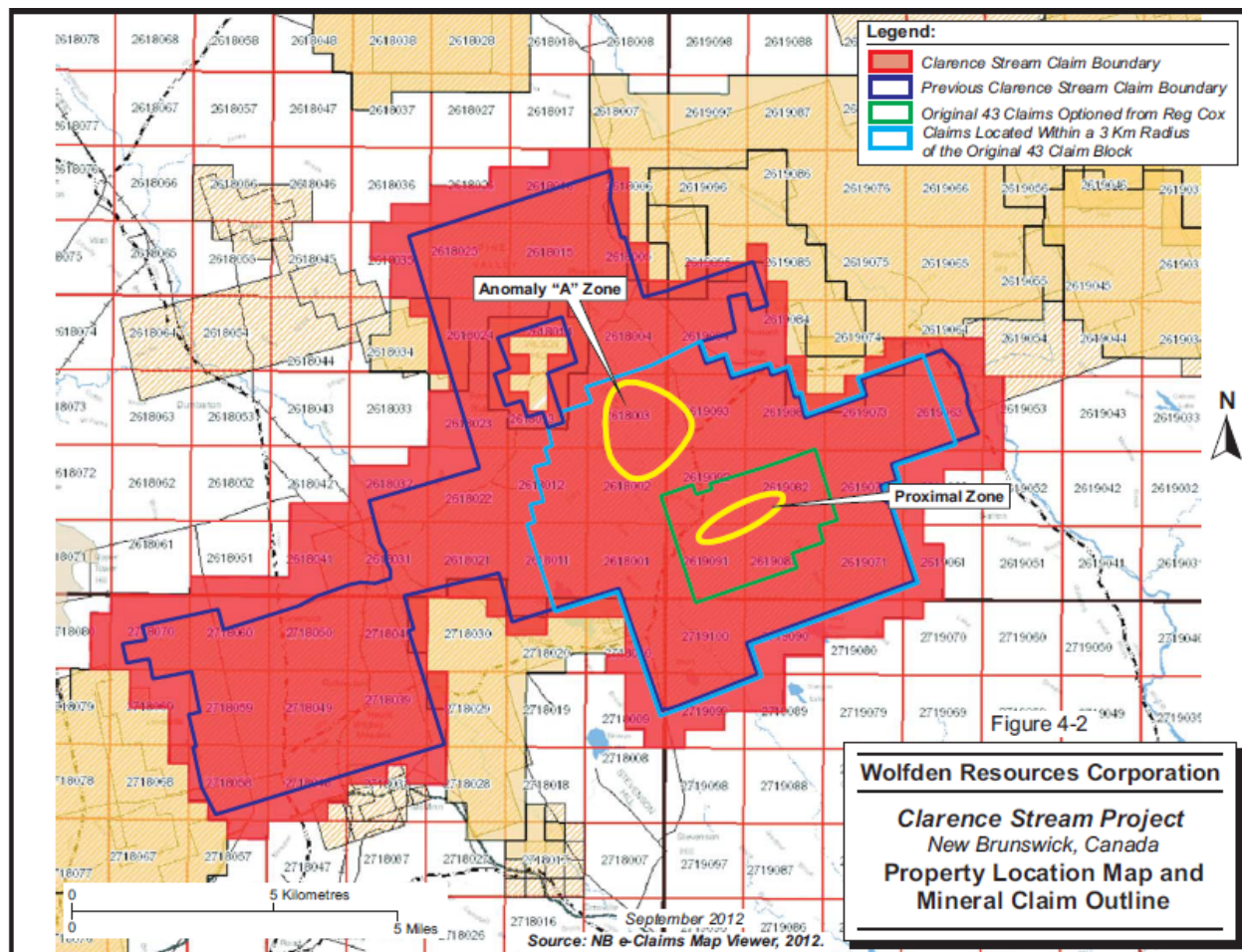


Figure 4-2 Property Location Map and Mineral Claim Outline

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The property is easily accessible by a network of provincial highways. Highway 770 bisects the property, as does a major power line servicing the formerly producing Mount Pleasant Mine and the neighbouring village of Rollingdam. The nearby towns of St. Stephen, St. Andrews, and St. George all provide excellent infrastructure centres for labour, services, and supplies. Travel time by road to the property is 90 minutes from Fredericton and approximately 20 minutes from either St. Stephen or St. George. The nearest air access is Fredericton or St. John.

The formerly producing Mount Pleasant Mine is located 20 km from the property. The facility is presently dormant, and most equipment has been sold. The Company rents several buildings for core handling, logging, and storage.

The property is located within the Magaguadavic River watershed and is topographically flat, with mixed forest and very little natural outcrop exposure. Parts of the property have been clear-cut by a third party.

The climate is more continental-type than maritime due to eastward-moving air masses. The mean daily temperature is 5°C and ranges from -6°C in January to 17°C in July-August. Total annual precipitation averages 115 cm spread relatively evenly season to season. Most exploration work can be conducted year-round.

History

The following description of the exploration history in the property area is modified from Hoy, D., 2002. *Summary report on the Clarence Stream Au property, Charlotte County, New Brunswick, NTS 21G/7, Unpublished report dated November 2002, 16 pp. with 1 map.* Subsequent to preparing the summary, Donald Hoy was appointed President and Chief Executive Officer of the Company on June 24, 2011 and elected a director of the Company on March 26, 2012.

Early exploration in the 1950s and 1960s in the region focused in the Mount Pleasant area following the discovery of tin and base metals, including the Mount Pleasant tin-tungsten-molybdenum group of deposits located 20 km by road from the Clarence Stream property which was in production for several years in the early 1980s. Subsequent work during the 1960s to the 1980s targeted tin, tungsten, molybdenum, antimony, and uranium.

Very little exploration work for gold was completed prior to the discovery of mineralized quartz float by prospector Cox in 1999. Cox's prospecting work was guided by a stream sediment gold anomaly mapped by the Geological Survey of Canada in 1992 (Friske, 1992). Since acquiring the Project in 1999, Freewest Canada systematically explored the area for gold.

The discovery of gold at the Clarence Stream Property prompted a Geological Survey of Canada 'Target Generated Initiative' (TGI) project. The main objectives were to: 1) characterize the different mineralization styles; 2) establish a genetic model linking different mineralization processes; and 3) formulate exploration guidelines to help search for these deposit types. A Ph.D. thesis was undertaken at the University of New Brunswick involving detailed geological and structural mapping and geochemical sampling of the Central Zone in an effort to refine the genetic model for intrusion-related gold deposits on the property and in the region (Thorne, 2005).

Geological Setting and Mineralization

Regional geology

The Clarence Stream Property is located near the boundary of the Gander and Avalon terranes of the Canadian Appalachians. In southwestern New Brunswick, the boundary between these major terranes is obscured by Palaeozoic age sedimentary rocks of the Mascarene Basin and the St. Croix terrane which are the primary hosts of the gold mineralization at Clarence Stream. The Sawyer Brook Fault separates the two groups of metasedimentary rocks (Figure 7-1) (Watters et al., 2003).

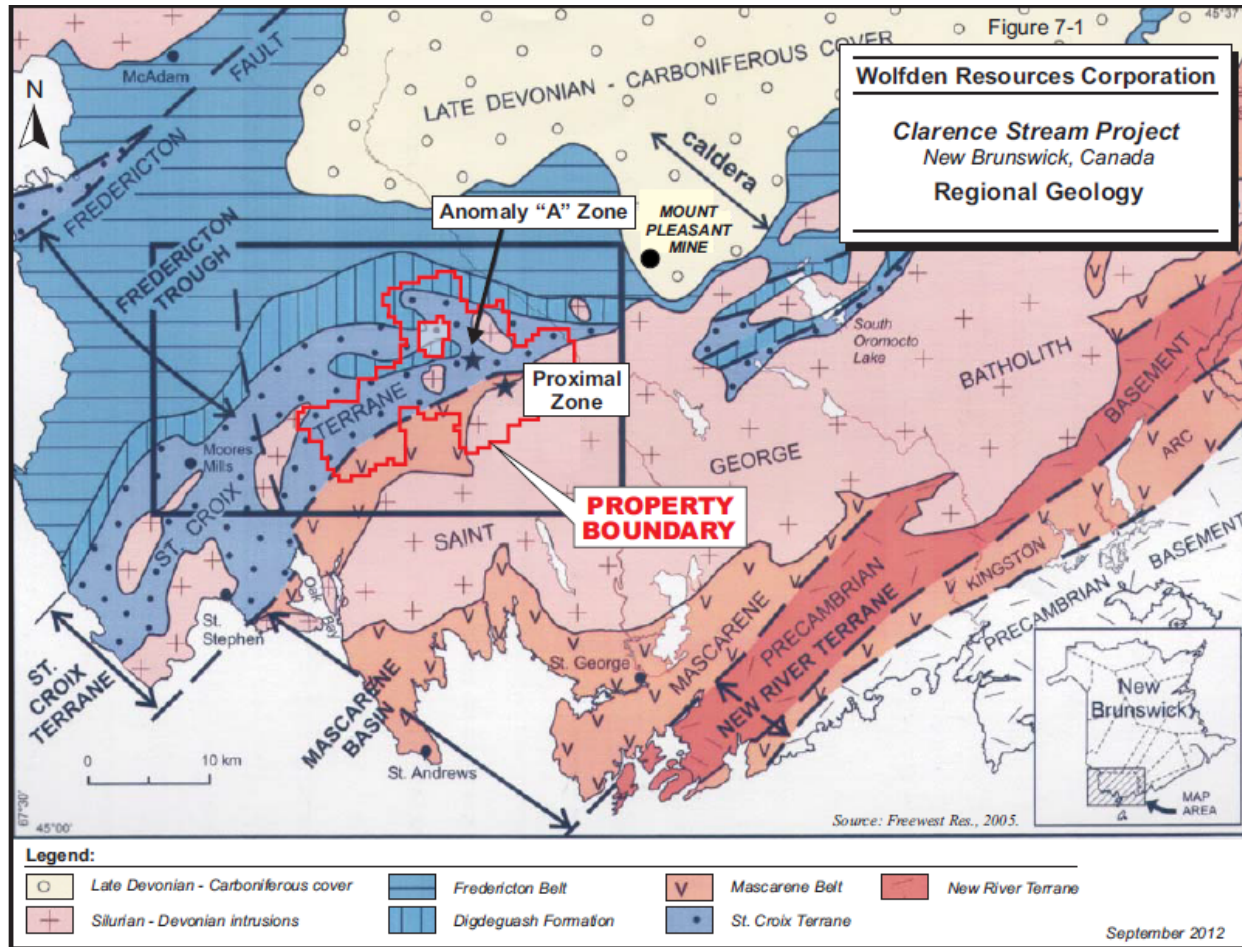
The St. Croix Terrane is made up of Ordovician metaturbidite rocks deposited on a passive margin of the Gander Terrane, and Silurian age turbidites of the Fredericton Trough found to the north. Most of the rocks of the St. Croix Terrane in the region belong to the Cookson Group, which includes rocks of the Kendal Mountain, Woodland, and Calais formations. The Mascarene Basin consists of post-collision, Silurian volcano-sedimentary rocks including the Waweig and Oak Bay formations.

The St. George Batholith (approximately 2,000 km²) intrudes rocks ranging in age from Late Precambrian to Early Devonian including the sedimentary rocks of the Mascarene Basin and the St. Croix Terrane. The batholith is made up of three distinct intrusive suites, each with several texturally and compositionally distinct units. The lithologies of the two oldest suites, the Digdeguash and the South Oromocto suites, were developed by variably fractionated magmas to produce gabbros, granodiorites, monzogranites, and granites. Lithologies of the younger suite, the Mount Douglas Intrusive Suite, were developed by moderately to highly evolved magmas to produce syenogranites and granitic lithotypes (McLeod, 1990).

The Magaguadavic granite, a unit of the South Oromocto Lake Suite, outcrops in the area of the Clarence Stream property. The intrusion is intermediate in composition, comprising monzogranite, syenogranite, and granodiorite (McLeod, 1990). The Magaguadavic granite is dominantly composed of plagioclase feldspar with subequal proportions of potassium feldspar, quartz, and amphibole. Phenocrysts and megacrysts of potassium feldspar and plagioclase vary in relative proportions and comprise up to 70% of the rock.

Several northeast-trending, crustal scale faults bound the St. George Batholith, including the Pendar Brook and Honeydale faults to the north and the Wheaton Brook Fault to the south.

Figure 7-1 Regional Geology



Local and Property Geology

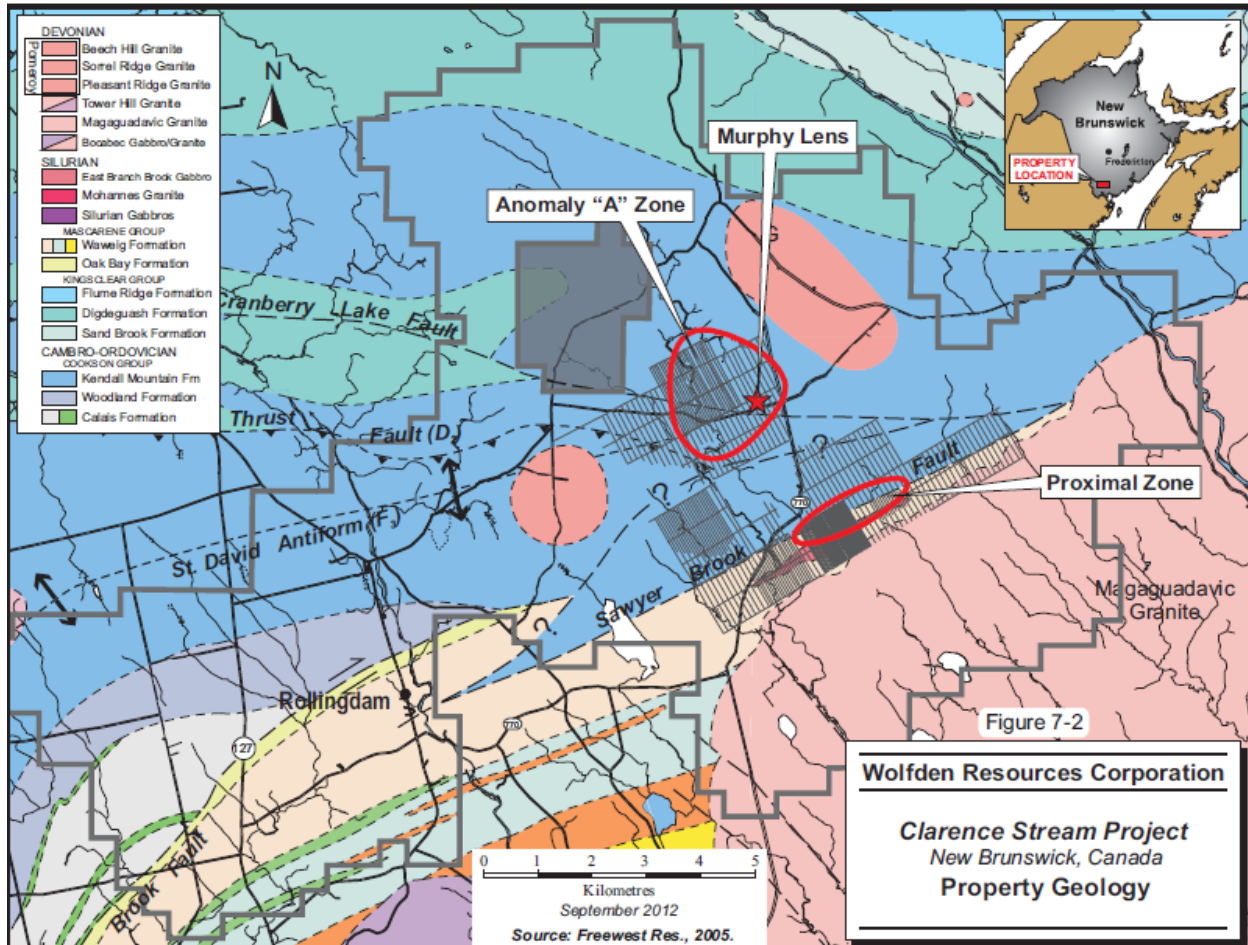
The following description of the property geology has been modified from Hoy (2002).

Auriferous quartz veins, quartz stockworks, and shear zones at Clarence Stream are hosted in meta-volcanosedimentary rocks ranging in age from Ordovician (Kendall Mountain Formation of the Cookson Group) to Silurian (Waweig Formation of the Mascarene Group) (Figure 7-2). Limited exposures of the Kendall Mountain Formation consist predominantly of quartzose wackes and quartz arenites. Minor amounts of conglomerate and basaltic rocks have also been mapped within the unit (Fyffe and Fricker, 1987). Overlying the Kendall Mountain Formation are Silurian age metavolcano-sedimentary rocks of the Waweig Formation. Lithologies include a sheared basal conglomerate overlain by interbedded units of fine-grained sandstone, siltstone, and minor intercalated felsic tuffaceous horizons. These rocks have been subjected to intense shearing and sericitization proximal to high-strain zones, and calc-silicate alteration within the thermal aureole of the Magaguadavic granodiorite.

The Magaguadavic granodiorite is poorly exposed on the southern fringe of the Clarence Stream survey grid. Variably deformed and altered gabbro sills and dikes of the East Branch Brook Suite are exposed at various locations and intrude the meta-volcanosedimentary rocks. These gabbroic sills and dikes are in turn crosscut by deformed aphanitic grey microgranite sills and dikes which may relate to the St. George Batholith.

The Sawyer Brook Fault marks the boundary between the Ordovician and Silurian meta-volcanosedimentary rocks, and is manifested, in part, by basal debris flows of the Oak Bay conglomerate. These massive flows are interpreted to be contemporaneous with faulting along the Ordovician basin margin (Fyffe and Fricker, 1987).

Figure 7-2 Property Geology



A number of gabbroic sills and dikes of the East Branch Brook Suite intrude the metasedimentary rocks near the contact with the Magaguadavic granodiorite. The emplacement of the gabbro intrusions may be controlled by dilation zones related to the Sawyer Brook Fault. The age of the gabbro intrusions relative to the felsic intrusions is not conclusively known, however, geochemical investigations suggest that they are similar to the late Silurian–early Devonian Boabec Gabbro, which is older than the Magaguadavic granodiorite (Thorne, 2001). The intrusive rocks consist of mesocratic to melanocratic, fine- to medium-grained gabbro, with minor beds or rafts of metasediments and minor felsic units (Muir and Clark, 2000).

Structural Geology

The rocks of the Clarence Stream Property have experienced at least four prominent structural events (Watters, Castonguay, McLeod, 2002). D1 is recognized in the Cambrian to Ordovician age Cookson Group and is characterized by large-scale recumbent folds with cleavage parallel to bedding. These structures are complex, strongly overprinted, and mostly lie sub-parallel to lithologic layering.

D2 is characterized by smaller-scale F2 isoclinal folds with thickened fold hinges. F2 folds plunge shallowly to the northeast and display axial planar cleavage dipping shallowly to the north. The limbs and hinges of F2 folds are

frequently cut by faults manifesting a “stacked” or “duplex-like” geometry. Brecciation and fault gouge are common within these faults.

D3 is characterized by shallow, northeast-trending open chevron folds and kinks with steeply dipping, axial planar cleavage. The axes of F2 and F3 folds are coaxial, resulting in the manifesting of complex F2-F3 interference patterns. The Sawyer Brook Fault is interpreted as a dextral strike-slip fault cutting the southeastern limb of the St. David antiform and may be part of a regional, belt-parallel fault system.

F4 folds are upright, north-northwest-trending, chevron folds with gently plunging axes. The effect of F4 folding marks local changes in regional orientation and alters the dip and plunge of pre-existing structures. D4 structures are possibly coeval with numerous north-northwest-trending transverse faults, such as the Oak Bay Fault.

Mineralization

Gold mineralization has been discovered in two main areas of the Clarence Stream Property, each with unique host rocks and deposit geometry. The Proximal Zone lies immediately to the northwest of the Magaguadavic Batholith, while the Anomaly-A Zone lies 3.5 km further northwest.

Gold-bearing minerals at Clarence Stream include aurostibite (AuSb_2), electrum (20%-34% Ag), native gold, arsenopyrite (FeAsS), and gudmundite (FeSbS). Common opaque minerals associated with gold include arsenopyrite, berthierite (FeSb_2S_3), jamesonite ($\text{Pb}_4\text{FeSb}_6\text{S}_{14}$), and stibnite (Sb_2S_3). Pyrite (FeS_2) and pyrrhotite (Fe_{1-x}S) are common but are not associated with gold (Cabri, 2002).

Proximal Zone

The Proximal Zone at Clarence Stream lies within a steeply dipping, east-northeast trending high-strain zone. The name “Proximal” implies a genetic relationship to Magaguadavic Batholith. Although this relationship remains unclear, the name has been preserved for consistency.

RPA outlined 38 individual lenses over a strike length of two kilometres, to a maximum depth of 350 m. Gold mineralization is commonly hosted in quartz veins, quartz stockwork, and along the contacts and within sheared and altered metagabbro and microgranite sills and dikes that crosscut the metavolcanosedimentary rocks of the Waweig Formation (Figure 7-3). There is a strong spatial relationship between veining and the microgranitic dykes and sills that, in detail, crosscut and post-date the gabbro.

Evidence that suggests that the Proximal Zone is related to the St. George Batholith includes the close spatial relationship of gold mineralization with the batholith, presence of hornfels, presence of veined and altered auriferous microgranite dikes, and high concentrations of Bi, As, and Sb.

Figure 7-3 Surface Expression of Mineralization Within the Proximal Zone (Looking ENE)



Anomaly-A Zone

RPA outlined five lenses within a one kilometre by two kilometres area known as Anomaly-A. The lenses are primarily hosted within metagreywacke and argillite of the Kendal Mountain Formation (Figure 7-4). The AD-MW Lens forms a bowl-shaped structure with an average vertical thickness of approximately three metres. The geometry of the Murphy Lens is less understood due to widely spaced drilling.

Gold generally occurs in areas of strong quartz veining and cataclasite. Stringer and semi-massive stibnite, arsenopyrite, and pyrite are common. Traces of sphalerite, chalcopyrite, and visible gold occur locally. The best gold values are found in shallow-dipping sediment-hosted quartz veins and stockwork exhibiting brecciation and the emplacement of a second generation of sulphides, and in clear hairline quartz veinlets.

Figure 7-4 Surface Expression of Mineralization Within the Anomaly-A Zone



Deposit Types

The Clarence Stream deposits can be characterized as intrusion-related quartz-vein hosted gold deposits. These deposits consist of quartz veins and quartz stockwork within brittle-ductile fault zones which include adjacent

crushed, altered wall rocks and veinlet material. The mineralized systems are hosted in intrusive and metasedimentary rocks within high-strain zones believed to be controlled by regional fault systems. Pyrite, base-metal sulphides, and stibnite occur in these deposits along with anomalous concentrations of bismuth, arsenic, antimony, and tungsten. Alteration in the host rocks is confined within a few metres of quartz veins and occurs mainly in the form of sericitization and chloritization (Poulsen, Robert, Dube, 2000).

Exploration

Freewest Canada actively explored the Clarence Stream Property since the summer of 2000 and established more than 250 km of grid lines to help facilitate all ground exploration work. Work included geological mapping, soil sampling, airborne and ground geophysical surveys, trenching, channel sampling, and diamond drilling.

The grid was mapped during the 2000 and 2001 field seasons, however, outcrop exposure on the property is in the order of 1% to 2%. Most of the geological interpretation is based on the limited outcrop in combination with geophysics and observations in drill core.

Soil sampling has proven to be the most effective exploration method on the property. Each of the gold zones coincides with a prominent Au-Sb-As soil anomaly. Approximately 10,000 B-horizon soil samples have been collected over the survey grid. Soil samples were sieved to minus 80 mesh (silt fraction) and analyzed for gold using a fire assay method and an inductively coupled plasma (ICP) multi-element analysis. A number of soil geochemistry anomalies have yet to be drill tested on the property. RPA recommends that these be tested as part of the next drill program.

Approximately 200 line-kilometres of ground magnetic and dipole-dipole induced polarization (IP) surveys have been completed on the survey grid. These surveys are useful in geological interpretation in the absence of significant bedrock exposure.

The Company has not carried out any work on the Clarence Stream property.

Drilling

As of December 2009, 428 holes had been drilled at the property, totalling more than 54,000 m of drilling for an average hole depth of 127 m. The amount of drilling is mainly split between the Proximal Zone (353 holes totalling 33,962 m) and the Anomaly-A Zone (75 holes totalling 20,297 m). Areas outside of these two main zones make up the remainder of the drilling at Clarence Stream. All drilling is diamond core and most is thin-wall BQ or NQ size. Most drilling was carried out by Lantech Drilling Services Inc. and some by Major Drilling Group International Inc.

All collars were surveyed by a New Brunswick registered land surveyor using a Leica 1200 real-time GPS with sub-metre accuracy. Points are collected in WGS84 Latitude-Longitude coordinates and later converted to UTM Zone 19 NAD83. A Sperry-Sun instrument was used for downhole orientation surveys up to hole CS07-270. From CS07-271 onwards, Freewest Canada used a multishot Flexit instrument.

Freewest Canada began drilling the Proximal Zone in January 2001. During this initial campaign, 64 holes were drilled totalling 7,117 m. All holes were drilled to the southeast at moderate dips averaging minus 45°. Encouraging results were discovered early in the program when the sixth hole (CS01-06) returned 6.5 m of 4.45 g/t Au. Towards the end of the campaign, hole number CS01-39 returned 21 m grading 15.1 g/t Au. These intercepts do not represent true thickness.

Freewest Canada focused on the Anomaly-A Zone from 2002 to 2004. One hundred and sixty-nine holes were drilled for a total length of 14,769 m. More than half of the holes were drilled vertically, with the remainder commonly dipping at minus 45°. Prior to understanding the geometry of the mineralization, several of the early holes were drilled in a down-dip direction. These holes are not representative of the mineralization since the mineralized intercepts can be exaggerated in length or holes can miss the mineralization altogether.

Drilling conducted in 2005 targeted gaps between mineralized zones within the Proximal area. This campaign was completed in August 2005 (hole CS05-185) and comprised 63 holes totalling 6,630 m of drilling. Similar to the first 2001 drilling campaign in the Proximal area, all holes were drilled towards the southeast at moderate dips averaging -45°. This campaign led to the discovery of several lenses.

Drilling in 2006 and the first half of 2007 focused on infill and zone extensions in the Proximal Zone and infill of an antimony anomaly in the Anomaly-A Zone. Starting in June 2007 with hole CS07-262, Freewest Canada began drilling beneath the Proximal Zone's Central Lens, to test for the down-dip extension between 200 m to 300 m below surface. These efforts defined the Deep Lens, which has now been included as part of the Inferred Mineral Resources.

Drilling in 2008 primarily focused below the Central Zone to extend and infill the Deep Lens (Tables 10-1 and 10-2). Holes were spaced approximately 50 m along strike and 100 m down dip. The average hole length was 377 m, significantly longer than the previous average of 100 m.

Table 10-1 Summary of Drilling by Year
Wolfden Resources Corporation – Clarence Stream Property

Campaign	Number of Holes	Metres	Company	Significant Results
2001	64	7,117	Lantech	Discovery CZ
2002	116	8,870	Lantech, Major	Outline Murphy, extend AD, MW
2003	39	3,308	Lantech	Extend AD, MW
2004	19	1,709	Lantech	Extend AD, MW
2005	80	8,897	Lantech	Discovery A Zone
2006	34	3,429	Lantech	Discover veining on Noddin Road
2007	35	5,256	Lantech	Extend Central Zone to depth
2008	41	15,673	Lantech	Extended the Deep Lens

Table 10-2 Summary of Drilling by Campaign
Wolfden Resources Corporation – Clarence Stream Property

Year	Months	Holes Drilled	Zones Tested
2001	January to July	CS01-01 to 64	East Zone, Central Zone, N-Zone, West Zone
2002	February to April	CS02-65 to 97	Murphy, 93Zone
2002	May	CZ02-01 to 04	Central Zone
2002	May – September	AD02-01 to 28	AD Zone
2002	May – September	MW02-01 to 23	MW Zone
2002	July	CS02-98 to 102	93Zone
2002	September	B02-01 to 03	B-Zone
2002	December	AD02-29 to 48	AD Zone
2003	February – March	AD03-49 to 69	AD Zone
2003	March	V03-01 to 02	East of MW
2003	September – October	AD03-70 to 85	AD Zone
2004	February – March	CS04-103 to 121	AD Zone, MW Zone, 93 Zone
2005	January – May	CS05-122 to 161	A-Zone toward East Zone
2005	January – August	CS05-162 to 185	Central Zone, N Zone, N2 Zone
2005	October to December	CS05-186 to 201	West Zone, Cox Zone
2006	February	CS06-202 to 215	West Zone, Cox Zone
2006	August to September	CS06-216 to 223	N2 Zone, B Zone
2006	November to December	CS06-224 to 235	Noddin Road
2007	January to February	CS07-236 to 253	East Zone
2007	March to April	CS07-254 to 261	B Zone
2007	June to September	CS07-262 to 270	Deep Drilling Central Zone
2008	December (07) to August	CS07-271, CS08-272 to CS08-311, CS08-314	Deep Drilling Central Zone, East Zone

There has been no drilling on the Clarence Stream Property since this time.

Core recovery was commonly greater than 95%. Drill logs note where recovery was poor. There did not appear to be any drilling, sampling, or recovery factors that could materially affect the accuracy or reliability of the results.

The locations of the relevant drill holes are shown on Figures 14-5, 14-6 and 14-7. The mineralized lenses in the Proximal Zone dip 60° to 75° northwest, whereas most holes dip 45° to 60° southeast, therefore core length intersections must be corrected to the true width of mineralization. This correction becomes more important as the depth of mineralization increases.

Most holes in the Anomaly-A area are vertical. The variable dip of Anomaly-A mineralization also requires correction for true thickness. The resource modelling method used by RPA manages the relationship between core length and true thickness. See “Property Description and Location – Mineral Resource Estimate – Geological Interpretation and 3D Solids” for a more detailed description of the grade, thickness, depth, and general geometry of the various lenses.

Sample Preparation, Analyses and Security

Drill core was picked up at the project area daily and transported back to the Mount Pleasant mine site for logging, sample preparation, and storage. Core was measured and logged, and core boxes were tagged. Errors or discrepancies were reported to the drill company foreman and repaired appropriately. Assay sampling intervals were selected based on lithology, alteration, and the amount of sulphides. Intervals were marked with a wax pencil and sawn lengthwise. Samples were mostly kept to 0.5 m in length and tagged with sequential sample numbers. No more than 30 individual sample bags were sealed into plastic rice bags for shipping. Samples remained in a secure room at the Mount Pleasant mine site prior to shipping, by bus, to ALS Chemex Labs Ltd. (ALS Chemex) Chimitec in Val d’Or, Quebec. All remaining drill core was stored at the Mount Pleasant mine site either inside a locked building or outside in exposed core racks.

All samples obtained by Freewest Canada were prepared and analyzed for gold at ALS Chemex Chimitec of Val d’Or, Québec, an ISO 9001:2000 registered facility. Prepared samples were also forwarded to ALS Chemex’s Vancouver laboratory for multi-element analysis by ICP. Details of the gold analysis are provided in the Appendix.

Sample preparation involved crushing to a minimum of 70% passing two millimetres. A 250 g split was pulverized to a minimum of 85% passing 75 µm. The fire assay pre-concentration consisted of a standard litharge fusion on a 30 g sample followed by cupellation of a lead button to obtain the precious metals concentrated onto a silver prill. Atomic absorption spectrometry (AAS) was used for samples between 5 ppb to 10 ppm Au. Samples with gold values greater than 10 ppm were re-assayed using a gravimetric method. These gold values were entered into the drill hole database.

Mineralized intercepts that appeared during logging or on receipt of initial assay data to have greater than 10 g/t Au were also analyzed with a screen metallics method. The sample pulp (1,000 g) was passed through a 100 µm screen. Any material remaining on the screen (+) 100 µm was retained and analyzed in its entirety by fire assay with gravimetric finish and reported as the Au (+) fraction. The material that passed through the screen (-100 µm fraction) was homogenized and two sub-samples were analyzed by fire assay with AAS finish (Au AA25 and Au AA25D). The average of the two AAS results was taken and reported as the Au (-) fraction result. All three values were used in calculating the combined gold content of the plus and minus fractions. The gold values for both the (+) 100 µm and (-) 100 micron fractions were reported together with the weight of each fraction as well as the calculated total gold content of the sample. These results were visually checked against the standard fire assay results.

Pulps and rejects were returned to Freewest Canada and were stored at the Mount Pleasant mine site within a locked warehouse. None of the sample preparation or analyses was done by Freewest Canada employees. In RPA’s opinion, the sampling, sample preparation, security, and analytical procedures are adequate for preparation of a Mineral Resource estimate.

Data Verification

Data verification of the drill hole database included manual verification against hardcopy or original digital sources, a series of digital queries, two QA/QC programs made by Freewest Canada, and independent sampling carried out by RPA. Each step is summarized below.

RPA recommends several enhancements to the QA/QC program including the regular submission of field duplicates to the regular laboratory, pulp duplicates to an alternate laboratory, and batches of coarse rejects to the regular laboratory when appropriate. The Company should also implement a QA data monitoring system to monitor QA results with appropriate control charts and a protocol to trigger re-analysis of failed sample batches.

Manual Database Verification

In January 2008, RPA manually verified many aspects of the drill hole database. As part of this manual database verification, RPA entered coded lithology data to help generate a complete lithology table.

Collar location and orientation, and downhole orientation records were checked for every hole in the database against hardcopy logs. Drill hole traces were also checked in cross-section, level plan, and 3D. Several discrepancies were found and corrected.

Gold and antimony values for 71 holes, mostly from the period of 2006 and 2007, were verified against photocopies of the assay certificates. Several discrepancies were found and corrected. In addition, all gold values greater than 10 g/t Au were checked against photocopies of the original assay certificates.

Assays certificates from the 2008 drilling were received directly from ALS Chemex in ASCII format. Twelve certificates containing 638 assays were compared against the drill hole database. No discrepancies were found.

QA/QC Program 2001 to December 2005

In September 2005, Freewest Canada resubmitted 30 core duplicates, 76 coarse rejects, and 83 pulps from drill core samples dating back to 2001. Four standards and four blanks were submitted with the duplicate samples. RPA compiled all QA/QC data and used a series of scatter plots and Thompson & Howarth (T&H) plots to evaluate the precision of the assay data used in the Clarence Stream resource estimate. Scatter plots show the dispersion of assay pair grades compared to a 1:1 correlation. T&H plots illustrate the deviation of the original assay from the mean of the two assays. The T&H plot assumes that the mean of the two assays is a measure of the true gold content.

Freewest Canada submitted 30 core duplicates of either halved or quartered core from three holes. The scatter plot in Figure 11-1 of the Technical Report graphs the original assay versus the assays from the halved or quartered drill core. Although most of the data points lie within a reasonable distance of the 1:1 correlation line, there are three samples that assayed significantly higher than the original sample. The T&H plot shown in Figure 11-2 of the Technical Report confirms the three erratic samples.

Freewest Canada submitted 76 reject replicates from twelve holes. The scatter plot in Figure 11-3 of the Technical Report graphs the original assay versus the assays from the coarse split. Most of the data points lie within a reasonable distance of the 1:1 correlation line. The T&H plot shown in Figure 11-4 of the Technical Report also shows relatively good precision with the exception of one data point at nearly minus 500%. RPA does not consider this one point to be significant since it is near detection in the first assay and also low grade in the replicate.

Freewest Canada submitted 83 pulp replicates from eight holes. The scatter plot in Figure 11-5 of the Technical Report graphs the original assays carried out at ALS Chemex versus the assays from a pulp split by Accurassay Laboratories (Accurassay), Thunder Bay, Ontario. Although most checks are reasonably good, a small number of them suggest a slight bias whereby some of the original ALS Chemex assays are lower than the Accurassay checks. The samples with more than 100% difference in Figure 11-6 of the Technical Report should be checked again in case samples were mixed up.

QA/QC Program 2006 to 2008

Starting in September 2005, Freewest Canada began inserting Certified Reference Materials (CRM) and blanks at a rate of one of each every 20 to 30 samples. Results from these QA samples were visually inspected by Freewest Canada geologists when received from ALS Chemex.

Certified Reference Material (CRM)

Results from the regular submission of CRMs, or Standards, are used to identify problems with specific sample batches and long-term biases associated with the regular assay laboratory. RPA received results from four different CRMs, for a total of 107 analyses. The expected values, certified ranges, and results of the 107 analysis are given in Table 11-1. Control charts for three CRMs that best represent the grade range of the Mineral Resources are given in Figures 11-7 to 11-9 of the Technical Report.

Table 11-1 Summary of CRMs and Results
Wolfden Resources Corporation – Clarence Stream Property

	OREAS4Pb	OREAS15Pz	OREAS18Pb	OREAS61d
Certified Value	0.049ppm	1.27ppm	3.63ppm	4.76ppm
Certified Range	+/-0.002ppm	+/-0.01ppm	+/-0.03ppm	+/-0.07ppm
Mean	0.05	1.28	3.63	4.76
Median	0.05	1.28	3.63	4.77
Standard Deviation	0.01	0.03	0.07	0.14
Minimum	0.04	1.21	3.47	4.43
Maximum	0.07	1.33	3.80	4.96
Count	18	29	37	23

Freewest Canada monitored CRM results by visual inspection only. RPA recommends a more rigorous monitoring system to flag suspect results and trigger re-analysis of sample batches. For example, QC failures occur when assays from two consecutive CRMs are greater than +/- two times the standard deviations from the certified value, where the standard deviation is determined by the CRM manufacturer. A QC failure also occurs when a result from a single CRM is greater than +/- three times the standard deviation from the expected values.

Figure 11-7 of the Technical Report shows that most results of CRM 15Pz are within acceptable limits. There are a number of points that lie outside the acceptable range defined by +/- three times the certified range of the CRM.

Figure 11-8 of the Technical Report shows that all results of CRM 18Pb are within acceptable limits. There are a few points outside the ranges defined by two times the certified range, but since these points are isolated, they would not warrant further investigation.

Figure 11-9 of the Technical Report shows that most results of CRM 61D are within acceptable limits. One point lies outside the acceptable range defined by +/- 3 times the certified range of the CRM. This sample batch should have been investigated.

Although some values fall outside the acceptable limits, RPA considers the drill hole data acceptable for resource estimation purposes. As the project advances, it will become more important to closely monitor the results from the assay laboratory and request batch re-assays where discrepancies are identified.

Blanks

The regular submission of blank material is used to assess contamination during sample preparation and to identify sample numbering errors. Blank material is sourced from a local pit containing crushed thumbnail-sized barren volcanic tuff. RPA received results for 104 blanks, none of which returned values significantly higher than the detection limit of 0.005 g/t Au (Figure 11-10 of the Technical Report).

Regular Fire Assay Versus Screen Metallica

RPA reviewed results from 54 screen metallica analyses and compared these to regular fire assay results. Figures 11-11 and 11-12 of the Technical Report show excellent correlation for the two types of analyses.

RPA recommends that screen-metallica results be entered into the drill hole database. This will permit spatial analysis of coarse versus fine gold. In turn, the Mineral Resource model may be refined to reflect these potential observations. This could potentially improve the interpolation methods and classification of the Mineral Resources.

QA/QC Program Summer 2008

RPA received results for 67 blanks collected during the summer of 2009 (Figure 11-13 of the Technical Report). Two blanks returned slightly elevated results.

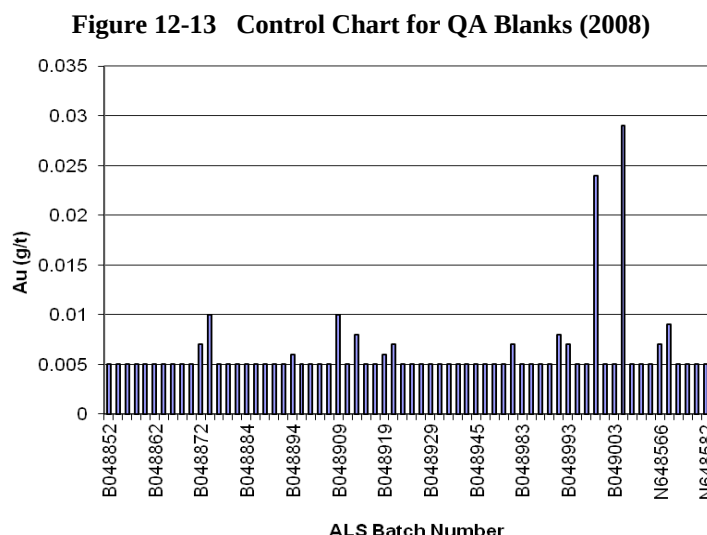


Figure 11-14 of the Technical Report shows that results from CRM 18Pb are within acceptable limits. There is one point outside the range defined by the second performance gate, but since the point is isolated, it does not warrant further investigation.

RPA is of the opinion that the sampling techniques and QA/QC practices at the Clarence Stream Property are acceptable and meet standard industry practices.

Independent Sampling

During three separate site visits, October 2005, January 2008, and December 2009, RPA selected and marked out samples of split core for duplicate analysis. The specified intervals were quarter split, bagged, tagged, and sealed in plastic bags. The samples were then hand carried to Toronto and shipped to SGS Mineral Services (SGS), Don Mills, Ontario.

Samples were prepared using the SGS standard sample preparation procedure, which crushes to 75% passing two millimetres, splits to 250 g, and pulverizes to 85% passing 75 μm . Gold was analyzed by fire assay with a gravimetric finish. Results are listed in Table 11-1.

Table 11-1 Independent Check Sample Results
Wolfden Resources Corporation – Clarence Stream Property

Hole-ID	From (m)	To (m)	Original Results (g/t Au)	RPA Results (g/t Au)	Difference (g/t Au)	Difference (%)
2006 Check Samples						
CS01-40	129.14	129.64	26.37	13.9	-12.47	-47%
CS01-40	129.64	130.14	16.35	22.7	6.35	39%
CS01-23	46.25	46.75	4.43	6.3	1.87	42%
CS01-23	46.75	47.25	9.88	12.4	2.52	26%
CS05-142	81.00	81.50	9.01	15.3	6.29	70%
AD02-04	34.82	35.32	3.41	1.64	-1.77	-52%
AD03-79	48.00	48.50	23.02	74.6	51.58	224%
2008 Check Samples						
CS07-268	274.0	274.5	11.55	9.51	-2.04	-18%
CS07-264	293.0	293.5	2.17	3.25	1.08	50%
CS07-269	328.0	328.5	6.85	9.27	2.42	35%
CS07-269	328.5	329.0	7.20	6.01	-1.19	-17%
CS07-262	154.0	154.5	9.55	7.62	-1.93	-20%
2009 Check Samples						
CS09-293	154.0	154.5	7.75	13.4	5.65	73%
CS09-298	319.5	320.0	9.95	23.1	13.15	132%

A group of fourteen samples is not sufficient for statistical comparison, however, given the small sample set, the agreement is reasonable and confirms the presence of gold in the samples.

RPA is of the opinion that the drill hole database is valid and acceptable for resource estimation.

Mineral Resource Estimate

RPA has been involved in the Clarence Stream Property since 2002 and completed the initial Mineral Resource estimate in January 2006 and a resource update in June 2008. The 2008 estimate used a 3.0 g/t Au cut-off grade and a minimum thickness of two metres. High gold assays were cut to 30 g/t Au. Indicated Mineral Resources were estimated to be 815,000 tonnes averaging 6.85 g/t Au. Inferred Mineral Resources were estimated to be 660,000 tonnes averaging 5.94 g/t Au (Ross, 2008).

RPA updated the Mineral Resource estimate for the Clarence Stream deposit using drill hole data available as of December 31, 2009, which includes all drilling on the property up to hole CS08-314 (Table 14-1). Holes CS08-312 and CS08-313 were not drilled. A set of cross-sections and level plans were interpreted to construct three-dimensional wireframe models at a cut-off grade of 3.0 g/t Au and a minimum thickness of two metres. High gold grades were cut to 30 g/t prior to compositing. Block model gold grades within the wireframe models were interpolated by inverse distance squared. Classification into the Indicated and Inferred categories was guided by the drill hole spacing and the continuity of the mineralized zones.

At a cut-off grade of 3.0 g/t Au, Indicated Mineral Resources are estimated to total 822,000 tonnes grading 6.90 g/t Au containing 182,000 ounces of gold. Inferred Mineral Resources are estimated to total 1.2 million tonnes grading 6.34 g/t Au containing 250,000 ounces of gold. RPA also estimated an Indicated antimony resource to be 114,000 tonnes grading 2.9% Sb containing 7.3 million pounds of antimony. This antimony resource is contained within part of the Anomaly-A gold resource.

Table 14-1 Mineral Resource Estimate as of December 2009
Wolfden Resources Corporation – Clarence Stream Property

Area	Category	Tonnes (t)	Grade (g/t Au)	Contained Gold (oz Au)	Uncut Au (g/t)	Uncut Au (oz)
Proximal	Indicated	636,000	6.71	137,000	9.28	190,000
	Inferred	991,000	6.33	202,000	7.64	243,000
Anomaly-A	Indicated	186,000	7.56	45,000	8.51	51,000

	Inferred	235,000	6.38	48,000	9.22	70,000
Total	Indicated	822,000	6.90	182,000	9.11	241,000
	Inferred	1,226,000	6.34	250,000	7.95	313,000

Notes:

1. CIM Definitions were followed for Mineral Resources.
2. The Qualified Person for this Mineral Resource estimate is David A. Ross, P.Geo.
3. Mineral Resources were estimated using an average long term gold price of US\$1,000/oz and assumed operating costs
4. Mineral Resources are based on a cut-off grade of 3.0 g/t Au.
5. Wireframes at 3.0 g/t Au and a minimum thickness of two metres were used to constrain the grade interpolation.
6. High gold grades were cut to 30 g/t prior to compositing. Uncut average grades are listed for comparative purposes only.
7. Several blocks less than 3.0 g/t Au were included for continuing or to expand the lenses to the two metre minimum thickness.

Resource Database Validation

RPA received header, survey, assay, alteration, and geology data from Freewest Canada in Microsoft Access format. Data was amalgamated and parsed as required, converted to ASCII, and imported into Gemcom Software International Inc. Resource Evaluation Version 6.2.3 (Gemcom) for Mineral Resource modeling. RPA constructed topographic and overburden surfaces using the drill hole data.

The Gemcom database comprises 434 collar records and 1,213 survey records representing more than 54,000 m of drilling. The latest drill hole included in the database and resource estimate is CS08-314. Holes CS08-312 and CS08-313 were not drilled. There are 13,979 assay records totalling 7,092 m of assays for an average interval length of 0.5 m. A total of 1,551 assay records are located within the mineralized lenses that make up the Mineral Resource estimate. The database also includes 4,835 records of coded geology.

As described in “Property Description and Location – Data Verification”, a variety of validation queries and routines were run in Excel, Access, and Gemcom to help identify data entry errors. Several problems were identified and corrected. RPA also verified a significant number of data records with photocopies of the assay certificates and drill logs. Overall, the drill hole database is valid, well organized and suitable for Mineral Resource estimation work.

Cut-off Grade

RPA applied a marginal breakeven grade of 3.0 g/t Au as the cut-off to define the mineralized zones. The economic parameters used to calculate the breakeven grade are based on broad assumptions and preliminary test work and studies, and as such are not valid for economic analyses.

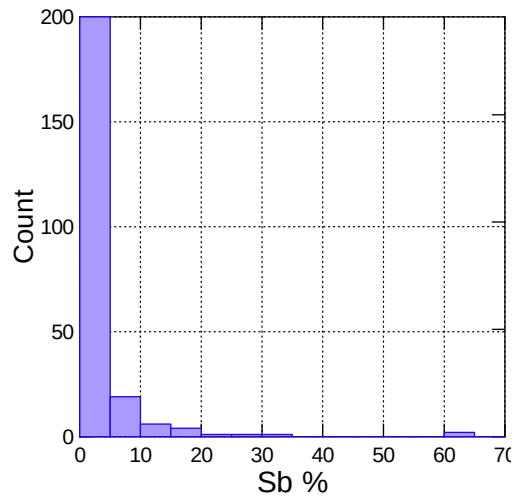
- Au price: US\$1,000 /oz
- US\$/C\$ exchange rate of 1.10
- Mining and processing cost: C\$120
- Metal recovery: 90%
- Incremental cost adjustment: 60%

RPA used 60% of the mining and G&A costs to estimate a marginal cut-off grade of 3.0 g/t Au for reporting of Mineral Resources. The material with grade above the marginal cut-off grade, but below the fully costed cut-off grade, represents mineralization that has a reasonable prospect of economic extraction assuming sunk development costs. This marginal material does not displace higher grade mineralization in the mill feed. It is included largely for purposes of maintaining resource continuity, and does not make up a large proportion of the total Mineral Resource.

Treatment of High-Grade Values

Erratic high-grade assays can have a large and disproportionate effect in the estimation of the average grade of a deposit. Figures 14-1 and 14-2 graph the frequency distribution of uncut gold and antimony values of samples found within the mineralized zones. Based on these histograms and visual inspection of high-grade assays on vertical sections, RPA chose to cut high gold values to 30 g/t and antimony values to 24%.

Table 14-2 Impact of Grade Cutting
Wolfden Resources Corporation – Clarence Stream Property



	Sales (\$)	Frequency (%)
Cutting level	30	24
Mean uncut	7.79	2.89
Standard deviation uncut	17.74	7.52
Coef. of Variation uncut	2.28	2.60
Maximum	236	62.39
Mean cut	5.97	2.45%
Standard deviation cut	8.16	4.79
Coef. of Variation cut	1.37	1.95
Total number of samples	1,551	206
Number of samples affected by cutting	88	4

Geological Interpretation and 3D Solids

RPA generated a series of vertical sections and level plans, spaced 25 m apart, for both the Proximal and Anomaly-A zones. These sections and plans were used to make an on-screen interpretation of wireframe models. A set of composite control intervals were identified for each drill hole using a 3.0 g/t Au cut-off and a two metre minimum thickness.

The 3D wireframe models were built using 3D wobbly polylines on each cross-section. Occasionally, lower grade intersections were included to facilitate continuity. At model extremities, polylines were extrapolated approximately 12 m to 25 m beyond the last drill hole section. Polylines were joined together in 3D using tie lines and the continuity was checked using the longitudinal section and level plans.

Thirty-six mineralized lenses were interpreted within the Proximal Zone (Figure 14-3). All lenses strike east-northeast and dip steeply to the north. Notable lenses within the Proximal Zone are described below:

- The Central Lens has a roughly tabular shape with dimensions of 160 m along strike and 170 m down-dip. It ranges in thickness from two metres to 24 m, with an average thickness of six metres. The Central Lens is intersected by 24 drill holes.
- The N Lens represents along strike extension of the Central Lens. It has a tabular shape with dimensions of 100 m along strike and 80 m down-dip. It is defined by fifteen holes, mainly spaced at 25 m apart in both the along strike and down-dip dimensions.
- The West group of lenses is located toward the western end of the Proximal Zone. They form two parallel, irregular-shaped lenses with along strike dimensions of roughly 50 m to 100 m and 60 m to 150 m down-dip. They are intersected by 15 different drill holes, spaced 25 m apart in both the down-dip and along strike directions.
- The Deep Lens is the down-plunge extension of the Central Lens, N Lens and West Lens, extending from 170 m to 340 m below surface. It is 600 m along strike, 180 m down-dip, and ranges from two to six metres thick. It is defined by 17 holes, commonly spaced 50 m to 75 m apart along strike and 100 m apart down-dip.
- The Cox lenses lie west of the West Lens. The main Cox lens is intersected by nine drill holes and is approximately 80 m along strike, 100 m down-dip, and two metres thick.
- The East Lens represents the easternmost lens of the Proximal Zone, roughly 1,200 m east-northeast of the Central Lens. Three mineralized areas are defined by 23 holes, spaced 25 m apart, and have dimensions of 60 m to 100 m along strike, 60 m to 250 m down-dip, and a thickness of two metres.

The Anomaly-A Zone is dominated by AD-MW Lens (Figure 14-4), a bowl-shaped structure with an average vertical thickness in the order of three metres. AD-MW ranges from surface to 100 m below surface. The southern portion of AD-MW is defined by 34 holes spaced 25 m to 30 m apart. The northern segment of the AD-MW Lens is defined by 15 holes spaced 40 m to 60 m apart.

Many areas of the Mineral Resources remain open and there are a number of additional known mineralized lenses that require further drilling prior to classification as Mineral Resources. RPA recommends continued drilling at depth and along strike, with efforts focused on expanding and infilling the Deep Zone.

Figure 14-3 3d Isometric View Of Proximal Zone Wireframe Models (Looking Southeast)

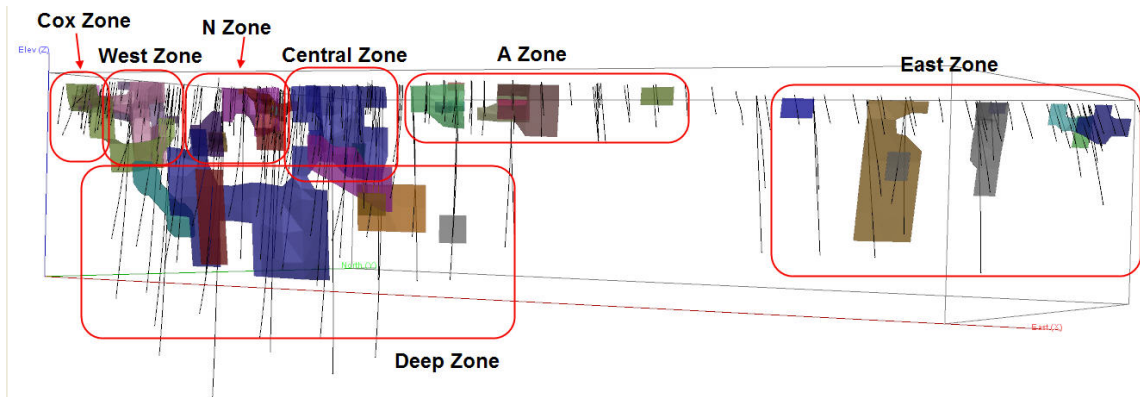
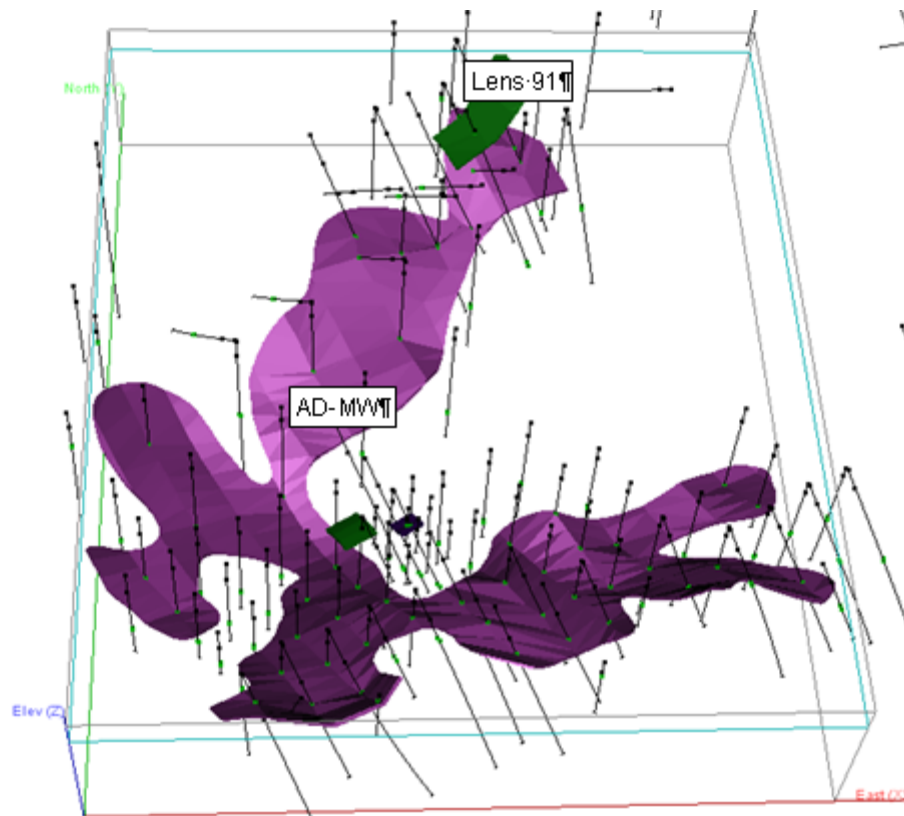


Figure 14-4 3d Isometric View Of Anomaly-A Wireframes (Looking North)



Density

Freewest Canada made thirty density measurements of mineralized intervals from three drill holes. The average densities for the Proximal and Anomaly-A areas were estimated to be 2.75 and 2.8, respectively. These density values were applied to estimate the tonnage of each mineralized zone.

Compositing

Sample length intervals within the mineralized lenses range from 10 cm to three metres, however, more than 95% are 0.5 m in length. RPA generated composites 0.5 m in length starting at the first mineralized wireframe boundary from the collar and resetting at each new lens wireframe boundary. Shorter composites sometimes occur at the bottom of the mineralized zone, immediately above where the drill hole exits each wireframe. These residual

composites were removed if less than 15 cm long. Table 14-3 summarizes statistics of the uncut and cut gold composite values.

**Table 14-3 Descriptive Statistics of Gold Composite Values
Wolfden Resources Corporation – Clarence Stream Property**

	Gold (g/t Au)	Cut Gold (g/t Au)	Antimony (%)	Cut Antimony (%)
PROXIMAL ZONE				
No. of Cases	1,072	1,072	1,072	1,072
Minimum	0.00	0.00	0.00	0.00
Maximum	235.39	30.00	16.14	16.14
Arithmetic Mean	8.13	6.17	0.41	0.41
Median	2.83	2.83	0.09	0.09
Standard Deviation	18.40	8.04	1.05	1.05
Coefficient of Variation	2.26	1.30	2.56	2.56
ANOMALY-A				
No. of Cases	351	351	351	351
Minimum	0.00	0.00	0.00	0.00
Maximum	207.02	30.00	62.34	24.00
Arithmetic Mean	6.09	4.89	1.28	1.12
Median	9.10	7.18	1.88	1.63
Standard Deviation	3.46	3.46	0.11	0.11
Coefficient of Variation	0.57	0.71	0.09	0.10

Interpolation Parameters

RPA prepared a series of variograms from cut gold composite values located within the mineralized wireframes. The downhole variogram is well developed and indicates a nugget effect of 30%, however, the longer range variograms were inconclusive. RPA chose to estimate block grades using inverse distance squared.

Table 14-4 summarizes the search criteria used at the Proximal and Anomaly-A zones. The search ellipse for the Proximal Zone was aligned in the plane of mineralization. The aspect ratio of 6:6:1 reflects the presumed anisotropic nature of the mineralization. Two passes were required to fill all blocks within the Proximal Zone wireframe models.

The bowl-shape geometry of Anomaly-A required a different approach. RPA chose to use an isotropic search given the thickness. This approach mimics a two-dimensional interpolation method.

**Table 14-4 Search Strategy Parameters
Wolfden Resources Corporation – Clarence Stream Property**

	Proximal Zone	Anomaly-A
Minimum samples	2	2
Maximum samples	10	10
First Pass		
Search Ellipsoid X (m)	45 (along strike)	45
Y (m)	45 (down-dip)	45
Z (m)	7.5 (across strike)	45
Second Pass (zero grade blocks only)		
Search Ellipsoid X (m)	80 (along strike)	n/a
Y (m)	80 (down-dip)	n/a
Z (m)	40 (across strike)	n/a

Block Model

RPA built separate block models for the Proximal and Anomaly-A zones. The model of the Proximal Zone is made up of 120 columns, 420 rows, and 110 levels, rotated into the strike of the mineralized lenses (58.5° east). The

model origin is at UTM coordinates 657,573.15 mE, 5,023,713.26 mN and 150 m elevation. Each block is 5 m by 5 m by 5 m in size and contains the following information:

- Estimated cut and uncut gold grades related to mineralized blocks inside the mineralization wireframes (Figures 14-5 to 14-7).
- The percentage volume of each block within the mineralization wireframes.
- A global tonnage factor of 2.75 t/m³.
- Mineral Resource classification identifiers for Mineral Resource blocks.
- The distance to the closest composite used to interpolate the block grade.
- The average distance to all composites used to interpolate the block grade.
- The number of composites used to estimate the block grade.

The block model representing the Anomaly-A Zone is similar to that of the Proximal Zone except that it is made up of 115 columns, 105 rows, and 30 levels; the model origin is at UTM coordinates 654,971 mE, 5,026,223 mN and 140 m elevation; and the global tonnage factor is 2.80 t/m³.

Classification of Mineral Resources

Definitions for resource categories used in this report are consistent with those defined by CIM (2005) and adopted by NI 43-101. In the CIM classification, a Mineral Resource is defined as “a concentration or occurrence of natural, solid, inorganic or fossilized organic material in or on the Earth’s crust in such form and quantity and of such grade or quality that it has reasonable prospects for economic extraction”. Mineral Resources are classified into Measured, Indicated, and Inferred categories. A Mineral Reserve is defined as the “economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a Preliminary Feasibility Study”. Mineral Reserves are classified into Proven and Probable categories. RPA classified the Clarence Stream Mineral Resources into the Indicated and Inferred categories. There are no Mineral Reserves reported at Clarence Stream.

RPA classified the block model into the Indicated and Inferred categories based on drill hole density and the apparent continuity of the mineralized zones (Figures 14-8 and 14-9). In general, lenses, or parts of lenses, were classified as Indicated where the drill hole spacing is 25 m or less, in both the down-dip and along strike directions.

Figure 14-8 3d Isometric View Showing Classification of Part of the Proximal Zone (Looking Nnw)

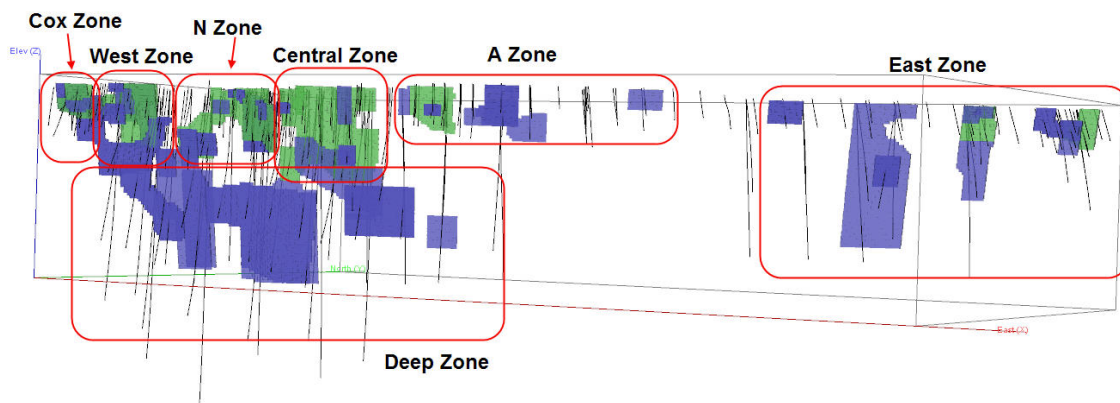
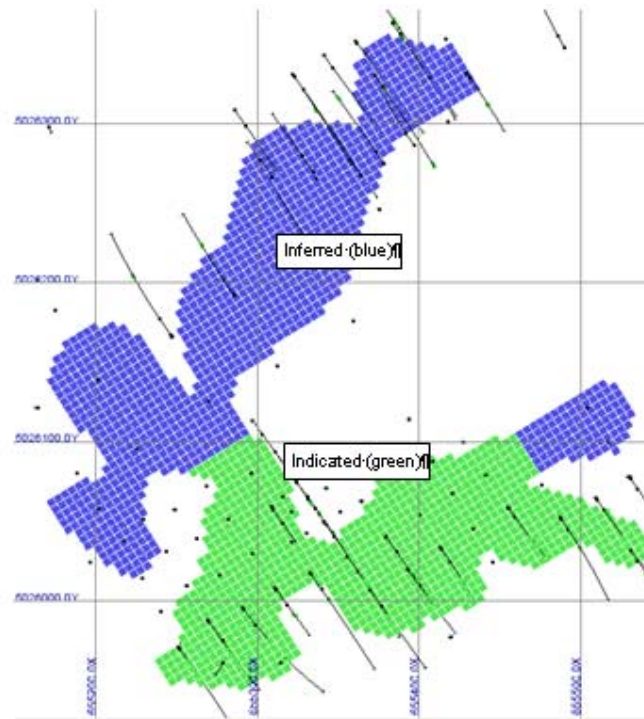


Figure 14-9 Level Plan Showing Classification of the Ad-Mw Lens

Mineral Resource Reporting

Table 14-5 lists the Mineral Resources by zone at the Clarence Stream. The extent of each zone is defined by Freewest Canada's field terminology and does not necessarily honour the extent of each mineralized lens. Several lenses are split between zones.

**Table 14-5 Mineral Resource Report as of December 2009
Wolfden Resources Corporation – Clarence Stream Property**

Zone	Tonnage (000 t)	Cut Grade (g/t Au)	Contained Metal (000 oz)	Uncut Grade (g/t Au)	Uncut Contained Metal (000 oz)
INDICATED					
Proximal Zone					
West	92.9	7.25	21.7	10.85	32.4
N	102.9	5.36	17.7	5.50	18.2
East	40.7	8.16	10.7	11.07	14.5
Cox	31.6	4.40	4.5	8.82	8.9
Central	319.9	7.17	73.7	9.83	101.1
A	48.2	5.79	9.0	9.45	14.7
Anomaly A					
AD-MW	185.7	7.56	45.1	8.51	50.8
Total Indicated	821.9	6.90	182.4	9.11	240.6
INFERRED					
Proximal Zone					
West	79.0	6.87	17.5	11.19	28.4
N	13.7	6.49	2.9	6.60	2.9

Table 14-5 Mineral Resource Report as of December 2009
Wolfden Resources Corporation – Clarence Stream Property

Zone	Tonnage	Cut Grade	Contained Metal	Uncut Grade	Uncut Contained Metal
	(000 t)	(g/t Au)	(000 oz)	(g/t Au)	(000 oz)
East	209.9	7.17	48.4	8.98	60.6
Deep	560.6	5.66	102.0	6.60	119.0
Cox	21.4	6.62	4.6	6.63	4.6
Central	44.6	10.77	15.4	11.01	15.8
A	61.5	5.59	11.0	6.16	12.2
Anomaly A					
AD-MW	199.7	6.42	41.2	8.65	55.5
91	9.3	7.76	2.3	13.38	4.0
Murphy	24.0	5.43	4.2	12.34	9.5
96	2.1	8.16	0.6	9.16	0.6
Total Inferred	1,225.8	6.34	250.0	7.95	313.1

Notes:

- (1) CIM Definitions were followed for Mineral Resources.
- (2) The Qualified Person for this Mineral Resource estimate is David A. Ross, P.Geo.
- (3) Mineral Resources were estimated using an average long term gold price of US\$1,000/oz and assumed operating costs
- (4) Mineral Resources are based on a cut-off grade of 3 g/t Au.
- (5) Wireframes at 3.0 g/t Au and a minimum thickness of two metres were used to constrain the grade interpolation.
- (6) High gold grades were cut to 30 g/t prior to compositing. Uncut average grades are listed for comparative purposes only.
- (7) Several blocks less than 3.0 g/t Au were included for continuity or to expand the lenses to the two metre minimum thickness.

Table 14-6 compares the February 2008 and current estimate for the Proximal Zone. Indicated resources are mostly the same. Inferred resources have increased substantially, primarily due to the expansion of the Deep Zone. There have been no changes in resources at the Anomaly-A Zone

TABLE 14-6 PROXIMAL ZONE COMPARISON,
FEBRUARY 2008 AND DECEMBER 2009
Wolfden Resources Corporation – Clarence Stream Property

Area	Category	Tonnes	Au	Au	Uncut Au	Uncut Au
		(t)	(g/t)	(oz)	(g/t)	(oz)
2008	Indicated	629,000	6.64	134,000	9.13	185,000
	Inferred	425,000	5.69	78,000	6.32	86,000
2009	Indicated	636,000	6.71	137,000	9.28	190,000
	Inferred	991,000	6.33	202,000	7.64	243,000
Difference	Indicated	1%	1%	2%	2%	3%
	Inferred	133%	11%	159%	21%	183%

Mineral Resource Validation

RPA validated the block model based on visual inspection, volumetric comparison, and a comparison of results using inverse distance cubed grade interpolation.

Visual comparison on vertical section and plan views found good overall correlation between block grades and composite grades. RPA notes that variography should be redone as new data become available.

The estimated total volume of the wireframe models is 597,508 m³, while the volume of the block model is 597,466 m³. On an individual basis, the difference in volume is less than 1% for each lens.

RPA is not aware of any known environmental, permitting, legal, title, taxation, socio-economic, marketing, political or other relevant factors that would materially affect the Mineral Resource estimate.

Adjacent Properties

The Mount Pleasant tin-tungsten-molybdenum group of deposits are located 20 km by road from the Clarence Stream Property. The Mount Pleasant area was first staked in 1954 by Geochemical Associates and was drilled in 1955 by Selco Explorations Ltd. and again in 1956 by Kennco Explorations (Canada) Ltd. (Kooiman, McLeod, and Sinclair, 1986). The claims were allowed to lapse in 1958 after disappointing results. In 1959, Mount Pleasant Mines Ltd. restaked the property, and a number of tin-bearing deposits were outlined from 1959 to 1965. In 1967, Sullico Mines Ltd. (Sullico) began exploring the property and discovered a porphyry-type tungsten-molybdenum zone. In 1969 Sullico became part of the Sullivan Mining Group. In 1977, Billiton Exploration Canada Ltd. concluded a 50/50 joint venture agreement with Brunswick Tin Mines Ltd. (Sullivan Mining Group 89% and Mount Pleasant Mines Ltd. 11%).

The Mount Pleasant deposits were reported to contain “Proven Mineral Reserves” of 9.4 million tonnes grading 0.39% WO_3 and 0.20% MoS_2 , and “Probable Mineral Reserves” averaging 0.42% Sn, 0.07% WO_3 and 0.05% MoS_2 (Ruitenberg and Fyffe, 1982). This historical “reserve” estimate is relevant as it indicates potential of the region to host tungsten and molybdenum.

Billiton placed the property in production as an underground mine in the early 1980s, but difficulties with separation and processing combined with a drop in the price of tin forced the mine to close in July 1985. Since 1985, there has been additional exploration plus several attempts to finance a revived operation, none of which has been successful. The plant has been kept on care and maintenance and most of the processing equipment has been sold.

Most of the ground in the immediate Clarence Stream area was staked following the discovery of mineralization within Wolfden’s Proximal Zone. Murgor Resources Inc. and Geodex Minerals Ltd. hold the ground in the area, but neither RPA nor the Company is aware of any significant gold exploration activity by these companies.

Interpretation and Conclusions

Based on the site visit and subsequent review, RPA offers the following conclusions:

- The Clarence Stream deposit consists of auriferous quartz veins, quartz stockworks, and shear zones primarily hosted in metasedimentary rocks of Silurian or Ordovician age. The mineralization may be related to Devonian Magaguadavic Intrusion and/or the Sawyer Brook Fault.
- Diamond drilling has outlined mineralization with three-dimensional continuity, and size and grades that can potentially be extracted economically.
- Freewest Canada’s protocols for drilling, sampling, analysis, security, and database management met industry best practices. The drill hole database was verified by RPA and is suitable for Mineral Resource estimation work.
- Mineral Resources were estimated and classified by RPA following CIM best practices.
- At a cut-off grade of 3.0 g/t Au, Indicated Mineral Resources are estimated to total 822,000 tonnes grading 6.90 g/t Au containing 182,000 ounces of gold.
- Inferred Mineral Resources are estimated to total 1.2 million tonnes grading 6.34 g/t Au containing 250,000 ounces of gold.
- RPA also estimated an Indicated antimony resource to be 114,000 tonnes grading 2.9% Sb containing 7.3 million pounds of antimony. This antimony resource is contained within part of the Anomaly-A gold resource.

- The increase in Inferred Resources within the Proximal Zone, compared to the previous resource estimate, is primarily due to the expansion of the Deep Zone. There have been no changes in either the Inferred or Indicated Resources at the Anomaly-A Zone.
- Many areas of the current Mineral Resource remain open and there are a number of additional mineralized lenses that require further drilling prior to classification as Mineral Resources.

RPA is not aware of any significant risks or uncertainties that could reasonably be expected to affect the reliability or confidence in the exploration information or Mineral Resource estimate.

Recommendations

RPA offers the following recommendations to advance the Clarence Stream Property:

- Implement a budget of \$1.5 million in Phase 1 followed by, if warranted, an additional \$1.5 million in Phase 2 (Table 26-1).
- Increase resources and define the limits of known zones through additional diamond drilling. In Phase 1, drilling should continue to focus on expanding Inferred Mineral Resources rather than infill drilling.
- Explore for new zones on the property by following up on gold-in-soil anomalies. These anomalies should be investigated with trenching and/or drilling.
- Make several enhancements to the QA/QC program including the regular submission of field duplicates to the regular laboratory, pulp duplicates to an alternate laboratory, and batches of coarse rejects to the regular laboratory when appropriate.
- Implement a QA/QC data system to monitor results with appropriate control charts and formalize a protocol to trigger re-analysis of failed sample batches.
- Systematically collect density measurements and incorporate that data into the drill hole database.

TABLE 26-1 PROPOSED BUDGET
Wolfden Resources Corporation – Clarence Stream Property

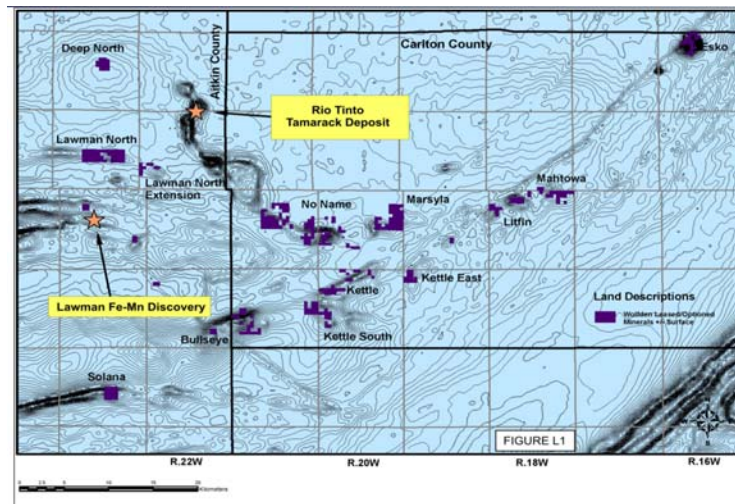
PHASE 1	(C\$)
Head office and management fees	73,000
Mobilization and demobilization of drill	12,000
Diamond drilling costs (10,000 m)	1,074,000
Hardware and Software	9,000
Consultants and other Contractors	62,000
Geologists	62,000
Technicians, labour etc.	70,000
Drilling related purchases (saw, racks etc.)	45,000
Analytical (900 @ \$50/sample)	45,000
Transport related (trucks, fuel etc)	23,000
Road maintenance	25,000
Phase 1 Total	1,500,000
PHASE 2	
Head office, drilling, consultants, Preliminary Assessment, and related	1,500,000

Lawman Property

The Lawman Property is a manganese (Mn) – iron (Fe) occurrence discovered while drilling airborne geophysical anomalies. The Lawman Property may be associated with a prominent east to west-trending magnetic feature characterized by high magnetic susceptibility as defined by an airborne geophysical survey completed by the State

of Minnesota (greater than 10 kilometre strike length). The leases were initially acquired given the similar magnetic expression characteristic of the Lawman Property with that associated with the nearby Tamarack Ni-Cu-PGE deposit (Figure L1). The Tamarack deposit is currently being explored and developed by Kennecott Exploration Company Ltd., a subsidiary of Rio Tinto. It contains a mineral resource of 10 million tonnes grading 1.00% Ni, 0.50% Cu and 1.60 grams/tonne platinum-group-metals.

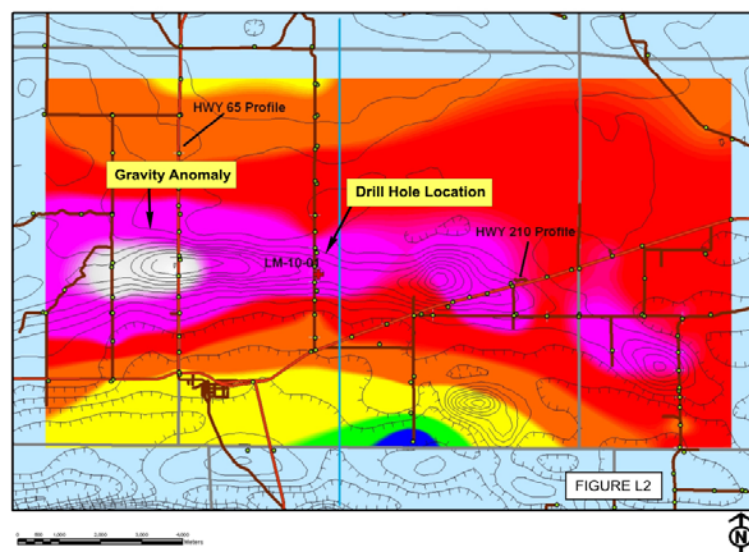
Figure L1



During January 2010, the Company completed a detailed ground magnetic survey as well as a local ground gravity survey as an initial exploration program to confirm the precise location of the airborne magnetic anomaly. The ground surveys revealed the existence of a coincident, linear magnetic high with a 1.5 to 2.5 milligal gravity anomaly (Figure L2).

Figure L2

Residual Gravity Image With Airborne Mag Contours Showing Location of Gravity Stations (green pts)



To test this anomaly, the Company drilled a single drill hole to a depth of 205 metres which was completed on February 28, 2010. The drill hole intersected 2 significant intervals of banded iron formation containing significant manganese; the upper zone returning 7.30% Mn and 11.99% Fe over 13.7 metres and the lower zone assaying 5.89% Mn and 14.81% Fe over a core interval of 6.5 metres (Figure L3). The mineralization intersected in the drill

hole assists in the explanation of the coincident gravity and magnetic anomalies defined by the ground geophysical survey.

Figure L3



The results of the initial exploration conducted to date represents the first known occurrence of manganese and iron in this part of Minnesota. The Cayuna manganese-iron range is located less than 150 kilometres away to the southwest of the Lawman Property. The Cayuna range is the largest inventory of manganese mineralization in North America.

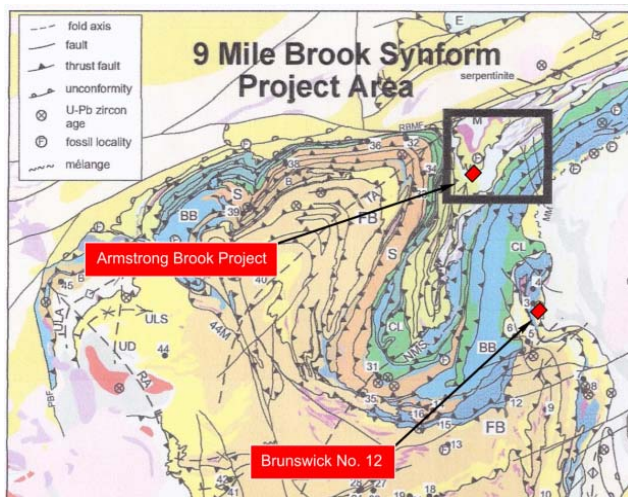
Drill core was transported by the Company's personnel to a core facility in Cloquet, Minnesota. The core was logged, sawn in half and sampled by the Company's geologists and sent to ALS Chemex in Thunder Bay for sample preparation and analyses. Manganese and iron were assayed utilizing the ME XRF 10 analytical method. A calcified or ignited sample (0.9g) was added to 9.0 g of Lithium Borate Flux mixed well and fused in an auto fluxer between 1050 and 1150 degrees C. A flat molten glass disc was prepared from the resulting melt. The disc was then analyzed by x-ray fluorescence spectroscopy.

The technical information regarding the Lawman Property in this Prospectus has been reviewed and approved by Donald Hoy, P.Geo., a director and the Chief Executive Officer of the Company. Donald Hoy is a Qualified Person under NI 43-101.

Armstrong Property

The Armstrong Property is a high-grade polymetallic volcanogenic massive sulphide property located in the Bathurst Mining Camp, approximately 15 kilometres from the Brunswick No. 12 deposit (Figure A1) and approximately 25 kilometres west of Bathurst, New Brunswick. The Brunswick No. 12 deposit is a world-class mineral deposit, with a global reserve of 100 million tonnes at a grade of 3.65% Pb, 8.99% Zn and 100 g/tonne Ag. It has been in production over the last 50 years and is currently still in production. In addition to Brunswick No. 12, there are 30 other volcanic-hosted massive sulphide deposits in the Bathurst Mining Camp.

Figure A1



The Armstrong Property contains a number of recently discovered, massive sulphide boulder clusters, locally containing high-grade values in lead, zinc and silver.

The Armstrong Property is characterized by excellent infrastructure with road access from Bathurst; it is 15 kilometres from an operating mill at the Brunswick No. 12 deposit (currently owned by Votorantim) and is approximately 80 kilometres south of a lead smelter, located at the Port of Belledune. The Armstrong Property is accessible for exploration purposes on a year-round basis.

Recent prospecting on the Armstrong Property by local prospectors who are not affiliated with the Company resulted in the discovery of a number of locales or clusters of massive sulphide boulders that occur over a sizeable area on the Armstrong Property. Prospectors assayed a total of 11 clusters between July 2010 and July 2011, eight of which have been assayed for ore-grade analyses. Of the 8 clusters analyzed, 4 of the clusters in particular, have yielded high lead, zinc and silver assays (Figure A2).

Figure A2



Cluster 1, where 9 boulders were sampled, returned an average for the 9 assayed, of 5.09% Pb, 16.7% Zn and 217 g/tonne Ag. The maximum values for the 9 boulders analyzed is 7.08% Pb, 21.2% Zn and 316 g/t Ag, while the minimum values for same are 3.37% Pb, 13.9% Zn and 217 g/t Ag.

Six boulders were sampled and submitted for assay for Cluster 2, returning average assays for the sample population of 4.01% Pb, 13.30% Zn and 214 g/t Ag. The maximum assay values obtained for Cluster 2 are 5.75% Pb, 24.0% Zn and 337 g/t Ag, while the minimum values for the same samples ran 1.90% Pb, 2.20% Zn and 142 g/t Ag (Table A1). The ore-grade analyses for the remaining clusters of massive sulphide boulders are listed in Table A1.

Table A1

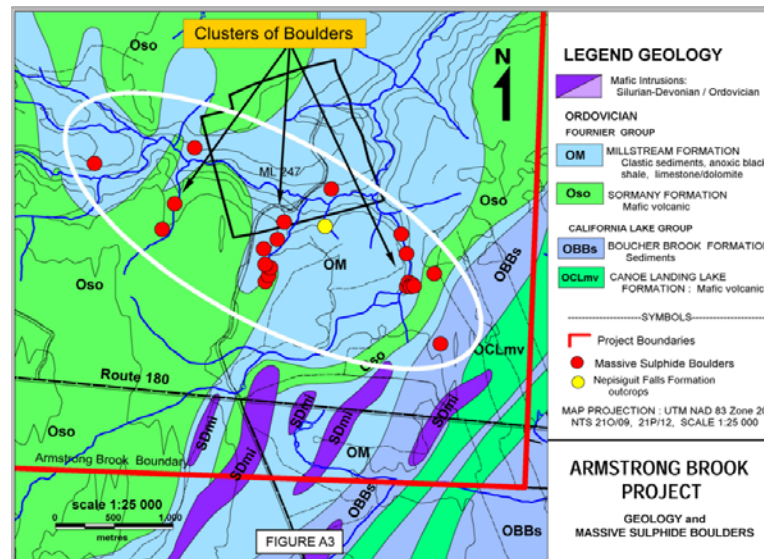
TABLE A1 - ASSAY RESULTS FROM THE ARMSTRONG PROPERTY

Boulder Cluster No.	No. of Samples	Pb%	Pb%	Pb%	Zn%	Zn%	Zn%	Ag ppm	Ag ppm	Ag ppm
		Average	High Assay	Low Assay	Average	High Assay	Low Assay	Average	High Assay	Low Assay
Cluster No. 1	9	5.09	7.08	3.37	16.7	21.2	13.9	267	316	217
Cluster No. 2	6	4.01	5.75	1.9	13.3	24	2.2	214	337	142
Cluster No. 4	1	5.65			18.7			233		
Cluster No. 5	1	0.25			0.14			185		
Cluster No. 7	1	0.42			0.04			129		
Cluster No. 8	1	0.23			0.07			171		
Cluster No. 9	1	3.91			12.2			204		
Cluster No. 10	1	0.28			0.11			126		
Cluster No. 11	1	1.7			3.7			95		

The massive sulphide boulders may have a bedrock source that is local, due to the abundance of them, in addition to their sub angular to angular shape. The tenor of the base metal values and ratios of Pb:Zn are similar to that of the nearby Brunswick No. 12 deposit.

The Armstrong Property is underlain by mafic and felsic volcanic rocks as well as sedimentary rocks, of Ordovician age. Recent discoveries of felsic volcanic rocks located proximal to the massive sulphide boulders (Figure A3) resemble lithotypes of the Nepisiguit Fall Formation. Such rocks are located immediately below or stratigraphically, in the footwall to massive sulphides at the Brunswick No. 12 deposit.

Figure A3



Samples from the Armstrong Property were collected and delivered by prospectors who were not affiliated with the Company for assaying to Swastika Laboratories in Swastika, Ontario and SGS Mineral Services in Lakefield, Ontario, utilizing the ME-OG46 method. A prepared sample was digested in 75% aqua regia for 120 minutes. After cooling, the resulting solution was diluted to volume (100mL) with de-ionized water, mixed and then analyzed by

inductively coupled plasma –atomic absorption spectrometry or by atomic absorption spectrometry. Management of the Company had no involvement with the sampling and delivering of such samples by the prospectors to Swastika Laboratories or SGS Mineral Services. Management of the Company has reviewed the assay results of the samples from the Armstrong Property and performed a site visit of each of the 11 clusters on July 7, 2011 and July 8, 2011 in which a visual inspection of the clusters was made.

The technical information regarding the Armstrong Property in this Prospectus has been reviewed and approved by Donald Hoy, P.Geo., a director and the Chief Executive Officer of the Company. Donald Hoy is a Qualified Person under NI 43-101.

USE OF PROCEEDS

Proceeds and Funds Available

The gross proceeds from the Offering will be \$9,000,000 (assuming no exercise of the Over-Allotment Option). After deducting the Agents' Commission of 6% of the gross proceeds from the Offering, except 4% Agents' Commission with respect to Special Orders of an aggregate of \$2,000,000 and estimated offering expenses of \$300,000 payable by the Company, the Company expects to receive net proceeds of approximately \$8,200,000 from the Offering. As the Company had an estimated working capital deficiency of \$8,500 as at August 31, 2012, the Company anticipates there will be total available funds of \$8,191,500 from the Offering.

Funds Available	(\$)	(\$)
Working Capital Deficiency as at August 31, 2012		(8,500)
Gross Proceeds of the Offering ⁽¹⁾	9,000,000	
Less: Agents' cash commission ⁽¹⁾	500,000	
Less: Offering Costs	300,000	
Net Proceeds of the Offering	8,200,000	8,200,000
Total:		<u>8,191,500</u> ⁽²⁾

Notes:

- (1) Assuming no exercise of the Over-Allotment Option and assuming Special Orders of an aggregate of \$2,000,000.
- (2) Does not include up to \$250,000 available to the Company pursuant to the Loan Facility entered into with Ewan Downie, a director and the Chairman of the Company. Amounts drawn down on the Loan Facility incur interest at 10% per annum and matures on November 30, 2012. Any principal and interest outstanding on the maturity date may be converted into Common Shares at the election of Mr. Downie at a 10% discount to the prior day's closing price if the Common Shares are listed on a stock exchange in North America. Mr. Downie may also elect to convert the principal amount of the Loan Facility plus accrued interest thereon into Common Shares at the Closing Date in which case the conversion price of the outstanding amounts under the Loan Facility shall be equal to the price per Unit Share sold pursuant to the Offering.

Principal Purposes

The Company expects to use the total available funds as set forth above for the purposes described below:

Use of Proceeds	(\$)
Maintain Clarence Stream Property in good standing for at least 18 months ⁽¹⁾	2,000,000
Property acquisition costs of 30% interest in Clarence Stream Property from Rockport ⁽²⁾	1,000,000
To pay for the Phase 1 exploration program on the Clarence Stream Property ⁽³⁾	1,500,000
To pay for the Phase 2 exploration program on the Clarence Stream Property ⁽³⁾	1,500,000
Maintain Armstrong Property in good standing for at least 18 months ⁽⁴⁾	95,000
To provide funding for capital equipment and leasehold improvement costs for 18 months	60,000
To pay Rockport consulting fees ⁽⁵⁾	60,000
Unallocated Working Capital	290,000
To provide working capital sufficient to meet general and administrative costs for 18 months	1,686,500
Total:	<u>8,191,500</u>

Notes:

- (1) Pursuant to the terms of the Amended Clarence Stream Agreement, the Company is required to pay Cliffs \$2,000,000 within five (5) Business Days of the Listing Date. See "Description of Business – Clarence Stream Property".
- (2) Pursuant to the terms of the Amended Portage Purchase Agreement, the Company is required to pay Rockport \$1,000,000 within five (5) Business Days of the Listing Date. See "Description of Business – Clarence Stream Property".
- (3) See the table below for a description of the Phase 1 and Phase 2 exploration work program to be conducted on the Clarence Stream Property.
- (4) Pursuant to the terms of the Armstrong Amendment, the Company is required to pay the Armstrong Vendor \$30,000 on the Closing Date, \$40,000 on or prior to January 17, 2014 and \$25,000 on or prior to January 17, 2014 in the event the Company has not listed its Common Shares on a Canadian stock exchange on or prior to October 17, 2012. See "Description of Business – Armstrong Property".
- (5) Pursuant to the terms of the Portage Second Amendment, the Company has agreed to retain qualified consultants and personnel of Rockport for mineral exploration services with respect to the Clarence Stream Property in exchange for payments in the aggregate amount of \$60,000 which the Company anticipates will be paid over the period of 12 months following the Closing.

The Company will use an amount equal to the gross proceeds from the sale of the FT Shares to incur CEE, which will be renounced to Subscribers for the FT Shares effective December 31, 2012. See “Use of Proceeds”. The Company intends to spend the funds available to it as stated in this Prospectus. There may be circumstances, however, where, for sound business reasons, a reallocation of funds may be necessary.

Principal Purpose – Asset Acquisition

The Company intends to use a total of \$3,000,000 from the net proceeds of the Offering to settle obligations owed to third parties with respect to the acquisition of the following property interests.

Clarence Stream Property

The Company currently holds a 70% registered and participating interest in the Clarence Stream Property, which interest was acquired from Cliffs pursuant to the terms of the Amended Clarence Stream Agreement. Pursuant to the terms of the Amended Clarence Stream Agreement, the Company must pay \$2,000,000 and issue up to \$1,600,000 worth of Common Shares at the price per Unit Share sold pursuant to the Offering within five (5) Business Days of the Listing Date. See “Description of Business – Three-Year History – Clarence Stream Property”. Pursuant to the terms of the Amended Clarence Stream Agreement, the Company granted the Extended Retransfer Right to Cliffs, whereby the Company is required to satisfy the Listing Condition on or prior to November 30, 2012 and if it fails to do so, Cliffs has the right until January 13, 2014 to demand that the Company retransfer its 70% interest in the Clarence Stream Property back to Cliffs for no consideration. Pursuant to the terms of the Amended Clarence Stream Agreement, the Company has agreed to assume any liabilities of Cliffs and its affiliates that result from Cliffs’ prior interest in the Clarence Stream Property and has agreed to indemnify Cliffs and its affiliates from any liabilities under all prior agreements between Cliffs and third parties, including all environmental liabilities of Cliffs and all liabilities with respect to Cliffs’ prior interest in the Clarence Stream Property. In the event Cliffs becomes subject to any liability associated with the Clarence Stream Property for acts or omissions that occurred prior to the date of entering into the Amended Clarence Stream Agreement, the Company is required to indemnify Cliffs and its affiliates for such amount. In addition, the Company has entered into the Amended Portage Purchase Agreement, whereby the Company agreed to acquire the remaining 30% registered and participating interest it does not currently hold from Rockport in consideration for payment of \$1,000,000, the issuance of \$560,000 worth of Rockport Units at the price per Unit sold pursuant to the Offering, and a commitment to retain qualified Rockport consultants and personnel to provide mineral exploration services with respect to the Clarence Stream Property in exchange for payments in the aggregate amount of \$60,000, provided that the Listing Condition is satisfied on or prior to the date which is ninety (90) days from the date of issuance of a receipt by the Principal Regulator for the Final Prospectus and, in any event, no later than November 30, 2012. The Closing and the satisfaction of the payment and issuance obligations to Cliffs under the Amended Clarence Stream Agreement are cross-conditional, such that the Offering will not be completed if the Company is not in a position to concurrently satisfy its remaining obligations with respect to the acquisition of its 70% registered and participating interest from Cliffs. Although the Company seeks to complete its acquisition of the remaining 30% registered and participating interest in the Clarence Stream Property pursuant to the Amended Portage Purchase Agreement on or shortly after the Closing, the Closing is not conditional upon the completion of such acquisition. At the Closing Date, and assuming the satisfaction of the applicable payment and Common Share issuance to Cliffs under the Amended Clarence Stream Agreement, and assuming the completion of the acquisition pursuant to the Amended Portage Purchase Agreement, the Company anticipates it will own a 100% registered and participating interest in the Clarence Stream Property (subject to the 1% Cliffs NSR and the 2% Cox NSR). See “Description of the Business – Three-Year History”.

The Company is also required to pay an advance royalty of \$15,000 annually to Cox, deductible against proceeds from the 2% Cox NSR, in connection with the Clarence Stream Property.

The Surface Rights Holder holds surface rights with respect to 11 of the 793 mining claims that comprise the Clarence Stream Property. The surface rights cover part of the mineralization that is identified in the Technical Report. The Company has entered into the Exploration License Agreement that terminates on the earlier of completion of the exploration activities set out in the agreement and May 1, 2013. Following termination of the Exploration License Agreement, the Company intends to renew or enter into a subsequent agreement with the Surface Rights Holder to permit any additional exploration and development work that is required with respect to the Clarence Stream Property.

See “Property Description and Location” and “Description of Securities Distributed – Common Shares”.

Armstrong Property

In addition to the Clarence Stream Property, the Company is required to pay \$30,000 to the Armstrong Vendor on the Closing Date pursuant to the terms of the Armstrong Amendment and additional payments of \$40,000 on or prior to January 17, 2014 and \$25,000 on or prior to January 17, 2014 in the event the Company has not listed its Common Shares on a Canadian stock exchange on or prior to October 17, 2012. The Company intends to fund such expenses from working capital. The payments are required by the Company in order to keep the option in good standing as required under the Armstrong Amendment. Pursuant to the Armstrong Amendment, the Company has the right to earn a 100% interest in and to the Armstrong Property subject to the 1.5% Armstrong NSR. See “Description of the Business – Three – Year History – Armstrong Property”.

Business Objectives and Milestones

The Company’s intended business objectives and milestones following the Offering are to complete the Phase 1 and contingent Phase 2 exploration programs on the Clarence Stream Property. The Company must complete the Offering or obtain alternate sources of financing to have the funds necessary to complete the Phase 1 and contingent Phase 2 exploration programs on the Clarence Stream Property. Based upon the recommendations of the Author in the Technical Report, the Company intends to carry out the Phase 1 and Phase 2 exploration programs with respect to the Clarence Stream Property as set out below. This includes trenching, diamond drilling, enhancements to the QA/QC program including the regular submission of field duplicates to the regular laboratory, pulp duplicates to an alternate laboratory, and batches of coarse rejects to the regular laboratory when appropriate, implementation of a QA/QC data system to monitor results with appropriate control charts and formalizing a protocol to trigger re-analysis of failed sample batches and collection of density measurements and incorporating data into the drill hole database. Phase 2 is dependent upon receipt of satisfactory exploration results from Phase 1. The Company anticipates that Phase 1 exploration program will be completed on or prior to March 31, 2013 and, if Phase 1 is successful, the Company anticipates that the contingent Phase 2 exploration program will be completed on or prior to December 31, 2013.

Phase 1

	\$
Head office and management fees	73,000
Mobilization and demobilization of drill	12,000
Diamond drilling costs (10,000 m)	1,074,000
Hardware and Software	9,000
Consultants and other Contractors	62,000
Geologists	62,000
Technicians, Labour etc.	70,000
Drilling related purchases (saw, racks etc.)	45,000
Analytical (900 @ \$50/sample)	45,000
Transport related (trucks, fuel etc.)	23,000
Road Maintenance	25,000
Total Phase 1	1,500,000

Phase 2

	\$
Head office, drilling, consultants, Preliminary Assessment, and related	1,500,000
Total Phase 2	1,500,000

Other Sources of Funding

In addition to the net proceeds of the Offering, the Company will have funding available in the amount of \$250,000 from the Loan Facility (from which no funds have been drawn down to date), to fund its business objectives and expected expenditures for the next 18 months. See “Proceeds and Funds Available”.

DIVIDENDS OR DISTRIBUTIONS

Dividends

The payment of dividends, if any, in the future, rests within the sole discretion of the Board. The payment of dividends will depend upon the Company's earnings, its capital requirements and its financial condition, as well as other relevant factors. The Company has not declared any cash dividends since its inception and the Company intends to retain its earnings to finance growth and expand its operations and does not anticipate paying any dividends on its Common Shares and other classes of shares in the foreseeable future.

There are no restrictions in the Company's constating documents that prevent the Company from declaring dividends. The *Business Corporations Act* (Ontario), however, does prohibit the Company from declaring dividends where, after giving effect to the distribution of the dividend the Company would not be able to pay its debts as they become due in the usual course of business; or the Company's total assets would be less than the sum of its total liabilities plus the amount that would be needed to satisfy the rights of shareholders who have preferential rights superior to those receiving the distribution.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis ("MD&A") of the operating results and financial position of the Company should be read in conjunction with the consolidated unaudited interim financial statements for the three and six months ended June 30, 2012 and 2011 and the consolidated audited annual financial statements for the years ended December 31, 2010 and 2011 and the period from incorporation on August 12, 2009 to December 31, 2009 included in and forming part of this Prospectus. The financial information in this MD&A is prepared in accordance with International Financial Reporting Standards ("IFRS"). The information below is as at the date of this Prospectus (unless otherwise specified below).

Overview

The Company is engaged in the business of mineral exploration in Canada and its objective is to locate and, if warranted, develop economic mineral properties. The Company commenced operations in August of 2009 for the purpose of acquiring and advancing mineral properties. The Company holds a 70% registered and participating interest in the advanced exploration stage Clarence Stream Property and has entered into the Amended Portage Purchase Agreement to acquire an additional 30% registered and participating interest. See "Description of Business – Three Year History – Clarence Stream Property". In addition, the Company has interests in two early exploration stage properties consisting of the Lawman Property and the Armstrong Property. The Clarence Stream Property is the sole material property of the Company at this time. At this time, the Company intends to hold the Lawman Property and Armstrong Property and not conduct any exploration activities until circumstances warrant and additional funds are obtained to carry out an exploration program.

Overall Performance

From incorporation on August 12, 2009 to June 30, 2012, the Company capitalized itself through the issuance of securities on a private placement basis. The Company raised \$3,887,480 through the issuance of its securities pursuant to private placements and used an aggregate of approximately \$944,258 in exploration expenditures with respect to the Minnesota Property and other properties (excluding the Clarence Stream Property) and an aggregate of approximately \$3,614,375 in acquisition and development costs for the Minnesota Property and other properties (excluding the Clarence Stream Property). The Company has not generated revenues to date, other than nominal revenues from interest income. Management anticipates that it will incur considerably more expenses following the Offering. These funds will include increased professional fees necessary to comply with applicable securities laws and increased exploration fees and acquisition costs in connection with the Clarence Stream Property. Pursuant to the Amended Clarence Stream Agreement, the Company is required to pay \$2,000,000 cash and allot and issue \$1,600,000 of Common Shares to Cliffs within five (5) Business Days of the Listing Date. Pursuant to the Amended Portage Purchase Agreement, the Company paid \$75,000 to Rockport on March 14, 2012 as a non-refundable deposit. The Company is required to pay \$1,000,000 cash, allot and issue \$560,000 of Rockport Units to Rockport within five (5) Business Days of the Listing Date, and a commitment to retain qualified Rockport consultants and personnel to provide mineral exploration services with respect to the Clarence Stream Property in

exchange for payments in the aggregate amount of \$60,000 provided that the Listing Condition is satisfied on or prior to the date which is ninety (90) days from the date of the issuance of a receipt by the Principal Regulator for the Final Prospectus and, in any event, no later than November 30, 2012. See “Use of Proceeds – Principal Purpose – Asset Acquisition – Clarence Stream Property”. In addition to expenditures for the Clarence Stream Property, the Company is required to pay \$30,000 to the Armstrong Vendor on the date of the Company’s listing on the TSX Venture Exchange pursuant to the terms of the Armstrong Amendment and make additional payments of \$40,000 on or prior to January 17, 2014 and \$25,000 on or prior to January 17, 2014 in the event the Company has not listed its Common Shares on a Canadian stock exchange on or prior to October 17, 2012. See “Use of Proceeds – Principal Purpose – Asset Acquisition – Armstrong Property”.

The Company expects to focus its efforts following completion of the Offering on exploring the Clarence Stream Property to expand the mineral resources on the Clarence Stream Property as more particularly described in the Technical Report and to determine if the Clarence Stream Property contains reserves that are economically recoverable. The Company’s future performance is largely tied to the outcome of future exploration and the overall financial markets. The recoverability of minerals from the Company’s properties is dependent upon, among other things, the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to explore and develop its Clarence Stream Property and other properties, and upon future profitable production. Uncertainty in credit markets has led to increased difficulties in raising and borrowing funds. As a result, the Company may have difficulties raising equity financing for the purposes of exploration and development of the Company’s properties in the future without diluting the interests of current shareholders of the Company and the interests of Subscribers to the Offering who will become shareholders of the Company upon completion of the Offering.

The Company’s comprehensive loss decreased from \$293,071 for the three months ended June 30, 2012 to \$218,953 for the three months ended June 30, 2011 mainly due to lower exploration and evaluation activity on the Minnesota Property which were offset by higher general and administrative costs. The Company’s comprehensive loss increased from \$609,385 during the six months ended June 30, 2011 to \$1,013,499 during the six months ended June 30, 2012 mainly resulting from share-based payments of \$312,570 during the six months ended June 30, 2012 (2011 – Nil) and an increase of \$169,721 with respect to general and administrative expenses. The Company’s comprehensive loss decreased from \$3,265,697 for the year ended December 31, 2010 to \$1,405,402 for the year ended December 31, 2011 mainly due to lower exploration and evaluation activity on the Minnesota Property in 2011. On April 30, 2012, the Company relinquished all interests with respect to the Minnesota Property except for the Lawman Property which the Company continues to hold.

Upon transition to IFRS, the Company adopted the policy of expensing property acquisition and exploration and evaluation costs that are incurred prior to the determination that a property has economically recoverable reserves. As a result, the Company reclassified its property acquisition and exploration and evaluation costs as period expenses and an adjustment was made to the deficit as at December 31, 2010. The Company did not have any exploration expenses until the year ended December 31, 2010. The result was an increase in operating expenses to \$1,376,681 for the year ended December 31, 2011 and \$3,206,443 for the year ended December 31, 2010. Operating expenses decreased from \$292,145 for the three months ended June 30, 2011 to \$214,629 for the three months ended June 30, 2012 mainly as a result of decreased exploration expenses which were partially offset by increased general and administrative expenses. Operating expenses increased from \$600,029 for the six months ended June 30, 2011 to \$1,012,580 for the six months ended June 30, 2012 mainly as a result of share-based payments of \$312,570 during the six months ended June 30, 2012 (2011 – Nil) and increased general and administrative expenses which increased \$169,721.

The Company’s cash and cash equivalents decreased from \$814,376 as at December 31, 2011 to \$126,274 as at June 30, 2012. The Company raised \$166,493 in financing activities during the six months ended June 30, 2012, net of issue costs, and used cash in operating activities of \$763,845 during the same period in comparison to raising \$1,273,750 in financing activities during the six months ended June 30, 2011 and using cash in operating activities of \$726,572 during the same period.

The Company’s current assets decreased from \$926,959 as at December 31, 2011 to \$247,548 as at June 30, 2012. Total assets decreased from \$949,251 as at December 31, 2011 to \$355,859 as at June 30, 2012.

The Company's current liabilities decreased from \$109,752 as at December 31, 2011 to \$50,796 as at June 30, 2012 mainly due to reductions in accounts payable and accrued liabilities.

Selected Annual Financial Information

The following table sets out selected audited consolidated financial information for the Company for the period from incorporation on August 12, 2009 to December 31, 2009 and for the financial years ended December 31, 2010 and 2011 prepared in accordance with IFRS. The selected audited consolidated financial information should only be read in conjunction with the Company's audited consolidated financial statements, including the notes thereto, included elsewhere in this Prospectus.

	Year ended December 31, 2011 \$ (audited) (Under IFRS)	Year ended December 31, 2010 \$ (audited) (Under IFRS)	Period from incorporation on August 12, 2009 to December 31, 2009 \$ (audited) (Under IFRS)
Revenue	7,163	463	47
Mineral Exploration Costs	978,564	3,127,238	-
Total Expenses	1,376,681	3,206,443	37,121
Comprehensive loss for the period	1,405,402	3,265,697	37,074
Loss per share, basic and diluted	(0.06)	(0.19)	0.03
	As at December 31, 2011 \$ (audited) (Under IFRS)	As at December 31, 2010 \$ (audited) (Under IFRS)	As at December 31, 2009 \$ (audited) (Under IFRS)
Current Assets	926,959	1,115,818	2,418,674
Total Assets	949,251	1,115,818	2,418,674
Current Liabilities	109,752	144,667	22,510
Total Liabilities	109,752	144,667	22,510
Cash Dividends per Common Share	-	-	-

As discussed above, with the adoption of IFRS, the Company adopted the policy of expensing exploration and evaluation costs and, as such, the Company reclassified acquisition costs as period expenses and an adjustment was made to the deficit as at December 31, 2010. The Company did not have any exploration expenses until the year ended December 31, 2010. The result was an increase in exploration expenses to \$3,127,238 for the year ended December 31, 2010 and \$978,564 for the year ended December 31, 2011.

Mineral exploration costs increased from the period from incorporation on August 12, 2009 to December 31, 2009 to the year ended December 31, 2010 mainly due to exploration expenditures incurred in connection with the Minnesota Property. On April 30, 2012, the Company relinquished all interest with respect to the Minnesota Property with the exception of the Lawman Property which continues to be held in trust for the Company's wholly-owned subsidiary, MPC Sub Corporation, by MPC. Current assets decreased from \$1,115,818 as at December 31, 2010 to \$926,959 as at December 31, 2011 (December 31, 2009 - \$2,418,674) mainly due to operations expenditures. A summary of the costs associated with exploration activity to December 31, 2011 is included in the table below:

Exploration and Evaluation Assets						
	Carlton / Aitkin	Rum River	Winterfire	Other	Total for Current Year	Total inception to date
Analytical / Sampling	86	-	3,944	44,238	48,267	103,251
Geological	742	45,917	1,533	194,997	243,189	344,114
Geophysical	2,374	29,552	14,793	-	46,719	47,408
Transportation/						

Accommodation	171	980	-	-	1,151	17,587
Exploratory Drilling	46,310	-	173,040	-	219,350	215,315
Operations Support	166	11	556	-	733	16,758
Administration	8,133	-	1,066	-	9,199	12,998
Total Exploration	57,982	76,460	194,932	239,225	568,609	757,431
Acquisition/ Development Costs	119,182	254,192	-	36,581	409,955	3,348,371
Total	177,164	330,652	194,932	275,816	978,564	4,105,802

As an exploration stage Company, the Company has not generated revenue from its property interests and does not anticipate it will do so for the foreseeable future. The Company currently holds a 70% registered and participating interest in the advanced exploration stage Clarence Stream Property and holds interests in two non-material and early exploration stage properties consisting of the Lawman Property and the Armstrong Property. Management anticipates that expenses related to mineral exploration and administration of the Company will materially increase following Closing. Management anticipates that such expenses will include increased exploration expenditures with respect to the Clarence Stream Property in accordance with the Amended Clarence Stream Agreement and the Amended Portage Purchase Agreement, and increased professional fees, investor relations expenses and other costs associated with compliance with applicable securities laws following the Closing.

Results of Operations

Three Months Ended June 30, 2012

During the three months ended June 30, 2012, the Company generated no revenue and incurred total expenses of \$214,629 and during the three months ended June 30, 2011, the Company generated \$1,968 in revenue from investments and incurred total expenses of \$294,113. The most significant expenses were as follows: exploration expenditures of \$110,535, which decreased by \$102,929 from the previous three month period due to lower exploration and evaluation activity on the Minnesota Property in 2011; and general and administrative expenses of \$107,612, which increased by \$46,638 from the previous three month period due to the hiring of staff. The comprehensive loss for the three months ended June 30, 2012 was \$218,953 as compared to comprehensive loss for the three months ended June 30, 2011 of \$293,071. Management anticipates that expenses will materially increase following completion of the Offering, including mineral exploration costs, administration costs and professional costs. Following the closing of the Offering, the Company intends to carry out the Phase 1 exploration program on the Clarence Stream Property as set out in the Technical Report and anticipates incurring increased administrative costs and professional fees as the Company complies with applicable securities laws. See “Use of Proceeds” and “Principal Purposes Asset Acquisition Clarence Stream Property”.

Six Months Ended June 30, 2012

During the six months ended June 30, 2012, the Company generated \$3,352 in revenue and incurred total expenses of \$1,012,580 and during the six months ended June 30, 2011, the Company generated \$1,968 in revenue from investments and incurred total expenses of \$600,029. The most significant expenses were as follows: share-based payments of \$312,570 resulting from the granting of stock options of which there were none in the prior six month period; exploration expenditures of \$452,831, which decreased by \$47,423 from the previous six month period due to lower exploration and evaluation activity on the Minnesota Property in 2011; and general and administrative expenses of \$234,799, which increased by \$169,721 from the previous six month period due to the hiring of staff. The comprehensive loss for the six months ended June 30, 2012 was \$1,013,499 as compared to comprehensive loss for the six months ended June 30, 2011 of \$609,385. Management anticipates that expenses will materially increase following completion of the Offering, including mineral exploration costs, administration costs and professional costs. Following the closing of the Offering, the Company intends to carry out the Phase 1 exploration program on the Clarence Stream Property as set out in the Technical Report and anticipates incurring increased administrative costs and professional fees as the Company complies with applicable securities laws. See “Use of Proceeds” and “Principal Purposes Asset Acquisition Clarence Stream Property”.

Year Ended December 31, 2011

During the year ended December 31, 2011, the Company generated \$7,163 in revenue from investments and incurred total expenses of \$1,412,565. The most significant expenses were as follows: exploration expenditures of \$978,564, which decreased by \$2,148,674 from the same period of the previous year due to lower exploration and evaluation activity on the Minnesota Property in 2011; corporate accounting fees of \$93,250, which were higher due to the increase in reporting obligations and administration; travel expenses of \$27,790, which were higher as the Company required additional travel to tour existing mineral properties; professional fees of \$91,205, which were \$24,841 higher than the previous year due to increased property acquisitions and corporate organization work; and salaries and wages of \$120,508 which began with the hiring of the current staff in 2011. The comprehensive loss for the year ended December 31, 2011 was \$1,405,402. Management anticipates that expenses will materially increase following completion of the Offering, including mineral exploration costs, administration costs and professional costs. Following the closing of the Offering, the Company intends to carry out the Phase 1 exploration program on the Clarence Stream Property as set out in the Technical Report and anticipates incurring increased administrative costs and professional fees as the Company complies with applicable securities laws. See “Use of Proceeds” and “Principal Purposes Asset Acquisition Clarence Stream Property”.

Year Ended December 31, 2010

Comprehensive loss for the year ended December 31, 2010 was \$3,265,697 compared to a comprehensive loss of \$37,074 for the same period of the previous year, an increase of \$3,228,623. The increase was due to higher exploration expenses in 2010 as the Company had not yet begun actively exploring its property interests until January 2010. Given the Company had just begun operations in 2009 an overall increase in operating expenses during 2010 was anticipated. General and administrative expenses increased from \$69 to \$10,911, professional fees increased from \$21,604 to \$66,364 and exploration and evaluation expenses increased from Nil to \$3,127,238.

Period from Incorporation on August 12, 2009 to December 31, 2009

During the period from incorporation on August 12, 2009 to December 31, 2009, the Company generated \$47 in revenue and incurred total expenses of \$37,121. Expenses consisted primarily of professional fees of \$21,604 related to corporate organization work. As well there were some small general and administrative expenses; however with the Company incorporating in August of 2009, it was not fully operational, and thus expenses were relatively low.

Summary of Quarterly Results

The following table sets out selected financial data for the most recently completed interim periods:

	Three months ended June 30, 2012 Unaudited	Three months ended March 31, 2012 Unaudited	Three months ended December 31, 2011 Unaudited	Three months ended September 30, 2011 Unaudited	Three months ended June 30, 2011 Unaudited	Three months ended March 31, 2011 Unaudited	Three months ended December 31, 2010 Unaudited	Three months ended September 30, 2010 Unaudited
Under IFRS								
Total revenues	Nil	\$3,352	\$2,709	\$2,486	\$1,968	Nil	\$0	\$109
Total expenses	\$214,629	\$797,951	\$516,975	\$291,446	\$158,525	\$445,619	\$275,484	\$485,538
Comprehensive loss	\$218,953	\$794,546	\$514,266	\$288,960	\$156,557	\$445,619	\$275,484	\$485,429
Basic and diluted net loss per share	(\$0.01)	(\$0.03)	\$0.02	\$0.01	\$0.01	\$0.02	\$0.02	\$0.03

Liquidity and Capital Resources

As at June 30, 2012, the Company had cash and cash equivalents of \$126,274, compared to \$814,376 at December 31, 2011. The decrease in cash and cash equivalents during the period was due to operational expenditures during the six months ended June 30, 2012 that exceeded funds raised by the Company from financing activities. As the Company will not generate funds from operations for the foreseeable future, the Company is primarily reliant upon the sale of equity securities in order to fund operations. Since inception, the Company has funded its operations through the issuance of equity securities on a private placement basis and this has permitted the Company to carry out its exploration activities to date and to address preliminary costs associated with the Offering. The Company also has up to \$250,000 available pursuant to the Loan Facility dated March 29, 2012 entered into with Ewan Downie, a director and the Chairman of the Company. Amounts drawn down on the facility incur interest at 10% per annum and the Loan Facility matures on November 30, 2012. Any principal and interest outstanding on the maturity date of the Loan Facility may be converted into Common Shares at the election of Mr. Downie at a 10% discount to the prior day's closing price of the Common Shares on a stock exchange in North America. If the Common Shares are not listed on a stock exchange in North America on the maturity date the principal and accrued interest are not convertible into Common Shares. Mr. Downie may also elect to convert the principal amount of the Loan Facility plus accrued interest thereon into Common Shares at the Closing Date, in which case, the conversion price for amounts outstanding under the Loan Facility shall be equal to the price per Unit Share sold pursuant to the Offering.

As set out under the heading "Use of Proceeds", the Company anticipates spending \$3,000,000 to maintain its property interests in good standing for the next 18 month period, \$1,500,000 to carry out the Phase 1 exploration program on the Qualifying Property and \$1,721,500 to cover anticipated administrative costs and working capital for the next 18 month period. The Company cannot offer any assurance that expenses will not exceed management's expectations. The Company will require additional funds and will be dependent upon its ability to secure equity and/or debt financing, the availability of which cannot be assured, especially in light of the recent global financial crises.

Although the Company currently has limited capital resources, management currently believes that, following the closing of the Offering, the Company will not have to rely upon the sale of its equity and/or debt securities for cash required to fund operations for the next 18 month period, other than as disclosed in this Prospectus.

Off Balance Sheet Arrangements

As at the date of this Prospectus, there are no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial conditions of the Company including, without limitation, such considerations as liquidity and capital resources.

Transactions with Related Parties

During the period from incorporation on August 12, 2009 to December 31, 2009, the years ended December 31, 2010 and 2011, the six months ended June 30, 2012 and 2011 and up to the date of this Prospectus, the Company entered into the following transactions with related parties:

Included in general and administrative expenses for the six months ended June 30, 2012 are amounts totaling \$63,058 (2011 - \$93,250) paid to a company controlled by Ewan Downie and Dan Mechis, directors of the Company, and Steven Filipovic, a former officer of the Company, for accounting, rent and facilities related charges and \$940 (2011 - \$22,476) paid to MPC, an insider of the Company and a company that has Thomas O. Quigley and David Brown as directors in common with the Company, for administrative and management services rendered in connection with the Minnesota Property.

Included in general and administrative expenses for the year ended December 31, 2011 are amounts totaling \$93,250 (2010 - Nil) paid to a company controlled by Ewan Downie and Dan Mechis, directors of the Company, and Steven Filipovic, a former officer of the Company, for accounting, rent and facilities related charges and \$22,476 (2010 - \$38,475) paid to MPC, an insider of the Company and a company that has Thomas O. Quigley and David Brown as directors in common with the Company, for administrative and management services rendered in connection with the Minnesota Property.

During the year ended December 31, 2011, the Company entered into an employment agreement with Donald Hoy, the President, Chief Executive Officer and a director of the Company. See “Executive Compensation”. Subsequent to the year ended December 31, 2011, Donald Hoy and David Brown, a director of the Company, each subscribed for units of the Company. Pursuant to the private placement which closed on March 13, 2012, Mr. Hoy acquired units consisting of 200,000 Common Shares and 100,000 warrants and Mr. Brown acquired 125,000 Common Shares and 62,500 warrants. See “Prior Sales”.

During the six months ended June 30, 2012, the Company paid \$92,907 (2011 - \$120,508) as salaries and wages to Donald Hoy pursuant to the terms of his employment agreement. During the six months ended June 30, 2012, the Company incurred share-based payments of \$56,925 related to the grant of stock options to directors and officers of the Company.

During the year ended December 31, 2011, the Company paid \$120,508 (2010 – Nil) as salaries and wages to Donald Hoy pursuant to the terms of his employment agreement.

On March 29, 2012, the Company entered into the Loan Facility with Ewan Downie, the Chairman and a director of the Company, whereby amounts drawn down on the Loan Facility incur interest at 10% per annum and matures on November 30, 2012. Any principal and interest outstanding on the maturity date of the Loan Facility may be converted into Common Shares at the election of Mr. Downie at a 10% discount to the prior day’s closing price of the Common Shares on a stock exchange in North America. If the Common Shares are not listed on a stock exchange in North America on the maturity date, the principal and accrued interest are not convertible into Common Shares under the Loan Facility. Mr. Downie may also elect to convert the principal amount of the Loan Facility plus accrued interest thereon into Common Shares at the Closing Date, in which case, the conversion price for amounts outstanding under the Loan Facility shall be equal to the price per Unit Share sold pursuant to the Offering.

Pursuant to a Lease Agreement, dated November, 2011, the Company leased office space at Unit 5, 1100 Russell Street, Thunder Bay, Ontario from Alyris Leasing Inc., a company controlled by Ewan Downie, Dan Mechis and Steve Filipovic, for a term of five years commencing on April 1, 2012 and expiring on March 31, 2017. The Company has an option to extend the lease for two additional five year terms. The leased premises are approximately 2,080 square feet in size and the basic rent per year is \$18.50 per square foot plus its proportionate share of all taxes and operating costs. During the six months ended June 30, 2012, the Company incurred leasing expenses of \$90,750 (2011 – Nil) to Alyris Leasing Inc. with respect to the office space located at Unit 5, 1100 Russell Street, Thunder Bay, Ontario.

All of the above transactions have been in the normal course of operations and have been recorded at their exchange amounts, which are the amounts agreed upon by the transacting parties.

Fourth Quarter

During the three months ended December 31, 2011, total revenues from investment income were \$2,709. Total expenses during the quarter were \$516,975 and were mainly attributed to professional fees and exploration expenditures on the mineral properties. Comprehensive loss during the quarter was \$514,266 and basic and diluted net loss per share was \$0.02. Expenses and comprehensive losses have increased in subsequent quarters and the Company anticipates that expenses and comprehensive losses will continue to increase as the Company conducts further exploration and development activities at its mineral properties.

Change in Accounting Policy – Adoption of IFRS

In February 2008, the AcSB confirmed that public companies are required to prepare interim and annual financial statements under IFRS for fiscal years beginning on or after January 1, 2011. The implementation date of January 1, 2011 required the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010.

As stated in Note 3 of the audited consolidated annual financial statements for the year ended December 31, 2011, such financial statements are the Company’s first consolidated annual financial statements prepared in accordance with IFRS.

The accounting policies in Note 3 have been applied in preparing the condensed audited consolidated annual financial statements for the years ended December 31, 2010 and 2011 and the period ended December 31, 2009 and the preparation of an opening IFRS statement of financial position on the transition date, August 12, 2009.

In preparing its opening IFRS statement of financial position, comparative information for the year ended December 31, 2010 and the period ended December 31, 2009 and financial statements for the year ended December 31, 2011, the Company has adjusted amounts reported previously in financial statements prepared in accordance with GAAP.

The prior Chief Financial Officer of the Company managed the conversion to IFRS and reported regularly to the Board prior to the creation of the Audit Committee. The implementation of IFRS consisted of four phases: (i) scoping and impact analysis – to produce a high level view of potential differences to existing accounting and reporting policies and consequential change to information systems and business processes; (ii) evaluation and design phase – involved specification of changes required to existing accounting policies, information systems and business processes, together with an analysis of policy alternatives allowed under IFRS and development of draft IFRS financial statement content; (iii) implementation phase – training programs for all current and future finance staff, execution of changes to information systems and business processes, and completing formal authorization processes to approve recommended accounting policy changes, and culminated in the collection of financial information necessary to compile IFRS compliant financial statements, embedding of IFRS in business processes, elimination of unnecessary data collection processes and Board approval of IFRS financial statements. Implementation also involved delivery of further training to staff as systems began to take effect; and (iv) quantitative impact review phase – final determination of accounting policies and the quantitative impact of adopting IFRS on key line items in the Company's financial statements.

The adoption of IFRS resulted in some changes to the Company's accounting policies that are applied in the recognition, measurement and disclosure of balances and transactions in financial statements. The guidance for the first time adoption of IFRS is set out in IFRS 1. IFRS 1 provides for certain mandatory exceptions and optional exemption for first time adopters of IFRS. The Company elected to take the following IFRS 1 optional exemptions:

Deferred Tax on Mineral Properties

Under GAAP, the Company, in accounting for its subsidiary, recognized a future income tax liability on temporary differences arising on the initial recognition of the MPC Sub Corporation mineral property interests (where the fair value of the asset acquired exceeded its tax basis) in a transaction which was not a business combination and affected neither accounting profit or loss. International Accounting Standards 12, Income Taxes does not permit the recognition of deferred taxes on such transactions.

As at December 31, 2010, the Company had derecognized the impacts of all future income tax liabilities which had previously been recognized on the initial acquisition of MPC Sub Corporation through transactions deemed not to be business combinations and affecting neither accounting profit or loss nor taxable profit or loss.

Capitalization of acquisitions costs related to Exploration and Evaluation payments

Under GAAP, the Company, in accounting for acquisition costs of exploration and evaluation assets recorded these payments as long term assets.

IFRS allows for expensing of acquisition costs and, as such, the Company decided to adopt a policy of expensing all costs related to exploration and evaluation, and as such the Company reclassified acquisition costs as period expenses and an adjustment was made to the deficit as at December 31, 2010.

In addition, the International Accounting Standards Board has significant ongoing projects related to potential changes to IFRS that could affect the potential for changes to the Company's current accounting policies on adoption of IFRS.

Impairment of (Non-financial) Assets — IFRS requires a write down of assets if the higher of the fair market value and the value in use of a group of assets is less than its carrying value. Value in use is determined using discounted estimated future cash flows. Current GAAP requires a write down to estimated fair value only if the undiscounted

estimated future cash flows of a group of assets are less than its carrying value. The Company's accounting policies related to impairment of non-financial assets were changed to reflect these differences, however the Company does not expect that this change will have an immediate impact to the carrying value of its assets. The Company has performed impairment assessments in accordance with IFRS at the transition date.

Share-based Payments — In certain circumstances, IFRS requires a different measurement of stock-based compensation related to stock options than current GAAP. The Company did not experience any changes to its accounting policies related to share-based payments that resulted in changes to line items within its financial statements.

Asset Retirement Obligations (Decommissioning Liabilities) — IFRS requires the recognition of a decommissioning liability for legal or constructive obligations, while current GAAP only requires the recognition of such liabilities for legal obligations. A constructive obligation exists when an entity has created reasonable expectations that it will take certain actions. The Company's accounting policies related to decommissioning liabilities will be changed to reflect these differences, however the change will not have an immediate impact to the carrying value of its assets.

Income Taxes — IFRS contains some different guidance related to recognition and measurement of future (deferred) income taxes. One of those differences relates to accounting for "flow-through" common shares, for which IFRS does not include the same level of specific guidance provided under current GAAP. These differences will impact the accounting policies that the Company selects when flow-through shares are issued.

Financial Instruments and Other Instruments

Financial instruments of the Company consist of cash, amounts receivable, accounts payable and accrued liabilities, and amounts due to related parties. Unless otherwise noted, management believes that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The carrying amounts of cash, amounts receivable, accounts payable and accrued liabilities and amounts due to related parties approximate their fair values due to the short-term nature of these instruments.

Disclosure of Outstanding Security Data

Common Shares

As of the date of this Prospectus, the Company had 25,773,333 Common Shares issued and outstanding.

Stock Options

As of the date of this Prospectus, the Company had 1,510,000 Options outstanding. Each Option entitles the holder to acquire one Common Share at the exercise price of \$0.75 until expiry on March 9, 2022.

Share Purchase Warrants

As of the date of this Prospectus, the Company had 2,907,500 warrants outstanding, 2,547,500 of which entitle the holder to acquire one Common Share, exercisable at a price of \$0.40 until February 25, 2013 and 360,000 of which entitles the holder to acquire one Common Share, exercisable at a price of \$0.40 until March 13, 2013.

Additional Disclosure for Junior Issuers

The net proceeds of the Offering, together with the other funds available to the Company, are expected to fund the operations of the Company for 18 months after Closing of the offering. See "Use of Proceeds".

DESCRIPTION OF SECURITIES DISTRIBUTED

This Prospectus qualifies the distribution of the Units and FT Shares. Details of these securities are set forth below.

Authorized Capital

The authorized share capital of the Company consists of an unlimited number of Common Shares without par value. See “Consolidated Capitalization”.

Common Shares

The holders of the Common Shares are entitled to receive notice of and to attend and vote at all meetings of the shareholders of the Company, except meetings at which only holders of a specified class of shares are entitled to vote, and each Common Share confers the right to one vote in person or by proxy at all such meetings of the shareholders of the Company. The holders of the Common Shares, subject to the prior rights, if any, of any other class of shares of the Company, are entitled to receive such dividends in any financial year as the Board may by resolution determine. In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or other distribution of the Company’s assets among its shareholders by way of repayment of capital, the net equity of the Company shall be distributed among the holders of the Common Shares, without priority and on a share for share basis. There are no redemption or retraction rights associated with the Common Shares.

Warrants

The following is a summary of the material attributes and characteristics of the Warrants forming part of the Units. This summary does not purport to be complete and is subject to, and qualified in its entirety by, reference to the terms of the Warrant Indenture referred to below.

The Warrants will be issued in registered form and will be governed by an indenture to be dated as of the Closing Date (the “**Warrant Indenture**”) between the Company and the Warrant Agent. The Company has appointed the principal transfer offices of the Warrant Agent at its office in Toronto, Ontario as the location at which Warrants may be surrendered for exercise or transfer.

Subject to acceleration of the expiry date as discussed below, each Warrant will entitle the holder to purchase one Warrant Share at a price of \$◆, subject to adjustment as summarized below. Warrants will be exercisable at any time prior to 5:00 p.m. (Toronto time) on the second anniversary of the Closing Date, after which the Warrants will expire and become null and void. In the event that the closing sale price of the Common Shares on the stock exchange in North America on which the Common Shares become listed is greater than \$◆ per Common Share for a period of 20 consecutive Trading Days at any time after the Closing Date, the Company may accelerate the expiry date of the Warrants by giving notice to Warrant holders within five (5) Business Days of such event and in such case the Warrants will expire on the thirtieth (30th) day following the date on which such notice is given by the Company.

The Warrant Indenture will provide for adjustment to the number of Warrant Shares issuable upon the exercise of the Warrants and/or the exercise price per Warrant Share in the event of: (i) the subdivision or consolidation of the Common Shares or issuance of a stock dividend on the Common Shares or other distribution of Common Shares or securities convertible into Common Shares to the holders of Common Shares generally; (ii) the issuance to all but not less than all the holders of the Common Shares of rights, options or warrants to purchase Common Shares or securities convertible into Common Shares at less than 95% of the “fair market value” (as will be defined in the Warrant Indenture) of the Common Shares; and (iii) the distribution to all or substantially all of the holders of Common Shares of shares of any other class or of rights, options or warrants to acquire Common Shares or securities convertible into Common Shares or property or other assets of the Company or of evidences of indebtedness or any property or other assets. The Warrant Indenture will also provide for adjustment in the class and/or number of securities issuable upon the exercise of the Warrants and/or exercise price per Warrant Share in the event of: (i) any reclassification, subdivision, re-division, reduction, combination, consolidation or change of the Common Shares; (ii) an amalgamation, merger, plan of arrangement or consolidation of the Company with another entity; or (iii) the transfer of all or substantially all of the assets of the Company.

No adjustment of the exercise price of the Warrants will be made if the amount of such adjustment is less than 1% of the exercise price in effect immediately prior to the event giving rise to the adjustment; provided, however, that in such case any adjustment that would otherwise be required then to be made will be carried forward and made at the

time of and together with the next subsequent adjustment which, together with any adjustment(s) so carried forward, amount to at least 1% of the exercise price.

The Company will covenant in the Warrant Indenture that, during the period in which the Warrants are exercisable, it will give notice to Warrantholders of certain stated events, including events that would result in an adjustment to the exercise price for the Warrants or the number of Warrant Shares issuable upon exercise of the Warrants, at least five (5) Business Days prior to the record date or effective date, as the case may be, of such event.

No fractional Warrant Shares will be issuable upon the exercise of any Warrants. Warrantholders will not have any voting or pre-emptive rights or any other rights which a holder of Common Shares would have.

The Warrant Indenture will provide that, from time to time, the Company and the Warrant Agent, without the consent of the Warrantholders, may amend or supplement the Warrant Indenture for certain purposes, including curing defects or inconsistencies or making any change that does not prejudice the rights of any Warrantholder. Any amendment or supplement to the Warrant Indenture that would prejudice the interests of the Warrantholders may only be made by “extraordinary resolution”, which will be defined in the Warrant Indenture as a resolution either (1) passed at a meeting of the Warrantholders at which there are Warrantholders present in person or represented by proxy representing at least 25% of the aggregate number of the then outstanding Warrants (unless such meeting is adjourned to a prescribed later date due to a lack of quorum, at which adjourned meeting the Warrantholders present in person or by proxy shall form a quorum) and passed by the affirmative vote of Warrantholders representing not less than 66 $\frac{2}{3}$ % of the aggregate number of all the then outstanding Warrants represented at the meeting and voted on the poll upon such resolution, or (2) adopted by an instrument in writing signed by the Warrantholders representing not less than 66 $\frac{2}{3}$ % of the aggregate number of all the then outstanding Warrants.

The Warrants and the Warrant Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws, and the Warrants may not be exercised in the United States or by or on behalf of a U.S. person (as such term is defined in Regulation S under the U.S. Securities Act) unless an exemption from such registration is available, and the holder of the Warrants provides an opinion of counsel or other evidence of exemption in form and substance reasonably satisfactory to the Company to that effect.

The foregoing summary of certain provisions of the Warrant Indenture does not purport to be complete and is qualified in its entirety by reference to the provisions of the Warrant Indenture in the form to be agreed upon by the parties. The Warrant Indenture will be available on SEDAR under the Company’s profile at www.sedar.com.

Flow-Through Shares

The FT Shares will be Common Shares issued as “flow-through shares” under the Tax Act. The Company will incur on or before December 31, 2013, and renounce to each Subscriber for FT Shares, effective on or before December 31, 2012, CEE in an amount equal to the price for the FT Shares by such Subscriber. See “Certain Canadian Federal Income Tax Act Considerations”.

A Subscriber who places an order to purchase FT Shares with the Placement Agents will be deemed to have authorized the Lead Placement Agent to execute and deliver, on the Subscriber’s behalf, a FT Share Subscription Agreement. The execution and delivery of a FT Share Subscription Agreement by the Lead Placement Agent, as agent on behalf of a Subscriber, will bind such Subscriber to the terms thereof as if such Subscriber had executed the FT Share Subscription Agreement personally. The Lead Placement Agent acknowledges that it will have the authority to bind a Subscriber to the FT Share Subscription Agreement upon receipt of an order to purchase FT Shares from such Subscriber.

Pursuant to FT Share Subscription Agreements, the Company will covenant and agree: (i) to incur on or before December 31, 2013 and renounce to the Subscriber effective on or before December 31, 2012 CEE in an amount equal to the price paid by such Subscriber for the FT Shares, (ii) that the CEE will qualify as a “flow-through mining expenditure” as defined in subsection 127(9) of the Tax Act for purposes of the 15% non-refundable federal tax credit in respect thereof under the Tax Act, provided that the Tax Proposals are enacted as proposed, and (iii) that if the Company does not renounce to such Subscriber CEE equal to such amount, or if there is a reduction in such amount renounced pursuant to the provisions of the Tax Act, the Company will indemnify the Subscriber in an amount equal to the amount of any tax payable under the Tax Act (and under any corresponding provincial

legislation) by the Subscriber as a consequence of such failure or reduction. The FT Share Subscription Agreements will contain additional representations, warranties, covenants, and agreements by the Company in favour of Subscribers for FT Shares which are consistent with and supplement the Company's obligations as described in this Prospectus.

The FT Share Subscription Agreements will also provide representations, warranties and agreements of the Subscriber, and by its purchase of FT Shares, each Subscriber for FT Shares offered under this Prospectus will be deemed to have represented, warranted and agreed, for the benefit of the Company and the Placement Agents that is signatory thereto, that: (i) the FT Share Subscription Agreement is subject to acceptance by the Company and is effective only upon such acceptance; (ii) neither the Subscriber for FT Shares nor any beneficial purchaser for whom it is acting is a non-resident of Canada for the purposes of the Tax Act; (iii) the Subscriber, and any beneficial purchaser for whom it is acting, deals, and until January 1, 2014 will continue to deal, at arm's length with the Company for purposes of the Tax Act; (iv) the Subscriber has not entered into any agreement or arrangement with any person or partnership (other than the Company or a specified person in relation to the Company as defined in subsection 6202.1(5) of the regulations made under the Tax Act) which will cause the FT Shares to be "prescribed shares", within the meaning of section 6202.1 of the regulations made under the Tax Act; (v) the Subscriber, if an individual, is of the full age of majority and otherwise is legally competent to enter into the FT Share Subscription Agreement; (vi) the Subscriber, if other than an individual, has the necessary capacity and authority to enter into the FT Share Subscription Agreement and has taken all necessary action in respect thereof; (vii) the liability of the Company to renounce CEE is limited to the extent specifically stated herein and in the FT Share Subscription Agreement; (viii) other than as provided herein and the FT Share Subscription Agreement, the Subscriber waives any right that it may have to any potential incentive grants, credits and similar or like payments or benefits which accrue as a result of the operations relating to CEE and acknowledges that all such grants, credits, payments or benefits accrue exclusively to the benefit of the Company; and (ix) the Subscriber has received and reviewed a copy of this Prospectus.

Agents' Warrants

On closing of the Offering, the Company will grant the Agents' Warrants to the Placement Agents entitling the Placement Agents to purchase that number of Agents' Warrant Shares equal to 7% of the number of Shares sold pursuant to the Offering (reduced to 5% of the number of Offered Securities sold with respect to Special Orders). Each Agents' Warrant will be exercisable into one Agents' Warrant Share at \$◆ per Agents' Warrant Share for a period of 24 months from the Closing Date. Upon their issuance, the Agents' Warrants will be governed by the terms and conditions set out in the share purchase warrant certificates representing the Agents' Warrants, including the aforementioned terms.

Holders of the Agents' Warrants will not have any voting rights or any other rights which a holder of Common Shares would have (including, without limitation, the right to receive notice of and to attend meetings of shareholders or any right to receive dividends or other distributions). Holders of the Agents' Warrants will have no pre-emptive rights to acquire securities of the Company.

CONSOLIDATED CAPITALIZATION

There has been no material change to the Company's share capital on a consolidated basis since the date of the most recently completed unaudited consolidated interim financial statements for the six months ended June 30, 2012.

The following table sets out the capitalization of the Company as at the dates specified below:

Description	Authorized	Outstanding as at December 31, 2011	Outstanding as at the date of this Prospectus	Outstanding after giving effect to the Offering
Common Shares	Unlimited	25,053,333	25,773,333 ⁽¹⁾	◆ ⁽²⁾
Warrants	2,907,500 ⁽³⁾	2,547,500	2,907,500	◆ ⁽³⁾
Agents' Warrants ⁽⁵⁾	◆	Nil	Nil	◆ ⁽⁴⁾
Options	10%	Nil	1,510,000 ⁽⁵⁾	1,510,000 ⁽⁵⁾

Notes:

- (1) On an undiluted basis. Does not include any Common Shares issuable upon exercise of the Options and warrants.
- (2) On an undiluted basis. Does not include any Common Shares issuable upon exercise of the Agents' Warrant or warrants, Over-Allotment Option or Options. Assumes that a total of ♦ Common Shares will be allotted and issued to Cliffs in accordance with the terms of the Amended Clarence Stream Agreement and ♦ Rockport Units to Rockport in accordance with the Amended Portage Purchase Agreement within five (5) Business Days of the Closing Date.
- (3) 2,547,500 warrants were issued in connection with the private placement completed on February 25, 2011, each of which is exercisable into one Common Share at a price of \$0.40 per Common Share until February 25, 2013. An aggregate of 360,000 warrants were issued in connection with the private placement completed on March 13, 2012, each of which is exercisable into one Common Share at a price of \$0.40 per Common Share until March 13, 2013. ♦ Warrants will be issued pursuant to the Offering, assuming the Offering is fully subscribed and the Over-Allotment Option is not exercised. ♦ Common Shares are reserved for issuance upon the exercise of the outstanding warrants and Warrants to be issued pursuant to the Offering.
- (4) Does not include any Agents' Warrants that may be issued on exercise of the Over-Allotment Option. Assuming that the Offering is fully subscribed and that there are Special Orders for an aggregate of \$2,000,000.
- (5) Pursuant to the Incentive Plan, the Company is authorized to issue Options to purchase up to a maximum of 10% of the issued and outstanding Common Shares of the Company at the time of grant. Each of the outstanding 1,510,000 Options is exercisable into one Common Share until March 9, 2022 at a price of \$0.75 per Common Share.

OPTIONS TO PURCHASE SECURITIES

Outstanding Options and Warrants

As at the date of this Prospectus, the following Options and warrants of the Company were outstanding and are expected to be outstanding upon completion of the Offering:

Name of Optionee	Number of Persons	Designation of Securities under Option or warrant	Number of Common Shares under Option or Warrant	Exercise price per Common Share	Expiry Date
Executive officers of the Company as a group	4	Common Shares	680,000 Options	\$0.75	March 9, 2022
	2	Common Shares	225,000 warrants	\$0.40	February 25, 2013
	1	Common Shares	100,000 warrants	\$0.40	March 13, 2013
Directors and past directors of the Company who are not also executive officers as a group	5	Common Shares	580,000 Options	\$0.75	March 9, 2022
	2	Common Shares	275,000 warrants	\$0.40	February 25, 2013
	1	Common Shares	62,500 warrants	\$0.40	March 13, 2013
Consultants who are not also executive officers as a group	11	Common Shares	250,000 Options	\$0.75	March 9, 2022
	3	Common Shares	92,500 warrants	\$0.40	February 25, 2013
Other Persons holding warrants not included above	17	Common Shares	1,955,000 warrants	\$0.40	February 25, 2013
	4	Common Shares	197,500 warrants	\$0.40	March 13, 2013
Total Options			1,510,000		
Total warrants			2,907,500		
Total Options and warrants			4,417,500		

As the Company was a private company at the time the Options were granted and warrants were issued, market value of the Options and warrants is indeterminable. There are no assurances that the Options and warrants described above will be exercised in whole or in part.

All of the Options listed in the table above were granted pursuant to the Incentive Plan or a predecessor incentive plan. The Incentive Plan was adopted by the Company's Board on February 29, 2012 and approved by the shareholders on March 26, 2012. The purpose of the Incentive Plan is to advance the interests of the Company and its shareholders and subsidiaries by attracting, retaining and motivating the performance of selected directors, officers, employees or consultants of the Company of high caliber and potential and to encourage and enable such persons to acquire and retain a proprietary interest in the Company by ownership of its stock. The Incentive Plan consists of the share option plan (the "**Option Plan**"), the share purchase plan (the "**Purchase Plan**") and the share bonus plan (the "**Bonus Plan**").

Option Plan

The Option Plan provides for the grant of non-transferable Options for the purchase of Common Shares to eligible participants. Under the Option Plan, eligible participants include the directors, officers and employees (including both full-time and part-time employees) of the Company or of any designated affiliate of the Company and any person or Company engaged to provide ongoing management or consulting services for the Company or a designated affiliate of the Company or any employee of such person or Company. Subject to the provisions of the Incentive Plan, the Committee (as defined in the Incentive Plan) has the authority to select those persons to whom Options will be granted, the number of Common Shares subject to Options which may be granted and the price at which Common Shares may be purchased pursuant to the exercise of Options. Subject to the provisions of the Option Plan, no Options may be exercised unless the optionee at the time of exercise thereof is:

- (a) in the case of an eligible employee, an officer of the Company or a designated affiliate of the Company or in the employment of the Company or a designated affiliate of the Company and has been continuously an officer or so employed since the date of the grant of such Option, provided, however, that a leave of absence with the approval of the Company or such designated affiliate of the Company will not be considered an interruption of employment for the purposes of the Share Option Plan;
- (b) in the case of an eligible director who is not also an eligible employee, a director of the Company or a designated affiliate of the Company and has been such a director continuously since the date of the grant of such Option; and
- (c) in the case of any other eligible participant, engaged, directly or indirectly, in providing ongoing management, consulting or other services for the Company or a designated affiliate of the Company and has been so engaged since the date of the grant of such Option.

The exercise price of any Option may not be less than the closing price of the Common Shares on the principal stock exchange on which the Common Shares are listed on the last trading day immediately preceding the date of grant of the Option. Each Option, unless sooner terminated pursuant to the provisions of the Option Plan, will expire on a date to be determined by the Committee at the time the Option is granted, subject to amendment by an employment contract, which date cannot be later than ten years after the date the Option is granted. However, if the expiration date falls within a blackout period or within ten (10) Business Days after a blackout period expiry date, then the expiration date of the Option will be the date which is ten (10) Business Days after the blackout period expiry date.

An Option may be exercised during the term of the Option only in accordance with the vesting schedule, if any, determined by the Committee at the time of the grant of the Option, which vesting schedule may include performance vesting or acceleration of vesting in certain circumstances and which may be amended or changed by the Committee from time to time with respect to a particular Option. If the Committee does not determine a vesting schedule at the time of the grant of any particular Option, such Option will be exercisable in whole at any time, or in part from time to time, during the term of the Option. If a take-over bid (within the meaning of the *Securities Act* (Ontario)) is made for all or a portion of the Common Shares, then the Committee may permit all Options outstanding which have limits on their exercise to become immediately exercisable in order to permit Common Shares issuable under such Options to be tendered to such take-over bid.

If Options granted under the Option Plan are surrendered, terminated or expire without being exercised in whole or in part, new Options may be granted covering the Common Shares not purchased under the lapsed Options.

If a participant (i) ceases to be a director of the Company and of the designated affiliates of the Company (and is not or does not continue to be an employee thereof) for any reason (other than death), or (ii) ceases to be employed by, or provide services to, the Company or the designated affiliates of the Company (and is not or does not continue to be a director or officer thereof), or any Company engaged to provide services to the Company or the designated affiliates of the Company, for any reason (other than death) or receives notice from the Company or any designated affiliate of the Company of the termination of his or her employment contract, except as otherwise provided in any employment contract or the terms and conditions of any Option, in situations of termination not for cause, such participant may exercise his or her Options until the expiration of the respective terms of such Options to the extent that such participant was entitled to exercise such Options at the date of termination, and, in situations other than a termination not for cause, such participant will have ninety (90) days following termination to exercise his or her Options to the extent that such participant was entitled to exercise such Options at the date of termination or

termination. Notwithstanding the foregoing or any employment contract, in no event may such right extend beyond the original Option period.

The aggregate number of Common Shares reserved for issue pursuant to the Option Plan will be determined from time by time by the Committee but, in any case, cannot exceed 10% of the aggregate number of Common Shares outstanding at the time of the grant of the applicable Option. The Option Plan is a “rolling” maximum share option plan, and any increase in the number of outstanding Common Shares will result in an increase in the number of Common Shares that are available to be issued under the Option Plan and, subject to the approval of any stock exchange on which the Common Shares of the Company are listed, any exercise of an Option previously issued under the Option Plan will result in an additional grant being available under the Option Plan.

Purchase Plan

The Purchase Plan permits participants to make contributions pursuant to the Purchase Plan toward the purchase of Common Shares and provides that the Company will match such contributions. Eligible participants under the Purchase Plan include the officers and employees (including both full-time and part-time employees) of the Company or of any designated affiliate of the Company and any person or Company engaged to provide ongoing management or consulting services for the Company or a designated affiliate of the Company (or any employee of such person or Company) who have been providing services to the Company or any designated affiliate of the Company for at least the immediately preceding 12 months. The Committee has the right to waive such 12 month period, or to determine that the Purchase Plan does not apply to any eligible employee or other participant. The Company will match the participant’s contributions under the Purchase Plan, which cannot exceed 10% of the participant’s basic annual remuneration, on a quarterly basis and each participant will then be issued Common Shares having a value equal to the aggregate amount contributed to the Purchase Plan by the participant and the Company. The purchase price per share will be the weighted average price of the Common Shares on a stock exchange for the five (5) Business Days preceding the date in respect of which the Common Shares are issued.

If a participant ceases to be employed by, or provide services to, the Company or any designated affiliates of the Company for any reason (including disability or death) or receives notice from the Company of the termination of his or her contract of service or employment:

- (a) the participant will automatically cease to be entitled to participate in the Purchase Plan;
- (b) any portion of the participant’s contribution then held in trust for the participant will be paid to the participant or the estate of the participant;
- (c) any portion of the Company’s contribution then held in trust for the participant will be returned and paid to the Company; and
- (d) any Common Shares then held in safekeeping for the participant will be delivered to the participant or to the participant’s estate.

If there is a take-over bid within the meaning of the *Securities Act* (Ontario) made for all or a portion of the outstanding Common Shares, then the Committee may, by resolution, make any Common Shares held in trust for a participant immediately deliverable in order to permit such Common Shares to be tendered to take-over such bid. In addition, the Committee may, by resolution, permit the Company’s contribution to be made and Common Shares to be issued for the then aggregate contribution prior to the expiry of any such take-over bid in order to permit such Common Shares to be tendered to such take-over bid.

A maximum of 10% of the total number of Common Shares outstanding on a non-diluted basis immediately prior to the proposed issuance of Common Shares pursuant to the Purchase Plan Common Shares may be reserved for issue under the Purchase Plan. No Common Shares have been issued under the Purchase Plan.

Bonus Plan

The Bonus Plan permits Common Shares to be issued as a discretionary bonus to eligible participants which include the directors, officers and employees (including both full-time and part-time employees) of the Company or of any

designated affiliate of the Company and any person or Company engaged to provide ongoing management or consulting services for the Company or a designated affiliate of the Company or any employee of such person or Company.

A maximum of 10% of the total number of Common Shares outstanding on a non-diluted basis immediately prior to the proposed issuance of Common Shares pursuant to the Bonus Plan may be reserved or issued under the Bonus Plan. No Common Shares have been issued under the Bonus Plan.

General Provisions of the Incentive Plan

The Incentive Plan contains the insider participation limit, which provides that, in no event, shall any security-based compensation arrangement of the Company, together with all other previously established and proposed security-based compensation arrangements of the Company, result in (a) the number of Common Shares reserved for issuance from treasury at any time pursuant to Options granted to insiders of the Company exceeding 10% of the issued and outstanding Common Shares; or (b) the issuance from treasury to insiders of the Company, within a one-year period, of a number of Common Shares which exceeds 10% of the issued and outstanding Common Shares.

No rights under the Incentive Plan and no Option awarded under the Option Plan are assignable or transferable by any participant in the Incentive Plan other than pursuant to a will or by the laws of descent and distribution.

The Committee has the right, under the Incentive Plan, without the approval of the shareholders of the Company, to suspend or terminate (and to re-instate) the Purchase Plan, the Option Plan or the Bonus Plan and to make certain amendments to the Incentive Plan, including, but not limited to, amendments of a “housekeeping” nature, to comply with applicable law or regulation, to the vesting provisions of the Purchase Plan or the Option Plan, to the terms of any Option previously granted (with the consent of the optionee), with respect to the effect of the termination of a participant’s employment or services under the Purchase Plan or the Bonus Plan or an optionee’s position, employment or services under the Option Plan, to the categories of persons who are participants, to the contribution mechanics of the Purchase Plan, in respect of the administration or implementation of the Incentive Plan, and amendments to provide a cashless exercise feature to any Option or the Option Plan (provided that such amendment ensures the full deduction of the number of underlying Common Shares from the total number of Common Shares subject to the Option Plan).

The Committee has the right, under the Incentive Plan, with the approval of the Shareholders, to make certain amendments to the Incentive Plan, including, but not limited to, any change to the number of Common Shares issuance from treasury under the Incentive Plan, any amendment which would change the number of days of an extension of the expiration date of Options expiring during or immediately following a blackout period, any amendment which reduces the exercise price of any Option, any amendment which extends the expiry date of an Option other than as permitted under the Option Plan, and any amendment which would permit Options to be transferred or assigned by any participant other than as currently permitted under the Incentive Plan.

PRIOR SALES

The following table summarizes all sales of securities of the Company in the last 12 months from the date of this Prospectus:

Date of Issue	Price per Security/Exercise Price	Number and Type of Securities	Reason for Issuance
March 9, 2012	\$0.75	1,510,000 Options ⁽¹⁾	Grant of Options
March 13, 2012	\$0.25	720,000 units ⁽²⁾	Private Placement

Notes:

⁽¹⁾ Each Option is exercisable into one Common Share for an exercise price of \$0.75 per Common Share until March 9, 2022.

⁽²⁾ Each unit is comprised of one Common Share and one-half of one Common Share purchase warrant, each whole warrant being exercisable into one additional Common Share at a price of \$0.40 per Common Share until March 13, 2013.

ESCROWED SECURITIES

As at the date of this Prospectus, the securities expected to be subject to escrow upon completion of the Offering are as shown in the following table:

Designation of class	Number of securities held in escrow or that are subject to a contractual restriction on transfer	Percentage of class
Common Shares	9,233,433	35.8% ⁽¹⁾
warrants	850,000	29.2% ⁽²⁾

Notes:

⁽¹⁾ Based on 25,773,333 Common Shares issued and outstanding as at the date of this Prospectus.

⁽²⁾ Based on 2,907,500 warrants issued and outstanding as at the date of this Prospectus.

A detailed breakdown of the securities to be escrowed is shown in the following table:

Name	Designation of Security	Quantity	Diluted % Common Shares at the date of Prospectus ⁽³⁾	Diluted % of Common Shares post-Offering ⁽⁴⁾
Ewan Downie	Common Shares	1,800,100	7.7%	◆% ⁽⁵⁾
	warrants ⁽¹⁾	200,000		
Iain Downie	Common Shares	1,000,000	4.8%	◆% ⁽⁶⁾
	warrants ⁽¹⁾	250,000		
Symone Downie ⁽⁷⁾	Common Shares	1,550,000	7.1%	◆%
	warrants ⁽¹⁾	300,000		
Minerals Processing Corporation	Common Shares	4,883,333	18.9%	◆%

Notes:

⁽¹⁾ Each warrant is exercisable into one Common Share at an exercise price of \$0.40 per Common Share until February 25, 2013.

⁽²⁾ Each warrant is exercisable into one Common Share at an exercise price of \$0.40 per Common Share until March 13, 2013.

⁽³⁾ Based on 25,773,333 Common Shares outstanding as at the date of this Prospectus.

⁽⁴⁾ Based on ◆ Common Shares outstanding upon completion of the Offering, assuming the Offering is fully subscribed, that the Over-Allotment Option has not been exercised and that ◆ Common Shares will be issued to Cliffs in accordance with the terms of the Amended Clarence Stream Agreement and ◆ Rockport Units to Rockport in accordance with the Amended Portage Purchase Agreement within five (5) Business Days of the Closing Date.

⁽⁵⁾ Does not include the approximately ◆[\$350,000] Units and ◆[\$250,000] FT Shares that Ewan Downie intends to subscribe for in the Offering. If such Offered Securities are purchased, Ewan Downie will hold ◆% of the Common Shares post-Offering on a diluted basis.

⁽⁶⁾ Does not include the approximately ◆[\$90,000] Units that Iain Downie intends to subscribe for in the Offering. If such Units are purchased, Iain Downie will hold ◆% of the Common Shares post-Offering on a diluted basis.

⁽⁷⁾ Symone Downie is the spouse of Ewan Downie, Chairman of the Board and a director of the Company.

Section 3.5 of NP 46-201 provides that all shares of a Company owned or controlled by principals will be escrowed at the time of the Company'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 Company after giving effect to the initial public offering.

At the time of its initial public offering, an issuer will be classified for the purposes of escrow as either an "exempt issuer", an "established issuer" or an "emerging issuer" as those terms are defined in NP 46-201.

Uniform terms of automatic timed release escrow apply to principals of exchange listed issuers, differing only according to the classification of the issuer. The Company anticipates that it will be classified as an "established issuer". As such, the Company anticipates that the following automatic timed releases will apply to the securities held by the principals listed in the table above:

Date of Automatic Timed Release	Amount of Escrowed Securities Released
On the Listing Date	1/4 of the Escrowed Securities
6 months after the Listing Date	1/3 of the remaining Escrowed Securities

12 months after the Listing Date	1/2 of the remaining Escrowed Securities
18 months after the Listing Date	the remaining Escrowed Securities

Assuming there are no changes to the escrowed securities initially deposited and no additional escrowed securities are deposited, automatic timed release escrow applicable to the Company will result in a 25% release on the Listing Date, with the remaining escrowed securities being released in 25% tranches every six months thereafter.

Pursuant to the terms of the Escrow Agreement, Ewan Downie, Iain Downie, Symone Downie and MPC will agree to deposit in escrow their securities of the Company (the “**Escrowed Securities**”) with the Escrow Agent. Pursuant to the Escrow Agreement, 2,308,358 Common Shares and 212,500 warrants will be released from escrow on the Listing Date.

POOLED SHARES

On or prior to the Closing, and as a closing condition required under the Agency Agreement, the Company intends to enter into the Voluntary Pooling Agreement with the Pooling Agent and certain shareholders of the Company that are not already subject to the terms of the Escrow Agreement, whereby the Issuer, on behalf of such shareholders, agrees to deliver the Common Shares held by such shareholders to the Pooling Agent (the “**Pooled Shares**”). If such shareholders receive other securities while the Voluntary Pooling Agreement remains effective: (i) as a dividend or other distribution on the Pooled Shares; (ii) on the exercise of a right of purchase, conversion or exchange attaching to the Pooled Shares; (iii) on a subdivision or compulsory or automatic conversion or exchange of Pooled Shares; or (iv) from a successor issuer in a business combination, then such additional securities will also be delivered to the Pooling Agent and held in pool subject to the terms of the Voluntary Pooling Agreement. The Voluntary Pooling Agreement has been entered into with ♦ shareholders of the Company holding an aggregate of ♦ Common Shares. The Pooling Agent has agreed to hold such Pooled Shares and release them on the following basis:

Date of Release	Amount of Pooled Shares to be released
On Closing	10%
4 months from the Closing Date	22.5%
8 months from the Closing Date	22.5%
12 months from the Closing Date	22.5%
16 months from the Closing Date	22.5%

PRINCIPAL SECURITYHOLDERS

To the knowledge of the directors and officers of the Company, as of the date of this Prospectus, no person beneficially owns or exercises control or direction over, directly or indirectly, Common Shares carrying more than 10% of the votes attached to the Common Shares except for the following:

Name	Prior to the Offering		After Giving the Effect to the Offering	
	Number of Common Shares Held and Type of Ownership	Percentage of Common Shares Held ⁽¹⁾	Number of Common Shares Held ⁽²⁾	Percentage of Common Shares Held after giving effect to the Offering ⁽³⁾
Minerals Processing Corporation ⁽⁴⁾	4,883,333	18.9%	4,883,333	♦% ⁽⁵⁾

Notes:

- ⁽¹⁾ Based on 25,773,333 Common Shares issued and outstanding as at the date of this Prospectus.
- ⁽²⁾ Assuming this person does not subscribe for any Shares under the Offering.
- ⁽³⁾ Based on ♦ Common Shares issued and outstanding, assuming the Offering is fully-subscribed, the Over-Allotment Option is not exercised and that ♦ Common Shares will be issued to Cliffs pursuant to the Amended Clarence Stream Agreement and ♦ Rockport Units will be issued to Rockport pursuant to the Amended Portage Purchase Agreement within five (5) Business Days of the Closing Date.
- ⁽⁴⁾ Minerals Processing Corporation is a private company incorporated pursuant to the laws of the state of Michigan and is controlled by Thomas Quigley, a director of the Company. Mineral Processing Corporation directly owns the securities set forth in the above table.
- ⁽⁵⁾ Assuming exercise of the Agents’ Warrants, and exercise of all outstanding Warrants and Options, Minerals Processing Corporation will hold 4,883,333 Common Shares representing ♦% of the issued and outstanding Common Shares on a fully-diluted basis.

DIRECTORS AND EXECUTIVE OFFICERS

Name, Occupation and Security Holdings

The following table provides the names, state or province of residence, position, principal occupations during the five preceding years and the number of voting securities of the Company that each of the directors and executive officers beneficially owns, directly or indirectly, or exercises control over, as of the date hereof:

Name and Province or State of Residence and Position with the Company	Date of Appointment ⁽¹⁾	Principal Occupations for the Past Five Years	Number and Percentage of Common Shares Beneficially Owned or Controlled, Directly or Indirectly ⁽²⁾
Ewan Downie ⁽⁵⁾ Ontario, Canada <i>Chairman of the Board and Director</i>	August 12, 2009	President and Chief Executive Officer of Premier Gold Mines Limited (TSX:PG), a junior mining company, since August 2006; and President of Zinifex Canada Inc., a private mineral exploration and development company, from May 2007 to October 2008.	1,800,100 ⁽⁷⁾ 7.0% ⁽⁷⁾
Donald Hoy ⁽⁵⁾ Ontario, Canada <i>Chief Executive Officer, President and Director</i>	June 24, 2011 ⁽⁸⁾	President and Chief Executive Officer of the Company since June 24, 2011; and Vice-President, Exploration of Freewest Canada, a private junior mining company, from May 1992 to May 2011.	200,000 ⁽⁹⁾ *(9)
Thomas Quigley Michigan, USA <i>Director</i>	February 14, 2011	President, Chief Executive Officer and director of Aquila Resources Inc. since April 2006. President of Minerals Processing Corporation, a private mineral exploration company, from March 1995 to present.	4,883,333 ⁽¹⁰⁾⁽¹¹⁾ 18.9% ⁽¹¹⁾
Iain Downie ⁽⁶⁾ Ontario, Canada <i>Director</i>	February 14, 2011	Retired geoscientist with over forty years experience in the mining industry having held senior positions at numerous large mining companies. Co-founder, Vice-President Exploration and a director of Wolfden Resources Inc. (" Wolfden Inc. "), a company which was purchased by Zinifex Limited. Chairman and a director of T.B. Mining Ventures Inc. (TSXV:TBVP), a junior mining company, since June 18, 2007.	1,000,000 ⁽¹²⁾ 3.9% ⁽¹²⁾

Name and Province or State of Residence and Position with the Company	Date of Appointment ⁽¹⁾	Principal Occupations for the Past Five Years	Number and Percentage of Common Shares Beneficially Owned or Controlled, Directly or Indirectly ⁽²⁾
William McCrindle ⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾ Ontario, Canada <i>Director</i>	February 14, 2011	Retired geological engineer with over thirty years experience. Founding director and President of Cumberland Resources Ltd. (TSX:CLG), a junior mining company from March 1983 to June 2003 and Berland Resources Ltd., a public mineral exploration company, from March 1997 to June 2002. Director of Skybridge Development Corp., a mineral exploration company formerly listed on the TSX Venture Exchange, from July 30, 2008 to May 28, 2009; Secretary, Treasurer and a Director of T.B. Mining Ventures Inc. (TSX-V:TBVP), a junior mining company, since June 18, 2007; and a director of Rare Earth Metals Inc. (TSX-V:RA), a junior mining company, from November 2011 to September 2012.	200,000 ⁽¹³⁾ *(13)
David Brown ⁽³⁾⁽⁴⁾ Pennsylvania, USA <i>Director</i>	February 14, 2011	President of Neville Pulverized Lime Co., a private lime products manufacturing company, from 2001 to February 2006 and current director of Minerals Processing Corporation, a private mineral exploration company.	125,000 ⁽¹⁴⁾ *(14)
Daniel R. Mechis ⁽⁴⁾⁽⁵⁾⁽⁸⁾ Ontario, Canada <i>Director</i>	January 27, 2012	President and CEO of T.B. Mining Ventures Inc. (TSXV:TBVP), a junior mining company, since June 2007 and a director since May 2007. CEO, Vice-President and a director of Marksmen Capital Inc. (now Brixton Metals Corp.), from March 2008 to November 2010. Treasurer of Skybridge Development Corp., a mineral exploration company formerly listed on the TSX Venture Exchange, from May 2008 until May 2009. President of The Alyris Group, a private company, since April 2008.	150,000 *
Lance Dyll Ontario, Canada <i>Chief Financial Officer</i>	August 23, 2012	Chartered Accountant with the Institute of Chartered Accountants of Ontario. Mr. Dyll has held a number of director and senior finance roles with companies listed on the TSX Venture Exchange, including Mega Precious Metals from June 2012 to present, Source Exploration Corp. from July 2012.	Nil
Shaun Drake Ontario, Canada <i>Secretary</i>	April 23, 2010	Chairman of DSA Corporate Services Inc. from February 2009 to present and a Partner of Marrelli & Drake Corporate Services from August 1999 to January 2009, both private corporate services companies.	Nil

*Less than 1%.

Notes:

- (1) The directors of the Company hold office until the next annual general meeting of the Company, unless they otherwise resign or are removed from this position. The officers of the Company hold office at the pleasure of the Board, unless they otherwise resign or are removed from this position.
- (2) Percentage is based on 25,773,333 Common Shares issued and outstanding as of the date of this Prospectus and does not include Options or warrants to purchase Common Shares held by directors and executive officers. See "Options to Purchase Securities".
- (3) Denotes a member of the Audit Committee of the Company.
- (4) Denotes an independent director.
- (5) Denotes a member of the Nominating and Corporate Governance Committee.
- (6) Denotes a member of the Compensation Committee.
- (7) Does not include the approximately ♦[\$350,000] Units and ♦[\$250,000] FT Shares that Ewan Downie intends to subscribe for in the Offering. If such Offered Securities are purchased, Ewan Downie will hold ♦ Common Shares or ♦% of the Common Shares post-Offering on an undiluted basis.
- (8) Donald Hoy was appointed as the President and Chief Executive Officer of the Company on June 24, 2011, and elected as a director of the Company on March 26, 2012.
- (9) Does not include the approximately ♦[\$25,000] Units that Donald Hoy intends to subscribe for in the Offering. If such Units are purchased, Donald Hoy will hold ♦ Common Shares or ♦% of the Common Shares post-Offering on an undiluted basis.
- (10) These shares are held by Minerals Processing Corporation, a private company controlled by Thomas Quigley.
- (11) Does not include the approximately ♦[\$10,000] Units that Thomas Quigley intends to subscribe for in the Offering. If such Units are purchased, Thomas Quigley will hold ♦ Common Shares or ♦% of the Common Shares post-Offering on an undiluted basis.
- (12) Does not include the approximately ♦[\$90,000] Units that Iain Downie intends to subscribe for in the Offering. If such Units are purchased, Iain Downie will hold ♦ Common Shares or ♦% of the Common Shares post-Offering on an undiluted basis.
- (13) Does not include the approximately ♦[\$12,000] FT Shares that William McCrindle intends to subscribe for in the Offering. If such FT Shares are purchased, William McCrindle will hold ♦ Common Shares or ♦% of the Common Shares post-Offering on an undiluted basis.
- (14) Does not include the approximately ♦[\$25,000] Units that David Brown intends to subscribe for in the Offering. If such Units are purchased, David Brown will hold ♦ Common Shares or ♦% of the Common Shares post-Offering on an undiluted basis.

The term of office of the directors expires annually at the time of the Company's annual general meeting. The term of office of the executive officers expires at the discretion of the Board. Except for Donald Hoy, the President, Chief Executive Officer and a director of the Company as further described below, none of the Company's directors or executive officers have entered into non-competition or non-disclosure agreements with the Company.

As at the date of this Prospectus, the directors and executive officers of the Company as a group beneficially own, directly or indirectly, or exercised control or discretion over an aggregate of 8,458,433 Common Shares of the Company, which is equal to 32.8% of the Common Shares issued and outstanding as at the date hereof.

Background

The following is a brief description of each of the directors and executive officers of the Company, including their names, ages, positions and responsibilities with the Company, relevant educational background, principal occupations or employment during the five years preceding the date of this Prospectus, experience in the Company's industry and the amount of time intended to be devoted to the affairs of the Company:

Ewan Stewart Downie, Chairman of the Board and Director - 45 years old – Mr. Downie has served as a director of the Company since August 12, 2009 and served as the President, Secretary and Treasurer of the Company from August 12, 2009 until April 23, 2010 at which time he became the Chairman of the Board. Mr. Downie was President and Chief Executive Officer of Wolfden Inc., company listed on the Toronto Stock Exchange, from June 2003 to July 2007. Zinifex Limited, a company listed on the Australian Stock Exchange completed its acquisition of Wolfden Inc. in June 2007. Subsequently, Wolfden Inc. changed its name to Zinifex Canada Inc. and made an application to cease to be a reporting issuer. Mr. Downie was the President of Zinifex Canada Inc., a private mineral exploration and development company, from May 2007 to October 2008. Mr. Downie is a director and/or officer of several reporting issuers involved in mineral development and exploration, including: President and Chief Executive Officer of Premier Gold Mines Limited (TSX:PG), a junior natural resource mining company, since August 2006; director of Benton Resources Corp. (TSX-V:BTC), since November 2002; director of Source Exploration Corp. (TSX-V:SOP) since July 2008; director of Newstrike Resources Ltd. (TSX-V:NR), since July 2005; director of Mega Precious Metals Inc. (formerly Mega Silver Inc.) (TSX-V:MGP) since May 2009; and director of Gold Standard Ventures Corp. (TSX-V:GV) since July 2010. Mr. Downie previously served as a directors and/or officer of the following reporting issuers: director of PC Gold Inc. from May 2008 to October 2010; director of Sabina Gold & Silver Corp. from November 2002 to May 2008; director of Pediment Gold Corp., a company formerly listed on the TSX, from March 2005 to August 2008; director of Anaconda Mining Inc. from May 2003 until May 2008; Halo Resources Ltd. from April 2004 to May 2009; director of Skybridge Development Corp. (TSX-V:SBD), from May 2008 to June 2009; director of King's Bay Gold Company from April 2002 to November 2003; and

President and director of Marksman Capital Corp. (now called Brixton Metals Company) from March 11, 2008 to November, 2010. Mr. Downie has a diploma from Seneca College in King City, Ontario. Mr. Downie was the recipient of the Prospectors & Developers Association of Canada (PDAC) 2003 Bill Dennis Award for a Canadian discovery or prospecting success in relation to his role as part of the Wolfden Resources Inc. team that discovered the West Zone deposit at High Lake, Nunavut. Mr. Downie also received the Bernie Schnieders Discovery of the Year Award for 2005. Mr. Downie expects to devote approximately 10% of his time to the affairs of the Company.

Donald Hoy, Chief Executive Officer, President and Director – 56 years old – Mr. Hoy has been the Chief Executive Officer and President of the Company since June 24, 2011 and a Director since March 26, 2012. Previously, Mr. Hoy was the Vice-President Exploration for Freewest Canada, a private junior natural resource mining company formerly listed on the TSX Venture Exchange, from May 1992 to May 2011. Freewest Canada is a subsidiary of Cliffs Natural Resources Inc. (NYSE:CLF). Mr. Hoy has been a professional geoscientist with the Association of Professional Geoscientists of Ontario since April 2003. Mr. Hoy holds a B.Sc. from the University of Western Ontario and a M.Sc. from Queen's University. Mr. Hoy was the recipient of the Prospectors & Developers Association of Canada (PDAC) 2009 Bill Dennis Award for a Canadian discovery or prospecting success as one of 5 persons credited with the "Ring of Fire" discovery in the Province of Ontario. Mr. Hoy currently expects to devote approximately 95% of his time to the affairs of the Company. Mr. Hoy is an employee of the Company.

Thomas Quigley, Director – 61 years old – Mr. Quigley has been a director of the Company since February 14, 2011 and served as the President and Chief Executive Officer of the Company from April 23, 2010 to June 24, 2011. Mr. Quigley has been the President, Chief Executive Officer and a director of Aquila Resources Inc. (TSX:AQA), a junior natural resource mining company, since April 2006. Mr. Quigley has been the President of Minerals Processing Corporation, a private mineral exploration company, since March 1995. Mr. Quigley holds a B.A. (Science) and a Master of Science degree from the University of Minnesota and a Master of Science from Queen's University. Mr. Quigley expects to devote 5% of his time to the affairs of the Company.

Iain Downie, Director – 72 years old – Mr. Downie has been a director of the Company since February 14, 2011. Mr. Downie is a retired professional engineer and geoscientist with over forty years of experience in the mining industry. Mr. Downie has held senior positions with numerous large mining companies. Mr. Downie was a co-founder, Vice-President Exploration and a director of Wolfden Inc. from March 2003 to February 2007. In June 2007, Wolfden Inc. was acquired by Zinifex Limited. Mr. Downie has been the Chairman and a director of T.B. Mining Ventures Inc. (TSX-V: TBVP) since June 2007. Mr. Downie holds a B.A.Sc. from the University of Toronto. Mr. Downie expects to devote 5% of his time to the affairs of the Company.

William McCrindle, Director – 73 years old – Mr. McCrindle has been a director of the Company since February 14, 2011. Mr. McCrindle is a retired professional engineer with over thirty years of experience in the mining industry. Mr. McCrindle has held senior positions with reporting issuers involved in mineral exploration and development, including: founding director and President of Cumberland Resources Ltd. (TSX:CLG) from March 1983 to June 2003; founding director and President of Berland Resources Ltd., a company formerly listed on the TSX Venture Exchange, from March 1997 to June 2002; director of Skybridge Development Corp., formerly listed on the TSX Venture Exchange, from July 2008 to May 2009; and director of Rare Earth Metals Inc. (TSX-V:RA) from November 2011 to September 2012. Mr. McCrindle has been the Secretary, Treasurer and a director of T.B. Mining Ventures Inc. (TSX-V:TBVP) since June 2007. Mr. McCrindle holds a B.A.Sc. in geological engineering from the University of Toronto. Mr. McCrindle expects to devote between 12.5% and 20% of his time to the affairs of the Company.

David Brown, Director – 50 years old – Mr. Brown has been a director of the Company since February 14, 2011. Mr. Brown was the President of Neville Pulverized Lime Co., a private lime products manufacturing company, from 2001 to February 2006, and is currently a director of Minerals Processing Corporation, a private mineral exploration company. Mr. Brown holds a Bachelor of Finance degree from Pennsylvania State University. Mr. Brown expects to devote 5% of his time to the affairs of the Company.

Daniel R. Mechis, Director - 44 years old – Mr. Mechis has been a director of the Company since January 27, 2012. Mr. Mechis holds senior positions with reporting issuers involved in mineral exploration and development, including serving as the President and CEO of T.B. Mining Ventures Inc. (TSX-V:TBVP) since June 2007 and a director since May 2007. Mr. Mechis served as the CEO, Vice-President and a director of Marksmen Capital Inc.

(now Brixton Metals Corp.), from March 2008 to December 2010. Mr. Mechis has previously served as the Treasurer of Skybridge Development Corp., a mineral exploration company formerly listed on the TSX Venture Exchange, from May 2008 to May 2009, and was employed with Wolfden Inc., from June 2003 to May 2006 as an office manager. Mr. Mechis holds a Bachelor of Arts degree from Lakehead University. Mr. Mechis expects to devote 5% of his time to the affairs of the Company.

Lance Dyll, Chief Financial Officer - 34 years old – Mr. Dyll has been the Chief Financial Officer of the Company since August 23, 2012. Mr. Dyll is a professional Chartered Accountant with the Institute of Chartered Accountants of Ontario (since 2004), and was previously in private practice with BDO Canada LLP practicing as an Audit Manager from May 2001 to September 2006. Mr. Dyll holds senior positions with reporting issuers involved in mineral exploration and development, including: Chief Financial Officer of Mega Precious Metals Inc. (TSXV: MGP) from June 2012 and Chief Financial Officer of Source Exploration Corp. (TSXV: SOP) from July 2012. Mr. Dyll has also served as Director of Operations of the Alyris Group, a private group of companies, since May 2012. Previously, Mr. Dyll held the following positions with reporting issuers involved in mineral exploration and development: Finance Manager of Wolfden Inc. from September 2006 to May 2007; director and Finance Manager, Canadian Operations for Zinifex Canada Inc. from September 2006 to March 2010. Mr. Dyll was also a Manager of Accounting with Cliffs Chromite Ontario Inc., a subsidiary of Cliffs Natural Resources from August 2010 to March 2012. Mr. Dyll holds an Honors Bachelor of Commerce degree from Lakehead University. Mr. Dyll expects to devote 10% of his time to the affairs of the Company. Mr. Dyll provides his services to the Company as an independent contractor.

Shaun Drake, Secretary – 45 years old – Mr. Drake has been the Secretary of the Company since April 23, 2010. Mr. Drake has been the Chairman of DSA Corporate Services Inc. since February 2009 and a partner of Marrelli & Drake Corporate Services from August 1999 to January 2009, private corporate services companies. Mr. Drake is currently the Secretary of several reporting issuers involved in mineral exploration and development, including: Premier Gold Mines Ltd. (TSX:PG) since August 2006; PC Gold Inc. (TSX:PKL) since May 2008; Mega Precious Metals Inc. (TSX:MGP) since June 2009; Source Exploration Corp. (TSX-V:SOP) since September 2010; QRS Capital Corp. (TSX-V:QRS) since November 2010; and Lago Dourado Minerals Ltd. (TSX-V:LDM) since December 2010. Mr. Drake has previously served as the Secretary of the following reporting issuers involved in mineral exploration and development: Skybridge Development Corp., formerly listed on the TSX Venture Exchange, from May 2008 to May 2009; Wolfden Inc. from March 2004 to May 2007; and Consolidated Thompson Iron Mines Limited (formerly Consolidated Thompson-Lundmark Gold Mines Limited) from December 2003 to April 2005. Mr. Drake has been a member of the Institute of Chartered Secretaries and Administrators of Great Britain since June 1995 and has completed his A Levels at Grammar School in Guernsey, Great Britain. Mr. Drake expects to devote 5% of his time to the affairs of the Company. Mr. Drake provides his services to the Company as an independent contractor.

Except for Donald Hoy, President, Chief Executive Officer and a director of the Company, none of the directors or executive officers of the Company have entered into non-competition or non-disclosure agreements with the Company. Pursuant to an employment agreement dated May 1, 2011 between the Company and Mr. Hoy, Mr. Hoy agreed he will not without the Company's consent, such consent not to be unreasonably withheld, and within a period of one year from the date of the termination of his employment, carry on or be interested in any business which is in direct competition with the business carried on by the Company. However, Mr. Hoy may sit on the boards of other companies (to a maximum of two) that are involved in mineral exploration and development.

Corporate Cease Trade Orders or Bankruptcies

No director or executive officer of the Company is, as at the date of this Prospectus, or was within ten years before the date hereof, a director, Chief Executive Officer or Chief Financial Officer of any company, including the Company, that:

- (i) was subject to a cease trade order, an order similar to cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period for more than thirty (30) consecutive days, that was issued while the director or executive officer was acting in the capacity as director, Chief Executive Officer or Chief Financial Officer; or

- (ii) was subject to a cease trade order, an order similar to cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period for more than thirty (30) consecutive days, 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 the capacity as director, Chief Executive Officer or Chief Financial Officer.

Penalties or Sanctions

No director or executive officer of the Company or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to:

- (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement with a regulatory authority; or
- (ii) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investment decision.

Bankruptcies

No director or executive officer of the Company or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

- (i) is, as at the date of this Prospectus, or has been within the ten years before the date hereof, 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, arrangements or compromises with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (ii) has, within the ten years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangements or compromises with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Conflicts of Interest

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

To the best of the Company's knowledge, and other than as disclosed herein, there are no known existing or potential conflicts of interest among the Company, its promoters, directors and officers or other members of management of the Company or of any proposed promoter, director, officer or other member of management as a result of their outside business interests except that certain of the directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Company and their duties as a director or officer of such other companies.

The directors and officers of the Company will not be devoting all of their time to the affairs of the Company. The directors and officers of the Company are directors and officers of other companies, some of which are in the same business as the Company. In particular, Mr. Ewan Downie expects to spend between 15% and 20% of his time to the affairs of the Company and Donald Hoy expects to spend 95% of his time to the affairs of the Company and the remaining directors and officers expect to spend between 5% and 10% of their respective time to the affairs of 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 obligations 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. See “Risk Factors”.

EXECUTIVE COMPENSATION

Summary Compensation Table

For the purposes hereof, the term Named Executive Officer, or NEO, means the Chief Executive Officer, the Chief Financial Officer, each of the Company’s three most highly compensated executive officers, other than the Chief Executive Officer and the Chief Financial Officer, who were serving as executive officers as at the end of the Company’s most recently completed financial year ended December 31, 2011 and whose total salary and bonus exceeds \$150,000 and any additional individuals for whom disclosure would have been provided except that the individual was not serving as an officer of the Company at the end of the Company’s most recently completed financial year.

The following table sets out information regarding compensation paid to or awarded to Ewan Stewart Downie, the Company’s Chairman of the Board and a director, Donald Hoy, the Company’s President, Chief Executive Officer and a director, Shaun Drake, the Company’s Secretary and Steven Filipovic, the Company’s Chief Financial Officer, who were the Company’s NEOs as at the end of the prior three fiscal years:

Name and principal position	Year	Salary	Share-based awards	Option-based awards	Non-equity incentive plan compensation		Pension value	All other compensation	Total compensation
					Annual Incentive Plans	Long-term Incentive Plans			
Ewan Stewart Downie ⁽¹⁾ <i>Chairman Director</i>	2009	-	-	-	-	-	-	-	-
	2010	-	-	-	-	-	-	-	-
	2011	-	-	-	-	-	-	-	-
Donald Hoy ⁽²⁾ <i>President, CEO and Director</i>	2009	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2010	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2011	\$120,508	-	-	-	-	-	\$282	\$120,790
Shaun Drake ⁽³⁾ <i>Secretary</i>	2009	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2010	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2011	-	-	-	-	-	-	-	-
Steve Filipovic ⁽⁴⁾ <i>Chief Financial Officer</i>	2009	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2010	-	-	-	-	-	-	-	-
	2011	-	-	-	-	-	-	-	-

Notes:

- (1) Ewan Downie became a director of the Company August 12, 2009, served as President, Secretary and Treasurer from August 12, 2009 to April 23, 2010, and became Chairman of the Board on April 23, 2010.
- (2) Donald Hoy was appointed Chief Executive Officer June 24, 2011 and elected a director on March 26, 2012. Pursuant to an employment agreement dated as of May 1, 2011, the Company has agreed to pay Mr. Hoy an annual salary of \$168,000 commencing May 1, 2011. See “Directors and Executive Officers”.
- (3) Shaun Drake was appointed Secretary on April 23, 2010.
- (4) Steven Filipovic was appointed Chief Financial Officer on April 23, 2010 and resigned on August 23, 2012.

Compensation Discussion and Analysis and Compensation Governance

The Company has a Compensation Committee comprised of Iain Downie (Chair), William McCrindle and Daniel Mechis. Mr. Iain Downie is not considered independent. The members of the Compensation Committee each have the skills and experience necessary to make decisions on executive compensation and the Company's compensation policies and practices which have been derived through each member's experience and involvement in senior management positions for reporting issuers in the mineral exploration and development industry. Previously the Company's executive compensation decisions were based on Board discussion without reference to any format objectives, analysis or criteria. Since formation of the Compensation Committee and establishment of the Compensation Committee Charter, executive and director compensation decisions will be made based on Compensation Committee recommendations and Board discussions with reference to the Compensation Committee Charter. See "Corporate Governance" and "Schedule C – Compensation Committee Charter". The role of the Compensation Committee is to: review and recommend to the Board the appropriate compensation level for the Company's executive officers; oversee the Company's compensation and benefit plans, policies and practices, including, its executive compensation plans and incentive-compensation and equity-based plans; monitor and evaluate, at the Committee's sole discretion, matters relating to the compensation and benefits structure of the Company; and take such other actions within the scope of this Charter as the Board may assign to the Committee from time to time or as the Committee deems necessary or appropriate.

The Compensation Committee's primary responsibilities, among other things, are to: review the adequacy and form of compensation of the Company's executive officers and ensure that the compensation realistically reflects the risks and responsibilities of such positions; review and recommend to the Board for approval policies relating to compensation of the Company's executive officers and directors; review the performance of the Company's executive officers and recommend annually to the Board for approval the amount and composition of compensation to be paid to the Company's executive officers; review and make recommendations to the Board with respect to pension, stock option and other incentive plans, benefit plans, perquisites and other remuneration matters with respect to the Company's executive officers and review the adequacy and form of compensation of directors and ensure that the compensation realistically reflects the responsibilities and risks of such positions and fix the amount and composition of compensation to be paid to members of the Board and the committees thereof. See "Corporate Governance" for a description of the Compensation Committee's roles and responsibilities.

On May 1, 2011, the Company entered into an employment agreement with its sole employee, Donald Hoy. Pursuant to the terms of the agreement, Mr. Hoy agreed to provide employment services as the President of the Company and for additional services as set out in the agreement. As compensation for such services, the Company agreed to pay Mr. Hoy an annual salary of \$168,000 per annum, subject to annual review plus regular employee benefits as may be set from time to time by the Board. Additionally, the agreement contemplates that Mr. Hoy may be eligible for an annual bonus on criteria and milestones set by the Board from time to time and that the Company may issue Mr. Hoy Options from time to time, the initial grant of which was expected to be between 250,000 and 500,000 Options. The Company has agreed to reimburse Mr. Hoy for all expenses actually incurred by him in the connection of his employment with the Company and provide Mr. Hoy with a computer, mobile phone and general use of any Company-owned vehicle, when the vehicle is not required on Company projects. The Company may terminate the agreement without cause by providing Mr. Hoy with written notice or pay in lieu of such notice equal to the greater of six months or six months for each completed year of service by Mr. Hoy up to a maximum of 12 months. If a change of control occurs and Mr. Hoy's employment is terminated following the change of control, such termination is deemed to be a termination without cause and, under such circumstances, Mr. Hoy will be entitled to receive 24 months pay in lieu of notice. A change of control under the agreement generally refers to a change in the holding of the issued and outstanding Common Shares by a new person or persons acting alone or in concert who are entitled to cast over 50% of the Common Shares at a meeting to elect directors of the Company. A change of control also refers to a situation where directors who acted in such capacity immediately prior to any transaction or election giving rise to a change of control cease to constitute a majority of the Board following such transaction or election. If the Company terminates Mr. Hoy's employment for any reason without cause, including a change of control event, takeover, merger, amalgamation or arrangement, any unvested Options immediately vest.

Pursuant to the employment agreement, Mr. Hoy has agreed he will not without the Company's consent, such consent not to be unreasonably withheld, within a period of one year from the date of the termination of his employment, either alone or jointly carry on or be interested in any business which is in direct competition with the

business carried on by the Company. However, Mr. Hoy may sit on the boards of other companies (to a maximum of two) that are involved in mineral exploration and development.

The Board reviewed compensation policies of similar exploration stage companies when it agreed with an annual sum of \$168,000 payable to Donald Hoy pursuant to the terms of his employment agreement dated May 1, 2011. At this time, the Board has not established any benchmark or performance goals that the NEOs must achieve in order to maintain their respective positions as NEOs with the Company. However, the NEOs are expected to carry out their duties in an effective and efficient way and advance the exploration goals of the Company. If the Board determines that these duties are not being met, the Board has the ability to replace such NEOs in its discretion.

During the period from incorporation on August 12, 2009 to December 31, 2011, the Company did not make any payments to the NEOs for their services as executive officers of the Company other than as presented in the table above. On March 9, 2012, the Company granted 275,000 Options to Ewan Downie, 275,000 Options to Donald Hoy, 30,000 Options to Shaun Drake and 100,000 Options to Steven Filipovic. These Options are each exercisable into one Common Share for an exercise price of \$0.75 per Common Share until March 9, 2022. See "Options to Purchase Securities".

Following creation of the Compensation Committee on March 26, 2012, the Compensation Committee reviewed the Company's previous compensation policies and practices as determined by the Board and reviewed the terms of the sole employment agreement that was entered into with Donald Hoy on May 1, 2011. The Company's compensation policies and practices are designed to provide certain executive officers incentives for the achievement of both short-term and long-term objectives without motivating them to take unnecessary or excessive risk. As part of this review, the Compensation Committee noted the following factors which discourage the Company's executive officers from taking unnecessary or excessive risk:

- as a junior mineral exploration issuer with only one employment agreement with one executive officer, there is limited opportunity for the small management team to undertake unnecessary or excessive risk to maximize compensation at the expense of the Company;
- as a junior mineral exploration issuer, there are limited opportunities for executive officers to artificially inflate financial and operating performance of the Company to increase the value of equity awards to such persons;
- all of the directors, including the members of the Compensation Committee, are regularly apprised of the Company's financial position throughout the year;
- executive compensation or salary for Donald Hoy is a set amount, with a discretionary bonus as determined by the Compensation Committee, which is tied to the overall results of the Company and not to the results of any one mineral property;
- with respect to Donald Hoy, there is an effective balance between cash and equity, near-term and long-term focus, corporate and individual performance, and financial and non-financial performance;
- with respect to Donald Hoy, the Company's approach to performance evaluation and compensation provides greater rewards to Donald Hoy achieving both short-term and long-term objectives; and
- incentive plan awards granted are not awarded upon the accomplishment of a task.

Based on this review, the Compensation Committee believes that the compensation policies and practices does not encourage executive officers to take unnecessary or excessive risk.

Under the Company's compensation policies and practices, NEOs and directors are not prevented from purchasing financial instruments, including prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director.

Option Based Awards

The Company has in effect the Incentive Plan in order to provide effective incentives to directors, officers, senior management personnel and employees of the Company and to enable the Company to attract and retain experienced and qualified individuals in those positions by permitting such individuals to directly participate in an increase in per share value created for the Company's shareholders. The Company has no equity incentive plans other than the Incentive Plan. The size of stock option grants to NEOs is dependent on 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 key to its long-term success. See "Options to Purchase Securities".

Outstanding Share-Based Awards and Option-Based Awards

The Company did not grant any share-based awards or option-based awards during the period from incorporation on August 12, 2009 to December 31, 2011. On March 9, 2012, the Company granted a total of 1,510,000 Options. Grants made to NEOs and directors are discussed under "Executive Compensation" and "Director Compensation", respectively. As the Company is a private company, the value of the Options granted has not been determined. See "Options to Purchase Securities".

Incentive Plan Awards – Value Vested Or Earned During The Year

The Company did not grant any incentive plan awards during the period from incorporation on August 12, 2009 to December 31, 2010 or for the year ended December 31, 2011. See "Outstanding Share-Based Awards and Option-Based Awards".

Defined Benefit Plans

The Company did not have any defined benefit or actuarial plan as at December 31, 2011.

Termination And Change Of Control Benefits

During the period ended December 31, 2011, and other than the employment agreement dated May 1, 2011 with Donald Hoy as set out below, the Company did not have any contracts, agreements, plans or arrangements in place with any NEOs that provide for payment following or in connection with any termination (whether voluntary, involuntary or constructive) resignation, retirement, a change of control of the Company or a change in an NEOs responsibilities.

Pursuant to the employment agreement dated May 1, 2011 with Donald Hoy, the President, Chief Executive Officer and a director of the Company, the Company may terminate the agreement without cause by providing Mr. Hoy with written notice or pay in lieu of such notice equal to the greater of six months or six months for each completed year of service by Mr. Hoy up to a maximum of 12 months. If a change of control occurs and Mr. Hoy's employment is terminated following the change of control, such termination is deemed to be a termination without cause and, under such circumstances, Mr. Hoy will be entitled to receive 24 months pay in lieu of notice. A change of control under the agreement generally refers to a change in the holding of the issued and outstanding Common Shares by a new person or persons acting alone or in concert who are entitled to cast over 50% of the Common Shares at a meeting to elect directors of the Company. A change of control also refers to a situation where directors who acted in such capacity immediately prior to any transaction or election giving rise to a change of control cease to constitute a majority of the board of directors following such transaction or election. If the Company terminates Mr. Hoy's employment for any reason without cause, including a change of control event, takeover, merger, amalgamation or arrangement, any unvested Options immediately vest.

DIRECTOR COMPENSATION

Director Compensation Table

The following table sets forth particulars of all compensation paid to directors during the financial year ended December 31, 2011:

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Thomas Quigley	-	-	-	-	-	-	-
William McCrindle	-	-	-	-	-	-	-
David Brown	-	-	-	-	-	-	-
Iain Downie	-	-	-	-	-	-	-

On March 9, 2012, the directors of the Company that are not NEOs were granted Options as follows: Thomas Quigley – 125,000 Options; William McCrindle – 85,000 Options; David Brown – 85,000 Options; Iain Downie - 85,000 Options; and Daniel Mechis - 200,000 Options. These Options are each exercisable into one Common Share for an exercise price of \$0.75 per Common Share until March 9, 2022. See “Options to Purchase Securities”.

Narrative Discussion

The Company does not have any arrangements, standard or otherwise, pursuant to which directors are compensated by the Company for their services in their capacity as directors, or for committee participation, involvement in special assignments or for services as consultants or experts. The Board intends to continue to compensate directors primarily through the grant of stock options and reimbursement of expenses incurred by such persons acting as directors of the Company.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Aggregate Indebtedness

Other than as disclosed herein and other than routine indebtedness, as that term is defined in paragraph 10.3(c) of Form 51-102F5 *Information Circular* (“**Form 51-102F5**”), no directors, executive officers and employees and no former directors, executive officers and employees of the Company are or were indebted to the Company in connection with a purchase of securities and all other indebtedness as at the date of this Prospectus.

Indebtedness of Directors and Executive Officers under Securities Purchase and Other Programs

Other than as disclosed herein, or other than routine indebtedness, as that term is defined in paragraph 10.3(c) of Form 51-102F5, no directors or executive officers of the Company, and associates of such directors or executive officers are or were indebted to the Company as at the date of this Prospectus.

AUDIT COMMITTEE

Audit Committee

The Audit Committee’s role is to act in an objective, independent capacity as a liaison between the auditors, management and the Board and to ensure the auditors have a facility to consider and discuss governance and audit issues with parties not directly responsible for operations. NI 52-110, NI 41-101 and Form 52-110F1 require the Company to disclose certain information relating to the Company’s audit committee and its relationship with the Company’s independent auditors.

Audit Committee Charter

Pursuant to NI 52-110, 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.

Composition of Audit Committee

The members of the Company's Audit Committee are:

Daniel R. Mechis (Chair)	Independent ⁽¹⁾	Financially literate ⁽²⁾
William McCrindle	Independent ⁽¹⁾	Financially literate ⁽²⁾
David Brown	Independent ⁽¹⁾	Financially literate ⁽²⁾

Notes:

- (1) A member of an audit committee is independent if the member has no direct or indirect material relationship with the Company, which could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment.
- (2) An individual is financially literate if he has the ability to read and understand a set of financial statements that present a breadth 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.

Relevant Education and Experience

Each member of the Company's Audit Committee has adequate education and experience that is relevant to his performance as an Audit Committee member and, in particular, the requisite education and experience that have provided the member with:

- (a) an understanding of the accounting principles used by the Company to prepare its financial statements and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;
- (b) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements or experience actively supervising individuals engaged in such activities; and
- (c) an understanding of internal controls and procedures for financial reporting.

See "Directors and Executive Officers" for further details.

Audit Committee Oversight

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

Pre-Approval Policies and Procedures

The Audit Committee is authorized by the Board to review the performance of the Company's external auditors and approve in advance provision of services other than auditing and to consider the independence of the external auditors, including a review of the range of services provided in the context of all consulting services bought by the Company. The Audit Committee is authorized to approve in writing any non-audit services or additional work which the Chairman of the Audit Committee deems is necessary, and the Chairman will notify the other members of the Audit Committee of such non-audit or additional work and the reasons for such non-audit work for the Committee's consideration, and if thought fit, approval in writing.

External Auditor Service Fees

The fees billed by the Company's external auditors during its financial period from the date of incorporation to December 31, 2010 and for its most recently completed year ended December 31, 2011 for audit and non-audit related services provided to the Company and its subsidiary are as follows:

Financial Year End	Audit Fees	Audit Related Fees⁽¹⁾	Tax Fees⁽²⁾	All other Fees⁽³⁾
December 31, 2011	\$15,000	-	-	-
December 31, 2010 ⁽⁴⁾	\$5,000	-	-	-

Notes:

- (1) Fees charged for assurance and related services that are reasonably related to the performance of an audit, and not included under Audit Fees.
- (2) Fees charged for tax compliance, tax advice and tax planning services.
- (3) Fees for services other than disclosed in any other column.
- (4) Period from date of incorporation on August 12, 2009 to December 31, 2010.

CORPORATE GOVERNANCE

General

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the shareholders, and take 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. NP 58-201 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.

Structure

The Board is currently composed of seven directors, namely, Ewan Downie, Donald Hoy, Iain F. Downie, William McCrindle, Thomas O. Quigley, David Brown, and Daniel Mechis.

NP 58-201 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, 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.

William McCrindle, David Brown and Daniel Mechis are not officers and are not involved in the day to day operations of the Company and as such are independent. Ewan Downie is Chairman of the Board of the Company and Donald Hoy is an executive officer of the Company, and accordingly, they are considered to be non-independent. Thomas O. Quigley was a former executive officer of the Company during the past three years and Iain F. Downie is the father of Ewan Downie, and accordingly, they are considered to be non-independent.

As a majority of the Company's directors are not independent, the Board facilitates its exercise of independent judgment in carrying out its responsibilities by causing the independent directors to take a lead role in ensuring the Company is acting in its best interests. Further, the non-independent directors defer to the judgment of the independent directors with respect to matters pertaining to corporate governance.

Mandate of the Board

The Mandate for the Board defines the role of the Board and governs how the Board will operate to carry out its duties of stewardship and accountability. The Board must have the capacity, independently of management, to fulfill the Board's responsibilities and the structure and composition of the Board attempts to ensure such independence. The Board must also be able to make an objective assessment of management, approve management's strategy and monitor its implementation. Therefore, the Company is committed to the following practices:

- the recruitment of strong, independent directors who shall compose all of the members of the Audit Committee and at least one member of the Compensation Committee and Nominating and Corporate Governance Committee;
- the operation of an evaluation process of the Chief Executive Officer and President, conducted by the Compensation Committee; and
- the operation of a selection and evaluation process, conducted by the Nominating and Corporate Governance Committee.

Directorships

The following members of the Board currently hold directorships in other reporting issuers as set forth below:

Name of Director	Name of Reporting Issuer	Exchange
Ewan Downie	Benton Resources Corp. Gold Standard Ventures Corp. Mega Precious Metals Inc. Newstrike Resources Ltd. Premier Gold Mines Limited Source Exploration Corp.	TSX Venture Exchange (“TSX-V”) TSX-V TSX-V TSX-V Toronto Stock Exchange (“TSX”) TSX-V
Donald Hoy	N/A	
Iain Downie	T.B. Mining Ventures Inc.	TSX-V
William McCrindle	T.B. Mining Ventures Inc.	TSX-V
Thomas Quigley	Aquila Resources Inc.	TSX
David Brown	N/A	
Daniel Mechis	T.B. Mining Ventures Inc.	TSX-V

Board Meetings

As a private company, the Company did not hold regularly scheduled meetings at which non-independent directors were excluded. However, the Company’s independent directors do communicate outside of formal meetings of the Board. Two of the independent directors have a number of years of experience serving on the boards of other reporting issuers. As a result, they are acutely aware of the important roles independent directors have.

While a private company, the Board approved all corporate actions by way of unanimous written consent resolution. During the fiscal year ended December 31, 2011, the Board did not hold any board meetings.

Chairman of the Board

As the Chairman of the Board is not an independent director, the Board provides leadership from its independent directors by giving the independent directors unrestricted access to the Company’s auditors and external legal counsel and by having the Company’s external legal counsel attend meetings of the Board to facilitate communication among independent and non-independent directors.

Position Descriptions

The Board has developed written position descriptions for each of the Chief Executive Officer, Chair of the Board and the Chair of each committee of the Board.

Orientation and Continuing Education of the Board

The Nominating and Corporate Governance Committee, in conjunction with the Chair, the Chief Executive Officer and the President, is responsible for ensuring that new directors are provided with an orientation program, which will include:

- information regarding the role of the Board, its committees and the duties and obligations of directors;
- the business and operations of the Company;
- documents from recent meetings of the Board; and
- opportunities for meetings and discussion with senior management and other directors.

The details of the orientation of each new director will be tailored to that director's individual needs and areas of interest. To facilitate ongoing education of the Company's directors, the Nominating and Corporate Governance Committee will:

- periodically canvas the directors to determine their training and education needs and interests;
- arrange ongoing visitation by directors to the Company's properties;
- arrange the funding for the attendance of directors at seminars or conferences of interest and relevance to their position as a director of the Company; and
- encourage and facilitate presentations by outside experts to the Board or committees on matters of particular import or emerging significance.

Ethical Business Conduct

All directors, officers and employees are bound by the Company's Code of Business Conduct and Ethics. All who are affected by the Code of Business Conduct and Ethics review it and directors and officers acknowledge their support and understanding of the Code of Business Conduct and Ethics by signing it annually.

The Nominating and Corporate Governance Committee has responsibility for monitoring compliance with the Code of Business Conduct and Ethics.

The Code of Business Conduct and Ethics also contains the Company's policies on conflicts of interest.

A person may obtain a copy of the Code by contacting the President of the Company in writing.

Nomination of Directors

The Nominating and Corporate Governance Committee, operating pursuant to the Nominating and Corporate Governance Committee Charter, annually review the general and specific criteria applicable to candidates to be considered for nomination to the Board.

The Nominating and Corporate Governance Committee consists of William McCrindle (Chair), Ewan Downie and Donald Hoy. William McCrindle is an independent director and Ewan Downie and Donald Hoy are not independent directors. As a majority of the Nominating and Corporate Governance Committee members are not independent, the Corporation undertakes the following steps to ensure an objective nomination process:

- when discussing the nomination process of the President and Chief Executive Officer, Donald Hoy is excluded from the discussion and process;
- William McCrindle (Chair) takes the lead role in the nomination process; and
- the Nominating and Corporate Governance Committee routinely seeks input from other independent members of the Board who do not otherwise sit on the Nominating and Corporate Governance Committee.

The responsibilities, powers and operation of the Nominating and Corporate Governance Committee is set out in the Nominating and Corporate Governance Committee Charter which is attached to this Prospectus as Schedule B.

Compensation

The Compensation Committee, operating pursuant to the Compensation Committee Charter, reviews director compensation annually. The Committee makes recommendations to the Board for consideration when it believes changes in compensation are warranted.

The Compensation Committee consists of Iain Downie (Chair), William McCrindle and Daniel Mechis. William McCrindle and Daniel Mechis are independent directors. Iain Downie is the father of Ewan Downie, the Chairman of the Board, and accordingly, Iain Downie is not considered to be independent. The Board does not believe that the non-independent director in any way compromises the objective process for determining the compensation of the executive officers or the general compensation programs for the Corporation.

The responsibilities, powers and operation of the Compensation Committee is set out in the Compensation Committee Charter which is attached to this Prospectus as Schedule C.

The skills and experience of each Compensation Committee member in executive compensation that is relevant to his responsibilities and the making of decisions on the suitability of the Corporation's compensation policies and practices is as follows:

Iain Downie	Iain Downie has acted as a director of several large mining companies and has routinely reviewed and dealt with compensation policies and remuneration with respect to executives of junior exploration mining companies.
William McCrindle	William McCrindle has acted as a director on several reporting issuers involved in the mineral exploration and development stage and is and has been routinely involved in executive compensation decisions of such issuers.
Daniel Mechis	Daniel Mechis has acted as a director of several reporting issuers involved in the mineral exploration stage and is and has actively been involved in determining executive compensation decisions of such issuers. Dan Mechis also has broad human resources experience from being a principal of 1752466 Ontario Inc. doing business as The Alys Group which provides human resources and other administrative services to reporting issuers.

Other Board Committees

The Board has no other standing committees other than the Audit Committee, Nominating and Corporate Governance Committee and Compensation Committee.

Assessments

The Board, together with the Nominating and Corporate Governance Committee, facilitates assessments of the performance of the Board, its committees and individual directors in accordance with the requirements set out in the Nominating and Corporate Governance Committee Charter and Compensation Committee Charter.

PLAN OF DISTRIBUTION

The Offering

Pursuant to the terms of the Agency Agreement, the Company, through the Placement Agents, is offering ♦ Units at a price of \$♦ per Unit and ♦ FT Shares at a price of \$♦ per FT Share for sale to the public under this Prospectus for gross proceeds of \$9,000,000.

The Placement Agents for the Offering is Canaccord Genuity Corp., RBC Dominion Securities Inc. and Jones, Gable & Company Limited. The Placement Agents, or members of the Selling Group, will conditionally offer the Offered Securities for sale on a commercially reasonable efforts basis, subject to prior sale, if, as and when issued by the Company and accepted by the Placement Agents in accordance with the Agency Agreement and subject to the approval of certain legal matters on behalf of the Company by Clark Wilson LLP and on behalf of the Placement Agents by McMillan LLP. Subscriptions for the Offered Securities offered hereunder 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 will remain open until such date as may be agreed upon by the Company and the Placement Agents, but no later than the date that is ninety (90) days after a receipt is issued by the Principal Regulator pursuant to NP 11-202 for the Final Prospectus, unless an amendment to the Final Prospectus is filed and the Principal Regulator has issued a receipt for the amendment, in which case the Offering must cease within ninety (90) days after the date of the receipt for the amendment to the Final Prospectus. Notwithstanding the above, the total period of the Offering must not end more than one-hundred and eighty (180) days from the date of the initial receipt for the Final Prospectus. All funds received from subscriptions will be held in trust until the Closing Date.

Pursuant to the Agency Agreement, the Placement Agents will be paid the Agents' Commission equal to 6% of the gross proceeds from the sale of the Offered Securities pursuant to the Offering (except for Special Orders, for which the Agents' Commission will be 4% of the proceeds represented by those orders to a maximum of \$2,000,000). In addition, the Placement Agents will be granted the Agents' Warrants to purchase that number of the Agents' Warrant Shares equal to 7% of the number of Offered Securities sold pursuant to the Offering (except for Special Orders, for which the number of Agents' Warrants will be reduced to 5% of the number of Offered Securities sold pursuant to the Offering that are represented by such Special Orders to a maximum of \$2,000,000). The Agents' Warrants will be exercisable at \$◆ per Agents' Warrant Share for a period of 24 months from the Closing Date. Regardless of whether or not the Offering is completed, the Company is responsible for all costs and expenses of the Placement Agents in connection with the Offering, including the reasonable fees and disbursements of legal counsel to the Placement Agents and the reasonable disbursements of the Placement Agents, together with applicable taxes. Placement Agents' legal costs are limited to \$120,000 (exclusive of disbursements and taxes) and costs to the Placement Agents, other than legal expenses, are limited to \$10,000. The Company has agreed to indemnify the Placement Agents from any claims the Placement Agents may become subject to or otherwise involved in any capacity insofar as the claims relate to, are caused by, result from, arise out of or are based upon, directly or indirectly, its engagement pursuant to the Agency Agreement and to reimburse the Placement Agents forthwith, upon demand, for any legal or other expenses reasonably incurred by the Placement Agents in connection with any claim. In no event shall the Placement Agents have any liability to the Company or any person asserting claims on the Company's behalf or in right for or in connection with the engagement pursuant to the Agency Agreement, except to the extent that any claims that have become non-appealable have resulted from the breach of the Agency Agreement, breach of applicable laws, gross negligence, fraudulent act or willful misconduct of the Placement Agents. This Prospectus qualifies for distribution the Agents' Warrants and Agents' Warrant Shares.

The obligations of the Placement Agents under the Agency Agreement may be terminated prior to the Closing Date at the discretion of the Lead Placement Agent based on its assessment of the state of the financial markets or upon the occurrence of certain other stated events (including the occurrence of a material adverse change with respect to the Company). In addition, the Agency Agreement may terminate if a receipt for the Final Prospectus is not issued on or before the date as may be agreed upon by the Company and the Placement Agents.

Pursuant to the terms of the Agency Agreement, the Company has agreed not to issue, sell or grant any equity or quasi-equity securities for a period of ninety (90) days after the Closing of the Offering without the prior written consent of the Placement Agents, except in conjunction with:

- the grant or exercise of Options and other similar issuances pursuant to the Incentive Plan of the Company and other share compensation arrangements;
- outstanding warrants or Warrants;
- obligations in respect of existing mineral property agreements; and
- issuance of securities in connection with property or share acquisitions in the normal course of business.

The Offered Securities offered under this Prospectus have not been, and will not be, registered under the U.S. Securities Act, or any state securities laws, and except pursuant to an exemption from registration under the U.S. Securities Act and applicable state securities laws, may not be offered or sold, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. Person. This Prospectus does not constitute an offer to sell or solicitation of an offer to buy any of the securities offered hereby within the United States.

The Company has granted the Placement Agents the Over-Allotment Option, exercisable in whole or in part, at the sole discretion of the Placement Agents, for a period of thirty (30) days from Closing of the Offering, to purchase up to an additional ♦ Units at a price of \$♦ per Unit, solely to cover over-allotments, if any, and for market stabilization purposes. In respect of the Over-Allotment Option, the Company will pay to the Placement Agents a fee equal to 6% of the gross proceeds realized through the issue of Units pursuant to the Over- Allotment Option. If the Over-Allotment Option is exercised in full, the total price to the public will be \$10,350,000, the total Agents' Commission will be \$581,000 (assuming Special Orders in the aggregate of \$2,000,000), and the net proceeds to the Company, before deducting the estimated expenses of the Offering, will be \$9,769,000. This Prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Units to be issued and sold upon exercise of the Over-Allotment Option. A Subscriber who acquires securities forming part of the Placement Agents' over-allocation position acquires those securities under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

In connection with the Offering, the Placement Agents or members of the Selling Group may over-allocate or effect transactions which stabilize or maintain the market price of the Shares at levels other than those which otherwise might prevail on the open market, including: stabilizing transactions; short sales; purchases to cover positions created by short sales; imposition of penalty bids; and syndicate covering transactions.

Stabilizing transactions consist of bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Common Shares while the Offering is in progress. These transactions may also include making short sales of such shares, which involve the sale by the Placement Agents of a greater number of Common Shares than they are required to purchase in the Offering. Short sales may be "covered short sales", which are short positions in an amount not greater than the Over-Allotment Option, or may be "naked short sales", which are short positions in excess of that amount.

The Placement Agents may close out any covered short position either by exercising the Over-Allotment Option, in whole or in part, or by purchasing Common Shares in the open market. In making this determination, the Placement Agents will consider, among other things, the price of Common Shares available for purchase in the open market compared with the price at which they may purchase Units through the Over-Allotment Option.

The Placement Agents must close out any naked short position by purchasing Common Shares in the open market. A naked short position is more likely to be created if the Placement Agents are concerned that there may be downward pressure on the price of the Common Shares in the open market that could adversely affect investors who purchase in the Offering. Any naked short sales will form part of the Placement Agents' over-allocation position.

In addition, in accordance with rules and policy statements of certain Canadian securities regulators, the Placement Agents may not, at any time during the period of distribution, bid for or purchase Common Shares. The foregoing restriction is, however, subject to exceptions where the bid or purchase is not made for the purpose of creating actual or apparent active trading in, or raising the price of, the Common Shares. These exceptions include a bid or purchase permitted under the by-laws and rules of applicable regulatory authorities and the applicable stock exchange, including the Universal Market Integrity Rules for Canadian Marketplaces of the Investment Industry Regulatory Organization of Canada, relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution.

As a result of these activities, the price of the Common Shares may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the Placement Agents at any time. The Placement Agents may carry out these transactions on any stock exchange on which the Common Shares are listed, in the over-the-counter market, or otherwise.

Subscriptions for Offered Securities 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. On the Closing Date, global certificates

representing the Offered Securities sold under the Offering (other than certificates representing Units in the Offering sold to Subscribers who were offered or sold the Units in the United States or are U.S. Persons (within the meaning of Regulation S promulgated under the United States Securities Act of 1933, as amended)), which will be represented by individual certificates) will be available for delivery in book-based form through CDS or its nominee and will be deposited with CDS. Any certificates representing the Offered Securities issuable upon the exercise of the Over-Allotment Option will be available for delivery in book-based form through CDS or its nominee and will be so deposited on the date of issue of such securities. A Subscriber for Offered Securities, other than Subscribers for Units in the Offering who were offered or sold the Units in the United States or are U.S. Persons, will receive only a customer confirmation from the registered dealer who is a CDS participant and from or through whom the Shares are purchased. The Closing of the Offering is expected to occur on or about ♦, 2012 but no later than ♦, 2012.

The Placement Agents, pending Closing, will hold all subscription funds received in trust subject to and pursuant to the provisions of the Agency Agreement. If the Offering is not fully subscribed within ninety (90) days from the date a receipt is issued for the Final Prospectus, or such later date as the Company and the Placement Agents may agree and the securities regulatory authorities may approve, the Offering will be discontinued and all subscription funds received by the Placement Agents in connection with the Offering will be returned to Subscribers without interest, set-off or deduction.

None of the Offered Securities have been or will be registered under the U.S. Securities Act or the securities laws of any state of the United States, and the Offered Securities may not be offered or sold to, or for the account or benefit of, persons in the United States or U.S. Persons, except in transactions exempt from registration under the U.S. Securities Act and under the securities laws of any applicable state. The Placement Agents have agreed that they will not offer or sell the Offered Securities to, or for the account or benefit of, persons in the United States or U.S. Persons, except that the Placement Agents (through their respective U.S. affiliates) may offer and sell Units in accordance with Rule 144A under the U.S. Securities Act and may offer the Units to certain institutional “accredited investors” (within the meaning of Regulation D under the U.S. Securities Act (“**Regulation D**”), for sale directly thereto by the Company, in compliance with Rule 506 of Regulation D, and in either case, in compliance with applicable state securities laws. Moreover, the Agency Agreement provides that the Placement Agents will offer the Offered Securities to, or for the account or benefit of, persons outside the United States or non-U.S. Persons only in accordance with Regulation S. In addition, until forty (40) days after the commencement of the Offering, any offer or sale of the Offered Securities within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from the registration requirements of the U.S. Securities Act.

The Offered Securities offered, sold or issued to, or for the account or benefit of, persons in the United States or U.S. Persons will be “restricted securities” within the meaning of Rule 144(a)(3) of the U.S. Securities Act. Certificates representing any Units in the Offering that are offered, sold or issued to, or for the account or benefit of, persons in the United States or U.S. Persons will bear a legend to the effect that the securities represented thereby are not registered under the U.S. Securities Act or any applicable state securities laws and may only be offered, sold, pledged or otherwise transferred pursuant to exemptions from the registration requirements of the U.S. Securities Act and applicable state securities laws.

Terms used and not defined in the two preceding paragraphs shall have the meanings ascribed thereto by Regulation S under the U.S. Securities Act.

Determination of Price

The price of the Offering was established through negotiation between the Company and the Placement Agents based upon several factors, including the history of, and prospects for, the Company’s business, and the industry in which it competes, and an assessment of the Company’s management, operations and financial results.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

Prospective investors should be aware that the purchase of Shares has tax consequences, which are not described in this Prospectus. Accordingly, prospective investors are advised to consult their own tax advisors with respect to the tax aspects of investing in the Offered Securities.

In the opinion of Clark Wilson LLP, counsel to the Company, and McMillan LLP, counsel to the Placement Agents, the following is, as of the date hereof, a general summary of the principal Canadian federal income tax considerations under the Tax Act generally applicable to an investment pursuant to this Offering in Unit Shares and Warrants comprising Units, and in FT Shares, by purchasers who for the purposes of the Tax Act hold such securities as capital property and deal at arm's length and are not affiliated with the Company or the Placement Agents ("**Holders**"). Shares and Warrants will generally be considered to be capital property to a Holder unless the Holder either holds such securities in the course of carrying on a business of buying and selling securities or has acquired such securities in a transaction or transactions considered to be an adventure or concern in the nature of trade.

This summary is not applicable to a Holder: (i) that is a "financial institution" as defined in the Tax Act for purposes of the mark-to-market rules; (ii) that is a "specified financial institution" as defined in the Tax Act; (iii) that is a "principal-business corporation" within the meaning of the Tax Act; (iv) whose business includes trading or dealing in rights, licences or privileges to explore for, drill or take minerals, oil, natural gas or other related hydrocarbons, all within the meaning of the Tax Act; (v) that at any time has an "at-risk adjustment", as defined in the Tax Act; (vi) that is a partnership or trust; (vii) that has made a functional currency reporting election for purposes of the Tax Act; or (viii) an investment in which would constitute a "tax shelter investment" within the meaning of the Tax Act. This summary does not address the deductibility of interest by a Holder who borrows money to acquire Units or FT Shares. Such Holders should consult their own tax advisors.

This summary is based upon the current provisions of the Tax Act, counsels' understanding of the current published administrative practices and assessing policies of the CRA and all Tax Proposals publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof. This summary assumes that the Tax Proposals will be enacted as proposed but does not take into account or anticipate any other changes in law, whether by way of judicial, legislative or governmental decision or action, nor take into account provincial, territorial or foreign income tax considerations. No assurances can be given that the Tax Proposals will be enacted as proposed, if at all, or that legislative, judicial or administrative changes will not modify or change the statements expressed herein.

This summary assumes that the Company will make all tax filings in respect of the issue of the FT Shares and the renunciation of CEE in the manner and within the time required by the Tax Act and that all renunciations will be validly made. While the Company has agreed to furnish each Holder of FT Shares with information relevant to the Holder's Canadian federal and provincial income tax returns, the preparation of filing of those returns will remain the responsibility of each Holder. This summary further assumes that the Company will incur (or will be deemed to have incurred) sufficient CEE to enable it to renounce to Holders of FT Shares all of the expenses covenanted to be renounced by the Company pursuant to FT Share Subscription Agreements effective on or before the dates set out therein. This summary is based on the representation of the Company that it is and will be a "principal-business corporation" for the purposes of the Tax Act at all material times. This summary also assumes that any FT Shares will not be "prescribed shares" within the meaning of the relevant provisions of the Tax Act when they are issued and that all expenses herein discussed are reasonable in amount. No opinion is expressed regarding any of the assumptions made in this discussion of income tax considerations. If any of the above assumptions are incorrect, the Company may be unable to renounce some or all of the CEE which it has agreed to renounce.

The Canadian federal income tax consequences to a particular Holder will vary depending on a number of factors, including the province in which a particular Holder resides, carries on business or has a permanent establishment and the amount that would be the Holder's taxable income but for the subscription for FT Shares. The following discussion of the income tax consequences is, therefore, of a general nature only and is not exhaustive of all the income tax consequences and is not intended to constitute income tax advice to any particular Holder. Accordingly, Holders should consult their own income tax advisors.

Residents of Canada

The following discussion applies to a Holder who, at all relevant times, is or is deemed to be resident in Canada for the purposes of the Tax Act (a "**Resident Holder**"). Certain Resident Holders whose Unit Shares or Warrant Shares might not otherwise be capital property may, in certain circumstances, be entitled to have such shares and all other "Canadian securities", as defined in the Tax Act, treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. This election does not apply to FT Shares or Warrants. Resident Holders should consult their own tax advisors regarding this election.

Allocation of Purchase Price

A Resident Holder who acquires Units will be required to allocate the purchase price of each Unit between the Unit Share and the Warrant comprising the Unit on a reasonable basis, in order to determine their respective costs for purposes of the Tax Act. The Company estimated the fair value, as of a current date, of each Unit Share and each Warrant as \$♦ and \$♦, respectively. Although the Company believes such allocation is reasonable, such allocation will not be binding on the CRA and counsel expresses no opinion with respect to such allocation. The adjusted cost base (“ACB”) to a Resident Holder of a Unit Share acquired under this Offering will be determined by averaging the cost of that Unit Share with the adjusted cost base (determined immediately before the acquisition of the Unit Share) of all other Common Shares held as capital property at that time by the Resident Holder.

Exercise or Expiry Of Warrants

A Resident Holder will not realize a gain or loss upon the exercise of a Warrant to acquire a Warrant Share. Where Warrants are exercised, the Resident Holder’s cost of the Warrant Shares acquired as a result of the exercise will be equal to the aggregate of the Resident Holder’s ACB of the Warrants so exercised plus the exercise price paid for the Warrant Shares. The Resident Holder’s ACB of the Warrant Shares so acquired will be determined by averaging the cost of those Warrant Shares with the ACB (determined immediately before the acquisition of the Warrant Shares) of all other Common Shares held as capital property by such Resident Holder at the time of acquisition. In the event of the expiry of an unexercised Warrant, the Resident Holder will realize a capital loss equal to the Resident Holder’s adjusted cost base of such Warrant. The tax treatment of capital losses is discussed in greater detail below under “Capital Gains and Capital Losses”.

Acquisition of FT Shares

Each FT Share will be issued at a price of \$♦. However, the initial cost of an FT Share for the purposes of the Tax Act is deemed to be nil. The Resident Holder’s ACB of a FT Share will be determined by averaging the ACB to the Resident Holder of all Common Shares of the Company owned by the Resident Holder (including Common Shares in the Offering and FT Shares).

Dividends

Dividends received or deemed to be received on Common Shares of the Company will be included in computing the Resident Holder’s income. In the case of a Resident Holder who is an individual, such dividends will be subject to the gross-up and dividend tax credit rules normally applicable in respect of taxable dividends received from taxable Canadian corporations (as defined in the Tax Act). A dividend will be eligible for the enhanced gross-up and dividend tax credit provided that such dividend is designated by the Company as an “eligible dividend” in accordance with the provisions of the Tax Act. There may be limitations on the ability of the Company to designate dividends as eligible dividends. Dividends received or deemed to be received on the Common Shares of the Company by a corporation must be included in computing its income but generally will be deductible in computing its taxable income.

Private corporations (as defined in the Tax Act) and certain other corporations controlled by or for the benefit of an individual (other than a trust) or related group of individuals (other than trusts) generally will be liable to pay a 33^{1/3}% refundable tax under Part IV of the Tax Act on dividends received or deemed to be received on the Common Shares to the extent such dividends are deductible in computing taxable income for the year. This refundable tax generally will be refunded to a corporate Resident Holder at the rate of \$1 for every \$3 of taxable dividends paid while it is a private corporation.

Dispositions of Shares and Warrants

A disposition or deemed disposition by a Resident Holder of Shares or Warrants (other than a disposition arising on the exercise or expiry of a Warrant) will generally give rise to a capital gain (or capital loss) equal to the amount by which the proceeds of disposition, net of any reasonable costs of disposition, are greater (or less) than such Resident Holder’s ACB of such Shares or Warrants. The tax treatment of capital gains and capital losses is discussed in greater detail below under “Capital Gains and Capital Losses”.

A Resident Holder who disposes of FT Shares will retain the entitlement to receive renunciations of CEE from the Company as described below as well as the ability to deduct any CEE previously deemed to have been incurred by the Resident Holder (subject to the rules applicable to a corporate holder on an acquisition of control) and a subsequent purchaser of such shares will not be entitled to any renunciations of CEE.

Capital Gains and Capital Losses

Generally, one-half of any capital gain will be included in income as a taxable capital gain and one-half of any capital loss may normally be deducted as an allowable capital loss against taxable capital gains realized in the year of disposition. Any unused allowable capital losses may be applied to reduce net taxable capital gains realized in the three preceding taxation years or any subsequent taxation year, subject to the provisions of the Tax Act in that regard.

The amount of any capital loss realized on the disposition or deemed disposition of Shares by a Resident Holder that is a corporation may be reduced by the amount of dividends received or deemed to have been received by it on such shares or shares substituted for such shares to the extent and in the circumstances prescribed by the Tax Act. Similar rules may apply where a Resident Holder that is a corporation is a member of a partnership or beneficiary of a trust that owns such shares.

A Resident Holder that is throughout the relevant taxation year a “Canadian-controlled private corporation” (as defined in the Tax Act) also may be liable to pay an additional refundable tax of 6^{2/3}% on its “aggregate investment income” for the year which will include taxable capital gains. This refundable tax generally will be refunded to a corporate Resident Holder at the rate of \$1 for every \$3 of taxable dividends paid while it is a private corporation.

Individuals (other than certain trusts) may be subject to alternative minimum tax in respect of realized capital gains. See “Alternative Minimum Tax” below.

Renunciation of CEE in Respect of FT Shares

Subject to certain limitations and restrictions contained in the Tax Act, a “principal-business corporation” (as defined in the Tax Act) that incurs CEE pursuant to an agreement for the issue of its “flow-through shares” will be entitled to renounce such CEE to the initial holder of the flow-through shares and the CEE so renounced will be deemed to have been incurred by such holder as CEE on the effective date of the renunciation.

The Tax Act contains a one-year “look-back” rule which, if certain conditions are satisfied, will permit the Company to renounce CEE incurred by it in 2013 to Resident Holders of FT Shares effective on December 31, 2012. In other words, Resident Holders of FT Shares would be deemed to have incurred the CEE on December 31, 2012 even though the Company would not have incurred the expenditures until 2013. For this rule to apply in respect of CEE incurred in 2013, (i) a FT Share Subscription Agreement must have been made in 2012, (ii) the Resident Holder must have paid the consideration in money for the FT Share before the end of the 2012 year, (iii) the Resident Holder must deal at arm’s length with the Company at all relevant times, and (iv) the Company must renounce the CEE in either January, February, or March of the 2013 year. The Company has advised counsel that it will incur and renounce to Subscribers of FT Shares expenses which qualify as CEE in accordance with these rules. In the event that the Company does not incur CEE during 2013 at least equal to the amounts renounced under the one-year “look-back” rule, the Company will be required to reduce the amount of CEE renounced to the Resident Holders and the Resident Holders’ income tax returns for the years in which the CEE was claimed will be reassessed accordingly. A Resident Holder will not be subject to any penalties for any such reassessment and will not be subject to any interest charges for any additional taxes payable if such taxes are paid by an individual Resident Holder on or prior to April 30, 2014.

The Company has undertaken to incur sufficient CEE prior to December 31, 2013 so as to enable the Company to renounce in favour of the Resident Holders of FT Shares effective December 31, 2012, an amount equal to the gross proceeds derived from the issuance of the FT Shares. The Company may not renounce to Subscribers of FT Shares an amount in excess of the amount paid by the Subscribers for the FT Shares. Further, the Company will not be entitled to renounce CEE to the extent that the amount so renounced exceeds the Company’s own cumulative Canadian exploration expense (as defined in the Tax Act) (“CCEE”).

CEE deemed to have been incurred by a Resident Holder will be added to the CCEE account of such Resident Holder. A Resident Holder may deduct in computing income from all sources for a taxation year such amount as may be claimed not exceeding 100% of the balance in the Resident Holder's CCEE account at the end of a taxation year. To the extent that a Resident Holder does not deduct the balance of the Resident Holder's CCEE account at the end of a taxation year, the balance will be carried forward and may be deducted by the Resident Holder in subsequent taxation years in accordance with the provisions of the Tax Act. The CCEE account of a Resident Holder is reduced by the amount deducted by him in prior years and by the amount of any assistance that the Resident Holder receives or is entitled to receive in respect of CEE included in the CCEE account. If the balance of the Resident Holder's CCEE account is "negative" at the end of a taxation year, which may occur if the Resident Holder receives or becomes entitled to receive assistance payments which relate to CCEE incurred in a prior year or if there are other adjustments to that CCEE account, the "negative" amount must be included in the Resident Holder's income for that taxation year, and the balance of the Resident Holder's CCEE account then becomes nil. The right to deduct CCEE accrues to the initial purchaser of FT Shares and is not transferable. A Resident Holder's CCEE account will be reduced by the amount of any assistance, including grants, that the Resident Holder has received or is entitled to receive in respect of CEE in the preceding year.

Certain restrictions apply in respect of the deductions of CCEE following an acquisition of control and on certain reorganizations of corporate Resident Holders of FT Shares. Corporate Resident Holders of FT Shares should consult their own tax advisors for advice with respect to the potential application of these rules to them having regard to their own particular circumstances.

In addition, a Resident Holder who is an individual (other than a trust) may be permitted to claim a 15% non-refundable investment tax credit ("ITC"). Such expenses must be incurred, or deemed to have been incurred before January 1, 2014. The ITC may be applied to offset federal income tax payable for a taxation year to the extent it exceeds the individual's minimum tax for that year and may be applied in the year CEE is renounced to the individual, the following twenty years, or in the prior three years. The Company has advised counsel that the expenses will qualify for the ITC. The Resident Holder will be required to deduct the amount of any tax credit claimed in a taxation year from such Resident Holder's cumulative CCEE account in the following taxation year, which may result in an income inclusion in that year as discussed above.

If a Deferred Plan (defined above under the heading "Eligibility for Investment") subscribes for FT Shares, the tax benefits of the renunciation of the CEE will not be available for deduction and the associated tax benefits will be lost.

Paid-Up Capital Adjustment

The paid-up capital of the Company will be increased upon the issuance of the FT Shares. For purposes of the Tax Act, the Company must reduce the paid-up capital of all its issued Common Shares by an amount equal to 50% of the CEE renounced in respect of the FT Shares issued. As paid-up capital represents an amount that the Company may potentially return to its shareholders on a tax-free basis, the reduction in paid-up capital could result in increased tax payable if the Company returned capital to its shareholders.

Alternative Minimum Tax

Under the Tax Act, taxes payable by an individual (other than certain trusts) will be the greater of the taxes otherwise determined and an alternative minimum tax computed by reference to such individual's adjusted taxable income for the taxation year in excess of a \$40,000 exemption and reduced by certain tax credits. The federal rate of minimum tax is 15%. In calculating adjusted taxable income for the purpose of computing the minimum tax, certain deductions and credits otherwise available are disallowed and certain amounts not otherwise included in income are included. The disallowed items include deductions claimed by the individual in respect of CEE in a particular taxation year to the extent such deductions exceed the individual's resource income (including income attributable to a disposition of Canadian resource properties) before deduction of such amounts in that year. Whether and to what extent the tax liability of a particular Resident Holder will be increased by the alternative minimum tax will depend on the amount of such Resident Holder's income, the sources from which it is derived, and the nature and amounts of any deductions such Resident Holder claims.

Any additional tax payable by an individual for the taxation year resulting from the application of the alternative minimum tax will be deductible in any of the seven immediately-following taxation years in computing the amount that would, but for the alternative minimum tax, be such individual's tax otherwise payable for any such year to the extent that such tax payable exceeds the individual's alternative minimum tax calculation for that particular year. Purchasers are urged to consult their tax advisors to determine the impact of alternative minimum tax.

Cumulative Net Investment Loss

One-half of the amount of the CEE renounced to a Resident Holder will be added to the Resident holder's cumulative net investment loss ("CNIL") account, within the meaning of the Tax Act. A Resident Holder's CNIL account may impact a Resident Holder's ability to access the \$750,000 lifetime capital gains exemption available on the disposition of certain qualified small business corporation shares, farm property and fishing property.

Non-Residents of Canada

The following portion of the summary applies to Holders who, at all relevant times, for purposes of the Tax Act and any applicable income tax convention, are not, and are not deemed to be, resident in Canada and do not use or hold, and will not be deemed to use or hold, the Shares or Warrants in a business carried on in Canada (a "**Non-Resident Holder**"). Special rules, which are not discussed in this summary, may apply to a Non-Resident Holder that is an insurer that carries on an insurance business in Canada and elsewhere or to an authorized foreign bank (as defined in the Tax Act).

Taxation of Dividends

Dividends paid or deemed to be paid or credited to a Non-Resident Holder on the Common Shares in the Offering will be subject to Canadian withholding tax under the Tax Act. The rate of withholding tax is 25% of the gross amount of the dividend, although such rate may be reduced under the provisions of an applicable income tax convention between Canada and the Non-Resident Holder's country of residence. In the case of a Non-Resident Holder who is a resident of the United States and entitled to benefits under the current provisions of the *Canada-United States Tax Convention* (1980), as amended, the rate of withholding tax on such dividends will generally be reduced to 15%.

Dispositions of Shares and Warrants

A Non-Resident Holder generally will not be subject to tax under the Tax Act in respect of a capital gain realized on the disposition or deemed disposition of a Share or a Warrant, nor will capital losses arising therefrom be recognized under the Tax Act, unless the Share or the Warrant, as the case may be, constitutes "taxable Canadian property" to the Non-Resident Holder for purposes of the Tax Act, and the gain is not exempt from tax pursuant to the terms of an applicable tax treaty.

As long as the Common Shares are listed on Tier 1 or 2 of the TSX Venture Exchange at the time of disposition, the Shares and Warrants generally will not constitute taxable Canadian property of a Non-Resident Holder, unless at any time during the 60-month period immediately preceding the disposition: (i) the Non-Resident Holder, persons with whom the Non-Resident Holder did not deal at arm's length, or the Non-Resident Holder together with all such persons, owned 25% or more of the issued shares of any class or series of shares of the Company; and (ii) more than 50% of the fair market value of the shares of the Company was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, Canadian resource properties (as defined in the Tax Act), timber resource properties (as defined in the Tax Act), or an option, an interest or right in such property, whether or not the property exists.

A Non-Resident Holder's capital gain (or capital loss) in respect of Shares or Warrants that constitute or are deemed to constitute taxable Canadian property (and are not exempt from Canadian tax under an applicable income tax convention between Canada and the country in which the Non-Resident Holder is resident) will generally be computed in the manner described above under "Residents of Canada – Dispositions of Common Shares".

Non-Resident Holders whose Shares or Warrants are taxable Canadian property should consult their own tax advisors.

Because the tax consequences of acquiring, holding or disposing of the securities offered pursuant to this Prospectus may vary depending on the particular circumstances of each Holder and other factors, Holders are urged to consult with their own tax advisors to determine the particular tax consequences to them of acquiring, holding or disposing of the securities offered hereunder.

IPO VENTURE ISSUER

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 Canada and the United States of America other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc.

RISK FACTORS

The purchase of any Offered Securities offered hereby must be considered highly speculative due to the nature of the Company's business, stage of development, current financial position and lack of an earnings record. An investment in the Offered Securities should only be considered by those persons who can afford a total loss of their investment. An investment in these securities is not suited to investors who may need to dispose of their investment in a timely fashion. Investors should consult with their own professional advisors to assess the legal, financial and other aspects of an investment in the securities offered hereby. In addition to other information contained in this Prospectus, prospective Subscribers should carefully consider the following risk factors.

Risks Relating to the Nature of the Business of the Company

Risks Inherent in the Mining Business

The mineral exploration business is inherently risky. Few properties that are explored are ultimately developed into producing mines. The business involves significant financial risks over a significant period of time that even a combination of careful evaluation, experience and knowledge may not eliminate. It is impossible to ensure that the Company's current or proposed exploration programs will result in commercially viable mining operations.

Commercial viability of developing a mineral resource or mineral reserve depends on a number of factors, such as, size and grade of the deposit, proximity to infrastructure, financing costs and governmental regulations that include regulations relating to prices, taxes, royalties, infrastructure, land use, importing and exporting of precious metals and environmental protection. The effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

Mineral properties are often non-productive for reasons that cannot be anticipated in advance. Even after the commencement of mining operations, such operations may be subject to risks and hazards, including availability of a suitably trained or trainable labour force, an effective working relationship between the Company and its labour force, successful renegotiation of labour contracts when they expire, particularly with respect to its unionized labour force and related collective agreement, environmental hazards, industrial accidents, unusual or unexpected geological formations or conditions, unanticipated metallurgical difficulties, the ability to acquire on a timely basis the equipment and materials necessary to operate the mine at full planned capacity, weather conditions (including historically unforeseen and unpredictable changes in weather patterns such as significantly increased severity of adverse conditions that may be brought about by the phenomenon of global warming or climate change), rock bursts, cave-ins or other ground control problems, seismic activity, flooding, water conditions and mineral or concentrate losses. The occurrence of any of the foregoing could result in damage to or destruction of mineral properties or production facilities, personal injuries, environmental damage, delays or interruption of production, increases in production costs, monetary losses, legal liability and adverse government action.

Substantial Capital Requirements and Liquidity

Substantial additional funds for the establishment of the Company's current and planned mineral exploration and development will be required. No assurances can be given that the Company will be able to raise the additional funding that may be required for such activities, should such funding not be fully generated from operations.

Mineral prices, environmental rehabilitation or restitution, revenues, taxes, transportation costs, capital expenditures and operating expenses and geological results are all factors which will have an impact on the amount of additional capital that may be required. To meet such funding requirements, the Company may be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing, if available, may also involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and pursue only those projects that can be funded through cash flows generated from its existing operations, if any.

Clarence Stream Property Subject to Extended Retransfer Right

At the date hereof, the Company holds a 70% registered and participating interest in the Clarence Stream Property, which interest was acquired from Cliffs pursuant to the terms of the Amended Clarence Stream Agreement. Pursuant to the terms of the Amended Clarence Stream Agreement, the Company must pay \$2,000,000 and issue up to \$1,600,000 worth of Common Shares at the price per Unit Share sold pursuant to the Offering within five (5) Business Days of the Listing Date. See “Description of Business – Three Year History – Clarence Stream Property”. Pursuant to the terms of the Amended Clarence Stream Agreement, the Company granted the Extended Retransfer Right to Cliffs, whereby the Company is required to satisfy the Listing Condition on or prior to November 30, 2012 and if it fails to do so, Cliffs has the right to demand that the Company retransfer its 70% interest in the Clarence Stream Property back to Cliffs for no consideration. In the event the Company is unable to satisfy the Listing Condition on or prior to November 30, 2012, and Cliffs exercises the Extended Retransfer Right, the Company will lose its 70% interest in and to the Clarence Stream Property and the Company will not complete the Offering.

The Company has agreed to Indemnify Cliffs for all liabilities of Cliffs Associated with the Clarence Stream Property

Pursuant to the terms of the Amended Clarence Stream Agreement, the Company has agreed to assume any liabilities of Cliffs and its affiliates that result from Cliffs’ prior interest in the Clarence Stream Property and has agreed to indemnify Cliffs and its affiliates from any liabilities under all prior agreements between Cliffs and third parties, including all environmental liabilities of Cliffs and all liabilities with respect to Cliffs’ prior interest in the Clarence Stream Property. In the event Cliffs becomes subject to any liability associated with the Clarence Stream Property for acts or omissions that occurred prior to the date of entering into the Amended Clarence Stream Agreement, the Company is required to indemnify Cliffs and its affiliates for such amount. Under such circumstances, the payments could amount to a substantial sum and have a material adverse effect on the Company and its business.

Amended Portage Purchase Agreement

The Company has entered into the Amended Portage Purchase Agreement, whereby the Company has agreed to acquire the remaining 30% registered and participating interest it does not currently hold in the Clarence Stream Property from Rockport in consideration for a non-refundable payment of \$75,000 (paid), payment of \$1,000,000, the issuance of \$560,000 worth of Rockport Units at the price per Unit sold pursuant to the Offering within five (5) Business Days of the Listing Date, and a commitment to retain qualified Rockport consultants and personnel to provide mineral exploration services with respect to the Clarence Stream Property in exchange for payments in the aggregate amount of \$60,000, provided that the Listing Condition is satisfied on or prior to the date which is ninety (90) days from the date of the issuance of a receipt by the Principal Regulator for the Final Prospectus and, in any event, no later than November 30, 2012. In the event the Company is unable to satisfy the Listing Condition on or prior to such deadline, the Company will be unable to acquire the 30% registered and participating interest it does not currently hold in the Clarence Stream Property.

Regulatory and Environmental Risks

The Company’s exploration activities are subject to various laws and regulations governing the protection of the environment, exploration, development, waste disposal, toxic substances and other matters. New laws and regulations, amendments to existing laws and regulations or more stringent implementation of existing laws and

regulations could have a material adverse impact on the Company, increase costs, cause a delay or prevent the development of new mineral properties.

Mining is subject to potential risks and liabilities associated with pollution of the environment and the disposal of waste products occurring as a result of mineral exploration and production. Environmental liability may result from mining activities conducted by others prior to the Company's ownership of a property. To the extent the Company is subject to uninsured environmental liabilities, the payment of such liabilities would reduce the Company's otherwise available earnings and could have a material adverse effect on the Company. Should the Company be unable to fully fund the cost of remedying an environmental problem, it might be required to suspend operations or enter into interim compliance measures pending completion of the required remedy, which could have a material adverse effect on the Company. In addition, the Company does not have coverage for certain environmental losses and other risks as such coverage cannot be purchased at a commercially reasonable cost.

Licenses and Permits

The Company's operations require licenses and permits from various governmental authorities. The Company believes it holds all material licenses and permits required under applicable laws and regulations for its current operations and believes it is presently complying in all material respects with the terms of such licenses and permits. However, such licenses and permits are subject to change in various circumstances. There can be no guarantee that the Company will be able to obtain or maintain all necessary licenses and permits that may be required to explore and develop its properties, commence construction or operation of mining facilities and properties under exploration or development or to maintain continued operations that economically justify the cost.

Reliance on the CRA's approval of the Election

The Common Shares are not currently listed on a designated stock exchange. Accordingly, the Company intends to make the Election. The Company will make the Election on the reliance that the CRA will administratively accept that the Election, if validly made in satisfaction of the minimum requirements set out in the Tax Act and duly filed on the Closing Date, will render the Shares issued on the Closing Date to be qualified investments for Deferred Plans at the time of issuance (the "**Company's Reliance**"). If the Company does not make the Election, the Election is not valid, or the Company's Reliance is incorrect, and the Shares are not unconditionally listed on a "designated stock exchange" on the Closing Date, the Shares and Warrants will not be "qualified investments" for Deferred Plans.

Regulatory, Permit and License Requirements

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

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in exploration and development operations may be required to compensate those suffering loss or damage by reason of the exploration and development activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of mineral companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or exploration and development costs, or require abandonment or delays in the development of new or existing properties.

Exploration and Development

The Company's mining and exploration activities will involve significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties which are explored are ultimately developed into producing mines. The figures presented for mineral resources in this document, if any, are only estimates. The estimating of mineral resources is a subjective process and the accuracy of mineral resource estimates is a function of the quantity and quality of available data, the accuracy of statistical computations, and the assumptions used and judgments made in interpreting available engineering and geological information. There is significant uncertainty in any mineral resource estimate and the actual deposits encountered and the economic viability of a deposit may differ materially from the estimates, if any, contained in this Prospectus.

Estimated mineral resources may have to be re-estimated based on changes in mineral prices, further exploration or development activity or actual production experience. This could materially and adversely affect estimates of the volume or grade of mineralization, estimated recovery rates or other important factors that influence mineral resource estimates. Mineral resources are not mineral reserves and there is no assurance that any mineral resources will ultimately be reclassified as proven or probable reserves. Mineral resources which are not mineral reserves do not have demonstrated economic viability.

There can be no guarantee that the estimates of quantities and qualities of minerals disclosed will be economically recoverable. With all mining operations there is uncertainty and, therefore, risk associated with operating parameters and costs resulting from the scaling up of extraction methods tested in pilot conditions. Mineral exploration is speculative in nature and there can be no assurance that any minerals discovered will result in an increase in the Company's resource base.

Substantial expenditures are required to establish mineral resources and mineral reserves through drilling, to develop processes to mine the mineral resources and, in the case of new properties to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the definition of a mineral resource or mineral reserve, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that the funds required for development can be obtained on a timely basis or on terms acceptable to the Company.

The marketability of any minerals acquired or discovered may be affected by numerous factors which are beyond the control of the Company and which cannot be accurately predicted, such as the proximity and capacity of processing facilities, commodities markets and processing equipment and governmental regulations including regulations relating to royalties, allowable production and importing and exporting of minerals.

Competition

The mineral exploration and development industry is highly competitive. The Company will have to compete with other mining companies, many of which have greater financial, technical and other resources than the Company, for, among other things, the acquisition of minerals claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel. Failure to compete successfully against other mining companies could have a material adverse effect on the Company and its prospects.

Operating Hazards and Risks

Mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company may have a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of precious metals, any of which could result in work stoppages, damage to property, and possible environmental damage. Although the Company currently maintains general liability insurance, the nature of these risks is such that liabilities might exceed policy limits, the liabilities and hazards might not be insurable against, or the Company might not elect to insure itself against such liabilities due to high premium costs or other reasons, in which event the Company could incur significant costs that could have a materially adverse effect upon its financial condition.

Fluctuating Mineral Prices and Marketability of Minerals

The economics of mineral exploration are affected by many factors beyond the Company's control, including commodity prices, the cost of operations, variations in the grade of minerals explored, fluctuations in the market price of minerals. Depending on the price of minerals, the Company may determine that it is impractical to continue a mineral exploration operation and international economic and political trends. Fluctuating mineral prices may also adversely affect the ability of the Company to obtain financing and complete the Offering.

Mineral prices are prone to fluctuations and the marketability of minerals is affected by government regulation relating to price, royalties, allowable production and the importing and exporting of minerals, the effect of which cannot be accurately predicted. There is no assurance that a profitable market will exist for the sale of any minerals found on the Qualifying Property.

No Assurance of Titles

The Company's title to its mineral properties may be subject to challenge. While title to the properties has been investigated in the manner that is customary for a transaction of this type and, to the best of the Company's knowledge, title to all properties in which it has, or has the right to acquire, an interest is in good standing, this should not be construed as a guarantee of title.

Recent Canadian jurisprudence requires governments to consult with aboriginal peoples with respect to grants of mineral rights and the issuance or amendment of project authorizations. This may affect the Company's ability to acquire, either within a reasonable time frame or at all, effective mineral titles in Canada in which aboriginal title is claimed. The risk of unforeseen aboriginal title claims also exists in foreign jurisdictions and also could affect existing operations as well as development projects and future acquisitions. These legal requirements may affect the Company's ability to expand or transfer existing operations or to develop new projects.

Surface Rights

The Surface Rights Holder holds surface rights with respect to 11 of the 793 mining claims that comprise the Clarence Stream Property. The 11 claims cover a portion of the resource mineralization identified in the Technical Report. Although the Company and the Surface Rights Holder have entered into the Exploration License Agreement, the agreement permits limited exploration activities and terminates on the earlier of the date that such exploration activities are completed and May 1, 2013. Notwithstanding that the parties have entered into the agreement, all exploration activities are subject to the prior consent of the Surface Rights Holder. The Company anticipates that additional exploration activities will need to be undertaken other than those set out in the Exploration License Agreement and further anticipates that such exploration activities will occur following the May 1, 2013 termination date. As a result, there is a risk the Company will be unable to negotiate an extension or enter into a subsequent license agreement with the Surface Rights Holder and on commercially reasonable terms. If the Surface Rights Holder does not agree to such renewal or subsequent agreement on commercially reasonable terms, the Company may be required to make a cost prohibitive payment to carry out exploration work or may not be permitted to enter on such lands altogether.

Tax Treatment of FT Shares

The tax treatment of flow-through shares constitutes a major consideration for an investment in the FT Shares. There is no guarantee that the current tax laws and administrative practices of both the federal and provincial tax authorities will not be altered in a manner that is materially adverse to Subscribers for FT Shares, and there is no guarantee that there will be no material differences of opinion between the federal and provincial tax authorities with respect to the tax treatment of the FT Shares, the status of the FT Shares and the activities contemplated by the Company's exploration and development programs. There is no guarantee that the CEE incurred by the Company, or the expected tax deductions claimed by Subscribers for FT Shares, will be accepted by the CRA. See "Certain Canadian Federal Income Tax Considerations – Residents of Canada – Renunciation of CEE in Respect of FT Shares". Notwithstanding its agreement to do so, as set out above under "Description of Securities Distributed – Flow-Through Shares", there is no guarantee that the Company will expend an amount equal to the total proceeds from the sale of the FT Shares to incur qualifying CEE on or prior to December 31, 2013. If the Company does not expend an amount equal to the total proceeds from the sale of the FT Shares to incur qualifying CEE prior to

December 31, 2013, the Company will be required to reduce the amount of CEE that it has renounced in favour of the Subscribers for FT Shares and the Subscribers will be reassessed accordingly. Subscribers will not be subject to penalties for any such reassessment, but interest will be payable on such additional tax if such tax is not paid by April 30, 2014. See “Certain Canadian Federal Income Tax Considerations – Residents of Canada – Renunciation of CEE in Respect of FT Shares”.

Risks Relating to the Nature of the Offering

Speculative Nature of Investment

This is a highly speculative Offering. There is no assurance of a positive, or any, return on an investment in the Offered Securities. The purchase of the Offered Securities involves a number of significant risks and is suitable only for investors who are able to risk a total loss of their investment and who have no immediate need for liquidity. The Company strongly recommends that prospective investors review this Prospectus in its entirety and consult with their own independent legal, tax, investment and financial advisors to assess the appropriateness of an investment in the Shares given their particular financial circumstances and investment objectives prior to purchasing any Shares.

No Public Trading Market

Currently there is no public market for the Offered Securities of the Company, and there can be no assurance that an active market for the Offered Securities will develop or be sustained after the Offering. The price of the Offered Securities was determined by negotiation between the Company and the Placement Agents based upon several factors, including the history of, and prospects for, the Company’s business, and the industry in which it competes, and an assessment of the Company’s management, operations and financial results, and may bear no relationship to the price that will prevail in the public market. If an active public market for the Offered Securities does not develop, the liquidity of an investor’s investment may be limited and the share price may decline.

Arbitrary Offering Price

The Offering Price of the Offered Securities has been determined by the Company in consultation with the Placement Agents. The offering price is not an indication of the value of the Offered Securities or that the Offered Securities could be sold for an amount equal to the Offering Price.

Risk of No Return on Investment

There is no assurance that the business of the Company will be operated successfully, or that the business will generate sufficient income to allow Subscribers to recoup their investment. There is no assurance that an investment in the Offered Securities will earn a specified rate of return or any return over the life of the Company.

Price and Volume Fluctuations for the Common Shares

In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies has experienced wide fluctuations, which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that such fluctuations will not affect the price of the Common Shares after this Offering, and the price may decline below the offering price. As a result of this volatility, investors may not be able to sell their Common Shares at or above the purchase price for the Offered Securities.

Discretion in Use of Net Proceeds from the Offering

The Company currently intends to allocate the net proceeds received from this Offering as described above under “Use of Proceeds – Principal Purposes”. However, management will have discretion in the actual application of the net proceeds and may elect to allocate proceeds differently from that described in “Use of Proceeds – Principal Purposes” if management of the Company believes that it would be in the best interests of the Company to do so. The failure by management to apply these funds effectively could have a material adverse effect on the Company’s business.

Possible Adverse Effect of Offering of Securities on Market Price of Securities

Sales of substantial amounts of securities of the Company, or the availability of such securities for sale, could adversely affect the prevailing market prices for the Common Shares. A decline in the market price of the Common Shares could impair the ability of the Company to raise additional capital through the sale of securities should it wish to do so.

Other Risks

Financing Risks and Dilution to Shareholders

The Company may not be able to close the Offering in whole or in part for any reason whatsoever. Even if the Company closes the Offering, the Company's financial resources will be limited and the Company's substantial financial resources and sources of operating cash flow will be required in order to complete the transactions contemplated by the Company, advance the exploration and development of the Clarence Stream Property and the Company's other mineral properties. There can be no assurance that the Company will be able to obtain adequate financing to bring the Clarence Stream Property into production or that the terms of such financing will be favourable. It is likely that such additional capital will be raised through the issuance of additional equity which will result in dilution to the Company's shareholders. Failure to obtain such financing could result in delay or indefinite postponement of further exploration and development of mineral exploration projects with the possible loss of such properties.

Reliance on Management and Dependence on Key Personnel

The success of the Company is dependent upon the performance of its directors and officers, the services of its key executives, including the President of the Company, and the ability to attract and retain key personnel. The loss of the services of such key personnel could have a material adverse effect on the Company's business and Prospectus. The number of persons skilled in the acquisition, exploration, development and operation of mineral properties is limited and competition for such persons is intense. If the Company is not able to attract, hire and retain qualified personnel, the efficiency of the Company's operations could be impaired, which could have an adverse impact on the Company's future operations. There is no assurance that the Company can maintain the service of its directors and officers or other qualified personnel required to operate its business.

Conflicts of Interest

Certain officers and directors of the Company are officers and/or directors of, or are associated with, other natural resource companies that acquire interests in mineral properties. Such associations may give rise to conflicts of interest from time to time. The directors are required by law, however, to act honestly and in good faith with a view to the best interest of the Company and to disclose any personal interest which they may have in any material transaction which is proposed to be entered into with the Company and to abstain from voting as a director for the approval of any such transaction.

In the event conflicts arise at a meeting of the Board, a director who has such a conflict will declare the conflict and abstain from voting. In appropriate cases, the Company may establish a special committee of independent non-executive directors (who must at all times be "independent" within the meaning of NI 52-110) to review a matter in which one or more directors or management may have a conflict.

To the best of the Company's knowledge there are no known existing or potential conflicts of interest between the Company and any director or officer of the Company, except that certain of the directors of the Company serve as directors and officers of other companies and it is therefore possible that a conflict may arise between their duties as a director or officer of the Company and their duties as a director or officer of such other companies. Where such conflicts arise, they will be addressed as indicated above and in accordance with the *Business Corporations Act* (Ontario).

General Economic Conditions

The events in global financial markets recently have had a profound impact on the global economy. Many industries, including the mineral resource industry, are impacted by these market conditions. Some of the key impacts of the current financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets, and a lack of market liquidity. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates, and tax rates may adversely affect the Company's growth.

Global Financial Conditions

Current global financial conditions have been subject to increased volatility and numerous financial institutions have either gone into bankruptcy or have had to be rescued by governmental authorities. Access to public financing has been negatively impacted by the broad lack of investor confidence. These factors may impact the ability of the Company to obtain equity or debt financing 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 activities could be adversely impacted and the trading price of the Shares could be adversely affected.

Uninsurable Risks

Exploration, development and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although precautions to minimize risk will be taken, operations are subject to hazards that may result in environmental pollution, and consequent liability that could have a material adverse impact on the business, operations and financial performance of the Company. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could have an adverse impact on the Company's results of operations and financial condition and could cause a decline in the value of the Company Common Shares.

Litigation

The Company and/or its directors may be subject to a variety of civil or other legal proceedings, with or without merit.

Each prospective Subscriber of the Shares should carefully consider the foregoing risk factors and consult their own professional advisors to assess income tax, legal and other aspects of an investment in the Shares.

PROMOTERS

Ewan Downie may be considered to be the Promoter of the Company in that he took the initiative in founding and organizing the business of the Company. See "Directors and Executive Officers" for a description of the number of Common Shares owned by the directors of the Company. As at the date of this Prospectus, Ewan Downie directly and beneficially owns 1,800,100 Common Shares, 200,000 warrants and 275,000 Options. Ewan Downie holds 7.0% of the Common Shares based on 25,773,333 Common Shares issued and outstanding as of the date of this Prospectus but not including the warrants and Options to purchase Common Shares held by Mr. Downie as of such date.

LEGAL PROCEEDINGS

Legal Proceedings

The Company is not currently a party to any legal proceedings, nor is the Company currently contemplating any legal proceedings, which are material to its business. Management of the Company is not currently aware of any legal proceedings contemplated against the Company.

Regulatory Actions

From incorporation to the date of this Prospectus, management knows of no:

- (i) penalties or sanctions imposed against the Company by a court relating to provincial and territorial securities legislation or by a securities regulatory authority;
- (ii) other penalties or sanctions imposed by a court or regulatory body against the Company necessary for the Prospectus to contain full, true and plain disclosure of all material facts relating to the securities being distributed; and
- (iii) settlement agreements the Company entered into before a court relating to provincial and territorial securities legislation or with a securities regulatory authority.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The Company is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or executive officer, any person or company who owns of record, or is known by the Company to own beneficially, directly or indirectly, more than 10% of the Common Shares of the Company or any associate or affiliate of the foregoing persons or companies in any transaction since its incorporation or in any proposed transaction that has materially affected or is reasonably expected to materially affect the Company.

RELATIONSHIP BETWEEN THE COMPANY AND THE PLACEMENT AGENTS

The Company is neither a “connected issuer” nor “related issuer” to the Placement Agents, as such terms are defined in National Instrument 33-105 *Underwriting Conflicts* of the Canadian Securities Administrators.

AUDITORS, TRANSFER AGENT AND REGISTRAR

Auditors

The auditors of the Company are Grant Thornton LLP at 979 Alloy Drive, Suite 300, Thunder Bay, Ontario P7B 5Z8.

Registrar and Transfer Agent

The registrar and transfer agent of the Common Shares of the Company is Equity Financial Trust Company at 200 University Avenue, Suite 400, Toronto, ON M5H 4H1.

MATERIAL CONTRACTS

The following are the only material contracts entered into by the Company from incorporation on August 12, 2009 to the date of this Prospectus which are currently in effect and considered to be currently material:

1. Cox NSR Royalty Agreement dated March 23, 1999 which sets out the term and conditions of the 2% Cox NSR. See “Description of Business”.

2. MPC Agreement dated November 4, 2009 among the Company, MPC and MPC Sub Corporation pursuant to which the Company purchased all of the outstanding shares in the capital of MPC Sub Corporation from MPC thereby acquiring an indirect interest in the Minnesota Property held by MPC Sub Corporation (see “Description of Business – Lawman Property”);
3. Amending Agreement dated February 2, 2010 to the MPC Agreement among the Company, MPC and MPC Sub Corporation pursuant to which the terms of the MPC Agreement were amended to include the Rum River Project held by MPC in trust for MPC Sub Corporation and to increase the purchase price payable by the Company to provide for the Rum River Project (see “Description of Business – Lawman Property”);
4. Agreement of Trust dated April 23, 2010 between MPC and MPC Sub Corporation pursuant to which MPC agreed to convey and transfer beneficial ownership of its interest in the Minnesota Property to MPC Sub Corporation and acknowledged and declared that it holds title to the interests as nominee and bare trustee for MPC Sub Corporation subject to the directions of MPC Sub Corporation (see “Description of Business – Lawman Property”);
5. Assignment and Assumption of Obligations Agreement dated April 23, 2010 between MPC and MPC Sub Corporation pursuant to which MPC assigned to MPC Sub Corporation all of MPC’s right, title and interest in and to the Minnesota Property pursuant to which MPC Sub Corporation agrees to assume in all respects the duties and obligations of MPC under the underlying lease and other agreements with respect to the Minnesota Property and covenants to observe and perform the same in accordance with the terms of such agreements (see “Description of Business – Lawman Property”);
6. Armstrong Agreement dated September 19, 2011. See “Description of Business – Three-Year History-Armstrong Property”;
7. Mortgage dated January 11, 2012. See “Description of Business – Three-Year History – Clarence Stream Property”;
8. Clarence Stream Agreement dated January 13, 2012. See “Description of Business – Three-Year History – Clarence Stream Property”;
9. Cliffs Royalty Agreement dated January 13, 2012. See “Description of Business – Three-Year History- Clarence Stream Property”;
10. Portage Purchase Agreement dated March 7, 2012. See “Description of Business – Three-Year History – Clarence Stream Property”;
11. The Registrar and Transfer Agent Agreement dated February 29, 2012;
12. Stock option agreements dated March 9, 2012 between the Company and each of Ewan Downie, Donald Hoy, Thomas Quigley, Iain Downie, William McCrindle, David Brown, Daniel Mechis, Steven Filipovic and Shaun Drake;
13. Loan Facility dated March 29, 2012;
14. Portage Amendment dated March 29, 2012. See “Description of Business – Three-Year History- Clarence Stream Property”;
15. Cliffs Amendment dated March 30, 2012. See “Description of Business – Three-Year History- Clarence Stream Property”;
16. Escrow Agreement dated April 26, 2012;

17. Exploration License Agreement dated May 1, 2012;
18. Portage Second Amendment dated September 6, 2012. See “Description of Business – Three Year History – Clarence Stream Property”;
19. Cliffs Second Amendment dated September 10, 2012. See “Description of Business – Three Year History – Clarence Stream Property”;
20. Letter Agreement dated September 12, 2012 between the Ewan Downie and the Corporation pursuant to which the maturity date under the Loan Facility was extended to November 30, 2012;
21. Armstrong Amendment agreed and accepted September 12, 2012. See “Description of Business – Three-Year History-Armstrong Property”;
22. Voluntary Pooling Agreement dated ♦, 2012;
23. Agency Agreement dated ♦, 2012; and
24. Warrant Indenture dated ♦, 2012.

A copy of any material contract and the Technical Report may be inspected during distribution of the Offered Securities being offered under this Prospectus and for a period of thirty (30) days thereafter during normal business hours at the Company’s offices at Unit 5 – 1100 Russell Street, Thunder Bay, ON P7B 5N2.

LEGAL MATTERS

Certain legal matters related to the Offering have been passed upon on behalf of the Company by Clark Wilson LLP and on behalf of the Placement Agents by McMillan LLP.

EXPERTS

Names of Experts

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

Grant Thornton LLP, auditors of the Company, who prepared the audit report on the Company’s audited financial statements included in and forming part of this Prospectus.

The Technical Report on the Clarence Stream Property was prepared by David A. Ross, M.Sc., P.Geo. of Roscoe Postle Associates Inc. Mr. Ross has no interest in the Company, the Company’s securities or the property interests held by the Company.

Interests of Experts

Other than as disclosed herein, none of the persons set out under the heading “Experts – Names of Experts” have held, received or is to receive any registered or beneficial interests, direct or indirect, in any securities or other property of the Company or of its associates or affiliates when such person prepared the report, valuation, statement or opinion aforementioned or thereafter.

OTHER MATERIAL FACTS

Other than as disclosed in this Prospectus, there are no other material facts about the securities being distributed pursuant to this Offering that are not disclosed under any other items and are necessary in order for this Prospectus to contain full, true and plain disclosure of all material facts relating to the Shares to be distributed.

EXEMPTIONS FROM NATIONAL INSTRUMENT 41-101

In accordance with subsection 2.3(1) of NI 41-101, an issuer must not file a final prospectus more than 90 days after the date of the receipt for the preliminary prospectus that relates to the final prospectus. The Corporation filed an amended and restated preliminary prospectus on May 15, 2012 and received a receipt therefor on May 15, 2012. As the 90 day period expired on August 13, 2012, the Corporation applied for an exemption from the requirement under subsection 2.3(1) of NI 41-101 to permit the filing of the final prospectus by October 2, 2012 (the “**Requested Relief**”).

The Corporation expects that upon receipt of a written acknowledgement from the OSC, and in reliance on section 19.3 of NI 41-101, the granting of the Requested Relief will be evidenced by the issuance of a receipt for the final prospectus, provided, among other things, that the final prospectus is filed by October 2, 2012.

RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two (2) Business Days after receipt or deemed receipt of a Prospectus and any amendment. In some provinces, the securities legislation further provides a purchaser with remedies for rescission, revisions of the price, or damages if this Prospectus and any amendment contains 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 the purchaser’s province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province for the particulars of these rights or consult with a legal adviser.

FINANCIAL STATEMENTS

Consolidated unaudited financial statements of the Company for the three and six months ended June 30, 2012 and the consolidated audited financial statements of the Company for the period from the date of incorporation on August 12, 2009 to December 31, 2009, and for the years ended December 31, 2010 and 2011 are included in this Prospectus.

Schedule A

Audit Committee Charter

[attached next page]

WOLFDEN RESOURCES CORPORATION
(the "Company")

AUDIT COMMITTEE CHARTER

(Adopted as of March 26, 2012)

1. PURPOSE OF THE AUDIT COMMITTEE

The Audit Committee (the "**Committee**") is a standing committee of the Board of Directors (the "**Board**") of the Company. The role of the Committee is to:

- (a) assist the Board in its oversight responsibilities by reviewing: (i) the Company's consolidated financial statements, the financial and internal controls and the accounting, audit and reporting activities, (ii) the Company's compliance with legal and regulatory requirements, (iii) the external auditors' qualifications and independence, and (iv) the scope, results and findings of the Company's external auditors' audit and non-audit services;
- (b) prepare any report of the Committee required to be included in the Company's annual report or proxy material;
- (c) report to the Board in respect of the Company's financial statements prior to the Board approving such statements; and
- (d) take such other actions within the scope of this Charter as the Board may assign to the Committee from time to time or as the Committee deems necessary or appropriate.

2. COMPOSITION, OPERATIONS AND AUTHORITY

Composition

The Committee shall be composed of a minimum of three members of the Board. Unless exempted by applicable securities laws and applicable stock exchange policies, all members of the Committee shall be independent as determined by the Board in accordance with the applicable requirements of the laws governing the Company, the applicable stock exchanges on which the Company's securities are listed and applicable securities regulatory authorities (collectively, the "**Applicable Law**"). Each member of the Committee shall be "financially literate" as such term is defined by the Applicable Law.

Members of the Committee shall be appointed by the Board and continue to be members until their successors are elected and qualified or until their earlier death, retirement, resignation or removal. Any member of the Committee may be removed by the Board in its discretion. However, a member of the Committee shall automatically cease to be a member of the Committee upon either ceasing to be a director of the Board or, if applicable, ceasing to be independent as required in this Section 2 of this Charter. Vacancies on the Committee will be filled by the Board.

Authority

The authority of the Committee is subject to the provisions of this Charter, the constating documents of the Company, such limitations as may be imposed by the Board from time to time and Applicable Law.

The Committee shall have the authority to: (i) retain (at the Company's expense) its own legal counsel and other advisors and experts that the Committee believes, in its sole discretion, are needed to carry out its duties and responsibilities; (ii) conduct investigations that it believes, in its sole discretion, are necessary to carry out its

responsibilities; and (iii) take whatever actions that it deems appropriate to foster an internal culture that is committed to maintaining quality financial reporting, sound business risk practices and ethical behavior within the Company. In addition, the Committee shall have the authority to request any officer, director or employee of the Company, or any other persons whose advice and counsel are sought by the Committee, such as members of the Company's management or the Company's outside legal counsel and external auditors, to meet with the Committee or any of its advisors and to respond to their inquiries. The Committee shall have full access to the books, records and facilities of the Company in carrying out its responsibilities.

The Committee shall have the authority to delegate to one or more of its members, responsibility for developing recommendations for consideration by the Committee with respect to any of the matters referred to in this Charter.

Operations

The Board may appoint one member of the Committee to serve as chair of the Committee (the "**Chair**"), but if it fails to do so, the members of the Committee shall designate a Chair by majority vote of the full Committee to serve at the pleasure of the majority of the full Committee. If the Chair of the Committee is not present at any meeting of the Committee, an acting Chair for the meeting shall be chosen by majority vote of the Committee from among the members present. In the case of a deadlock on any matter or vote, the Chair shall refer the matter to the Board. The Committee may appoint a secretary who need not be a member of the Board or Committee. A secretary who is not a member of the Committee shall not have the rights of a member of the Committee.

The Chair shall preside at each meeting of the Committee and set the agendas for the Committee meetings. The Committee shall have the authority to establish its own rules and procedures for notice and conduct of its meetings as long as they are not inconsistent with any provisions of the Company's constating documents or this Charter.

The Committee shall meet (in person or by telephonic meeting) at least quarterly or more frequently as circumstances dictate. As a part of each meeting of the Committee at which the Committee recommends that the Board approve the annual audited financial statements, the Committee shall meet in a separate session with the external auditors and, if desired, with management and/or the internal auditor. In addition, the Committee or the Chair shall meet with management quarterly to review the Company's financial statements and the Committee or a designated member of the Committee shall meet with the external auditors to review the Company's financial statements on a regular basis as the Committee may deem appropriate. The Committee shall maintain written minutes or other records of its meetings and activities, which shall be duly filed in the Company's records.

Except as otherwise required by the Company's constating documents, a majority of the members of the Committee shall constitute a quorum for the transaction of business and the act of a majority of the members present at any meeting at which there is a quorum shall be the act of the Committee. The Committee may also act by unanimous written consent in lieu of a meeting.

The Chair of the Committee shall report to the Board following meetings of the Committee and as otherwise requested by the Board.

3. RESPONSIBILITIES AND DUTIES

The Committee's primary responsibilities are to:

General

- (a) review and assess the adequacy of this Charter on an annual basis and, where necessary or desirable, recommend changes to the Board;
- (b) report to the Board regularly at such times as the Chair may determine to be appropriate but not less frequently than four times per year;

- (c) follow the process established for all committees of the Board for assessing the Committee's performance;

Review of Financial Statements, MD&A and other Documents

- (d) review the Company's financial statements and related management's discussion and analysis and any other annual reports or other financial information to be submitted to any governmental body or the public, including any certification, report, opinion or review rendered by the external auditors before they are approved by the Board and publicly disclosed;
- (e) report to the Board in respect of the Company's financial statements prior to the Board approving such statements;
- (f) review with the Company's management and, if applicable, the external auditors, the Company's quarterly financial statements and related management's discussion and analysis, before they are released;
- (g) ensure that adequate procedures are in place for the review of the Company's disclosure of financial information extracted or derived from the Company's financial statements other than the disclosure referred to in the two immediately preceding paragraphs and periodically assess the adequacy of such procedures;
- (h) review the effects of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company;
- (i) review with the Company's management any press release of the Company which contains financial information;
- (j) review analyses prepared by management and/or the external auditors setting forth significant reporting issues and judgments made in connection with the preparation of the Company's financial statements;

External Auditors

- (k) recommend external auditors' nominations to the Board to be put before the shareholders for appointment and, as necessary, the removal of any external auditors in office from time to time;
- (l) approve the fees and other compensation to be paid to the external auditors;
- (m) pre-approve all significant non-audit engagements to be provided to the Company with the external auditors;
- (n) require the external auditors to submit to the Committee, on a regular basis (at least annually), a formal written statement delineating all relationships between the external auditors and the Company and discuss with the external auditors any relationships that might affect the external auditors' objectivity and independence;
- (o) recommend to the Board any action required to ensure the independence of the external auditors;
- (p) advise the external auditors of their ultimate accountability to the Board and the Committee;
- (q) oversee the work of the external auditors engaged for the purpose of preparing an audit report or performing other audit, review and attest services for the Company;

- (r) evaluate the qualifications, performance and independence of the external auditors which are to report directly to the Committee, including (i) reviewing and evaluating the lead partner on the external auditors' engagement with the Company, (ii) considering whether the auditors' quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditors' independence, (iii) determine the rotation of the lead audit partner and the audit firm, and (iv) take into account the opinions of management and the internal audit function in assessing the external auditors' qualifications, independence and performance;
- (s) present the Committee's conclusions with respect to its evaluation of external auditors to the Board and take such additional action to satisfy itself of the qualifications, performance and independence of external auditors and make further recommendations to the Board as it considers necessary;
- (t) obtain and review a report from the external auditors at least annually regarding the external auditors' internal quality-control procedures; material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more external audits carried out by the firm; any steps taken to deal with any such issues; and all relationships between the external auditors and the Company;
- (u) establish policies for the Company's hiring of employees or former employees of the external auditors;
- (v) monitor the relationship between management and the external auditors including reviewing any management letters or other reports of the external auditors and discussing any material differences of opinion between management and the external auditors;

Financial Reporting Process

- (w) periodically discuss the integrity, completeness and accuracy of the Company's internal controls and the financial statements with the external auditors in the absence of the Company's management;
- (x) in consultation with the external auditors, review the integrity of the Company's financial internal and external reporting processes;
- (y) consider the external auditors' assessment of the appropriateness of the Company's auditing and accounting principles as applied in its financial reporting;
- (z) review and discuss with management and the external auditors at least annually and approve, if appropriate, any material changes to the Company's auditing and accounting principles and practices suggested by the external auditors, internal audit personnel or management;
- (aa) review and discuss with the Chief Executive Officer ("CEO") and the Chief Financial Officer (the "CFO") the procedures undertaken in connection with the Chief Executive Officer and Chief Financial Officer certifications for the interim and annual filings with applicable securities regulatory authorities;
- (bb) review disclosures made by the CEO and CFO during their certification process for the annual and interim filings with applicable securities regulatory authorities about any significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data or any material weaknesses in the internal controls, and any fraud involving management or other employees who have a significant role in the Company's internal controls;

- (cc) establish regular and separate systems of reporting to the Committee by management and the external auditors of any significant decision made in management's preparation of the financial statements, including the reporting of the view of management and the external auditors as to the appropriateness of such decisions;
- (dd) discuss during the annual audit, and review separately with each of management and the external auditors, any significant matters arising from the course of any audit, including any restrictions on the scope of work or access to required information; whether raised by management, the head of internal audit or the external auditors;
- (ee) resolve any disagreements between management and the external auditors regarding financial reporting;
- (ff) review with the external auditors and management the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented at an appropriate time subsequent to the implementation of such changes or improvements;
- (gg) retain and determine the compensation of any independent counsel, accountants or other advisors to assist in its oversight responsibilities (the Committee shall not be required to obtain the approval of the Board for such purposes);
- (hh) discuss any management or internal control letters or proposals to be issued by the external auditors of the Company;

Corporate Controls and Procedures

- (ii) receive confirmation from the CEO and CFO that reports to be filed with Canadian Securities commissions and any other applicable regulatory agency: (a) have been prepared in accordance with the Company's disclosure controls and procedures; and (b) contain no material misrepresentations or omissions and fairly presents, in all material respects, the financial condition, results of operations and cash flow as of and for the period covered by such reports;
- (jj) receive confirmation from the CEO and CFO that they have concluded that the disclosure controls and procedures are effective as of the end of the period covered by such reports;
- (kk) discuss with the CEO and CFO any reasons for which any of the confirmations referred to in the two preceding paragraphs cannot be given by the CEO and CFO;

Code of Conduct and Ethics

- (ll) review and discuss the Company's Code of Business Conduct and Ethics and the actions taken to monitor and enforce compliance with the Code;
- (mm) establish procedures for: i) the receipt, retention and treatment of complaints regarding accounting, internal controls or auditing matters; and ii) the confidential, anonymous submission of concerns regarding questionable accounting, internal control and auditing matters;

Legal Compliance

- (nn) confirm that the Company's management has the proper review system in place to ensure that the Company's financial statements, reports, press releases and other financial information satisfy Applicable Law;
- (oo) review legal compliance matters with the Company's legal counsel;

- (pp) review with the Company's legal counsel any legal matter that the Committee understands could have a significant impact on the Company's financial statements;
- (qq) conduct or authorize investigations into matters within the Committee's scope of responsibilities;
- (rr) perform any other activities in accordance with the Charter, the Company's constating documents and Applicable Law the Committee or the Board deems necessary or appropriate;
- (ss) maintain minutes and other records of meetings and activities of the Committee;

Related Party Transactions

- (tt) review the financial reporting of any transaction between the Company and any officer, director or other "related party" (including any shareholder holding an interest greater than 5% in the Company) or any entity in which any such person has a financial interest;
- (uu) review policies and procedures with respect to directors' and officers' expense accounts and management perquisites and benefits, including their use of corporate assets and expenditures;

Reporting and Powers

- (vv) report to the Board following each meeting of the Committee and at such other times as the Board may consider appropriate; and
- (ww) exercise such other powers and perform such other duties and responsibilities as are incidental to the purposes, duties and responsibilities specified herein and as may from time to time be delegated to the Committee by the Board.

4. LIMITATION OF RESPONSIBILITY

While the Committee has the responsibilities and powers provided by this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. This is the responsibility of management (with respect to whom the Committee performs an oversight function) and the external auditors.

Schedule B

Nominating and Corporate Governance Committee Charter

[attached next page]

WOLFDEN RESOURCES CORPORATION
(the "Company")

NOMINATING AND CORPORATE GOVERNANCE COMMITTEE CHARTER

(Adopted as of March 26, 2012)

1. PURPOSE OF THE NOMINATING AND CORPORATE GOVERNANCE COMMITTEE

The Nominating and Corporate Governance Committee (the "**Committee**") is a standing committee of the Board of Directors (the "**Board**") of the Company. The role of the Committee is to:

- (a) advise and make recommendations to the Board in its oversight role with respect to: (i) the development of the Company's corporate governance policies, principles, practices and processes; (ii) the effectiveness of the Board and its committees; (iii) the contributions of individual directors; (iv) the identification of individuals qualified to become board members; and (v) the selection of director nominees for election by the shareholders; and
- (b) take such other actions within the scope of this Charter as the Board may assign to the Committee from time to time or as the Committee deems necessary or appropriate.

2. COMPOSITION, OPERATIONS AND AUTHORITY

Composition

The Committee shall be composed of members of the Board, the number of which shall be fixed from time to time by resolution adopted by the Board. At least one member of the Committee shall be independent as determined by the Board in accordance with the applicable requirements of the laws governing the Company, the applicable stock exchanges on which the Company's securities are listed and applicable securities regulatory authorities (collectively, the "**Applicable Law**").

Members of the Committee shall be appointed by the Board and continue to be members until their successors are elected and qualified or until their earlier death, retirement, resignation or removal. Any member of the Committee may be removed by the Board in its discretion. However, a member of the Committee shall automatically cease to be a member of the Committee upon either ceasing to be a director of the Board or, if applicable, ceasing to be independent as required in this Section 2 of this Charter. Vacancies on the Committee will be filled by the Board.

Authority

The authority of the Committee is subject to the provisions of this Charter, the constating documents of the Company, such limitations as may be imposed by the Board from time to time and Applicable Law.

The Committee shall have the authority to: (i) retain (at the Company's expense) its own legal counsel and other advisors and experts that the Committee believes, in its sole discretion, are needed to carry out its duties and responsibilities; and (ii) conduct investigations that it believes, in its sole discretion, are necessary to carry out its responsibilities. In addition, the Committee shall have the authority to request any officer, director or employee of the Company, or any other persons whose advice and counsel are sought by the Committee, such as members of the Company's management or the Company's outside legal counsel and external auditors, to meet with the Committee or any of its advisors and to respond to their inquiries. The Committee shall have full access to the books, records and facilities of the Company in carrying out its responsibilities.

The Committee shall have the authority to delegate to one or more of its members, responsibility for developing recommendations for consideration by the Committee with respect to any of the matters referred to in this Charter.

Operations

The Board may appoint one member of the Committee to serve as chair of the Committee (the "**Chair**"), but if it fails to do so, the members of the Committee shall designate a Chair by majority vote of the full Committee to serve at the pleasure of the majority of the full Committee. If the Chair of the Committee is not present at any meeting of the Committee, an acting Chair for the meeting shall be chosen by majority vote of the Committee from among the members present. In the case of a deadlock on any matter or vote, the Chair shall refer the matter to the Board. The Committee may appoint a secretary who need not be a member of the Board or Committee. A secretary who is not a member of the Committee shall not have the rights of a member of the Committee.

The Chair shall preside at each meeting of the Committee and set the agendas for the Committee meetings. The Committee shall have the authority to establish its own rules and procedures for notice and conduct of its meetings as long as they are not inconsistent with any provisions of the Company's constating documents or this Charter.

The Committee shall have regular meetings (in person or by telephonic meeting) on at least a semi-annual basis or more frequently as circumstances dictate. The Committee shall maintain written minutes or other records of its meetings and activities, which shall be duly filed in the Company's records.

Except as otherwise required by the Company's constating documents, a majority of the members of the Committee shall constitute a quorum for the transaction of business and the act of a majority of the members present at any meeting at which there is a quorum shall be the act of the Committee. The Committee may also act by unanimous written consent in lieu of a meeting.

The Chair of the Committee shall report to the Board following meetings of the Committee and as otherwise requested by the Board.

3. RESPONSIBILITIES AND DUTIES

The Committee's primary responsibilities are to:

- (a) review the Board committee structure on an annual basis and recommend to the Board any changes it considers necessary or desirable with respect to that committee structure, including (all in consultation with the Chair of the Board): (i) the mandates of each committee; (ii) the criteria for membership on any committee; (iii) the composition of each committee; (iv) the appointment and removal of members from any committee; (v) the operations of each committee, including the ability of any committee to delegate any or all of its responsibilities to a sub-committee of that committee; and (vi) the process for each committee reporting to the Board;
- (b) review the charters of each committee of the Board, and recommend such changes as are required or desirable;
- (c) review the Company's corporate governance practices at least annually and recommend appropriate policies, practices and procedures to the Board;
- (d) review the corporate governance sections to be included in the Company's annual report or proxy material, including the statement of corporate governance practices;
- (e) develop and recommend to the Board a process for assessing the effectiveness of the Board, as a whole, the committees of the Board and the contribution of individual directors and be responsible for overseeing the execution of the assessment process approved by the Board;
- (f) evaluate its effectiveness and the effectiveness of its members pursuant to the process for such evaluation approved by the Board;

- (g) review, as required, the skills, areas of expertise, backgrounds, independence and qualifications of the members of the Board;
- (h) review, as required, the size and composition of the Board to ensure that there remain an appropriate number of "unrelated" and "independent" directors;
- (i) serve as a forum for individual directors to voice any concerns on matters not readily discussed at regular meetings of the Board;
- (j) recommend to the Board a system which enables an individual director to engage outside advisers at the Company's expense in appropriate circumstances and with the approval of the Committee;
- (k) recommend to the Board appropriate criteria for the selection of new directors, periodically review the criteria adopted by the Board and, if deemed desirable, recommend to the Board changes to such criteria;
- (l) identify and recommend qualified candidates to the Board who meet the selection criteria approved by the Board, and recommend the slate of nominees for election by shareholders at the annual meeting (and in this regard the Committee shall have the sole authority to retain and terminate any search firm to be used to identify director candidates or to otherwise assist the Committee in the discharge of its responsibilities, including the sole authority to approve the search firm's fees and other retention terms);
- (m) recommend to the Board structures and procedures to enable the Board to function independently of management and oversee the development and implementation of any structures and procedures approved by the Board;
- (n) review the relationship of the Board with management and recommend, where appropriate, limits on management's authority to act without the express approval of the Board;
- (o) assess shareholder proposals as necessary for inclusion in the management information circular and make appropriate recommendations to the Board;
- (p) oversee: (i) the development and implementation of orientation programs for new directors; and (ii) continuing education for all directors;
- (q) monitor and assess the Company's compliance with the requirements established by the Applicable Law;
- (r) exercise such other powers and perform such other duties and responsibilities as are incidental to the purposes, duties and responsibilities specified herein and as may from time to time be delegated to the Committee by the Board;
- (s) report to the Board on all other matters and recommendations made by the Committee;
- (t) report to the Board following each meeting of the Committee and at such other times as the Board may consider appropriate;
- (u) maintain minutes and other records of meetings and activities of the Committee;
- (v) follow the process established for all committees of the Board for assessing the Committee's performance; and
- (w) review and assess the adequacy of this Charter on an annual basis and, where necessary or desirable, recommend changes to the Board.

Schedule C

Compensation Committee Charter

[attached next page]

WOLFDEN RESOURCES CORPORATION
(the “**Company**”)

COMPENSATION COMMITTEE CHARTER

(Adopted as of March 26, 2012)

1. PURPOSE OF THE COMPENSATION COMMITTEE

The Compensation Committee (the “**Committee**”) is a standing committee of the Board of Directors (the “**Board**”) of the Company. The role of the Committee is to:

- (a) review and recommend to the Board the appropriate compensation level for the Company’s executive officers;
- (b) oversee the Company’s compensation and benefit plans, policies and practices, including its executive compensation plans and incentive-compensation and equity-based plans;
- (c) monitor and evaluate, at the Committee’s sole discretion, matters relating to the compensation and benefits structure of the Company; and
- (d) take such other actions within the scope of this Charter as the Board may assign to the Committee from time to time or as the Committee deems necessary or appropriate.

2. COMPOSITION, OPERATIONS AND AUTHORITY

Composition

The Committee shall be composed of members of the Board, the number of which shall be fixed from time to time by resolution adopted by the Board. At least one member of the Committee shall be independent as determined by the Board in accordance with the applicable requirements of the laws governing the Company, the applicable stock exchanges on which the Company’s securities are listed and applicable securities regulatory authorities (collectively, the “**Applicable Law**”).

Members of the Committee shall be appointed by the Board and continue to be members until their successors are elected and qualified or until their earlier death, retirement, resignation or removal. Any member of the Committee may be removed by the Board in its discretion. However, a member of the Committee shall automatically cease to be a member of the Committee upon either ceasing to be a director of the Board or, if applicable, ceasing to be independent as required in this Section 2 of this Charter. Vacancies on the Committee will be filled by the Board.

Authority

The authority of the Committee is subject to the provisions of this Charter, the constating documents of the Company, such limitations as may be imposed by the Board from time to time and Applicable Law.

The Committee shall have the authority to (i) retain (at the Company’s expense) its own legal counsel and other advisors and experts that the Committee believes, in its sole discretion, are needed to carry out its duties and responsibilities, including, without limitation, the retention of a compensation consultant to assist the Committee in evaluating director and executive officer compensation; and (ii) conduct investigations that it believes, in its sole discretion, are necessary to carry out its responsibilities. In addition, the Committee shall have the authority to request any officer, director or employee of the Company, or any other persons whose advice and counsel are sought by the Committee, such as members of the Company’s management or the Company’s outside legal counsel and independent accountants, to meet with the Committee or any of its advisors and to respond to their inquiries. The

Committee shall have full access to the books, records and facilities of the Company in carrying out its responsibilities.

The Committee shall have the authority to delegate to one or more of its members, responsibility for developing recommendations for consideration by the Committee with respect to any of the matters referred to in this Charter.

Operations

The Board may appoint one member of the Committee to serve as chair of the Committee (the “**Chair**”), but if it fails to do so, the members of the Committee shall designate a Chair by majority vote of the full Committee to serve at the pleasure of the majority of the full Committee. If the Chair of the Committee is not present at any meeting of the Committee, an acting Chair for the meeting shall be chosen by majority vote of the Committee from among the members present. In the case of a deadlock on any matter or vote, the Chair shall refer the matter to the Board. The Committee may appoint a secretary who need not be a member of the Board or Committee. A secretary who is not a member of the Committee shall not have the rights of a member of the Committee.

The Chair shall preside at each meeting of the Committee and set the agendas for the Committee meetings. The Committee shall have the authority to establish its own rules and procedures for notice and conduct of its meetings as long as they are not inconsistent with any provisions of the Company’s constating documents or this Charter.

The Committee shall have regular meetings (in person or by telephonic meeting) on at least a semi-annual basis or more frequently as circumstances dictate. The Committee shall maintain written minutes or other records of its meetings and activities, which shall be duly filed in the Company’s records. The Committee shall meet separately, on at least an annual basis, with the Chief Executive Officer, the vice president of human resources (or similar position) and any other corporate officers as the Board and the Committee deem appropriate to discuss and review the performance criteria and compensation levels of key executive officers.

Except as otherwise required by the Company’s constating documents, a majority of the members of the Committee shall constitute a quorum for the transaction of business and the act of a majority of the members present at any meeting at which there is a quorum shall be the act of the Committee. The Committee may also act by unanimous written consent in lieu of a meeting.

The Chair of the Committee shall report to the Board following meetings of the Committee and as otherwise requested by the Board.

A member of the Committee who is in a conflict of interest in respect of a topic of Committee discussion shall:

- (a) disclose in writing to the Committee or request to have entered in the minutes of the meeting of the Committee the nature and extent of the conflict; and
- (b) abstain from voting on any resolution to the extent of the conflict, provided that such member shall be considered to be present for the purposes of determining whether quorum is present during such vote.

3. RESPONSIBILITIES AND DUTIES

The Committee’s primary responsibilities are to:

- (a) review the adequacy and form of compensation of the Company’s executive officers and ensure that the compensation realistically reflects the risks and responsibilities of such positions;
- (b) review and recommend to the Board for approval policies relating to compensation of the Company’s executive officers and directors;

- (c) review the performance of the Company's executive officers and recommend annually to the Board for approval the amount and composition of compensation to be paid to the Company's executive officers;
- (d) review and make recommendations to the Board with respect to pension, stock option and other incentive plans, benefit plans, perquisites and other remuneration matters with respect to the Company's executive officers;
- (e) review the appointment or discharge of any of the Company's executive officers;
- (f) review and approve the corporate goals and objectives relevant to compensation of the Chief Executive Officer (the "CEO") and recommend them to the Board for approval, lead the evaluation of the CEO's performance in light of these goals and objectives and recommend the compensation of the CEO based on this evaluation;
- (g) review the adequacy and form of compensation of directors and ensure that the compensation realistically reflects the responsibilities and risks of such positions and fix the amount and composition of compensation to be paid to members of the Board and the committees thereof;
- (h) review and assess the Company's compensation and benefit policies programs relating to all employees;
- (i) review at least annually the corporate goals and objectives of the Company's executive compensation plans, incentive-compensation and equity based plans and other general compensation plans (collectively the "**Company Plans**"), and if appropriate, recommend that the Board amend these goals and objectives;
- (j) review at least annually the Company Plans in light of the Company's goals and objectives with respect to such plans, and, if the Committee deems it appropriate, recommend to the Board the adoption of new, or the amendment of existing, Company Plans;
- (k) monitor and assess the Company's compliance with the requirements established by the Applicable Law;
- (l) review executive compensation disclosure prior to public disclosure or filing with any securities regulatory authorities;
- (m) issue an annual report on executive compensation for inclusion in the Company's public filings, if required by Applicable Law;
- (n) administer and otherwise exercise the various authorities prescribed for the Committee by any of the Company Plans;
- (o) review, and if appropriate recommend for approval, any agreements between the Company and the CEO or the Company and its executive officers, including those assessing retirement, termination of employment or other special circumstances, as appropriate;
- (p) exercise such other powers and perform such other duties and responsibilities as are incidental to the purposes, duties and responsibilities specified herein and as may from time to time be delegated to the Committee by the Board;
- (q) report to the Board on all other matters and recommendations made by the Committee;
- (r) report to the Board following each meeting of the Committee and at such other times as the Board may consider appropriate;

- (s) maintain minutes and other records of meetings and activities of the Committee;
- (t) follow the process established for all committees of the Board for assessing the Committee's performance; and
- (u) review and assess the adequacy of this Charter on an annual basis and, where necessary or desirable, recommend changes to the Board.

AUDITOR'S CONSENT

We have read the Prospectus of Wolfden Resources Corporation (the "Company") dated ♦, 2012 relating to the offering of ♦ units of the Company at a price of \$♦ per unit and ♦ common shares of the Company to be issued as flow-through shares at a price of \$♦ per flow-through share. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use in the above-mentioned Prospectus of our report to the directors of the Company on the consolidated balance sheets of the Company as at December 31, 2011, December 31, 2010 and December 31, 2009 and the consolidated statements of comprehensive loss, changes in equity, and cash flows for the years ended December 31, 2011 and December 31, 2010 and for the period from August 12, 2009, the date of incorporation, to December 31, 2009.

Our report is dated September ♦, 2012.

Thunder Bay, Ontario
September ♦, 2012

Grant Thornton LLP♦
Chartered Accountants, Licensed Public Accountants

Condensed Consolidated Interim Financial Statements
(Unaudited)

(Stated in Canadian Dollars)

WOLFDEN RESOURCES CORPORATION

June 30, 2012

NOTICE TO SHAREHOLDERS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2012
WOLF DEN RESOURCES CORPORATION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited condensed consolidated interim financial statements of Wolf Den Resources Corporation were prepared by management in accordance with International Financial Reporting Standards ("IFRS"). Only changes in accounting policies have been disclosed in these unaudited condensed consolidated interim financial statements. Management acknowledges responsibility for the preparation and presentation of the unaudited condensed consolidated interim financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Corporation's circumstances.

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the unaudited condensed consolidated interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited condensed consolidated interim financial statements and (ii) the unaudited condensed consolidated interim financial statements fairly present in all material respects the financial position, results of operations and cash flows of the Corporation, as of the date of and for the periods presented by the unaudited condensed consolidated interim financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed consolidated interim financial statements together with other financial information of the Corporation and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed consolidated interim financial statements together with other financial information of the Corporation. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed consolidated interim financial statements together with other financial information of the Corporation for issuance to the shareholders.

Management recognizes its responsibility for conducting the Corporation's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

Wolfden Resources Corporation
(Incorporated under the laws of Ontario)

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF
FINANCIAL POSITION**
(Stated in Canadian Dollars)
(Unaudited)

	As at June 30 2012 \$	As at December 31 2011 \$
ASSETS		
Current assets		
Cash and cash equivalents	126,274	814,376
Accounts receivable	22,116	46,580
Prepays and deferred transaction costs	99,158	66,003
Total current assets	247,548	926,959
Non-current assets		
Equipment and leaseholds <i>[note 6]</i>	108,311	22,292
Total assets	355,859	949,251
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	50,796	109,752
EQUITY		
Share capital <i>[note 8]</i>	5,714,165	5,547,672
Reserves <i>[note 8]</i>	212,698	(95,601)
Deficit	(5,621,800)	(4,612,572)
Total equity	305,063	839,499
Total liabilities and equity	355,859	949,251

Commitments *[note 11]*

See accompanying notes to the condensed consolidated interim financial statements

These condensed consolidated financial statements are authorized for issue by the Board of Directors on September 10, 2012

They are signed on the Corporation's behalf by:

"Don Hoy"
Director

"William McCrindle"
Director

Wolfden Resources Corporation
(Incorporated under the laws of Ontario)

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF
COMPREHENSIVE LOSS**
(Stated in Canadian Dollars)
(Unaudited)

	For the three months ended June 30		For the six months ended June 30	
	2012 \$	2011 \$	2012 \$	2011 \$
REVENUE				
Investment income	-	1,968	3,352	1,968
EXPENSES				
Depreciation [note 6]	3,059	1,015	4,731	1,015
Share-based payments [note 8]	-	-	312,570	-
General and administrative	107,612	60,974	234,799	65,078
Professional fees	(3,836)	18,660	4,011	33,682
Exploration expenses	110,535	213,464	452,831	500,254
Exchange loss/(gain)	(2,741)	-	3,638	-
	214,629	294,113	1,012,580	600,029
Loss for the period	(214,629)	(292,145)	(1,009,228)	(598,061)
Exchange differences on translation of foreign operations	4,324	(926)	4,271	(11,324)
Loss and comprehensive loss for period	(218,953)	(293,071)	(1,013,499)	(609,385)
Basic and diluted loss per share [note 9]	(0.01)	(0.01)	(0.04)	(0.02)

See accompanying notes to the condensed consolidated interim financial statements

Wolfden Resources Corporation

(Incorporated under the laws of Ontario)

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF
CASH FLOW****FOR THE SIX MONTHS ENDED JUNE 30**(Stated in Canadian Dollars)
(Unaudited)

	2012 \$	2011 \$
OPERATING ACTIVITIES		
Loss and comprehensive loss for the period	(1,013,499)	(609,385)
Add charges to earnings not involving a current payment (receipt) of cash		
Depreciation	4,731	1,015
Share-based payments	312,570	-
Exchange loss on translation differences	4,271	-
	(691,927)	(608,370)
Net change in non-cash working capital balances related to operations	(71,918)	(118,202)
Cash used in operating activities	(763,845)	(726,572)
INVESTMENT ACTIVITIES		
Purchase of equipment and leaseholds	(90,750)	(27,068)
Cash used in investment activities	(90,750)	(27,068)
FINANCING ACTIVITIES		
Shares issued in private placements	180,000	1,273,750
Share issue costs	(13,507)	-
Cash provided by financing activities	166,493	1,273,750
Increase (decrease) in cash position during period	(688,102)	520,110
Cash, beginning of period	814,376	1,115,389
Cash, end of period	126,274	1,635,499

See accompanying notes to the condensed consolidated interim financial statements

Wolfden Resources Corporation

(Incorporated under the laws of Ontario)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

(Stated in Canadian Dollars)

(Unaudited)

Issued and outstanding:	Share Capital		Reserves						Total Equity
	Number of Shares	Share Capital	Shares subscribed	Warrants	Equity Settled Employee Benefits	Agents Options	Foreign exchange differences	Deficit	
Balance as at December 31, 2010	19,958,333	4,273,922	-	-	-	-	(59,717)	(3,243,054)	971,151
Private placements	5,085,000	1,273,750	-	-	-	-	-	-	1,273,750
Loss and comprehensive loss for the period	-	-	-	-	-	-	-	(609,385)	(609,385)
Balance as at June 30, 2011	25,053,333	5,547,672	-	-	-	-	(59,717)	(3,852,439)	1,635,516
Loss and comprehensive loss for the period	-	-	-	-	-	-	(35,884)	(760,133)	(796,017)
Balance as at December 31, 2011	25,053,333	5,547,672	-	-	-	-	(95,601)	(4,612,572)	839,499
Private placement #1	720,000	180,000	-	-	-	-	-	-	180,000
Share-based payments	-	-	-	-	312,570	-	-	-	312,570
Share issue costs	-	(13,507)	-	-	-	-	-	-	(13,507)
Loss and comprehensive loss for the period	-	-	-	-	-	-	(4,271)	(1,009,228)	(1,013,499)
Balance as at June 30, 2012	25,773,333	5,714,165	-	-	312,570	-	(99,872)	(5,621,800)	305,063

See accompanying notes to the condensed consolidated interim financial statements

Wolfden Resources Corporation

(Incorporated under the laws of Ontario)

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Stated in Canadian Dollars)

(Unaudited)

For the six months ended June 30, 2012

(with comparative figures for the year ended December 31, 2011)

1. NATURE OF BUSINESS

Wolfden Resources Corporation (the "Corporation" or "Wolfden") was incorporated under the laws of the Province of Ontario on August 12, 2009. The Corporation is in the exploration stage and its principal business activity is the acquisition, exploration and development of mineral properties that it believes contain mineralization that will be economically recoverable in the future.

On April 23, 2010, the Corporation acquired all of the outstanding and issued shares in the capital of MPC Sub Corporation ("MPC Subco") from Mineral Processing Corporation ("MPC").

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The condensed consolidated interim financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements.

Basis of Consolidation

The Corporation's financial statements consolidate those of the parent Corporation and all of its subsidiary undertakings drawn up to June 30, 2012. Subsidiaries are all entities over which the Corporation has the power to control the financial and operating policies. The Corporation obtains and exercises control through more than half of the voting rights. All subsidiaries have a year end of December 31. The Corporation's subsidiaries are:

	Percentage of ownership	Jurisdiction	Principal activity
MPC Sub Corporation	100%	Michigan	Mineral exploration

All transactions and balances between the Corporation and its subsidiaries are eliminated on consolidation, including unrealized gains and losses on transactions between the companies. Where unrealized losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Corporation.

Profit or loss and other comprehensive income or loss of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Business Combinations

For business combinations occurring since January 1, 2010, the requirements of IFRS 3 have been applied. The consideration transferred by the Corporation to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Corporation, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

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The Corporation recognizes identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognised amount of any non-controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

Joint Operations

Operations that are jointly owned or jointly controlled by the Corporation and other venturers independent of the Corporation (joint ventures) are accounted for using the proportionate consolidation method, whereby the Corporation's share of the assets, liabilities, income and expenses is included line by line in the consolidated financial statements.

Unrealized gains and losses on transactions between the Corporation and its joint ventures are eliminated to the extent of the Corporation's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

Amounts reported in the financial statements of jointly controlled entities have been adjusted where necessary to ensure consistency with the accounting policies of the Corporation.

Foreign currency translation

The condensed consolidated interim financial statements are presented in Canadian dollars (CDN), which is also the functional currency of the parent Corporation.

Foreign currency transactions are translated into the functional currency of the respective Corporation, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year-end exchange rates are recognised in profit or loss.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

In the Corporation's financial statements, all assets, liabilities and transactions of Corporation entities with a functional currency other than the CDN (the Corporation's presentation currency) are translated into CDN upon consolidation. The functional currency of the entities in the Corporation have remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into CDN at the closing rate at the reporting date. Income and expenses have been translated into the Corporation's presentation currency at the average rate over the reporting period. Exchange differences are charged/credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into CDN at the closing rate.

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Financial instruments

Financial assets and financial liabilities are recognised when the Corporation becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value adjusted by transactions costs, and subsequently accounted for at amortized cost, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets and financial liabilities are measured subsequently as described below.

Financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- loans and receivables
- financial assets at fair value through profit or loss
- held-to-maturity investments
- available-for-sale financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that the recoverable amount of a financial asset or a group of financial assets exceeds its carrying amount. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within 'general and administrative costs', 'investment income' or 'other income'.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Corporation's cash and cash equivalents, and accounts receivable fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty may default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

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Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of derivative financial instruments are determined by reference to active market transactions or using a valuation technique where no active market exists.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as held-to-maturity if the Corporation has the intention and ability to hold them until maturity. The Corporation currently does not hold any investments designated into this category.

Held-to-maturity investments are measured subsequently at amortised cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognised in profit or loss.

Available-for-sale financial assets

Available-for-sale ("AFS") financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets.

All other available-for-sale financial assets are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the available-for-sale reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income. Interest calculated using the effective interest method and dividends are recognised in profit or loss within 'finance income'.

Reversals of impairment losses are recognised in other comprehensive income, except for financial assets that are debt securities which are recognised in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognised.

Financial liabilities

The Corporation's financial liabilities include accounts payable and accrued liabilities.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss, that are carried subsequently at fair value with gains or losses recognised in profit or loss.

All derivative financial instruments that are not designated and effective as hedging instruments are accounted for at fair value through profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within 'general and administrative costs'.

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Impairment of financial assets

Financial assets are assessed for indicators of impairment at each financial position reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flow of the investment have been impacted. For unlisted shares classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default of delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as amounts receivable, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credit against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decreases can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. In respect of AFS equity securities, impairment losses previously recognized through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

Exploration and Evaluation

The Corporation is in the process of exploring its mineral properties and chooses to expense acquisition costs for property rights. Mineral property acquisition costs include the cash consideration given, direct legal costs incurred for the acquisition, and issuance of shares for mineral property interests. Where the Corporation has entered into an option agreement for the acquisition of an interest in a mineral property which provides for periodic payments, such amounts unpaid are not recorded as a liability since they are payable entirely at the Corporation's discretion.

The Corporation has adopted the policy of expensing exploration costs and periodic maintenance costs incurred prior to the determination that a property has economically recoverable reserves.

Equipment

Equipment is stated at historical cost less accumulated depreciation and any provision for impairment in value. Cost includes the purchase price, any directly attributable costs of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, and the present value of the estimated costs of decommissioning and restoration, if applicable. Costs relating to major upgrades are included in buildings and equipment if it is probable that future economic benefits associated with the expenditure will flow to the Corporation.

Depreciation is recognised on a declining balance basis to write down the cost or valuation less estimated residual value of equipment. The rates generally applicable are:

Vehicles	30%
Leaseholds	Straight line over term

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Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Gains or losses arising on the disposal of equipment are determined as the difference between the disposal proceeds and the carrying amount of the equipment and are recognised in profit or loss within 'other income' or 'other expenses'.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Impairment of non-financial assets

At each financial position reporting date the carrying amounts of the Corporation's non-financial assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Share capital

Share capital represents the fair value of consideration received. Equity instruments are contracts that give a residual interest in the net assets of the Corporation. Financial instruments issued by the Corporation are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Corporation's common shares, contributed surplus, share options and share warrants are classified as equity instruments. Incremental costs directly attributable to the issue of new shares, options or warrants are shown in equity as a deduction, net of tax, from the proceeds.

The Corporation periodically issues units to investors consisting of common shares and warrants in non-brokered private placements. Each whole warrant issued entitles the holder to acquire a common share of the Corporation, at a fixed Canadian dollar price over a specified term. These warrants are not transferable from the original investor to a new investor. The Corporation's investor warrants are equity instruments and not financial liabilities or financial derivatives. Accordingly, gross investor proceeds received from the issuance of units are accounted for as an increase in share capital. No separate valuation (i.e. "bifurcation") of investor warrants is made for accounting purposes at the time of issuance or at any time thereafter.

When investor or other warrants are exercised, the proceeds received are added to share capital. When investor or other warrants expire unexercised, no accounting entry is recorded.

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Share-based payment transactions

The Corporation operates equity-settled share-based remuneration plans for its employees, directors and consultants. None of the Corporation's plans feature any options for a cash settlement.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is determined at the grant date.

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to 'reserves'.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit or other current tax activities, which differs from profit or loss in the financial statements. Calculation of current tax expense is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Corporation and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income. To the extent that the Corporation does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance against the excess.

Deferred tax assets and liabilities are offset only when the Corporation has a right and intention to offset current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of taxable income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

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Provisions

Provisions are recognized when the Corporation or its subsidiaries have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost. Contingent liabilities are not recognized in the financial statements, if not estimable and probable, and are disclosed in notes to the financial information unless their occurrence is remote. Contingent assets are not recognized in the financial statements, but are disclosed in the notes if their recovery is deemed probable.

Environmental rehabilitation

Provisions for environmental rehabilitation are made in respect of the estimated future costs of closure and restoration and for environmental rehabilitation costs (which include the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas) in the accounting period when the related environmental disturbance occurs. The provision is discounted using a pre-tax rate, and the unwinding of the discount is included in finance costs. At the time of establishing the provision, a corresponding asset is capitalized and is depreciated over future production from the mining property to which it relates. The provision is reviewed on an annual basis for changes in cost estimates, discount rates and operating lives. Changes to estimated future costs are recognized in the statement of financial position by adjusting the rehabilitation asset and liability. If, for mature mines, the revised mine assets net of rehabilitation provisions exceeds the carrying value, that portion of the increase is charged directly to expenses. For closed sites, changes to estimated costs are recognized immediately in the profit and loss.

Loss per share

The Corporation presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Corporation by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

Segment reporting

An operating segment is a component of an entity (i) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), (ii) whose operating results are regularly reviewed by the entity's management, and (iii) for which discrete financial information is available. The Corporation's operating segments are its separately identifiable exploration and evaluation properties [see note 7].

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Significant accounting judgements and estimates

The preparation of these condensed consolidated interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The condensed consolidated interim financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed consolidated interim financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the balance sheet date that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- i. the recoverability of amounts receivable which are included in the condensed consolidated interim statement of financial position;
- ii. the estimated useful lives of equipment which are included in the condensed consolidated interim statement of financial position and the related depreciation included in the condensed consolidated interim statement of comprehensive loss;
- iii. the inputs used in accounting for share purchase option expense in the condensed consolidated interim statement of comprehensive loss; and
- iv. the provision for income taxes which is included in the condensed consolidated interim statements of comprehensive loss and composition of deferred income tax liabilities included in the condensed consolidated interim statement of financial position.

Interest

Interest income and expenses are reported on an accrual basis using the effective interest method.

Operating expenses

Operating expenses are recognised in profit or loss upon utilization of the service or at the date of their origin.

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3. RECENT ACCOUNTING PRONOUNCEMENTS

The Corporation has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Corporation has not yet early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its consolidated financial statements.

a) Accounting Standards Issued and Effective January 1, 2013

IFRS 9, Financial Instruments, replaces the current standard IAS 39, Financial Instruments: Recognition and Measurement, replacing current classification and measurement criteria for financial assets and liabilities with only two classification categories: amortized cost and fair value.

IFRS 10, Consolidated Financial Statements, establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. This standard:

- Requires a parent entity (an entity that controls one or more other entities) to present consolidated financial statements;
- Defines the principle of control, and establishes control as the basis for consolidated;
- Sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee; and
- Sets out the accounting requirements for the preparation of consolidated financial statements

IFRS 10 supersedes IAS 27 and SIC-12, Consolidation - Special Purpose Entities.

IFRS 11, Joint Arrangements, establishes the core principle that a party to a joint arrangement determines the type of joint arrangements in which it is involved by assessing its rights and obligations and accounts for those rights and obligations in accordance with the type of joint arrangement.

IFRS 12, Disclosure of Involvement with Other Entities, requires the disclosure of information that enables users of consolidated financial statements to evaluate the nature of and risks associated with, its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

IFRS 13, Fair Value Measurement, defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except for the following:

- Share-based payment transactions within the scope of IFRS 2, Share-based Payment;
- Leasing transactions within the scope of IAS 17, Leases;
- Measurements that have some similarities to fair value but that are not fair value, such as net realizable value in IAS2, Inventories, or value in use in IAS 36, Impairment Assets.

IAS 27, Separated Financial Statements, has the objective of setting standards to be applied in accounting for investments in subsidiaries, jointly ventures, and associates an entity elects, or is required by local regulations, to present separate (non-consolidated) financial statements.

IAS 28, Investments in Associates and Joint Ventures, prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. IAS 28 applies to all entities that are investors with joint control of, or significant influence over, an investee (associated or joint venture).

IFRIC Interpretation 20, Stripping Costs in the Production Phase of a Surface Mine, summarizes the method of accounting for waste removal costs incurred as a result of surface mining activity during the production phase of a mine.

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**NOTES TO CONDENSED CONSOLIDATED
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(Unaudited)For the six months ended June 30, 2012
(with comparative figures for the year ended December 31, 2011)**4. SEGMENTED INFORMATION**

The Corporation's significant segments are represented by its separately identifiable exploration and evaluation properties (see Note 7 for disclosure by property). The Corporation also operates in two distinct geographic areas. The Canadian operations are managed from the Corporation's head office in Thunder Bay. The U.S. operations are managed from an office in Minnesota.

Country / Region	<u>NON-CURRENT ASSETS</u>		<u>LOSS AND COMPREHENSIVE LOSS</u>	
	As at	As at	<u>Period ended</u>	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
	\$	\$	\$	\$
Canada	108,311	22,292	788,914	693,244
U.S.A.	-	-	224,585	712,158
	108,311	22,292	1,013,499	1,405,402

5. LOAN FACILITY

On March 29, 2012, the Corporation entered into the Loan Facility with a director of the Corporation, as amended on September 12, 2012, whereby amounts drawn down on the facility incur interest at 10% per annum and mature on November 30, 2012. Any principal and interest outstanding on the maturity date of the Loan Facility may be converted into Common Shares at the election of the holder at a 10% discount to the prior day's closing price of the Common Shares on a stock exchange in North America, provided that the holder may also elect to convert the principal amount of the Loan plus accrued interest thereon into Common Shares at the time of or in connection with the initial public offering by the Corporation of its Common Shares, in which case, the conversion price for such conversion shall be equal to the offering price per Common Share in connection with the IPO. If the Common Shares are not listed on a stock exchange in North America on the Maturity Date, the principal and accrued interest are not convertible into Common Shares under the Loan Facility. At period end, \$NIL [2011 - \$NIL] is outstanding on the facility.

6. EQUIPMENT

	<u>Vehicles</u>	<u>Leasehold</u>	<u>Total</u>
	\$	\$	\$
Cost			
Balance, January 1, 2011	-	-	-
Assets acquired	27,068	-	27,068
Balance, December 31, 2011	27,068	-	27,068
Assets acquired	-	90,750	90,750
Balance, June 30, 2012	27,068	90,750	117,818
Accumulated depreciation			
Balance, December 31, 2011	4,776	-	4,776
Depreciation for the period	3,218	1,513	4,731
Balance, June 30, 2012	7,994	1,513	9,507
Carrying amounts			
December 31, 2011			22,292
June 30, 2012			108,311

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**NOTES TO CONDENSED CONSOLIDATED
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(Stated in Canadian Dollars)
(Unaudited)

For the six months ended June 30, 2012
(with comparative figures for the year ended December 31, 2011)

7. EXPLORATION AND EVALUATION ASSETS

	Carlton / Aitkin	Rum River	Other	Total for current period	Total inception to date
Analytical / Sampling	-	-	178	178	103,429
Geological	-	76	11,765	11,841	355,955
Geophysical	-	25,734	133,882	159,616	207,024
Transportation/ Accommodation	-	2,090	500	2,590	20,177
Exploratory Drilling	4,176	-	-	4,176	219,491
Operations Support	6	691	6,881	7,578	24,336
Administration	562	46	240	848	13,846
Total Exploration	4,744	28,637	153,446	186,827	944,258
Acquisition/ Development Costs	60,909	115,095	90,000	266,004	3,614,375
Total	65,653	143,732	243,446	452,831	4,558,633

Mineral property acquisitions and agreements

Carlton / Aitkin and Rum River Properties

As a part of the acquisition of MPC Subco, the Corporation acquired the right, title, and interest to mineral property interests located in Carlton, Aitkin, Kanabec and Mille Lacs counties in Minnesota. The Corporation relinquished its interest in the Rum River properties, as well as a portion of the Carlton-Aitkin properties, located in Minnesota U.S.A. The Corporation now retains only its interest in the Lawman leases that are part of the Carlton-Aitkin property.

Armstrong agreement

On September 19, 2011 the Corporation signed an agreement, which was amended on September 12, 2012, to acquire a 100% interest in the Armstrong Property located in New Brunswick. As consideration, the Corporation is required to make the following payments: (i) \$40,000 cash payment was paid upon signing the agreement; (ii) \$70,000 in exploration expenditures before the Corporation lists on the stock exchange (this has been satisfied by the Corporation); (iii) \$30,000 in cash payment on the date the Corporation lists on the stock exchange; (iv) \$90,000 worth of common shares on or prior to January 17, 2013; (v) \$40,000 in cash payment and \$40,000 worth of common shares on or prior to January 17, 2014; (vi) \$40,000 in cash payment, \$40,000 worth of common shares and \$2,500,000 of exploration expenditures (\$1,250,000 on diamond drilling) on or prior to January 17, 2015; (vii) \$25,000 in cash payment, and \$25,000 worth of common shares on or prior to January 17, 2016; and (viii) \$25,000 in cash payment, and \$25,000 worth of common shares and an additional \$2,500,000 of exploration expenditures on or prior to January 17, 2017.

There is a 1.5% NSR on the property in favour of the vendor, 0.5% of the NSR can be purchased by the Corporation for \$2,000,000 on or before delivery of a positive feasibility study. An additional 0.5% of the NSR can be purchased for \$2,500,000 on or before commencement of commercial production.

The Corporation is required to make \$25,000 annual advance royalty payments after the Corporation acquires a 100% interest in the property until delivery of a positive feasibility study. \$50,000 in annual advance royalty payments shall be made following delivery of a positive feasibility study up until the first anniversary date following commercial production. Advance royalty payments are deductible against proceeds of the NSR.

Bonus cash payments to vendor are as follows: (i) \$25,000 and \$50,000 worth of common shares upon discovery of volcanic-hosted massive sulphides ("VHMS") in situ on the property greater than 5% lead-zinc-copper over 1 metre; (ii) \$125,000 cash and \$150,000 worth of common shares upon delineation of a VHMS deposit in excess of 1,000,000 tonnes (greater than 5% lead-zinc-copper)

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Penalty payments to the vendor are as follows: (i) \$25,000 in the event the Corporation does not list on a stock exchange in North America prior to March 19, 2012, and \$25,000 in the event the Corporation does not list on a stock exchange in North America prior to October 17, 2012. \$25,000 has been paid by the Corporation for not meeting the March 19, 2012 listing deadline.

Clarence Stream Agreements

(i) On March 7, 2012 the Corporation executed an agreement, which was amended March 29, 2012, and further amended September 6, 2012, to purchase a 30% interest in the Clarence Stream property located in New Brunswick from Rockport Mining Corp. ("RMC"). The amended agreement states that provided Wolfden obtains receipt for the preliminary prospectus on or before September 30, 2012, the agreement has amended the definition for the "Closing Date" to the date within 90 days of the Corporation's receipt of its Final Prospectus, and no later than November 30, 2012. On the Closing Date, RMC will sell, assign and transfer to the Corporation the Subject Interest and the Exploration Data, and the Corporation will purchase the Subject Interest and Exploration Data from RMC, for the following consideration:

- (a) A non-refundable deposit of \$75,000 paid on signing of the agreement;
- (b) the sum of \$1,000,000, payable by the Corporation to RMC (or its designated Affiliate); and
- (c) the allotment and issuance by the Corporation to RMC (or its designated Affiliate, subject to compliance with Applicable Securities Laws), of that number of IPO Securities having a deemed aggregate value equal to \$560,000 (the "Transaction Units") at a price per Transaction Unit equal to the IPO price of the IPO Securities.

Following the Closing Date, the Corporation agrees to retain qualified RMC consultants and personnel (the "Consultants") to assist the Corporation with future exploration work with respect to the Property and pay such Consultants an aggregate of up to \$5,000 per month at industry standard rates for a period of 12 months following the Closing Date for aggregate payments to the Consultants of \$60,000. In the event exploration work ceases or is delayed during the 12 month period following the Closing Date, such retainer and payments will be delayed and such time deadline will be extended for a time equal to such period that exploration work on the Property has ceased or been delayed and the balance of the \$60,000 not paid shall be carried forward until a total of \$60,000 has been expended.

(ii) On January 13, 2012 the Corporation executed an agreement to purchase a 70% interest in the Clarence Stream property located in New Brunswick from Cliffs Chromite Ontario Inc ("Cliffs"). This agreement was amended on March 30, 2012, and then further amended on September 10, 2012 to extend the Effective Date of the agreement. On the Effective Date, Cliffs sold, assigned and transferred to the Corporation the Subject Interest and the Exploration Data, and the Corporation purchased the Subject Interest and Exploration Data from Cliffs, for the following consideration:

- (a) the sum of \$10, paid by the Corporation to Cliffs on the Effective Date;
- (b) the sum of \$2,000,000, payable by the Corporation to Cliffs (or its designated Affiliate) within five (5) Business Days of the Listing Date;
- (c) the allotment and issuance by the Corporation to Cliffs (or its designated Affiliate, subject to compliance with Applicable Securities Laws), within five (5) Business Days of the Listing Date, of that number of Shares having a deemed aggregate value equal to \$1,600,000 (the "Transaction Shares") at a price per Share equal to the IPO price of the Shares;
- (d) the grant by, and agreement of, the Corporation to pay on behalf of itself and its successors and assigns, and the reservation by Cliffs on behalf of itself and its successors and assigns of, a 1% net smelter returns royalty on the Property (the "Net Smelter Returns Royalty") in perpetuity for each year with respect to all Minerals, all as more formally provided in the Royalty Agreement; and
- (e) the assumption of certain liabilities by the Corporation.

Retransfer

If a Going Public Event has not been completed on or before November 30, 2012, Cliffs may at any time after November 30, 2012 until the date that is 24 months after the Effective Date call for the retransfer of the Subject Interest, in which event the Corporation will retransfer or cause its successors or assigns to transfer the Subject Interest and the Exploration Data (together with any such data generated by or on behalf of the Corporation with respect to the Property from and after the Effective Date) to Cliffs (or its designated Affiliate) for no additional consideration and at the Corporation's sole expense, and with all Claims included in the Subject Interest in good standing (including without limitation payment of all rent (\$30/Claim) and assessment

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work (\$500/Claim) required to renew the Claims that would otherwise expire on October 26, 2012). From and after November 30, 2012, if a Going Public Event has not yet occurred, the Corporation and its successors and assigns will at the request of Cliffs afford Cliffs and its Affiliates and representatives unrestricted access to all information and documentation that may be relevant to a decision by Cliffs to exercise its right. In the event that Cliffs exercises its retransfer right, the Corporation will have no further interest in the Claims and will indemnify Cliffs for any losses incurred in respect of activities undertaken by or on behalf of the Corporation in relation to the Subject Interest from and after the Effective Date, and Cliffs shall be entitled to terminate this Agreement at any time following such retransfer. As of the effective time of such retransfer, the Corporation will be released from its obligation to pay and discharge the Assumed Liabilities, other than any such liabilities accruing or arising following the Effective Date and prior to the effective time of such retransfer, and the Corporation will be obligated to maintain any retained Exploration Data as confidential information. In addition, the parties acknowledge that the Royalty Agreement will terminate effective upon the effective time of such retransfer.

There is a 2% and 1 % Net Smelter Royalty ("NSR") on the property, and the Corporation is required to make \$15,000 advance royalty payments which are deductible against the 2% NSR.

8. SHARE CAPITAL AND RESERVES

i. Authorized

The Corporation is authorized to issue an unlimited number of common shares.

ii. Details of share issuances

2012

On March 13, 2012 the Corporation completed a private placement of 720,000 Units at a price of \$0.25 per Unit ("Units") for gross proceeds of \$180,000. Each Unit is comprised of one common share and one-half of one common share purchase warrant. Each whole common share purchase warrant is exercisable to purchase one common share of the Corporation for a period of 24 months at a price of \$0.40.

2011

On February 25, 2011 the Corporation completed a private placement of 5,095,000 Units at a price of \$0.25 per Unit ("Units") for gross proceeds of \$1,273,750. Each Unit is comprised of one common share and one-half of one common share purchase warrant. Each whole common share purchase warrant is exercisable to purchase one common share of the Corporation for a period of 12 months at a price of \$0.40.

iii. Warrants

The following table reflects the continuity of warrants as at June 30, 2012:

Expiry Date	Exercise Price \$	2012 Opening Balance #	Warrants Issued #	Warrants Exercised #	Warrants Expired #	2012 Closing Balance #
February 25, 2013	0.40	2,547,500	-	-	-	2,547,500
March 13, 2013	0.40	-	360,000	-	-	360,000
		2,547,500	360,000	-	-	2,907,500
Weighted average exercise price		0.40	0.40	-	-	0.40

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iv. Share purchase option compensation plan

The Corporation has a stock option plan (the "Plan") which is restricted to directors, officers, key employees and consultants of the Corporation. The number of common shares subject to options granted under the Plan (and under all other management options and employee stock purchase plans) is limited to 10% in the aggregate and 5% with respect to any one optionee of the number of issued and outstanding common shares of the Corporation at the date of the grant of the option. Options issued under the Plan may be exercised during a period determined by the Board of Directors which cannot exceed ten years.

The following table reflects the stock options outstanding as at June 30, 2012:

Expiry Date	Exercise Price \$	2012 Opening Balance #	Granted #	Exercised #	Expired/ Cancelled #	2012 Closing Balance #
March 9, 2022	0.75	-	1,510,000	-	-	1,510,000
Weighted average exercise price		-	0.75	-	-	0.75

The Corporation applies the fair value method of accounting for all stock based compensation awards and accordingly, \$312,570 was recorded as compensation for the options (2011 - \$NIL was recorded as compensation for the year). As of June 30, 2012 there were no unvested stock options.

For purposes of the options granted, the fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model, with the following assumptions:

	2012	2011
Risk-free interest rate	2.02%	-
Annualized volatility	100%	-
Expected dividend	NIL	NIL
Expected option life in years	10 years	-

9. LOSS PER SHARE

Both the basic and diluted earnings per share have been calculated using the loss attributable to shareholders of the Corporation as the numerator. No adjustments to profit were necessary in 2012 or 2011.

	2012	2011
Numerator:		
Net loss	(1,013,499)	(1,405,402)
Denominator:		
Weighted average number of common shares	25,484,542	24,271,634
Basic and diluted loss per share	(0.04)	(0.06)

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**NOTES TO CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS**(Stated in Canadian Dollars)
(Unaudited)For the six months ended June 30, 2012
(with comparative figures for the year ended December 31, 2011)**10. RELATED PARTY TRANSACTIONS**

The Corporation's related parties include key management personnel and entities over which they have control or significant influence as described below.

	Nature of transactions
DSA Corporate services	Corporate secretarial
D & R Filing services	Filing services
The Alyris Group	Accounting, management and facilities rental
Alyris Leasing Inc.	Facilities

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

The following are the related party transactions, recorded at the exchange amount as agreed to by the parties:

[a] Included in general and administrative expenses are amounts totaling \$63,058 (2011 - \$93,250) paid to a company controlled by an officer and director of the Corporation for accounting, rent and management support related charges.

[b] Included in general and administrative expenses are amounts totalling \$940 (2011 - \$22,476) paid to a Company that is an insider of the Corporation and shares common directors with the Corporation, for administrative and management services.

[c] Included in equipment and leaseholds are amounts totaling \$90,750 (2011 - \$NIL) for leasehold paid to a company related to the Corporation through a common officer.

Key management personnel remuneration includes the following amounts:

	2012 \$	2011 \$
Salary and wages	92,907	120,508
Share-based payments	56,925	-
	149,832	120,508

11. COMMITMENTS

The Corporation has commitments relating to an office lease expiring June 2017.

The minimum payments are as follows:

	\$
2012	29,494
2013	58,988
2014	58,988
2015	58,987
2016	58,987
Thereafter	29,494
	294,938

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12. FINANCIAL INSTRUMENTS AND RELATED RISKS

The Corporation's operations include the acquisition and exploration of mineral properties in Canada. The Corporation examines the various financial risks to which it is exposed and assesses the impact and likelihood of occurrence. These risks may include credit risk, liquidity risk, currency risk, interest rate risk and other risks. Where material, these risks are reviewed and monitored by the Board of Directors.

[a] Credit Risk

Counterparty credit risk is the risk that the financial benefits of contracts with a specific counterparty will be lost if a counterparty defaults on its obligations under the contract. This includes any cash amounts owed to the Corporation by those counterparties, less any amounts owed to the counterparty by the Corporation where a legal right of off-set exists and also includes the fair values of contracts with individual counterparties which are recorded in the financial statements.

- i) Trade credit risk
The Corporation is in the exploration stage and has not yet commenced commercial production or sales. Therefore, the Corporation is not exposed to significant credit risk and overall the Corporation's credit risk has not changed significantly from the prior year.
- ii) Cash and cash equivalents
In order to manage credit and liquidity risk the Corporation invests only in highly rated investment grade instruments that have maturities of six months or less. Limits are also established based on the type of investment, the counterparty and the credit rate.
- iii) Derivative financial instruments
As at June 30, 2012, the Corporation has no derivative financial instruments. It may in the future enter into derivative financial instruments in order to manage credit risk, it will only enter into derivative financial instruments with highly rate investment grade counterparties.

[b] Liquidity risk

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

Accounts payable and accrued liabilities are due within the current operating period.

[c] Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Corporation will realize a significant loss as a result of a decline in the fair market value is limited as the Corporation holds all of its funds in cash.

[d] Currency risk

The Corporation is exposed to the financial risk related to the fluctuation of foreign exchange rates. The functional and reporting currency of the Corporation is the Canadian dollar, however it has operations located in the United States, and as such is subject to fluctuations in that currency. Changes in the currency exchange rates between the Canadian dollar relative to the US dollar could have an effect on the Corporation's results of operations, financial position or cash flows. The Corporation has not hedged its exposure to currency fluctuations. At June 30, 2012 a 100 basis point decrease/increase in the U.S. Dollar would result in a foreign exchange gain/loss of approximately CDN\$2,200.

The Corporation does not invest in derivatives to mitigate these risks.

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(with comparative figures for the year ended December 31, 2011)

13. MANAGEMENT OF CAPITAL RISK

The Corporation manages its common shares, stock options and warrants as capital. The Corporation's objectives when managing capital are to safeguard the Corporation's ability to continue as a going-concern in order to pursue the exploration of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Corporation manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Corporation may attempt to issue new shares and, acquire or dispose of assets.

In order to maximize ongoing exploration efforts, the Corporation does not pay out dividends. The Corporation's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with short-term maturities, selected with regard to the expected timing of expenditures from continuing operations.

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table sets forth the Corporation's financial assets measured at fair value by level within the fair value hierarchy.

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Assets				
Cash and cash equivalents	126,274	-	-	126,274
	126,274	-	-	126,274

Financial Statements
(Stated in Canadian Dollars)

Wolfden Resources Corporation
December 31, 2011 and 2010



Independent Auditor's Report

Grant Thornton LLP
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To the Directors of

Wolfden Resources Corporation

We have audited the accompanying consolidated financial statements of Wolfden Resources Corporation, which comprise the consolidated financial position as at December 31, 2011, December 31, 2010, and December 31, 2009, the consolidated statements of comprehensive loss, changes in equity and cash flows for the years ended December 31, 2011 and December 31, 2010 and the period from August 12, 2009, the date of incorporation, to December 31, 2009, 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 consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the consolidated 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Wolfden Resources Corporation as at December 31, 2011, December 31, 2010, and December 31, 2009 and the results of its operations and its cash flows for the years ended December 31, 2011 and December 31, 2010 and the period from August 12, 2009, the date of incorporation, to December 31, 2009, in accordance with International Financial Reporting Standards.

Thunder Bay, Canada
September ♦, 2012

Chartered Accountants
Licensed Public Accountants

Wolfden Resources Corporation
(Incorporated under the laws of Ontario)

STATEMENTS OF FINANCIAL POSITION
(Stated in Canadian Dollars)

As of

	December 31, 2011 \$	December 31, 2010 \$	December 31, 2009 \$
		[note 16]	[note 16]
ASSETS			
Non-current assets			
Equipment [note 6]	22,292	-	-
Total non-current assets	22,292	-	-
Current assets			
Cash and cash equivalents	814,376	1,115,389	2,339,520
Accounts receivable	46,580	429	79,154
Prepays and deposits	66,003	-	-
Total current assets	926,959	1,115,818	2,418,674
Total Assets	949,251	1,115,818	2,418,674
EQUITY			
Share capital [note 8]	5,547,672	4,273,922	2,433,238
Reserves	(95,601)	(59,717)	-
Deficit	(4,612,572)	(3,243,054)	(37,074)
Total equity	839,499	971,151	2,396,164
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	109,752	144,667	22,510
Total equity and liabilities	949,251	1,115,818	2,418,674

Commitments [note 12]

Subsequent events [note 15]

See accompanying notes to the financial statements

These condensed consolidated financial statements are authorized for issue by the Board of Directors on April 3, 2012

They are signed on the Corporation's behalf by:

"Ewan Downie"
Director

"William McCrindle"
Director

Wolfden Resources Corporation
(Incorporated under the laws of Ontario)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

Years ended December 31, 2011 and 2010, and for the period from the date of incorporation on August 12, 2009 to December 31, 2009
(Stated in Canadian Dollars)

	2011	2010 \$ [note 16]	2009 \$ [note 16]
REVENUE			
Investment income	7,163	463	47
EXPENSES			
Amortization	4,776	-	-
Consulting	39,991	1,930	-
Exchange (gain) loss	(31,807)	-	15,448
Exploration [note 7]	978,564	3,127,238	-
General and administrative	293,952	10,911	69
Professional fees	91,205	66,364	21,604
	1,376,681	3,206,443	37,121
Loss for the year	(1,369,518)	(3,205,980)	(37,074)
Exchange differences on translation of foreign operations	35,884	59,717	-
Comprehensive loss for year	(1,405,402)	(3,265,697)	(37,074)
Basic and diluted loss per share [note 9]	(0.06)	(0.19)	(0.03)

See accompanying notes to the financial statements

Wolfden Resources Corporation
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CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, 2011 and 2010, and for the period from the date of incorporation on August 12, 2009 to December 31, 2009
(Stated in Canadian Dollars)

	2011	2010 \$	2009 \$
		<i>[note 16]</i>	<i>[note 16]</i>
OPERATING ACTIVITIES			
Loss and comprehensive loss for year	(1,405,402)	(3,265,697)	(37,074)
Add charges (deduct credits) to earnings not involving a current payment (receipt) of cash			
Amortization	4,776	-	-
Exchange loss	4,077	59,717	15,448
Non-cash acquisition costs	-	1,840,684	-
	(1,396,549)	(1,365,296)	(21,626)
Net change in non-cash working capital balances related to operations	(151,146)	62,436	6,637
Cash used in operating activities	(1,547,695)	(1,302,860)	(14,989)
INVESTMENT ACTIVITIES			
Purchase of equipment	(27,068)	-	-
Cash used in investment activities	(27,068)	-	-
FINANCING ACTIVITIES			
Proceeds from shares issued in private placements and share subscriptions	1,273,750	78,729	2,355,001
Share issue costs	-	-	(492)
Cash provided by financing activities	1,273,750	78,729	2,354,509
Increase (decrease) in cash and cash equivalents during year	(301,013)	(1,224,131)	2,339,520
Cash and cash equivalents, beginning of year	1,115,389	2,339,520	-
Cash and cash equivalents, end of year	814,376	1,115,389	2,339,520

Wolfden Resources Corp.
(Incorporated under the laws of Ontario)

STATEMENT OF CHANGES IN EQUITY
(Stated in Canadian Dollars)

Issued and outstanding:	Number of Shares	Share Capital	Warrants	Reserves					Total Equity
				Equity Settled Employee Benefits	Agents' Options	Available-for-sale financial assets	Foreign currency translation	Deficit	
Balance as at August 12, 2009	-	-	-	-	-	-	-	-	-
Shares issued as seed shares	100	1	-	-	-	-	-	-	1
Shares issued as founders shares	450,000	45,000	-	-	-	-	-	-	45,000
Shares issued in private placement	11,374,900	2,388,729	-	-	-	-	-	-	2,388,729
Share issue costs	-	(492)	-	-	-	-	-	-	(492)
Loss and comprehensive loss for the period	-	-	-	-	-	-	-	(37,074)	(37,074)
Balance as at December 31, 2009	11,825,000	2,433,238	-	-	-	-	-	(37,074)	2,396,164
Shares issued for acquisition of MPC Subco <i>[note 8]</i>	7,883,333	1,778,184	-	-	-	-	-	-	1,778,184
Shares issued pursuant to Letter of Intent <i>[note 8]</i>	250,000	62,500	-	-	-	-	-	-	62,500
Loss and comprehensive loss for the period	-	-	-	-	-	-	(59,717)	(3,205,980)	(3,265,697)
Balance as at December 31, 2010	19,958,333	4,273,922	-	-	-	-	(59,717)	(3,243,054)	971,151
Private placement	5,095,000	1,273,750	-	-	-	-	-	-	1,273,750
Loss and comprehensive loss for the period	-	-	-	-	-	-	(35,884)	(1,369,518)	(1,405,402)
Balance as at December 31, 2011	25,053,333	5,547,672	-	-	-	-	(95,601)	(4,612,572)	839,499

See accompanying notes to the consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2011 and 2010, and for the period from the date of incorporation on August 12, 2009 to December 31, 2009
(Stated in Canadian Dollars)

1. NATURE OF BUSINESS

Wolfden Resources Corporation (the "Corporation" or "Wolfden") was incorporated under the laws of the Province of Ontario on August 12, 2009.

2. ACQUISITION OF MPC SUB CORPORATION

On April 23, 2010, the Corporation acquired all of the outstanding and issued shares in the capital of MPC Sub Corporation ("MPC Subco") from Mineral Processing Corporation ("MPC") (the "Transaction"). Under the terms of the Transaction, Wolfden issued an aggregate of 7,883,333 common shares to MPC, and paid \$125,000 USD in cash for total purchase consideration of \$1,905,458 CDN.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance and Conversion to International Financial Reporting Standards

These are the Corporation's first IFRS consolidated financial statements for the period covered by the first IFRS annual financial statements to be presented in accordance with IFRS for the year ending December 31, 2011. Previously, the Corporation prepared its annual financial statements in accordance with Canadian generally accepted accounting principles ("GAAP").

Basis of presentation

The consolidated financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

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

These consolidated financial statements including comparatives have been prepared on the basis of IFRS standards that are effective or available for early adoption on December 31, 2011, the Corporation's first annual reporting date.

The preparation of these consolidated financial statements resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under GAAP. The accounting policies set out below have been applied consistently to all periods presented in these condensed consolidated interim financial statements. They also have been applied in preparing an opening IFRS balance sheet at August 12, 2009 for the purposes of the transition to IFRS, as required by IFRS 1, First Time Adoption of International Financial Reporting Standards (IFRS 1). The impact of the transition from GAAP to IFRS is explained in [note 16].

Basis of consolidation

The Corporation's financial statements consolidate those of the parent Corporation and its subsidiary undertaking drawn up to December 31, 2011. Subsidiaries are all entities over which the Corporation has the power to control the financial and operating policies. The Corporation obtains and exercises control through more than half of the voting rights. The Corporation's only subsidiary has a reporting date of December 31. The Corporation's subsidiary is:

	Percentage of ownership	Jurisdiction	Principal activity
MPC Sub Corporation.	100%	Michigan	Mineral exploration

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All transactions and balances between the Corporation and its subsidiary are eliminated on consolidation. Amounts reported in the financial statements of the subsidiary have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Corporation

Business combinations

The Corporation recognizes identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognised amount of any non-controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

Joint venture operations

Operations that are jointly owned or jointly controlled by the Corporation and other venturers independent of the Corporation (joint ventures) are accounted for using the proportionate consolidation method, whereby the Corporation's share of the assets, liabilities, income and expenses is included line by line in the condensed consolidated interim financial statements.

Unrealized gains and losses on transactions between the Corporation and its joint ventures are eliminated to the extent of the Corporation's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

Amounts reported in the financial statements of jointly controlled entities have been adjusted where necessary to ensure consistency with the accounting policies of the Corporation.

Foreign currency translation

The consolidated financial statements are presented in Canadian dollars (CDN), which is also the functional currency of the Corporation.

Foreign currency transactions are translated into the functional currency of the respective Corporation, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year-end exchange rates are recognised in profit or loss.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

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In the Corporation's financial statements, all assets, liabilities and transactions of Corporation entities with a functional currency other than the CDN (the Corporation's presentation currency) are translated into CDN. The functional currency of the entities in the Corporation have remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into CDN at the closing rate at the reporting date. Income and expenses have been translated into the Corporation's presentation currency at the average rate over the reporting period. Exchange differences are charged/credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into CDN at the closing rate.

Financial instruments

Financial assets and financial liabilities are recognised when the Corporation becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value adjusted by transactions costs, and subsequently accounted for at amortized cost, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets and financial liabilities are measured subsequently as described below.

Financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- loans and receivables
- financial assets at fair value through profit or loss
- held-to-maturity investments
- available-for-sale financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that the recoverable amount of a financial asset or a group of financial assets exceeds its carrying amount. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within 'general and administrative costs', 'finance income' or 'other financial items', except for impairment of trade receivables which is presented within 'other expenses'.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Corporation's cash and cash equivalents, and trade and most other receivables fall into this category of financial instruments.

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Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty may default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below).

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of derivative financial instruments are determined by reference to active market transactions or using a valuation technique where no active market exists.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as held-to-maturity if the Corporation has the intention and ability to hold them until maturity. The Corporation currently does not hold any investments designated into this category.

Held-to-maturity investments are measured subsequently at amortised cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognised in profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Corporation's does not hold any available-for-sale financial assets.

All other available-for-sale financial assets are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the available-for-sale reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income. Interest calculated using the effective interest method and dividends are recognised in profit or loss within 'finance income'.

Reversals of impairment losses are recognised in other comprehensive income, except for financial assets that are debt securities which are recognised in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognised.

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Financial liabilities

The Corporation's financial liabilities include trade and other payables.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss, that are carried subsequently at fair value with gains or losses recognised in profit or loss.

All derivative financial instruments that are not designated and effective as hedging instruments are accounted for at fair value through profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within 'general and administrative costs'.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each financial position reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flow of the investment have been impacted. For unlisted shares classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default of delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as amounts receivable and deposits, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decreases can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. In respect of AFS equity securities, impairment losses previously recognized through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

Exploration and evaluation

The Corporation is in the process of exploring its mineral properties and chooses to expense acquisition costs for property rights. Mineral property acquisition costs include the cash consideration given, direct legal costs incurred for the acquisition, and issuance of shares for mineral property interests. Where the Corporation has entered into an option agreement for the acquisition of an interest in a mineral property which provides for periodic payments, such amounts unpaid are not recorded as a liability since they are payable entirely at the Corporation's discretion.

The Corporation has adopted the policy of expensing exploration costs and periodic maintenance costs incurred prior to the determination that a property has economically recoverable reserves.

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Equipment

Equipment is carried at acquisition cost less subsequent depreciation and impairment losses.

Depreciation is recognised on a declining balance basis to write down the cost or valuation less estimated residual value of equipment. The rates generally applicable are:

Vehicles	30%
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Material residual value estimates and estimates of useful life are updated as required, but at least annually, whether or not the asset is revalued.

Gains or losses arising on the disposal of equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Impairment

At each financial position reporting date the carrying amounts of the Corporation's non-financial assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair values less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Share capital

Share capital represents the fair value of consideration received.

Share-based payment transactions

The Corporation has an equity-settled share-based remuneration plans for its employees, directors and consultants. The Corporation's plan does not feature any options for a cash settlement.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date.

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All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to 'reserves'.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as share premium.

Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax expense is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Corporation and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income. To the extent that the Corporation does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance against the excess.

Deferred tax assets and liabilities are offset only when the Corporation has a right and intention to offset current tax assets and liabilities from the same taxation authority

Changes in deferred tax assets or liabilities are recognised as a component of taxable income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

Loss per share

The Corporation presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Corporation by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

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Segment reporting

An operating segment is a component of an entity (i) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), (ii) whose operating results are regularly reviewed by the entity's management, and (iii) for which discrete financial information is available. The Corporation's operating segments are its separately identifiable exploration and evaluation properties. The Corporation also discloses information on a geographic basis.

Significant accounting judgments and estimates

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the balance sheet date that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- i. the recoverability of amounts receivable and deposits which are included in the statement of financial position.
- ii. the estimated useful lives of property, plant and equipment which are included in the consolidated statement of financial position and the related depreciation included in the consolidated statement of comprehensive loss;
- iii. the provision for income taxes which is included in the consolidated statements of comprehensive loss and composition of deferred income tax assets and liabilities included in the consolidated statement of financial position.

Interest

Interest income and expense is reported on an accrual basis using the effective interest method.

Operating expenses

Operating expenses are recognised in profit or loss upon utilization of the service or at the date of their origin.

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4. RECENT ACCOUNTING PRONOUNCEMENTS

The Corporation has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Corporation has not yet early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its consolidated financial statements.

a) Accounting Standards Issued and Effective January 1, 2012

IAS 12, Income Taxes (Amended), introduces an exception to the general measurement requirements of IAS 12 in respect of investment properties measured at fair value

IFRS 7, Financial Instruments: Disclosures (Amended), requires additional disclosures on transferred financial assets.

b) Accounting Standards Issued and Effective January 1, 2013

IFRS 9, Financial Instruments, replaces the current standard IAS 39, Financial Instruments: Recognition and Measurement, replacing current classification and measurement criteria for financial assets and liabilities with only two classification categories: amortized cost and fair value.

IFRS 10, Consolidated Financial Statements, establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. This standard:

- Requires a parent entity (an entity that controls one or more other entities) to present consolidated financial statements;
- Defines the principle of control, and establishes control as the basis for consolidated;
- Sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee; and
- Sets out the accounting requirements for the preparation of consolidated financial statements

IFRS 10 supersedes IAS 27 and SIC-12, Consolidation - Special Purpose Entities.

IFRS 11, Joint Arrangements, establishes the core principle that a party to a joint arrangement determines the type of joint arrangements in which it is involved by assessing its rights and obligations and accounts for those rights and obligations in accordance with the type of joint arrangement.

IFRS 12, Disclosure of Involvement with Other Entities, requires the disclosure of information that enables users of consolidated financial statements to evaluate the nature of and risks associated with, its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

IFRS 13, Fair Value Measurement, defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except for the following:

- Share-based payment transactions within the scope of IFRS 2, Share-based Payment;
- Leasing transactions within the scope of IAS 17, Leases;
- Measurements that have some similarities to fair value but that are not fair value, such as net realizable value in IAS2, Inventories, or value in use in IAS 36, Impairment Assets.

IAS 27, Separated Financial Statements, has the objective of setting standards to be applied in accounting for investments in subsidiaries, jointly ventures, and associates an entity elects, or is required by local regulations, to present separate (non-consolidated) financial statements.

IAS 28, Investments in Associates and Joint Ventures, prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. IAS 28 applies to all entities that are investors with joint control of, or significant influence over, an investee (associated or joint venture).

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IFRIC Interpretation 20, Stripping Costs in the Production Phase of a Surface Mine, summarizes the method of accounting for waste removal costs incurred as a result of surface mining activity during the production phase of a mine.

5. SEGMENTED INFORMATION

The Corporation's significant segments are represented by its separately identifiable exploration and evaluation properties (see Note 7 for disclosure by property). The Corporation also operates in two distinct geographic areas. The Canadian operations are managed from the Corporation's head office in Thunder Bay. The U.S. operations are managed from an office in Minnesota.

Country / Region	As at December 31, 2011	<u>NON-CURRENT ASSETS</u>		<u>LOSS AND COMPREHENSIVE LOSS</u>	
		Year ended			
		December 31, 2011		December 31, 2010	
	\$	\$		\$	
Canada	22,292	693,244		9,161	
U.S.A.	-	712,158		3,256,536	
	22,292	1,405,402		3,265,697	

For the period ended December 31, 2009 all of the loss and comprehensive loss is attributed to Canada.

6. EQUIPMENT

Vehicles		\$
Cost		
Balance, January 1, 2011		-
Assets acquired		27,068
Balance, December 31, 2011		27,068
Accumulated depreciation		
Balance, January 1, 2011		-
Depreciation for the period		4,776
Balance, December 31, 2011		4,776
Carrying amounts		
January 1, 2011		-
December 31, 2011		22,292

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7. EXPLORATION AND EVALUATION PROPERTIES AND EXPENSES

	Carlton / Aitkin	Rum River	Winterfire	Other	Total expensed for current period	Total expenses inception to date
Analytical / Sampling	86	-	3,944	44,238	48,267	103,251
Geological	742	45,917	1,533	194,997	243,189	344,114
Geophysical	2,374	29,552	14,793	-	46,719	47,408
Transportation/ Accommodation	171	980	-	-	1,151	17,587
Exploratory Drilling	46,310	-	173,040	-	219,350	215,315
Operations Support	166	11	556	-	733	16,758
Administration	8,133	-	1,066	-	9,199	12,998
Total Exploration	57,982	76,460	194,932	239,235	568,609	757,431
Acquisition/ Development Costs	119,182	254,192	-	36,581	409,955	3,348,371
Total	177,164	330,652	194,932	275,816	978,564	4,105,802

Mineral property acquisitions and agreements

Carlton / Aitkin and Rum River Properties

As a part of the acquisition of MPC Subco, the Corporation acquired the right, title, and interest to mineral property interests located in Carlton, Aitkin, Kanabec and Mille Lacs counties in Minnesota, U.S.A. Subsequent to year end the Corporation relinquished its interest in the Rum River properties, as well as a portion of the Carlton-Aitkin properties. The Corporation now retains only its interest in the Lawman leases that are part of the Carlton-Aitkin property (see note 15 – subsequent events).

Winterfire property

On November 24, 2010 the Corporation signed a letter of intent ("LOI") with Prime Meridian Resources Inc. ("PMR"), with respect to the Winterfire property located in Koochiching County, Minnesota, U.S.A. (the "Property"). Subject to the other terms of the LOI and to the signing of a definitive Joint Venture Agreement, PMR granted Wolfden the right to acquire up to a 70% interest in the Property. As consideration for Wolfden to acquire an initial 60% interest in the Property, Wolfden was required to perform \$2.0 million in exploration expenditures within the first 4 years and issue 500,000 Wolfden shares to PMR on the following schedule: (i) 250,000 on date of signing the LOI; and (ii) 250,000 once Wolfden has completed its initial earn-in. An additional 10% could be obtained following the initial 60% earn-in if Wolfden issued an additional 500,000 shares to PMR, and funds all of the costs to the delivery to PMR for the completion of a feasibility study. On July 25, 2011 the Corporation provided Prime Meridian Resources Corp. with a formal letter of termination which terminated the LOI.

Infinity

On December 15, 2010 the Corporation signed an escrow and extension agreement with Infinity Gold Mining Inc. ("Infinity"), NGAS Production Co. ("NGAS"), and Carrel and Partners LLP, to conduct due diligence on certain mineral claims located on Unga Island and Popof Island in Alaska, U.S.A. (the "Claims"). Infinity currently holds an options to purchase the Claims from NGAS, and this agreement set out terms for Wolfden to perform due diligence on the Claims. On April 18, 2011, the escrow agent appointed under the agreement confirmed that the Corporation did not announce its satisfaction with its due diligence and that, accordingly, it was releasing back to the Corporation its closing funds.

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Armstrong agreement

On September 19, 2011 the Corporation signed an agreement, which was amended on September 12, 2012, to acquire a 100% interest in the Armstrong Property located in New Brunswick. As consideration, the Corporation is required to make the following payments: (i) \$40,000 cash payment upon signing the agreement (paid); (ii) \$70,000 in exploration expenditures before the Corporation lists on the stock exchange (this has been satisfied by the Corporation); (iii) \$30,000 in cash payment on the date the Corporation lists on the stock exchange; (iv) \$90,000 worth of common shares on or prior to January 17, 2013; (v) \$40,000 in cash payment and \$40,000 worth of common shares on or prior to January 17, 2014; (vi) \$40,000 in cash payment, \$40,000 worth of common shares and \$2,500,000 of exploration expenditures (\$1,250,000 on diamond drilling) on or prior to January 17, 2015; (vii) \$25,000 in cash payment, and \$25,000 worth of common shares on or prior to January 17, 2016; and (viii) \$25,000 in cash payment, and \$25,000 worth of common shares and an additional \$2,500,000 of exploration expenditures on or prior to January 17, 2017.

There is a 1.5% NSR on the property in favour of the vendor, 0.5% of the NSR can be purchased by the Corporation for \$2,000,000 on or before delivery of a positive feasibility study. An additional 0.5% of the NSR can be purchased for \$2,500,000 on or before commencement of commercial production.

The Corporation is required to make \$25,000 annual advance royalty payments after the Corporation acquires a 100% interest in the property until delivery of a positive feasibility study. \$50,000 in annual advance royalty payments shall be made following delivery of a positive feasibility study up until the first anniversary date following commercial production. Advance royalty payments are deductible against proceeds of the NSR.

Bonus cash payments to vendor are as follows: (i) \$25,000 and \$50,000 worth of common shares upon discovery of volcanic-hosted massive sulphides ("VHMS") in situ on the property greater than 5% lead-zinc-copper over 1 metre; (ii) \$125,000 cash and \$150,000 worth of common shares upon delineation of a VHMS deposit in excess of 1,000,000 tonnes (greater than 5% lead-zinc-copper)

Penalty payments to the vendor are as follows: (i) \$25,000 in the event the Corporation does not list on a stock exchange in North America prior to March 19, 2012, and (ii) \$25,000 in the event the Corporation does not list on a stock exchange in Canada on or prior to October 17, 2012 which payment must be made on or before January 17, 2014. \$25,000 has been paid by the Corporation subsequent to year end for not meeting the March 19, 2012 listing deadline.

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8. SHARE CAPITAL

i. Authorized

The Corporation is authorized to issue an unlimited number of common shares.

ii. Details of share issuances

2009

Seed Shares

On August 12, 2009 the Corporation granted 100 common shares at a price of \$0.01 per share in return for services related to establishing the Corporation.

Founders Shares

On August 12, 2009 the Corporation undertook a private placement of Founders shares of 450,000 common shares at a price of \$0.10 per share.

Private Placement

During the period the Corporation issued an aggregate of 11,374,900 common shares (the "Common Shares") at a price of \$0.21 per Common Share for gross proceeds of \$2,388,729. The Common Shares were offered by way of non-brokered private placement exemptions in certain Provinces in Canada.

2010

Shares issued pursuant to acquisition of MPC Subco

On April 23, 2010 the Corporation issued 7,883,333 shares valued at \$1,778,184 pursuant to its acquisition of MPC Subco (Note 2).

Shares issued pursuant to Letter of Intent

On November 24, 2010 the Corporation issued 250,000 shares valued at \$62,500 in relation to the Letter of Intent signed for the Winterfire property (Note 7).

2011

On February 25, 2011 the Corporation completed a private placement of 5,095,000 Units at a price of \$0.25 per Unit ("Units") for gross proceeds of \$1,273,750. Each Unit is comprised of one common share and one-half of one common share purchase warrant. Each whole common share purchase warrant is exercisable to purchase one common share of the Corporation for a period of 24 months at a price of \$0.40.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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iii. Warrants

The following table reflects the continuity of warrants:

Expiry Date	Exercise Price \$	2011 Opening Balance #	Warrants Issued #	Warrants Exercised #	Warrants Expired #	December 31, 2011 Closing Balance #
February 25, 2013	0.40	-	2,547,500	-	-	2,547,500
		-	2,547,500	-	-	2,547,500

9. LOSS PER SHARE

Both the basic and diluted earnings per share have been calculated using the loss attributable to shareholders of the Corporation as the numerator. No adjustments to profit were necessary in 2011 or 2010.

	2011	2010	2009
<u>Numerator:</u>			
Net loss	(1,405,402)	(3,265,697)	(37,074)
<u>Denominator:</u>			
Weighted average number of common shares	24,271,634	17,293,082	1,256,830
	(0.06)	(0.19)	(0.03)

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10. INCOME TAXES

A reconciliation on income taxes at statutory rates are as follows:

	2011	2010	2009
Loss before income taxes	(1,405,402)	(3,265,697)	(37,074)
Statutory rate	36.70	45.00	31.00
Expected income tax recovery from applying tax rate	(516,313)	(1,468,281)	(11,493)
Increase in deferred tax assets not recognized	504,415	540,371	-
Non-deductible items	-	876,830	-
Other	11,898	51,080	11,493
Income tax expense (recovery)	-	-	-

The significant components of the Corporation's deferred tax assets (liabilities) are as follows:

	2011	2010	2009
Non-capital losses	135,356	29,070	10,380
Share issue costs	123	123	123
Exploration and evaluation expenditures	916,810	521,681	-
Total future income taxes	1,052,289	550,874	10,503
Valuation allowance	(1,052,289)	(550,874)	10,503
Net future tax liability	-	-	-

The Corporation has unclaimed common share issue costs of \$492 and non-capital losses of \$541,550 available to reduce future taxable income which expire as follows: \$37,197 in 2029, \$79,205 in 2030 and \$425,148 in 2031.

11. RELATED PARTIES

The following are the related party transactions, recorded at the exchange amount as agreed to by the parties:

Included in general and administrative expenses are amounts totaling \$93,250 (2010 - \$nil) paid to a company controlled by an officer and director of the Corporation for accounting, rent, and management related charges.

Included in general and administrative expenses are amounts totaling \$22,476 (2010 - \$38,475) paid to a Company that is an insider of the Corporation and shares common directors with the Corporation, for administrative and management services.

Transactions with key management personnel

Key management personnel remuneration includes the following expenses:

	2011	2010	2009
Salaries and wages	120,508	-	-
	120,508	-	-

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12. COMMITMENTS

The Corporation has commitments relating to an agreement on terms on which accounting services will be provided, leasehold improvements, a property management agreement expiring November 2012 and an office lease expiring April 2017.

The minimum payments are as follows:

	\$
2012	219,573
2013	62,270
2014	62,270
2015	62,270
2016	62,270
Thereafter	20,757
	489,410

13. FINANCIAL INSTRUMENTS AND RELATED RISKS

The Corporation's operations include the acquisition and exploration of mineral properties in Canada and the United States. The Corporation examines the various financial risks to which it is exposed and assesses the impact and likelihood of occurrence. These risks may include credit risk, liquidity risk, currency risk, interest rate risk and other risks. Where material, these risks are reviewed and monitored by the Board of Directors.

[a] Credit Risk

Counterparty credit risk is the risk that the financial benefits of contracts with a specific counterparty will be lost if a counterparty defaults on its obligations under the contract. This includes any cash amounts owed to the Corporation by those counterparties, less any amounts owed to the counterparty by the Corporation where a legal right of off-set exists and also includes the fair values of contracts with individual counterparties which are recorded in the financial statements.

- i) **Trade credit risk**
The Corporation is in the exploration stage and has not yet commenced commercial production or sales. Therefore, the Corporation is not exposed to significant credit risk and overall the Corporation's credit risk has not changed significantly from the prior year.
- ii) **Cash and cash equivalents**
In order to manage credit and liquidity risk the Corporation invests only in highly rated investment grade instruments that have maturities of six months or less. Limits are also established based on the type of investment, the counterparty and the credit rate.
- iii) **Derivative financial instruments**
As at December 31, 2011, the Corporation has no derivative financial instruments. It may in the future enter into derivative financial instruments and in order to manage credit risk, it will only enter into derivative financial instruments with highly rated investment grade counterparties.

[b] Liquidity risk

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

Accounts payable and accrued liabilities are due within the current operating period.

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[c] Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Corporation will realize a significant loss as a result of a decline in the fair market value of investments and other items held within cash and cash equivalents is limited given that the investments have a relatively short maturity. The Corporation manages its interest rate risk with investments by investing the funds in short-term investments and therefore is not exposed to significant fluctuations in interest rates.

[d] Currency risk

The Corporation is exposed to the financial risk related to the fluctuation of foreign exchange rates. The functional and reporting currency of the Corporation is the Canadian dollar, however it has operations located in the United States, and as such is subject to fluctuations in that currency. Changes in the currency exchange rates between the Canadian dollar relative to the US dollar could have an effect on the Corporation's results of operations, financial position or cash flows. The Corporation has not hedged its exposure to currency fluctuations. At December 31, 2011 a 100 basis point decrease/increase in the US dollar would result in a foreign exchange gain/loss of CDN\$6,724.

The Corporation does not invest in derivatives to mitigate these risks.

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

14. MANAGEMENT OF CAPITAL RISK

The Corporation manages its common shares and warrants as capital. The Corporation's objectives when managing capital are to safeguard the Corporation's ability to continue as a going-concern in order to pursue the exploration of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Corporation manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Corporation may attempt to issue new shares and, acquire or dispose of assets.

In order to maximize ongoing exploration efforts, the Corporation does not pay out dividends. The Corporation's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with short-term maturities, selected with regard to the expected timing of expenditures from continuing operations.

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The following table sets forth the Corporation's financial assets measured at fair value by level within the fair value hierarchy.

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Cash and cash equivalents	814,376	-	-	814,376
	814,376	-	-	814,376

15. SUBSEQUENT EVENTS

(i) On January 13, 2012 the Corporation executed an agreement to purchase a 70% interest in the Clarence Stream property located in New Brunswick from Cliffs Chromite Ontario Inc ("Cliffs"). This agreement was amended on March 30, 2012, and then further amended on September 10, 2012 to extend the Effective Date of the agreement. On the Effective Date, Cliffs sold, assigned and transferred to the Corporation the Subject Interest and the Exploration Data, and the Corporation purchased the Subject Interest and Exploration Data from Cliffs, for the following consideration:

- (a) the sum of \$10, paid by the Corporation to Cliffs on the Effective Date;
- (b) the sum of \$2,000,000, payable by the Corporation to Cliffs (or its designated Affiliate) within five (5) Business Days of the Listing Date;
- (c) the allotment and issuance by the Corporation to Cliffs (or its designated Affiliate, subject to compliance with Applicable Securities Laws), within five (5) Business Days of the Listing Date, of that number of Shares having a deemed aggregate value equal to \$1,600,000 (the "Transaction Shares") at a price per Share equal to the IPO price of the Shares;
- (d) the grant by, and agreement of, the Corporation to pay on behalf of itself and its successors and assigns, and the reservation by Cliffs on behalf of itself and its successors and assigns of, a 1% net smelter returns royalty on the Property (the "Net Smelter Returns Royalty") in perpetuity for each year with respect to all Minerals, all as more formally provided in the Royalty Agreement; and
- (e) the assumption of certain liabilities by the Corporation.

Retransfer

If a Going Public Event has not been completed on or before November 30, 2012, Cliffs may at any time after November 30, 2012 until the date that is 24 months after the Effective Date call for the retransfer of the Subject Interest, in which event the Corporation will retransfer or cause its successors or assigns to transfer the Subject Interest and the Exploration Data (together with any such data generated by or on behalf of the Corporation with respect to the Property from and after the Effective Date) to Cliffs (or its designated Affiliate) for no additional consideration and at the Corporation's sole expense, and with all Claims included in the Subject Interest in good standing (including without limitation payment of all rent (\$30/Claim) and assessment work (\$500/Claim) required to renew the Claims that would otherwise expire on October 26, 2012). From and after November 30, 2012, if a Going Public Event has not yet occurred, the Corporation and its successors and assigns will at the request of Cliffs afford Cliffs and its Affiliates and representatives unrestricted access to all information and documentation that may be relevant to a decision by Cliffs to exercise its right. In the event that Cliffs exercises its retransfer right, the Corporation will have no further interest in the Claims and will indemnify Cliffs for any losses incurred in respect of activities undertaken by or on behalf of the Corporation in relation to the Subject Interest from and after the Effective Date, and Cliffs shall be entitled to terminate this Agreement at any time following such retransfer. As of the effective time of such retransfer, the Corporation will be released from its obligation to pay and discharge the Assumed Liabilities, other than any such liabilities accruing or arising following the Effective Date and prior to the effective time of such retransfer, and the Corporation will be obligated to maintain any retained Exploration Data as confidential information. In addition, the parties acknowledge that the Royalty Agreement will terminate effective upon the effective time of such retransfer.

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There is a 2% and 1% Net Smelter Royalty ("NSR") on the property, and the Corporation is required to make \$15,000 advance royalty payments which are deductible against the 2% NSR.

(ii) On February 14, 2012 the Corporation signed an engagement agreement with Canaccord Genuity Corp. to act as agents (the "Agent") on a proposed Initial Public Offering ("IPO" or the "Offering") of \$11,000,000 of common shares and \$4,000,000 of flow-through common shares. The Agent will receive a cash commission of 6.0% of the aggregate gross proceeds, and will receive warrants exercisable at any time up to 24 months after the closing date to acquire, at the issue price of the flow through shares, that number of common shares of the Corporation equal to 7.0% of the number of shares sold under the Offering.

(iii) On March 7, 2012 the Corporation executed an agreement, which was amended March 29, 2012, and further amended September 6, 2012 to purchase a 30% interest in the Clarence Stream property located in New Brunswick from Rockport Mining Corp. ("RMC"). The amended agreement states that provided Wolfden obtains receipt for the preliminary prospectus on or before September 30, 2012, the agreement has amended the definition for the "Closing Date" to the date within 90 days of the Corporation's receipt of its Final Prospectus, and no later than November 30, 2012. On the Closing Date, RMC sells, assigns and transfers to the Corporation the Subject Interest and the Exploration Data, and the Corporation purchases the Subject Interest and Exploration Data from RMC, for the following consideration:

- (a) A non-refundable deposit of \$75,000 paid on signing of the agreement;
- (b) the sum of \$1,000,000, payable by the Corporation to RMC (or its designated Affiliate); and
- (c) the allotment and issuance by the Corporation to RMC (or its designated Affiliate, subject to compliance with Applicable Securities Laws), of that number of IPO Securities having a deemed aggregate value equal to \$560,000 (the "Transaction Units") at a price per Transaction Unit equal to the IPO price of the IPO Securities.

Following the Closing Date, the Corporation agrees to retain qualified RMC consultants and personnel (the "Consultants") to assist the Corporation with future exploration work with respect to the Property and pay such Consultants an aggregate of up to \$5,000 per month at industry standard rates for a period of 12 months following the Closing Date for aggregate payments to the Consultants of \$60,000. In the event exploration work ceases or is delayed during the 12 month period following the Closing Date, such retainer and payments will be delayed and such time deadline will be extended for a time equal to such period that exploration work on the Property has ceased or been delayed and the balance of the \$60,000 not paid shall be carried forward until a total of \$60,000 has been expended.

(iv) On March 9, 2012 the Corporation issued 1,510,000 stock options to various directors, employees and consultants. These options give the holder the right to purchase shares of the Corporation at a price of \$0.75 and expire March 9, 2022.

(v) On March 13, 2012 the Corporation completed a non-brokered private placement of 720,000 Units ("Unit") at a price of \$0.25 per share for gross proceeds of \$180,000. Each Unit entitles the purchaser to one common share and one-half common share purchase warrant entitling the purchaser to acquire one common share at a price of \$0.40, expiring March 13, 2013.

(vi) On March 29, 2012, the Company entered into the Loan Facility with a director of the Company, as amended on September 12, 2012, whereby amounts drawn down on the facility incur interest at 10% per annum and mature on November 30, 2012. Any principal and interest outstanding on the maturity date of the Loan Facility may be converted into Common Shares at the election of the holder at a 10% discount to the prior day's closing price of the Common Shares on a stock exchange in North America, provided that the holder may also elect to convert the principal amount of the Loan plus accrued interest thereon into Common Shares at the time of or in connection with the initial public offering by the Corporation of its Common Shares, in which case, the conversion price for such conversion shall be equal to the offering price per Common Share in connection with the IPO. If the Common Shares are not listed on a stock exchange in North America on the Maturity Date, the principal and accrued interest are not convertible into Common Shares under the Loan Facility.

(vii) On April 30, 2012, the Corporation relinquished its interest in the Rum River properties, as well as a portion of the Carlton-Aitkin properties, located in Minnesota U.S.A. The Corporation now retains only its interest in the Lawman leases that are part of the Carlton-Aitkin property.

(viii) On May 1, 2012, the Corporation entered into an Exploration License Agreement (the "Exploration License Agreement") with the holder of surface rights (the "Surface Rights Holder"), whereby the Surface Rights Holder granted certain exploration rights to the Corporation with respect to 11 claims that cover a portion of the mineralization of the Clarence Stream property. The exploration rights granted to the Corporation consist of the

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right to complete several diamond drill holes within certain drill zones as set out in the agreement and the acknowledgment that tree harvesting and surface disturbance is anticipated. Written approval by the Surface Rights Holder's representative is required for all planned activities prior to their actual commencement. In consideration for the grant of such rights, the Corporation paid \$1,250 to the Surface Rights Holder following entry into the Exploration License Agreement. Additionally, the Corporation is required to pay the following to the Surface Rights Holder:

- (a) \$3,000 per drill zone as set out in the Exploration License Agreement which is an area of land not greater than one mile in diameter, provided that in any particular drill zone, the rate per drill hole is not to be greater than \$1,000;
- (b) \$2,500 for road usage on the Clarence Stream property per 3 month period (or partial 3 month period);
- (c) \$600 per kilometer of survey line or cut line;
- (d) payment of the Surface Rights Holder's land manager charges, including an overhead charge of 33% related to the repair and maintenance of roads on the Clarence Stream property from excessive damage to the roads resulting from the Corporation's use; and
- (e) compensation for all timber and wood products which are cut or damaged by the Corporation's exploration activities as set out in the agreement.

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16. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

As stated in note 3, these are the Corporation's first consolidated financial statements for the year ended December 31, 2011 prepared in accordance with IFRS.

The accounting policies in note 3 have been applied in preparing the consolidated financial statements for the period ended December 31, 2009 and the year ended December 31, 2010 and the preparation of an opening IFRS statement of financial position on the Transition Date, August 12, 2009.

In preparing its opening IFRS statement of financial position, and comparative information financial statements for the period ended December 31, 2009 and the year ended December 31, 2010, the Corporation has adjusted amounts reported previously in financial statements prepared in accordance with previous GAAP.

An explanation of how the transition from previous GAAP to IFRS has affected the Corporation's financial position, financial performance and cash flows is set out in the following tables.

The guidance for the first time adoption of IFRS are set out in IFRS 1. IFRS 1 provides for certain mandatory exceptions and optional exception for first time adopters of IFRS. The Corporation has elected not to take any IFRS 1 optional exemptions.

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Reconciliation of Assets, Liabilities and Equity

	As at August 12, 2009		
	GAAP	Effect of transition to IFRS Notes (a)-(b)	IFRS
	\$	\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	100	-	100
	100	-	100
Total assets	100	-	100
EQUITY			
Common shares	100	-	100
Total equity	100	-	100
Total equity	100	-	100

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Reconciliation of Assets, Liabilities and Equity

	As at December 31, 2009		
	GAAP	Effect of transition to IFRS Notes (a)-(b)	IFRS
	\$	\$	\$
ASSETS			
Current assets			
Accounts receivable	79,154	-	79,154
Cash and cash equivalents	2,339,520	-	2,339,520
	<u>2,418,674</u>	<u>-</u>	<u>2,418,674</u>
Total assets	<u>2,418,674</u>	<u>-</u>	<u>2,418,674</u>
EQUITY			
Common shares	2,433,238	-	2,433,238
Deficit	(37,074)	-	(37,074)
Total equity	<u>2,396,164</u>	<u>-</u>	<u>2,396,164</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	22,510	-	22,510
Total current liabilities	<u>22,510</u>	<u>-</u>	<u>22,510</u>
Total equity and liabilities	<u>2,418,674</u>	<u>-</u>	<u>2,418,674</u>

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Reconciliation of Assets, Liabilities and Equity (continued)

	As at December 31, 2010		
	GAAP	Effect of transition to IFRS Notes (a)-(b)	IFRS
	\$	\$	\$
ASSETS			
Non-current assets			
Exploration and evaluation assets	3,639,282	(3,639,282)	-
Total non-current assets	3,639,282	(3,639,282)	-
Current assets			
Accounts receivable	429	-	429
Cash and cash equivalents	1,115,389	-	1,115,389
Total current assets	1,115,818	-	1,115,818
	4,755,100	-	1,115,818
EQUITY			
Common shares	4,273,922	-	4,273,922
Reserves	-	(59,717)	(59,717)
Deficit	(647,664)	(2,595,390)	(3,243,054)
Total equity	3,626,258	(2,655,107)	971,151
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	144,667	-	144,667
Total current liabilities	144,667	-	144,667
Long-term liabilities			
Deferred taxes	984,175	(984,175)	-
Total long-term liabilities	984,175	(984,175)	-
Total equity and liabilities	4,755,100	(3,639,282)	1,115,818

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Reconciliation of Loss and Comprehensive Loss

	Year ended December 31, 2010		
	GAAP	Effect of transition to IFRS	IFRS
		Notes (a)-(b)	
	\$	\$	\$
Expenses			
Consulting	1,930	-	1,930
Exploration expenses	472,131	2,655,107	3,127,238
General and administrative	10,911	-	10,911
Professional fees	66,364	-	66,364
Exchange loss	59,717	(59,717)	-
Loss before the following	611,053	2,595,390	3,206,443
Investment income	463	-	463
Loss for the period	(610,590)	2,595,390	(3,205,980)
Exchange difference on translation of foreign operations	-	59,717	59,717
Total comprehensive loss	(610,590)	2,655,107	(3,265,697)

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Reconciliation of Loss and Comprehensive Loss

	Period ended December 31, 2009		
	GAAP	Effect of transition to IFRS	IFRS
		Notes (a)-(b)	
	\$	\$	\$
Expenses			
General and administrative	69	-	69
Professional fees	21,604	-	21,604
Exchange loss	15,448	-	15,448
	37,121	-	37,121
Investment income	47	-	47
Loss for the period	(37,074)	-	(37,074)
Total comprehensive loss	(37,074)	-	(37,074)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Reconciliation of Cash Flows

	Year ended December 31, 2010		
	GAAP	Effect of transition to IFRS Notes (a)-(b)	IFRS
	\$	\$	\$
Operating activities			
Loss and comprehensive loss for year	(610,590)	(2,655,107)	(3,265,697)
Add charges (deduct credits) to earnings not involving a current payment (receipt) of cash	-	-	-
Non-cash acquisition of MPC Subco	-	1,840,684	1,840,684
Foreign exchange loss	59,717	-	59,717
Net change in non-cash working capital balances related to operations	62,436	-	62,436
Cash and equivalents used in operating activities	(488,437)	(814,423)	(1,302,860)
Investing activities			
Mineral exploration and development expenditures, net	(687,149)	687,149	-
Acquisition of MPC Subco	(127,274)	127,274	-
Cash and equivalents provided by (used for) investing activities	(814,423)	814,423	-
Financing activities			
Proceeds from shares issued in private placements and share subscriptions, net	78,729	-	78,729
Cash provided from financing activities	78,729	-	78,729
Decrease in cash and cash equivalents	(1,224,131)	-	(1,224,131)
Cash and cash equivalents, beginning of period	2,339,520	-	2,339,520
Cash and cash equivalents, end of period	1,115,389	-	1,115,389

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Reconciliation of Cash Flows

	Period ended December 31, 2009		
	GAAP	Effect of transition to IFRS	IFRS
	\$	Notes (a)-(b) \$	\$
Operating activities			
Loss and comprehensive loss for year	(37,074)	-	(37,074)
Add charges (deduct credits) to earnings not involving a current payment (receipt) of cash	-	-	-
Foreign exchange loss	15,448	-	15,448
Net change in non-cash working capital balances related to operations	6,637	-	6,637
Cash and equivalents used in operating activities	(14,989)	-	(14,989)
Financing activities			
Proceeds from shares issued in private placements and share subscriptions, net	2,355,001	-	2,355,001
Share issue costs	(492)	-	(492)
Cash provided from financing activities	2,354,509	-	2,354,509
Increase (decrease) in cash and cash equivalents	2,339,520	-	2,339,520
Cash and cash equivalents, beginning of period	-	-	-
Cash and cash equivalents, end of period	2,339,520	-	2,339,520

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Notes to Reconciliation

[a] Capitalization of acquisition, exploration, and evaluation costs, related to Exploration and Evaluation activities

Under previous GAAP, the Corporation, in accounting for acquisition costs of exploration and evaluation assets recorded these payments as long term assets.

IFRS allows for expensing of exploration and evaluation costs and as such the Corporation decided to adopt a policy of expensing all costs related to exploration and evaluation. There was no adjustment at the transition date of August 12, 2009.

[b] Deferred Tax on Mineral Properties

Under previous GAAP, the Corporation, in accounting for its subsidiary, recognized a future income tax liability on temporary differences arising on the initial recognition of the MPC Subco. mineral property interest (where the fair value of the asset acquired exceeded its tax basis) in a transaction which was not a business combination and affected neither accounting profit or loss. IAS 12, *Income Taxes* does not permit the recognition of deferred taxes on such transactions.

The Corporation has derecognized the impacts of all future income tax liabilities which had previously been recognized on the initial acquisition of MPC Subco. through transactions deemed not to be business combinations and affecting neither accounting profit or loss nor taxable profit or loss

CERTIFICATE OF THE COMPANY AND PROMOTERS

Dated: September 12, 2012

This amended and restated prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this amended and restated prospectus as required by the securities legislation in every province of Canada except Québec.

“Donald Hoy”

DONALD HOY

President, Chief Executive Officer and Director

“Lance Dyll”

LANCE DYLL

Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

“Ewan Downie”

EWAN DOWNIE

Director

“Daniel Mechis”

DANIEL MECHIS

Director

PROMOTER

“Ewan Downie”

EWAN DOWNIE

CERTIFICATE OF THE PLACEMENT AGENTS

Dated: September 12, 2012

To the best of our knowledge, information and belief, this amended and restated prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this amended and restated prospectus as required by securities legislation in every province of Canada except Québec.

CANACCORD GENUITY CORP.

Per: "Jens Mayer"
Director Investment Banking

RBC DOMINION SECURITIES INC.

Per: "Max Weis"
Managing Director

JONES, GABLE & COMPANY LIMITED

Per: "Donald M. Ross"
Chairman