

*This Notice and Management Information Circular and the accompanying materials require your immediate attention
If you are in doubt as to how to deal with these documents or the matters to which they refer,
please consult a professional advisor.*

CRESCENT RESOURCES CORP.

MERGER INVOLVING COVENTRY RESOURCES LIMITED

NOTICE AND INFORMATION CIRCULAR FOR THE SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON DECEMBER 13, 2012

November 9, 2012

*Neither the TSX Venture Exchange nor any securities regulatory authority has in any way
passed upon the merits of the transactions described in this information circular*

CRESCENT RESOURCES CORP.

CORPORATE DATA

Head Office

Unit 1 – 15782 Marine Drive
White Rock, BC
V4B 1E6

Directors and Officers

Don Halliday – Director and President and Chief Executive Officer
Michael Hopley – Director and Non-Executive Chairman
Ian McLean – Director
Eric Edwards – Director
Doris Meyer – Chief Financial Officer and Corporate Secretary

Registrar and Transfer Agent

Computershare Investor Services Inc.
2nd Floor, 510 Burrard Street
Vancouver, BC
V6C 3B9

Auditor

Davidson & Company LLP, Chartered Accountants
1200 - 609 Granville Street
P.O. Box 10372, Pacific Centre
Vancouver, BC
V7Y 1G6

Listing

TSX Venture Exchange
Symbol “CRC”

CRESCENT RESOURCES CORP.

Unit 1 – 15782 Marine Drive
White Rock, BC V4B 1E6

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that a special meeting (the “**Meeting**”) of the holders (the “**Shareholders**”) of common shares (the “**Crescent Shares**”) in the capital of Crescent Resources Corp. (the “**Company**”) will be held at the offices of Axiom Law Corporation at Suite 3350, 1055 Dunsmuir Street, Vancouver, British Columbia on Thursday, December 13, 2012 at 10:00 a.m. (PST) for the following purposes:

1. to consider, and if thought fit, to pass, with or without variation, an ordinary resolution, the full text of which is set forth in Schedule “A” to the accompanying management information circular of the Company (the “**Circular**”), to approve the acquisition of all of the issued and outstanding securities of Coventry Resources Limited (“**Coventry**”), all on the terms and subject to the conditions of the Merger Implementation Deed dated September 7, 2012 between the Company and Coventry (the “**Merger**”);
2. to consider and, if thought fit, to pass, with or without variation, a special resolution, the full text of which is set forth in Schedule “A” to the Circular, to approve (upon and subject to completion of the Merger) the consolidation of the Crescent Shares on the basis of five existing common shares (pre-consolidation) for every one new common share (post-consolidation) of the Company;
3. to consider and, if thought fit, to pass, with or without variation, a special resolution, the full text of which is set forth in Schedule “A” to the Circular, to approve (upon and subject to completion of the Merger) the change of the Company’s name to “Coventry Resources Inc.”, or such variation of such name as may be acceptable to Coventry and the Company and the applicable regulatory authorities;
4. to fix the number of directors of the Company at six (6), from and as of the completion of the Merger;
5. to elect four new directors of the Company, from and as of the completion of the Merger;
6. to consider and, if thought fit, to pass, with or without variation, a special resolution, the full text of which is set forth in Schedule “A” to the Circular, to approve (upon and subject to the completion of the Merger) the amendment of the Articles of the Company to include provisions effectively deeming the Articles to be amended if and to the extent, required to be consistent with the Listing Rules of the Australian Securities Exchange; and
7. to transact such further or other business as may properly come before the Meeting and any adjournment or postponement thereof.

This Notice of Meeting is accompanied by the Circular, an instrument of proxy and a letter of transmittal. The Circular provides additional information relating to the matters to be dealt with at the Meeting and is deemed to form part of this Notice of Meeting.

The Crescent Board has fixed October 22, 2012 as the record date (the “**Record Date**”) for determining Shareholders who are entitled to receive notice of, and to vote at, the Meeting or any adjournment or postponement thereof. Only Shareholders whose names have been entered in the register of Shareholders as at the close of business on the Record Date will be entitled to receive notice of the Meeting and to attend and vote at the Meeting.

Shareholders may attend the Meeting in person or may be represented by proxy. Shareholders who are unable to attend the Meeting or any adjournment or postponement thereof in person are requested to complete, date, sign and deposit the enclosed instrument of proxy with Computershare Investor Services Inc., Attention: Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1 no later than 48 hours (excluding Saturday, Sundays and statutory holidays in the City of Vancouver, British Columbia) before the time of the Meeting or any adjournment or postponement thereof. Non-registered Shareholders should complete and return the voting

instruction form or other authorization provided to them by their broker, trust company or other nominee in accordance with the instructions provided therein. Failure to do so may result in your Crescent Shares not being voted at the Meeting.

DATED at Vancouver, British Columbia this 9th day of November, 2012.

BY ORDER OF THE BOARD OF DIRECTORS

“Don Halliday”

Don Halliday
Chief Executive Officer

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GLOSSARY OF TERMS

In this Circular, unless otherwise stated, the following capitalized words and terms have the following meanings:

“Affiliate” means a company that is affiliated with another company as described below.

A company is an “Affiliate” of another company if:

- (a) one of them is the subsidiary of the other, or
- (b) each of them is controlled by the same Person.

A company is “controlled” by a Person if:

- (a) voting securities of the company are held, other than by way of security only, by or for the benefit of that Person, and
- (b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the company.

A Person beneficially owns securities that are beneficially owned by:

- (a) a company controlled by that Person, or
- (b) an Affiliate of that Person or an Affiliate of any company controlled by that Person.

“Amendment of Articles” means the amendment of the Articles of Crescent, subject to the approval of the TSX-V, to include provisions effectively deeming the Articles of Crescent to be amended if and to the extent, required to be consistent with the ASX Listing Rules.

“Amendment Resolution” means the special resolution of Shareholders approving the Amendment of the Articles, substantially in the form set out in Schedule “A”.

“ASIC” means the Australian Securities and Investments Commission.

“Associate” when used to indicate a relationship with a Person, means:

- (a) an issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to all outstanding securities of the issuer;
- (b) any partner of the Person;
- (c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which a Person serves as trustee or in a similar capacity, and
- (d) in the case of a Person, who is an individual:
 - (i) that Person’s spouse or child, or
 - (ii) any relative of that Person or of his spouse who has the same residence as that Person.

but

- (e) where the Exchange determines that two Persons shall, or shall not, be deemed to be Associates with respect to a member firm, member corporation or holding company of a member corporation, then such determination shall be determinative of their relationships in the application of Rule D.1.00 of the Exchange with respect to that member firm, member corporation or holding company.

“**ASX**” means ASX Limited or the Australian Securities Exchange, as the context requires.

“**ASX Listing Rules**” means the official listing rules of ASX.

“**BCBCA**” means the *Business Corporations Act* (British Columbia).

“**Break Fee**” means a cash payment of A\$150,000.

“**Business Day**” is any day that is both a Business Day within the meaning given in the ASX Listing Rules and a day that banks in Perth, Western Australia and Vancouver, Canada are open for business.

“**Cameron Gold Project**” means Coventry’s principal mineral project, being the Cameron gold project located in the southern part of Western Ontario.

“**Canadian Securities Laws**” means all applicable Canadian securities laws and the rules and regulations thereunder, together with all applicable published instruments, notices and orders of the securities regulatory authorities thereof and all applicable rules and policies of the TSX-V.

“**CHESS**” means Clearing House Electronic Subregister System operated by ASX Settlement and Transfer Corporation Pty Ltd.

“**Circular**” means this information circular dated as of November 9, 2012.

“**company**” means, unless specifically indicated otherwise, a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.

“**Competing Proposal**” means a Crescent Competing Proposal or a Coventry Competing Proposal, as the case may be.

“**Confidentiality Agreement**” means the confidentiality agreement made between Coventry and Crescent dated August 1, 2012.

“**Consideration**” means Scheme Consideration and/or Option Scheme Consideration, as appropriate.

“**Consolidation**” means the consolidation, subject to the approval of the TSX-V, of all of the issued and outstanding Crescent Shares pursuant to which each five existing Crescent Shares (pre-Consolidation) will be exchanged for one new Crescent Share (post-Consolidation).

“**Consolidation Resolution**” means the special resolution of Shareholders approving the Consolidation substantially in the form set out in Schedule “A”.

“**Control Person**” means any Person that holds or is one of a combination of Persons that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer.

“**Corporations Act**” means the *Corporations Act 2001* (Cth).

“Court” means the Federal Court of Australia or such other court of competent jurisdiction as Coventry and Crescent agree in writing.

“Coventry” means Coventry Resources Limited.

“Coventry Board” means the board of directors of Coventry.

“Coventry Competing Proposal” means a transaction or arrangement pursuant to which (other than as contemplated pursuant to the Deed) a Third Party will, if the proposed transaction or arrangement is entered into or completed substantially in accordance with its terms:

- (a) directly or indirectly acquire, have a right to acquire or otherwise acquire an economic interest in, all or a majority of the business of the Coventry Group;
- (b) acquire a Relevant Interest in any Coventry Shares, as a result of which the Third Party will have a Relevant Interest in 50% or more of the Coventry Shares;
- (c) otherwise acquire control of Coventry or the Coventry Group within the meaning of section 50AA of the Corporations Act; or
- (d) otherwise directly or indirectly acquire, merge with, or acquire a significant shareholding or economic interest in Coventry or its businesses, whether by way of takeover offer, scheme of arrangement, shareholder approved acquisition, capital reduction, share buy-back, sale or purchase of assets, joint venture, reverse takeover, dual-listed company structure, recapitalisation, establishment of a new holding company for the Coventry Group or other synthetic merger or any other transaction or arrangement.

“Coventry Group” means Coventry and each of its subsidiaries.

“Coventry Nominees” means Messrs. Naylor, Goddard, Haynes and Chadwick, each of which is proposed for election to the Crescent Board as of and from the completion of the Merger.

“Coventry Option” means an option to subscribe for a Coventry Share.

“Coventry Optionholder” means each person who is registered in Coventry Option Register as a holder of a Coventry Option.

“Coventry Option Register” means the register of holders of Coventry Options maintained by or on behalf of Coventry in accordance with section 168(1) of the Corporations Act.

“Coventry Regulated Event” has the meaning ascribed to it in the Deed.

“Coventry Share” means a fully paid ordinary share in the capital of Coventry.

“Coventry Shareholder” means each person who is registered as a holder of a Coventry Share.

“Coventry Share Register” means the register of members of Coventry maintained by or on behalf of Coventry in accordance with section 168(1) of the Corporations Act.

“Crescent” or the **“Company”** means Crescent Resources Corp.

“Crescent Board” means the board of directors of Crescent.

“Crescent CDI” means a CHESSE Depository Interest, being a unit of beneficial ownership in a Crescent Share and registered in the name of the Depository.

“Crescent Competing Proposal” means a transaction or arrangement pursuant to which (other than as contemplated pursuant to the Deed) a Third Party will, if the proposed transaction or arrangement is entered into or completed substantially in accordance with its terms:

- (a) directly or indirectly acquire, have a right to acquire or otherwise acquire an economic interest in, all or a majority of the business of the Crescent Group;
- (b) acquire a Relevant Interest in any Crescent Shares, as a result of which the Third Party will have a Relevant Interest in 50% or more of the Crescent Shares;
- (c) otherwise acquire control of Crescent or the Crescent Group within the meaning of section 50AA of the Corporations Act; or
- (d) otherwise directly or indirectly acquire, merge with, or acquire a significant shareholding or economic interest in Crescent or its businesses, whether by way of takeover offer, scheme of arrangement, shareholder approved acquisition, capital reduction, share buy-back, sale or purchase of assets, joint venture, reverse takeover, dual-listed company structure, recapitalisation, establishment of a new holding company for the Crescent Group or other synthetic merger or any other transaction or arrangement.

“Crescent Consideration Options” means the Crescent Options to be issued on terms consistent (to the greatest extent permitted by applicable Canadian Securities Laws) with the terms of the Coventry Options except that:

- (a) each Crescent Consideration Option will be fully vested and will be immediately capable of exercise;
- (b) each Crescent Consideration Option will have an exercise period equal to the unexpired exercise period of the Coventry Option it replaces;
- (c) each holder of a Crescent Consideration Option will be entitled to purchase Crescent Shares in lieu of Coventry Shares on the basis of 0.2513 Crescent Shares (post-Consolidation) for each Coventry Share, the Coventry Optionholder was theretofore entitled to purchase with a corresponding adjustment to the option exercise price;
- (d) each Crescent Consideration Option will be exercisable into Crescent Shares (unless the option holder elects, at or before the time of exercise, to receive Crescent CDIs); and
- (e) to the extent, if any, described in Schedule 6 of the Deed.

“Crescent Group” means Crescent and each of its subsidiaries.

“Crescent Option” means an option to purchase a Crescent Share.

“Crescent Regulated Event” has the meaning ascribed to it in the Deed.

“Crescent Share” means a fully paid and non-assessable common share in the capital of Crescent.

“Crescent Warrants” means common share purchase warrants to purchase a Crescent Share.

“Deed” means the Merger Implementation Deed dated September 7, 2012 between Crescent and Coventry.

“Depositary” means CHESS Depositary Nominees Pty Limited, the entity that will provide depositary services in respect of the Crescent CDIs.

“Director Election Resolutions” means the ordinary resolution fixing the number of directors of Crescent at six and electing each of the Coventry Nominees.

“Effective” means, when used in relation to the Scheme or the Option Scheme, the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme or the Option Scheme (as appropriate).

“Effective Date” means the date on which the Scheme (or the Option Scheme, as the context requires) becomes Effective.

“Eligible Scheme Shareholder” means a Scheme Shareholder that is not an Ineligible Overseas Shareholder.

“End Date” means December 31, 2012 or such later date agreed by Crescent and Coventry in writing.

“Excluded Shares” means any Coventry Shares held by, or by any person on behalf of or for the benefit of, Crescent or its Related Bodies Corporate.

“Exclusivity Period” means the period commencing on September 7, 2012 and ending on the earlier of:

- (a) the date the Deed is lawfully terminated in accordance with its terms;
- (b) the Implementation Date; and
- (c) the End Date.

“Group” means, in respect of party, that party and its subsidiaries.

“IFRS” means the International Financial Reporting Standards.

“Implementation Date” means the date which is five Business Days after the Merger Record Date or such other date as Coventry and Crescent agree in writing.

“Ineligible Overseas Shareholder” means a Coventry Shareholder whose address as shown in the Coventry Share Register at 5.00 pm on the Merger Record Date is a place outside Australia and its external territories, New Zealand, Canada, the United States, Hong Kong and Singapore unless Crescent and Coventry are satisfied, acting reasonably, that the laws of that Coventry Shareholder's country of residence (as shown in the Coventry Share Register) permit the issue and allotment of Crescent Shares to that Coventry Shareholder, either unconditionally or after compliance with conditions which Crescent in its sole discretion regards as acceptable.

“Insider” if used in relation to an issuer, means:

- (a) a director or senior officer of the issuer;
- (b) a director or senior officer of a company that is an Insider or subsidiary of the issuer;
- (c) a Person that beneficially owns or controls, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all outstanding securities of the issuer; or
- (d) the issuer itself if it holds any of its own securities.

“Material Adverse Change” means, in respect of a party, any one or more events, occurrences or matters which individually or when aggregated with all such events, occurrences or matters of a like kind or category, has (or would be likely to have) a material adverse effect on:

- (a) the business, properties, financial condition, results, operations or prospects of that party's Group, taken as a whole; or
 - (b) that party's consolidated net assets,
- other than:
- (c) an event, occurrence or matter required to be undertaken or procured pursuant to the Deed, the Scheme or the Option Scheme;
 - (d) to the extent that an event, occurrence or matter was announced to the TSX-V or ASX or otherwise fairly disclosed in the Disclosure Materials (as defined in the Deed);
 - (e) as a result of the release of the announcement of the transactions contemplated by the Deed;
 - (f) any change (excluding changes to taxation laws or policies) in accounting standards, law, regulation or policy;
 - (g) a change in the price of gold, or any other event, occurrence or matter affecting the gold mining industry generally;
 - (h) general economic, financial, currency exchange, securities or commodity market conditions;
 - (i) any outbreak or escalation of hostilities or armed conflict;
 - (j) any change in the market price of Coventry Shares or Crescent Shares (provided that the causes underlying such change may be taken into account when determining whether a material adverse effect has occurred); or
 - (k) an event that affects the other party in a substantially consistent and proportionate manner.

“Material Adverse Matter” means, in respect of a party, any one or more events, occurrences or matters which individually or when aggregated with all such events, occurrences or matters of a like kind or category which has occurred but is not in the public domain at the date of the Deed or has not been disclosed to the other party before the date of the Deed and which had it occurred after the date of the Deed would have been a Material Adverse Change.

“Meeting” means the special meeting of the shareholders of Crescent to be held on December 13, 2012 and any adjournment or postponement thereof.

“Merger” means the proposed business combination of Crescent and Coventry through the acquisition by Crescent of all of the issued and securities of Coventry pursuant to the terms of the Deed.

“Merger Record Date” means the date which is five Business Days after the Effective Date.

“Merger Resolution” means the ordinary resolution of Shareholders approving the Merger, substantially in the form set out in Schedule “A”.

“Name Change” means the change of the name of Crescent to “Coventry Resources Inc.” (or such other name as may be approved by Coventry and Crescent and the applicable regulatory authorities) upon the Implementation Date.

“Name Change Resolution” means the special resolution of Shareholders approving the Name Change, substantially in the form set out in Schedule “A”.

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

“**Notice of Meeting**” means the notice of a special meeting of Shareholders accompanying this Circular.

“**Option Scheme**” means the scheme of arrangement under Part 5.1 of the Corporations Act between Coventry and the Scheme Optionholders, substantially in the form set out in Annexure C of the Deed or in such other form as Coventry and Crescent agree in writing, pursuant to which all Scheme Options will be transferred to Crescent on the Implementation Date in exchange for the Option Scheme Consideration.

“**Option Scheme Consideration**” means, except where the Option Scheme does not or cannot become effective, the consideration to be provided to Scheme Optionholders under the terms of the Option Scheme, being Crescent Consideration Options.

“**Person**” means a company or individual.

“**Private Placement**” means the non-brokered private placement offering of subscription receipts of Crescent at a purchase price of \$0.05 per subscription receipt for gross proceeds of \$750,000 to Crescent which was completed on October 11, 2012, the proceeds of which are being held in escrow pending completion of the Merger.

“**Record Date**” means the record date for determining the Shareholders entitled to receive notice of and to vote at the Meeting, being the close of business on October 22, 2012.

“**Related Body Corporate**” has the meaning given in section 9 of the Corporations Act.

“**Relevant Interest**” has the meaning given in section 9 of the Corporations Act.

“**Resulting Issuer**” means Crescent as it exists upon completion of the Merger.

“**Sale Nominee**” means the Person nominated by Crescent to sell the Crescent Shares that are attributable to Ineligible Overseas Shareholders.

“**Scheme**” means the scheme of arrangement under Part 5.1 of the Corporations Act between Coventry and the Scheme Shareholders, substantially in the form set out in Annexure A of the Deed or in such other form as Coventry and Crescent agree in writing, pursuant to which all Scheme Shares will be transferred to Crescent on the Implementation Date.

“**Scheme Consideration**” means the consideration to be provided to Scheme Shareholders under the terms of the Scheme, being 0.2513 Crescent Shares (post completion of the Consolidation), subject to the terms of the Deed, for every one Scheme Share.

“**Scheme Meeting**” means the meeting of Coventry Shareholders to be convened by the Court in relation to the Share Scheme and Option Scheme pursuant to section 411(1) of the Corporations Act.

“**Scheme Option**” means each Coventry Option on issue at 5.00 pm on the Merger Record Date.

“**Scheme Optionholder**” means each person who is registered in the Coventry Option Register as a holder of a Scheme Option.

“**Scheme Share**” means each Coventry Share on issue at 5.00 pm on the Merger Record Date other than the Excluded Shares.

“**Scheme Shareholder**” means each person who is registered in the Coventry Share Register as a holder of a Scheme Share.

“Second Court Date” means the first day of hearing of an application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme and/or the Option Scheme or, if the hearing of such application is adjourned for any reason, means the first day of the adjourned hearing.

“SEC” means the United States Securities and Exchange Commission.

“SEDAR” means the System for Electronic Document Analysis and Retrieval described in National Instrument 13-101 - *System for Electronic Document Analysis and Retrieval (SEDAR)* of the Canadian Securities Administrators available to the public for viewing at www.sedar.com.

“Shareholders” means the shareholders of Crescent.

“Superior Proposal” means:

- (a) in respect of Coventry, a Competing Proposal which:
- (b) in the determination of the Coventry Board acting in good faith, is reasonably capable of being completed without undue delay, taking into account both the nature of the Coventry Competing Proposal and the person or persons making it; and
- (c) in the determination of the Coventry Board acting in good faith, after receiving the advice of its external legal and financial advisers, would, if completed substantially in accordance with its terms, result in a transaction more favourable to the Coventry Shareholders than the transactions contemplated by the Deed; and
- (d) in respect of Crescent, a Competing Proposal which:
- (e) in the determination of the Crescent Board acting in good faith, is reasonably capable of being completed without undue delay, taking into account both the nature of the Crescent Competing Proposal and the person or persons making it; and
- (f) in the determination of the Crescent Board acting in good faith, after receiving the advice of its external legal and financial advisers, would, if completed substantially in accordance with its terms, result in a transaction more favourable to the Shareholders than the transactions contemplated by the Deed.

“Technical Report” means the technical report dated effective July 5, 2012 on the Cameron Gold Project titled “Technical Report – Cameron Gold Project – Western Ontario, Canada” prepared by Peter Ball, BSc, AusIMM (CP-Geology), in accordance with NI 43-101.

“Third Party” means a person who is neither a party to the Deed, nor any Related Body Corporate of a party to the Deed, including without limitation any individual, corporation, partnership, party, trust, fund, association and or other organised group of persons or combination of persons acting in concert by virtue of an agreement, arrangement, commitment or understanding which is not a party to the Deed.

“Transaction Resolutions” means, collectively, the Merger Resolution, the Consolidation Resolution, the Name Change Resolution, the Director Election Resolutions and the Amendment Resolution.

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

“Unavailable to Coventry Shareholders” means, in relation to a Competing Proposal for Crescent, that the Competing Proposal for Crescent is not (at the relevant time) open to acceptance or participation by the holders of the Crescent Shares that would be issued as Scheme Consideration if the Scheme was to become Effective.

“U.S. Exchange Act” means the United States Securities Exchange Act of 1934, as amended.

“U.S. Securities Act” means the United States Securities Act of 1933, as amended.

“WST” means Western Standard Time, as observed in Perth, Western Australia.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Circular contains “forward-looking information” within the meaning of applicable Canadian securities laws. Forward-looking information is prospective and by its nature requires Crescent or Coventry, as the case may be, to make certain assumptions and is subject to inherent risks and uncertainties. There can be no assurance that forward-looking information will prove to be accurate, and readers are cautioned not to place undue reliance on the forward-looking information contained herein. Generally, but not always, forward-looking information is identifiable by use of the words “continue”, “expect”, “anticipate”, “estimate”, “forecast”, “believe”, “intend”, “schedule”, “budget”, “plan” or “project”, or the negative or other variations of these words or comparable terminology, or states that certain actions, events or results “may”, “could”, “should”, “would”, “might” or “will” be taken, occur or be achieved. Forward-looking information in this Circular includes, but is not limited to, statements about Crescent, Coventry and the Resulting Issuer’s strategic plans, results of exploration, cost estimates, anticipated financial results, future work programs, capital expenditures, objectives, exploration budgets and targets, precious or base metal markets, contractual commitments and access to capital markets. In making such forward-looking statements, Crescent or Coventry, as the case may be, has made certain assumptions about its business, the integration of Coventry’s operations into Crescent’s business following the Merger, the economy and the mineral exploration industry in general and has also assumed that there will be no significant events occurring outside of Crescent’s or Coventry’s normal course of business. Although the assumptions are considered reasonable by management of Crescent or Coventry, as the case may be, at the time the forward-looking information is given, there can be no assurance that such assumptions will prove to be accurate. In addition, the following are material factors that could cause actual results to differ materially from a conclusion, forecast or projection contained in the forward-looking information in this Circular: Crescent’s inability to successfully integrate Coventry’s operations following the Merger, risks normally incidental to exploration and development of mineral properties, the inability of Crescent or Coventry to obtain additional financing when and as needed, economic and market uncertainties, loss of key personnel, title defects, the inability of Crescent or Coventry to obtain or comply with all required permits and licences, fluctuation in the price of precious or base metals and commodities, changes in governmental regulation adverse to Crescent or Coventry, First Nations consultations, environmental risks, competition from other mining businesses, and other related matters. Although Crescent and Coventry have attempted to identify material factors that could cause actual results to differ materially from a conclusion, forecast or projection contained in the forward-looking information, there may be other factors that could cause results to differ from what is anticipated, estimated or intended. Those factors are described or referred to below, in the section titled “Risk Factors”. All forward-looking information contained in this Circular is given as of the date hereof, and Crescent and Coventry undertake no obligation to update or revise forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable laws.

NOTICE TO UNITED STATES SHAREHOLDERS

The solicitation of proxies for the Meeting is not subject to the requirements of Section 14(a) of the U.S. Exchange Act. Accordingly, the solicitation is made in the United States for securities of a Canadian issuer in accordance with Canadian corporate and securities laws, and this Circular has been prepared solely in accordance with disclosure requirements applicable in Canada. Shareholders should be aware that such requirements are different from those of the United States applicable to registration statements under the U.S. Securities Act and proxy statements under the U.S. Exchange Act.

Specifically, information concerning the operations of Crescent and Coventry contained herein or in documents incorporated herein by reference has been prepared in accordance with Canadian disclosure standards, which are not comparable in all respects to United States disclosure standards. In particular, and without limiting the foregoing, information included in or incorporated by reference in this Circular regarding mining operations and properties and estimates of mineral resources have been prepared in accordance with Canadian disclosure standards, which differ in certain respects from the disclosure standards applicable to information included in reports and other materials filed with the SEC by issuers subject to SEC reporting and disclosure requirements.

The financial statements of Crescent and Coventry and other financial information included or incorporated by reference, as applicable, in this Circular have been prepared in Canadian dollars and Australian dollars, respectively. The financial statements of Coventry included or incorporated by reference in this Circular have been prepared in

accordance with IFRS, and are subject to International auditing and auditor independence standards and the financial statements of Crescent included in this Circular have been prepared in accordance with Canadian GAAP, and are subject to Canadian auditing and auditor independence standards which both differ from United States generally accepted accounting principles and United States auditing and auditor independence standards in certain material respects, and thus are not directly comparable to financial statements of companies prepared in accordance with United States generally accepted accounting principles and that are subject to United States auditing and auditor independence standards.

The enforcement by Shareholders of civil liabilities under U.S. securities laws may be affected adversely by the fact that Crescent and Coventry are incorporated under the laws of the Province of British Columbia and Australia, respectively, that some or all of their officers and directors are residents of countries other than the United States, that some or all of the experts named in this Circular are residents of countries other than the United States, and that all or substantial portions of the assets of Crescent, Coventry and such Persons are or will be located outside the United States. You may not be able to sue a corporation organized under the BCBCA or the Corporations Act in a Canadian or Australian court for violations of U.S. securities laws and it may be difficult to compel the foregoing Persons to subject themselves to a judgment by a U.S. court.

REPORTING CURRENCIES AND ACCOUNTING PRINCIPLES

Unless otherwise indicated, all references to “A\$” or “**Australian dollars**” in this Circular refer to Australian dollars, all references to “\$”, “C\$” or “**Canadian dollars**” in this Circular refer to Canadian dollars and all references to “US\$” or “**US dollars**” in this Circular refer to US dollars. The financial statements of Coventry that are attached as Schedule “D” to this Circular are reported in Australian dollars and are prepared in accordance with IFRS. The financial statements of Crescent that are attached as Schedule “F” to this Circular are reported in Canadian dollars and are prepared in accordance with IFRS.

The following table sets forth the rates of exchange for the last three years ended June 30, 2012, 2011 and 2010, in effect at the end of each of the periods indicated; the average exchange rates in effect during such periods; and the high and low exchange rates during such periods, in each case based on the noon rate of exchange as reported by the Bank of Canada for conversion of Canadian dollars into Australian dollars.

	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Rate at end of period	1.0431	1.0348	1.0606
Average rate during period	1.0354	0.9821	0.9287
High for period	1.0697	1.0369	0.9739
Low for period	1.0075	0.8859	0.8859

On November 8, 2012, the exchange rate for one Australian dollar expressed in Canadian dollars, based upon the noon buying rates provided by the Bank of Canada, was C\$1.0413 (C\$1.00 = A\$0.9587).

INFORMATION CONTAINED IN THIS CIRCULAR

The information contained in this Circular is given as at November 9, 2012 except where otherwise noted.

This Notice of Meeting and Circular are accompanied by several Schedules which are incorporated by reference into, form an integral part of, and should be read in conjunction with this Circular. It is recommended that Shareholders read the Notice of Meeting, this Circular and the attached Schedules in their entirety.

No person has been authorized to give any information or to make any representation in connection with the Merger and other matters described herein other than those contained in this Circular and, if given or made, any such information or representation should be considered not to have been authorized by Crescent.

This Circular does not constitute the solicitation of an offer to purchase any securities or the solicitation of a proxy by any person in any jurisdiction in which such solicitation is not authorized or in which the person making such solicitation is not qualified to do so or to any person to whom it is unlawful to make such solicitation.

Information contained in this Circular should not be construed as legal, tax or financial advice and Shareholders are urged to consult their own professional advisors in connection therewith.

SUMMARY

The following information is a summary of certain information contained in this Circular. This summary is provided for convenience only and the information contained in this summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information and financial data and statements contained elsewhere in this Circular, including the Schedules hereto. Capitalized terms in this Summary have the meanings set out in the Glossary of Terms or as set out in this Summary.

THE MEETING

The Meeting

This Circular is furnished in connection with the solicitation of proxies by management of the Company for use at the Meeting.

Date, Time and Place of Meeting

The Meeting will be held on December 13, 2012 at 10:00 a.m. (PST) at the offices of Axium Law Corporation at Suite 3350, 1055 Dunsmuir Street, Vancouver, British Columbia.

The Record Date

The Record Date for determining the Shareholders entitled to receive notice of and to vote at the Meeting is as of the close of business on October 22, 2012.

Purpose of the Meeting

The purpose of the Meeting is to consider the matters set forth in the accompanying Notice of Meeting including, amongst other things, for the Shareholders to consider, and, if thought fit, to pass, with or without variation, the following:

- (a) by way of ordinary resolution, the Merger Resolution, authorizing the Company to complete the Merger and acquire all of the issued and outstanding shares and options of Coventry;
- (b) by way of special resolution, the Consolidation Resolution, approving the Consolidation of the Crescent Shares on a five to one basis upon and subject to completion of the Merger;
- (c) by way of special resolution, the Name Change Resolution, changing the name of the Company to "Coventry Resources Inc." or such variation of such name as may be acceptable to Coventry and the Company and the applicable regulatory authorities, upon and subject to completion of the Merger;
- (d) by way of ordinary resolution, fixing the number of directors at six (6), from and as of completion of the Merger;
- (e) by way of ordinary resolution, electing each of the Coventry Nominees to the Crescent Board, from and as of completion of the Merger; and
- (f) by way of special resolution, approving the Amendment Resolution, approving the amendment of the Articles of Crescent, to include provisions effectively deeming the Articles of Crescent to be amended if and to the extent, required to be consistent with the ASX Listing Rules, upon and subject to the completion of the Merger.

The full text of the resolutions to be presented to Shareholders at the Meeting are set out as Schedule "A" to this Circular. The ordinary resolutions will require an affirmative vote of not less than the majority of the votes cast by those Shareholders who, being entitled to do so, vote in person or by proxy in respect of those resolutions at the

Meeting. The special resolutions will require an affirmative vote of not less than 66 $\frac{2}{3}$ % of the votes cast by those Shareholders who, being entitled to do so, vote in person or by proxy in respect of those resolutions at the Meeting.

THE MERGER

Coventry Resources Limited

Coventry is an Australian mineral resource company listed on the ASX. Coventry's principal asset is the Cameron Gold Project, an advanced exploration stage project in the southern-most part of western Ontario, Canada. The Cameron Gold Project hosts a NI 43-101 compliant mineral resource. A preliminary economic assessment (scoping study) on the Cameron Gold Project is due for completion in late 2012. In addition, Coventry has acquired mineral rights covering 137.7 square kilometres adjacent to the existing Rainy River deposit owned by Rainy River Resources Ltd. in north-western Ontario.

See "Schedule "C" - Information Concerning Coventry" and "Schedule "D" – Audited Annual Financial Statements of Coventry for the Financial Years Ended June 30, 2012, 2011 and 2010".

The Merger

On September 7, 2012, Crescent and Coventry entered into the Deed setting forth the terms and conditions pursuant to which Crescent agreed to acquire all of the issued and outstanding Coventry Shares and Coventry Options. Under the terms of the Deed (i) Crescent will acquire all of the issued and outstanding Coventry Shares by means of a court sanctioned scheme of arrangement under Part 5.1 of the Corporations Act whereby Coventry Shareholders will receive 0.2513 Crescent Shares (post-Consolidation) for each Coventry Share; and (ii) Crescent will acquire all of the existing Coventry Options by means of a separate court sanctioned scheme of arrangement under Part 5.1 of the Corporations Act whereby Coventry Optionholders will receive Crescent Consideration Options in exchange for their Coventry Options.

A Coventry Shareholder, other than an Ineligible Overseas Shareholder, will be entitled to elect to receive, as consideration for the transfer of its Coventry Shares to Crescent, Crescent CDIs or Crescent Shares. In the absence of such election, each Coventry Shareholder (other than an Ineligible Overseas Shareholder) will receive Crescent CDIs.

The Consolidation, Name Change and election of the Coventry Nominees as directors of the Resulting Issuer are each conditions to completion of the Merger.

The Merger is an arm's length transaction between Crescent and Coventry.

Effect of the Merger

The Merger constitutes a "reverse take-over" under the policies of the TSX-V and will result in Crescent issuing an aggregate of 60,376,342 Crescent Shares (post Consolidation) at a deemed price of \$0.035 per share to the Coventry Shareholders. Upon completion of the Merger, Coventry will become a wholly-owned subsidiary of Crescent and Coventry Shareholders will own approximately 87.26% of the issued and outstanding Crescent Shares (post-Consolidation).

Benefits of the Merger to Shareholders

The Crescent Board believes that the benefits of the Merger to Shareholders include the following:

- The Resulting Issuer will have a combined portfolio of both development and exploration assets located in the mining friendly jurisdictions of Ontario and Alaska.
- The Resulting Issuer will have a stronger cash position than either Crescent or Coventry as stand-alone entities. It is expected that the funds of the Resulting Issuer will be sufficient to complete the ongoing

preliminary economic assessment on the Cameron Gold Project and recommence exploration in the first quarter of 2013.

- The Resulting Issuer will have the option to issue “flow-through” shares (which would allow the Resulting Issuer to flow through tax deductions that cannot be used by the Resulting Issuer to shareholders) to Canadian shareholders at a premium price which may allow the Resulting Issuer an additional or alternate source of equity to fund future exploration activities in Canada until it has a taxable income against which it can off-set tax deductions.
- The Resulting Issuer will be dual listed, with the Crescent Shares continuing to be listed on the TSX-V and the Crescent CDIs being listed on the ASX. The Resulting Issuer will have complementary shareholder bases, integrating ownership by Australian retail investors, Canadian retail investors and global institutions.
- The Resulting Issuer will have a combined board of directors and management team well suited to advancing the Cameron Gold Project, conducting exploration and interacting with the capital markets.

Share Consolidation

Upon completion of the Merger, subject to approval of the Consolidation Resolution, Crescent will consolidate its issued and outstanding share capital on a five to one basis.

Name Change

Upon completion of the Merger, subject to approval of the Name Change Resolution, Crescent will change its name to “Coventry Resources Inc.”, or such variation of such name as may be acceptable to Coventry and the Company and the applicable regulatory authorities.

Board of Directors and Management

Upon completion of the Merger, subject to approval of the Director Election Resolution, it is proposed that the board of directors and management of the Resulting Issuer be composed of the following persons:

Mike Naylor	President and Chief Executive Officer and Director
Don Halliday	Vice President, Investor Relations and Director
Anthony Goddard	Vice President, Exploration and Director
Eric Edwards	Non-Executive Chairman and Director
Michael Haynes	Director
Steven Chadwick	Vice President, Operations and Director
Doris Meyer	Chief Financial Officer
Nick Day	Corporate Secretary

See “Information Concerning the Resulting Issuer – Directors, Officers and Promoters”.

Don Halliday and Doris Meyer who are current directors and officers of Crescent have an interest in the Merger by virtue of the fact that they will be appointed as officers of Crescent on completion of the Merger.

Amendment of Articles

Upon completion of the Merger, subject to approval of the Amendment Resolution and TSX-V approval, Crescent will effectively amend its Articles, if and to the extent required to be consistent with the ASX Listing Rules.

Private Placement

On October 11, 2012, Crescent completed the Private Placement to raise aggregate gross proceeds of \$750,000 by the issuance of 15,000,000 subscription receipts (each a “**Subscription Receipt**”) at a purchase price of \$0.05 per

Subscription Receipt. The gross proceeds of the Private Placement are being held in escrow pending completion of the Merger. Under the terms of the Subscription Receipts, every five Subscription Receipts will automatically convert, for no additional consideration, on the date of completion of the Merger into one Crescent Share (post-Consolidation). The TSX-V has conditionally accepted the Private Placement, subject to Crescent fulfilling all of the usual requirements of the TSX-V. The closing of the Private Placement is also subject to Shareholder approval of the Merger Resolution.

Crescent paid a finder's fee to an arm's length party to assist in securing the placement of the Subscription Receipts, which finder's fee was paid by the issuance of 186,000 subscription receipts, having the same terms as the Subscription Receipts issued to purchasers under the Private Placement, representing 5% of the Subscription Receipts issued to purchasers introduced to Crescent by such finder.

Pooling Agreement

Pursuant to the policies of the TSX-V certain directors, officers and Insiders of Crescent (the "**Pool Holders**") have entered into a pooling agreement dated September 26, 2012 (the "**Pooling Agreement**") with Crescent and Axiom Law Corporation as escrow agent (the "**Escrow Agent**"), whereby each has deposited, or agreed to deposit, in voluntary pool, its Crescent Shares (excluding RRSP Shares) and any Crescent Shares which may be issued upon the exercise of Crescent Warrants and Crescent Options (collectively, the "**Pooled Securities**") until the TSX-V has granted final acceptance to the Merger. For the purposes of the pooling agreement, RRSP Shares are Crescent Shares held in registered retirement savings plans, registered education savings plans or other similar plans or trusts (each a "**Tax Plan**"). Each Pool Holder has agreed to deposit any RRSP Shares to the Pooling Agreement upon such RRSP Shares being withdrawn from a Tax Plan.

In the event that the Merger is not completed by January 31, 2013, in accordance with the terms of the Deed, the Pooled Securities shall be released upon the earlier to occur of: (i) the termination of the Deed; and (ii) January 31, 2013.

Recommendation of the Crescent Board

The Crescent Board has unanimously determined that the Merger is in the best interests of Crescent and the Shareholders and has authorized the submission of the Transaction Resolutions to the Shareholders for their approval at the Meeting. The Crescent Board unanimously recommends that Shareholders vote FOR each of the Transaction Resolutions. See "The Merger – Recommendation of the Crescent Board".

Shareholder Approvals

In order for the Merger to become effective, the Merger Resolution and the Director Election Resolutions must be approved by not less than a majority of the votes cast by Shareholders, in person or by proxy, and the Consolidation Resolution, the Name Change Resolution and the Amendment Resolution must be approved by not less than 66⅔% of the votes cast by Shareholders, in person or by proxy. The full text of the Transaction Resolutions are set forth in Schedule "A" to the Circular. In the event that Shareholder approval to the Transaction Resolutions is not obtained, the Merger will be terminated.

Regulatory and Court Approvals

The Company is currently listed on the TSX-V. Coventry is currently listed on the ASX. Conditional approval of the TSX-V in respect of the Merger and related transactions, including the Private Placement, Name Change, Consolidation and Amendment of Articles has been obtained, subject only to compliance with the usual requirements of the TSX-V and other applicable regulatory authorities. Coventry has obtained initial approval from the Court to the holding of the Scheme Meeting on December 13, 2012. The completion of the Merger remains subject to Coventry obtaining the approval of the ASX, final approval of the Court and any other regulatory authorities in Australia.

The Merger Implementation Deed

General

The Deed provides for the acquisition by Crescent of all of the outstanding securities of Coventry by means of a scheme of arrangement under Part 5.1 of the Corporations Act.

Conditions to the Scheme

Pursuant to the terms of the Deed, the Scheme will not become Effective until a number of conditions have been fulfilled or waived in accordance with the terms of the Deed, including, without limitation:

- approval by the requisite majorities of the Crescent Shareholders and the Coventry Shareholders;
- receipt of all Court approvals;
- completion of the Private Placement;
- the representations and warranties of Crescent and Coventry contained in the Deed being true and correct in all material respects as of the Effective Date;
- there having been no Material Adverse Change in respect of Crescent or Coventry;
- there having been no Crescent Regulated Event or Coventry Regulated Event;
- Coventry having procured and received an independent expert's report which concludes that the Scheme is in the best interest of the Coventry Shareholders;
- the issuance of the Scheme Consideration will not require registration under the U.S. Securities Act; and
- the receipt of all regulatory approvals, including without limitation approval of the TSX-V and the ASX.

See "The Merger Implementation Deed – Conditions to the Merger".

Non-Solicitation

During the Exclusivity Period, subject to the exercise of a party's fiduciary duties in respect of a Superior Proposal, each of Crescent and Coventry must not, and must ensure that its respective representatives do not, except with the prior written consent of the other party, directly or indirectly:

- (a) solicit or invite any Competing Proposal or expression of interest or offer which may lead to a Competing Proposal, or initiate discussions with any Third Party which may reasonably be expected to lead to a Competing Proposal;
- (b) participate or continue to engage in any discussions or negotiations in relation to a Competing Proposal or which may reasonably be expected to lead to a Competing Proposal;
- (c) provide any information to a Third Party for the purposes of enabling that person to make an expression of interest, offer or proposal which may reasonably be expected to lead to a Competing Proposal; or
- (d) enter into any deed, arrangement or understanding in relation to a Competing Proposal requiring Coventry or Crescent (as the case may be) to abandon, or otherwise fail to proceed with, the transactions that are the subject of the Deed, except in certain circumstances.

During the Exclusivity Period, subject to the exercise of a party's fiduciary duties in respect of a Superior Proposal, each of Crescent and Coventry must promptly notify the other party:

- (a) of any approach or attempt to initiate, resume or continue discussions or negotiations with it or any of its representatives with respect to a Competing Proposal; and
- (b) of any request for information relating to it or to its Group or any of their businesses or operations or any request for access to the books or records of it or its Group, other than requests occurring in the ordinary course of business.

See "The Merger Implementation Deed – Non-Solicitation".

Break Fee

The Deed provides that Crescent or Coventry, as the case may be, will pay to the other a Break Fee of A\$150,000 in cash in certain circumstances, including if Crescent or Coventry, as the case may be, is in material breach of its obligations under the Deed. Crescent and Coventry have each agreed that the Break Fee is a reasonable pre-estimate of the costs and losses which the other party expects to incur in connection with the Merger. See "The Merger Implementation Deed – Break Fee".

Termination

Crescent and Coventry may agree in writing to terminate the Deed and abandon the Scheme at any time prior to the Second Court Date in accordance with the terms and conditions set out in the Deed. In addition, either Crescent or Coventry may terminate the Deed and abandon the Scheme at any time prior to the Second Court Date if certain specified events occur, including without limitation, either party is unable to satisfy or waive certain conditions set out in the Deed, there is a material breach of any of Crescent's or Coventry's representations and warranties, a Material Adverse Change occurs in respect of either party, or if the board of directors of a party publicly changes or withdraws its recommendations in connection with the Merger. See "The Merger Implementation Deed – Termination".

Pro-Forma Financial Information

The unaudited pro-forma consolidated statement of financial position of Crescent as at June 30, 2012 and the unaudited pro-forma consolidated statement of operations and comprehensive loss of Crescent for the six months ended June 30, 2012, in each case giving effect to the Merger, are attached as Schedule "E" to the Circular. Such unaudited pro-forma consolidated financial statements are based on certain assumptions and adjustments and are not necessarily indicative of Crescent's consolidated financial position and results from operations if the events reflected therein were in effect for the periods presented, nor do they purport to project Crescent's consolidated financial position or results from operations for any future period.

Selected Pro Forma Consolidated Financial Information

	June 30, 2012
Cash and cash equivalents	5,847,391
Total current assets	6,089,221
Exploration and evaluation assets	29,239,010
Total assets	35,700,708
Total current liabilities	772,379
Deferred tax liability	Nil
Total shareholders' equity	34,928,329

Use of Available Funds

Upon completion of the Merger, the Resulting Issuer will have estimated funds available to it of \$2,722,491 which it intends to use as follows:

Recommended work program on the Cameron Gold Project ⁽¹⁾	\$600,000
Complete exercise of the option on the Uncle Sam property by issuance of last cash option payment and work expenditures	\$71,000
Estimated balance remaining of Coventry legal and accounting expenses, fees and the regulatory fees relating to the Merger	\$156,000
Estimated balance remaining of Crescent legal and accounting expenses, fees and the regulatory fees relating to the Merger	\$90,000
Estimated general and administrative costs for the 12 months post-transaction	\$1,567,300
Unallocated working capital	<u>\$238,191</u>
Total	<u>\$2,722,491</u>

- (1) The Technical Report recommends a work program of \$600,000. See “Schedule “C” – Information Concerning Coventry” – “Details of the Cameron Gold Project – Exploration and Development.”

See “ Information Concerning the Resulting Issuer - Funds Available and Principal Purposes of Funds”.

Market Trading Price

The Crescent Shares are listed and posted for trading on the TSX-V under the symbol “CRC”. The closing price of the Crescent Shares on September 6, 2012, the last trading day on which there was a recorded sale prior to the announcement of the Merger, was \$0.04.

The Coventry Shares are listed and posted for trading on the ASX under the symbol “CVY”. The closing price of the Coventry Shares on the ASX on September 7, 2012, the last trading day prior to the announcement of the Merger, was A\$0.06.

Experts

To the knowledge of management of Crescent, as of the date hereof, no expert, nor any Associate or Affiliate of such person has any beneficial interest, direct or indirect, in the securities or property of Crescent, Coventry or the Resulting Issuer or of an Associate or Affiliate of any of them, and no such person is expected to be elected, appointed or employed as a director, senior officer or employee of the Resulting Issuer or of an Associate or Affiliate thereof.

Risk Factors

There are certain risk factors relating to the Merger and the Resulting Issuer which should be carefully considered by Shareholders, including the fact that the Merger may not be completed if, among other things, the Transaction Resolutions do not receive the requisite Shareholder approval at the Meeting, or if any other conditions precedent to the completion of the Merger are not satisfied or waived as applicable. Additional risks include: (i) the termination of the Deed in certain circumstances, in which case the market price for the Crescent Shares may be adversely affected; (ii) the failure to successfully integrate the functions and operations of Crescent and Coventry; (iii) the termination of the Deed, in certain circumstances, will require the Break Fee to be paid by Crescent which may adversely affect Crescent’s financial condition; (iv) the risk that the price of Crescent Shares is adversely affected if a significant number of Scheme Shareholders and Scheme Optionholders sell their Crescent Shares upon completion of the Merger; (v) the risk that the Resulting Issuer will not obtain third party financing on a timely basis; (vi) exploration and development risks; (vii) competition; (viii) the volatility of metal prices; (ix) mineral resources

estimates which may not be realized; (x) recent global financial conditions which have resulted in increased volatility; (xi) environmental risks; (xii) reliance on key personnel; (xiii) conflicts of interest; (xiv) permit and licensing requirements which could have a material adverse impact on the business, operations and financial performance of the Resulting Issuer; (xv) title risks and defects; (xvi) the substantial number of authorized but unissued shares of Crescent; (xvii) the limited operating history of Crescent and Coventry; (xviii) unforeseen expenses; (xix) contractual risk; (xx) arbitration proceedings to which Crescent has been named a party. See also "Risk Factors" in this Circular and Schedule "C" – Information Concerning Coventry – Risk Factors".

GENERAL INFORMATION RESPECTING THE MEETING

Time, Date and Place

The Meeting will be held at the offices of Axium Law Corporation at Suite 3350, 1055 Dunsmuir Street, Vancouver, British Columbia on Thursday, December 13, 2012 at 10:00 a.m. (PST) as set forth in the Notice of Meeting.

Record Date and Shares Entitled to Vote

Registered Shareholders at the close of business on the Record Date are entitled to receive notice of the Meeting and to vote thereat in the manner and subject to the procedures described in this Circular.

Matters to be Considered

At the Meeting, the Shareholders will be asked to consider and vote upon the matters set out in the Notice of Meeting including the Merger Resolution, the Consolidation Resolution, the Name Change Resolution, the Director Election Resolutions and the Amendment Resolution.

Quorum and Votes Required for Certain Matters

The presence of two persons entitled to vote at the Meeting, and holding or representing at least 5% of the Crescent Shares entitled to vote at the Meeting, will constitute a quorum for the Meeting.

The ordinary resolutions will require an affirmative vote of not less than the majority of the votes cast by those Shareholders who, being entitled to do so, vote in person or by proxy in respect of that resolution at the Meeting. The special resolutions will require an affirmative vote of not less than 66 $\frac{2}{3}$ % of the votes cast by those Shareholders who, being entitled to do so, vote in person or by proxy in respect of that resolution at the Meeting.

PROXY RELATED INFORMATION

Solicitation of Proxies

This Circular is furnished in connection with the solicitation of proxies by and on behalf of Crescent's management for use at the special meeting of Shareholders to be held on December 13, 2012, at 10:00 a.m. (Vancouver time) at the offices of its solicitors, Axium Law Corporation, Suite 3350 – 1055 Dunsmuir Street, Vancouver, British Columbia V7X 1L2. The solicitation of proxies will be primarily by mail. Certain employees or directors of Crescent may also solicit proxies by telephone or in person. The cost of solicitation will be borne by Crescent.

Registered Shareholders

Registered Shareholders as at October 22, 2012, are entitled to attend at the Meeting and cast a vote for each share registered in its name on all resolutions put before the Meeting. If Crescent Shares are registered in the name of a corporation, a duly authorized officer of the corporation may attend the Meeting on its behalf but documentation indicating such officer's authority should be presented at the Meeting. Registered Shareholders who do not wish to, or cannot, attend the Meeting in person can appoint someone who will attend the Meeting and act as its proxyholder to vote in accordance with its instructions (see "Voting by Proxy"). If your shares are registered in the name of a "nominee" (usually a bank, trust company, securities dealer or other financial institution) you should refer to the section entitled "Non-Registered Shareholders" set out below.

It is important that your shares be represented at the Meeting regardless of the number of Crescent Shares you hold. If you will not be attending the Meeting in person, please complete, date, sign and return your form of proxy as soon as possible so that your Crescent Shares will be represented.

Voting by Proxy

If you do not come to the Meeting, you can still make your votes count by appointing someone who will be there to act as your proxyholder. You can either tell that person how you want to vote or you can let him or her decide for you. You can do this by completing a form of proxy accompanying this Circular.

In order to be valid, you must return the completed form of proxy to deposit the enclosed instrument of proxy with Computershare Investor Services Inc., Attention: Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1 no later than 48 hours (excluding Saturday, Sundays and statutory holidays in the City of Vancouver, British Columbia) before the time of the Meeting or any adjournment or postponement thereof. You may also vote by phone (Registered Shareholders 1-866-732-VOTE (8683) or Beneficial Shareholders 1-866-734-VOTE (8683)) or vote online (at www.investorvote.com) not less than 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or any adjournment or postponement thereof.

What is a proxy?

A form of proxy is a document that authorizes someone to attend the Meeting and cast your votes for you. We have enclosed a form of proxy with this Circular. You may use the form of proxy to appoint a proxyholder, although you can also use any other legal form of proxy.

Appointing a proxyholder

You can choose any individual to be your proxyholder. It is not necessary for the person whom you choose to be a Shareholder. To make such an appointment, simply fill in the person's name in the blank space provided in the enclosed form of proxy. To vote your shares, your proxyholder must attend the Meeting. If you do not fill a name in the blank space in the enclosed form of proxy, the persons named in the form of proxy are appointed to act as your proxyholder. Those persons are directors and/or officers of Crescent.

Instructing your proxyholder

You may indicate on your form of proxy how you wish your proxyholder to vote your Crescent Shares. To do this, simply mark the appropriate boxes on the form of proxy. If you do this, your proxyholder must vote your Crescent Shares in accordance with the instructions you have given.

If you do not give any instructions as to how to vote on a particular issue to be decided at the Meeting, your proxyholder can vote your Crescent shares as he or she thinks fit. **If you have appointed the persons designated in the form of proxy as your proxyholder they will, unless you give contrary instructions, vote your shares at the Meeting as follows:**

- ✓ **FOR the Merger;**
- ✓ **FOR the Consolidation;**
- ✓ **FOR the Name Change;**
- ✓ **FOR the increase in the number of directors;**
- ✓ **FOR the election of the Coventry Nominees as directors; and**
- ✓ **FOR the Amendment of Articles.**

The enclosed form of proxy gives the persons named on it the authority to use their discretion in voting on amendments or variations to matters identified on the Notice of Meeting. At the time of printing this Circular, the management of Crescent is not aware of any other matter to be presented for action at the Meeting. If, however, other matters do properly come before the Meeting, the persons named on the enclosed form of proxy will vote on them in accordance with their best judgment, pursuant to the discretionary authority conferred by the form of proxy with respect to such matters.

Changing your mind

If you want to revoke your proxy after you have delivered it, you can do so at any time before it is used. You may do this by (a) attending the Meeting and voting in person; (b) signing a proxy bearing a later date; (c) signing a written statement which indicates, clearly, that you want to revoke your proxy and delivering this signed written statement to the registered office of Crescent Resources Corp., Unit 1 – 15782 Marine Drive, White Rock, BC V4B 1E6; or (d) in any other manner permitted by law.

Your proxy will only be revoked if a revocation is received by 5:00 p.m. (Vancouver time) on the last business day before the day of the Meeting, or any adjournment or postponement thereof, or delivered to the person presiding at the Meeting before it (or any adjournment) commences. If you revoke your proxy and do not replace it with another that is deposited with us before the deadline, you can still vote your shares, but to do so you must attend the Meeting in person.

Non-Registered Shareholders

If your Crescent Shares are not registered in your own name, they will be held in the name of a “nominee,” usually a bank, trust company, securities dealer or other financial institution and, as such, your nominee will be the entity legally entitled to vote your shares and must seek your instructions as to how to vote your shares.

Accordingly, unless you have previously informed your nominee that you do not wish to receive material relating to shareholders’ meetings, you will have received this Circular from your nominee, together with a form of proxy or a request for voting instruction form. If that is the case, **it is most important that you comply strictly with the instructions that have been given to you by your nominee on the voting instruction form.** If you have voted and wish to change your voting instructions, you should contact your nominee to discuss whether this is possible and what procedures you must follow.

If your Crescent Shares are not registered in your own name, Crescent’s transfer agent will not have a record of your name and, as a result, unless your nominee has appointed you as a proxyholder, will have no knowledge of your entitlement to vote. If you wish to vote in person at the Meeting, therefore, please insert your own name in the space provided on the form of proxy or voting instruction form that you have received from your nominee. If you do this, you will be instructing your nominee to appoint you as proxyholder. Please adhere strictly to the signature and return instructions provided by your nominee. It is not necessary to complete the form in any other respect, since you will be voting at the Meeting in person. Please register with Computershare Investor Services Limited, upon arrival at the Meeting.

The Notice of Meeting and this Circular are being sent to both registered and non-registered owners of Crescent Shares. If you are a non-registered owner and we have sent these materials to you directly, your name and address and information about your holdings of Crescent Shares have been obtained in accordance with applicable securities regulatory requirements from the nominee holding the securities on your behalf. By choosing to send these materials to you directly, Crescent (and not your nominee) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions form.

Voting Shares and Principal Holders Thereof

Crescent has an authorized capital of an unlimited number of common shares. Each shareholder is entitled to one vote for each common share registered in his or her name at the close of business on October 22, 2012, the date fixed by the Crescent Board as the record date for determining Shareholders entitled to receive notice of and to vote at the Meeting.

At the close of business on October 22, 2012, 29,091,872 Crescent Shares were issued and outstanding. To the knowledge of Crescent's directors and officers, as at October 22, 2012, the only persons or companies who beneficially own, directly or indirectly or exercise control or direction over shares carrying more than 10% of the voting rights attached to all outstanding shares of the Company are:

<u>Name</u>	<u>No. of Shares</u>	<u>Percentage</u>
Don Halliday	5,481,378 ⁽¹⁾	18.8%
Millrock Resources Inc.	3,083,281	10.60%

- (1) 159,486 of these shares are held by 524124 BC Ltd., a private company wholly-owned by Mr. Halliday, and 2,149,392 of these shares are held by Mr. Halliday's wife, Amanda Halliday, over which Mr. Halliday has control, but not beneficial ownership.

THE MERGER

Result of the Merger

The purpose of the Merger is to effect the acquisition of all of the issued and outstanding Coventry Shares and Coventry Options by Crescent. The Merger will result in the combination of the businesses and assets of Crescent and Coventry whereby Coventry will become a wholly-owned subsidiary of Crescent and Coventry Shareholders will hold approximately 87.26% of the issued and outstanding shares of the Resulting Issuer.

Under the terms of the Deed (i) Crescent will acquire all of the issued and outstanding Coventry Shares by means of a court sanctioned scheme of arrangement under Part 5.1 of the Corporations Act whereby Coventry Shareholders will receive 0.2513 Crescent Shares (post-Consolidation) for each Coventry Share; and (ii) Crescent will acquire all of the existing Coventry Options by means of a separate court sanctioned scheme of arrangement under Part 5.1 of the Corporations Act whereby Coventry Optionholders will receive Crescent Consideration Options in exchange for their Coventry Options.

The Merger constitutes a "reverse take-over" under the policies of the TSX-V and will result in Crescent issuing an aggregate of 60,376,342 Crescent Shares (post Consolidation) at a deemed price of \$0.035 per share to the Coventry Shareholders.

Implementation of the Merger

If the Transaction Resolutions are approved at the Meeting and all other conditions to the closing of the Merger are satisfied or waived, including approval of the Court on the Implementation Date, the following will occur:

- (i) each Coventry Share shall be transferred to Crescent and, in exchange therefor, each Coventry Shareholder shall be entitled to receive 0.2513 Crescent Shares (post-Consolidation).
- (ii) each Coventry Option shall be transferred to Crescent and, in exchange therefor, each Coventry Optionholder will receive Crescent Consideration Options, each of which will entitle the holder thereof to purchase Crescent Shares in lieu of Coventry Shares on the basis of 0.2513 Crescent Shares (post-Consolidation) for each Coventry Share the Coventry Optionholder was theretofore entitled to purchase with a corresponding adjustment to the option exercise price (including an adjustment to the currency of the exercise price from Australian dollars to Canadian dollars).
- (iii) A Coventry Shareholder (other than an Ineligible Overseas Shareholder) will be entitled to elect to receive, as consideration for the transfer of its Coventry Shares to Crescent, Crescent CDIs or Crescent Shares. In the absence of such an election, each Coventry Shareholder (other than an Ineligible Overseas Shareholder) will receive Crescent CDIs.

If The Option Scheme is Not Effective

The Option Scheme is conditional upon the Scheme becoming Effective, however the Scheme is not conditional upon the Option Scheme becoming Effective. In the event the Scheme becomes effective but the Option Scheme does not or cannot become Effective, Crescent must:

- (i) in relation to any unexercised Coventry Options which are deemed to be “in the money” based upon the closing price of the Coventry Shares on the ASX on that date immediately preceding the date of the announcement of the transactions contemplated by the Deed (the “**Calculation Date**”), acquire those Coventry Options for cash, reflecting the difference between such closing price on the Calculation Date and the option exercise price; and
- (ii) in relation to any unexercised Coventry Options which are not deemed to be “in the money” as at the Calculation Date, pay (subject to compliance with the requirements of the ASX and the Corporations Act) nominal consideration (in cash) to the Coventry Optionholders of such Coventry Options, which Coventry Options will be cancelled.

Ineligible Overseas Shareholders

Crescent will be under no obligation under the Scheme to issue, and will not issue, any Crescent Shares (or Crescent CDIs) to any Ineligible Overseas Shareholder, and instead Crescent will issue the Crescent Shares to which the Ineligible Overseas Shareholder would otherwise have been entitled (if they were an eligible Scheme Shareholder) to a nominee appointed by Crescent (the “**Sale Nominee**”).

As soon as reasonably practicable and in any event not more than 15 Business Days after the Implementation Date, the Sale Nominee will:

- (i) sell on a financial market on which Crescent is then listed, all of the Crescent Shares issued to the Sale Nominee pursuant to the terms of the Deed in such manner, at such price and on such other terms as the Sale Nominee determines in good faith; and
- (ii) remit to Crescent the proceeds of sale (after deducting any applicable brokerage, stamp duty and other selling costs, taxes and charges).

Promptly after the last sale of Crescent Shares, Crescent will pay to each Ineligible Overseas Shareholder the proportion of the net proceeds of sale received by Crescent, to which that Ineligible Overseas Shareholder is entitled (calculated on an averaged basis so that all Ineligible Overseas Shareholders receive the same price per Scheme Share, subject to rounding), subject to any applicable withholding taxes.

Shareholder Approval of Merger Resolution

At the Meeting, Shareholders will be asked to consider and approve, with or without variation, the Merger Resolution. The Merger must be approved by an affirmative vote of not less than the majority of the votes cast by those Shareholders who, being entitled to do so, vote in person or by proxy in respect of the Merger Resolution at the Meeting.

Effective Date of the Merger

If the Merger Resolution is passed, and approval of Coventry’s securityholders and the Court is obtained, and all other conditions precedent disclosed below under the “Merger Implementation Deed – Conditions Precedent” are satisfied or waived, the Merger will be completed on the Implementation Date. Crescent and Coventry currently expect that the Implementation Date will be on or about January 2, 2013 or such earlier or later date as the parties may agree.

Advisory Agreement

Pursuant to a letter agreement dated August 3, 2012, Crescent retained Haywood Securities Inc. (“**Haywood**”) as its financial advisor in connection with the proposed Merger to provide certain advice and advisory services to Crescent. Haywood will receive a fee for its services in connection with the Merger. Crescent has also agreed to indemnify Haywood and certain related persons against liabilities in connection with its engagement.

Private Placement

On October 12, 2012, Crescent completed the Private Placement, with purchasers in various jurisdictions, raising aggregate gross proceeds to Crescent of \$750,000 by the issuance of 15,000,000 Subscription Receipts at a purchase price of \$0.05 per Subscription Receipt. The gross proceeds of the Private Placement are being held in escrow pending completion of the Merger. Under the terms of the Subscription Receipts, every five Subscription Receipts will automatically convert, for no additional consideration, on completion of the Merger into one Crescent Share (post-Consolidation).

Crescent paid a finder’s fee to Haywood, an arm’s length party, to assist in securing the placement of the Subscription Receipts, which finder’s fee was paid by the issuance of 186,000 subscription receipts, having the same terms as the Subscription Receipts issued to purchasers, representing 5% of the Subscription Receipts issued to purchasers introduced to Crescent by Haywood.

The closing of the Private Placement is subject to receipt of final TSX-V acceptance and Shareholder approval of the Merger Resolution.

Pooling Agreement

Pursuant to the policies of the TSX-V each of the Pool Holders have entered into a pooling agreement dated September 26, 2012 with Crescent and Axiom Law Corporation as escrow agent, whereby each has deposited, or agreed to deposit, in voluntary pool, its Crescent Shares (excluding RRSP Shares) and any Crescent Shares which may be issued upon the exercise of Crescent Warrants and Crescent Options until the TSX-V has granted final acceptance to the Merger. Each of the Pool Holders has agreed to deposit any RRSP Shares upon such RRSP Shares being withdrawn from a Tax Plan.

In the event that the Merger does not close by January 31, 2013, in accordance with the terms of the Deed, the Pooled Securities shall be released upon the earlier to occur of: (i) the termination of the Deed; and (ii) January 31, 2013.

Risk Factors in Relation to the Merger

There are certain risk factors relating to the Merger and the Resulting Issuer which should be carefully considered by the Shareholders, including the fact that the Merger may not be completed if, among other things, the Merger Resolution does not receive approval of the Shareholders at the Meeting or if any other conditions precedent to the completion of the Merger are not satisfied or waived as applicable.

In assessing the Merger, the Shareholders should carefully consider the risk factors which exist with respect to the Merger and Resulting Issuer, as described in this Circular. See “Risk Factors”. See also Schedule “C” – Information Concerning Coventry – Risk Factors”.

Recommendation of the Crescent Board

The Crescent Board has unanimously approved the Deed and unanimously recommends that Shareholders vote FOR the Merger Resolution. In arriving at their recommendation, the Crescent Board, in consultation with senior management and legal counsel, considered the following:

- (a) that the Resulting Issuer will have a combined portfolio of both development and exploration assets located in the mining friendly jurisdictions of Ontario and Alaska;
- (b) that the Resulting Issuer will have a stronger cash position than either Crescent or Coventry as standalone entities. It is expected that the funds of the Resulting Issuer will be sufficient to complete the ongoing preliminary economic assessment on the Cameron Gold Project and recommence exploration in the first quarter of 2013;
- (c) that the Resulting Issuer will be able to issue “flow-through” shares (which would allow the Resulting Issuer to flow through tax deductions that cannot be used by the Resulting Issuer to shareholders) to Canadian Shareholders at a premium price which may allow the Resulting Issuer an additional source of equity to fund future exploration activities in Canada until it has a taxable income against which it can off-set tax deductions;
- (d) that Crescent will be dual listed, with the Crescent Shares continuing to be listed on the TSX-V and the Crescent CDIs being listed on the ASX, and the Resulting Issuer will have complementary shareholder bases, integrating ownership by Australian retail investors, Canadian retail investors and global institutions;
- (e) that the Resulting Issuer will have a combined board of directors and management team well suited to advancing the Cameron Gold Project, conducting exploration and interacting with the capital markets;
- (f) information concerning the results of operations, performance and financial condition of both Crescent and Coventry on a company-by-company basis and on a combined basis;
- (g) information with respect to recent and historical trading prices of the Coventry Shares on the ASX;
- (h) current economic, industry and market conditions affecting both companies;
- (i) the results of due diligence review conducted by Crescent and its legal counsel with respect to the business and operations of Coventry; and
- (j) the terms of the Deed and the structure of the Scheme.

Based on these factors and such other factors as the Crescent Board deemed relevant, the Crescent Board approved the Deed. This discussion of the information and the factors considered by the Crescent Board is not intended to be exhaustive. The above factors are not presented in any particular order, and the Crescent Board did not assign any relative or specific weight to the foregoing factors and individual directors may have given differing weight to different factors.

For the reasons described above, the Crescent Board unanimously recommends that the Shareholders vote in favour of the Merger Resolution. Accordingly, in the absence of any instructions to the contrary, the Crescent Shares in respect of which the persons named in the enclosed form of proxy are appointed will be voted FOR the approval of the Merger Resolution.

THE MERGER IMPLEMENTATION DEED

Crescent and Coventry entered into the Deed on September 7, 2012. The following is a summary of certain provisions of the Deed. It does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the provisions of the Deed, a copy of which has been filed by Crescent under its profile on SEDAR at www.sedar.com.

Exchange Ratio

Under the Scheme, each Scheme Shareholder (other than ineligible Scheme Shareholders) will receive 0.2513 Crescent Shares for each one Coventry Share. Under the Option Scheme, each Scheme Optionholder will receive Crescent Consideration Options for every Coventry Option held on the basis set out above under “Merger – The Merger - Consideration”.

Representations and Warranties

The Deed contains various representations and warranties of Crescent to Coventry with respect to Crescent and of Coventry to Crescent with respect to Coventry. These representations and warranties relate to, among other things, organization, capitalization, authority, enforceability, subsidiaries, defaults, absence of charges, employment matters, financial matters, liabilities, non-arm’s length transactions, material contracts, litigation, compliance with laws, ownership and title to assets and property and environmental matters.

Conditions to the Merger

Each of Crescent and Coventry’s obligations to complete the transactions contemplated by the Deed are subject to the fulfillment or waiver of certain conditions, including:

- (a) in respect of the Share Scheme:
 - (i) no Material Adverse Change in respect of either Crescent or Coventry occurring or becoming known to the other party, and no Material Adverse Matter in respect of either of Crescent or Coventry becoming known to the other party;
 - (ii) no Crescent Regulated Event or Coventry Regulated Event occurring or becoming known to the other party;
 - (iii) the Crescent Warranties and Coventry Warranties are true and correct in all material respects;
 - (iv) Coventry procuring an independent expert’s report concluding that the Scheme is in the best interests of Coventry Shareholders and the independent expert not changing that conclusion or withdrawing its report;
 - (v) Crescent completing the Private Placement raising gross proceeds of \$750,000;
 - (vi) Coventry Shareholders approving the Scheme by the requisite majorities in accordance with the Corporations Act;
 - (vii) Coventry obtaining all requisite regulatory approvals to implement the Scheme, including the approval of the Court and ASIC;
 - (viii) Crescent Shareholders approving the Transaction Resolution by the requisite majorities in accordance with the requirements of the BCBCA and the TSX-V;
 - (ix) Crescent having received all necessary approvals from the TSX-V;

- (x) no regulatory authority having:
 - (A) undertaken a judicial proceeding seeking to enjoin, restrain or otherwise prohibit or impose adverse conditions on the Scheme;
 - (B) issued an order, decree or ruling prohibiting or imposing adverse conditions on or otherwise preventing completion of the Scheme; or
 - (C) declined to issue an order, decree, ruling, notification or communication that is required for the Scheme to be implemented in accordance with the Deed; and
 - (xi) the issuance of the Scheme Consideration issuable upon completion of the Scheme to the Scheme Shareholders pursuant to the Scheme will not require registration under the U.S. Securities Act, pursuant to the exemption from the registration requirements thereof provided by Section 3(a)(10) thereof, or under any state securities laws; and
- (b) in respect of the Option Scheme:
- (i) the Scheme becomes Effective;
 - (ii) Coventry obtaining all requisite regulatory approvals to implement the Option Scheme, including the approval of the Court and ASIC;
 - (iii) if required to issue the Option Scheme Consideration in accordance with the Deed, Crescent obtaining all necessary approvals and undertaking all necessary actions to amend the Crescent option plan;
 - (iv) Coventry Optionholders approving the Option Scheme by the requisite majorities in accordance with the Corporations Act;
 - (v) no regulatory authority having:
 - (A) undertaken a judicial proceeding seeking to enjoin, restrain or otherwise prohibit or impose adverse conditions on the Option Scheme;
 - (B) issued an order, decree or ruling prohibiting or imposing adverse conditions on the Option Scheme; or
 - (C) declined to issue an order, decree, ruling, notification or communication that is required for the Option Scheme to be implemented in accordance with the Deed; and
 - (vi) the issuance of the Option Scheme Consideration issuable upon completion of the Option Scheme to the Scheme Optionholders pursuant to the Option Scheme will not require registration under the U.S. Securities Act, pursuant to the exemption from the registration requirements thereof provided by Section 3(a)(10) thereof, or under any state securities laws.

Non-Solicitation

During the Exclusivity Period, subject to the exercise of a party's fiduciary duties in respect of a Superior Proposal, each of Crescent and Coventry must not, and must ensure that its respective representatives do not, except with the prior written consent of the other party:

- (a) directly or indirectly solicit or invite any Competing Proposal or expression of interest or offer which may lead to a Competing Proposal, or initiate discussions with any Third Party which may reasonably be expected to lead to a Competing Proposal;

- (b) participate or continue to engage in any discussions or negotiations in relation to a Competing Proposal or which may reasonably be expected to lead to a Competing Proposal;
- (c) provide any information to a Third Party for the purposes of enabling that person to make an expression of interest, offer or proposal which may reasonably be expected to lead to a Competing Proposal; or
- (d) enter into any deed, arrangement or understanding in relation to a Competing Proposal requiring Coventry or Crescent (as the case may be) to abandon, or otherwise fail to proceed with, the transactions that are the subject of the Deed unless:
 - (i) in respect of a Coventry Competing Proposal, the Coventry Board, acting in good faith and in order to satisfy what the Coventry Board considers to be its fiduciary or statutory duties, having received expert advice as appropriate, determines that the Coventry Competing Proposal is a Superior Proposal; or
 - (ii) in respect of a Crescent Competing Proposal, the Crescent Board, acting in good faith and in order to satisfy what the Crescent Board considers to be its fiduciary or statutory duties, having received expert advice as appropriate, determines that the Crescent Competing Proposal is a Superior Proposal.

During the Exclusivity Period, subject to the exercise of a party's fiduciary duties in respect of a Superior Proposal, each party must promptly notify the other party:

- (a) of any approach or attempt to initiate, resume or continue discussions or negotiations with it or any of its representatives with respect to a Competing Proposal; and
- (b) of any request for information relating to it or to its Group or any of their businesses or operations or any request for access to the books or records of it or its Group, other than requests occurring in the ordinary course of business.

A notification given in accordance with the Deed must be accompanied by all relevant details of the relevant event, including the identity of the relevant person or persons and the key terms and conditions of any Competing Proposal or proposed Competing Proposal (to the extent known) and must be provided no later than two Business Days from receipt of the approach, request, Competing Proposal or proposed Competing Proposal.

Break Fee

Crescent and Coventry each believe that the Scheme will deliver significant benefits to each party and their respective shareholders and have acknowledged that the Break Fee is a genuine and reasonable pre-estimate of the costs and losses which the other party expects to incur in connection with the Scheme (including internal and third party advisory, legal, accounting, due diligence and management costs and expenses and opportunity and other costs and expenses foregone) and it is not a precondition to being paid the Break Fee that the party has actually incurred those costs or losses or that it be able to prove that it has done so.

Subject to certain exceptions, Coventry agrees to pay Crescent the Break Fee:

- (a) if:
 - (i) Coventry is in material breach of its obligations under the Deed (including a material breach of a representation, warranty or undertaking set out in the Deed) and such breach has been notified in accordance with the Deed and not remedied within the required five Business Day period;
 - (ii) a Coventry Regulated Event occurs and such event has been notified in accordance with the Deed and not remedied within the required five Business Day period;

- (iii) subject to the provisions of the Deed, at any time before the end of the Scheme Meeting, any of the directors of Coventry makes a public statement changing or withdrawing their support or recommendation of the Scheme;
- (iv) at any time before the end of the Scheme Meeting, a majority of the directors of Coventry recommend a Competing Proposal for Coventry;
- (v) the holders of Coventry Shares fail to pass, by the requisite majorities, the resolution to approve the Scheme at the Scheme Meeting; or
- (vi) the independent expert appointed by Coventry fails to conclude that the Scheme is in the best interests of Coventry Shareholders (or having given a report that, in the opinion of the independent expert, the Scheme is in the best interests of Coventry Shareholders, gives a report changing that opinion for any reason to conclude that the Scheme is not in the best interests of Coventry Shareholders),

and the Deed is terminated in accordance with its terms prior to the Implementation Date; or

- (b) if a Coventry Competing Proposal is announced, made, or becomes open for acceptance before the Scheme Meeting or the termination of the Deed (whichever occurs first) and, whether before or after the termination of the Deed but in any event before the first anniversary of the date of the Deed, any bidder for Coventry:
 - (i) acquires a Relevant Interest in more than 50% of all Coventry Shares and the third party's proposal for Coventry is (or becomes) free from any defeating conditions;
 - (ii) acquires the whole or a substantial part or a material part of the business or property of Coventry or the Coventry Group;
 - (iii) acquires control of Coventry, within the meaning of section 50AA of the Corporations Act; or
 - (iv) otherwise acquires or merges with Coventry (including by a reverse takeover bid, reverse scheme of arrangement or dual listed company structure).

In certain of the circumstances set out above, the Break Fee will not be payable by Coventry. Examples of such circumstances include, but are not limited to, the following:

- (a) where a director of Coventry makes a public statement changing or withdrawing his or her support or recommendation of the Scheme as a consequence of Crescent being in material breach of its obligations under the Deed;
- (b) the Deed is terminated by Coventry in accordance with the terms of the Deed as a result of Crescent failing to satisfy certain of the conditions precedent to the Scheme; and
- (c) the Deed is terminated by Crescent and, at the time of termination, Coventry is entitled to terminate as a result of Crescent failing to satisfy certain of the conditions precedent to the Scheme.

Subject to certain exceptions, Crescent agrees to pay Coventry the Break Fee:

- (a) if:
 - (i) Crescent is in material breach of its obligations under the Deed and such breach has been notified in accordance with the terms of the Deed and not remedied within the required five Business Day period;

- (ii) a Crescent Regulated Event occurs and such event has been notified in accordance with the Deed and not remedied within the required five Business Day period;
- (iii) at any time before the vote on the Transaction Resolutions, any of the directors of Crescent make a public statement changing or withdrawing their support or recommendation of the Transaction Resolutions to Shareholders;
- (iv) a majority of the directors of Crescent recommend a Crescent Competing Proposal which would either:
 - (A) be Unavailable to Coventry Shareholders;
 - (B) conditional on the Scheme not becoming Effective or which requires Crescent to abandon the proposed merger with Coventry; or
- (v) the holders of Crescent Shares fail to pass, by the requisite majorities, the Transaction Resolutions,

and the Deed is terminated in accordance with its terms prior to the Implementation Date;

- (b) if a Crescent Competing Proposal is announced, made, or becomes open for acceptance before the Scheme Meeting which, as at the time of the Scheme Meeting, is recommended by a majority of the directors of Crescent and is Unavailable to Coventry Shareholders, and the Coventry Shareholders fail to pass, by the requisite majorities, the resolution to approve the Scheme at the Scheme Meeting; and
- (c) if a Competing Proposal for Crescent is announced, made, or becomes open for acceptance, before the Meeting (or the termination of the Deed, whichever occurs first) and whether before or after the termination of the Deed but in any event before the first anniversary of the date of the Deed, any bidder for Crescent:
 - (i) acquires a Relevant Interest in more than 50% of all Crescent Shares and the third party's proposal for Crescent is (or becomes) free from any defeating conditions;
 - (ii) acquires the whole or a substantial part or a material part of the business or property of Crescent or the Crescent Group;
 - (iii) acquires control of Crescent, within the meaning of section 50AA of the Corporations Act; or
 - (iv) otherwise acquires or merges with Crescent (including by a reverse takeover bid, reverse scheme of arrangement or dual listed company structure).

In certain of the circumstances set out above, the Break Fee will not be payable by Crescent. Examples of such circumstances include, but are not limited to, the following:

- (a) where a director of Crescent makes a public statement changing or withdrawing his or her support or recommendation of the Scheme as a consequence of Coventry being in material breach of its obligations under the Deed;
- (b) the Deed is terminated by Crescent in accordance with the terms of the Deed as a result of Coventry failing to satisfy certain of the conditions precedent to the Scheme; and
- (c) the Deed is terminated by Coventry and, at the time of termination, Crescent is entitled to terminate as a result of Coventry failing to satisfy certain of the conditions precedent to the Scheme.

For the avoidance of doubt, no amount is payable as a Break Fee if the Scheme becomes Effective despite the occurrence of any event referred to above.

Termination

Crescent and Coventry may agree in writing to terminate the Deed and abandon the Scheme at any time prior to the Second Court Date in accordance with the terms and conditions set out in the Deed. In addition, either Crescent or Coventry may terminate the Deed and abandon the Scheme at any time prior to the Second Court Date if certain specified events occur, including without limitation, either party is unable to satisfy or waive certain conditions set out in the Deed, there is a material breach of any of Crescent's or Coventry's representations and warranties, a Material Adverse Change occurs in respect of either party, or if the board of directors of a party publicly changes its recommendations in connection with the Merger.

Funding Arrangements

Pursuant to the terms of the Deed, Crescent and Coventry acknowledged and agreed that Coventry might require funds prior to the Implementation Date, and might either undertake a private placement up to A\$1,300,000 in Coventry Shares (with each share having a purchase price of at least A\$0.055) or enter into a loan facility with Crescent on terms to be agreed and otherwise commercially acceptable to the parties. Since the date of the Deed, Coventry has completed a private placement of 23,600,000 Coventry Shares for gross proceeds of \$1,298,000.

Coventry has entered into a short term facility agreement with Mr. Don Halliday, a director of Crescent, pursuant to which Mr. Halliday has agreed to provide to Coventry a short term working capital facility up to C\$400,000 should Coventry require it until such time as the Scheme becomes Effective or is terminated. The facility is intended to remove any uncertainty that Coventry can continue to meet its working capital commitments during the period of the Scheme where it cannot look to raise further funds without affecting the terms of the Scheme.

The facility has been provided on arm's length terms, and is repayable three months after the date of the facility. No interest is payable on the amounts drawn down under the facility. However, where the amount drawn down is not fully repaid by three months after the date of the facility, the outstanding amount will attract default interest at prime plus 2%.

Confidentiality

Pursuant to the terms of the Deed, Crescent and Coventry acknowledged and agreed that they entered into the Confidentiality Agreement and such agreement continues to apply despite the entry into the Deed by the parties.

SHARE CONSOLIDATION

Subject to the approval of the Shareholders and the TSX-V, immediately prior to the completion of the Merger on the Implementation Date, Crescent proposes consolidate its issued and outstanding share capital on a five to one basis.

The Consolidation is being undertaken to rationalize the capital structure of the Resulting Issuer to facilitate financing.

The Consolidation will not alter any of the existing rights and obligations of Crescent or the Resulting Issuer. To the extent that any right or obligation is related to Crescent Shares outstanding, such right or obligation will be adjusted to reflect the Consolidation. The change in the number of Crescent Shares outstanding that will result from the Consolidation will cause no change in the stated capital attributable to the Crescent Shares.

No fractional Crescent Shares will be issued to Shareholders. Any Shareholder that would otherwise be entitled to receive a fraction of a Crescent Share pursuant to the Consolidation shall receive such number of Crescent Shares rounded down to the nearest whole number without any further consideration or payment in lieu of such fractional Crescent Share.

At the Meeting, Shareholders of the Company will be asked to pass a special resolution approving the Consolidation Resolution, the full text of which is set forth in Schedule "A" to this Circular. If the Merger is not approved, the Consolidation will not be undertaken.

In order to adopt the Consolidation Resolution, at least two-thirds of the votes cast in respect thereof by the Shareholders present at the Meeting in person or by proxy must be voted in favour of the Consolidation Resolution. **The Crescent Board recommends that Shareholders vote in favour of the Consolidation Resolution. Accordingly, in the absence of any instructions to the contrary, the Crescent Shares in respect of which the persons named in the enclosed form of proxy are appointed will be voted FOR the approval of the Consolidation Resolution.**

A Letter of Transmittal sent to registered Shareholders with this Circular sets out the procedure to be followed by Shareholders in surrendering their existing Crescent Shares in connection with the Consolidation. If the Consolidation becomes effective, in order to receive post-Consolidation Crescent Shares, a Shareholder must deliver or send the Letter of Transmittal, properly completed and duly executed, together with certificate(s) representing its existing Crescent Shares and all other required documents to Computershare at the address set forth in the Letter of Transmittal. It is each Shareholder's responsibility to ensure that the Letter of Transmittal is received by Computershare. If the Consolidation is not completed, the Letter of Transmittal will be of no effect and Computershare will return all certificates representing existing Crescent Shares to the holders thereof as soon as possible. Non-Registered Shareholders should consult with their intermediaries for information on depositing their existing Crescent Shares pursuant to the Consolidation.

NAME CHANGE

To reflect the changing direction of Crescent resulting from the Merger, if the Merger is approved, but subject to the approval of the applicable regulatory authorities and the Shareholders, on the Implementation Date, Crescent will change its name to "Coventry Resources Inc.", or such variation of such name as may be acceptable to Coventry and the Company and the applicable regulatory authorities.

At the Meeting, Shareholders of the Company will be asked to pass the Name Change Resolution, the full text of which is set forth in Schedule "A" to this Circular. If the Merger is not approved, the Name Change will not be undertaken.

In order to adopt the Name Change Resolution, at least two-thirds of the votes cast in respect thereof by the Shareholder present at the Meeting in person or by proxy must be voted in favour of the Name Change Resolution. **The Crescent Board recommends that Shareholders vote in favour of the Name Change Resolution. Accordingly, in the absence of any instructions to the contrary, the Crescent Shares in respect of which the persons named in the enclosed form of proxy are appointed will be voted FOR the approval of the Name Change Resolution.**

ELECTION OF DIRECTORS

In connection with the Merger, Crescent has agreed to increase the size of the Crescent Board from four to six and, to nominate for election to the Crescent Board at the Meeting, the Coventry Nominees, being Michael Naylor, Anthony Goddard, Michael Haynes and Steven Chadwick, to fill such additional directorships and the vacancies created by the resignations of Michael Hopley and Ian MacLean from the Crescent Board effective on the Implementation Date. Two of the existing directors of Crescent, being Don Halliday and Eric Edwards, will each continue to hold office until the next annual meeting or until his successor is elected or appointed, unless his office is earlier vacated in accordance with the provisions of the BCBCA or the Articles of Crescent.

The Crescent Board does not contemplate that any of the Coventry Nominees will be unable to serve as a director. Each director elected will hold office until the next annual meeting or until his successor is elected or appointed, unless his office is earlier vacated in accordance with the provisions of the BCBCA or the Articles of Crescent.

The Coventry Nominees have agreed to be elected to the Crescent Board subject to the following conditions:

- (a) the election of the Coventry Nominees to the Crescent Board at the Meeting is conditional upon completion of the Merger;
- (b) the election of the Coventry Nominees to the Crescent Board shall only be effective as of the Implementation Date;
- (c) for greater clarity, prior to the Implementation Date, the Coventry Nominees shall not attend any Crescent Board meetings or vote on any matters before the Crescent Board and, without in any way limiting the generality of the foregoing, the Coventry Nominees shall not take any action on behalf of Crescent in respect of the Merger or the transactions set out in the Deed; and
- (d) in the event that the Merger does not become Effective, the consents to act as directors provided to Crescent by the Coventry Nominees shall be deemed to have been revoked and of no further force or effect and the Coventry Nominees will immediately resign from the Crescent Board.

The following table sets forth the names of all Coventry Nominees, their municipality of residence, their principal occupations or employment, the year in which they became directors of Crescent and Coventry and the approximate number of Crescent Shares to be beneficially owned or over which control or direction will be exercised by each of them upon completion of the Merger.

Name and Municipality of Residence⁽¹⁾	Principal Occupation For Five Preceding Years⁽¹⁾	Served as a Director of Crescent/ Coventry Since	Number and Percentage of Voting Securities Owned upon Completion of the Merger⁽¹⁾⁽²⁾
Michael Naylor Toronto, ON <i>President and Chief Executive Officer and Director</i>	Managing Director and Chief Executive Officer of Coventry since May 2012; Finance Director of Dragon Mining from July 2008 to May 2012; Chief Financial Officer of Dragon Mining from May 2006 to June 2008; Company Secretary of Dragon Mining Ltd. from April 2007 to July 2008.	N/A / July 2012	252,844 / 0.36%
Anthony Goddard Mount Lawley, WA, Australia <i>Vice President, Exploration and Director</i>	Geologist; Technical Director of Coventry since September 2008; Regional Geologist of Barrick Gold Corporation from August 2004 to August 2008.	N/A / October 2009	1,258,371 / 1.80%
Michael Haynes⁽³⁾ City Beach, WA, Australia <i>Director</i>	Employed by Bullseye Geoservices Pty Ltd. since 2000 to provide consulting services to companies in the resource sector. Chairman of Overland Resources Limited since May 2005 and Chairman of Coventry since October 2009; Director of Bullseye Geoservices Pty Ltd. from April 2000 to August 2011.	N/A / October 2009	1,078,349 / 1.55%

Name and Municipality of Residence ⁽¹⁾	Principal Occupation For Five Preceding Years ⁽¹⁾	Served as a Director of Crescent/ Coventry Since	Number and Percentage of Voting Securities Owned upon Completion of the Merger ⁽¹⁾⁽²⁾
Steven Chadwick⁽³⁾ City Beach, WA, Australia <i>Senior Technical Consultant and Director</i>	Principal of Spectrum Metallurgical Consultants Pty Ltd. since May 1995.	N/A / N/A	203,226 / 0.29%

- (1) The information as to place of residence, principal occupation and number of Crescent Shares beneficially owned or over which a proposed director or officer of the Resulting Issuer exercises control or direction, is not within the knowledge of the management of Crescent and has been furnished by the respective proposed directors and officers of the Resulting Issuer.
- (2) The numbers of Crescent Shares are provided on a post-Consolidation basis. These percentages have been calculated assuming that 550,000 Crescent Shares have been issued to Haywood, the Subscription Receipts have been converted and the Crescent Consideration Options and outstanding Crescent Options and Crescent Warrants have not been exercised.
- (3) Proposed member of the Audit Committee of the Resulting Issuer.

No proposed director of the Resulting Issuer is, as at the date of this Circular, or was within 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any corporation (including Crescent), that:

- (a) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant corporation access to any exemption under securities legislation, for a period of more than 30 consecutive days, that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant corporation access to any exemption under securities legislation, for a period of more than 30 consecutive days, that was issued after the proposed director 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.

No proposed director of the Resulting Issuer:

- (a) is, as at the date of this Circular, or has been within the 10 years before the date of this Circular, a director or executive officer of any corporation (including Crescent) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

No proposed director of the Resulting Issuer has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

During the ten years preceding the date of this Circular, no proposed director of the Resulting Issuer has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

In order to adopt the Director Election Resolutions, a simple majority of the votes cast in respect thereof by the Shares present at the Meeting in person or by proxy must be voted in favour of the Director Election Resolution. **The Crescent Board unanimously recommends that the Shareholders vote in favour of the Director Election Resolutions. Accordingly, in the absence of any instructions to the contrary, the Crescent Shares in respect of which the persons named in the enclosed form of proxy are appointed will be voted FOR the approval of the Director Election Resolutions.**

AMENDMENT OF ARTICLES

Upon completion of the Merger it is intended that Crescent will be dual listed, with the Crescent Shares continuing to be listed on the TSX-V and the Crescent CDIs being listed on the ASX. In order for the listing on the ASX to proceed, the ASX requires Crescent to amend its Articles to include provisions effectively deeming the Articles of Crescent to be amended if and to the extent, required to be consistent with the ASX Listing Rules. Accordingly, Crescent is seeking shareholder approval to amend its Articles by including the additional definitions and provisions set out in Schedule "A". In all other respects, the Articles of Crescent will remain unaltered and in full force and effect.

Shareholders of the Company will be asked to pass a special resolution to approve the Amendment Resolution, the full text of which is attached is set out in Schedule "A" to this Circular. If the Merger is not approved, the Amendment of Articles will not be undertaken.

In order to adopt the Amendment Resolution, at least two-thirds of the votes cast in respect thereof by the Shareholders present at the Meeting in person or by proxy must be voted in favour of the Amendment Resolution. **The Crescent Board recommends that Shareholders vote in favour of the Amendment Resolution. Accordingly, in the absence of any instructions to the contrary, the Crescent Shares in respect of which the persons names in the enclosed form of proxy are appointed will be voted FOR the approval of the Amendment Resolution.**

RISK FACTORS

Shareholders should carefully consider the following risk factors relating to the Merger and the Resulting Issuer before deciding to vote or instruct their vote to be cast to approve the matters relating to the Merger. Additional risks and uncertainties, including those currently unknown or considered immaterial by Crescent, may also adversely affect the business of the Resulting Issuer following completion of the Merger. **All of the risk factors described below should be considered by Shareholders in conjunction with the other information included in this Circular, including the Schedules hereto.**

Risks related to the Merger

The Merger may be terminated by Crescent or Coventry in certain circumstances, in which case the market price for the Crescent Shares may be adversely affected.

Each of Crescent and Coventry has the right to terminate the Deed in certain circumstances. Accordingly, there is no certainty, nor can Crescent provide any assurance, that the Deed will not be terminated by either Crescent or Coventry before the completion of the Merger. In addition, the completion of the Merger is subject to a number of conditions precedent, certain of which are outside the control of Crescent or Coventry, including Shareholders approving the Merger and all required regulatory approvals being obtained by Crescent and Coventry. There is no certainty, nor can Crescent provide any assurance, that these conditions will be satisfied. If for any reason the Merger is not completed, the market price of the Crescent Shares may be adversely affected.

Possible Failure to Realize Anticipated Benefits of the Merger

The success of the Resulting Issuer following completion of the Merger will depend in large part on successfully consolidating functions and integrating operations, projects, procedures and personnel in a timely and efficient manner, as well as the Resulting Issuer's ability to realize the anticipated growth opportunities and synergies from combining the acquired business and operations of Coventry with those of Crescent. The failure of the Resulting Issuer to achieve such integration could result in the failure of the Resulting Issuer to realize any of the anticipated benefits of the Merger and could impair the results of operations, profitability and financial results of the Resulting Issuer. The integration will require the dedication of management effort, time and resources which may divert management's focus and resources from other strategic opportunities and from operational matters during this process.

Payment of the Break Fee may Adversely Affect Crescent's Financial Condition

In certain circumstances set out in the Deed, Crescent may be required to pay the Break Fee to Coventry. If Crescent is required to pay the Break Fee, Crescent's financial condition will be materially adversely affected.

Selling of Crescent Share and Crescent CDIs issued as Scheme Consideration

Securityholders of Coventry will receive as Scheme Consideration a specified number of Crescent Shares or Crescent CDIs, or Crescent Consideration Options, rather than a number of securities of Crescent at a specified market value. As a result, the value of the Scheme Consideration will fluctuate depending upon the market value of the Crescent Shares or Crescent CDIs.

Pursuant to the terms of the Deed, Crescent will issue a maximum of approximately 60,376,342 Crescent Shares to Scheme Shareholders (ignoring the effects of rounding and assuming that no additional Coventry Shares are issued before the Merger Record Date). In addition, Crescent will issue a maximum of approximately 11,845,946 Crescent Consideration Options to Coventry Optionholders under the Option Scheme (ignoring the effects of rounding and assuming that no additional Coventry Options are exercised before the Merger Record Date), which will be immediately capable of exercise into Crescent Shares. Some of the Scheme Shareholders and Scheme Optionholders may not wish to hold their allotment of Crescent Shares (or if applicable Crescent CDIs) and may choose to sell them on the TSX-V or the ASX (as applicable).

In addition, the Sale Nominee will be issued Crescent Shares attributable to Ineligible Overseas Shareholders, and will sell them on the TSX-V as soon as practicable in order to remit the proceeds of such sales to Ineligible Overseas Shareholders.

Crescent Share prices may be adversely affected in the short term if a significant number of Scheme Shareholders or Scheme Optionholders sell their allotment of Crescent Shares soon after implementation of the Merger.

Risks related to the Business of the Resulting Issuer

Access to Financing

Both Crescent and Coventry are at the exploration stage with no revenue being generated from the exploration activities on their respective mineral properties. The Resulting Issuer may therefore have to raise the capital necessary to undertake or complete future exploration work, including drilling programs. There can be no assurance that debt or equity financing will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to the Resulting Issuer. Moreover, future activities may require the Resulting Issuer to alter its capitalization significantly. An inability to access sufficient capital for operations could have a material adverse effect on the Resulting Issuer's financial condition, results of operations or prospects. In particular, failure to obtain such financing on a timely basis could cause the Resulting Issuer to forfeit its interest in its mineral properties, miss certain acquisition opportunities, or reduce or terminate its operations.

Exploration and Development Risks

Few mineral properties which are explored are ultimately developed into producing mines. There can be no guarantee that the estimates of quantities and qualities of minerals disclosed will be economically recoverable. Mineral exploration is speculative in nature and there can be no assurance that any minerals discovered will result in the definition of a mineral resource.

In addition, substantial expenditures are required to establish mineral reserves and mineral resources through drilling, to develop metallurgical processes to extract the metal from the ore 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 discovery of a major mineralised deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. The economics of developing gold and other mineral properties is affected by many factors, including the cost of operations, variations in the grade of minerals mined, fluctuations in metal markets, costs of processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. The long-term success of the Resulting Issuer depends on its ability to explore, develop and commercially produce minerals from its mineral properties and to locate and acquire additional properties worthy of exploration and development for minerals.

Operations are subject to all of the hazards and risks normally encountered in the exploration and development of minerals. Although precautions to minimise 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 Resulting Issuer.

Competition

The mining industry is highly competitive. The Resulting Issuer's competitors for the acquisition, exploration, production and development of mineral properties, and for capital to finance such activities, will include companies that have greater financial and personnel resources available to them.

Volatility of metal prices

The market price of any precious or base metal is volatile and is affected by numerous factors that will be beyond the Resulting Issuer's control. These include international supply and demand, the level of consumer product demand, international economic trends, currency exchange rate fluctuations, interest rates, the rate of inflation, global or regional political events and international events as well as a range of other market forces. Sustained downward movements in metal market prices could render less economic, or uneconomic, some or all of the precious or base metal extraction and/or exploration activities to be undertaken by the Resulting Issuer.

Mineral Resources estimates

Coventry's and Crescent's mineral properties do not contain a known quantity of commercial minerals. Mineral resources are, in the large part, estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. Estimates for properties that have not yet commenced production may require revision based on actual production experience. Market price fluctuations of metals, as well as increased production costs or reduced recovery rates may render mineral resources containing relatively lower grades of mineralization uneconomic. Moreover, short-term operating factors relating to mineral resources, such as the need for orderly development of ore bodies and the processing of new or different mineral grades may cause a mining operation to be unprofitable in any particular accounting period.

Recent global financial conditions

Recent global financial conditions have resulted in increased volatility in the financial sector. Access to public financing has been negatively impacted by both sub-prime mortgages and the liquidity crisis affecting the asset-backed commercial paper market. These factors may impact the ability of the Resulting Issuer to obtain equity or debt financing in the future and, if obtained, on terms favourable to the Resulting Issuer. If these increased levels of volatility and market turmoil continue, the Resulting Issuer's operations could be adversely impacted and the value and the price of the Crescent Shares could be adversely affected.

Environmental risks

All phases of the mining business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and state and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with mining operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with environmental legislation can require significant expenditures and a breach may result in the imposition of fines and penalties.

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

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

Reliance on key personnel

The success of the Resulting Issuer will be largely dependent upon the performance of its management and key employees and contractors. Shareholders should realise that they are relying on the experience, judgment, discretion, integrity and good faith of the proposed management of the Resulting Issuer. The successful integration of Coventry's business into Crescent may have a material impact on the success of the Resulting Issuer in particular in connection with the retention of key employees. Other than as disclosed in this Circular the Crescent Board is not aware of any key employee who wishes to terminate their employment contract at this time in the event the Merger is implemented.

Conflicts of interest

Certain of the directors and officers of the Resulting Issuer may be engaged in, and may continue to engage in, other business activities on their own behalf and on behalf of other companies (including mineral resource companies) and, as a result of these and other activities, such directors and officers of the Resulting Issuer may become subject

to conflicts of interest. Applicable laws in British Columbia provide that in the event that a director or officer has a material interest in a contract or proposed contract or agreement that is material to the issuer, the director or officer must disclose his or her interest in such contract or agreement and a director must refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with those laws. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of those laws.

Permits and licenses

The activities of the Resulting Issuer will be subject to government approvals, various laws governing prospecting, development, land resumptions, production taxes, labour standards and occupational health, mine safety, toxic substances and other matters, including issues affecting local native populations. Amendments to current laws and regulations governing operations and activities of exploration and mining, or more stringent implementation thereof, could have a material adverse impact on the business, operations and financial performance of Coventry or Crescent. Further, the mining licenses and permits issued in respect of the Resulting Issuer's mineral properties may be subject to conditions which, if not satisfied, may lead to the revocation of such licenses. In the event of revocation, the value of the Resulting Issuer's investments in its mineral properties may decline.

Title risks

The acquisition of title to resource properties or interests therein is a very detailed and time-consuming process. The Resulting Issuer's mineral properties may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects. The boundaries of its mineral properties have not been surveyed and consequently may be disputed.

Uninsured risks

The Resulting Issuer, as a participant in mining and exploration activities, may become subject to liability for hazards that cannot be insured against or against which it may elect not to be so insured because of high premium costs. Furthermore, the Resulting Issuer may incur a liability to third parties (in excess of any insurance coverage) arising from negative environmental impacts or any other damage or injury.

Substantial number of authorized but unissued shares

Crescent has an authorized share capital consisting of an unlimited number of common shares which may be issued by the Crescent Board without further action or approval of the Shareholders, except in limited circumstances. While the Crescent Board is required to fulfil its fiduciary obligations in connection with the issuance of such shares, the shares may be issued in transactions with which not all Shareholders agree, and the issuance of such shares will cause dilution to the ownership interests of the Shareholders.

Limited Operating History

Crescent and Coventry are both companies with limited successful operating histories. Crescent was incorporated in November 1945 and Coventry was incorporated in 1998 and both have yet to generate profits from their respective activities. The Resulting Issuer will be subject to all of the business risks and uncertainties associated with any business enterprise, including the risk that it will not achieve its growth objective. Crescent anticipates that it may take several years to achieve positive cash flow from operations. Even if the Resulting Issuer does undertake further exploration activity on its mineral properties, there is no certainty that the Resulting Issuer will produce revenue, operate profitably or provide a return on investment in the future.

Unforeseen expenses

While neither Crescent or Coventry is aware of any expenses that may need to be incurred that has not been taken into account, if such expenses were subsequently incurred, the expenditure proposals of the Resulting Issuer may be adversely affected.

Contractual Risk

Some of the Resulting Issuer's mineral properties will be subject to option agreements between Coventry or Crescent (or their respective subsidiaries), as the case may be, and the owners of such mineral properties or an interest in such mineral properties. The Resulting Issuer will be reliant on the owners of such mineral properties or interests therein complying with their contractual obligations under the option agreements to maintain the Resulting Issuer's interest in such mineral properties in full force and effect.

Ongoing Arbitration

On October 4, 2012, Crescent received notice that it had been named as a party in arbitration proceedings in the Paraguay Centre for Arbitration and Mediation relating to a contractual dispute arising from April 2007. Should an adverse result arise from the arbitration, Crescent may be required to pay financial compensation, which would need to be funded from the Resulting Issuer. Crescent considers this claim to be without merit and intends to vigorously defend its position. See "Information Concerning Crescent – Legal Proceedings" for further details of this dispute.

INFORMATION CONCERNING CRESCENT

Corporate Structure

Crescent's head office is located at 1490 - 1075 West Georgia Street, Vancouver, B.C. V6E 3C9 and its registered office is located at Unit 1 – 15782 Marine Drive, White Rock, B.C. V4B 1E6.

Crescent has one wholly-owned subsidiary, Crescent Resources USA Inc., which was incorporated and organized on September 11, 2009 under the laws of the State of Wyoming, USA. On December 20, 2010, Crescent Resources USA Inc. obtained a Certificate of Authority under the laws of the State of Alaska, USA to conduct business in Alaska.

General Development of the Business

Crescent was incorporated under the name "Lennie Red Lake Gold Mines Limited" on November 23, 1945 under the laws of the Province of Ontario, Canada.

On March 29, 1984, Lennie Red Lake Gold Mines Limited filed an Amendment to Articles with the Province of Ontario to change its name to "Sun Valley ID. & Red Lake Resources Ltd."; consolidate its capital on the basis of four existing common shares for one new common share; and, change its authorized share capital to an unlimited number of common shares.

On May 29, 1984, Sun Valley ID. & Red Lake Resources Ltd. was continued into the Province of British Columbia.

On December 22, 1986, the shareholders of Sun Valley ID. & Red Lake Resources Ltd. passed a special resolution to alter the authorized share capital of the company such that:

- (a) shares previously designated "shares without par value" would be newly designated "common shares without par value" and the authorized capital of these newly designated "common shares without par value" would be 100,000,000;
- (b) a new class of shares would be created designated "Class "A" Preference shares" with a par value of \$10.00, and with an authorized capital of 100,000,000;
- (c) a new class of shares would be created designated "Class "B" Preference shares" with a par value of \$50.00, and with an authorized capital of 100,000,000; and
- (d) the newly created "Class "A" Preference shares" and the newly created "Class "B" Preference shares" would carry special rights and restrictions.

On September 1, 1987, Sun Valley ID. & Red Lake Resources Ltd. changed its name to “Red Lake and Sun Valley Resources Ltd.”

On June 30, 1989, the shareholders of Red Lake and Sun Valley Resources Ltd. passed a special resolution to change the name of the company to “International R.S.V. Resource Corporation” and to consolidate the capital of the company on the basis of ten existing common shares for one new common share. The change of name was effective December 27, 1989.

On April 25, 1997, the shareholders of International R.S.V. Resource Corporation passed a special resolution to change the name of the company to “Harambee Mining Corp.” and to consolidate the capital of the company on the basis of five existing common shares for one new common share. The change of name was effective May 5, 1997.

On June 28, 2000, the shareholders of Harambee Mining Corp. passed a special resolution to change the name of the company to “Neuer Kapital Corp.” and to consolidate the capital of the company on the basis of three existing common shares for one new common share. The change of name was effective January 3, 2002.

On December 6, 2004, Neuer Kapital Corp. filed a Transition Application with the Province of British Columbia to transition under the BCBCA.

On December 8, 2004, Neuer Kapital Corp. filed a Notice of Alteration with the Province of British Columbia to change its authorized share capital by increasing the number of authorized common shares without par value from 100,000,000 to an unlimited number, resulting in an authorized share capital of 100,000,000 Class “A” Preference Shares with a par value of \$10.00, 100,000,000 Class “B” Preference Shares with a par value of \$50.00 and an unlimited number of common shares without par value.

On June 20, 2005, Neuer Kapital Corp. filed a Notice of Alteration with the Province of British Columbia to change its authorized share capital by eliminating the Class ‘A’ Preference shares and the Class ‘B’ Preference shares, of which there were none issued and outstanding, resulting in an authorized share capital consisting of an unlimited number of common shares without par value. On August 3, 2005, Neuer Kapital Corp. changed its name to “Crescent Resources Corp.”

On August 3, 2005, Crescent, then named Neuer Kapital Corp., announced that a technical report on its Boulder Lake uranium property in Manitoba (the “**Boulder Lake property**”) prepared in accordance with NI 43-101 had been accepted for filing on SEDAR by the TSX-V, the final step in the process enabling Crescent to graduate from the NEX board to Tier 2 of the TSX-V. With the graduation, Crescent changed its name to “Crescent Resources Corp.” and began trading under the symbol “CRC”.

By the financial year ended December 31, 2007, Crescent considered the value of the Boulder Lake property to be impaired given Crescent had not explored the property in any significant way and was directing its exploration funding towards the Oviedo uranium property in Paraguay (the “**Oviedo project**”) and the Matupa gold project in Brazil (the “**Matupa project**”). Crescent wrote-off the deferred acquisition and exploration costs of the Boulder Lake property of \$256,946 in the 2007 financial year.

From May 2005 until November 2008, Crescent held the right to acquire the Matupa project in Mato Grosso State, Brazil. Crescent conducted a drill program in 2006 with modestly encouraging results and it renegotiated the terms of the acquisition. However, by November 2008 Crescent decided that, due to the then poor market conditions and the large cash payment due that month, it would terminate the agreement to acquire interests in the Matupa project. Crescent wrote-off the deferred acquisition and exploration costs of the Matupa project of \$1,572,340 in the 2008 financial year.

From November 2006 until August 2008, Crescent held the right to acquire up to a 70% interest in the Oviedo project, which covered an area of approximately 504,000 hectares. Crescent conducted a 45 hole drill program in 2007 and early 2008 which demonstrated widespread and continuous horizons of uranium-rich sandstone possibly amenable to in-situ recovery methods. Only a small area within a large regional trend that had indications of significant uranium mineralization was tested by Crescent. Crescent’s efforts to negotiate improved terms with the

underlying owner and operator of the Oviedo project were unsuccessful and this, combined with generally poor market conditions regarding uranium exploration at that time, led Crescent to terminate the agreement to acquire interests in the Oviedo project. Additionally, Crescent would have had to raise additional equity funding to finance continued exploration and, with the relatively high holding costs of the Oviedo project, the Board chose to focus Crescent's efforts elsewhere. Crescent wrote-off the deferred acquisition and exploration costs of the Oviedo project of \$4,774,185 in the 2008 financial year.

From July 2009 to July 2010, Crescent had an option to acquire up to a 100% interest in certain mineral claims covering approximately 4,000 acres located in the Rattlesnake Hills area, Natrona County, Wyoming, USA (the "**Rattlesnake Hills project**"). Crescent expanded the land position and conducted field work comprising reconnaissance geology and rock sampling and stream sediment, soil and ground magnetic surveys. The objective of the program was to develop drill targets as quickly as possible. In June 2010, Crescent reached an agreement with the vendor, John Glasscock and Cowboy Exploration and Development LLP, to return Crescent's interest in the Rattlesnake Hills project to the vendor and for the vendor to accept shares of Crescent in satisfaction of approximately \$300,000 of liabilities accrued to May 31, 2010 for exploration services subcontracted to or otherwise funded by the vendor. On July 27, 2010, Crescent issued 3,000,000 Crescent Shares as full settlement of all amounts owing to the vendor. This settlement allowed Crescent to preserve its cash for general corporate purposes and to investigate other potential acquisitions. Crescent wrote-off the deferred acquisition and exploration costs of the Rattlesnake Hills project of \$1,399,628 in the 2010 financial year.

On January 6, 2011, concurrent with the TSX-V approval of the option agreement (the "**Uncle Sam Agreement**") dated December 15, 2010 among Crescent, Millrock Resources Inc. ("**Millrock**") and Millrock Alaska LLC (together with Millrock, the "**Millrock Companies**") with respect to an option on the Uncle Sam property located in Alaska, USA (the "**Uncle Sam property**"), Crescent closed a non-brokered private placement of 5,000,000 units at a price of \$0.20 per unit for proceeds of \$1,000,000. On that same day, pursuant to the Uncle Sam Agreement, Crescent paid Millrock US\$75,000 and issued Millrock 1,583,281 Crescent Shares valued at \$522,483 and issued an arm's length finder 200,000 Crescent Shares valued at \$66,000.

Pursuant to the Uncle Sam Agreement, Crescent has the right to earn a 100% interest in the Millrock Companies' rights to the Uncle Sam property, which is located 75 kilometers southeast of the City of Fairbanks. The Uncle Sam property is an intrusion related gold target hosted in a similar age of intrusive rocks to those which host the Pogo Gold Mine approximately 60 kilometers to the east of the Uncle Sam property. A comprehensive exploration data package provided to Millrock by previous operators of the Uncle Sam property indicates that there are extensive anomalous areas defined by surface gold geochemistry and numerous significant drill intercepts.

Crescent is funding the exploration program on the Uncle Sam property and Millrock act as the operator.

Management believes that the Uncle Sam property has great potential for the discovery of a significant new gold deposit. Past exploration and drilling has shown that the project is a large, mostly untested gold system located in a world class gold belt with three multi-million ounce gold projects, Pogo, Fort Knox and Livengood, located nearby. Furthermore, Alaska is a low risk, pro-development area, with several large exploration programs being conducted by other mineral exploration companies.

On March 30, 2011, the Company completed a non-brokered private placement financing of 10,000,000 units at a price of \$0.35 per unit for gross proceeds of \$3,500,000. Each unit was comprised of one Crescent Share and one-half of one common share purchase warrant. Each whole warrant entitled the holder to purchase one Crescent Share at a purchase price of \$0.50 per share until March 30, 2013. Finder's fees were paid of \$110,034 in cash and 314,382 non-transferable warrants, on the same terms as the warrants issued pursuant to the private placement, valued at \$97,711. Other share issue costs totalled \$19,576.

On January 13, 2011, Don Halliday the Company's Executive Vice President was appointed as the Company's full-time President and Chief Executive Officer and Michael Hopley was appointed Chairman of the Board of Directors.

Selected Consolidated Financial Information and Management's Discussion and Analysis

Selected Information

The following table sets forth selected financial information of Crescent for the two most recently completed financial years ended December 31, 2011 and 2010 and for the six month period ended June 30, 2012. Such information is derived from Crescent's financial statements and should be read in conjunction with such financial statements which are attached to this Circular as Schedule "F" - Audited Annual Financial Statements of Crescent for the Financial Years Ended December 31, 2011 and 2010 and unaudited interim financial statements for the six month period ended June 30, 2012.

Expense Item	Six months ended June 30, 2012 <i>(unaudited)</i>	Year ended December 31, 2011 <i>(audited)</i>	Year ended December 31, 2010 <i>(audited)</i>
	IFRS	IFRS	IFRS
General expenses	\$196,155	\$3,052,608	\$503,875
Exploration costs	\$ 50,831	\$2,302,524	\$104,686
Interest (income)	(\$5,485)	(\$11,655)	(\$115)
Write-off of exploration and evaluation assets	Nil	Nil	\$926,791
Loss and comprehensive loss	\$190,670	\$3,040,953	\$1,430,551
Amount deferred in connection with the Transactions described in this Circular	Nil	Nil	Nil

Management's Discussion and Analysis

Crescent's management's discussion and analysis for the most recently completed financial year ended December 31, 2011 and for the six months ended June 30, 2012 is attached to this Circular as Schedule "G" - Management Discussion and Analysis of Crescent for the financial year ended December 31, 2011 and the six month period ended June 30, 2012, and should be read in conjunction with Crescent's financial statements and notes thereto for the same period, also attached to this Circular as Schedule "F" - Audited Annual Financial Statements of Crescent for the Financial Years Ended December 31, 2011 and 2010 and unaudited interim financial statements for the six month period ended June 30, 2012.

Description of the Securities

The authorized share capital of Crescent is an unlimited number of common shares with no par value. As of the date of this Circular, there are 29,091,872 Crescent Shares issued and outstanding.

Each Crescent Share carries the right to one vote at a meeting of the Shareholders and has no special dividend rights, no special rights upon dissolution or wind-up, no special pre-emptive rights, no conversion or exchange rights, no redemption, retraction, purchase or cancellation provisions, no sinking or purchase fund provisions, no provisions restricting or permitting the issuance of additional securities, and no provisions requiring security-holders to contribute additional capital.

Stock Option Plan

Crescent adopted an employee stock option plan dated for reference June 26, 2003, as amended on June 17, 2004 and December 31, 2010 (the “**Plan**”). The Plan was last approved by Shareholders on May 1, 2012.

The Plan provides that the maximum number of Crescent Shares issuable thereunder from time to time shall be equal to 10% of the issued and outstanding Crescent Shares.

The Plan provides that the terms of the options including exercise price will be determined by the Crescent Board subject to the requirements of the TSX-V. The Plan provides that the exercise price of the options granted under the Plan shall be not less than the closing price of the Crescent Shares on the date immediately prior to the date of grant, less the applicable discount permitted (if any) by the TSX-V, which may not be less than the discounted market price (as defined in the policies of the TSX-V). The Plan also provides that no option may be granted to any person except upon the recommendation of the Crescent Board, and only directors, officers, employees, consultants and other key personnel of Crescent or any subsidiary are eligible for option grants. Options granted under the Plan may not be exercisable for a period longer than five years and the exercise price must be paid in full upon exercise of the option.

Under the rules of the TSX-V, listed companies with rolling stock option plans, such as the Plan, must have that plan ratified and approved at each annual general meeting of the shareholders of the company.

Options granted under the Plan are subject to the following provisions:

- (a) the option is non-assignable and non-transferable other than by will or the laws of descent and distribution;
- (b) for options granted to employees, consultants or management company employees, Crescent is required to represent that the proposed optionee is a bona fide employee, consultant or management company employee as the case may be, of Crescent or of any of its Affiliates;
- (c) if an optionee ceases to be employed by Crescent (other than as a result of termination with cause or death) or ceases to act as a director or officer of Crescent (other than as a result of death), any option held by such optionee may be exercised within 90 days after the date such optionee ceases to be employed or engaged by Crescent or to act as an officer or director, as the case may be, or within 30 days if the optionee is engaged in investor relations activities and ceases to be employed or engaged by Crescent to provide investor relations activities;
- (d) in the event of the death of an optionee, the optionee’s heirs or administrators may exercise any portion of any outstanding options of the optionee up to a period of one year from the date of the optionee’s death or the termination date of the option, whichever is earlier;
- (e) the term of an option cannot exceed five years from the date of grant;
- (f) the options will vest on a basis to be determined by the Crescent Board and may vest immediately upon grant;
- (g) the aggregate number of Crescent Shares that may be reserved for issuance pursuant to options granted under the Plan to any one individual within a one year period must not exceed 5% of the issued Crescent Shares at the time of grant;
- (h) any Crescent Shares subject to an option which for any reason is cancelled or terminated without having been exercised shall again be available for grant under the Plan; and
- (i) the number of options granted to any one consultant within a one year period must not exceed 2% of the issued Crescent Shares at the time of grant.

Prior Sales

During the last 12 months prior to the date of this Circular, an aggregate of 1,500,000 Crescent Shares have been issued as follows:

Date	Number of Crescent Shares	Issue Price per Crescent Share	Aggregate Issue Price	Consideration Received
January 6, 2012	1,500,000	\$0.08	\$120,000	Property ⁽¹⁾

(1) These Crescent Shares were issued to Millrock pursuant to the terms of the Uncle Sam Agreement with a deemed value of \$120,000.

Stock Exchange Prices

The Crescent Shares trade on the TSX-V under the trading symbol “CRC”. The following table lists the volume of trading and high and low sales prices of the Crescent Shares on the TSX-V for the periods indicated.

Period Ended	Volume	High	Low
September 1 – 10, 2012 ⁽¹⁾	5,000	0.05	0.04
Month ended August 31, 2012	43,750	0.05	0.035
Month ended July 31, 2012	292,383	0.04	0.03
Month ended June 30, 2012	236,541	0.04	0.035
Month ended May 31, 2012	542,550	0.06	0.04
Month ended April 30, 2012	721,546	0.065	0.06
Quarter ended March 31, 2012	2,701,000	0.10	0.065
Quarter ended December 31, 2011	2,788,806	0.08	0.065
Quarter ended September 30, 2011	3,950,822	0.25	0.075
Quarter ended June 30, 2011	2,188,124	0.42	0.21
Quarter ended March 31, 2011	2,936,545	0.47	0.32
Quarter ended December 31, 2010 ⁽²⁾	15,881,365	0.375	0.06
Quarter ended September 30, 2010	10,424,426	0.085	0.02

- (1) The Crescent Shares were halted for trading on September 10, 2012 pending announcement of the Merger and remain halted.
- (2) The Crescent Shares opened for trading on December 20, 2010 on a 4:1 post-consolidation basis.

Executive Compensation

Compensation Discussion and Analysis

The Company relies solely on discussion of the Crescent Board without any formal objectives, criteria and analysis, to determine the compensation to be paid to the Company’s executive officers. The compensation to be paid is based on comparison to similar mining companies and is designed to recognize and reward executive performance consistent with the success of the Company’s business and to attract, retain and motivate executive officers to achieve its short-term and long-term business goals.

The Crescent Board is responsible for determining all forms of compensation to be granted to the Chief Executive Officer of Crescent and the directors, and for reviewing the Chief Executive Officer's recommendations respecting compensation of the other senior executives of the Company, to ensure such arrangements reflect the responsibilities and risks associated with each position. When determining the compensation of its executive officers, the Crescent Board considers the following issues: (i) recruiting and retaining executives critical to the success of Crescent and the enhancement of shareholder value; (ii) providing fair and competitive compensation; (iii) balancing the interests of management and Crescent's shareholders; and iv) rewarding performance, both on an individual basis and with respect to operations in general.

In order to achieve these objectives, the compensation paid to Crescent's executive officers consists of a base salary and long-term incentive in the form of stock options.

Philosophy

Compensation paid to the Named Executive Officers (as defined below) is based on comparisons to compensation paid to officers of mineral exploration companies of a similar size and stage of development and reflects the need to provide incentive and compensation for the time and effort expended by the Named Executive Officers, while taking into account the financial and other resources of the Company, as well as the objective of increasing shareholder value.

Crescent is a junior mineral exploration company without revenue and therefore certain compensation factors were considered and not included within the compensation structure and philosophy. Some of the factors not considered were target share ownership guidelines, pension plans, specific target weightings, and percentage of compensation at risk.

Option-based Awards

Executive officers of the Company, as well as directors, employees and consultants, are eligible to participate in the Plan. Stock option grants are an important part of the Company's incentive strategy permitting executive officers to share in any appreciation of the market value of the Company's shares over a stated period of time, and it is intended to reinforce commitment to long-term growth and shareholder value. Stock options reward overall corporate performance, as measured through the price of the Company's shares, and enables executive officers to acquire and maintain a significant ownership position in the Company.

Individual stock options are granted by the Crescent Board as a whole and the size of the grants is dependent on, among other things, each executive officer's level of responsibility, authority and importance to the Company and the degree to which such long-term contribution to the Company will be responsible for its long-term success.

The Company normally grants stock options to an executive officer when they first join the Company based on their level of responsibility. Additional grants may be made periodically to ensure that the number of options granted to any particular officer is commensurate with the officer's ongoing level of responsibility within the Company. The Crescent Board also evaluates the number of options an officer has been granted, the exercise price of the options and the term remaining on those options when considering further grants. Options are usually priced at no less than the discounted market price (as defined in the TSX-V policies) of the Company's shares on the business day immediately preceding the date of grant and the current policy of the Crescent Board is that options expire five years from the date of grant.

Summary Compensation Table

Doris Meyer served as Chief Financial Officer of Crescent throughout the financial year ended December 31, 2011. Don Halliday was appointed as the Chief Executive Officer effective January 13, 2011, and Michael Hopley resigned as the Chief Executive Officer on that same date and was appointed Non-Executive Chairman (together, the “**Named Executive Officers**”). No other executive officer of Crescent, or any of its subsidiaries, was paid more than \$150,000 in compensation during that financial year. The following table provides a summary of the compensation earned by the Named Executive Officers during the financial year ended December 31, 2011 and in the preceding two financial years, as applicable.

Name and Principal Position Named Executive Officers	Fiscal Year Ended	Salary (\$)	Share based awards (\$)	Option based awards (\$) ⁽³⁾	Non-equity incentive plan compensation (\$)		Pension Value	All Other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Michael Hopley President and Chief Executive Officer	2011	Nil	Nil	53,730	Nil	Nil	Nil	Nil	53,730
	2010	Nil	Nil	18,488	Nil	Nil	Nil	Nil	18,488
	2009	30,000	Nil	16,500	Nil	Nil	Nil	Nil	46,500
Don Halliday ⁽¹⁾ President and Chief Executive Officer	2011	116,190	Nil	107,460	Nil	Nil	Nil	Nil	223,650
Doris Meyer ⁽²⁾ Chief Financial Officer and Corporate Secretary	2011	Nil	Nil	53,730	Nil	Nil	Nil	76,000	129,730
	2010	Nil	Nil	18,488	Nil	Nil	Nil	66,000	84,488
	2009	Nil	Nil	11,000	Nil	Nil	Nil	66,000	77,000

- (1) Don Halliday’s fees are paid to 524124 B.C. Ltd., a company owned by Don Halliday which provides Mr. Halliday’s services to Crescent.
- (2) Doris Meyer’s fees are paid to Golden Oak Corporate Services Ltd., a company owned by Doris Meyer through which Ms. Meyer’s services are provided to Crescent.
- (3) This amount represents the theoretical fair value, on the date of grant, of stock options granted under the Plan during the financial year. There was no cash compensation paid to any of the Named Executive Officers disclosed in the above table in connection with “option-based awards”. The grant date fair value has been calculated using the Black Scholes Merton model according to Section 3870 of the CICA Handbook and will be recognized over the vesting term of the option. The key assumptions and estimates used for the calculation of the grant date fair value under this model include the risk-free, expected stock price volatility, expected life and expected dividend yield.

Benefits and Perquisites

Crescent’s Named Executive Officers do not receive perquisites or benefits that are not generally available to all employees of Crescent.

Incentive Plan Awards

Outstanding Option-based Awards

The following table sets forth all Crescent Options outstanding as at December 31, 2011, held by Named Executive Officers under the Plan, as Crescent Options granted under the Plan are considered “option-based awards” under applicable securities laws.

Name	Number of securities underlying unexercised options⁽¹⁾ (#)	Option exercise price (\$)	Expiration Date	Value of unexercised in-the-money options⁽²⁾ (\$)
Michael Hopley	43,750	2.20	February 21, 2012	Nil
	18,750	1.00	September 10, 2014	Nil
	25,000	0.80	January 7, 2015	Nil
	150,000	0.37	January 31, 2016	Nil
Don Halliday	43,750	2.20	February 21, 2012	Nil
	18,750	1.00	September 10, 2014	Nil
	25,000	0.80	January 7, 2015	Nil
	300,000	0.37	January 31, 2016	Nil
Doris Meyer	18,750	2.20	February 21, 2012	Nil
	12,500	1.00	September 10, 2014	Nil
	25,000	0.80	January 7, 2015	Nil
	150,000	0.37	January 31, 2016	Nil

- (1) The underlying securities are common shares of Crescent.
- (2) The value of unexercised “in-the-money options” at financial year-end is the difference between the option exercise price and the closing price of the underlying stock on the TSX-V on December 31, 2011. The closing price of the shares on December 31, 2011 was \$0.075.

Incentive Plan Awards – Value vested or earned during the year

The following table sets forth the value of the option-based awards that vested for each Named Executive Officer of the Company under the Plan. None of the Named Executive Officers earned any non-equity incentive plan compensation during the financial year ended December 31, 2011.

Name	Option-based awards – Value vested during the financial year ended December 31, 2011⁽¹⁾ (\$)
Michael Hopley	Nil
Don Halliday	Nil
Doris Meyer	Nil

- (1) Value vested is calculated as the dollar value that would have been realized had the option been exercised on the date it was vested less the related exercise price multiplied by the number of vesting shares.

Pension Plan Benefits

The Company has no formal pension, retirement or other long-term incentive compensation plan in place for its directors, officers or employees.

Termination of Employment, Change in Responsibilities and Employment Contracts

On April 1, 2005, Crescent entered into a Consulting Agreement with Doris Meyer and her wholly owned company, Golden Oak Corporate Services Ltd. (“**Golden Oak**”). Golden Oak provides accounting, financial reporting, corporate and regulatory compliance services at an annual fee of \$66,000 plus applicable taxes and, unless terminated, will be renewed annually. The agreement may be terminated by either party on 90 days’ notice.

On January 13, 2011, Crescent entered into a consulting agreement (the “**Halliday Agreement**”) with Don Halliday (“**Halliday**”) through his company 524124 B.C. Ltd. The base fee amount under the Halliday Agreement is reviewed annually by the Crescent Board. Effective January 13, 2011 the annual fee was set at \$120,000. The Halliday Agreement may be terminated by the Company for cause without notice and without cause upon 10 days written notice and within 30 days of such termination the Company shall pay an amount equal to two times the then-current annual fee. Halliday may terminate the Halliday Agreement upon 60 days’ written notice and entitlement to remuneration pursuant to the agreement will cease after that time. Except as set out below, on a defined change of control event, if Halliday is terminated within one year, or resigns within 90 days, he shall receive two times his then-current annual base fee in a lump sum payment to be paid within 30 days of termination. If Halliday is terminated or resigns as per the Halliday Agreement, the Company will engage Halliday as a consultant for a one year period on an if, as and when required basis at a daily compensation rate consistent with Halliday’s compensation prior to termination or resignation and Halliday’s expertise will remain available to the Company and Halliday’s stock options will, unless otherwise exercised or terminated, continue for such one year. On September 7, 2012, Halliday entered into an agreement with Coventry whereby Halliday agreed to waive his right under the Halliday Agreement to receive a payment of two-times his then-current annual base fee in the event that he resigns within 90 days of the Merger (which would constitute a change of control event), provided that if the Merger is not completed by January 31, 2013 such waiver will be ineffective.

The following table illustrates potential payments to each executive who was a Named Executive Officer as at December 31, 2011, as if the Named Executive Officers’s employment had been terminated and/or if a change in control had occurred as of December 31, 2011. Actual amounts that would be paid to any Named Executive Officer can only be determined at the time of actual termination of employment and would vary from those listed below. The estimated amounts in the table below are in addition to other benefits that are available to the Company’s salaried employees generally.

Name	Scenario	Payment	Stock Options
Don Halliday	Termination without cause	\$240,000	Vested options expire in one year
	Change of control	\$240,000	

Compensation of Directors

Eric H. Edwards was paid or accrued \$750 per month for his role as Chairman of the Audit Committee during the financial year ended December 31, 2011; otherwise the Company does not pay its directors a fee for acting as such. They are, however, entitled to be reimbursed for reasonable expenditures incurred in performing their duties as directors. Crescent does, from time to time, grant options to purchase Crescent Shares to the directors.

The following table sets out details of all amounts of compensation provided to the directors for the Company during the financial year ended December 31, 2011.

Name	Fees earned (\$)	Option-based awards ⁽¹⁾ (\$)	All other compensation (\$)	Total (\$)
Ian MacLean	Nil	26,865	Nil	26,865
Eric H. Edwards	9,000	26,865	Nil	35,865

- (1) This amount represents the theoretical fair value, on the date of grant, of stock options granted under the Plan during the financial year. There was no cash compensation paid to any of the Named Executive Officers disclosed in the above table in connection with “option-based awards”. The grant date fair value has been calculated using the Black Scholes Merton model according to Section 3870 of the CICA Handbook and will be recognized over the vesting term of the option. The key assumptions and estimates used for the calculation of the grant date fair value under this model include the risk-free, expected stock price volatility, expected life and expected dividend yield.

The following table sets forth all awards outstanding as at December 31, 2011, held by the directors of the Company who are not Named Executive Officers under the Stock Option Plan, as awards under the Plan are considered “option-based awards” under applicable securities laws.

Name	Number of securities underlying unexercised options ⁽¹⁾ (#)	Option exercise price (#) (\$)	Expiration Date	Value of unexercised in-the-money options ⁽²⁾ (#) (\$)	Number of shares or units of shares that have not vested (#)
Ian MacLean	18,750	2.20	February 21, 2012	Nil	Nil
	12,500	0.80	January 7, 2015	Nil	Nil
	75,000	0.37	January 31, 2016	Nil	Nil
Eric H. Edwards	25,000	1.00	October 16, 2014	Nil	Nil
	12,500	0.80	January 7, 2015	Nil	Nil
	75,000	0.37	January 31, 2016	Nil	Nil

- (1) The underlying securities are Crescent Shares.
- (2) The value of unexercised “in-the-money options” at financial year-end is the difference between the option exercise price and the closing price of the underlying stock on the TSX-V on December 31, 2011. The closing price of the shares on December 31, 2011 was \$0.075.

Corporate Governance and Audit Committee Disclosure

See “Schedule “B” – Corporate Governance and Audit Committee Disclosure of Crescent”.

Interest of Informed Persons in Material Transactions

Except as set out above, no proposed nominee for election as a director, and no director or officer of Crescent, or any of its subsidiaries who has served in such capacity since the beginning of the last financial year of Crescent, and no shareholder, holding of record or beneficially, directly or indirectly, more than 10% of Crescent’s Shares, and none of the respective associates or affiliates of any of the foregoing, had any interest in any transaction with Crescent or in any proposed transaction since the beginning of the last completed financial year that has materially affected Crescent, or any of its subsidiaries, or is likely to do so.

Interest of Certain Persons in Matters to be Acted on at the Meeting

Except as set out herein, no proposed nominee for election as a director, and no director or officer of Crescent who has served in such capacity since the beginning of the last financial year of Crescent, and no shareholder holding of record or beneficially, directly or indirectly, more than 10% of Crescent’s outstanding common shares, and none of the respective Associates or Affiliates of any of the foregoing, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

Management Contracts

The management functions of Crescent are performed by our directors and senior officers and there are no management agreements or arrangements under which such management functions are performed by persons other than the directors and senior officers of Crescent.

Non-Arm's Length Party Transactions

Other than as described elsewhere in this Circular, Crescent has not acquired any assets or services within 24 months prior to the date hereof, nor proposes to acquire any assets or services from any directors or officer of Crescent, any principal security holder of Crescent, or any Affiliate or Associate of any such person.

The Merger, pursuant to the terms and conditions of the Deed, is an arm's length transaction between Crescent and Coventry.

Legal Proceedings

Other than as described below, there are no legal proceedings, material or otherwise, to which Crescent is a party or of which any of its property is the subject matter, and there are no such proceedings known by Crescent to be contemplated.

Crescent entered into an option agreement with Coronel Oviedo Mining Company SA dated April 16, 2007, whereby Crescent had an option to earn up to a 70% interest in the Oviedo project. A Paraguayan company, Semin SA ("**Semin**"), was retained to manage the exploration program on the Oviedo project. On June 15, 2007, Semin entered into a drill contract (the "**Oviedo Drill Contract**") with a drilling company, Copami SA ("**Copami**"), with respect to exploration drilling to be conducted by Copami on the Oviedo project. Crescent guaranteed the obligations of Semin under the Oviedo Drill Contract. Copami's performance under the Oviedo Drill Contract was not acceptable and, after Semin provided notice to Copami that Copami was not properly performing its obligations under the Oviedo Drill Contract, Semin terminated the Oviedo Drill Contract. Crescent had heard nothing on this matter since late 2008; however, in May 2011, it was requested to attend a mediation meeting in Paraguay to discuss Copami's claim for payment under the Oviedo Drill Contract. The mediation meeting did not proceed. Crescent heard nothing further on this matter until October 4, 2012, when it was informed that Copami has initiated arbitration proceedings at the Paraguay Center for Arbitration and Mediation, in which both Crescent and Semin have been named as defendant parties in a breach of contract claim for US\$1,505,782. Crescent considers the claim to be completely without merit and intends to vigorously defend its position.

Auditor, Transfer Agent and Registrars

The auditor of Crescent is Davidson & Company, of #1200 – 609 Granville Street, PO Box 10372 Pacific Centre, Vancouver, BC V7Y 1G6.

The transfer agent and registrar of Crescent is Computershare Investor Services Inc., at 3rd Floor – 510 Burrard Street, Vancouver, BC V4B 1E6.

Material Contracts

Crescent has not entered into any material contracts, except in the ordinary course of business, other than the Merger Implementation Deed dated September 7, 2012 between Crescent and Coventry.

A copy of the Deed will be available for inspection at the registered office of Crescent at Unit 1 – 15782 Marine Drive, White Rock, BC V4B 1E6, during ordinary business hours, until completion of the Merger and for a period of 30 days thereafter.

INFORMATION CONCERNING COVENTRY

See “Schedule “C” – Information Concerning Coventry” and “Schedule “D” – Audited Annual Financial Statements of Coventry for the Financial Years Ended June 30, 2012, 2011 and 2010”.

INFORMATION CONCERNING THE RESULTING ISSUER

Corporate Structure

Name and Incorporation

Following the completion of the Merger, Crescent will have acquired a 100% interest in Coventry, will have implemented the Consolidation, Name Change and the management changes contemplated by the Director Election Resolutions and will continue as the Resulting Issuer. Crescent, as the Resulting Issuer, will continue to be a corporation governed by the BCBCA. It is expected that the Resulting Issuer will maintain offices in Perth, Western Australia, Vancouver, British Columbia, Canada and Toronto, Ontario, Canada. The Resulting Issuer’s head office and its registered and records office will be relocated to 15 Toronto Street, Suite 600, Toronto, ON M5C 2E3. In the event that Shareholder approval to the Transaction Resolution is not obtained, the Merger will be terminated.

Intercorporate Relationships

Immediately upon completion of the Merger and conversion of the Subscription Receipts issued pursuant to the Private Placement, the Coventry Shareholders will hold approximately 87.26% of the issued and outstanding Crescent Shares (post-Consolidation), excluding Crescent Shares issuable on exercise of the outstanding Crescent Warrants, Crescent Options or Crescent Consideration Options and any other outstanding convertible securities of Crescent. See “*Pro Forma Capitalization of the Resulting Issuer*”.

Upon completion of the Merger, Crescent will own all of the issued and outstanding Coventry Shares and Coventry Options and Coventry will be a wholly-owned subsidiary of Crescent. Coventry will cease to be a publicly listed company on the ASX. The Crescent Shares will remain listed on the TSX-V and Crescent is applying for quotation of the Crescent CDIs on the ASX.

Narrative Description of the Business

The Resulting Issuer will carry on the business of mineral exploration and development, with an initial focus on the Cameron Gold Project. The Resulting Issuer’s business objective will be to advance the development of the Cameron Gold Project by completing the recommended work program set out in the Technical Report (estimated to cost \$600,000) using proceeds from the Private Placement, as well as working capital of the Resulting Issuer. See “Schedule “C” – Information Concerning Coventry” and “Funds Available and Principal Purposes of Funds”.

Stated Business Objectives and Milestones

The Resulting Issuer’s overall strategy will be to position itself as a mid-tier gold producer by advancing a pipeline of potential producing assets that have near-term production potential. The Resulting Issuer’s principal objectives will be to:

- complete a preliminary economic assessment (“**PEA**”) of the development of an open pit and underground mining operation at the Cameron Gold Project by the end of the fourth quarter of 2012 or shortly thereafter;
- subject to a positive outcome of the PEA, complete a definitive feasibility study (“**DFS**”) on the development of an open pit and underground mining operation at the Cameron Gold Project by the second quarter of 2013;
- subject to a positive outcome of the DFS, production at the Cameron Gold Project is targeted for the first quarter of 2015;

- continue to expand its resource base through rapid exploration of existing ground and the acquisition of prospective new projects; and
- subject to available funding, continue exploration, or seek a joint venture partner to fund continued exploration, on the Uncle Sam property.

Exploration and Development

Coventry is in the process of completing a PEA of the Cameron Gold Project which is due for completion at the end of the fourth quarter 2012 or shortly thereafter. The PEA will encompass engineering, metallurgical and environmental studies to support the design of a potential open pit and underground mining operation.

The author of the Technical Report recommended that additional exploration work be conducted at the Cameron Gold Project.

In particular, the author of the Technical Report recommended additional infill exploration diamond drilling totalling 3,000 metres immediately grid north of the main resource from 50320N to 50420N to extend known mineralisation towards the surface, which should have a positive impact on extending and deepening open pit shells. As the mineralisation associated with the Cameron Lake Shear Zone remains open along strike to the northwest of the Cameron Gold deposit, it is also recommended that this 3,000 metre drill program include this area.

Re-assays related to the mineral resource data, in particular QAQC and the check laboratory analysis program, described in the Technical Report were also recommended.

It is estimated that approximately \$600,000 will be required for the completion of the re-assay program and additional diamond drilling on the Cameron Gold Project, as follows:

<u>Work Program</u>	<u>Estimated Cost</u>
Mineral Resource QAQC - Check laboratory Program	\$100,000
Near-Deposit Drilling Program – Diamond Drilling and Analyses	<u>\$500,000</u>
Total	\$600,000

For the purpose of the Technical Report however, only budgeted costs for drilling at the Cameron Gold deposit were considered.

See “Schedule “C” - Information Concerning Coventry” – “Details of the Cameron Gold Project – Exploration and Development”.

Description of the Securities

Common Shares

The share structure of the Resulting Issuer will be the same as the share structure of Crescent and the rights associated with each class of shares of the Resulting Issuer will be the same as the rights associated with each class of shares of Crescent. See “Information Concerning Crescent – Description of Securities”.

Pro Forma Consolidated Capitalization

The following table sets forth the capitalization of the Resulting Issuer after giving effect to the Merger.

Designation of Security	Amount Authorized	Amount Outstanding After Giving Effect to Qualifying Transaction ⁽¹⁾⁽²⁾
Common Shares	Unlimited	69,744,716
Long-term Debt	-	Nil

- (1) Assuming conversion of the Subscription Receipts issued under the Private Placement into 3,000,000 Crescent Shares (post-Consolidation) and the issuance of 550,000 Crescent Shares (post-Consolidation) to Haywood in connection with financial advisory services provided to Crescent and for acting as a finder in the Private Placement.
- (2) Assuming that the outstanding Crescent Options, Crescent Consideration Options and Crescent Warrants have not been exercised. See “Fully Diluted Share Capital” below for more information on the fully diluted share capital of the Resulting Issuer.

Fully Diluted Share Capital

The following table sets out the anticipated fully diluted share capital structure of the Resulting Issuer after giving effect to the Merger:

	Number of Crescent Shares Outstanding After Giving Effect to the Merger ⁽¹⁾	Percentage of Total Outstanding Crescent Shares After Giving Effect to the Merger
Crescent Shares issued and outstanding as of the date hereof	5,818,374	7.02%
Crescent Shares issued under the Deed to the Coventry Shareholders on the Effective Date	60,376,342	72.82%
Crescent Shares issued upon the conversion of the Subscription Receipts	3,000,000	3.62%
Crescent Shares issued to Haywood for financial advisory services and acting as a finder in the Private Placement	550,000	0.66%
Reserved for issuance pursuant to exercise of outstanding Crescent Options	259,000	0.31%
Reserved for issuance pursuant to exercise of the Crescent Consideration Options	11,845,946	14.29%
Reserved for issuance pursuant to exercise of outstanding Crescent Warrants	1,062,876	1.28%
Total Number of Diluted Securities	82,912,538 ⁽²⁾	100%

- (1) Assumes the completion of the Consolidation.
- (2) This number does not take into account an aggregate of up to 7,910,273 Crescent Shares (post-Consolidation) which may be issued in order to earn an interest in the claims under the various property agreements that Coventry entered into in 2010 and 2011, including the Nucanolan and Roy properties. See Schedule “C” – Information Concerning Coventry - General Development and Description of the Business – History”.

Funds Available and Principal Purposes of Funds

The funds available to the Resulting Issuer upon completion of the Merger consists of the current working capital of each of Crescent and Coventry and the gross proceeds of the Private Placement, and it is the Resulting Issuer's intention to use those funds as follows:

Working capital position of Crescent as at October 31, 2012	\$594,370
Working capital position of Coventry as at October 31, 2012	\$1,408,121
Net Proceeds from the Private Placement	\$720,000
Total	<u>\$2,722,491</u>

Use of Available Funds

Recommended work program on the Cameron Gold Project ⁽¹⁾	\$600,000
Complete exercise of the option on the Uncle Sam property by issuance of last cash option payment and work expenditures	\$71,000
Estimated balance remaining of Coventry legal and accounting expenses, fees and the regulatory fees relating to the Merger	\$156,000
Estimated balance remaining of Crescent legal and accounting expenses, fees and the regulatory fees relating to the Merger	\$90,000
Estimated general and administrative costs for the 12 months post-transaction	\$1,567,300
Unallocated working capital	<u>\$238,191</u>
Total	<u>\$2,722,491</u>

- (1) The Technical Report recommends a work program of \$600,000. See "Schedule "C" – Information Concerning Coventry" – "Details of the Cameron Gold Project – Exploration and Development".

The Resulting Issuer will spend the funds available to it after the completion of the Merger and for the principal purposes as indicated above. Notwithstanding the foregoing, there may also be circumstances where, for sound business reasons, a reallocation of funds may be necessary for the Resulting Issuer to achieve these objectives. The Resulting Issuer may require additional funds in order to fulfill all of the Resulting Issuer's expenditure requirements and to meet its objectives, in which case the Resulting Issuer expects to either issue additional shares or incur indebtedness. There is no assurance that additional funding required by the Resulting Issuer would be available if required.

Dividends

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

Principal Securityholders

To the knowledge of the directors and senior officers of Crescent as of the date hereof, there are no shareholders (other than securities depositories) which currently, or are anticipated to, beneficially own, directly or indirectly, or exercise control or direction over voting securities carrying more than 10% of the voting rights attached to any class of voting securities of the Resulting Issuer, other than as set out below.

<u>Name</u>	Name and Percentage of Securities Owned Upon Completion of the Merger	
	Crescent Shares	Percentage
Sun Valley Gold Master Fund	7,635,654	10.95% ⁽¹⁾⁽²⁾

- (1) On a fully diluted basis, Sun Valley Gold Master Fund will own 9.21% of the issued and outstanding Crescent Shares. Crescent is not aware of the name of the individual who has ownership of or control or direction over the securities of Sun Valley Gold Masters Fund.
- (2) Assuming conversion of the Subscription Receipts issued under the Private Placement into 3,000,000 Crescent Shares (post-Consolidation) and the issuance of 550,000 Crescent Shares (post-Consolidation) to Haywood. Assuming that the outstanding Crescent Options, Crescent Consideration Options and Crescent Warrants have not been exercised.

Directors, Officers and Promoters

The names of the directors and officers of the Resulting Issuer on the Implementation Date are set out in the table below, including their municipalities of residence, their positions with the Resulting Issuer, the number of voting securities beneficially owned by them, directly or indirectly, or over which they exercise control or direction, and their principal occupations during the past five years are as follows:

Name and Municipality of Residence ⁽¹⁾	Principal Occupation For Five Preceding Years ⁽¹⁾	Served as a Director of Crescent/ Coventry Since	Number and Percentage of Voting Securities Owned upon Completion of the Merger ⁽¹⁾⁽²⁾
Michael Naylor Toronto, ON <i>President and Chief Executive Officer and Director</i>	Managing Director and Chief Executive Officer of Coventry since May 2012; Finance Director of Dragon Mining from July 2008 to May 2012; Chief Financial Officer of Dragon Mining from May 2006 to June 2008; Company Secretary of Dragon Mining Ltd. from April 2007 to July 2008.	N/A / July 2012	252,844 / 0.36%
Anthony Goddard Mount Lawley, WA, Australia <i>Vice President, Exploration and Director</i>	Geologist; Technical Director of Coventry since September 2008; Regional Geologist of Barrick Gold Corporation from August 2004 to August 2008.	N/A / October 2009	1,258,371 / 1.80%
Don Halliday West Vancouver, BC <i>Vice President, Investor Relations and Director</i>	President and Chief Executive Officer of Crescent (until the Implementation Date).	April 2000 / N/A	1,584,275 ⁽³⁾ / 2.27%

Name and Municipality of Residence ⁽¹⁾	Principal Occupation For Five Preceding Years ⁽¹⁾	Served as a Director of Crescent/ Coventry Since	Number and Percentage of Voting Securities Owned upon Completion of the Merger ⁽¹⁾⁽²⁾
Eric Edwards⁽⁶⁾ Vancouver, BC <i>Non-Executive Chairman and Director</i>	President and Chief Executive Officer of Lupaka Gold Corp since January 2011; Chief Financial Officer of Andean Resources Limited from July 2010 to December 2010; Chief Financial Officer International Mineral Corporation June 2007 to June 2010.	October 2009 / N/A	100,000 ⁽⁴⁾ / 0.14%
Michael Haynes⁽⁶⁾ City Beach, WA, Australia <i>Director</i>	Geologist/geophysicist. Employed by Bullseye Geoservices Pty Ltd. since 2000 to provide consulting services to companies in the resource sector. Chairman of Overland Resources Limited since May 2005 and Chairman of Coventry since October 2009.	N/A / October 2009	1,078,349 / 1.55%
Steven Chadwick⁽⁶⁾ City Beach, WA, Australia <i>Vice President, Operations and Director</i>	Principal of Spectrum Metallurgical Consultants Pty Ltd. since May 1995.	N/A / N/A	203,226 / 0.29%
Nick Day Crawley, WA, Australia <i>Corporate Secretary</i>	Company Secretary of Coventry since June 22, 2010; Company Secretary of Overland Resources Limited since June 2011; Company Secretary of Eagle Eye Metals Limited since May 2011; Company Secretary of Black Range Minerals Limited since June 2010; Company Secretary of Cobra Gold Holdings Pty Ltd. from December 2009 to June 2010; Company Secretary and Chief Financial Officer of Albidon Limited from March 2004 to August 2008.	N/A / N/A	73,957 / 0.11%
Doris Meyer Surrey, BC <i>Chief Financial Officer</i>	Chief Financial Officer and Corporate Secretary of Crescent since 2005; President and owner of Golden Oak Corporate Services Ltd.	April 2005 / N/A	38,120 ⁽⁵⁾ / 0.05%

- (1) The information as to place of residence, principal occupation and number of Crescent Shares beneficially owned or over which a proposed director or officer of the Resulting Issuer exercises control or direction, is not within the knowledge of the management of Crescent and has been furnished by the respective proposed directors and officers of the Resulting Issuer.
- (2) This information is provided on a post-Consolidation basis. Based on 69,744,716 Crescent Shares issued and outstanding following the completion of the Merger. See "Pro-Forma Consolidated Capitalization". These percentages have been calculated assuming that 550,000 Crescent Shares have been issued to Haywood, the Subscription Receipts have been converted and outstanding Crescent Consideration Options, Crescent Options and Crescent Warrants have not been exercised. See "Options to Purchase Securities".
- (3) Includes (i) 488,000 Crescent Shares to be issued upon the conversion of 2,440,000 Subscription Receipts held by Mr. Halliday's wife, Amanda Halliday; (ii) 31,897 Crescent Shares (post-Consolidation) held by 524124 BC Ltd., a private company wholly-owned by Mr. Halliday; and (iii) 429,878 Crescent Shares (post-Consolidation) held by Mr. Halliday's wife, Amanda Halliday, over which Mr. Halliday has control, but not beneficial ownership.
- (4) These Crescent Shares will be issued upon the conversion of 500,000 Subscription Receipts held by Mr. Edwards.
- (5) Includes 36,190 Crescent Shares held by Golden Oak Corporate Services Ltd., a private company owned by Doris Meyer.

(6) Proposed member of the Audit Committee.

The proposed members of the audit committee of the Resulting Issuer upon the Implementation Date will be Eric Edwards (financially literate and independent), Steven Chadwick (financially literate and independent) and Michael Haynes (financially literate and non-independent).

The following are officers and directors of Coventry but will not be directors and officers of the Resulting Issuer:

<u>Name, State and Country of Residence</u>	<u>Position(s) with Coventry Resources</u>	<u>Principal Occupation During Past Five Years</u>	<u>Director or Officer Since</u>
RHODERICK ⁽¹⁾ GRIVAS New South Wales Australia	Non Executive Director	Mr. Grivas was the Managing Director of Dioro Exploration Limited (2002 to 2010), Chairman of Canyon Resources Limited (2010 to present), Lodestar Minerals Limited (2007 to present), Equator Resources Limited (2011 to present) and South Crown Resources Limited (2010 to present).	2010
FALDI ISMAIL ⁽¹⁾ Western Australia Australia	Non Executive Director	Corporate Consultant and Principal Director of Romfal Corporate Pty Ltd.; Director of Kangaroo Resources Limited (2008 to present) and Energio Limited (2010 to present). Director of Cape Range Limited (2008 to 2010), Pan Asia Corporation Limited (2008 to 2009) and NSL Consolidated Limited (2007 to 2008).	2009
BEVERLY NICHOLS Western Australia Australia	Chief Financial Officer	CFO since May 1, 2010; CFO of Overland Resources Limited and Black Range Minerals Limited, since May 1, 2010.	2010

Management

Mr Michael Naylor, President and Chief Executive Officer and Director (Age 37)

Mr. Michael Naylor will serve as the Resulting Issuer's President and Chief Executive Officer and a Director. Mr Naylor has over 16 years experience in the resources sector, primarily in gold projects located in Europe, Africa and Australia. Mr Naylor recently held the role of Finance Director of Dragon Mining Limited, a gold mining company listed on the ASX, which has exploration, mining and processing operations and development projects in Sweden and Finland. Mr Naylor has extensive experience in feasibility studies, project finance, development and risk management of gold projects. Mr Naylor holds a Bachelor of Commerce from Murdoch University, Australia and is a member of the Institute of Chartered Accountants in Australia and formerly held a senior management position with Ernst and Young in Perth and Toronto.

Mr. Naylor has entered into a non-competition and non-disclosure agreement with Coventry and proposes to enter into such an agreement with the Resulting Issuer. Mr. Naylor will spend approximately 100% of his time on the affairs of the Resulting Issuer.

Don Halliday, Vice President, Investor Relations and Director (Age 55)

Mr. Halliday will serve as the Vice President, Investor Relations and a Director of the Resulting Issuer. Mr. Halliday has over 18 years experience in investor relations and corporate development and brings a very strong background in shareholder communication and fund raising. Mr. Halliday has played a key role as President and Chief Executive Officer of Crescent, former Executive Vice President of Sunridge Gold Corp. and, prior to that, Executive Vice President of Nevsun Resources Ltd.

Mr. Halliday has entered into a non-competition and non-disclosure agreement with Crescent. Mr. Halliday will spend approximately 80% of his time on the affairs of the Resulting Issuer.

Mr Anthony Goddard, Vice President, Exploration and Director (Age 44)

Mr. Goddard will serve as Vice President, Exploration and a Director of the Resulting Issuer. Mr Goddard has more than 18 years' exploration experience worldwide, primary for gold and copper, with companies including BHP Billiton Limited, Rio Tinto Limited, Equinox Resources Limited, Phelps Dodge Corporation and Barrick Gold Corporation, as well as acting as an independent consultant. Mr. Goddard has extensive global experience in project generation, identification, and acquisition, mostly recently as regional generative geologist for Barrick Gold in Australia and Eurasia. Mr Goddard graduated from the University of Western Australia in 1992 with a first class honours degree in Geology.

Mr. Goddard has not entered into a non-competition or non-disclosure agreement with Coventry and does not propose to enter into such an agreement with the Resulting Issuer. Mr. Goddard will spend approximately 100% of his time on the affairs of the Resulting Issuer.

Doris Meyer, Chief Financial Officer (Age 60)

Ms. Meyer is a Canadian Certified General Accountant and is currently Chief Financial Officer and Corporate Secretary of Crescent. Ms. Meyer gained her experience in the mining industry as Vice President, Finance of Queenstake from 1985 to 2003 and Corporate Secretary until 2004. Since 1996, Ms Meyer has owned and served as President of Golden Oak Corporate Services Ltd., which provides publicly traded mineral exploration companies with administrative, accounting and corporate and regulatory compliance services. Ms. Meyer has served as the Chief Financial Officer and Corporate Secretary of Crescent since April 2005 and she devotes approximately 10% of her professional time on Crescent business with approximately another 20% of time spent on Crescent business by other Golden Oak employees.

Ms. Meyer has entered into a non-disclosure agreement with Crescent.

Nick Day, Corporate Secretary (Age 38)

Mr. Day will serve as the Corporate Secretary of the Resulting Issuer. Mr. Day is the Company Secretary to various companies listed on the ASX namely, Black Range Metals Limited, Eagle Eye Metals Limited, Coventry Resources Limited and as Chief Financial Officer and Company Secretary of Albidon Limited. Mr. Day has also served as the Company Secretary of Cobra Gold Holdings Pty Ltd. and Overland Resources Limited.

Mr. Day holds a Bachelor of Commerce and a Masters of Business from the University of Western Australia. Mr. Day is an Australian CPA and a FINSIA (Fellow) of the Financial Services Institute of Australia.

Mr. Day has not entered into a non-competition or non-disclosure agreement with Coventry and does not propose to enter into such an agreement with the Resulting Issuer. Mr. Day will spend approximately 25% of his time on the affairs of the Resulting Issuer.

Michael Haynes, Director (Age 42)

Mr. Haynes is a qualified geologist/geophysicist with more than 19 years experience in the mining industry, including periods of employment with both BHP and Billiton (prior to their merger). During the past eight years, Mr. Haynes has been heavily involved in the identification, acquisition and financing of undervalued resource projects. In this period, Mr. Haynes has been intimately involved in initial public offerings for several resource companies, and in the ongoing financing, management and development of these companies. Mr. Haynes is currently the non-executive Chairman of Overland Resources Limited and Genesis Minerals Limited and a non-executive director of Black Range Minerals Limited and Birimian Gold Limited.

Mr. Haynes has not entered into a non-competition or non-disclosure agreement with Coventry and does not propose to enter into such an agreement with the Resulting Issuer. Mr. Haynes will spend approximately 5% of his time on the affairs of the Resulting Issuer.

Steven Chadwick, Vice President, Operations and Director (Age 58)

Mr. Chadwick will serve as Vice President Operations and a director of the Resulting Issuer. Mr. Chadwick has over 35 years of experience in the mining industry, including technical, operating and management roles in gold and base metals mining and processing. Mr. Chadwick was the managing director of PacMin Mining, which produced over 320,000 ounces of gold annually and has extensive experience in metallurgical consulting, feasibility studies and project management in Australia and Canada. Mr. Chadwick is a metallurgical consultant and currently the Senior Technical Consultant of Coventry. Mr. Chadwick has been the principal of Spectrum Metallurgical Consultants Pty Ltd., a Western-Australian based company providing specialist consultant services to the mineral industry, since May 1995. Mr. Chadwick has been a director of Oceanic Iron Ore Corp., an issuer listed on the TSX-V, since February 2011.

Mr. Chadwick holds a Bachelor of Science (App) from the WA School of Mines and has been an active member of the Australian Institute of Mining and Metals since 1976.

Mr. Chadwick has not entered into a non-competition or non-disclosure agreement with Coventry and does not propose to enter into such an agreement with the Resulting Issuer. Mr. Chadwick will spend approximately 40% of his time on the affairs of the Resulting Issuer.

Eric Edwards, Non-Executive Chairman and Director (Age 57)

Over the past 14 years, Mr. Edwards has served as Chief Financial Officer for a number of publicly traded gold companies. Mr. Edwards has completed acquisitions, divestitures, mergers, several equity placements and project and corporate debt facilities. Mr. Edwards has over 25 years of experience in the gold mining sector in positions of increasing responsibility in operations, business development and corporate finance. Mr. Edwards is currently the President and Chief Executive Officer of Lupaka Gold Corp. Mr. Edwards holds a Master of Business Administration degree from University of Utah and a Bachelor of Science (Honors) degree in Geology from Utah State University.

Mr. Edwards has not entered into a non-competition or non-disclosure agreement with Crescent and does not propose to enter into such an agreement with the Resulting Issuer. Mr. Edwards will spend approximately 5% of his time on the affairs of the Resulting Issuer.

Cease Trade Orders and Bankruptcy and Penalties or Sanctions

See "Election of Directors".

Other Reporting Issuer Experience

The following table sets out the proposed directors and officers of the Resulting Issuer that are, or have been, within the last five years, directors, officers or promoters of other issuers that are or were reporting issuers:

Name	Name of Reporting Issuer	Exchange or Market	Position	From	To
Michael Naylor	Dragon Mining Ltd.	ASX	Finance Director	07/2008	05/2012
			CFO	05/2006	06/2008
			Company Secretary	04/2007	07/2008
Michael Haynes	Iberian Resources Limited	ASX	Director	10/2003	07/2007
	Bellamel Mining Limited	ASX	Director	05/2007	10/2008
	Coventry Resources Limited	ASX	Director	10/2009	present
	Black Range Minerals Ltd.	ASX	Director	06/2005	present
	Genesis Minerals Limited	ASX	Director	06/2007	present
	Birimian Gold Limited	ASX	Director	05/2011	present
	Overland Resources Limited	ASX	Director	05/2005	present
	Eagle Eye Metals Ltd.	ASX	Director	05/2011	present
Anthony Goddard	Coventry Resources Limited	ASX	Director	10/2009	present
Eric Edwards	Santa Barbara Resources Limited	TSX-V	Director	03/2007	present
	Sunridge Gold Corp.	TSX-V	Director	07/2008	present
	Lupaka Gold Corp.	TSX-V	CEO	01/2011	present
			Director	01/2011	present
	Andean Resources Limited (now known as Goldcorp Inc.)	TSX-V	CFO	07/2010	12/2010
	Ventura Gold Corp. (acquired by International Minerals Corp.)	TSX-V	Director	07/2007	06/2010
	International Minerals Corp.	TSX	CFO	06/2007	06/2010
Steven Chadwick	Oceanic Iron Ore Corp.	TSX-V	Director	02/2011	present
Nick Day	Albidon Limited	ASX	CFO	03/2004	08/2008
			Corporate Secretary	03/2004	08/2008
	Black Range Minerals Limited	ASX	Corporate Secretary	06/2010	present
	Eagle Eye Metals Limited	ASX	Corporate Secretary	05/2011	08/2012
	Overland Resources Limited	ASX	Corporate Secretary	06/2010	08/2012
Coventry Resources Limited	ASX	Corporate Secretary	06/2010	present	

Name	Name of Reporting Issuer	Exchange or Market	Position	From	To
Doris Meyer	Resinco Capital Partners Inc.	TSX	CFO	11/2012	present
			Corporate Secretary	11/2012	present
	Sunridge Gold Corp.	TSX-V	Director	02/2002	present
			CFO Corporate Secretary		
	Kalimantan Gold Corporation Limited	TSX-V	Director,	07/1997	present
			CFO		
	AuEx Venture Inc.	TSX	CFO	07/2005	11/2010
			Corporate Secretary		
	Midway Gold Corp.	TSX-V	CFO	11/2006	03/2011
			Corporate Secretary		
	Miranda Gold Corp.	TSX-V	CFO	02/2006	present
			Corporate Secretary		
	Regency Gold Corp.	NEX	Director	11/2007	present
			CFO Corporate Secretary		
	Renaissance Gold Inc.	TSX	CFO	11/2010	present
Corporate Secretary					
Rolling Rock Resources Corporation	TSX-V	CFO	01/2006	12/2010	
		Corporate Secretary			
Santa Barbara Resources Limited	TSX-V	CFO	03/2007	present	
		Corporate Secretary			
European Uranium Resources Ltd.	TSX-V	CFO	12/2008	present	
		Corporate Secretary			
Queenstake Resources Ltd.	TSX-V	Director	05/2005	05/2007	
		CFO	06/1985	05/2003	
		Corporate Secretary	06/1985	05/2004	
Potash North Resource Corp.	TSX-V	CFO	06/2008	04/2009	

Executive Compensation

Compensation Discussion & Analysis

The Resulting Issuer will have five Named Executive Officers, as defined below, being Michael Naylor, President and Chief Executive Officer; Anthony Goddard, Vice President, Exploration; Doris Meyer, Chief Financial Officer; Don Halliday, Vice President Investor Relations and Steven Chadwick, Vice-President, Operations. Named Executive Officer is defined to include the following:

- (a) the Chief Executive Officer;
- (b) the Chief Financial Officer;

- (c) each of the three most highly compensated executive officers of the Resulting Issuer, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the Chief Executive Officer and Chief Financial Officer, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000, as determined in accordance with subsection 1.3(6) of Form 51-102F6 Statement of Executive Compensation, 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 Resulting Issuer or its subsidiaries, nor acting in a similar capacity, at the end of that financial year,

Upon completion of the Merger, Crescent and Coventry anticipate that the board of directors of the Resulting Issuer will determine all compensation matters relating to executive management. The compensation of the Named Executive Officers of the Resulting Issuer is expected to be determined in a substantially similar manner to how it is currently determined by Coventry and Crescent where applicable. See "Schedule "C" - Information Concerning Coventry — Statement of Executive Compensation — Summary Compensation Table" regarding the compensation to be received by Michael Naylor and Anthony Goddard, and see "Information Concerning Crescent — Executive Compensation - Summary Compensation Table" for information pertaining to the compensation to be received by Doris Meyer and Don Halliday.

Steven Chadwick, the Vice President, Operations, through Spectrum Metallurgical Consultants Pty Ltd entered into an agreement with Coventry whereby Mr. Chadwick provides certain professional services to Coventry relating to the preparation of a preliminary economic assessment, including a review of the technical studies and testwork, at the rate of \$250 per hour for a period of six months commencing on July 6, 2012. Either Spectrum Metallurgical Consultants Pty Ltd or Coventry can terminate the contract without penalty by advising the other party in writing 14 days in advance of the intended termination date. Mr. Chadwick was also granted a stock option to purchase up to 500,000 Coventry Shares at an exercise price of \$0.12 per share exercisable at any time until June 17, 2015. It is expected that Mr. Chadwick will enter into an employment agreement with the Resulting Issuer following completion of the Merger on such terms as to be negotiated and determined by the board of directors of the Resulting Issuer.

Indebtedness of Directors and Officers

No proposed director or officer of the Resulting Issuer or person who acted in such capacity in the last financial year of Crescent, or proposed director or officer of the Resulting Issuer, or any Associate of any such director or officer is, or has been, at any time since the beginning of the most recently completed financial year of Crescent, indebted to Crescent nor has, or at any time since the incorporation of Crescent had, any indebtedness which is or has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Crescent.

Investor Relations Arrangements

No written or oral agreement has been reached with any person to provide promotional or investor relations activities for the Resulting Issuer.

Options to Purchase Securities

The following table sets forth all options of the Resulting Issuer to be outstanding, including Crescent Consideration Options expected to be issued in connection with the completion of the Merger, as of the completion of the Merger:

Persons who have received Options (as a group)	Designation and Number of Securities Under Option⁽²⁾	Purchase Price of Securities Under Option⁽³⁾	Market Value of Securities Under Option on the Date of Grant⁽¹⁾⁽³⁾
Proposed Directors and Officers of the Resulting Issuer (8 persons)	6,250 Common Shares	\$5.00	\$5.00
	5,000 Common Shares	\$5.00	\$5.00
	12,500 Common Shares	\$4.00	\$4.00
	105,000 Common Shares	\$1.85	\$1.85
	1,256,500 Common Shares	\$1.04	\$0.60
	660,481 Common Shares	\$0.80	\$0.80
	50,260 Common Shares	\$0.80	\$0.56
	1,130,850 Common Shares	\$0.48	\$0.20
All other employees of the Resulting Issuer (6 persons)	125,650 Common Shares	\$0.48	\$0.20
	50,260 Common Shares	\$0.80	\$0.56
	125,650 Common Shares	\$1.19	\$0.88
	100,519 Common Shares	\$0.80	\$0.68
All consultants of the Resulting Issuer (3 persons)	87,955 Common Shares	\$0.80	\$0.56
	10,926 Common Shares	\$0.80	\$0.80
	251,300 Common Shares	\$1.11	\$1.07
Any other person or company, including any agent or underwriter (70 persons)	811,892 Common Shares	\$1.03	\$1.19
	2,512,993 Common Shares	\$1.19	\$0.88
	4,129,783 Common Shares	\$0.80	\$0.80
Directors and Officers of Coventry who are expected to resign upon the completion of the Merger (2 persons)	125,650 Common Shares	\$1.03	\$0.60
	38,327 Common Shares	\$0.80	\$0.80
	125,650 Common Shares	\$1.03	\$0.60
	125,650 Common Shares	\$1.19	\$0.68
Directors and Officers of Crescent who are expected to resign upon the completion of the Merger (2 persons)	3,750 Common Shares	\$5.00	\$5.00
	7,500 Common Shares	\$4.00	\$4.00
	45,000 Common Shares	\$1.85	\$1.85
Consultants of Crescent whose services are not expected to continue upon completion of the Merger (5 persons)	25,000 Common Shares	\$5.60	\$5.60
	48,750 Common Shares	\$5.00	\$5.00
	46,250 Common Shares	\$4.00	\$4.00
	250,000 Common Shares	\$1.85	\$1.85

(1) The dollar value of any option-based awards that may be granted to the directors, officers and consultants of the Resulting Issuer cannot be determined, as the dollar value is determined as grant date fair value.

- (2) Provided on a post-Consolidation basis.
- (3) Adjusted to account for completion of the Merger and the Consolidation.

For a description of the Plan, see “Information Concerning Crescent – Stock Option Plan”.

Auditor, Transfer Agent and Registrar

Auditor

The Resulting Issuer will appoint Ernst & Young, of Ernst & Young Tower, PO Box 251, 222 Bay Street, Toronto Dominion Centre, Toronto, ON M5K 1J7, as its auditor upon completion of the Merger.

Transfer Agent and Registrar

Upon completion of the Merger, the Resulting Issuer’s registrar and transfer agent for the Crescent Shares will be Computershare Investor Services Inc. at 100 University Avenue, 11th Floor, Toronto, ON, M5J 2Y1 and the Resulting Issuer’s registrar and transfer agent for the Crescent CDIs will be Computershare Investor Services Pty Ltd. at GPO Box 242, Melbourne, Australia VIC 3001.

GENERAL MATTERS

Sponsorship and Agent Relationship

Other than as set forth herein, Crescent has not entered into any written or oral agreement or understanding with any other person or company to provide any sponsorship, corporate finance services, promotional or investor relation services for Crescent or its securities. Upon completion of the Merger, it is expected that Crescent will be conducting investor relations activities either on a contract basis or by retaining employees to conduct such activities in-house.

Experts

The following is a list of persons or companies whose profession or business gives authority to a statement made by a person or company named in this Circular as having prepared or certified a part of that document or report described in the Circular:

- (1) Davidson & Company LLP, auditors of Crescent;
- (2) Ernst & Young, Chartered Accountants, auditors of Coventry; and
- (3) Peter Ball, BSc, MAusIMM (CP-Geo), qualified person who prepared the Technical Report.

To the knowledge of management of Crescent, as of the date hereof, no expert, nor any Associate or Affiliate of such person has any beneficial interest, direct or indirect, in the securities or property of Crescent, Coventry or the Resulting Issuer or of an Associate or Affiliate of any of them, and no such person is expected to be elected, appointed or employed as a director, senior officer or employee of the Resulting Issuer or of an Associate or Affiliate thereof.

Board Approval

The contents and sending of this Circular to the Shareholders has been approved by the Crescent Board. Where information contained in this Circular rests particularly within the knowledge of a person other than Crescent, Crescent has relied upon information furnished by such person. Coventry has provided the information contained in this Circular concerning Coventry, its subsidiaries and mineral properties, including certain financial information and financial statements of Coventry. Crescent assumes no responsibility for the accuracy or completeness of such information nor for any omission on the part of Coventry to disclose facts or events which may affect the accuracy of any such information.

ACKNOWLEDGMENT – PERSONAL INFORMATION

"Personal Information" means any information about an identifiable individual, and includes information contained in any items in the attached filing statement that are analogous to Items 4.2, 11, 13.1, 16, 18.2, 19.2, 24, 25, 27, 32.3, 33, 34, 35, 36, 37, 38, 39, 41 and 42 of Exchange Form 3D1/3D2, as applicable.

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

- (a) the disclosure of Personal Information by the undersigned to the Exchange (as defined in Appendix 6B) pursuant to Exchange Form 3D1/3D2; and
- (b) the collection, use and disclosure of Personal Information by the Exchange for the purposes described in Appendix 6B or as otherwise identified by the Exchange, from time to time.

Dated: November 9, 2012

CRESCENT RESOURCES CORP.

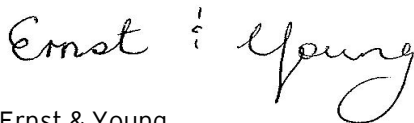
"Don Halliday"

Don Halliday
Chief Executive Officer

Auditors' Consent

We have read the Notice and Information Circular (the "Circular") of Crescent Resources Corp. (the "Company") dated November 9, 2012 relating to the special meeting of shareholders of the Company to approve the Merger between the Company and Coventry Resources Limited ("Coventry"). 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 Circular of our report to the directors of Coventry on the consolidated statements of financial position as at June 30, 2012, June 30, 2011 and June 30, 2010, and the consolidated statements of comprehensive income, statements of cash flows and statements of changes in equity of Coventry for each of the respective years in the three year period ended June 30, 2012. Our report is dated November 9, 2012.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young
Perth, Australia
9 November 2012

AUDITORS' CONSENT

We have read the information circular of Crescent Resources Corp. (the "Company") dated November 9, 2012 relating to the special meeting of shareholders of the Company to approve the merger between the Company and Coventry Resources Limited. 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 information circular of our report to the directors of the Company on the consolidated statements of financial position of the Company as at December 31, 2011, December 31, 2010 and January 1, 2010 and the consolidated statements of comprehensive loss, statements of changes in equity and statements of cash flows for the years ended December 31, 2011 and December 31, 2010. Our report is dated April 4, 2012.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Accountants

November 9, 2012



**SCHEDULE “A”
TRANSACTION RESOLUTIONS**

Merger Resolution

“BE IT RESOLVED, AS AN ORDINARY RESOLUTION, THAT:

1. subject to regulatory approval, the acquisition by Crescent Resources Corp. (“Crescent”) of Coventry Resources Limited (“Coventry”), to be effected as follows:
 - (a) subject to the adjustment provisions set forth in the Merger Implementation Deed dated September 7, 2012 between Crescent and Coventry (the “Deed”), on the Implementation Date (as defined in the Deed) Crescent will acquire all of the issued and outstanding Scheme Shares (as defined in the Deed) on the basis of 0.2513 common shares of Crescent (on a post-consolidation basis whereby each five existing common shares of Crescent will be exchanged for one new common share of Crescent) (each whole share, a “Crescent Share”) for each one Scheme Share (as defined in the Deed) held by shareholders of Coventry; and
 - (b) subject to the adjustment provisions set forth in the Deed, on the Implementation Date each Scheme Option (as defined in the Deed) will be exchanged for Crescent Consideration Options (as defined in the Deed) on the basis set out in the Deed,

which will result in shareholders of Coventry acquiring a majority of the issued and outstanding Crescent Shares (the “**Merger**”), be hereby authorized and approved;
2. the allotment and issuance of the Crescent Shares and the creation of the Crescent Consideration Options in connection with the Merger, upon the terms and subject to the conditions contained in the Deed, is hereby authorized and approved;
3. any one director or officer of Crescent is hereby authorized and directed for and on behalf of Crescent to execute and deliver or cause to be executed and delivered, all such documents and instruments as are necessary or desirable to give effect to the Merger and to perform or cause to be performed all such other acts and things as in such person’s opinion as may be necessary or desirable to give full effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or doing any of such act or thing; and
4. Crescent be authorized to abandon or terminate all or any part of the Merger if the board of directors of Crescent (the “Crescent Board”) deems it appropriate and in the best interests of Crescent to do so.

Consolidation Resolution

“BE IT RESOLVED, AS A SPECIAL RESOLUTION, THAT:

1. subject to regulatory approval, the Crescent Shares be consolidated on the basis of five (5) existing Crescent Shares for one (1) new Crescent Share;
2. any fractional shares resulting from the consolidation will be rounded down to the next whole number without any compensation to the holders thereof;
3. the Consolidation is to be effected by further resolution of the Crescent Board.
4. Crescent be authorized to abandon or terminate all or any part of the share consolidation if the Crescent Board deems it appropriate and in the best interests of Crescent to do so; and
5. any one or more of the directors and officers of Crescent be authorized and directed to perform all such acts, deeds and things and execute, under the seal of Crescent or otherwise, all such documents and other writings as may be required to give effect to the true intent of this resolution.”

Name Change Resolution

"BE IT RESOLVED, AS A SPECIAL RESOLUTION, THAT:

1. subject to regulatory approval, the name of Crescent Resources Corp. be changed to “Coventry Resources Inc.” and that the Notice of Articles of Crescent be amended accordingly;
2. if the name in paragraph (1) above is not acceptable to the British Columbia Registrar of Companies or such other applicable regulatory authorities, or is otherwise not suitable to achieve Crescent’s objectives, the Crescent Board is hereby authorized to change the name, to a name acceptable to the Crescent Board, the British Columbia Registrar of Companies and such other applicable regulatory authorities, and upon such determination by the Crescent Board, the resolution in paragraph (1) above shall be deemed to be amended accordingly;
3. Crescent be authorized to abandon or terminate the name change if the Crescent Board deems it appropriate and in the best interests of Crescent to do so; and
4. any one or more of the directors and officers of Crescent be authorized and directed to perform all such acts, deeds and things and execute, under the seal of Crescent or otherwise, all such documents and other writings as may be required to give effect to the true intent of this resolution.”

Approval of Increase in Number of Directors to Six

“BE IT RESOLVED, AS AN ORDINARY RESOLUTION, THAT:

1. the number of directors of Crescent be determined at six (6); and
2. Crescent be authorized to abandon or terminate the increase in the number of directors if the Crescent Board deems it appropriate and in the best interests of Crescent to do so.”

Amendment Resolution

"BE IT RESOLVED, AS A SPECIAL RESOLUTION, THAT:

1. subject to regulatory approval, the Articles of Crescent are hereby amended to add Article 27 as set out below:

“Article 27 Compliance with the Listing Rules of the Australian Securities Exchange

In this Article 27:

- (1) “ASX” means ASX Limited.
- (2) “Listing Rules” means the Listing Rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the Official List of ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.

27.1 If the Company is admitted to the Official List of ASX, the following clauses apply:

- (a) Notwithstanding anything contained in these Articles if the Listing Rules prohibit an act being done, the act shall not be done.
- (b) Nothing contained in these Articles prevents an act being done that the Listing Rules require to be done.
- (c) If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be).
- (d) If the Listing Rules require these Articles to contain a provision and it does not contain such a provision, these Articles are deemed to contain that provision.
- (e) If the Listing Rules require these Articles not to contain a provision and it contains such a provision, these Articles are deemed not to contain that provision.
- (f) If any provision of this these Articles is or becomes inconsistent with the Listing Rules, these Articles are deemed not to contain that provision to the extent of the inconsistency.”

2. Crescent’s Articles are altered accordingly;
3. Crescent be authorized to abandon or terminate all or any part of the amendment of the Articles if the Crescent Board deems it appropriate and in the best interests of Crescent to do so; and
4. any one or more of the directors and officers of Crescent be authorized and directed to perform all such acts, deeds and things and execute, under the seal of Crescent or otherwise, all such documents and other writings as may be required to give effect to the true intent of this resolution."

SCHEDULE “B”
CORPORATE GOVERNANCE AND AUDIT COMMITTEE DISCLOSURE OF CRESCENT

Corporate Governance

The following is a summary of Crescent’s approach to corporate governance as at the date of this Circular.

Board of Directors

The Company’s corporate governance policies take into account characteristics specific to a junior exploration company. The Crescent Board is responsible for the general supervision of the management of the Company’s business and affairs with the objective of enhancing shareholder value.

The Crescent Board fulfills its mandate at regularly scheduled meetings or as required. Frequency of meetings may be increased and the nature of the agenda items may be changed depending upon the state of the Company’s affairs and in light of opportunities or risks which the Company faces. The directors are kept informed of the Company’s operations at these meetings as well as through reports and discussions with management on matters within their particular areas of expertise.

The Crescent Board is comprised of four directors: Eric H. Edwards, Ian MacLean, Don Halliday and Michael Hopley. Eric H. Edwards and Ian Maclean are considered to be independent, Don Halliday, as a member of management, is not considered independent and Michael Hopley, as a member of management within the previous three years, is not considered independent. In determining whether a director is independent, the Crescent Board chiefly considers whether the director has a relationship which could, or could be perceived to interfere with the director's ability to objectively assess the performance of management.

The Crescent Board is responsible for approving long-term strategic plans and annual operating plans and budgets recommended by management. Board consideration and approval is also required for material contracts and business transactions, and all debt and equity financing transactions.

The Crescent Board delegates to management responsibility for meeting defined corporate objectives, implementing approved strategic and operating plans, carrying on Crescent’s business in the ordinary course, managing Crescent’s cash flow, evaluating new business opportunities, recruiting staff and complying with applicable regulatory requirements. The Crescent Board also looks to management to furnish recommendations respecting corporate objectives, long-term strategic plans and annual operating plans.

Directorships

Certain of the directors of Crescent are also directors of other reporting issuers (or equivalent) in a jurisdiction or a foreign jurisdiction as follows:

Name of director	Other reporting issuer (or equivalent in a foreign jurisdiction)
Michael J. Hopley	Sunridge Gold Corp. European Uranium Resources Ltd.
Eric H. Edwards	Santa Barbara Resources Limited Sunridge Gold Corp. Lupaka Gold Corp.

Orientation and Continuing Education

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

Ethical Business Conduct

The Crescent Board monitors the ethical conduct of Crescent and ensures that it complies with applicable legal and regulatory requirements, such as those of relevant securities commissions and stock exchanges. The Crescent Board has found that the fiduciary duties placed on individual directors by Crescent's governing corporate legislation and the common law, as well as the restrictions placed by applicable corporate legislation on the individual director's participation in decisions of the Crescent Board in which the director has an interest, have been sufficient to ensure that the Crescent Board operates independently of management, ethically and in the best interests of Crescent.

Nomination of Directors

The Crescent Board has not appointed a nominating committee because the Crescent Board fulfills these functions.

Compensation

The Crescent Board, as a whole, is responsible for determining all forms of compensation to be granted to the Chief Executive Officer of Crescent and the directors, and for reviewing the Chief Executive Officer's recommendations respecting compensation of the other senior executives of Crescent, to ensure such arrangements reflect the responsibilities and risks associated with each position. When determining the compensation of its executive officers, the Crescent Board considers the following issues: i) recruiting and retaining executives critical to the success of Crescent and the enhancement of shareholder value; ii) providing fair and competitive compensation; iii) balancing the interests of management and Crescent's shareholders; and iv) rewarding performance both on an individual basis and with respect to operations in general. In order to achieve these objectives, the compensation paid to Crescent's executive officers consists of a base salary and long-term incentive in the form of stock options.

Committees of the Crescent Board

The Crescent Board has appointed an Audit Committee and no other committees. The Audit Committee is comprised of: Eric H. Edwards, Chairman; Ian MacLean; and Michael Hopley. A description of the function of the Audit Committee can be found under the heading "Audit Committee" below

Assessments

The Crescent Board assesses, from time to time, the effectiveness of the Crescent Board as a whole, the committees, if any, of the Crescent Board and the contribution of individual directors, including considering the appropriate size of the Crescent Board.

Audit Committee

The Audit Committee is ultimately responsible for the policies and practices relating to integrity of financial and regulatory reporting, as well as internal controls to achieve the objectives of: safeguarding of corporate assets; reliability of information; and compliance with policies and laws. The Crescent Board adopted an Audit Committee Charter mandating the role of the Audit Committee in supporting the Crescent Board in meeting its responsibilities to the shareholders as amended on April 12, 2007.

Audit Committee Members

The Company's Audit Committee is comprised of three directors: Eric H. Edwards, Chairman; Michael Hopley; and Ian MacLean. Mr. Edwards and Mr. MacLean are considered "independent" (as that term is defined in applicable securities legislation) and Michael Hopley, as a member of management within the previous three years, is not considered independent.

Relevant Education and Experience

All of the Audit Committee members have the ability to read and understand financial statements that present a breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements. Eric Edwards, Chairman of the Audit Committee, has served as Chief Financial officer for a number of publicly traded mining companies over the past thirteen years. Mr. Edwards holds a Masters of Business Administration and a Bachelor of Science (honors) degree in Geology and serves as a director of the Northwest Mining Association. Michael Hopley and Ian MacLean have the industry experience necessary to understand and analyze financial statements of the level of complexity of the Company, as well as the understanding of internal controls and procedures necessary for financial reporting.

Audit Committee Oversight

Since the commencement of the Company's most recently completed financial year, the Crescent Board has not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor.

Pre-Approval Policies and Procedures for Non-Audit Services

Crescent's Audit Committee Charter requires that management seek approval from the Audit Committee of all non-audit services to be provided to the Company by the external auditor prior to engaging the external auditor to perform those non-audit services.

External Auditor Service Fees (by category)

The fees paid or accrued by the Company to its auditor in each of the last two calendar years, by category, are as follows:

	Year ended <u>December 31, 2011</u>	Year ended <u>December 31, 2010</u>
	(\$)	(\$)
Audit Fees	\$65,735	\$38,000
Audit Related Fees	Nil	Nil
Tax Fees	\$5,500	\$8,000
All Other Fees	Nil	Nil

Reliance on Certain Exemption

The Company is relying on the exemption provided by Part 6.1 of National Instrument 52-110 – *Audit Committees* ("NI 52-110") for venture issuers which allows for an exemption from Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110 and allows for the short form of disclosure of audit committee procedures set out in Form 52-110F2 – *Disclosure by Venture Issuers* and disclosed in this Circular.

Audit Committee Charter

The following is the text of Crescent's Audit Committee Charter:

Audit Committee Mandate

The primary function of the Audit Committee (the "Committee") is to assist the Board of Directors in fulfilling its oversight responsibilities related to the quality and integrity of financial reporting, the system of internal control and management of financial risks, the audit process, and the Company's process for monitoring compliance with laws and regulations and contractual obligations. To perform his or her role effectively, each committee member will obtain an understanding of the responsibilities of committee membership as well as the Company's business, operations and risks.

Authority

The Committee is empowered to make such enquiry and investigation and require such information and explanation from management as it considers reasonably necessary; and to require management to promptly inform the Committee and the auditor of any material misstatement or error in the financial statements following discovery of such situation. The Board authorizes the Committee, within the scope of its responsibilities, to obtain outside legal or professional advice and to ensure the attendance of officers at meetings as appropriate.

Composition and Procedures of the Audit Committee

The Committee shall consist of at least three (3) directors. Members of the Committee shall be appointed by the Board and may be removed by the Board in its discretion. While the Board may recommend a Chairman for the Committee, the Committee shall have the discretion to appoint the Chairman from amongst its members. The Committee shall establish procedures for quorum, notice and timing of meetings subject to the proviso that a quorum shall be no less than two (2) independent Committee members. Meetings shall be held no less regularly than once per quarter to review the interim unaudited and audited annual financial statements of the Company. At least two (2) members of the Committee shall be independent and the Board and the Committee shall endeavor to appoint a majority of independent directors to the Committee, who in the opinion of the Board would be free from a relationship which would interfere with the exercise of the Committee members' independent judgment. At least one (1) member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices applicable to the Company. For the purposes of this Charter, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

Specific duties and responsibilities of the Audit Committee

1. The Committee shall recommend to the Board:
 - (a) the external auditors to be nominated for the purpose of preparing or issuing an auditors' report or performing other audit, review or attest services for the Company; and
 - (b) the compensation of the external auditors.
2. The Committee shall be directly responsible for overseeing the work of the external auditors engaged for the purpose of preparing or issuing an auditors' report or performing other audit, review or attest services for the Company, including the resolution of disagreements between Management and the external auditors regarding financial reporting.
3. The Committee shall pre-approve all non-audit services to be provided to the Company or its subsidiary entities by the Company's external auditors.

4. The Committee satisfies the pre-approval requirement in subsection (3) if:
 - (a) the aggregate amount of all the non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the Company and its subsidiary entities to the Company's external auditors during the financial year in which the services are provided;
 - (b) the Company or the subsidiary entity of the Company, as the case may be, did not recognize the services as non-audit services at the time of the engagement; and
 - (c) the services are promptly brought to the attention of the Committee and approved, prior to the completion of the audit, by the Committee or by one or more of its members to whom authority to grant such approvals has been delegated by the Committee.
5.
 - (a) The Committee may delegate to one or more independent members the authority to pre-approve non-audit services in satisfaction of the requirement in subsection (3).
 - (b) The pre-approval of non-audit services by any member to whom authority has been delegated pursuant to subsection (5)(a) must be presented to the Committee at its first scheduled meeting following such pre-approval.
6. The Committee satisfies the pre-approval requirement in subsection (3) if it adopts specific policies and procedures for the engagement of the non-audit services, if:
 - (a) the pre-approval policies and procedures are detailed as to the particular service;
 - (b) the Committee is informed of each non-audit service; and
 - (c) the procedures do not include delegation of the Committee's responsibilities to Management.
7. The Committee shall review the Company's financial statements, management discussion and analysis and annual and interim earnings press releases before the Company publicly discloses this information.
8. The Committee must be satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, other than the public disclosure referred to in subsection (7), and must periodically assess the adequacy of those procedures.
9. The Committee must establish procedures for:
 - (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
 - (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
10. The Committee must review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.
11. The Committee shall have the authority:
 - (a) to engage independent counsel and other advisors as it determines necessary to carry out its duties,
 - (b) to set and pay the compensation for any advisors employed by the Committee; and

- (c) to communicate directly with the internal and external auditors.
12. The Committee shall review with Management and independent auditors the quality and the appropriateness of the Company's financial reporting and accounting policies, standards and principles and significant changes in such standards or principles or in their application, including key accounting decisions affecting the financial statements, alternatives thereto and the rationale for decisions made.
 13. The Committee shall review the clarity of the financial statement presentation with a view to ensuring that the financial statements provide meaningful and readily understandable information to shareholders and the investing public.
 14. The Committee shall monitor the independence of the independent auditors and establish procedures for confirming annually the independence of the independent auditors and any relationships that may impact upon the objectivity and the independence of the external auditors.
 15. The Committee shall review with Management and the external auditors the audit plan for the year end financial statements prior to the commencement of the year-end audit.
 16. The Committee shall review the appointments of the Company's Chief Financial Officer and any other key financial executives involved in the financial reporting process.
 17. The Committee shall review with Management and the external auditors significant related party transactions and potential conflicts of interest.
 18. The Committee shall review in consultation with the external auditors and Management the integrity of the Company's financial reporting process and internal controls.
 19. The Committee shall meet with the external auditors in the absence of Management to discuss the audit process, any difficulties encountered, any restrictions on the scope of work or access to required information, any significant judgments made by Management and any disagreement among Management and the external auditors in the preparation of the financial statements and such other matters that may arise as a result of the audit or review by the external auditors.
 20. The Committee shall conduct or authorize any review or investigation and consider any matters of the Company the Committee believes is within the scope of its responsibilities and shall establish procedures for such review or investigation as may be required.
 21. The Committee shall minute the proceedings of all meetings.
 22. The Committee shall make recommendations to the Board with respect to changes or improvements to financial or accounting practices, policies and principles and changes to this Charter.

The Audit Committee Charter was adopted by the Crescent Board at a meeting of the Crescent Board held on April 12, 2007.

SCHEDULE "C"
INFORMATION CONCERNING COVENTRY

CORPORATE STRUCTURE

Name, Address and Incorporation

Coventry was incorporated under the Corporations Act on June 5, 1998 as “Pos.It.Ive Technologies Limited” (“**Positive**”). Positive acquired Mobilesoft Pty Ltd. (a communications software engineering company) in July 2002 and on September 24, 2002, changed its name to “Mobilesoft Limited” (“**Mobilesoft**”).

Mobilesoft was suspended from official quotation on the ASX and entered into voluntary administration on August 21, 2007. On October 19, 2007, Mobilesoft entered into Deeds of Company Arrangement with its creditors in accordance with applicable Australian law. On December 8, 2008, the creditor claims were settled and the Deeds of Company Arrangement were terminated. Coventry was reinstated to official quotation on the ASX on July 20, 2009 following a restructuring and completion of a capital raising. See “*General Development and Description of the Business – History*”.

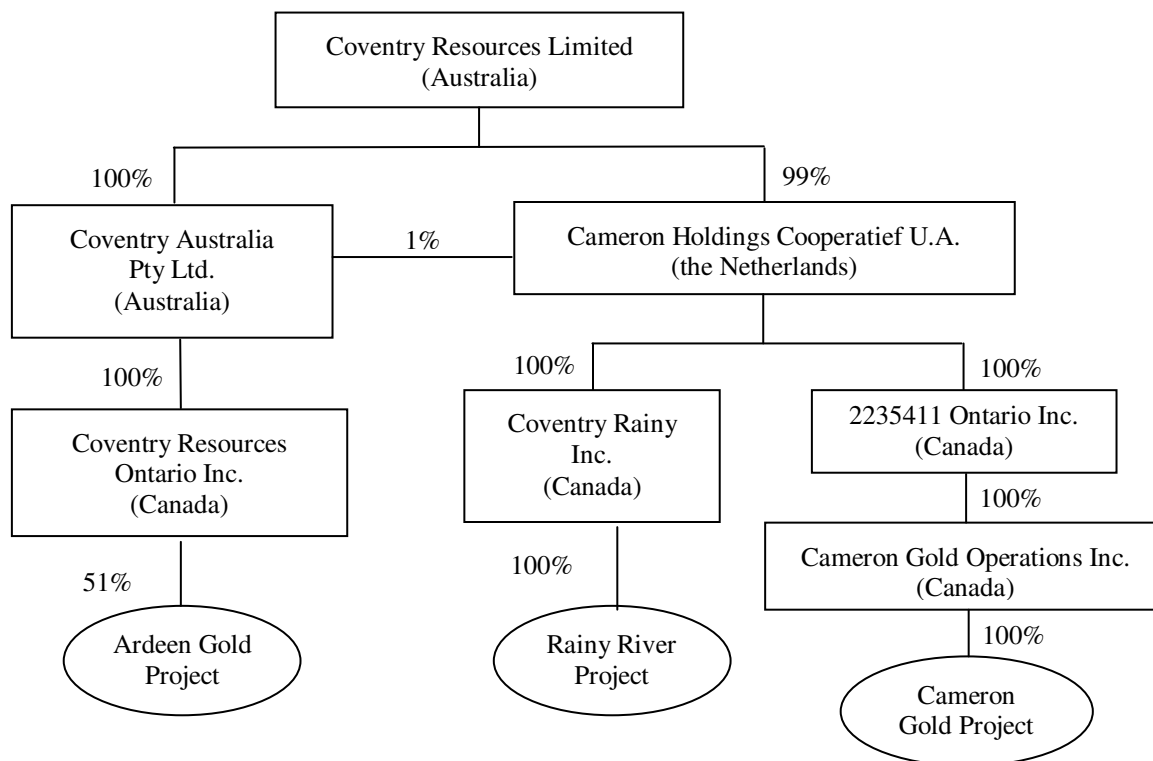
In September 2009, Mobilesoft acquired Coventry Australia Pty. Ltd., a gold exploration company and Mobilesoft’s name was changed to “Coventry Resources Limited” on September 15, 2009.

The Coventry Shares have been listed and posted on the ASX since October 30, 2009 under the symbol “CVY”.

Coventry’s head and registered office is located at Suite 9, 5 Centro Avenue, Subiaco, Western Australia 6008.

Intercorporate Relationships

The following indicates the corporate structure of Coventry and its subsidiaries, the percentage of voting securities of each subsidiary beneficially owned, or controlled or directed, directly or indirectly, and the jurisdiction of incorporation of each entity.



Unless otherwise stated or the content otherwise requires references to “Coventry” includes Coventry and its subsidiaries.

GENERAL DEVELOPMENT AND DESCRIPTION OF THE BUSINESS

Summary

Coventry is an ASX-listed gold exploration company with mineral properties located in western Ontario. Coventry is based in Perth, Australia and has an office in Toronto, Ontario.

Coventry’s principal asset and focus is a 100% interest in the Cameron Gold Project, an advanced gold exploration project located approximately 80 km southeast of the City of Kenora and 80 km north-northwest of the City of Fort Frances, in the southern-most part of western Ontario. Since acquiring an interest in the Cameron Gold Project in April 2010, Coventry has quadrupled the size of the project area to almost 128 km². Coventry expects to complete a preliminary economic assessment on the development of an open pit and underground mining operation at the Cameron Gold Project (the “**PEA**”) in the fourth quarter of 2012.

Coventry also recently acquired mineral rights covering 132.7 square kilometres adjacent to the existing Rainy River deposit owned by Rainy River Resources Ltd. in north-western Ontario (the “**Rainy River Project**”).

Coventry also has a 51% interest in the Ardeen Gold Project located approximately 100 kilometres west of Thunder Bay. Activity at the Ardeen Gold project has been deferred in favour of the Cameron Gold Project and the Rainy River Project.

The Cameron Gold Project

Coventry’s material property is the Cameron Gold Project. Please see below under the heading “*Details of the Cameron Gold Project*” for a description of the Cameron Gold Project.

The Rainy River Project

The Rainy River Project is located in the western-most part of northern Ontario, immediately to the north of Canada's border with the United States and approximately 60 kilometres to the northwest of the City of Fort Frances, near a recently discovered gold deposit held by Rainy River Resources Ltd.

Access to the Rainy River Project is by a grid network of paved and unpaved all weather roads located through the region. High-voltage power is also available through the area.

The Rainy River Project area comprises sparsely populated undulating land that is a mix of farmland interspersed with marsh and swampland.

Since acquiring the Rainy River Project, Coventry has undertaken detailed interpretation of geophysical data, geological mapping, geochemical water sampling and has completed 46 backhoe dug pits and 181 Reverse Circulation drillholes (4,349 metres) for geochemical analyses as part of a first stage evaluation. This work has defined eight high-priority gold anomalies and a further three high-priority base metal anomalies. Follow-up overburden sampling of the highest priority targets is proposed to be undertaken during the first quarter of 2013, in preparation for a diamond drilling program in the second half of 2013, to evaluate potential primary resources.

The Ardeen Gold Project

The Ardeen Gold Project is located approximately 110 kilometres west of the City of Thunder Bay, which is situated on the western edge of Lake Superior in northwestern Ontario. The Ardeen Gold Project is located approximately 15 kilometres south of Highway 11 which forms part of the Trans-Canada Highway system. The Ardeen Gold Project comprises 153 unpatented mining claims (4,540 hectares) and four patented mining claims (404.3 hectares). Access to the claims is by a gravel all-season main logging road. This road transects the central portion of the claim block and connects to numerous secondary logging roads which provide access to most parts of the Ardeen Gold Project. High-voltage power is available along the Trans-Canada Highway, approximately 15 kilometres to the north.

As previously stated, Coventry has suspended activities at the Ardeen Gold Project to focus on the Cameron Gold Project and the Rainy River Project.

Neither the Rainy River Project nor the Ardeen Gold Project is a "material property".

History

Coventry was incorporated as Mobilesoft, a communications software engineering company focused on digital data streams such as video, voice over Internet and data.

On August 21, 2007, administrators were appointed to Mobilesoft and Mobilesoft was suspended from official quotation on the ASX. On October 19, 2007, following a meeting of Mobilesoft's creditors, Mobilesoft executed Deeds of Company Arrangement ("DOCAs") with its creditors returning control of Coventry to the directors and providing for the sale of certain assets and settlement of creditors' claims. In October 2008, the directors of Mobilesoft accepted an offer from Cygnet Capital Pty Ltd ("Cygnet") to restructure and recapitalize Coventry. The DOCAs were terminated on December 8, 2008 following distribution of funds to creditors.

The shareholders of Mobilesoft approved the restructuring and recapitalization on May 15, 2009. As part of the restructuring: (i) the Coventry Board of Mobilesoft was replaced with nominees of Cygnet; (ii) Cygnet was granted 240 million options exercisable at a price of A\$0.01 per share until April 30, 2013; and (iii) Cygnet was issued 60 million Ordinary Shares at an issue price of A\$0.01 cents each.

In June 2009, Mobilesoft raised an aggregate of A\$2,000,000 pursuant to a private placement of 400,000,000 ordinary shares. Mobilesoft also entered into releases with persons claiming to be creditors and agreed to license its principal software and related intellectual property. On July 20, 2009, Mobilesoft was reinstated on the ASX.

On August 3, 2009, Mobilesoft announced that it had entered into an agreement to acquire Coventry Australia Pty Ltd. On September 15, 2009, the acquisition was approved by shareholders. Pursuant to this acquisition: (i) Mobilesoft's shares were consolidated on a one-for-twenty basis; (ii) Mobilesoft changed the nature and scale of its activities to become a mining exploration company; (iii) the shareholders of Coventry Australia Pty Ltd. received, in the aggregate, 15 million ordinary shares and five million options of Mobilesoft (with an exercise price of A\$0.20 per share and expiring on April 30, 2013) in exchange for their shares of Coventry Australia Pty Ltd.; (iv) Mobilesoft changed its name to "Coventry Limited"; (v) each of Anthony Goddard and Michael Haynes were elected as directors of the new company; and (vi) a new constitution was adopted.

At the time of its acquisition by Mobilesoft, Coventry Australia Pty Ltd. had rights to the Ardeen Gold Project pursuant to an option and joint venture agreement dated as of July 17, 2009 between Pele Gold Corporation ("**Pele Gold**") and Coventry Resources Ontario Inc. ("**Coventry Ontario**"), an indirect wholly-owned subsidiary of Coventry Australia Pty Ltd. The Ardeen Gold Project is located approximately 110 kilometres west of Thunder Bay in north-western Ontario and consists of 153 contiguous unpatented mining claims totaling 290 claim units and 4,540 hectares and four patented mining claims totalling 404.3 hectares. Pursuant to the option and joint venture agreement, Coventry Ontario acquired a 51% interest in the Ardeen Gold Project by spending C\$1.5 million on the property and has the right to acquire a 75% interest by spending an additional C\$1.5 million on the property prior to December 2013. Upon Coventry Ontario earning a 75% interest, Pele Gold will have the right to contribute to further expenditures on a pro-rata basis and the parties will enter into a joint venture agreement. If Pele Gold elects not to contribute its proportionate 25% share of further expenditures, Coventry Ontario may earn a further 25% interest by solely funding the budgeted expenditures and completing a feasibility study, whereupon Pele Gold's interest will be converted to a 2% net smelter return royalty.

On September 15, 2009, Coventry completed a private placement and issued 25 million ordinary shares at a price of A\$0.20 per share, for aggregate gross proceeds of A\$5 million.

In November 2009, Coventry Ontario completed its inaugural drill program at the Ardeen Gold Project, consisting of 53 diamond drill holes for 6,345 metres.

In December 2009, Coventry Ontario announced that it had entered into a binding 'heads of agreement' with Nuinsco Resources Limited ("**Nuinsco**") to acquire (through its wholly-owned subsidiary, 2235411 Ontario Inc.) a 100% interest in the Cameron Gold Project, located approximately 80 kilometres southeast of the City of Kenora and 80 kilometres northwest of the City of Fort Frances, in the southern-most part of western Ontario. Pursuant to the agreement, Coventry Ontario purchased all of the issued and outstanding shares of Cameron Lake JEX Corporation (which was subsequently renamed Cameron Gold Operations Inc.), which held a 100% interest in the Cameron Gold Project (consisting of all tenements, property, plant, equipment, infrastructure, stockpiles and concentrates) in exchange for (i) C\$100,000 paid upon execution of the agreement; (ii) C\$5.9 million, paid within five business days following satisfaction of the conditions precedent; (iii) the issue of 12 million ordinary shares; and (iv) a 3% net smelter royalty for each quarter. The royalty is subject to the right of Coventry to acquire, at any time during the five year period commencing on the execution of the definitive agreement, a 66.66% interest in the royalty (equal to a 2% net smelter return for each quarter) for either a cash payment of C\$2 million or the issue of Coventry Shares having a fair market value of C\$2 million.

In addition, in the quarter ended March 30, 2010, an independent mining engineer engaged by Coventry completed a conceptual open pit mining study on the Cameron Gold Project. The study resulted in a positive assessment of developing an open cut mining operation at the Cameron Gold Project. Previous operators had focused exclusively on the development of an underground mining operation.

In April 2010, Coventry acquired a 100% interest in the Cameron Gold Project from Nuinsco on the terms set out above. Also, in April 2010, Coventry completed a private placement of 45.45 million ordinary shares for aggregate gross proceeds of A\$10 million for the acquisition, and further development, of the Cameron Gold Project.

In the quarter ended June 30, 2010, Coventry commenced a 20,000 metre diamond drilling program (which was subsequently increased to 40,000 metres) to systematically evaluate the exploration potential of the Cameron Gold Project (with a focus on evaluating shallow resources potentially amenable to open pit mining).

On September 13, 2010, Cameron Gold Operations Inc. (“**Cameron Operations**”), an indirect wholly-owned subsidiary of Coventry entered into an option agreement with King’s Bay Gold Corporation (“**King’s Bay**”) and Lasir Gold Inc. (“**Lasir**”) pursuant to which Lasir granted Cameron Operations and King’s Bay the right to earn an 80% and 20% interest, respectively, in the mining claims comprising the Nucanolan property (the “**Nucanolan Property**”). The Nucanolan Property includes the Meston prospect and is located along strike from and within five kilometres of the Cameron gold deposit (the “**Cameron Gold Deposit**”). The Nucanolan Property forms part of the Cameron Gold Project. Pursuant to the option agreement, Cameron Operations and King’s Bay will earn an 80% and 20% interest in the Nucanolan Property, respectively upon: (i) Coventry paying Lasir C\$30,000 and issuing Lasir 50,000 Coventry Shares on each of February 16, 2011 (complete), 2012 (complete), 2013 and 2014; and (ii) Cameron Operations spending an aggregate of C\$1 million on exploration on or before February 16, 2014. Upon Cameron Operations and King’s Bay earning an 80% and 20% interest in the Nucanolan Property, respectively, the agreement with Lasir provides that (i) a joint venture between Cameron Operations and King’s Bay will be established pursuant to which subsequent expenditures will be paid by each of Cameron Operations and King’s Bay on a pro rata basis; and (ii) Lasir will be granted a 3% net smelter return royalty in the property, which may be reduced to 1.5% upon payment to Lasir of C\$1.5 million.

On October 4, 2010, Cameron Operations entered into an option agreement with Sherridan Johnson and Ed Barkauskas (together, the “**Vendors**”) to acquire a 100% interest in the Roy property (the “**Roy Property**”). The Roy Property is located within five kilometres of the Cameron Gold Project and forms part of the Cameron Gold Project. Pursuant to the option agreement, the Vendors granted Cameron Operations the right to own a 100% interest in the Roy Property upon Coventry: (i) paying the Vendors \$10,000 and issuing the Vendors 20,000 Coventry Shares, within 10 business days of execution of the option agreement (completed); (ii) paying the Vendors \$15,000 and issuing the Vendors 25,000 Coventry Shares on or before October 4, 2011 (completed); (iii) paying the Vendors \$20,000 and issuing the Vendors 50,000 Coventry Shares, on or before October 4, 2012 (completed); and (iv) paying the Vendors \$40,000 and issuing the Vendors 100,000 Coventry Shares on or before October 4, 2013. Upon Cameron Operations earning a 100% interest in the Roy Property, it agreed to grant to the Vendors a 2% net smelter return royalty with respect to production from the mining claims comprising the Roy Property. Cameron Operations may repurchase, at any time, one half of the royalty for \$500,000.

In October 2010, Coventry increased the size of the Cameron Gold Project area to over 12,800 hectares by staking claims over more than 8,000 hectares.

Exploration at the Ardeen Gold Project was halted in October 2010, upon a decision by Coventry to focus its efforts on the Cameron Gold Project.

On December 23, 2010, Coventry completed a private placement of 46.15 million ordinary shares at a price of A\$0.26 per share for aggregate gross proceeds of A\$12 million.

Coventry completed its inaugural drill program at the Cameron Gold Project in the quarter ended June 30, 2011, having completed 299 holes for 44,135 metres.

In September 2011, Coventry announced that it had secured mineral rights covering 9,360 hectares adjacent to the existing Rainy River Gold deposit in northwestern Ontario, owned by Rainy River Resources Ltd. Coventry’s mineral rights consist of leases that Coventry has staked in its own right, together with numerous leases over other claims in respect of which Coventry has the right to acquire a 100% interest over the succeeding seven years in exchange for a combination of cash and Coventry Shares. The acquired mineral rights are located less than 60 kilometres to the south of the Cameron Gold Project.

On November 9, 2011, Coventry announced an increased mineral resource estimate for the Cameron Gold Project and a decision to proceed with a preliminary economic assessment into the development of the Cameron Gold Project.

In January 2012, Coventry announced that its mineral rights in respect of the Rainy River Project had increased to 120.9 square kilometers and that initial backhoe till sampling had been completed in the quarter ended December 30, 2011. Coventry also then announced a 10,000 metre follow-up drilling program at the Cameron Gold Project.

In April 2012, Coventry announced that its mineral rights in respect of the Rainy River Project had increased to 132.7 square kilometers and that the initial overburden reverse circulation drilling program had been completed with a total of 181 holes for 4,349 metres.

On May 10, 2012 Coventry completed a brokered private placement of 41.67 million ordinary shares at a price of A\$0.12 per share for gross proceeds of \$5 million. The proceeds of the placement were applied to the exploration and progression of the PEA at the Cameron Gold Project.

On May 21, 2012 Coventry announced the appointment of Michael Naylor as Managing Director and Chief Executive Officer of Coventry.

On June 25, 2012, Coventry entered into a binding letter of intent (as amended on October 30, 2012, the “**Houston LOI**”) with Houston Lake Mining Inc. (“**Houston**”) pursuant to which Coventry (through Cameron Operations) agreed to purchase 100% of Houston’s interest in the West Cedartree gold project, for C\$600,000 cash (\$200,000 of which has been paid), 1,935,010 Coventry Shares (after giving effect to the Consolidation and the Merger Consideration) and a 2.5% net smelter return royalty (in respect of that area surrounding the Robertson prospect). The West Cedartree gold project is located ten kilometers west-northwest of the Cameron Gold Project. Pursuant to the Houston LOI, the acquisition of the West Cedarfree Gold Project is to be completed on the 5th business day after the later to occur of (i) December 10, 2012 and (ii) the day that all applicable regulatory or stock exchange approvals have been received.

In September 2012, Coventry completed a private placement of 23.6 million ordinary shares at a price of \$0.055 per share to institutional investors, the proceeds of which will be applied to exploration activities and for general corporate purposes.

Interim Financing

Coventry is currently negotiating a short term facility agreement with Mr. Don Halliday, a Director of Crescent, pursuant to which Mr. Halliday will make available to Coventry a short term working capital facility up to C\$400,000 (the “**Facility**”). The Facility will be available to Coventry until such time as the Merger becomes effective or is terminated. The Facility is intended to provide certainty that Coventry can continue to meet its working capital commitments pending completion of the Merger without raising further funds, which may cause completion of the Merger to be delayed.

The Facility has been provided on arm’s length terms, and is repayable three months after the date of the Facility. No interest is payable on the amounts drawn down under the Facility, however it will bear default interest at prime plus 2%.

Strategy

Coventry’s overall strategy is to position itself as a mid-tier gold producer by advancing a pipeline of assets that have near-term production potential. To that end, Coventry’s principal objectives are to:

- (i) complete the PEA on the development of an open pit and underground mining operation at the Cameron Gold Project;
- (ii) subject to a positive outcome of the PEA, complete a definitive feasibility study (a “**DFS**”) on the development of an open pit and underground mining operation at the Cameron Gold Project;
- (iii) subject to a positive outcome of the DFS, develop the Cameron Gold Project into a profitable mining project; and
- (iv) expand its resource base through rapid exploration of existing ground and the acquisition of prospective new projects.

Competitive Conditions

The mineral exploration and mining business is competitive. Coventry competes with numerous other companies and individuals in the search for and the acquisition of attractive mineral properties. The ability of Coventry to acquire further properties will depend not only on its ability to operate and develop its properties but also on its ability to select and acquire suitable properties or prospects for development or mineral exploration.

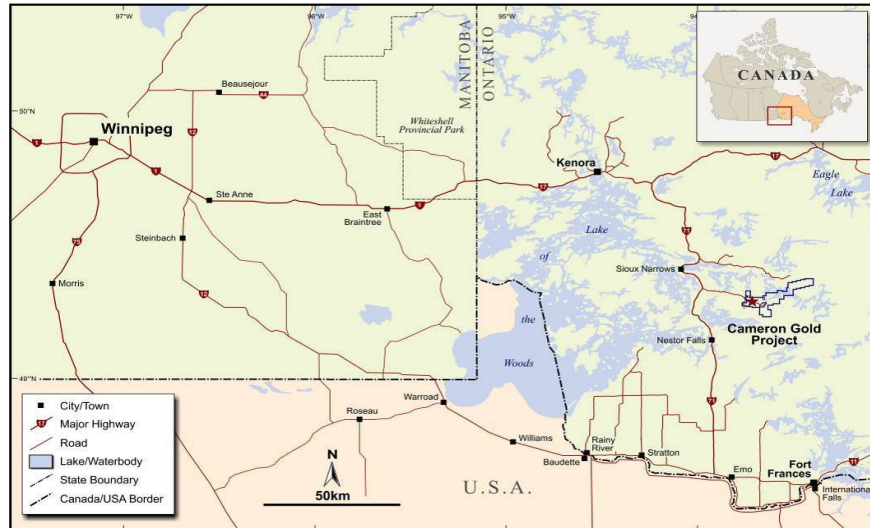
DETAILS OF THE CAMERON GOLD PROJECT

Unless otherwise indicated, technical information in this Circular regarding the Cameron Gold Project (the “**Project**”) is derived from the technical report (the “**Technical Report**”) effective July 5, 2012 entitled “Technical Report - Cameron Gold Project, Western Ontario, Canada” prepared by Peter Ball, a “qualified person” and “independent” of Coventry 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 for review under Crescent’s profile on SEDAR at www.sedar.com. Alternatively, a copy of the Technical Report may be inspected until the day that is thirty days after the date hereof during normal business hours at Coventry’s head office and at the offices of Coventry’s Canadian legal counsel, Cassels Brock & Blackwell LLP at Suite 2100, 885 West Georgia Street, Vancouver, British Columbia. The Technical Report is not and shall not be deemed to be incorporated by reference into this Circular.

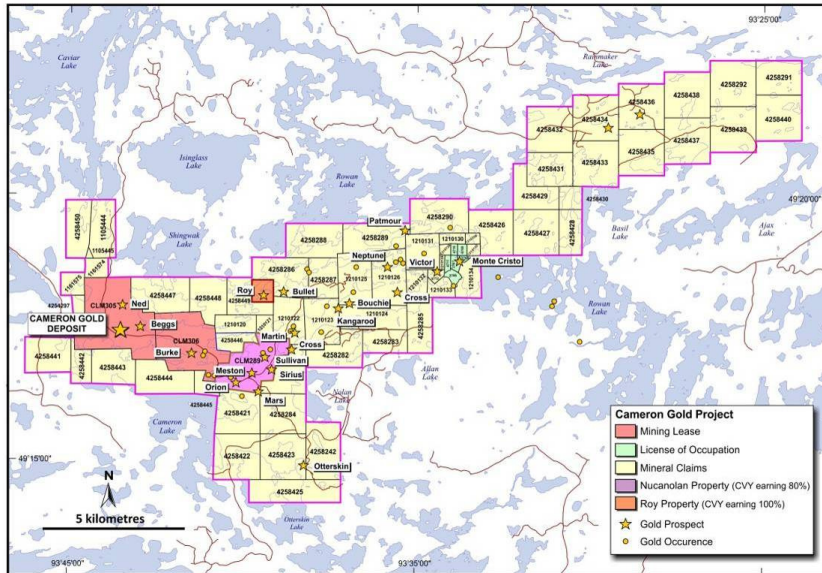
Project Description and Location

The Cameron Gold Project is located approximately 80 kilometres to the southeast of Kenora and 80 kilometres north-northwest of Fort Frances in the southern part of north-western Ontario, Canada. The total area of the Cameron Gold Project is 120 square kilometres or 12,000 hectares.

The following plan shows the location of the Cameron Gold Project:



The Cameron Gold Project comprises 64 unpatented mining claims, four patented mining claims (mineral rights only), six mining licences of occupation (each, a “**MLO**”) and three mining leases. Coventry holds a 100% interest in the Cameron Gold Project subject to (i) certain underlying royalties in respect of the originally acquired area; and (ii) an option agreement in respect of the Nucanolan Property (entitling Coventry to earn an 80% interest therein) and an option agreement in respect of the Roy Property (entitling Coventry to earn a 100% interest therein), in each case, subject to underlying royalties and payment obligations. The following map illustrates the location of Coventry’s claims in respect of the Cameron Gold Project.



Unpatented mining claims require approved work expenditures in excess of \$400 per claim to be completed within two years of the granting of the claim to maintain the title indefinitely. Surface and mining rights on unpatented lands are reserved by the Crown. The 64 unpatented claims will expire as follows: January 23, 2013 (nine claims); February 6, 2013 (five claims); March 4, 2013 (two claims); March 11, 2014 (one claim); May 12, 2013 (four claims); and September 20, 2012 (43 claims). Work assessments in respect of the renewal of the claims that expired September 20, 2012 have been submitted to the Ministry of Northern Development and Mines, and is pending approval. To maintain the unpatented claims comprising the Cameron Gold Project in good standing, Coventry is required to incur an aggregate expenditure of C\$274,400 per year.

A mining lease, once granted, has a term of 21 years and is renewable. Two of the mining leases, CLM 305 and CLM 306 will expire on June 30, 2030. The third mining lease, CLM 289, will expire on April 30, 2027. The annual fee for CLM 305 and CLM 306 and CLM 289 is C\$2,078.61.

Patented lands are private property in which the surface and mining rights are not held by the Crown. No assessment work is required on these lands, though land taxes are levied if the patented claim has surface rights associated. As the surface rights for the patented claims within the Cameron Gold Project are held by other parties, no fees are payable by Coventry.

MLOs are a type of claim that were once commonly issued to permit the mining of minerals under the beds of water bodies. They are often associated with portions of patented mining claims overlying adjacent land. Issued in perpetuity, there is no requirement to renew a MLO. All MLOs are subject to an annual flat rental fee of \$5.00 per hectare.

The Cameron Gold Project is not subject to any royalties, overrides, back-in rights, payments or other agreements and encumbrances other than the following:

Mining Claims

Description of Royalty

Unpatented Claims

Claim Numbers 1105444,1105445, 1161574, 1161575, 1210120-1210126, and 1210128-1210136.....
 Claim Number 4248906 (the Roy property)

3% NSR payable to Nuinsco⁽¹⁾
 2% NSR payable to Johnson and Barkauskas⁽²⁾

Mining Claims	Description of Royalty
<u>Mining Leases</u>	
CLM 305.....	\$0.30/tonne of ore mined payable to Moorhouse and Petrunka and 3% NSR payable to Nuinsco ⁽¹⁾
CLM 306.....	3% NSR Payable to Nuinsco ⁽¹⁾
CLM 289 (the Nucanolan property).....	3% NSR payable to Lasir ⁽³⁾
<u>Patented Claims</u>	
Patent Numbers PA8841-PA8843 and PA9901	3% NSR payable to Nuinsco ⁽¹⁾
<u>Mining Licences of Occupation</u>	
Lease Numbers 3366, 3367, 10384 and 10405-10407	3% NSR payable to Nuinsco ⁽¹⁾

Notes:

- (1) The royalty can be reduced to 1% upon either a cash payment to Nuinsco of C\$2 million or the issue to Nuinsco of Coventry Shares having a fair market value of C\$2 million within five years.
- (2) The royalty can be reduced to 1% upon an aggregate cash payment to Johnson and Barkauskas of C\$0.5 million.
- (3) The royalty can be reduced to 1.5% upon a cash payment to Lasir of C\$1.5 million.

The Cameron Gold Project has no known environmental liabilities and no permits are required by Coventry in order to conduct the proposed exploration at the Cameron Gold Project. Coventry enjoys full and unfettered legal access to all claims comprising the Cameron Gold Project.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

Access to the Cameron Gold Project is by a well-maintained, all-weather gravel road. The Cameron Gold Project is also accessible by float plane, with a dock situated on the northern shore of Cameron Lake (Nuinsco Bay), immediately south of the Cameron Gold Deposit. Within the Cameron Gold Project numerous logging and ATV trails provide access on land, while other parts can be accessed by boat, or in winter, by ice road.

The Cameron Gold Project is within driving distance of each of: Sioux Narrows (population 300), 33 kilometres (30 minute drive); Nestor Falls (population 300), 53 kilometres (45 minute drive); Kenora (population 15,500), 123 kilometres (90 minute drive); and Fort Frances (population 9,000), 168 kilometres (two hour drive). The nearest large population centre is Winnipeg, Manitoba (population 635,000), approximately a 4.5 hour drive.

The climate is typical of north-western Ontario, but it is somewhat moderated by the large number of freshwater lakes in the vicinity. Temperatures range from 35° Celsius in the summer to minus 40° Celsius in winter. Total yearly precipitation is about 55 centimetres, with the heaviest rains occurring between June and August when approximately half of the annual average falls. Snowfall averages about 200 centimetres per year and frost penetration can be as deep as two metres. Exploration activities can be conducted all-year round at the Project, with the best access afforded during winter.

Past advanced exploration at the Cameron Gold Project resulted in significant infrastructure remaining at the Cameron Gold Project. A 115 kV power line adjacent to Highway 71 is located within 30 kilometres of the Cameron Gold Project, with hydroelectricity produced at a number of locations north of Kenora and elsewhere. A coal-fired power station is also located to the east of Fort Frances. Numerous lakes in the area provide a supply of water.

The Cameron Gold Project area provides sufficient lands for any infrastructure associated with a potential mining operation, including suitable locations for potential tailings storage facilities, waste disposal areas and a processing plant site.

The physiography of the Cameron Gold Project is typical of that of the Canadian Precambrian Shield upland in northern Ontario. Topographic relief is relatively low (maximum of 35 metres) and is characterised by glacial features such as moraines and eskers, with subordinate outcrop occurring as topographic highs. Steep drop-offs in areas of outcrop usually denote the presence of fault structures.

Vegetation in the Cameron Gold Project area consists of mixed boreal forest with subordinate low-lying areas covered by cedar swamp and bog. Minor plantation timber stands are also present. The Cameron Gold Project area has been extensively logged over a significant time period, with much of the area comprising regrowth forest. Lakes account for about 40% of the Cameron Gold Project area.

History

Exploration at the Cameron Gold Project commenced in 1960 and has been conducted intermittently until the present day. Prior to 1960, little exploration was conducted in the area, though a high-grade occurrence had been known since the 1890's (the Roy Property) and geological mapping by the Ontario Geological Survey (the "OGS") was undertaken in the area in the early 1930's.

1960 to 1971 - Noranda Exploration Company Limited

In May 1960, two prospectors employed by Noranda Exploration Company Limited ("Noranda"), Joe Burke and Alex Bouchie, discovered outcropping high-grade gold mineralization in quartz veins hosted by diorite. This discovery was termed the "Number One" zone (now known as the "**Beggs Prospect**"). Additional prospecting by Burke and Bouchie led to the discovery of a further zone of mineralization, termed the "Number Two" zone, about 700 metres to the southwest of the Number One zone.

Noranda undertook line cutting, geological mapping, trenching and sampling and ground magnetic and electromagnetic ("EM") geophysical surveys prior to completing a first stage drill program in July 1960 of 29 AX diamond drillholes for 1,441 metres comprising 22 drills holes at the Number One zone and seven drill holes at the Number Two zone.

In January 1961, a further 16 AX diamond drillholes were completed for 808 metres. In addition, a further four shallow AX Pack Sack drillholes (55 metres) were completed at the Number Two zone targeting additional mineralization uncovered in trenching along strike to the northwest.

The drilling completed by Noranda at the Cameron Gold Project outlined a north-dipping, gold-bearing zone about 120 metres long and about three metres wide at an average grade of 6.81 g/t gold. Due to the perceived restricted size and grade of the mineralization, Noranda allowed the claims to lapse in 1971 without completing any additional work.

1972 to 1974 - Zahavy Mines Limited and Noranda

In 1972, Zahavy Mines Limited ("**Zahavy**") re-staked the former Noranda claims and completed seven AX diamond drillholes for a total of 788 metres, mostly in an area about 800 metres west of the Beggs Prospect. The results attracted the attention of Noranda again to the Project, and an option was executed for further exploration. Noranda completed nine BQ diamond drillholes for a total of 638 metres in 1974. Noranda regarded the program as unsuccessful and withdrew from the option agreement with Zahavy.

1979 to 1983 - Nuinsco

After the withdrawal of Noranda in 1974, Zahavy allowed the claims over the Cameron Gold Deposit to expire. The Cameron Gold Project remained dormant until 1979 when two prospectors from Thunder Bay, Ontario, W. Morehouse and D. Petrunka staked claims over the Number Two Zone. In 1980, these claims were purchased by West Macanda Resources Limited (which later merged with Nuinsco).

In 1981, Nuinsco commenced an initial exploration program comprising line cutting, geological mapping, ground magnetics and Induced Polarisation ("**IP**") surveys. Nuinsco drilled 19 BQ diamond drillholes for a total of 1,432 metres to follow up on the previous Noranda drilling, prompting Nuinsco to conduct further work.

1983 to 1985 - Nuinsco and Lockwood Petroleum Inc.

Nuinsco was unable to finance future exploration until 1983 when it and Lockwood Petroleum Inc. (“**Lockwood**”) formed a joint venture. In 1983, the Nuinsco-Lockwood joint venture completed 70 BQ diamond drillholes for a total of 19,679 metres. Of this drilling, 60 drillholes totalling 17,313 metres were undertaken at the Cameron Gold Deposit, with the remaining 10 drillholes totalling 2,366 metres targeting IP anomalies and other surface prospects away from the main mineralized zone (as then defined).

In addition to this drilling, the Nuinsco-Lockwood joint venture also completed outcrop stripping, trenching, mapping and sampling of the original Noranda surface trenches, geological mapping of the eastern part of the then Cameron Gold Project area to complement the work completed in 1981, and extensive ground magnetic and IP geophysical surveys.

The drilling completed as part of this extensive exploration program continued to return very positive results from the main mineralized zone.

In 1984, the Nuinsco-Lockwood joint venture completed a further 19 BQ diamond drillholes for a total of 4,663 metres at the Project. This work comprised five drillholes for 1,795 metres on the main mineralized zone and an additional 14 drillholes (2,868 metres) which were completed to the northwest of the main zone targeting extensions to the mineralization. Additional outcrop stripping, mapping and sampling was also conducted.

Drilling to the northwest of the Cameron Gold Deposit recorded very encouraging results and further work in this area was deemed to be warranted, however, the five holes completed at the main Cameron Gold Deposit were disappointing.

1985 to 1988 - Nuinsco and Echo Bay Mines Limited

Lockwood’s equity position in the joint venture began to diminish after it failed to provide certain pro-rata payments. This process was accelerated by the introduction of Echo Bay Mines Limited (“**Echo Bay**”) which provided funding to Nuinsco for further exploration in exchange for a direct equity position in Nuinsco. Pursuant to the arrangement with Echo Bay, all surface exploration was conducted and overseen by Nuinsco, while underground exploration and development was the responsibility of Echo Bay and its contractors.

During 1985 and early 1986, 41 BQ diamond drillholes were completed for a total of 6,906 metres. This drilling comprised 33 drillholes (5,407 metres) completed at the main part of the Cameron Gold Deposit, with a further eight drillholes (1,499 metres) completed over a strike length of more than 650 metres on the northwest extension of the mineralization.

During October 1985, a Reverse Circulation (“**RC**”) overburden drilling program was undertaken with a total of 43 drillholes completed for 275 metres. This program which intersected gold grains transported down-ice from the Cameron Gold Deposit, was followed up by a further 40 RC overburden drillholes (587 metres) that were completed on the ice of Cameron lake commencing in March 1986 and extending into June 1986, on land.

On the basis of the results of the diamond drilling completed, underground exploration of the area commenced in October 1986 and was conducted in two phases until July 1988. This work was undertaken to verify the surface drilling results and qualify the geological structure and mineral resources so that a feasibility study could be conducted.

Overall, a total of 457 underground diamond drillholes were completed by Echo Bay for a total of more than 21,707 metres. During this period, a bulk sample was treated in a sample tower in order compare assays from raise, back and muck sampling. Despite the mining of material for testing purposes, no production was ever undertaken.

1988 to 1990 - Nuinsco and Deak International Resources Holdings Limited

In late 1988, on the basis of a negative feasibility assessment, Echo Bay divested its equity interest in Nuinsco to Deak International Resources Holdings Limited (“**Deak**”), with Nuinsco remaining as operator of the Cameron Gold Project. During 1989 and 1990, the decline was extended to the 800 level (243 metres) and an additional 55 BQ diamond drillholes were drilled underground for 4,887 metres. Surface exploration completed during this period comprised sixteen BQ and NQ diamond drillholes for 9,675 metres drilled to test for down plunge extensions of the main Cameron Gold Deposit, as well as eight BQ and NQ diamond drillholes for a total of 2,546 metres which targeted the northwest extension to the mineralized system. The deep, down-plunge surface drilling completed by Nuinsco recorded mostly lower-grade intercepts at depth.

In addition to the work completed at and around the Cameron Gold Deposit from 1983 to 1990, Nuinsco conducted regional exploration over a number of properties to the east covered by Rowan Lake. Nuinsco undertook geological mapping and sampling, IP geophysical surveys, RC overburden drilling as well completing 100 diamond drillholes for 17,946 metres. Most work was directed at the Victor (Island) and Monte Cristo prospects, which were known as historic occurrences associated with the large-scale Monte Cristo Shear Zone (the “**MCSZ**”).

Following the withdrawal of Deak in 1990, the Cameron Gold Project remained dormant until late 1995.

1995 to 1996 - Cambior Inc.

In December 1995, Cambior Inc. (“**Cambior**”) and Nuinsco executed an agreement giving Cambior the right to earn a 51% equity interest in the Cameron Gold Project by incurring \$15.61 million of exploration and development expenditures over a four year period.

A first year program comprising 13 NQ diamond drillholes for a total of 8,012 metres were completed targeting extensions to the mineralization at depth. The results of this program were disappointing, and Cambior withdrew from the Cameron Gold Project without having earned an equity interest.

1997 to 2009 - Nuinsco

After the withdrawal of Cambior in October 1996, the Cameron Gold Project lay dormant until 2003. In November and December of 2003, Nuinsco completed 13 NQ diamond drillholes for a total of 1,845 metres. The stated objectives of this work were to infill and update the existing drillhole inventory. The results of this drilling were largely disappointing.

In late December 2004 and early January 2005, Nuinsco completed a further two NQ diamond drillholes for a total of 1,063 metres testing deeper interpreted extensions of the Cameron Gold Deposit. After the completion of the 2004-2005 drill program, no further drilling was undertaken by Nuinsco.

During 2009, Nuinsco systematically resampled the stockpile-of mineralized material at surface that had resulted from the underground exploration development work and bulk sampling during the late 1980’s. This involved the collection of 281 samples with an excavator, by trenching across the stockpile in a cross pattern. The stockpile itself was surveyed and a volume estimated.

In December 2009 Nuinsco reached agreement to sell 100% of the Cameron Gold Project to Coventry. The sale and purchase was completed in April 2010. See “*General Development and Description of the Business – History*”.

Geological Setting

Regional Geology

The Cameron Gold Project is located at the western end of the Late Archaean Savant Lake-Crow Lake Belt in the Western Wabigoon Subprovince of the Superior Province in north-western Ontario. The Wabigoon Subprovince is a 900 kilometre long, east-west trending composite volcanic and plutonic terrane comprising distinct eastern and

western domains separated by rocks of Mesoarchaeon age. Rocks of the Western Wabigoon Subprovince separate gneissic terranes of the Quetico Subprovince to the south, and greenstones of the English River Subprovince to the north.

The Western Wabigoon Subprovince is dominated by mafic volcanic rocks that mostly range in composition from tholeiitic to calc-alkaline, with large tonalitic plutonic intrusions. The volcanic rocks were largely deposited between about 2.74 and 2.72 gigaannum and are interpreted to represent oceanic crust (tholeiites) and volcanic arcs (calc-alkaline rocks), and are overlain by volcano-sedimentary sequences deposited at about 2.71 to 2.70 gigaannum. These rocks are locally overlain in a non-conforming manner by coarse clastic sedimentary rocks without a widespread distribution (most likely to due to erosion).

Local Geology

The Savant Lake – Crow Belt comprises a number of individual greenstone belts that are most commonly separated by large scale faults and shear zones, including the Kakagi Lake and Rowan Lake Greenstone Belts.

The Project region is dominated by the crustal-scale, southeast-striking and northwest-dipping Cameron-Pipestone Fault which extends over a strike length of greater than 100 kilometres. The Kakagi Lake Greenstone Belt comprises a topographically-high, north-to-east-facing supracrustal sequence that is situated to the southwest of the Cameron-Pipestone Fault, while the south-facing Rowan Lake Greenstone Belt, which hosts the Cameron Gold Deposit, is located to the northeast across of this structure.

The geology of the Rowan Lake Greenstone Belt is dominated by the Shingwak Lake Anticline located to the north of the Cameron Gold Project area. The axis of this asymmetric fold structure strikes to the east-northeast and plunges steeply to the southwest while verging to the east-northeast. Two geological sequences are exposed with the Shingwak Lake Anticline, the Rowan Lake Volcanics and the Cameron Lake Volcanics.

The Rowan Lake volcanics comprises a thick, subaqueous mafic flow succession with lesser volcanoclastic sedimentary rocks that is predominantly pillowed and outcrops in the core of the Shingwak Lake Anticline. The Cameron Lake volcanics comprises a mixed succession of south-facing pillowed and massive basaltic rocks, and intermediate to felsic volcanoclastic rocks.

Geochemistry work has recorded that most of the rocks from the Rowan Lake volcanics are tholeiitic, with the majority being high-iron tholeiites, with lesser amounts of rocks of andesitic and calc-alkaline composition whereas Cameron lake volcanics comprise a mixed succession of rocks of tholeiitic and calc-alkaline composition that range from high-magnesium mafic intrusive and extrusive rocks to rhyolitic felsic pyroclastic rocks.

Property Geology

The Cameron Gold Project is located on the southern limb of the Shingwak Lake anticline near the western nose of the Nolan Lake Stock, an ovoid-shaped composite felsic intrusive body comprised of a largely granodiorite core and monzonite rim that is evident within the airborne magnetic data. A series of large-scale shear zones and faults splay from the Cameron-Pipestone Fault trending southeast from this regional crustal-scale structure, before striking east-northeast along the northern margin of the intrusive body. There are two main plays, the Cameron Lake Shear Zone (the “**CLSZ**”) and the MCSZ. Third-order faults and shear zones are associated with gold mineralization within the project area.

Basalt is the most common lithological unit in the Cameron Gold Project area and hosts most of the gold mineralization at the Cameron Gold Deposit.

Dolerite occurs as dykes that cross-cut the basalt throughout the hangingwall and footwall of the Cameron Gold Deposit, with some dolerite likely making up the middle of thicker basalt flows.

Towards the north-western part of the Cameron Gold Deposit, the thickness of sedimentary volcanoclastic rock horizons increases significantly and replaces basalt in the hangingwall. The volcanoclastic succession consists of a

number of units of variable thickness comprised of intercalated intermediate lithic tuff, lithic-crystal tuff, lithic-ash tuff often with carbonaceous sedimentary and quartz-rich sedimentary volcanoclastic rock

Dacite feldspar-quartz porphyry intrudes the CLSZ and surrounding country rock at medium-high angles. It consists of medium to coarse-grained plagioclase phenocrysts, lesser quartz phenocrysts and occasional minor chlorite-replaced amphiboles within a fine-grained to aphanitic groundmass made of quartz and feldspar.

Hornblende porphyry dykes occur occasionally throughout the deposit, but are more common to the northwest where they cross-cut the hangingwall volcanoclastics.

The Cameron Gold Deposit is associated with, and partially hosted by, the CLSZ. The CLSZ forms part of a number of structures which occur as arcuate splays from the Cameron-Pipestone Fault, including the MCSZ. The CLSZ is a brittle-ductile structure that cross-cuts the local stratigraphy trending northwest-southeast and dips to the northeast at an average angle of 65 to 70 degrees. The structure cuts through a number of lithologies, from basalt to dolerite in the southeast, through intermediate volcanic rocks, and volcanoclastic rocks along the strike of the structure to the northwest. This lithological transition is highly important as the mafic stratigraphy is the preferred host to gold mineralization, with the bulk of the Cameron one body being hosted in these lithologies in the south-eastern portion of the deposit.

The degree of strain within the CLSZ varies along strike, but it is observed that the angle of shearing steepens across the Cameron deposit. In the main part of the deposit, the CLSZ appears to be made up of two zones of intense shearing (an upper and lower shear zone) that range in thickness from ten to twenty metres, with the shear zones separated usually by ten to fifteen metres of basalt.

The central south-eastern portion of the Cameron deposit (where the vast majority of underground holes have been drilled) usually consists often of one main body of mineralization and numerous smaller, thinner mineralized strings in the hanging wall that are parallel to one another. The main mineralized zone has a known plunge length of approximately 200 to 250 metres. Going down plunge the mineralization varies in thickness, often with the upper portion of the main zone being approximately 10 metres wide, bulging to approximately 40 metres in width mid-way down plunge and then thinning to approximately 20 metres.

Exploration

Regional geophysical datasets covering the Cameron Gold Project at the time it was acquired by Coventry were universally poor and inadequate for mapping fault and shear structures that hosts gold mineralization.

In October 2010, Coventry engaged Aeroquest Limited of Mississauga, Ontario to acquire a detailed, low-level airborne magnetic gradiometer survey over the entire Cameron Gold Project. The survey was completed at a line spacing of 50 metres and a flight height of 50 metres with a total of 3,465 line kilometres flown. Digital data was gridded using Geosoft™ software and imaged with ER Mapper™ software by consultants Intellex Geoscience.

In order to fully assess the property, two campaigns of extensive line cutting have been undertaken over the western half of the Cameron Gold Project area on four grid orientations. More than 250 kilometres of lines were cut, with lines spaced mostly between 100 metres to 200 metres. Detailed line cutting at 40 metres spacing was also completed over limited areas.

Between July 2010 and February 2011, extensive pole-dipole IP surveying was conducted over four campaigns by Peter E. Walcott & Associates Limited of Vancouver, British Columbia. Data was collected in the time domain across 50 metres receiver dipoles, utilising a GDD 5 kilowatt transmitter and an Iris ElrecPro Receiver. At least two readings were recorded at each station as standard, with a third or more repeats acquired when data were noisy. All decay curves were examined in Geosoft™ as part of the quality control process and field data were gridded to identify outliers.

A total of 142 line kilometres of IP data were acquired over three stages. Resistivity and chargeability data were inverted using Zonge smooth model inversion software. Depth slices of resistivity and chargeability were also produced.

In addition, upon acquiring the Cameron Gold Project, Coventry constructed a new set of wireframes that encapsulated lower grade material that could possibly be exploited by open-pit extraction.

Mineralization

The mineralisation associated with the Cameron Gold Deposit has been intersected in drilling over a strike length of more than 1,000 metres and to a vertical depth of greater than 700 metres. The mineralisation is continuous over these extents, but varies in thickness from between 5 to more than 50 metres wide, depending on its position within the orebody.

Gold mineralization within the Cameron Gold Deposit—comprises two main styles: (i) disseminated sulphide replacements, quartz-sulphide stockwork, quartz breccia veins, and (ii) quartz-carbonate-chlorite veins.

Disseminated sulphide replacements make up the largest component of the mineralised material types listed above. It comprises mostly fine-grained pyrite ranging from trace amounts to greater than 10% in rare cases, in association with carbonate-sericite alteration (lower gold-grades) and also carbonate-sericite-silica-albite alteration (high gold-grades). Generally pyrite amounts comprises between 0.5%- 2% by volume.

Quartz-sulphide stockwork mineralization comprises only a relatively small component of the total mineralisation at the Cameron Gold Deposit. This style comprises intensely silica-albite-sericite-carbonate-pyrite altered rocks that appear to be over-printed by an apparently random network of relatively thin quartz veinlets in an apparent stockwork array.

Quartz breccia veins constitute the other major mineralized material type in the deposit which generally exhibit high gold grades. Quartz breccia veins comprises generally white to grey-coloured quartz with variable amounts of disseminated pyrite forming the matrix to angular breccia fragments that range in size from a few millimetres to several centimetres.

A newly-recognized mineralization style, which may be under-represented by drilling within the deposit, is a series of quartz-carbonate-chlorite veins that contain visible gold. Two holes drilled by Coventry intersected these relatively thin veins (up to 10 cm) which contain abundant visible gold. These veins exhibit minor carbonate-chlorite alteration at their margins. Oriented drill core from these intersections suggests that these veins are near sub-vertical and strike towards the northeast and northwest. Given this orientation and that the standard drill azimuth used at the deposit (towards 225°), few intersections of the northeastern trending vein set in drilling are likely. The apparently undeformed, to weakly-deformed nature of these veins suggests they post-date the majority of the mineralization at the Cameron Gold Deposit, though possibly synchronous with the later stages of the dominant regional deformation event.

The mineralization at the Cameron Gold Project comprises a number of sub-parallel lodes, that while associated with the CLSZ at the deposit scale, commonly occur in the upper part of the CLSZ, or in the structural hangingwall to the CLSZ.

There are four broad alteration assemblages associated with the mineralization at the Cameron Gold Deposit: (i) disseminated carbonate-chlorite; (ii) pervasive to semi-pervasive carbonate + sericite; (iii) pervasive carbonate-sericite-pyrite; and (iv) pervasive carbonate-sericite-silica-albite-pyrite.

The mineralization and alteration at the Cameron Gold Deposit predates, and has been affected by, regional deformation. This has resulted in the structural juxtaposition of altered and unmineralized lithologies against each other by way of numerous small-scale fault and shear zone structures. This deformational overprint has resulted in a disrupted alteration zonation away from mineralization in some areas, and the truncation of mineralization by such small-scale faults and shear zones. The effects of these structures have not largely been mapped or interpreted.

These faults and shear zones play a significant role in the continuity of mineralized material and the reliable interpretation of such continuity.

Drilling

A total 981 diamond drillholes (120,813 metres) have been completed at the Cameron Gold Project since 1960.

In addition, Nuinsco completed RC drillholes during the 1980's to sample the glacial till overlying bedrock, together with the bottom of hole in bedrock, to test for geochemical anomalism associated with gold mineralization.

The total number of drillholes and metres completed by the various operators of the Cameron Gold Project is set out below:

	Period	Hole Prefix	Type	Number of Holes	Total Length (metres)	Surface v UG	% of total holes	% of total length
Noranda & Zahavy	1960 - 1974	60,61,PS-60, PS-61, ZD,ZO	Core	29	2,083	Surface	3.0%	1.7%
Nuinsco	1981	NC-81	Core	19	1,734	Surface	1.9%	1.4%
Nuinsco - Lockwood	1983	NC-83 and NCX-83	Core	70	19,679	Surface	7.1%	16.3%
Nuinsco - Lockwood	1984	NC-84 and NCX-84	Core	20	4,671	Surface	2.0%	3.9%
Nuinsco - Echo Bay	1985 - 1986	NC-85 and NCX-85, NC-86 and NCX-86	Core	41	6,906	Surface	4.2%	5.7%
Nuinsco - Deak	1989	NC-89 and NCX-89	Core	24	12,221	Surface	2.4%	10.1%
Cambior	1996	CL96	Core	13	8,012	Surface	1.3%	6.6%
Nuinsco	2003	NC	Core	15	2,909	Surface	1.3%	2.4%
Nuinsco - Echo Bay	1987-1989	D, 365, 490, 555, 685	Core	508	26,594	UG	51.8%	22.0%
Coventry	2010	CCD-10	Core	88	13,160	Surface	9.0%	10.9%
Coventry	2011	CCD-11	Core	124	18,728	Surface	12.6%	15.5%
Coventry	2012	CCD-12	Core	30	4,116	Surface	3.1%	3.4%
Total				981	120,813			

The drilling procedures used by previous operators including Nuinsco are unknown. The discussion below summarizes the drilling procedures implemented by Coventry.

Proposed drillholes are planned by Coventry's Technical Director or senior site geologist. Proposed drillhole locations are then located in the field using a handheld Garmin GPS and then subsequently marked and flagged. The drill pads are then created by a licensed backhoe/excavator operator. The precise location of the proposed drillholes are surveyed using a Trimble R3 GPS receiver and an onsite base station system. A final Trimble survey of the drill casing is performed upon completion of each drill hole and a labelled aluminum cap is used to cover each hole-casing.

All drilling completed by Coventry has been NQ size core in 2010 and NQ2 size in 2011. All drill holes (other than four) of holes completed have been orientated at an azimuth of 225 degrees and have largely been angled at 60 degrees. Frequent down hole survey measurements are taken every 30 meters using a Reflex EZ-SHOT instrument to monitor the deviation of the azimuth and dip as each hole is drilled. A Reflex Ace tool has been used for every

drill run to record an orientation mark directly on the drill core. The four drill holes referred to above were drilled towards 270 degrees azimuth.

Drilling by Coventry has been on a metric grid with all holes oriented to 225 degrees, the same orientation as previous grids. Drilling has usually been completed on a 20 metre by 20 metre pattern, though in places this widens to 40 metres by 20 metres. The upper portion of the main part of the Cameron Gold Deposit has now been well drilled on 10 metre by 20 metre spacing from about 50100N through to 50300N. Outside this corridor, drill density decreases to either 20 metres by 20 metres or 40 metres by 20 metres.

The true thickness of the mineralization at the Cameron Gold Deposit ranges between five and more than 30 metres. The standard length for samples collected is mostly one metre for Coventry samples and between 0.4 to 1.6 metres for historical samples.

Sampling, Analysis and Security of Samples

Historical Samples

The documentation of historic field procedures by previous explorers at the Cameron Gold Deposit, including sample collection, preparation, transportation and security and analytical techniques is poor to non-existent.

The only reports that document historic sample preparation, analysis and security are summarised below:

Cambior (CL series holes):

- Samples were sawn in half using a mechanical saw, except for the last hole in this program, from which samples were manually split.
- Sample length varied between 0.4 and 1.6 metres.
- Samples were transported to a laboratory in Thunder Bay by road transport.
- Samples were prepared by drying, followed by two stage size reduction, with 200gm (90% passing 150mesh) retained for assay.
- A thirty gram sub-sample was assayed by fire assay with AAS finish at 5ppb detection limit.
- Samples returning assays of less than 500ppb were re-assayed using a lower detection limit of 0.03g/t.

Nuinsco (holes NC127 to NC139):

- Selected core was sawn in half using a mechanical saw.
- Core was stored at the Cameron Gold Project.
- Samples were fire assayed at a laboratory in Vancouver.

Nuinsco (holes NC140 and NC 141):

- Selected core was sawn in half using a mechanical saw.
- Core was stored at the Cameron Gold Project.
- Samples were sent to a laboratory in Vancouver where they were jaw-crushed and then pulverized to 80% passing 180 mesh. The pulp was assayed by fire assay techniques.

Coventry Samples

Coventry cuts core on site using wet masonry core saws. The selection of the intervals for cutting and the length of the intervals are based on lithological, alteration or mineralization boundaries as defined by the supervising geologist with one metre used in zones of similar-lithology. Within mineralization the sampling intervals vary from 0.06 to 2 metres.

Core recovery is generally very good and when the recovered core is adjusted to voids and over length measurement the average is 98%.

Logging procedures include recording of main lithological units, alteration, and structure. Geo-technical measurements are recorded on every drill hole including: core recovery and box measurements, orientation of drill core using a Kenometer, magnetic susceptibility readings every meter, density (recorded on every meter of sampled core and for each lithological unit encountered down hole), and wet and dry photos are taken for all core boxes, all of which data is recorded in laptop computers and is organized and stored in an offsite digital database.

All samples are individually bagged and labelled with unique sample numbers and contain corresponding laboratory-specific assay tags. Sample bags are then sealed with plastic zip-ties and batched in woven nylon bags. All drillcore is stored at site in a core yard in purpose-built steel racks.

All samples are transported by commercial road transport on a weekly basis during drilling programs. The samples are taken to Activation Laboratories Ltd. (“**ActLabs**”) in Thunder Bay or (for the last 20 holes of the 2011 program) to the ActLabs sample preparation facility in Dryden then to Thunder Bay for analysis.

Samples are received at the laboratory and checked against accompanying sample dispatch sheets to ensure all samples are delivered. Any discrepancies are noted and Coventry notified that resolution is required before the samples are advanced through the preparation process.

Sample preparation comprised standard laboratory techniques of: (i) drying for a minimum of 8 hours, (ii) mill crushing to >70% passing 2mm, (iii) riffle splitting (using a Jones Splitter) to approximately 250g, and (iv) disk pulverizing to 85% passing 75 microns. This sample is then split to 30g for analysis, with the remainder retained as the pulp residue. The coarse remainder is put aside as-a bulk residue (reject). Overweight samples (>2.5kg) were dealt with by splitting the crushed material into two samples, treating each as above and recombining after pulverizing.

All samples were analyzed for gold (“**Au**”) by ActLabs method “1A3-Tbay Au – Fire Assay Gravimetric”. The 30g assay sample is combined with fire assay fluxes (borax, soda ash, silica, litharge) and with silver (“**Ag**”) added as a collector and the mixture is placed in a fire clay crucible, the mixture is preheated at 850° Celsius, intermediate 950° Celsius and finish 1060° Celsius, over approximately 60 minutes. The crucibles are then removed from the assay furnace and the molten slag (lighter material) is carefully poured from the crucible into a mould, leaving a lead button at the base of the mould. The lead button is then placed in a preheated cupel which absorbs the lead when cupelled at 950° Celsius to recover the Ag (doré bead) + Au.

Au is separated from the Ag in the doré bead by parting with nitric acid. The resulting gold flake is annealed using a torch. The gold flake remaining is weighed gravimetrically on a microbalance. The detection limits are 0.03ppm (lower) and 10,000ppm (upper).

Coventry’s quality control protocol involved inclusion of blanks, field duplicates and standards in the drill core sample stream submitted to the laboratory. The laboratory also institutes its own internal analytical quality control measures that involves the inclusion of additional blanks, standards and duplicates into the sample stream within the laboratory.

Drillhole information has historically been located on various grid systems. This information has been consolidated onto the NAD83, Zone 15 datum. As part of the site visit, the author inspected 12 random dillhole locations to take GPS readings and compared them with the supplied database. The comparison validated the information within the database. The author of the Technical Report also tested the location of approximately 10% of the drillhole collars and found that they were correctly located on the local grid.

The author of the Technical Report also examined Coventry’s system for collating and uploading drill data and found it to be adequate for the purpose. To further verify assay information, the results in Coventry’s database was compared with the assay certificates for 20 randomly selected holes. The author of the Technical Report found no errors.

Little is known about the data collection procedures prior to Coventry; however, a re-sampling program was undertaken on selected core from the underground drilling program. The re-sample program represented 15% of the

total metres drilled, sufficient for a meaningful comparison. The author of the Technical Report concluded that the re-sample data provides evidence of the reproducibility of the original sample assay results.

In late 2011, Coventry also implemented an orientation surface geochemical pit excavation program around the Cameron Lake gold deposit to define additional exploration targets. A total of 19 samples were collected over an area of approximately 900 metres by 600 metres.

A 12kg bulk sample was collected at the base of the till which was field sieved to +2mm. Split fractions were derived from this giving a bulk +1kg sample for analysis by Bulk Leach Extractable Gold (BLEG) and an additional sample of similar size for gold grain counts and Heavy Mineral Concentrate (HMC) assays. In addition to these samples, a split was sieved to -80# size and submitted for analysis by Instrumental Neutron Activation Analysis (INAA) and Inductively Coupled Plasma Mass Spectrometry (ICP-MS) of precious and base metals as well as a number of other elements. Blanks and standards were inserted into the sample stream.

It is the author's opinion that the data comprising the Cameron Gold Project is adequate for the purposes used in the Technical Report.

Mineral Resource Estimate

A total of 928 diamond drillholes (113,764 metres) completed prior to October 2011 at the Cameron Gold Project were utilized in the mineral resource estimate. Since October 2011, as part of the ongoing drilling program at the Cameron Gold Project, a further 53 drillholes (7,050 metres) have been completed, however only 15 of these drillholes are located within the area defined by the resource model. The remaining 42 drillholes were completed on exploration targets within the immediate vicinity of the deposit. It is the opinion of the author of the Technical Report that these additional 15 drillholes (totaling approximately 2,000 metres of drilling) do not impact the mineral resource estimate presented in the Technical Report, and hence their exclusion is deemed immaterial.

A description of the key assumption, various parameters and methods used to calculate the mineral resource estimate is set out below:

- the mineralization boundaries were interpreted on cross sections spaced between 10 metres and 40 metres apart over the entire strike length of the mineralized zone using a combination of lithological information and gold assay information;
- either Surpac or Vulcan software applications were used to interpret and model the mineralization;
- an analysis of the lengths of core samples collected within the mineralization and the encompassing shear zone was undertaken to determine the optimum normalized sample length;
- to visualize the distribution of sample interval lengths, a histogram was generated at 0.2 metre intervals within the mineralization and the shear zone;
- samples were composited to 0.75 metres down-hole to ensure that one composite from each of the dominant sample lengths was included;
- given the distribution of sample lengths and the relative thickness of the mineralized zones, only composites greater than or equal to 0.5 metres in length were used;
- for the initial grade statistics and continuity assessment, only composites generated from samples within a recorded gold value were utilized to create the "mineralized composites";
- there were a significant number of "unsampled" intervals within parts of the mineralization which were combined with the mineralized composites prior to grade estimation;
- normal probability plots were generated from the mineralized composites for the largest mineralized zones;
- it was determined that top-cutting would only partially normalize the grade distribution and would not be sufficient to adequately limit the influence of high-grade composites within the deposit;
- semi-variograms were generated for the mineralized zones that contained the largest number of composites;
- the variance from the semi-variogram analysis of the mineralization composite data was visualized in a 3D block model format;
- the results supported down dip continuity, with a total range of up to 50 metres, within which there is a very short range of 10 to 15 metres;
- mineral resources were estimated separately for each mineralized zone;

- there are two distinct areas within the mineralization model, each was treated separately in statistical terms and for block estimation variance;
- within the largest of the mineralized zones, are smaller sub-zones of higher grade, which are sub-parallel to the overall interpreted trend of mineralization and controlling the influence of the high-grade zones in the estimation process was critical so as not to overstate the grade;
- different grade assessment methods were adopted for different mineralized zones;
- ordinary kriging was used to estimate grade for all of the mineralized zones that contained sufficient composite data to demonstrate grade continuity and the influence of all values in excess of 20 g/t was restricted to 15m x 10m x 5m and the input data was top-cut as appropriate;
- zones with less information grade were either (i) estimated using inverse distance techniques; or (ii) were assigned either the average grade of the input data (in both cases input data was top-cut, if required) or an estimated grade of the contained composites;
- specific gravity data was modeled using inverse distance methods to the second power;
- all mineralized zones for which grade estimates were determined were validated by comparison to the input composites and the two largest zones were compared to the input data along strike and down dip;
- the mineral resource estimate was classified according to confidence in the mineralization model, which reflects geological influences, data quality and grade continuity and the estimation process;
- in determining the appropriate head grade, information concerning the processing characteristics of mineralized material was considered;
- it was determined that the head grade of ore delivered to the process plant is likely to be approximately 2 g/t;
- as a result, the in-pit planned extraction grade was determined by applying the likely “bulk” mining parameters of a 5% mining tonnage loss at the planned grade, with 5% tonnage dilution (at 0.1g/t Au) to the average “run of mine” material; and
- to achieve a 2 g/t head grade, the in situ grade must be 2.2g/t or better so it was determined that the mineral resource reported at 1g/t Au cut-off reflects a grade that is likely to provide, in global terms, a mineral resource suitable for open-cut mining.

The following is a summary of the mineral resource estimate for the Cameron Gold Project as at October 30, 2011:

<u>Classification</u>	<u>Tonnes⁽¹⁾</u>	<u>Au (g/t)</u>	<u>Ounces</u>
<i>1.0 g/t Au cut-off grade</i>			
Measured.....	2,472,000	2.68	213,000
Indicated.....	4,724,000	2.33	354,000
Measured and Indicated.....	7,196,000	2.45	567,000
Inferred	12,226,000	2.11	829,000

Notes:

(1) Rounded to the nearest 1,000.

(2) Mineral resources that are not mineral reserves do not have demonstrated economic viability.

The mineral resource estimate may be affected by subsequent assessment of metallurgical, environmental, permitting, legal, title, taxation, socio-economic, marketing, political and other relevant factors. There is insufficient information to assess what if any impact these factors would have, but it is expected that they would not have a material impact on the mineral resource as summarized.

Exploration and Development

As recommended in the Technical Report, Coventry intends to conduct an exploration program on the Cameron Gold Deposit itself, consisting of a 3,000 metre infill diamond drilling program grid north of the main resource to extend and deepen open pit-shells and along strike to the northwest of the deposit to extend known mineralization towards the surface.

DIVIDEND RECORD AND POLICY

Coventry has not, since the date of incorporation, declared or paid any dividends on its ordinary shares, and Coventry does not currently have a policy with respect to the payment of dividends. For the foreseeable future, Coventry anticipates that it will retain future earnings and other cash resources for the operation and development of its business. The payment of dividends in the future will depend on the earnings, if any, and the financial condition of Coventry and such other factors as the Coventry Board consider appropriate.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following table sets forth selected consolidated financial information of Coventry at and for the periods indicated. This financial information is derived from, and should be read in conjunction with, the annual audited consolidated financial statements of Coventry and the related notes thereto included elsewhere in this Circular (the “**Financial Statements**”). All financial information presented herein is prepared in accordance with IFRS. Coventry has not and is not required to provide a reconciliation of its financial statements to Canadian GAAP.

	Financial Year Ended June 30,		
	2012	2011	2010
	(Audited)	(Audited)	(Audited)
	(A\$)	(A\$)	(A\$)
Total revenue	104,127	353,306	167,211
Loss from continuing operations	(5,578,898)	(1,502,135)	(1,123,962)
Other comprehensive income (loss)	(156,297)	(2,248,490)	367,125
Total comprehensive loss for the year	(5,735,195)	(3,750,625)	(756,837)
Loss per share — basic (cents per share)	(3.06)	(0.98)	(1.67)
Loss per share — diluted (cents per share)	(3.06)	(0.98)	(1.67)
Cash and cash equivalents	2,985,446	7,968,108	6,039,292
Total assets	30,029,466	31,030,766	23,078,032
Total liabilities	729,007	841,804	655,061
Cash dividends declared (cents per share)	—	—	—

For a discussion of the factors affecting the financial results set out above and the period to period variations please see “Management’s Discussion and Analysis” below.

MANAGEMENT’S DISCUSSION AND ANALYSIS

This management’s discussion and analysis (“**MD&A**”) reviews the financial condition and results of operations of Coventry as at June 30, 2012, June 30, 2011 and June 30, 2010 and other material events up to the date of this Circular. The following discussion should be read in conjunction with the annual audited consolidated financial statements and related notes for the years ended June 30, 2012, June 30, 2011 and June 30, 2010. These financial statements of Coventry were prepared in accordance with IFRS, as issued by the International Accounting Standards Board (“**IASB**”).

Overview

Coventry is in the exploration stage and has not yet determined whether its properties contain mineral reserves that are economically recoverable. Coventry has no producing properties, consequently no sales and earns nominal interest revenues from interest-bearing cash accounts.

As at June 30, 2012, Coventry had 216,606,037 ordinary shares outstanding and 41,738,752 unlisted options outstanding convertible into an equivalent number of fully paid ordinary shares. Since that date, Coventry has

issued as additional 23.65 million ordinary shares as follows (i) 23.6 million ordinary shares in September 2012 to institutional investors pursuant to a private placement at a price of A\$0.055 per share; and (ii) 50,000 ordinary shares relating to the acquisition of mineral interests in Ontario. Since June 30, 2012 Coventry has also had a net increase of 5,400,000 options resulting from (i) the grant of an aggregate of 5,500,000 incentive options: 4,500,000 to Coventry's new managing director, 500,000 to Coventry's new Exploration Manager and a further 500,000 to a new senior consultant engaged to manage the PEA; and (ii) the expiry of 100,000 options with an exercise price of \$0.20.

Coventry's objectives are to complete the PEA on the development of an open pit and underground mining operation at the Cameron Gold Project; subject to a positive outcome of the PEA, complete a DFS on the development of an open pit and underground mining operation at the Cameron Gold Project; subject to a positive outcome of the DFS, develop the Cameron Gold Project into a profitable mining project; and expand its resource base through rapid exploration of existing ground and the acquisition of prospective new projects.

Results of Operations

Coventry reported a total comprehensive loss of A\$5,735,195 for the year ended June 30, 2012 compared to losses of A\$3,750,625 and A\$756,837 for the corresponding twelve month periods ending June 30, 2011 and June 30, 2010 respectively. The increased loss for the fiscal year ended June 30, 2012 can be partially attributed to Coventry's decision to write-down (A\$3,025,140) the value of the Ardeen Gold Project to a net realizable value if Coventry were to sell the asset. No write-downs were recorded by Coventry in the prior two fiscal years.

For the twelve months ended June 30, 2012, Coventry realized a cash out flow from operations of A\$2,168,922 compared to outflows of A\$1,138,783 and A\$1,558,712 for the corresponding twelve months ended June 30, 2011 and June 30, 2010 respectively. The operating cash out flow of Coventry is dependent upon the magnitude of Coventry's exploration activities and the timing of the payments for their services.

Legal fees for the year ended June 30, 2012 were A\$548,168 compared to A\$99,302 and A\$128,258 for the twelve month periods ending June 30 2011 and 2010 respectively. The increase for the fiscal year ended June 30, 2012 was primarily due to the costs associated with a business opportunity presented to Coventry (that was subsequently rejected by Coventry) and costs associated with Coventry attempting to secure a Canadian stock exchange listing.

Coventry incurred A\$207,956 in serviced office costs during the year ended June 30, 2012 compared to expenditures of A\$180,188 and A\$92,968 for the twelve month periods ending June 30, 2011 and June 30, 2010 respectively. Over the three fiscal years ended June 30, 2012, 2011 and 2010, Coventry added additional personnel with the growing number of property acquisitions, additional reporting requirements and maintaining a Canadian satellite office.

Coventry expensed accounting and audit fees totalling A\$372,534 for the twelve months ended June 30, 2012 compared to A\$151,935 for the twelve months ended June 30, 2011 and A\$181,196 for the twelve months ended June 30, 2010. This increase in costs for the year ended June 30, 2012 can be attributed to the additional staffing requirements as Coventry's activities in Canada expanded with various land acquisitions. Accounting and audit related fees were lower for the 12 months ended June 30, 2011 compared to the 12 months ended June 30, 2010 as Coventry reorganized some of its accounting functions and achieved some operational efficiencies. Accounting and audit related fees were marginally higher for the twelve months ended June 30, 2010 due to Coventry's conversion to IFRS.

Coventry incurred depreciation expenses of A\$56,161 for the fiscal year ended June 30, 2012 compared to costs of A\$14,057 and A\$763 for the fiscal years ended June 30, 2011 and 2010 respectively. The increased year-to-year costs can be directly attributed to the addition of tangible assets as Coventry develops its mineral interests in South-western Ontario.

Other comprehensive losses of A\$156,297 and A\$2,248,490 were recorded for the twelve month periods ended June 30, 2012 and 2011 compared to a comprehensive gain of A\$367,125 for the year ended June 30, 2010. As

the majority of Coventry's expenditures are incurred in Canada, the weakening of the Australian dollar (relative to the Canadian dollar) increases the foreign exchange loss. The foreign exchange loss is incurred in the revaluation of the Canadian subsidiary's monetary assets and liabilities at the current exchange rate at year end.

The change in total assets over the three year period ending June 30, 2012 is largely the result of changes in the cash balance and Coventry's mineral exploration expenditures. Coventry's expenditures are primarily exploration in nature and as Coventry's cash balance decreases, an increase in capitalized exploration costs is recorded on the balance sheet. Coventry recorded A\$7,251,695 in exploration costs during the twelve months ended June 30, 2012 compared to A\$7,777,433 and A\$9,032,299 for the twelve months ended June 30, 2011 and June 30, 2010, respectively.

Coventry's total assets were A\$30,029,466 as at June 30, 2012 compared to A\$31,030,766 and A\$23,078,032 as at June 30, 2011 and June 30, 2010, respectively.

Coventry incurred an impairment of A\$3,025,140 relating to its mineral interests during the year ended June 30, 2012. No write-downs were recorded in either of the fiscal years ended June 30, 2011 or June 30, 2010.

As at June 30, 2012, Coventry's current liabilities were A\$729,007 compared to liabilities of A\$841,804 and A\$655,061 as at June 30, 2011 and June 30, 2010, respectively. Coventry's current liabilities are primarily related to exploration costs incurred on its various mineral projects.

During the year ended June 30, 2012, Coventry had A\$7,313,442 cash outflows from investing activities compared with outflows of A\$8,127,940 and A\$9,082,380 for the fiscal years ended June 30, 2011 and 2010 respectively. The cash outflows are due to the timing of Coventry's purchase of property, plant and equipment and, exploration expenditures on its mineral properties.

As previously stated above, Coventry has not yet generated revenue from its principal asset, the Cameron Gold Project. A description of the Cameron Gold Project, Coventry's plan for the Cameron Gold Project and the status of the Cameron Gold Project relative to that plan is set out above under "*General Development and Description of the Business*" and "*Details of the Cameron Gold Project*". Since acquiring the Cameron Gold Project, Coventry's plan has been to determine the feasibility of the main deposit and in connection therewith, complete the PEA. For the twelve months ended June 30, 2012, 2011 and 2010, Coventry spent approximately A\$5.69 million, A\$6.96 million and A\$0.54 million respectively, towards this objective (including completion of the PEA). Assuming positive results of the PEA (expected to be completed in the fourth quarter of 2012), Coventry intends to proceed with the DFS, the next stage in the advancement of the Cameron Gold Project. An estimate for the completion of a DFS is not currently available.

Summary of Half-Yearly Results

No discussion of quarterly results for the eight most recently completed quarters has been included due to the fact that quarterly financial statements have not been prepared by Coventry as they are not required under the Corporations Act. The following table sets forth selected consolidated financial information of Coventry at and for the four most recently completed half year periods.

	<u>June 30, 2012</u>	<u>December 31, 2011</u>	<u>June 30, 2011</u>	<u>December 31, 2010</u>
	A\$	A\$	A\$	A\$
Total Revenue	36,288	67,839	263,577	89,729
Total comprehensive income (loss)	(4,486,122)	(1,249,073)	(1,147,937)	(2,602,688)
Loss per share — basic (cents per share)	(2.40)	(0.66)	(0.42)	(0.56)
Loss per share — diluted (cents per share).....	(2.40)	(0.66)	(0.42)	(0.56)
Cash and cash equivalents.....	2,985,446	3,093,996	7,968,108	12,694,456
Total assets	30,029,466	30,009,701	31,030,766	31,776,727
Total liabilities	729,007	722,516	841,804	759,342
Cash dividends declared (cents per share).....	-	-	-	-

During the six months ended June 30, 2012, Coventry recorded an impairment charge of A\$3,025,140 against the Ardeen Gold Project. For the six months periods ended December 31, 2011, June 30, 2011 and December 31, 2010, no impairment charges were recorded on Coventry's exploration assets. This charge increased the comprehensive loss for the period.

For the six months ended December 31, 2010 Coventry reported a net loss of A\$2,602,688 (or A\$0.56 per share) compared to a loss of A\$1,249,073 (or \$0.66 per share) for the half year ended December 31, 2011. The increase loss for the half year ended December 31, 2010 can be attributed to the foreign exchange loss on translation of the foreign operations. Coventry incurred foreign exchange losses of A\$1,860,973 and A\$101,572 for the six months ended December 31, 2010 and 2011, respectively. These foreign exchange losses are attributable to the strengthening Canadian dollar relative to the Australian dollar. The trend over the last 36 months has seen the strengthening of the Canadian dollar against the Australian dollar.

For the six months ended December 31, 2010 and 2011, Coventry recorded stock-based compensation of A\$432,603 and A\$313,796, respectively. Stock option grants will increase losses. For example, for the six month period ended June 30, 2011, stock-based compensation increased the loss for that period by A\$192,407 as compared to an adjustment of A\$10,461 for the six month period ended June 30, 2012.

For the six month period ended June 30, 2011 Coventry reported a net loss of A\$1,147,937 (or A\$0.42 per share) compared to a loss of A\$4,486,122 (or A\$2.40 per share) for the six month period ended June 30, 2012. The increased loss for the six months ended June 30, 2012 can be directly attributed to the write-down of mineral exploration interests, as during the period Coventry recorded an impairment charge of A\$3,025,140 against the Ardeen Gold Project. For the six months period ended December 31, 2011, June 30, 2011 and December 31, 2010, no impairment charges were recorded on Coventry's exploration assets. Any impairment charges would increase the comprehensive loss for the period.

Coventry's exploration activities are dependent on Coventry's ability to raise funds in the equity market. In the six month period ended December 31, 2010 Coventry raised gross proceeds of A\$12 million, significantly increasing Coventry's cash position. Coventry drew on these funds over the next twelve months to finance the exploration work and as a result, depleted cash reserves. In the six month period ended June 30, 2012, Coventry raised A\$5 million from the issuance of shares, increasing cash reserves.

Liquidity and Capital Resources

Coventry does not have any operations that generate cash flow. Coventry's continuation as a going concern is dependent upon successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds therefrom and/or raise equity capital or borrowings sufficient to meet current and future obligations.

As a result, in order to finance its exploration activities and corporate overhead, Coventry is dependent on investor sentiment remaining positive towards the gold and other precious metals exploration business generally, and towards Coventry in particular, so that funds can be raised through the sale of Coventry's securities. Many factors have an influence on investor sentiment, including a positive climate for mineral exploration, a company's track record and

the experience and calibre of a company's management. Trends that affect the market generally can affect Coventry's ability to access capital. Trends in this general market are defined by fluctuations in the global economy and the demand for metals and commodity prices. Coventry's financial statements do not include any adjustments that might result from these uncertainties.

Trends affecting Coventry's liquidity are dictated by the demands on financial resources created by the advancing nature of Coventry's current exploration assets and Coventry's ability to access the financial resources required to meet these demands. As the exploration properties advance through exploration, they typically require more capital-intensive programs that apply pressure to Coventry's financial resources. Additional planned exploration programs on the non-producing leaseholds will result in a steady drain to Coventry's liquidity.

To date, Coventry has financed its activities through brokered and non-brokered private placements. There is no certainty that equity funding will be available at the times and in the amounts required to fund Coventry's activities. See "*Risk Factors*" below.

Debt financing has not been used to fund property acquisitions and exploration and Coventry has no current plans to use debt financing.

At June 30, 2012, Coventry had cash and cash equivalents of A\$2,985,446 compared to cash of A\$7,968,108 and A\$6,039,292 as at June 30, 2011 and 2010, respectively. Any fluctuation in Coventry's cash balance is a result of the extent of Coventry's exploration activities.

As and at the date hereof, Coventry has A\$1,590,942 cash on hand. To the extent that cash on hand is not adequate to maintain capacity and meet all contractual, corporate and administrative costs prior to the Merger, Coventry will draw down funds under the Facility (described in full under the heading "General Development and Description of the Business – Interim Financing"). Upon completion of the Merger, the proceeds of the Crescent Private Placement will be released from escrow and together with Crescent's current working capital, be available to the Resulting Issuer. As set out under "Use of Funds", the Resulting Issuer will have sufficient cash on hand to maintain capacity, and meet all contractual, corporate and administrative costs and complete planned exploration for the ensuing 12 months.

Additional financing will be required to finance the completion of a DFS (assuming positive results of the PEA) and for other planned exploration activities at the Cameron Gold Project and the Rainy River Project. The estimated cost of the DFS is not yet known and the expenditures for exploration will depend on a number of factors including success of the exploration program.

Coventry is confident that it will be able to raise the funds required, however, there is no assurance additional financing will be available, as and when required, or if available, that it will be on terms acceptable to Coventry. Coventry's continuation as a going concern is contingent upon its ability to raise sufficient financing both in the short and long-term.

Coventry has no debt, does not have any unused lines of credit or other arrangements in place to borrow funds. Coventry does not use hedges or other financial derivatives.

Securities Outstanding

As of the date of this Circular, the number of ordinary shares issued, and shares subject to outstanding options are as follows:

Summary of outstanding securities	Number
Ordinary shares	240,256,037
Options	47,138,752
Total	287,394,789

Proposed Transactions

For a description of the effect of the Merger on financial condition, results of operations and cash flow of Coventry and Crescent please see “*Information Concerning the Resulting Issuer*” elsewhere in this Circular. For a description of the status of any required shareholder and regulatory approvals please see “*Summary*” and “*The Merger*” elsewhere in this Circular.

Transactions with Related Parties

For a description of all of the transactions involving Coventry and related parties for the financial year ended June 30, 2012, 2011 and 2010, please refer to Note 20 of Coventry’s financial statements for the year ended June 30, 2012 attached as Schedule “D” to this Circular. The agreements pursuant to which services were provided are described below under “*Statement of Executive Compensation – Termination and Change of Control Benefits*”.

Risks and Uncertainties

Coventry is subject to risks and uncertainties common to comparable companies, including under-capitalization, cash shortages and limitations with respect to availability of experienced personnel, financial and other resources, as well as a lack of revenue and cash flow. These risks and uncertainties could materially affect Coventry’s future operating results and could cause actual events to differ materially from those described in forward-looking information relating to Coventry. Please see “*Risk Factors*” below.

Critical Accounting Estimates

The preparation of the financial statements requires management to make various estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. Such estimates and assumptions are continually re-evaluated and form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ significantly from these estimates.

These estimates and assumptions are affected by management’s application of accounting policies and historical experience, and are believed by management to be reasonable under the circumstances.

Management considers the following to be Coventry’s most critical accounting estimates.

Capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether Coventry decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors which could impact the future recoverability include the level of proved, probable and inferred mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalised expenditure should be written off, this will reduce profits and net assets in the period in which this determination is made.

Share based payment transactions

Coventry measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments as at the date at which they are granted. The fair value is determined by using the Black Scholes formula using the assumptions disclosed in Note 23 to the financial statements for the year ended June 30, 2012 attached as Schedule “D” to this Circular.

Functional currency translation reserve

Under the Australian Accounting Standards (“ACS”), each entity within the Coventry Group is required to determine its functional currency, which is the currency of the primary economic environment in which the entity operates. Management considers its Canadian subsidiaries to be foreign operations with the Canadian dollar as the functional currency. In arriving at this determination, management has given priority to the currency that influences the labour, materials and other costs of exploration activities as they consider this to be a primary indicator of the functional currency.

Changes in Accounting Policies

Coventry has adopted all of the new and amended ACS and AASB Interpretations that became effective during the financial year ended June 30, 2012. The adoption of these new and amended Interpretations did not have material impact on Coventry’s financial statements.

The following applicable accounting standards and interpretations have been issued or amended but are not yet effective. These standards have not been adopted by Coventry for the year ended June 30, 2012, and no changes to Coventry’s accounting policies are currently required.

Reference	Title	Summary	Application date for Group
AASB 1048	Interpretation of Standards.	AASB 1048 identifies the Australian Interpretations and classifies them into two groups: those that correspond to an IASB Interpretation and those that do not. Entities are required to apply each relevant Australian Interpretation in preparing financial statements that are within the scope of the Standard. The revised version of AASB 1048 updates the lists of Interpretations for new and amended Interpretations issued since the June 2010 version of AASB 1048.	1 July 2012
2010-8	Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112]	These amendments address the determination of deferred tax on investment property measured at fair value and introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that the carrying amount will be recoverable through sale. The amendments also incorporate SIC-21 Income Taxes – Recovery of Revalued Non-Depreciable Assets into AASB 112.	1 July 2012
AASB 2011-9	Amendments to Australian Accounting Standards – Presentation of Other Comprehensive Income	This Standard requires entities to group items presented in other comprehensive income on the basis of whether they might be reclassified subsequently to profit or loss and those that will not.	1 July 2012

Reference	Title	Summary	Application date for Group
AASB 10	Consolidated Financial Statements	<p>AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 Consolidated and Separate Financial Statements dealing with the accounting for consolidated financial statements and UIG-112 Consolidation – Special Purpose Entities.</p> <p>The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control.</p> <p>Consequential amendments were also made to other standards via AASB 2011-7.</p>	1 July 2013
AASB 11	Joint Arrangements	<p>AASB 11 replaces AASB 131 Interests in Joint Ventures and UIG-113 Jointly- controlled Entities – Non-monetary Contributions by Ventures. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method.</p> <p>Consequential amendments were also made to other standards via AASB 2011-7 and amendments to AASB 128.</p>	1 July 2013
AASB 12	Disclosure of Interests in Other Entities	<p>AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.</p>	1 July 2013
AASB 13	Fair Value Measurement	<p>AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets.</p> <p>AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative</p>	1 July 2013

Reference	Title	Summary	Application date for Group
		<p>impact of those assumptions on the fair value determined.</p> <p>Consequential amendments were also made to other standards via AASB 2011-8.</p>	
AASB 119	Employee Benefits	<p>The main change introduced by this standard is to revise the accounting for defined benefit plans. The amendment removes the options for accounting for the liability, and requires that the liabilities arising from such plans is recognized in full with actuarial gains and losses being recognized in other comprehensive income. It also revised the method of calculating the return on plan assets.</p> <p>The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date.</p> <p>Consequential amendments were also made to other standards via AASB 2011-10.</p>	1 July 2013
Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	<p>This interpretation applies to stripping costs incurred during the production phase of a surface mine. Production stripping costs are to be capitalised as part of an asset, if an entity can demonstrate that it is probable future economic benefits will be realised, the costs can be reliably measured and the entity can identify the component of an ore body for which access has been improved. This asset is to be called the “stripping activity asset”.</p> <p>The stripping activity asset shall be depreciated or amortised on a systematic basis, over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity. The units of production method shall be applied unless another method is more appropriate.</p> <p>Consequential amendments were also made to other standards via AASB 2011-12.</p>	1 July 2013
Annual Improvements 2009–2011 Cycle *	Annual Improvements to IFRSs 2009–2011 Cycle	<p>This standard sets out amendments to International Financial Reporting Standards (IFRSs) and the related bases for conclusions and guidance made during the International Accounting Standards Board’s Annual Improvements process. These amendments have not yet been adopted by the AASB.</p> <p>The following items are addressed by this standard:</p> <p>IFRS 1 First-time Adoption of International Financial Reporting Standards</p> <ul style="list-style-type: none"> • Repeated application of IFRS 1 	1 July 2013

Reference	Title	Summary	Application date for Group
		<ul style="list-style-type: none"> Borrowing costs <p>IAS 1 Presentation of Financial Statements</p> <ul style="list-style-type: none"> Clarification of the requirements for comparative information <p>IAS 16 Property, Plant and Equipment</p> <ul style="list-style-type: none"> Classification of servicing equipment <p>IAS 32 Financial Instruments: Presentation</p> <ul style="list-style-type: none"> Tax effect of distribution to holders of equity instruments <p>IAS 34 Interim Financial Reporting</p> <ul style="list-style-type: none"> Interim financial reporting and segment information for total assets and liabilities 	
AASB 2011-4	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements	This Amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies.	1 July 2013
AASB 2012-2	Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities	AASB 2012-2 principally amends AASB 7 Financial Instruments: Disclosures to require disclosure of information that will enable users of an entity’s financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity’s recognised financial assets and recognised financial liabilities, on the entity’s financial position.	1 July 2013
AASB 2012-5	Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle	AASB 2012-5 makes amendments resulting from the 2009-2011 Annual Improvements Cycle. The Standard addresses a range of improvements, including the following: <ul style="list-style-type: none"> repeat application of AASB 1 is permitted (AASB 1); and clarification of the comparative information requirements when an entity provides a third balance sheet (AASB 101 Presentation of Financial Statements). 	1 July 2013
AASB 2012-3	Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities;	AASB 2012-3 adds application guidance to AASB 132 Financial Instruments: Presentation to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement.	1 July 2015

Reference	Title	Summary	Application date for Group
AASB 9**	Financial Instruments	<p>AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities.</p> <p>These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below.</p> <p>(a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.</p> <p>(b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.</p> <p>(c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.</p> <p>(d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:</p> <ul style="list-style-type: none"> ▶ The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ▶ The remaining change is presented in profit or loss <p>If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.</p> <p>Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10.</p>	1 July 2015

* These IFRS amendments have not yet been adopted by the AASB. In order to claim compliance with IFRS, these amendments should be noted in the financial statements.

** AASB ED 215 Mandatory effective date of IFRS 9 proposes to defer the mandatory effective date of AASB 9 from annual periods beginning 1 January 2013 to annual periods beginning on or after 1 January 2015, with early application permitted. At the time of preparation, finalisation of standard is still pending by the AASB. However, the IASB has deferred the mandatory effective date of IFRS 9 to annual periods beginning on or after 1 January 2015, with early application permitted.

Coventry has not elected to early adopt any new standards or interpretations and is in the process of assessing the impact, if any, of these new standards and interpretations on Coventry's future financial statements.

Financial Instruments

Exposure to credit risk, market risk and liquidity risk arises in the normal course of Coventry's business. Coventry does not hold or issue derivative financial instruments. Coventry uses different methods as discussed below to manage risks that arise from these financial instruments. The objective is to support the attainment of the financial targets while protecting future financial security

Credit risk

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge the obligation and cause Coventry to incur a financial loss. Coventry's maximum credit exposure is the carrying amount of the financial instrument on its statement of financial position. Coventry only holds financial instruments with credit worthy third parties.

At June 30, 2012, June 30, 2011 and June 30, 2010, Coventry held cash and term deposits. Cash and term deposits were held with an institution with a rating from Standard & Poors of AA or above (long term). Coventry has no past due or impaired debtors as at June 30, 2012 (2011: Nil) (2010: Nil).

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, will offset Coventry's income. Coventry is exposed to fluctuations in interest rates, foreign exchange rates and metal prices (principally gold) in the normal course of its business operations.

Coventry is exposed to foreign exchange risk on its operations in Canada which are quoted in Canadian dollars rather than the functional currency of Coventry (A\$). Coventry does not use derivative financial instruments to hedge fluctuation in foreign currency, however it continually monitors these exchange rates so that its exposure to is maintained at an acceptable level.

Coventry's exposure to foreign exchange risk for financial years ending June 30, 2012, June 30, 2011 and June 30, 2010 is set out below, based on carrying amounts in A\$.

	Average for year ended June 30, 2012	As at June 30, 2012	Average for year ended June 30, 2011	As at June 30, 2011	Average for year ended June 30, 2010	As at June 30, 2010
Canadian dollar	1.0352	1.0265	0.9901	1.0369	0.9304	0.8975

As at June 30, 2012, Coventry's net Canadian dollar financial liabilities were \$403,133 (2011 – \$50,531; 2010 - \$1,562,821). Set out below is analysis of the sensitivity of a 5% to 15% fluctuation in the Australian dollar against the Canadian dollar on Coventry's comprehensive income.

	5%	10%	15%
June 30, 2012	\$ 20,691	\$ 41,382	\$ 62,073
June 30, 2011	\$ 2,620	\$ 5,239	\$ 7,859
June 30, 2010	\$ 86,893	\$ 173,786	\$ 260,679

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments.

Coventry's exposure to interest rate risk relates primarily to its earnings on cash and term deposits. Coventry manages the risk by investing in short term deposits.

	2012	Consolidated 2011	2010
	A \$	A \$	A \$
Cash and cash equivalents	2,985,446	7,968,108	6,039,292

The following table demonstrates the sensitivity of Coventry's statement of comprehensive income to a reasonably possible change in interest rates, with all other variables constant.

Change in Basis Points	Effect on Post Tax Loss			Effect on Equity		
	Increase/(Decrease)			Increase/(Decrease)		
Judgements of reasonably possible movements:	2012	2011	2010	2012	2011	2010
	A\$	A\$	A\$	A\$	A\$	A\$
Increase 100 basis points	29,854	79,681	60,393	29,854	79,681	60,393
Decrease 100 basis points	(29,854)	(79,681)	(60,393)	(29,854)	(79,681)	(60,393)

A sensitivity of 100 basis points has been used as this is considered reasonable given the current level of both short term and long term Australian dollar interest rates. The change in basis points is derived from a review of historical movements and management's judgement of future trends. The analysis was performed on the same basis in 2010 and 2011.

Commodity price risk is the risk of financial loss resulting from movements in the price of Coventry's commodity output, being mainly gold, which is denominated in US\$. This risk has not been hedged in either the current or prior period, but is continually under review. In addition, a decline in the price of gold may result in a decline of market sentiment thus affecting Coventry's ability to raise additional capital in the future.

Liquidity risk

Liquidity risk is the risk that Coventry will encounter difficulty in meeting obligations associated with financial liabilities.

Coventry manages liquidity risk by maintaining sufficient cash facilities to meet the operating requirements of the business and investing excess funds in highly liquid short term investments. The responsibility for liquidity risk management rests with the Coventry Board.

Alternatives for sourcing our future capital needs include cash on hand and the issue of equity instruments. These alternatives are evaluated to determine the optimal mix of capital resources.

Financial liabilities of Coventry comprise trade and other payables. As at June 30, 2012, June 30, 2011 and June 30, 2010, all financial liabilities contractually mature within 30 days.

Off Balance Sheet Arrangements

Coventry has not participated in any off-balance sheet or income statement arrangements.

DESCRIPTION OF ORDINARY SHARES

The authorized capital of Coventry consists of an unlimited number of ordinary shares without par value. As at the date of this Circular, there were 240,256,037 ordinary shares issued and outstanding. No other shares in the capital of Coventry of any other classes are issued or outstanding.

The holders of ordinary shares are entitled:

- (i) to vote at all meetings of shareholders of Coventry;
- (ii) to receive, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of Coventry, any dividends declared by Coventry; and
- (iii) to receive, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of Coventry, the remaining property of Coventry upon the liquidation, dissolution or winding-up of Coventry, whether voluntary or involuntary.

The shares do not carry any exchange, exercise, pre-emptive, redemption, purchase for cancellation, conversion, retraction rights, sinking or purchase fund provisions, provisions requiring a securityholder to contribute additional capital, provisions permitting or restricting the issuance of additional securities or any other material restrictions.

CONSOLIDATED CAPITALIZATION

The following table sets forth the estimated capitalization of Coventry as at June 30, 2012 and as at November 9, 2012, prior to giving effect to the Merger. The table should be read in conjunction with the audited consolidated financial statements of Coventry for the financial years ended June 30, 2012, 2011 and 2010 and the related notes thereto attached as Schedule “D” to this Circular.

Designation of Security	Amount authorized or to be authorized	Amount outstanding as of June 30, 2012	Amount outstanding as of November 9, 2012 prior to giving effect to the Merger ⁽¹⁾
Ordinary Shares	unlimited	216,606,037	240,256,037

Notes:

- (1) Does not include any ordinary shares to be issued in connection with Property Option Agreements (as defined below) or the Houston LOI. See “General Development and Description of the Business”. Also does not include any ordinary shares to be issued upon exercise of any outstanding Coventry Options.
- (2) There are currently an aggregate of 47,138,752 Coventry Options outstanding. See “Consolidated Capitalization – Coventry Options”.
- (3) Coventry had reserves of A\$1,540,862 as June 30, 2012 and accumulated losses of A\$23,340,377 as compared to A\$1,540,862 and A\$24,179,680 as at June 30, 2012 after giving effect to the Merger and including deferred exploration and evaluation expenditures subsequent to June 30, 2012 and up to September 14, 2012.

Other than the issue of 23.6 million Coventry Shares at a price of A\$0.055 per share in October 2012 and the issue of 50,000 Coventry Shares under a property option agreement there has been no material change in the share and loan capital of Coventry on a consolidated basis since June 30, 2012.

Coventry Options

The following table sets out the outstanding Coventry Options as at the date of this Circular:

Number of Options	Exercise Price	Expiry Date
3,230,770	A\$0.26	December 18, 2012
19,257,982	A\$0.20	April 30, 2013
10,000,000	A\$0.30	January 30, 2013
500,000 ⁽¹⁾	A\$0.30	March 25, 2015
500,000 ⁽¹⁾	A\$0.30	July 30, 2013
1,000,000	A\$0.28	February 23, 2013
750,000 ⁽¹⁾	A\$0.20	August 8, 2014
400,000 ⁽¹⁾	A\$0.20	August 24, 2014
6,000,000	A\$0.26	December 1, 2016
500,000	A\$0.12	March 8, 2017
500,000 ⁽¹⁾	A\$0.12	June 17, 2015

Number of Options	Exercise Price	Expiry Date
4,500,000 ⁽²⁾	A\$0.12	August 17, 2017
Total: 47,138,752		

Notes:

- (1) Coventry has established three employee option plans and an employee share plan, designed to provide a mechanism to motivate and reward the performance of Coventry's management and key personnel, and align their interests with the interests of shareholders. Each Coventry Option entitles the holder (subject to the satisfactions of any applicable vesting conditions) to one Coventry Share upon exercise. See "*Employee Stock Option Plans*".
- (2) These Coventry Options are held by Michael Naylor, Coventry's Management Director/Chief Executive Officer. See "*Information Concerning the Resulting Issuer – Directors, Officers and Promoters*".

In addition to the potential shares issued on exercise of the options set out in the table above, Coventry has entered into a number of property option agreements pursuant to which it has the option to earn an interest in certain claims for a combination of Coventry Shares and cash (the "**Property Option Agreements**"). Pursuant to the Property Option Agreements, if all options granted thereunder were fully exercised, Coventry would be required to issue up to an aggregate 31,477,410 Coventry Shares (including shares issued to acquire the Nucanolan and Roy properties).

Employee Stock Option Plans

Coventry has adopted (i) an employee share plan (the "**Share Plan**"); (ii) an incentive option scheme (the "**Option Scheme**") and (iii) an employee share option plan (the "**Option Plan**").

The Share Plan

The Share Plan was approved by Coventry Shareholders at an annual general meeting held on November 24, 2010.

The Share Plan was established to create a stronger link between employee performance and shareholder value by enabling participants to have a greater involvement with, and share in, the future growth and profitability of Coventry. Under the Share Plan, ordinary shares are issued and allotted by Coventry to eligible participants at a nominal (if any) issue price. Shares issued under the Share Plan may not be sold, transferred or encumbered until the end of a prescribed transfer restriction period during which certain conditions must be satisfied. If such conditions are not satisfied by the end of the transfer restriction period, or otherwise become incapable of satisfaction, in the opinion of the Coventry Board, Coventry must repurchase the shares for the amount of cash consideration paid for the shares, if any. Once issued, shares rank equally to and carry the same rights and entitlements as other Coventry Shares. Where the participant dies or ceases to be employed as a result of retirement, total and permanent disability or bona fide redundancy, then the Coventry Board may elect to allow the participant to retain the shares, waive any restriction conditions or permit the participant to sell, transfer, assign, mortgage, charge or otherwise encumber the shares. Under certain circumstances, including where the Coventry Board believes the participant has acted fraudulently or dishonestly or is (or has been) in material breach of his obligations to Coventry, then Coventry may buy back the shares issued, whether or not the restriction period has ended.

The number of Coventry Shares that may be subject to grant under the Share Plan, when aggregated with the number of Coventry Shares issued during the previous 5 years under the Share Plan (or any other share plan extended only to eligible employees) and the number of shares that would be issued if each outstanding offer for Coventry Shares under any employee incentive scheme were to be exercised/accepted, may not exceed 5% of the total number of issued Coventry Shares. No Coventry Shares have been issued under the Share Plan.

The Option Scheme

The Option Scheme was established to encourage eligible directors, employees and consultants of Coventry to participate in Coventry through share ownership and to attract, motivate and retain eligible participants. The grant of options under the Option Scheme is determined in the absolute discretion of the Coventry Board taking into account the skills, experience, length of service, remuneration level, industry benchmarks and such other criteria as the Coventry Board considers appropriate in the circumstances.

Options granted under the Option Scheme are non-assignable by the option holder, without the prior approval of the Coventry Board. Options granted under the Option Scheme lapse 60 days after the date the holder ceases to be an employee director or ceases to provide services to the Coventry Group for any reason whatsoever except that upon an option holder dying, becoming permanently disabled, retiring or being made redundant, the option holder or his or her legal representative may exercise all vested options until the earlier of expiry of those options and that day that is six months after the date the option holder dies, becomes disabled, retires or is made redundant. The Option Scheme provides for certain adjustments to the number of options held and/or the exercise price in the case of a rights offering or a bonus issue of Coventry Shares being made. On the occurrence of certain events, including, but not limited to, a scheme of arrangement, a takeover bid, or the acquisition of a person of sufficient shares to give it the ability to replace all or a majority of the Coventry Board, then the Coventry Board may determine that the Options may be immediately exercisable or may use their reasonable endeavours to procure that an offer is made to the holders of Option on like terms.

The options are not listed on the ASX. The number of Coventry Shares that may be the subject of a grant of options under the Option Scheme, when aggregated with the number of Coventry Shares that would be issued if all then outstanding options were exercised, may not exceed 5% of the number of Coventry Shares outstanding at the time of grant.

Options are issued for no consideration. The exercise price of options is determined by the Coventry Board at its discretion, but may not be less than any minimum price specified under the Listing Rules. Options are exercisable once all conditions attached to their exercise have been satisfied. Unexercised options expire at 5:00 p.m. (Perth time) on the date that is two years after the date of grant or such other date as the Coventry Board determined, in its discretion, at the time of grant. Options carry no dividend or voting rights.

There are currently 6,400,000 options outstanding under the Option Scheme with exercise prices ranging from \$0.20 per share to \$0.26 and expiring on either August 24, 2012 or December 1, 2016.

The Option Plan

The Option Plan is effectively the predecessor to the Option Scheme. Under the Option Plan however only employees (other than executive officers) of a member of the Coventry Group were eligible to participate. Options granted under the Option Plan may not be assigned. Upon a take over bid that is or is likely to cause a change of control, the Coventry Board has the discretion to allow an option holder to immediately exercise outstanding options. Options granted under the Option Plan lapse immediately upon the holder being dismissed for fraud, defalcation or misconduct or upon the holder's resignation if within two years the date of grant. If the holder resigns more than two years after the date of grant, options will lapse seven days after the date of resignation. The Option Plan further provides that options granted thereunder shall lapse three months after the date the holder retires (upon or after attaining the age of 65) or the date the holder is retrenched from Coventry's service and shall lapse one year after the death or permanent disability of the holder. There are currently 1,000,000 options outstanding under the Option Plan, expiring on either March 25, 2015 or July 30, 2013. Options are no longer granted under the Option Plan.

The Rules

In August 2011, Coventry granted options under the "Rules". The Rules effectively adopt the terms of the Option Scheme, described above. There are 750,000 options outstanding under the Rules, all with an exercise price of \$0.20 and all expire on August 8, 2014.

The balance of Coventry's outstanding options were granted as compensation for completed financings and pursuant to the restructuring of Coventry (then Mobilesoft) in May 2009, and the acquisition of Coventry Australia Pty Ltd in September 2009 and are governed by the terms of those transactions.

TRADING HISTORY

The following table sets forth the high and low sales price and volume of sales of Coventry Shares on the ASX for the periods indicated (in Australian dollars) for the 12 months prior to the date of this Circular.

Date	High (A\$)	Low (A\$)	Average Volume
November 2011	0.21	0.14	382,700
December 2011	0.16	0.11	246,800
January 2012	0.15	0.11	96,600
February 2012	0.14	0.13	490,400
March 2012	0.17	0.12	157,800
April 2012	0.14	0.10	162,300
May 2012	0.10	0.07	211,700
June 2012	0.08	0.06	177,800
July 2012	0.08	0.05	124,200
August 2012	0.08	0.05	162,600
September 2012	0.17	0.06	1,175,900
October 2012	0.16	0.11	644,100
November 1 to 9, 2012	0.14	0.12	433,900

PRIOR SALES

The following table summarizes all securities sold by Coventry within the twelve months prior to the date of this Circular:

Date Issued	Type of Security	Number of Securities Issued	Price per Security/Exercise Price	Aggregate Issue Price	Nature of Consideration
December 1, 2011	Options	6,000,000	A\$0.26	n/a	n/a
December 14, 2011	Ordinary Shares	150,000 ⁽¹⁾	A\$0.14	A\$21,000	Property
February 16, 2012	Ordinary Shares	220,000 ⁽²⁾	A\$0.14	A\$30,800	Property
April 10, 2012	Ordinary Shares	25,920,906	A\$0.12	A\$3,110,508	Cash
May 16, 2012	Ordinary Shares	15,745,761	A\$0.12	A\$1,889,491	Cash
August 17, 2012	Options	500,000	A\$0.12	n/a	n/a
August 17, 2012	Options	500,000	A\$0.12	n/a	n/a
August 17, 2012	Options	4,500,000	A\$0.12	n/a	n/a
September 19, 2012	Ordinary Shares	23,600,000	A\$0.055	\$1,298,000	Cash
October 4, 2012	Ordinary Shares	50,000	A\$0.13	A\$6,500	Property

Notes:

- (1) These Ordinary Shares were issued as an option payment pursuant to the terms of the option agreement between Coventry Rainy Inc. and Perry Vern English and Rubicon Minerals Corporation dated November 23, 2011, at a deemed price of A\$0.14 per share.
- (2) These Ordinary Shares were issued as an option payment pursuant to the terms of the option agreement between Cameron Operations and King's Bay and Lasir dated September 13, 2010, at a deemed price of A\$0.14 per share.
- (3) These Ordinary Shares were issued as an option payment pursuant to the terms of the option agreement between Cameron Operations and Sheridan Johnson and Ed Barkauskas dated October 4, 2010, at a deemed price of A\$0.13 per share.

RISK FACTORS

An investment in the securities of Coventry is considered to be speculative due to the nature of its business and the present stage of its development. The following information is a summary only, a prospective investor should carefully consider the risk factors set out below and information contained elsewhere in this Circular. The following risk factors, as well as risks not currently known to Coventry or that are currently considered immaterial, could materially adversely affect Coventry's future business, operations and financial condition.

Negative Operating Cash Flow

Coventry has limited financial resources. To date, Coventry has experienced negative operating cash flow and has not commenced commercial production on any of its properties. Coventry expects to continue to incur losses unless and until such time as one of its properties enters commercial production and generates sufficient revenues to fund its continuing operations. Coventry has no history of earnings, and there is no assurance that the Cameron Gold Project or any other project which Coventry holds or may acquire will generate earnings, operate profitably or provide a return on investment in the future.

Reliance on Third Party Financing

Coventry depends on third party financing to fund future working capital, capital expenditures, operating and exploration costs and other general corporate requirements. The exploration and development of Coventry's mineral properties, including in particular the Cameron Gold Project, will require the commitment of substantial financial resources. The sources of external financing that Coventry may use for these purposes include project or bank financing, or public or private offerings of equity and debt. Failure to obtain sufficient financing, as and when required, may result in a delay or indefinite postponement of exploration, development or production on any or all of Coventry's properties. There can be no assurance that additional capital or other types of financing will be available or that, if available, the terms of such financing will be favourable to Coventry.

Price of Gold

Changes in the market price of gold, which in the past has fluctuated widely, will affect the viability of Coventry's projects, and, if the Cameron Gold Project is developed and commences commercial production, Coventry's revenues and profitability will depend on the market price of gold. The market price of gold is set in the world market and is affected by numerous industry factors beyond Coventry's control, including but not limited to, the demand for precious metals, expectations with respect to the rate of inflation and deflation, interest rates, currency exchange rates, the global and regional supply and demand for jewelry and industrial products containing gold, production levels, inventories, costs of substitutes, changes in global or regional investment or consumption patterns, and sales by central banks and other holders, speculators and producers of gold in response to any of the above factors, and global and regional political and economic factors.

A decline in the market price of gold below the prices used in Coventry's economic analysis for any sustained period would have a material adverse impact on Coventry's projects and anticipated future operations. Such a decline could also have a material adverse impact on the ability of Coventry to finance the exploration and development of its existing and future mineral projects and may also impact operations by requiring a re-assessment of the feasibility of a particular project. Even if a project is ultimately determined to be economically viable, the need to conduct a re-assessment may cause substantial delays or may interrupt operations until the re-assessment can be completed. Coventry will also have to assess the economic impact of any sustained lower gold prices on recoverability and, therefore, on cut-off grades and the level of its mineral reserves and mineral resources.

No Mineral Reserves

Coventry is primarily focused on the exploration and evaluation of the Cameron Gold Project. Although studies completed to date indicate that the Cameron Gold Project may be economic, the PEA has not been completed and there are no known mineral reserves on the Cameron Gold Project. There is no assurance that once completed, the PEA will be positive or that mineral resources and conceptual estimates of tonnes and grade of a mineralization

deposit at the Cameron Gold Project will be upgraded into mineral reserves. Accordingly, there is no assurance that any expenditures made by Coventry on exploration programs and pre-development at the Cameron Gold Project will result in the development or production of a commercially viable project. Furthermore, unless Coventry acquires additional properties or projects, any adverse developments affecting the Cameron Gold Project or Coventry's right to develop this property could materially adversely affect Coventry's business, financial condition and results of operations.

Risks Related to Potential Development of the Cameron Gold Project

Coventry's ability to develop the Cameron Gold Project is subject to many risks and uncertainties. These include obtaining and maintaining various permits and approvals from governmental authorities, securing required surface and other land rights, finding or generating suitable sources of power and water, potential resistance from stakeholders and other interested parties, political and social risk, confirming the availability and suitability of appropriate local area infrastructure and obtaining adequate financing. Furthermore, the success of any construction project and the start-up of a mine at the Cameron Gold Project will be subject to a number of additional factors including: the inability to complete construction and related infrastructure in a timely manner; changes in the legal and regulatory environment; currency fluctuations; industrial disputes; unavailability of parts, machinery or operators; delays in the delivery of major process plant equipment; inability to obtain, renew or maintain the necessary permits, licences or approvals; unforeseen natural events; and political and other factors. The Lake of the Woods region in which the Cameron Gold Project is located may be subject to harsh winter conditions, particularly during the months of January and February. Harsh winter conditions could affect the transportation of personnel and drilling activities resulting in a disruption of Coventry's planned exploration activities. Coventry expects that any such disruption would be of a short duration. The region also has a high density of freshwater lakes and, although the Cameron Gold Project and most other satellite prospects and deposits are located on land, some lesser prospects and smaller deposits are located along shorelines and under shallow water. The significant number of lakes may affect the potential location of any processing plant and associated infrastructure such as waste dumps and tailings management facilities required for development of the Cameron Gold Project. Factors such as changes to technical specifications, failure to enter into agreements with contractors or suppliers in a timely manner and shortage of capital may also delay the completion of construction or commencement of production or require the expenditure of additional funds. Many major mining projects constructed in the last several years or that are currently under construction have experienced cost overruns that substantially exceeded the capital cost estimated during the basic engineering phase of those projects, sometimes by 50% or more. There can be no assurance that the Cameron Gold Project will be able to be successfully or economically developed or that it will not be subject to the other risks described above.

Aboriginal Title Claims

Recent Canadian jurisprudence affects the ability of mining companies to acquire, within a reasonable timeframe, effective mineral titles in some parts of Canada in which Aboriginal title or other rights are claimed. The risk of Aboriginal title and traditional land use claims or disputes could affect existing operations as well as development projects and future acquisitions. The need for governments to consult with Aboriginal peoples and, in some instances accommodate their interests, with respect to government grants of mineral rights or the issuance or amendment of certain project authorizations could adversely affect Coventry's ability to expand existing operations or to acquire and develop new projects in Canada, or to do so in a timely manner.

Coventry will enter into negotiations to develop impact benefit agreements with affected Aboriginal peoples in the area of its projects located in Canada. Rights to be consulted and other rights of aboriginal people may require accommodation of their interests, including undertakings regarding employment, contracting and socio economic or cultural (including archaeological) accommodation (protection and/or funding), revenue rights or other forms of participation and other accommodations or undertakings. The conduct and outcomes of consultations and the negotiation of agreements could delay or impair Coventry's ability to acquire, develop or operate mineral properties in Canada, or to do so in a timely manner. While Canadian jurisprudence requires Aboriginal peoples to participate in meaningful consultation, there can be no assurance that suitable accommodation or agreements will be reached.

Dependence on Key Management Personnel and Executives

Coventry is dependent upon a number of key management personnel. The loss of the services of one or more of such key management personnel could have a material adverse effect on Coventry. Coventry's ability to manage its exploration and development activities, and hence its success, will depend in large part on the efforts of these individuals.

Global Economic Conditions

The unprecedented events in global financial markets in the past several years have had a profound impact on the global economy. Many industries, including the mining industry, are impacted by these market conditions. Market events and conditions, including disruptions in the international credit markets and other financial systems and the deterioration of global economic conditions, could impede Coventry's access to capital or increase the cost of capital and may adversely affect its operations.

Coventry is also exposed to liquidity risks in meeting its operating and capital expenditure requirements in instances where its cash position is unable to be maintained or appropriate financing is unavailable. These factors may impact Coventry's ability to obtain capital on terms favourable to it or at all.

Increased market volatility may impact Coventry's operations, which could adversely affect the trading price of the Coventry Shares.

Exploration Activities May Not Be Successful

Mineral exploration, in which Coventry is significantly engaged at this time, both directly and indirectly, is highly speculative, involves substantial expenditures, and is frequently unsuccessful. Few prospects that are explored end up being developed into producing mines. To the extent that Coventry continues to be involved in exploration, the long-term success of its operations will be related to the cost and success of its exploration programs. Coventry cannot assure shareholders that its exploration efforts will be successful. The success of exploration is determined in part on the following factors:

- the identification of potential mineralization based on superficial analysis;
- availability of prospective land;
- availability of government-granted exploration and exploitation permits;
- the quality of Coventry's management and geological and technical expertise; and
- the availability of capital for exploration and development.

Substantial expenditures are required to determine if a project has economically mineable mineralization. It could take several years to establish proven and probable mineral reserves and to develop and construct mining and processing facilities. As a result of these uncertainties, there is no assurance that current and future exploration programs will result in the discovery of mineral reserves, the expansion of existing mineral reserves and the development of mines. Whether income will result from projects undergoing exploration and development programs depends on the successful establishment of mining operations. Factors including costs, actual mineralization, consistency and reliability of ore grades and commodity prices will affect successful development.

Infrastructure

Development and exploration activities depend, to some degree, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Coventry's inability to access reliable transportation routes or secure adequate water and power resources, as well as other events such as unusual or infrequent weather phenomena, sabotage, government or other interference in the

maintenance or provision of such infrastructure could adversely affect Coventry's operations, financial condition and results of operations.

Requirement to Obtain Government Permits

Government approvals and permits are currently required in connection with all of Coventry's operations and further approvals and permits will be required in the future, including for development of the Cameron Gold Project. The duration and success of Coventry's efforts to obtain permits are contingent upon many variables outside of its control. Obtaining governmental permits may increase costs and cause delays depending on the nature of the activity to be permitted and the interpretation of applicable requirements implemented by the permitting authority. There can be no assurance that all necessary permits will be obtained and, if obtained, that the costs involved will not exceed Coventry's estimates or that it will be able to maintain such permits. To the extent such approvals are required and not obtained or maintained, Coventry's operations may be curtailed or Coventry may be prohibited from proceeding with planned exploration and development of mineral properties.

Environmental Risks and Hazards

All phases of Coventry's operations are subject to environmental regulation in the various jurisdictions in which it operates. Environmental legislation is evolving in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that existing or future environmental regulation will not materially adversely affect Coventry's business, financial condition and results of operations. Environmental hazards may also exist on the properties in which Coventry holds interests that are unknown to Coventry at present and that have been caused by previous or existing owners or operators of the properties. Coventry may also acquire properties with environmental risks. Any failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations, including Coventry, may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies, or more stringent implementation thereof, could also have a material adverse impact on Coventry and cause increases in exploration expenses, capital expenditures or require abandonment or delays in the development of new mining properties.

Climate Change Risks

Coventry acknowledges climate change as an international and community concern and it supports and endorses various initiatives for voluntary actions consistent with international initiatives on climate change. However, in addition to voluntary actions, governments are moving to introduce climate change legislation and treaties at the international, national, state/provincial and local levels. Where legislation already exists, regulation relating to emission levels and energy efficiency is becoming more stringent. Some of the costs associated with reducing emissions can be offset by increased energy efficiency and technological innovation. However, if the current regulatory trend continues, Coventry expects that this will result in increased costs.

The potential physical impacts of climate change on Coventry's business and operations are uncertain and may vary by geographic location. The impacts of climate change may include changes in rainfall patterns, water shortages, changing sea levels, changing storm patterns and intensities, and changing temperature levels that could adversely impact Coventry's costs and operating activities. Although Coventry makes efforts to mitigate the physical risks of climate change, there can be no assurance that these efforts will be effective and that the physical risks of climate change will not have an adverse affect on Coventry's results of operations.

Labour and Employment Matters

The success of Coventry's operations depends in part on its geologists, engineers, metallurgists and other personnel with specialized skill and knowledge about the mining industry. While Coventry believes that it can attract any required personnel, it competes with other mining companies in doing so. The mining industry is labour intensive and Coventry's success and ability to pursue its strategic objectives depends to a significant extent on its ability to attract, hire, train and retain qualified executives and employees, including Coventry's ability to attract employees with needed skills in the geographic areas in which it operates.

Governmental Regulation of the Mining Industry

The mineral exploration activities of Coventry are subject to various laws governing prospecting, mining development, production, royalties, taxes, export licences, labour standards and occupational health, mine safety, toxic substances and other matters. Although Coventry believes that its exploration activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner that could limit or curtail the production or development of Coventry's properties. Amendments to current laws and regulations governing the operations and activities of Coventry, or a more stringent implementation thereof, could have a material adverse effect on Coventry's business and financial condition and on the results of operations.

Exploration and Development Risks

The exploration and development of a mineral property is inherently dangerous and involves many risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome, such as unusual or unexpected geological conditions, seismic activity, environmental hazards, power outages, mechanical equipment failures, inability to obtain machinery or equipment, labour disruptions, industrial accidents, periodic interruptions due to inclement or hazardous weather conditions, flooding, explosions, fire, rock bursts, cave-ins, landslides and other adverse conditions involved in the drilling and removal of material. The discovery and estimation of mineralisation also depends on several factors, including but not limited to, the accuracy of drill results, unbiased sampling and analysis and accurate estimates of recoverability.

All of these factors could result in poor or inaccurate drill results, damage to or destruction of, mineral properties or other properties, personal injury or death, environmental damage, increased costs, asset write downs, monetary losses and possible legal liability. Coventry may not be able to obtain insurance to cover these risks at economically feasible premiums, or at all. Insurance against certain environmental risks, including potential liability for pollution and other hazards as a result of the disposal of waste products occurring from production, is not generally available to companies within the mining industry. Coventry may suffer a material adverse effect on its business if it incurs losses related to any significant events that are not covered by its insurance policies. See "*Insurance and Uninsurable Risks*".

Uncertainty in the Estimation of Mineral Resources

The mineral resources described under the heading "*Details of the Cameron Gold Project – Mineral Resources*", are estimates only and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. There are numerous uncertainties inherent in estimating mineral resources, including many factors beyond Coventry's control. Such estimation is a subjective process, and the accuracy of any resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. In particular, there can be no assurance that previous metal recoveries in small scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production. Any material reductions in estimates of mineral resources could have a material adverse effect on Coventry's results of operations and financial condition.

Land Title

The acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral concessions may be disputed. Although Coventry believes it has taken reasonable measures to ensure proper title to its properties, there is no guarantee that title to any of its properties will not be challenged or impaired. Third parties may have valid claims underlying portions of Coventry's interests, including prior unregistered liens, agreements, transfers or claims, including native land claims, and title may be affected by, among other things, undetected defects. There can be no assurance that Coventry's title interests will not be challenged or impugned by third parties. Title is also subject to continued compliance with obligations under applicable laws and regulations, including minimum expenditure requirements, rent and royalty payments.

Insurance and Uninsured Risks

Coventry's business is subject to a number of risks and hazards generally, including: adverse environmental conditions; industrial accidents; labour disputes; metallurgical and other processing problems; unusual or unexpected geological conditions; ground or slope failures; cave-ins; changes in the regulatory environment; and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties, personal injury or death, environmental damage to Coventry's properties or the properties of others, delays in mining, monetary losses and possible legal liability.

Although Coventry maintains insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations. Coventry may also be unable to maintain insurance to cover these risks at economically feasible premiums. In addition, insurance coverage may not continue to be available or may not be adequate to cover any resulting liability.

Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to Coventry or to other companies in the mining industry on acceptable terms. As a result, Coventry may become subject to liability for pollution or other hazards that may not be insured against or that Coventry may elect not to insure against because of premium costs or other reasons. Losses from these events may cause Coventry to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

To the extent that Coventry incurs losses not covered by its insurance policies, the funds available for sustaining the current exploration activities and for the development of further operations will be reduced.

Inferred Mineral Resources

Inferred mineral resources that are not mineral reserves do not have demonstrated economic viability. Due to the uncertainty which may attach to inferred mineral resources, there is no assurance that inferred mineral resources will be upgraded to proven and probable mineral reserves as a result of continued exploration.

Competition

The mining industry is intensely competitive and Coventry competes with many companies possessing greater financial and technical resources than it does. Competition in the precious metals mining industry is primarily for: mineral rich properties that can be developed and produced economically; the technical expertise to find, develop, and operate such properties; the labour to operate the properties; and the capital for the purpose of funding such properties. Many competitors not only explore for and mine precious metals, but conduct refining and marketing operations on a global basis. Such competition may result in Coventry being unable to acquire desired properties, to recruit or retain qualified employees or to acquire the capital necessary to fund its operations and develop its properties. Existing or future competition in the mining industry could materially adversely affect Coventry's prospects for mineral exploration and success in the future.

Litigation

Coventry is subject to litigation risks. All industries, including the mining industry, are subject to legal claims, with and without merit. Defense and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding to which Coventry is or may become subject could have a material effect on its financial position, the results of operations or Coventry's mining and project development operations.

Potential for Conflicts of Interest

Certain directors and officers of Coventry may also serve as directors or officers of other mining companies involved in the natural resource exploration and development and consequently there exists the possibility for such directors and officers to be in a position of conflict. Coventry expects that any decision made by any of such directors and officers involving Coventry will be made in accordance with their duties and obligations to deal in good faith with a view to the best interests of Coventry and its shareholders, but there can be no assurance in this regard. In addition, each of the directors of Coventry is required to declare and refrain from voting on any matters in which such director may have a conflict of interest.

Repatriation of Earnings

Coventry conducts its operations through foreign subsidiaries and holds substantially all of its assets in such subsidiaries. Accordingly, any limitation on the transfer of cash or other assets between Coventry and its subsidiaries could restrict Coventry's ability to fund its operations efficiently. Any such limitations, or the perception that such limitations may exist now or in the future, could have an adverse impact on Coventry's valuation and stock price.

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Elements of Compensation

Coventry's compensation program is designed to retain, attract, motivate and reward its executive officers for their performance and contribution to Coventry's long-term success. The objective of Coventry's compensation program is to align executive officers' incentives with the creation of shareholder value, to attract and retain qualified and experienced executives and to encourage and reward outstanding performance.

Coventry does not have a remuneration or compensation committee. The Coventry Board as a whole is responsible for determining and reviewing compensation arrangements for the directors and management. Any matter relating to the performance and compensation of an executive director, is discussed in a meeting of the Coventry Board in respect of which the relevant executive director is excused and abstains from any vote on such a matter.

The total remuneration of Coventry's executive officers consists of base salary, annual bonus and long term equity incentives in the form of option based awards. Coventry's executive officers are also entitled to receive superannuation (pension) contributions under the *Superannuation Guarantee (Administration) Act 1992 (Cth)*, which are a percentage of base salary.

Base salaries for Coventry's executive officers are established based on the scope of their responsibilities and prior relevant experience and are intended to be competitive with salaries paid to others in comparable positions within the same industry. An executive officer's base salary will also be determined by reviewing the executive officer's other compensation to ensure that the executive officer's total compensation is consistent with Coventry's overall compensation philosophy. The salary element of compensation is designed to ensure Coventry's access to skilled employees.

Coventry also considers on an annual basis discretionary cash bonuses to reward extraordinary performance during the preceding fiscal year. In determining whether a bonus will be given, Coventry considers such factors as the executive's performance over the past year, Coventry's achievements in the past year and the executive's role in effecting such achievements. The amount of the bonus depends on the level of achievement by the individual.

Coventry believes that option based awards will allow it to reward executive officers for their sustained contribution to Coventry. Coventry also believes that option based awards reward continued employment by an executive officer, with an associated benefit to Coventry of employee continuity and retention. Accordingly, the option based awards are intended to provide management with a strong-link to long-term corporate performance and the creation of shareholder value. Options are granted either under the Option Scheme or outside the Option Scheme but on similar terms. Coventry does not award options according to a prescribed formula or target but will take into account the individual's position, scope of responsibility, ability to affect profits and the individual's historic and recent performance and the value of the option based awards in relation to other elements of the executive's total compensation. Coventry will take previous grants into consideration when considering new grants of options.

Coventry's process for determining executive compensation relies on the benchmarking of its executive compensation against a remuneration report published bi-annually by McDonald & Company (Australasia) Pty Ltd. The report, entitled "Australian Gold & General Mining Industry Remuneration Report", was last published in September 2012 (the "**Report**") and consists of 157 companies managing 221 mining operations. Approximately 29% of the companies included in the Report are exploration and development stage companies, considered comparable to Coventry for benchmarking purposes. Based upon its market capitalization and number of employees, shareholders' equity, revenue and net income, Coventry has been placed within the middle of the top 25th percentile for remuneration purposes. The identity of issuers included in the benchmark group is not identifiable from the Report.

The nature and amount of compensation of executive officers is not currently related to Coventry's financial or operational performance. Coventry is an exploration stage mining company and will not be generating revenue from operations for a significant period of time. As a result, corporate profitability and earnings per share, are not considered to be relevant in the evaluation of corporate or executive performance.

The Coventry Board assesses the appropriateness of the nature and amount of compensation of directors and executive officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality executive team.

Risks Associated with Compensation Policies and Practices

Coventry's compensation policies alleviate risk by having a balance of short-term and long-term compensation. For example, options typically do not vest immediately, which allows for continued appreciation without jeopardizing Coventry. In addition, there are no compensation policies or practices that are subject to investment decisions, expenditure approvals, short term production or revenue targets. Consequently, the Coventry Board is confident that its compensation policies and practices will not lead to inappropriate or excessive risk taking on the part of any of Coventry's employees. Whilst the Coventry Board does not have a formal process of considering the implications of the risks associated with Coventry's compensation policies or practices, it is satisfied that its existing compensation policies and practices do not in themselves lead to inappropriate or excessive risk taking on the part of any of Coventry's employees.

Financial Instruments

Executive officers and directors of Coventry are not permitted to purchase financial instruments, of any kind, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by an executive officer director.

Option-Based Awards

Coventry provides option or share based awards to employees, directors and contractors pursuant to the Share Plan and the Option Scheme.

The Coventry Board administers the Share Plan and Option Scheme and has complete discretion to set the terms (including option vesting schedule) of each security issued thereunder. The Coventry Board amends the Share Plan and Option Scheme as appropriate.

As stated above, option based awards form an integral element of an executive's compensation. The process for the grant of option-based awards to executive officers is also set out above. Previous grants of option-based awards are taken into account when considering new grants.

Compensation Governance

Coventry has not adopted any formal policies and practices to determine compensation of Coventry's directors and officers other than those set out above. As previously stated, Coventry has not established a compensation committee and has not retained a compensation consultant or advisor since Coventry's most recently completed financial year.

Summary Compensation Table

The following table and the notes thereto summarize the compensation of Michael Naylor, the Managing Director and Chief Executive Officer, Michael Haynes (the former Managing Director and Chief Executive Officer), Beverly Nichols, the Chief Financial Officer, and the three other most highly compensated executive officers of Coventry for the financial years ended June 30, 2012, 2011 and 2010.

Name and Principal Position (a)	Year (b)	Salary (A\$) (c)	Share-based awards (A\$) (d)	Option-based awards ⁽⁶⁾ (A\$) (e)	Non-equity incentive plan compensation (A\$) (f)	Pension value (A\$) (g)	All other compensation (A\$) (h)	Total Compensation (A\$) (i)
Michael Naylor, CEO ⁽¹⁾	June 30, 2012	-	-	-	-	-	-	-
Michael Haynes, ⁽²⁾	June 30, 2012	\$190,000	-	\$91,926	-	-	\$60,000 ⁽⁷⁾	\$341,926
Non-Executive Chairman and former CEO	June 30, 2011	\$220,000	-	-	-	-	-	\$220,000
	June 30, 2010	\$100,833	-	-	-	-	-	\$100,833
Beverly Nichols, ⁽³⁾	June 30, 2012	\$66,000	-	\$5,289	-	-	-	\$71,289
Chief Financial Officer	June 30, 2011	\$56,000	-	-	-	-	-	\$56,000
	June 30, 2010	\$6,000	-	-	-	-	-	\$6,000
Anthony Goddard, ⁽⁴⁾	June 30, 2012	\$190,000	-	\$91,926	-	-	\$60,000 ⁽⁷⁾	\$341,926
Technical Director	June 30, 2011	\$240,000	-	-	-	-	-	\$240,000
	June 30, 2010	\$164,995	-	-	-	-	-	\$164,995

Name and Principal Position (a)	Year (b)	Salary (A\$) (c)	Share-based awards (A\$) (d)	Option-based awards ⁽⁶⁾ (A\$) (e)	Non-equity incentive plan compensation (A\$) (f)	Pension value (A\$) (g)	All other compensation (A\$) (h)	Total Compensation (A\$) (i)
Nicholas Day, ⁽⁵⁾	June 30, 2012	\$66,000	-	\$7,052	-	-	-	\$73,052
Company Secretary	June 30, 2011	\$61,000	-	-	-	-	-	\$61,000
	June 30, 2010	\$2,200	-	-	-	-	-	\$2,200

Notes:

- (1) Mr. Naylor was appointed on July 2, 2012.
- (2) Mr. Haynes was appointed on October 27, 2009 and ceased to act as CEO on July 2, 2012. Mr. Haynes is retained through Bullseye Geoservices Pty Ltd., a private Australian company controlled by Mr. Haynes.
- (3) Ms. Nichols was appointed on May 1, 2010. Ms. Nichols is employed by MQB Ventures Pty Ltd. a company of which Mr. Haynes is a director.
- (4) Mr. Goddard was appointed on October 27, 2009. Mr. Goddard is retained through Mount Remarkable Holdings Pty Ltd., a private Australian company controlled by Mr. Goddard, and trustee for the Goddard Family Trust (which trades as Intellex Geoscience). Mr. Goddard, through Intellex Geoscience, is compensated by each of MQB Ventures Pty Ltd. and Coventry. MQB Ventures Pty Ltd. charges Coventry for services provided by Mr. Goddard on a cost recovery basis.
- (5) Mr. Day was appointed on June 22, 2010. Mr. Day is retained through Argento Trust, a trust of which Mr. Day is a beneficiary and a trustee.
- (6) Options granted have been valued using the Black-Scholes option pricing model, which takes account of factors such as the option exercise price, the current level and volatility of the underlying share price and the time to maturity of the option. The values were determined using the following assumptions: option term of 2 years, expected volatility of 93.3% and a risk free interest rate of 5.21%.
- (7) Represents director fees paid.

Narrative Discussion

Each of Mr. Haynes, Ms. Nichols, Mr. Goddard and Mr. Day provide services under management contracts with Coventry.

Mr. Haynes

Mr. Michael Haynes acted as “Executive Chairman” of Coventry pursuant to a consultancy agreement between Coventry, Bullseye Geoservices Pty Ltd. (“**Bullseye**”), a company controlled by Mr. Haynes, and Mr. Haynes as the nominated person made effective November 30, 2011 (the “**Haynes Agreement**”). The Haynes Agreement had a term of two years commencing on October 28, 2011. Pursuant to the Haynes Agreement, Bullseye was engaged to provide consulting services, such services to be performed by Mr. Haynes and Mr. Haynes was to be appointed as “executive chairman” of Coventry. In connection with the services provided by Bullseye and Mr. Haynes, Coventry agreed to pay Bullseye a consulting fee of A\$15,833.33 per month and to pay Mr. Haynes a director fee of A\$5,000.

Coventry was entitled, at its sole discretion, to terminate the Haynes Agreement upon one month’s notice or payment in lieu thereof if (i) at any time Bullseye went into liquidation or makes an arrangement with creditors generally, (ii) either Bullseye or Mr. Haynes committed any serious or persistent breach of any of the provisions contained in the Haynes Agreement which was not cured within 14 days of notice, (iii) either Bullseye or Mr. Haynes was determined by Coventry to be incompetent or neglectful in the performance of his duties or otherwise does not perform his duties in a satisfactory manner, (iv) either Bullseye or Mr. Haynes was guilty of any grave misconduct or wilful neglect in the discharge of his duties which is not remedied within 28 days of notice, or (v) either Bullseye or Mr. Haynes was of unsound mind.

Coventry was entitled, its sole discretion, to terminate the Haynes Agreement immediately, without notice or payment in lieu thereof if at any time Bullseye or Mr. Haynes (i) was convicted of any major criminal offence that brings any of the parties to the Haynes Agreement into lasting disrepute, (ii) Coventry considered that a material breach of its policy concerning the use of an access to the Internet occurred, (iii) either Bullseye or Mr. Haynes

breached Coventry's policy regarding electronic mail, or (iv) either Bullseye or Mr. Haynes disclosed or misused certain confidential information of Coventry.

The Haynes Agreement could also be terminated for any other reason by Coventry upon one month's notice to Bullseye and payment to Bullseye of A\$104,166.65 (equal to the directors fee and consulting fee that would have otherwise been payable to Bullseye over a five month period) or without notice upon payment of A\$124,999.98 (equal to the directors fee and consulting fee for six months).

Mr. Haynes was required to keep all information confidential both during the term of the agreement and thereafter.

During the year ended June 30, 2012, Bullseye paid Mr. Haynes (or family members of Mr. Haynes) an aggregate of A\$250,000 in relation to his services to Coventry. The payments to Mr. Haynes are based on an agreed upon amount prior to the commencement of each fiscal year. Mr. Haynes, a resident of Perth, Western Australia, is the sole shareholder and director of Bullseye.

There is currently no indebtedness between Bullseye or any of the above named insiders of Bullseye or any of their associates or affiliates to Coventry or any of its subsidiaries and, other than as provided in the Haynes Agreement, there is no transaction or arrangement between such persons and Coventry or any subsidiary of Coventry other than the MQB Agreement (as defined below) (on the basis that Mr. Haynes is a director and control person of MQB (as defined below)).

On July 2, 2012, Mr. Haynes resigned as managing director of Coventry whereupon the Haynes Agreement terminated. Mr. Haynes and Coventry subsequently entered into a customary retainer relating to his continued role as a director of Coventry.

Ms. Nichols

Ms. Nichols' services are rendered through MQB Ventures Pty Ltd. ("**MQB**") a private Australian company controlled by Michael Haynes, pursuant to a services agreement between MQB and Coventry dated November 30, 2011 (the "**MQB Agreement**") . Under the MQB Agreement , MQB agreed to provide Coventry with certain administrative services and office space. The MQB Agreement has a fixed term of two years commencing October 28, 2011. In exchange for administrative services and office space Coventry agreed to pay MQB a monthly fee of A\$12,500, subject to an annual increase of 7.5% on the anniversary of the commence of the agreement. Coventry is entitled to terminate the MQB Agreement at any time if MQB or any of its directors or servants are found guilty of misconduct in relation to the affairs of the Coventry, MQB enters into liquidation, a receiver or receiver and manager is appointed to the whole or part of the undertaking of MQB, or MQB is guilty of any gross default, breach, non-observance or non-performance of the MQB Agreement. In addition, either Coventry or MQB may terminate the MQB Agreement for any reason, upon three (3) months written notice to the other. Ms. Nichols is resident of Perth, Western Australia. Mr. Michael Haynes, a resident of Perth, Western Australia is the sole director and shareholder of MQB.

MQB charges Coventry for services provided by Ms. Nichols on a cost recovery basis. Ms. Nichols salary is based on an agreed amount with MQB prior to the beginning of each fiscal year. Subsequent to the fiscal year ended June 30, 2011, Ms. Nichols' services to MQB are rendered through Grainger International Consulting Pty Ltd, a private Australian company controlled by Ms. Nichols. In the financial year ended June 30, 2012, MQB paid Grainger International Consulting Pty Ltd A\$6,000 per month.

There is currently no indebtedness between Grainger International Consulting Pty Ltd, MQB or any of the above named insiders of MQB or any of their associates or affiliates to Coventry or any of its subsidiaries and other that as provided in the MQB Agreement there is no transaction or arrangement between such persons and Coventry or any subsidiary of Coventry.

Mr. Goddard

Mr. Anthony Goddard provides services to Coventry pursuant to a consultancy agreement made November 30, 2011 between Coventry, Mount Remarkable Holdings Pty Ltd., trustee of the Goddard Family Trust (which trades as Intellex Geoscience) (“**Mt Remarkable Holdings**”), and Mr. Goddard as the nominated person (the “**Goddard Agreement**”). The Goddard Agreement has a term of two years commencing on October 28, 2011. Pursuant to the Goddard Agreement, Mt Remarkable Holdings was engaged to provide consulting services, such services to be performed by Mr. Goddard and Mr. Goddard was to be appointed as “executive director” of Coventry. In connection for services provided by Mt Remarkable Holdings and Mr. Goddard, Coventry agreed to pay Mt Remarkable Holdings a consulting fee of A\$15,833 per month and a director fee of A\$5,000 per month. Notwithstanding the terms of the Goddard Agreement, part of the consulting fee owing to Mt. Remarkable Holdings is paid directly by Coventry while the balance is paid by MQB, and then invoiced by MQB to Coventry on a cost recovery basis.

Coventry may at its sole discretion terminate the Goddard Agreement upon one month’s notice or payment in lieu thereof if (i) at any time Mt Remarkable Holdings is or goes into liquidation or makes an arrangement with creditors generally, (ii) either Mt Remarkable Holdings or Mr. Goddard commits any serious or persistent breach of any of the provisions contained in the Goddard Agreement which is not cured within 14 days of notice, (iii) either Mt Remarkable Holdings or Mr. Goddard is considered by Coventry to be incompetent or neglectful in the performance of his duties or otherwise does not perform his duties in a satisfactory manner, (iv) either Mt Remarkable Holdings or Mr. Goddard is guilty of any grave misconduct or wilful neglect which is not remedied within 28 days of notice, or (v) either Mt Remarkable Holdings or Mr. Goddard is of unsound mind.

Coventry may at its sole discretion terminate the Goddard Agreement immediately, without notice or payment in lieu of notice if at any time Mt Remarkable Holdings or Mr. Goddard (i) is convicted of any major criminal offence that brings any of the parties to the Goddard Agreement into lasting disrepute, (ii) Coventry considers that a material breach of its policy concerning the use of an access to the internet has occurred, (iii) either Mt Remarkable Holdings or Mr. Goddard breaches Coventry’s policy regarding electronic mail, or (iv) either Mt Remarkable Holdings or Mr. Goddard discloses or misuses certain confidential information of Coventry.

The Goddard Agreement may also be terminated for any other reason by Coventry upon one month’s notice to Mt Remarkable Holdings and payment to Mt Remarkable Holdings of A\$104,167 (equal to the directors fee and consulting fee that would have otherwise been payable to Mr. Goddard and Mt Remarkable Holdings over a five month period) or without notice upon payment of A\$125,000 (equal to the directors’ fee and consulting fee for six months).

Mr. Goddard is required to keep all information confidential both during the term of the agreement and thereafter.

During the year ended June 30, 2012, Mt Remarkable Holdings paid Mr. Goddard (or family members of Mr. Goddard) an aggregate of A\$100,000 in relation to his services to Coventry. The payments to Mr. Goddard are based on an agreed upon amount prior to the commencement of each fiscal year. The insiders of Mt Remarkable Holdings are Anthony Goddard and his common-law partner Karen Pittard, each of whom resides in Perth, Western Australia.

There is currently no indebtedness between Mt Remarkable Holdings or any of the above named insiders of Mt Remarkable Holdings or any of their associates or affiliates to Coventry or any of its subsidiaries and other that as provided in the Goddard Agreement there is no transaction or arrangement between such persons and Coventry or any subsidiary of Coventry.

Mr. Day

Mr. Day’s services are rendered through Argento Trust, (“**Argento**”), a trust controlled by Mr. Day pursuant to a consulting agreement (the “**Argento Agreement**”) effective September 5, 2012 between Coventry and Argento. Mr. Day was procured by Argento to act as Company Secretary of Coventry. The Argento Agreement terminates on September 5, 2013 unless extended by both parties. Pursuant to the Argento Agreement, Coventry must pay to Argento \$5,500 per calendar month for services and reimbursement of all reasonable expenses. Argento may

terminate this agreement at any time upon one month notice to Coventry. In the event Coventry terminates the agreement prior to the end of the term it is required to pay Argento a termination payment of A\$5,000, except Coventry may terminate the agreement without notice and without payment in the event of serious misconduct, any relevant criminal offence and if Argento fails to provide a person to act as Company Secretary. Upon termination of the Argento Agreement, Mr. Day is obligated to keep all confidential information confidential and not use it for any other purpose, in each case, for a one year period.

Prior to September 5, 2012, Mr. Day provided services to Coventry pursuant to a consulting agreement effective June 16, 2010 between Coventry and Argento (the “**First Argento Agreement**”). The First Argento Agreement commenced on June 16, 2010 and was extended on May 25, 2011. The First Argento Agreement terminated on May 25, 2012. Pursuant to the First Argento Agreement, Coventry was required to pay Argento an annual consulting fee of A\$52,800 for services and reimbursement of all reasonable expenses.

During the financial year ended June 30, 2012, Argento paid an aggregate of A\$66,000 to Mr. Day in relation to his services to Coventry. The amount paid by Argento to Mr. Day is based on an agreed upon amount prior to the commencement of each fiscal year.

Mr. Day is currently the trustee and sole beneficiary of Argento and is a resident of Perth, Western Australia.

There is currently no indebtedness between Argento or any of the above named insiders of Argento or any of their associates or affiliates to Coventry or any of its subsidiaries and other that as provided in the Argento Agreement there is no transaction or arrangement between such persons and Coventry or any subsidiary of Coventry.

Outstanding Share-Based Awards and Option-Based Awards

The following sets out information concerning all awards to NEOs outstanding at the end of the most recently completed financial year, including awards granted before the most recently completed financial year.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (A\$)	Option expiration date	Value of unexercised in-the-money options (A\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (A\$)	Market or payout value of vested share-based awards not paid out or distributed (A\$)
Michael Naylor ⁽¹⁾	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Michael Haynes	1,258,695	\$0.20	Apr. 30, 2013	-	-	-	-
	2,500,000	\$0.26	December 1, 2016	-	-	-	-
Beverly Nichols	150,000	\$0.20	August 8, 2014	-	-	-	-
Anthony Goddard	1,369,565	\$0.20	April 30, 2013	-	-	-	-
	2,500,000	\$0.26	December 1, 2016	-	-	-	-
Nicholas Day	200,000	\$0.20	August 8, 2014	-	-	-	-

Notes:

(1) Michael Naylor was subsequently granted 4,500,000 options, with an exercise price of \$0.12 per share, expiring August 17, 2017.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets out the value of incentive plan awards vested or earned during the financial year ended June 30, 2012.

Name	Option-based awards – value vested during the year (A\$)	Share-based awards – value vested during the year (A\$)	Non-equity incentive plan compensation – value earned during the year (A\$)
Michael Naylor ⁽¹⁾	-	-	-
Michael Haynes	91,926	-	-
Beverly Nichols	5,289	-	-
Anthony Goddard	91,926	-	-
Nicholas Day	7,052	-	-

Notes:

(1) Michael Naylor was appointed on July 2, 2012.

(2) There were no other key management personnel of Coventry and the Coventry Group during the year. The share options issued as part of the remuneration to the key management personnel were not subject to a performance hurdle as these options were issued as a form of retention bonus and incentive package for the purpose of identifying, evaluating and proposing to the Coventry Group any new projects.

Termination and Change of Control Benefits

Michael Naylor

Mr. Michael Naylor acts as Managing Director and Chief Executive Officer of Coventry pursuant to an executive agreement between Mr. Naylor and Coventry made May 18, 2012 (the “**Naylor Agreement**”). The Naylor Agreement has a term of three years commencing July 2, 2012 and provides that Mr. Naylor will be paid C\$300,000 per annum for his services. The Naylor Agreement may be extended by mutual agreement.

Coventry may at its sole discretion terminate the Naylor Agreement upon one month’s notice or payment (less the relocation allowance of C\$30,000) in lieu thereof if: (i) at any time Mr. Naylor commits any serious or persistent breach of any of the provisions contained in the Naylor Agreement which is not cured within 14 days of notice, (ii) Mr. Naylor is determined by Coventry to be incompetent or neglectful in the performance of his duties or otherwise does not perform his duties in a satisfactory manner, (iii) Mr. Naylor is guilty of any grave misconduct or wilful neglect in the discharge of his duties which is not remedied within 28 days of notice or (iv) Mr. Naylor is of unsound mind.

Coventry may at its sole discretion terminate the Naylor Agreement immediately, without notice or payment in lieu thereof if at any time Mr. Naylor (i) is convicted of any major criminal offence that brings any of the parties to the Naylor Agreement into lasting disrepute, (ii) Coventry considers that a material breach of its policy concerning the use of an access to the Internet has occurred, (iii) Mr. Naylor breaches Coventry’s policy regarding electronic mail, or (iv) Mr. Naylor discloses or misuses certain confidential information of Coventry.

The Naylor Agreement may also be terminated for any other reason by Coventry upon one month’s notice to Mr. Naylor and payment to Mr. Naylor of C\$275,000 (equal to Mr. Naylor’s salary that would have otherwise been payable over an eleven month period) or without notice upon payment of C\$300,000 (equal to Mr. Naylor’s for twelve months) and, in either case, a repatriation allowance of C\$30,000.

If Mr. Naylor terminates the Naylor Agreement within 12 months of commencement he shall repay to Coventry the relocation allowance of C\$30,000.

Mr. Naylor is required to keep all information confidential both during the term of the agreement and thereafter.

Anthony Goddard and Nicholas Day

The termination provisions applicable to each of Mr. Goddard and Mr. Day are described above under “*Summary Compensation Table – Narrative*”.

The following table sets forth the estimated incremental payments to each NEO on termination assuming the triggering event occurred on June 30, 2012.

Name	Termination without Cause (without notice)
Michael Naylor	C\$300,000
Anthony Goddard	A\$125,000
Nicholas Day	A\$5,000

Directors Compensation

The following table discloses the compensation arrangements of directors of Coventry for the most recently completed financial year. Director-related compensation of Mr. Goddard, Haynes and Naylor is disclosed under the “*Summary Compensation Table*”, above.

Name	Fees Earned (A\$)	Share-based Awards (A\$)	Option-based awards (A\$)	Non-equity incentive plan compensation (A\$)	Pension value (A\$)	All other compensation (A\$)	Total (A\$)
Rhoderick Grivas	45,000 ⁽¹⁾	-	32,117	-	4,050 ⁽²⁾	6,000 ⁽³⁾	87,167
Faldi Ismail	36,000	-	18,385	-	-	-	54,385

Notes:

- (1) Mr. Grivas was subsequently granted 2.5 million options with an exercise price of \$0.12 per share expiring August 17, 2017.
- (2) Compulsory pension payment of 9% to employees as required by the government of Australia.
- (3) Represents additional fees paid to Mr. Grivas in his capacity as chair of a committee formed for the consideration of transactions out of the ordinary course of Coventry’s business.

The non-executive directors, Mr. Faldi Ismail and Mr. Rhoderick Grivas, are paid an annual fee, payable on a monthly basis. No additional amounts are paid for Board meeting attendance. Directors are however reimbursed for their out-of-pocket expenses incurred in connection with rendering services to Coventry or sitting on additional committees. Coventry’s non-executive directors are also eligible to receive option grants under the Option Plan, subject to formal Board approval and subject to any required regulatory approval.

The aggregate remuneration for non-executive director fees has been set at an amount not to exceed A\$330,000 per annum. This amount may only be increased with the approval of shareholders at a general meeting.

Directors’ Outstanding Share-Based Awards and Option-Based Awards

The following table sets out information concerning all awards outstanding at the end of the most recently completed financial year, including awards granted before the most recently completed financial year, for the non-executive directors of Coventry.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (A\$)	Option expiration date	Value of unexercised in- the-money options (A\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (A\$)	Market or payout value of vested share- based awards not paid out or distributed (A\$)
Rhoderick Grivas	500,000	\$0.26	December 1, 2016	-	-	-	-
	500,000	\$0.30	July 30, 2013	-	-	-	-

Faldi Ismail	500,000	\$0.26	December 1, 2016	-	-	-	-
	152,516	\$0.20	April 30, 2013	-	-	-	-

Directors' Incentive Plan Awards –Value Vested or Earned During the Year

The following table sets out the value of incentive plan awards vested or earned during the most recently completed financial year for the non-executive Directors of Coventry.

Name	Option-based awards – value vested during the year (A\$)	Share-based awards – value vested during the year (A\$)	Non-equity incentive plan compensation – value earned during the year (A\$)
Rhoderick Grivas	32,117	-	-
Faldi Ismail	18,385	-	-

NON-ARM'S LENGTH PARTY TRANSACTIONS

There are no transactions for the acquisition of assets or services or provision of assets or services since the acquisition of Coventry Australia Pty Ltd. in September 2009, or in any proposed transaction, where Coventry or any subsidiary has obtained such assets or services from: (i) any director, officer or promoter of Coventry; (ii) a principal securityholder; or (iii) an associate or affiliate of (i) or (ii) other than the acquisition of administrative services and office space from MQB Ventures Pty Ltd, an entity of which Mr. Haynes is a director and in which he has an interest. During the financial year ended June 30, 2012, Coventry was charged A\$12,500 per month for such services and office space.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

To the knowledge of Coventry, there are no material legal proceedings to which Coventry or a subsidiary is a party or of which any of its properties is the subject of, nor are there any such proceedings known to Coventry to be contemplated.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the only material contract which Coventry has entered into within the two years before the date of this Circular is the Deed particulars of which are fully described in this Circular.

A copy of the Deed will be available for inspection during normal business hours at the offices of Coventry's Canadian legal counsel, Cassels Brock & Blackwell LLP, at Suite 2100, 885 West Georgia Street, Vancouver, British Columbia, Canada until closing of the Merger and for a period of thirty days thereafter.

SCHEDULE "D"
AUDITED ANNUAL FINANCIAL STATEMENTS OF COVENTRY FOR THE FINANCIAL YEARS
ENDED JUNE 30, 2012, 2011 AND 2010



Coventry Resources Limited

ABN 33 082 901 362

Financial Report For the Three Year Period to 30 June 2012

Statement of Comprehensive Income *for each of the years in the three year period ended 30 June 2012*

	Notes	Consolidated		
		2012	2011	2010
		\$	\$	\$
Interest revenue		104,127	353,306	167,211
Revenue		104,127	353,306	167,211
Other income	4(a)	25,747	7,014	42,139
Public company costs		(78,906)	(78,024)	(54,138)
Consulting and directors fees		(864,041)	(734,236)	(388,525)
Legal fees		(548,168)	(99,302)	(128,258)
Staff costs		(148,151)	(148,230)	(79,736)
Serviced office and outgoings		(207,956)	(180,188)	(92,968)
Travel expenses		(163,374)	(247,524)	-
Impairment of exploration expenditure	9	(3,025,140)	-	(327,081)
Other expenses	4(b)	(673,036)	(374,951)	(262,606)
Loss from continuing operations before income tax		(5,578,898)	(1,502,135)	(1,123,962)
Income tax expense	5	-	-	-
Loss from continuing operations after tax		(5,578,898)	(1,502,135)	(1,123,962)
Other Comprehensive loss				
Foreign currency translation		(156,297)	(2,248,490)	367,125
Other comprehensive loss for the year		(156,297)	(2,248,490)	367,125
Total comprehensive loss for the year		(5,735,195)	(3,750,625)	(756,837)
Loss per share:				
Basic loss per share (cents per share)	17	(3.06)	(0.98)	(1.67)
Diluted loss per share (cents per share)	17	(3.06)	(0.98)	(1.67)

Coventry Resources Limited

Statement of Financial Position as at 30 June 2012, 2011 and 2010

	Notes	Consolidated		
		2012	2011	2010
		\$	\$	\$
CURRENT ASSETS				
Cash and cash equivalents	14(a)	2,985,446	7,968,108	6,039,292
Trade and other receivables	6	207,684	390,045	171,311
TOTAL CURRENT ASSETS		3,193,130	8,358,153	6,210,603
NON CURRENT ASSETS				
Plant and equipment	8	354,744	351,267	73,967
Deferred exploration and evaluation expenditure	9	26,481,592	22,321,346	16,793,462
TOTAL NON CURRENT ASSETS		26,836,336	22,672,613	16,867,429
TOTAL ASSETS		30,029,466	31,030,766	23,078,032
CURRENT LIABILITIES				
Trade and other payables	10	729,007	841,804	655,061
TOTAL CURRENT LIABILITIES		729,007	841,804	655,061
TOTAL LIABILITIES		729,007	841,804	655,061
NET ASSETS		29,300,459	30,188,962	22,422,971
EQUITY				
Issued Capital	11(a)	51,099,974	46,556,617	35,665,011
Reserves	12	1,540,862	1,393,824	3,017,304
Accumulated losses	13	(23,340,377)	(17,761,479)	(16,259,344)
TOTAL EQUITY		29,300,459	30,188,962	22,422,971

Coventry Resources Limited

Statement of Cash Flows *for each of the years in the three year period ended 30 June 2012*

	Notes	Consolidated		
		2012	2011	2010
		\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments to suppliers and employees		(2,315,091)	(1,453,327)	(1,711,820)
Interest received		146,169	314,544	153,108
NET CASH FLOWS USED IN OPERATING ACTIVITIES	14(b)	<u>(2,168,922)</u>	<u>(1,138,783)</u>	<u>(1,558,712)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment		(61,747)	(350,507)	(77,081)
Cash acquired on acquisition of Investment in Coventry Australia Pty Ltd		-	-	27,000
Expenditure on exploration		<u>(7,251,695)</u>	<u>(7,777,433)</u>	<u>(9,032,299)</u>
NET CASH FLOWS USED IN INVESTING ACTIVITIES		<u>(7,313,442)</u>	<u>(8,127,940)</u>	<u>(9,082,380)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of shares		5,000,000	12,148,403	16,118,000
Share issue costs		<u>(520,943)</u>	<u>(958,892)</u>	<u>(976,451)</u>
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		<u>4,479,057</u>	<u>11,189,511</u>	<u>15,141,549</u>
Net (decrease)/increase in cash and cash equivalents		(5,003,307)	1,922,788	4,500,457
Cash and cash equivalents at beginning of year		7,968,108	6,039,292	1,533,577
Net foreign exchange differences		20,645	6,028	5,258
CASH AND CASH EQUIVALENTS AT END OF YEAR	14(a)	<u>2,985,446</u>	<u>7,968,108</u>	<u>6,039,292</u>

Coventry Resources Limited

Statement of Changes in Equity for each of the years in the three year period ended 30 June 2012

Consolidated	Issued capital	Accumulated losses	Foreign currency translation reserve	Share based payment reserve	Option premium reserve	Total
	\$	\$	\$	\$	\$	\$
At 1 July 2011	46,556,617	(17,761,479)	(1,881,365)	3,272,189	3,000	30,188,962
Loss for the year	-	(5,578,898)	-	-	-	(5,578,898)
Foreign currency translation	-	-	(156,297)	-	-	(156,297)
Total comprehensive (loss)/profit for the year	-	(5,578,898)	(156,297)	-	-	(5,735,195)
Transactions with owners in their capacity as owners						
Shareholder equity contribution	5,064,300	-	-	-	-	5,064,300
Transaction costs on share issue	(520,943)	-	-	-	-	(520,943)
Share based payments	-	-	-	303,335	-	303,335
At 30 June 2012	51,099,974	(23,340,377)	(2,037,662)	3,575,524	3,000	29,300,459
At 1 July 2010	35,665,011	(16,259,344)	367,125	2,647,179	3,000	22,422,971
Loss for the year	-	(1,502,135)	-	-	-	(1,502,135)
Foreign currency translation	-	-	(2,248,490)	-	-	(2,248,490)
Total comprehensive (loss)/profit for the year	-	(1,502,135)	(2,248,490)	-	-	(3,750,625)
Transactions with owners in their capacity as owners						
Shareholder equity contribution	12,086,850	-	-	-	-	12,086,850
Shareholder options contribution	148,403	-	-	-	-	148,403
Transaction costs on share issue	(1,343,647)	-	-	-	-	(1,343,647)
Share based payments	-	-	-	625,010	-	625,010
At 30 June 2011	46,556,617	(17,761,479)	(1,881,365)	3,272,189	3,000	30,188,962
At 1 July 2009	15,204,000	(15,135,382)	-	-	3,000	71,618
Loss for the year	-	(1,123,962)	-	-	-	(1,123,962)
Foreign currency translation	-	-	367,125	-	-	367,125
Total comprehensive (loss)/profit for the year	-	(1,123,962)	367,125	-	-	(756,837)
Transactions with owners in their capacity as owners						
Shareholder equity contribution	23,120,000	-	-	-	-	23,120,000
Shareholder options contribution	100,000	-	-	-	-	100,000
Transaction costs on share issue	(2,758,989)	-	-	-	-	(2,758,989)
Share based payments	-	-	-	2,647,179	-	2,647,179
At 30 June 2010	35,665,011	(16,259,344)	367,125	2,647,179	3,000	22,422,971

Coventry Resources Limited

1. Corporate Information

The financial report of Coventry Resources Limited (“Coventry” or “the Company”) and its controlled entities (“the Group”) for each of the years in the three year period ended 30 June 2012 was authorised for issue in accordance with a resolution of the directors on 28 September 2012, 30 September 2011 and 30 September 2010. The financial report for the three year period ending 30 June 2012 was authorised for issue in accordance with a resolution of the directors on 9 November 2012.

Coventry Resources Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange and a for profit entity.

The nature of the operations and principal activities of the Group are described in the Directors’ report.

2. Summary of Significant Accounting Policies

Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis.

The financial report is presented in Australian dollars.

(a) Compliance Statement

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(b) Going Concern

The financial statements for each of the years in the three year period ended 30 ended 2012 have been prepared on the basis of going concern, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

During the year ended 30 June 2012 the Company incurred an operating loss of \$5,578,898 (2011: \$1,502,135) (2010: \$1,123,962). Net cash outflow from operations for the year ended 30 June 2012 was \$2,168,922 (2011: \$1,138,783) (2010:\$1,558,712). Net cash outflow for investing activities for the year ended 30 June 2012 was \$7,313,442 (2011: \$8,127,940) (2010: \$9,082,380). Net cash inflow from financing activities for the year ended 30 June 2012 was \$4,479,057 (2011: \$11,189,511) (2010: \$15,141,549).

The Directors consider the basis of going concern to be appropriate for the following reasons:

- The Company has, since listing on ASX becoming Coventry Resources Limited in late 2009, operated on a program of income and expenditure designed to ensure that there are at all times sufficient funds in hand to continue operations for the foreseeable future, whilst at the same time focusing on its mineral exploration and development projects in an effective manner.
- Exploration and development efficiency has been achieved by focus upon the Company’s gold assets in a prioritised manner, rather than by a blanket method, so as to conserve funds whilst at the same time maintaining active exploration programs.

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- The Company's exploration projects are located in the major gold mining regions of Ontario, Canada where excellent infrastructure exists, enabling efficient and cost effective exploration.
- With a relatively small issued capital, no debt, and owning all of its prospective exploration projects outright, the company has the ability to raise funds via equity financing or other financial arrangements in relation to its mining industry assets.
- On 12 September 2012, the Group announced that it had received commitments to raise \$1.3 million through the placement of 23.6 million new shares at a price of \$0.055 per share to institutional investors and on 19 September 2012 announced the issue of these shares.
- On 10 September 2012, the Group announced that it had entered into a definitive merger implementation agreement with Crescent Resources Corp. ("Crescent"), pursuant to which the two companies will merge. The combined company will make application to have its shares listed and tradeable on both the TSX Venture Exchange (TSX-V) and the Australian Securities Exchange (ASX) immediately after the merger is completed. Pursuant to the Agreement, it is proposed that Crescent will undertake a 1:5 consolidation of its common shares prior to completion of the merger. Crescent will then offer to acquire all of Coventry's fully paid ordinary shares on the basis of 0.2513 "post-consolidation" shares of Crescent for each share of Coventry. Crescent will have approximately \$1.6m in cash (before costs) which will increase the cash balance of the combined entity.
- Coventry is currently negotiating a short term facility agreement with Mr. Don Halliday, a Director of Crescent, pursuant to which Mr. Halliday will make available to Coventry a short term working capital facility up to C\$400,000 (the "Facility"). The Facility will be available to Coventry until such time as the Merger becomes effective or is terminated. The Facility is intended to provide certainty that Coventry can continue to meet its working capital commitments pending completion of the Merger without raising further funds, which may cause completion of the Merger to be delayed. To the extent that cash on hand is not adequate to maintain capacity and meet all contractual, corporate and administrative costs prior to the Merger, Coventry will draw down funds under the Facility.

Should the matters discussed above not be achieved, there is a material uncertainty whether the Company will be able to continue as a going concern, and therefore, whether it will be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from these stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary should the Company be unable to continue as a going concern.

(c) New accounting standards and interpretations

Changes in accounting policies and disclosures

The Group has adopted all of the new and amended Australian Accounting Standards and AASB Interpretations that became effective during the year. The adoption of the Standards or Interpretation did not have material impact on the financial statements of the Group.

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New accounting standards and interpretations issued but not yet effective

The following applicable accounting standards and interpretations have been issued or amended but are not yet effective. These standards have not been adopted by the Group for the year ended 30 June 2012, and no change to the Group's accounting policy is required.

Reference	Title	Summary	Application date for Group
AASB 1048	Interpretation of Standards.	AASB 1048 identifies the Australian Interpretations and classifies them into two groups: those that correspond to an IASB Interpretation and those that do not. Entities are required to apply each relevant Australian Interpretation in preparing financial statements that are within the scope of the Standard. The revised version of AASB 1048 updates the lists of Interpretations for new and amended Interpretations issued since the June 2010 version of AASB 1048.	1 July 2012
2010-8	Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112]	These amendments address the determination of deferred tax on investment property measured at fair value and introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that the carrying amount will be recoverable through sale. The amendments also incorporate <i>SIC-21 Income Taxes – Recovery of Revalued Non-Depreciable Assets</i> into AASB 112.	1 July 2012
AASB 2011-9	Amendments to Australian Accounting Standards – Presentation of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]	This Standard requires entities to group items presented in other comprehensive income on the basis of whether they might be reclassified subsequently to profit or loss and those that will not.	1 July 2012
AASB 10	Consolidated Financial Statements	<p>AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 <i>Consolidated and Separate Financial Statements</i> dealing with the accounting for consolidated financial statements and UIG-112 <i>Consolidation – Special Purpose Entities</i>.</p> <p>The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control.</p> <p>Consequential amendments were also made to other standards via AASB 2011-7.</p>	1 July 2013

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Reference	Title	Summary	Application date for Group
AASB 11	Joint Arrangements	<p>AASB 11 replaces AASB 131 <i>Interests in Joint Ventures</i> and UIG-113 <i>Jointly- controlled Entities – Non-monetary Contributions by Ventures</i>. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method.</p> <p>Consequential amendments were also made to other standards via AASB 2011-7 and amendments to AASB 128.</p>	1 July 2013
AASB 12	Disclosure of Interests in Other Entities	<p>AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.</p>	1 July 2013
AASB 13	Fair Value Measurement	<p>AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets.</p> <p>AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.</p> <p>Consequential amendments were also made to other standards via AASB 2011-8.</p>	1 July 2013
AASB 119	Employee Benefits	<p>The main change introduced by this standard is to revise the accounting for defined benefit plans. The amendment removes the options for accounting for the liability, and requires that the liabilities arising from such plans is recognized in full with actuarial gains and losses being recognized in other comprehensive income. It also revised the method of calculating the return on plan assets.</p> <p>The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date.</p> <p>Consequential amendments were also made to other standards via AASB 2011-10.</p>	1 July 2013

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Reference	Title	Summary	Application date for Group
Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	<p>This interpretation applies to stripping costs incurred during the production phase of a surface mine. Production stripping costs are to be capitalised as part of an asset, if an entity can demonstrate that it is probable future economic benefits will be realised, the costs can be reliably measured and the entity can identify the component of an ore body for which access has been improved. This asset is to be called the “stripping activity asset”.</p> <p>The stripping activity asset shall be depreciated or amortised on a systematic basis, over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity. The units of production method shall be applied unless another method is more appropriate.</p> <p>Consequential amendments were also made to other standards via AASB 2011-12.</p>	1 July 2013
Annual Improvements 2009–2011 Cycle *	Annual Improvements to IFRSs 2009–2011 Cycle	<p>This standard sets out amendments to International Financial Reporting Standards (IFRSs) and the related bases for conclusions and guidance made during the International Accounting Standards Board’s Annual Improvements process. These amendments have not yet been adopted by the AASB.</p> <p>The following items are addressed by this standard:</p> <p>IFRS 1 First-time Adoption of International Financial Reporting Standards</p> <ul style="list-style-type: none"> • Repeated application of IFRS 1 • Borrowing costs <p>IAS 1 Presentation of Financial Statements</p> <ul style="list-style-type: none"> • Clarification of the requirements for comparative information <p>IAS 16 Property, Plant and Equipment</p> <ul style="list-style-type: none"> • Classification of servicing equipment <p>IAS 32 Financial Instruments: Presentation</p> <ul style="list-style-type: none"> • Tax effect of distribution to holders of equity instruments <p>IAS 34 Interim Financial Reporting</p> <ul style="list-style-type: none"> • Interim financial reporting and segment information for total assets and liabilities 	1 July 2013
AASB 2011-4	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]	<p>This Amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies.</p>	1 July 2013

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Reference	Title	Summary	Application date for Group
AASB 2012-2	Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities	AASB 2012-2 principally amends AASB 7 Financial Instruments: Disclosures to require disclosure of information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.	1 July 2013
AASB 2012-5	Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle; and	AASB 2012-5 makes amendments resulting from the 2009-2011 Annual Improvements Cycle. The Standard addresses a range of improvements, including the following: <ul style="list-style-type: none"> • repeat application of AASB 1 is permitted (AASB 1); and • clarification of the comparative information requirements when an entity provides a third balance sheet (AASB 101 Presentation of Financial Statements). 	1 July 2013
AASB 2012-3	Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities;	AASB 2012-3 adds application guidance to AASB 132 Financial Instruments: Presentation to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement.	1 July 2015

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Reference	Title	Summary	Application date for Group
AASB 9**	Financial Instruments	<p>AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities.</p> <p>These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below.</p> <p>(a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.</p> <p>(b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.</p> <p>(c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.</p> <p>(d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:</p> <ul style="list-style-type: none"> ▶ The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ▶ The remaining change is presented in profit or loss <p>If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.</p> <p>Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10.</p>	1 July 2015

* These IFRS amendments have not yet been adopted by the AASB. In order to claim compliance with IFRS, these amendments should be noted in the financial statements.

** AASB ED 215 Mandatory effective date of IFRS 9 proposes to defer the mandatory effective date of AASB 9 from annual periods beginning 1 January 2013 to annual periods beginning on or after 1 January 2015, with early application permitted. At the time of preparation, finalisation of standard is still pending by the AASB. However, the IASB has deferred the mandatory effective date of IFRS 9 to annual periods beginning on or after 1 January 2015, with early application permitted.

The group has not elected to early adopt any new Standards or Interpretations and is in the process of assessing the impact of these new standards and interpretations on the Group's future financial statements.

(d) Basis of Consolidation

The consolidated financial statements comprise the financial statements of Coventry Resources Limited and its subsidiaries as at 30 June each year ('the Group').

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Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

A change in the ownership interest of a subsidiary that does not result in a loss of control, is accounted for as an equity transaction.

(e) Income Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided for on all temporary differences at balance date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

No deferred income tax will be recognised from the initial recognition of goodwill or of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

No deferred income tax will be recognised in respect of temporary differences associated with investments in subsidiaries if the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the near future.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Statement of Comprehensive Income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on tax rates (and tax laws) that have been enacted or substantially enacted at the balance date and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law. The carrying amount of deferred tax assets is reviewed at each balance date and only recognised to the extent that sufficient future assessable income is expected to be obtained.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the Statement of Comprehensive Income.

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(f) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position include cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown as current liabilities in the Statement of Financial Position. For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as described above, net of outstanding bank overdrafts.

(g) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

(h) Plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. Repairs and maintenance expenditure is charged to the Statement of Comprehensive Income during the financial period in which it is incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the Group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

<i>Class of Fixed Asset</i>	<i>Depreciation Rate</i>
Computer Equipment	33%
All other categories	10%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in the Statement of Comprehensive Income.

(i) Exploration Expenditure

Exploration and evaluation expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead

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expenditure, but does not include general overheads or administrative expenditure not having a specific nexus with a particular area of interest.

Each area of interest is limited to a size related to a known or probable mineral resource capable of supporting a mining operation.

Exploration and evaluation expenditure for each area of interest is carried forward as an asset provided that one of the following conditions is met:

- such costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing.

Expenditure which fails to meet the conditions outlined above is written off, furthermore, the directors regularly review the carrying value of exploration and evaluation expenditure and make write downs if the values are not expected to be recoverable.

Identifiable exploration assets acquired are recognised as assets at their cost of acquisition, as determined by the requirements of AASB 6 Exploration for and evaluation of mineral resources. Exploration assets acquired are reassessed on a regular basis and these costs are carried forward provided that at least one of the conditions referred to in AASB 6 is met.

Exploration and evaluation expenditure incurred subsequent to acquisition in respect of an exploration asset acquired, is accounted for in accordance with the policy outlined above for exploration expenditure incurred by or on behalf of the entity.

Acquired exploration assets are not written down below acquisition cost until such time as the acquisition cost is not expected to be recovered.

When an area of interest is abandoned, any expenditure carried forward in respect of that area is written off.

Expenditure is not carried forward in respect of any area of interest/mineral resource unless the Group's rights of tenure to that area of interest are current.

(j) Impairment of non financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or categories of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

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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. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(k) Trade and other payables

Liabilities for trade creditors and other amounts are measured at amortised cost, which is the fair value of the consideration to be paid in the future for goods and services received that are unpaid, whether or not billed to the Group.

(l) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

(m) Revenue

Revenue is recognised and measured to the extent that it is probable that the economic benefits will flow to the Group and the revenue is capable of being reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest income

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

(n) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Group, excluding any costs of servicing equity other than dividends, by the weighted average number of ordinary shares, adjusted for any bonus elements.

Diluted earnings per share

Diluted earnings per share is calculated as net profit attributable to members of the Group, adjusted for:

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- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus elements.

(o) Share based payment transactions

The Group provides benefits to individuals acting as, and providing services similar to employees (including Directors) of the group in the form of share based payment transactions, whereby individuals render services in exchange for shares or rights over shares ('equity settled transactions').

The cost of these equity settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using the Black Scholes formula taking into account the terms and conditions upon which the instruments were granted, as discussed in note 23.

In valuing equity settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ('market conditions').

The cost of the equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of the market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The Statement of Comprehensive Income charge or credit for a period represents the movement in cumulative expense recognised at the beginning and end of the period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of the modification.

Where an equity settled award is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognised for the award is recognised immediately. However if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

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(p) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Tax Office is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except the GST component of investing and financing activities, which is receivable from or payable to the ATO, are disclosed as operating cash flows.

(q) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each entity within the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional and presentation currency of Coventry Resources Limited and Coventry Australia Pty Ltd is Australian dollars. The functional currency of the overseas subsidiaries is Canadian dollars.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that Statement of Financial Position;
- income and expenses for each Statement of Comprehensive Income are translated at average exchange rates (unless this is not a reasonable approximation of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold the exchange differences relating to that entity are recognised in the Statement of Comprehensive Income, as part of the gain or loss on sale where applicable.

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(r) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, that are transferred to entities in the economic entity are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Group will obtain ownership of the asset or over the term of the lease.

Leases are classified as operating leases where substantially all the risks and benefits remain with the lessor. Payments in relation to operating leases are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(s) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Coventry Resources Limited.

(t) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement.

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 recognised as a finance cost.

(u) Business Combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured.

(v) Comparatives

Certain comparative figures have been reclassified to conform with current year presentation and disclosure requirements

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Determination of mineral resources and ore reserves

The Group estimates its mineral resources and ore reserves in accordance with the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2004 (the 'JORC code'). The information on mineral resources and ore reserves were prepared by or under the supervision of Competent Persons as defined in the JORC code. The amounts presented are based on the mineral resources and ore reserves determined under the JORC code.

There are numerous uncertainties inherent in estimating mineral resources and ore reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available.

Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being restated. Such changes in reserves could impact on depreciation and amortisation rates, asset carrying values, deferred stripping costs and provisions for decommissioning and restoration.

Capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

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Factors which could impact the future recoverability include the level of proved, probable and inferred mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalised expenditure should be written off, this will reduce profits and net assets in the period in which this determination is made.

Share based payment transactions

The group measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black Scholes formula taking into account the terms and conditions upon which the instruments were granted, as discussed in note 23.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Functional currency translation reserve

Under the Accounting Standards, each entity within the Group is required to determine its functional currency, which is the currency of the primary economic environment in which the entity operates. Management considers the Canadian subsidiary to be a foreign operation with Canadian dollars as the functional currency. In arriving at this determination, management has given priority to the currency that influences the labour, materials and other costs of exploration activities as they consider this to be a primary indicator of the functional currency.

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	Consolidated		
	2012	2011	2010
	\$	\$	\$
4. Other income and expenses			
(a) Other income			
Foreign exchange gain	20,645	6,028	5,258
Other	5,102	986	36,881
	<u>25,747</u>	<u>7,014</u>	<u>42,139</u>
(b) Other expenses			
Accounting and audit fees	372,534	151,935	181,196
Bank fees	8,501	14,241	3,542
Computer expenses	25,377	10,761	17,218
Insurance	37,275	31,242	12,148
Printing and stationery	3,927	16,840	5,684
Postage	4,069	5,102	1,460
Subscriptions	9,916	16,387	1,458
Telephone	26,887	24,370	2,533
Depreciation	56,161	14,057	763
Other	128,389	90,016	36,604
	<u>673,036</u>	<u>374,951</u>	<u>262,606</u>
5. Income Tax			
Current tax	-	-	-
Deferred tax	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
(b) Numerical reconciliation between aggregate tax expense recognised in the Statement of Comprehensive Income and tax expense calculated per the statutory income tax rate			
A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable tax rate is as follows:			
Loss from operations before income tax expense	(5,578,898)	(1,502,135)	(1,123,962)
Tax at the Group's tax rate of 30% (2011: 30%)	(1,673,669)	(450,641)	(337,189)
Expense of remuneration options	91,007	72,077	3,042
Other non deductible expenses	-	-	990
Income tax benefit not brought to account	1,582,662	378,564	333,157
	<u>-</u>	<u>-</u>	<u>-</u>
Income tax expense	-	-	-

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	Consolidated		
	2012	2011	2010
	\$	\$	\$
Deferred tax			
Statement of Financial Position			
<i>Liabilities</i>			
Capitalised exploration and evaluation expenditure	7,065,177	5,585,003	3,926,638
Accrued income	-	12,612	4,496
Offset by deferred tax assets	(7,065,177)	(5,597,615)	(3,931,134)
Deferred tax liability not recognised	-	-	-
<i>Assets</i>			
Losses available to offset against future taxable income	8,414,266	6,298,833	4,257,391
Accrued expenses	11,100	8,100	6,900
	8,425,366	6,306,933	4,264,291
Deferred tax assets offset against account as realisation is not regarded as probable	(1,360,189)	(709,318)	(333,157)
Deferred tax assets offset against deferred tax assets / (liabilities)	(7,065,177)	(5,597,615)	(3,931,134)
Deferred tax asset not recognised	-	-	-
Unused tax losses			
Unused tax losses	4,533,963	2,364,392	1,110,523
Potential tax benefit not recognised at 30%	1,360,189	709,318	333,157

The benefit for tax losses will only be obtained if:

- (i) the Company derives future assessable income in Australia of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised, and
- (ii) the Company continues to comply with the conditions for deductibility imposed by tax legislation in Australia and
- (iii) no changes in tax legislation in Australia, adversely affect the Company in realising the benefit from the deductions for the losses.

6. Trade and Other Receivables - Current

GST receivable	163,754	278,119	67,223
Accrued interest income	-	42,042	14,987
Other	43,930	69,884	89,101
	207,684	390,045	171,311

Other debtors and goods and services tax are non-interest bearing and generally receivable on 30 day terms. The balances are neither past due nor impaired and fully collectible. Due to the short term nature, their carrying value is assumed to approximate their fair value.

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7. Investments in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2(d). Details of subsidiary companies are as follows:

Name	Country of Incorporation	% Equity Interest		
		2012	2011	2010
Coventry Australia Pty Ltd	Australia	100%	100%	100%
Coventry Resources Ontario Inc.	Canada	100%	100%	100%
Cameron Holdings Cooperatief U.A. 2235411 Ontario Inc.	The Netherlands Canada	100%	100%	100%
Cameron Gold Operations Ltd	Canada	100%	100%	100%
Coventry Rainy Inc ¹	Canada	100%	100%	-

¹Coventry Rainy Inc was incorporated during the year ended 30 June 2011.

8. Plant and Equipment

	Consolidated		
	2012	2011	2010
	\$	\$	\$
Plant and Equipment			
Cost	87,136	73,288	29,307
Accumulated depreciation	(12,296)	(5,418)	(2,256)
Net carrying amount	74,840	67,870	27,051
Camp			
Cost	256,499	226,569	1,334
Accumulated depreciation	(42,903)	(20,764)	(100)
Net carrying amount	213,596	205,805	1,234
Motor Vehicles			
Cost	108,937	93,671	43,570
Accumulated depreciation	(50,619)	(26,926)	(363)
Net carrying amount	58,318	66,745	43,207
Office Furniture and Fixtures			
Cost	10,895	10,963	-
Accumulated depreciation	(3,487)	(1,644)	-
Net carrying amount	7,408	9,319	-
Computer Equipment			
Cost	2,870	2,870	2,870
Accumulated depreciation	(2,288)	(1,342)	(395)
Net carrying depreciation	582	1,528	2,475
Total Plant and Equipment	354,744	351,267	73,967

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Consolidated

2012 2011 2010
 \$ \$ \$

Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year:

Plant and Equipment

Carrying amount at beginning of year	67,870	27,051	-
Additions	13,979	47,405	29,307
Depreciation expense	(6,878)	(3,162)	(2,256)
Net exchange differences on translation	(131)	(3,424)	-
Carrying amount at end of year	74,840	67,870	27,051

Camp

Carrying amount at beginning of year	205,805	1,234	-
Additions	31,447	233,538	1,334
Depreciation expense	(22,139)	(20,664)	(100)
Net exchange differences on translation	(1,517)	(8,303)	-
Carrying amount at end of year	213,596	205,805	1,234

Motor Vehicles

Carrying amount at beginning of year	66,745	43,207	-
Additions	16,321	57,858	43,570
Depreciation expense	(23,693)	(26,563)	(363)
Net exchange differences on translation	(1,055)	(7,757)	-
Carrying amount at end of year	58,318	66,745	43,207

Office Furniture and Fixtures

Carrying amount at beginning of year	9,319	-	-
Additions	-	11,706	-
Depreciation expense	(1,843)	(1,644)	-
Net exchange differences on translation	(68)	(743)	-
Carrying amount at end of year	7,408	9,319	-

Computer Equipment

Carrying amount at beginning of year	1,528	2,475	-
Additions	-	-	2,870
Depreciation expense	(946)	(947)	(395)
Net exchange differences on translation	-	-	-
Carrying amount at end of year	582	1,528	2,475

Total Plant and Equipment

354,744	351,267	73,967
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9. Deferred Exploration and Evaluation Expenditure

	Consolidated		
	2012	2011	2010
	\$	\$	\$
Exploration and evaluation			
At cost	29,468,887	22,321,346	16,793,462
Accumulated impairment	(2,987,295)	-	-
Total exploration and evaluation	26,481,592	22,321,346	16,793,462
Carrying amount at beginning of the year	22,321,346	16,793,462	-
Exploration expenditure during the year	7,251,695	7,777,433	15,938,962
Expenditure impaired	(3,025,140)	-	-
Net exchange differences on translation	(66,309)	(2,249,549)	854,500
Carrying amount at end of year	26,481,592	22,321,346	16,793,462

The recoverability of the carrying amount of the deferred exploration and evaluation expenditure is dependant on the successful development and commercial exploitation, or alternatively the sale, of the respective areas of interest.

Exploration expenditure impaired during the year relates to the Ardeen Project and the recoverable amount has been determined using fair value less cost to sell of similar projects with similar characteristics to the Ardeen Project.

10. Trade and Other Payables

Trade payables	614,042	652,290	525,725
Other creditors	114,965	189,514	129,336
	729,007	841,804	655,061

Trade creditors, other creditors and goods and services tax are non-interest bearing and generally payable on 30 day terms. Due to the short term nature of these payable, their carrying value is assumed to approximate their fair value.

11. Issued Capital

(a) Issued capital

Ordinary shares fully paid	51,099,974	46,556,617	35,665,011
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	2012		2011		2010	
	Number of shares	\$	Number of shares	\$	Number of shares	\$
(b) Movements in ordinary shares on issue						
At 1 July	174,504,370	46,556,617	127,133,511	35,665,011	183,570,967	15,204,000
Capital raising at \$0.005	-	-	-	-	400,000,000	2,000,000
Consolidation of capital at 1:20	-	-	-	-	(554,392,003)	-
Capital raising at \$0.26	-	-	46,153,846	12,000,000	-	-
Issue of shares for the purchase of mineral claims	435,000	64,300	405,000	68,850	-	-
Issue of shares for the purchase of Nucanolan Property	-	-	50,000	12,500	-	-
Issue of shares and options to Coventry Australia shareholders	-	-	-	-	15,000,002	3,000,000
Capital raising at \$0.20	-	-	-	-	25,000,000	5,000,000
Exercise of options at \$0.20	-	-	742,013	148,403	500,000	100,000
Capital raising at \$0.12	41,666,667	5,000,000	-	-	-	-
Capital raising at \$0.22	-	-	-	-	45,454,545	10,000,000
Issue of shares for the purchase of the Roy Property	-	-	20,000	5,500	12,000,000	3,120,000
Transaction costs on share issue	-	(520,943)	-	(1,343,647)	-	(2,758,989)
At 30 June	216,606,037	51,099,974	174,504,370	46,556,617	127,133,511	35,665,011

(c) Ordinary shares

The Group does not have authorised capital nor par value in respect of its issued capital. Ordinary shares have the right to receive dividends as declared and, in the event of a winding up of the Company, to participate in the proceeds from sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or proxy, at a meeting of the Company.

(d) Capital risk management

The Company's capital comprises share capital, reserves less accumulated losses amounting to \$29,300,459 at 30 June 2012 (2011: \$30,188,962) (2010: \$22,422,971). The Company manages its capital to ensure its ability to continue as a going concern and to optimize returns to its shareholders. The Company was ungeared at year end.

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Refer to note 22 for further information on the Company's financial risk management policies. There are no externally imposed capital requirements.

(e) Share options

Information relating to the Coventry Resources Limited Employee Share Option Plan, including details of options issued under the plan, is set out in note 23.

As at 30 June 2012, there were 41,738,752 unissued ordinary shares under options. The details of the options at reporting date are as follows:

Number	Exercise Price \$	Expiry Date
19,257,982	0.20	30/04/13
3,230,770	0.26	18/12/12
10,000,000	0.30	30/01/13
500,000	0.30	25/03/13
500,000	0.30	30/07/13
1,000,000	0.28	23/02/13
750,000	0.20	08/08/14
500,000	0.20	24/08/14
6,000,000	0.26	01/12/16
41,738,752		

During the financial year ended 30 June 2012, no options were exercised to acquire fully paid ordinary shares. 2,009,376 options expired during the year. 50,000 options were cancelled during the year. 750,000 options exercisable at \$0.20 with an expiry date of 8 August 2014, 550,000 options exercisable at \$0.20 with an expiry date of 24 August 2014 and 6,000,000 options exercisable at \$0.26 with an expiry date of 1 December 2016 were issued. Since the end of the financial year, no options were exercised to acquire fully paid ordinary shares and no options were issued.

During the financial year ended 30 June 2011, 742,013 options were exercised at \$0.20 to acquire fully paid ordinary shares. 13,877 options expired during the year. 500,000 options exercisable at \$0.30 with an expiry date of 30 July 2013, 3,230,770 options exercisable at \$0.26 with an expiry date of 18 December 2012, 1,000,000 options exercisable at \$0.28 with an expiry date of 23 February 2013, 1,000,000 options exercisable at \$0.35 with an expiry date of 23 February 2013 and 1,000,000 options exercisable at \$0.40 with an expiry date of 23 February 2013 were issued. Since the end of the financial year, 750,000 options exercisable at \$0.20 with an expiry date of 8 August 2014 and 550,000 options exercisable at \$0.20 with an expiry date of 24 August 2014 were issued.

During the financial year ended 30 June 2010, 500,000 options were exercised at \$0.20 to acquire fully paid ordinary shares. 90,030 options lapsed during the year. 242,265,606 options were consolidated into 12,113,280 options over ordinary shares.

No option holder has any right under the options to participate in any other share issue of the company or any other entity.

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	Consolidated		
	2012	2011	2010
	\$	\$	\$
12. Reserves			
Share based payment reserve	3,575,524	3,272,189	2,647,179
Option premium reserve	3,000	3,000	3,000
Foreign currency translation reserve	(2,037,662)	(1,881,365)	367,125
	1,540,862	1,393,824	3,017,304

Movement in reserves:

Share based payment reserve

At 1 July	3,272,189	2,647,179	-
Share based payment expense	303,335	625,010	2,647,179
A 30 June	<u>3,575,524</u>	<u>3,272,189</u>	<u>2,647,179</u>

The Share based payment reserve is used to record the value of equity benefits provided to Directors and individuals acting as employees as part of their remuneration. Refer to note 23 for further details of this plan.

Option Premium reserve

At 1 July	3,000	3,000	3,000
Options exercised	-	-	-
A 30 June	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>

The Options Premium reserve is used to record the premium paid on the issue of listed options.

Foreign currency translation reserve

At 1 July	(1,881,365)	367,125	-
Foreign currency translation	(156,297)	(2,248,490)	367,125
At 30 June	<u>(2,037,662)</u>	<u>(1,881,365)</u>	<u>367,125</u>

The Foreign Exchange differences arising on translation of the foreign controlled entities are taken to the foreign currency translation reserve, as described in note 2(q). The reserve is recognised in profit and loss when the net investment is disposed of.

13. Accumulated Losses

Movements in accumulated losses were as follows:

At 1 July	17,761,479	16,259,344	15,135,382
Net Loss for the year	5,578,898	1,502,135	1,123,962
At 30 June	<u>23,340,377</u>	<u>17,761,479</u>	<u>16,259,344</u>

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	Consolidated		
	2012	2011	2010
	\$	\$	\$
14. Cash and Cash Equivalents			
(a) Reconciliation of cash			
Cash balance comprises:			
Cash at bank	2,985,446	3,968,108	3,039,292
Term deposits	-	4,000,000	3,000,000
Total cash and cash equivalents	2,985,446	7,968,108	6,039,292

(b) Reconciliation of the net loss after tax to the net cash flows from operations			
Net loss after tax	(5,578,898)	(1,502,131)	(1,123,962)
Adjustments for:			
Foreign exchange (gain) / losses	(20,645)	(6,028)	(5,258)
Depreciation	56,161	14,057	-
Exploration expenditure written off	3,025,140	-	763
Share based payment	303,335	240,255	10,141
Changes in assets and liabilities:			
Decrease in receivables	60,493	4,237	(148,398)
(Decrease) / increase in trade and other creditors	(14,508)	8,726	(255,224)
Increase in provisions	-	102,101	(36,774)
Net cash flow used in operating activities	(2,168,922)	(1,138,783)	(1,558,712)

15. Expenditure Commitments

Rental and services agreement

The Group entered a service agreement for administrative services and office space for a term of 24 months during the year ended 30 June 2010. The Group is required to give three months written notice to terminate the agreement.

The Company entered into a rental agreement for office space in Toronto, Canada for a period of 30 months during the year ended 30 June 2010. The lease is subject to annual operating costs adjustments. These amounts have not been included as the amounts remain uncertain at 30 June 2012. The Company is required to give written notice to terminate the agreement.

The expenditure commitments relating to the above two offices are as follows:

Within one year	63,430	178,465	152,788
After one year but not longer than 5 years	-	26,093	87,843
	63,430	204,558	240,631

Expenditure commitments

Commitments contracted for at reporting date but not recognised as liabilities are as follows:

Within one year	498,831	444,938	144,233
After one year but not longer than 5 years	608,331	1,046,459	130,041
Greater than 5 years	-	-	-
	1,107,162	1,491,397	274,274

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At 30 June 2012 the Group had expenditure commitments of \$1,107,162 (2011: \$1,491,397) (2010: \$nil) and commitments to issue 1,300,000 shares (2011: 1,195,000 shares) (2010: \$nil) relating to property acquisitions. The Group has the right to earn an 80% interest in The Nucanolan Property by spending CAD\$1.0 million on exploration over the next three years which is included in the above.

Remuneration commitments

Commitments contracted for at reporting date but not recognised as liabilities are as follows:

	Consolidated		
	2012	2011	2010
	\$	\$	\$
Within one year	45,625	104,167	99,685

16. Subsequent Events

On 2 July 2012, the Group announced that Mr. Michael Naylor had commenced employment as the Company's Managing Director/Chief Executive Officer.

On 20 August 2012, the Group announced the issue of incentive options, 5,000,000 to the Group's new Managing Director and Exploration Manager and a further 500,000 issued to a new senior consultant engaged to manage the Preliminary Economic Assessment on the Cameron Gold Project.

On 21 August 2012, the Group announced the key appointment of Mr Steven Chadwick as a senior consultant to review and manage the completion of the Preliminary Economic Assessment (PEA) of the development of the Cameron Gold Project, in preparation for taking the Project into production.

On 10 September 2012, the Group announced that it had entered into a definitive merger implementation agreement with Crescent Resources Corp. (TSX-V:CRC), pursuant to which the two companies will merge. The combined company will make application to have its shares listed and tradeable on both the TSX Venture Exchange (TSX-V) and the Australian Securities Exchange (ASX) immediately after the merger is completed. Pursuant to the Agreement, it is proposed that Crescent will undertake a 1:5 consolidation of its common shares prior to completion of the merger. Crescent will then offer to acquire all of Coventry's fully paid ordinary shares on the basis of 0.2513 "post-consolidation" shares of Crescent for each share of Coventry.

On 12 September 2012, the Group announced that it had received commitments to raise \$1.3 million through the placement of 23.6 million new shares at a price of \$0.055 per share to institutional investors and on 19 September 2012 announced the issue of these shares.

On 13 November 2012, the Group announced the despatch of the Scheme Booklet setting out the terms of the merger, which includes an Independent Expert's Report to all Coventry shareholders and optionholders. A meeting of Coventry shareholders and optionholders to consider the Scheme and Option Scheme respectively is to be held on 13 December 2012 and the merger is expected to be implemented by the end of December 2012.

Coventry is currently negotiating a short term facility agreement with Mr. Don Halliday, a Director of Crescent, pursuant to which Mr. Halliday will make available to Coventry a short term working capital facility up to C\$400,000 (the "Facility"). The Facility will be available to Coventry until such time as the Merger becomes effective or is terminated. The Facility is intended to provide certainty that Coventry can continue to meet its

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working capital commitments pending completion of the Merger without raising further funds, which may cause completion of the Merger to be delayed.

The Facility has been provided on arm's length terms, and is repayable three months after the date of the Facility. No interest is payable on the amounts drawn down under the Facility, however it will bear default interest at prime plus 2%.

To the extent that cash on hand is not adequate to maintain capacity and meet all contractual, corporate and administrative costs prior to the Merger, Coventry will draw down funds under the Facility.

17. Loss Per Share

	Consolidated		
	2012	2011	2010
	\$	\$	\$
Loss used in calculating basic and diluted EPS	(5,578,898)	(1,502,135)	(1,123,962)

	Number of Shares		
Weighted average number of ordinary shares used in calculating basic earnings / (loss) per share:	182,390,484	152,753,614	67,493,660

Effect of dilution:

Share options	-	-	-
Adjusted weighted average number of ordinary shares used in calculating diluted loss per share:	182,390,484	152,753,614	67,493,660

There is no impact from 41,738,752 options outstanding at 30 June 2012 (2011: 36,498,128 options) (2010: 30,523,248 options) on the loss per share calculation because they are anti-dilutive. These options could potentially dilute basic EPS in the future.

	Consolidated		
	2012	2011	2010
	\$	\$	\$

18. Auditors Remuneration

The auditor of Coventry Resources Limited is Ernst & Young (Australia)
Amounts received or due and receivable by Ernst & Young (Australia) for:
- an audit or review of the financial report of the entity and any other entity
in the Consolidated group

	65,640	39,140	32,445
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19. Key Management Personnel Disclosures

(a) Details of Key Management Personnel

Mr Michael Haynes	Non-Executive Chairman – appointed 27 October 2009
Mr Michael Naylor	Managing Director/Chief Executive Officer – appointed 2 July 2012
Mr Anthony Goddard	Technical Director – appointed 27 October 2009
Mr Faldi Ismail	Non executive Director
Mr. Rhod Grivas	Non executive Director – appointed 2 August 2010
Ms. Beverley Nichols	Chief Financial Officer - appointed 1 May 2010
Mr. Nicholas Day	Company Secretary - appointed 22 June 2010
Mr. Nick Walker	Country Manager – Canada – appointed 25 March 2010
Mr. Scott Funston	Company Secretary – appointed 27 October 2009, resigned 22 June 2010
Mr. Eric de Mori	Non executive Director – resigned 27 October 2009

(b) Remuneration of Key Management Personnel

Details of the nature and amount of each element of the emolument of each Director and Executive of the Group for the financial year are as follows:

	Consolidated		
	2012	2011	2010
	\$	\$	\$
Short term employee benefits	897,497	821,498	411,799
Post employment benefits	4,050	-	-
Share based payments	268,285	83,141	10,141
Total compensation	1,169,832	904,639	421,940

(c) Shareholdings of Key Management Personnel

Share holdings

The number of shares in the company held during the financial year by each director of Coventry Resources Limited, including their personally related parties, is set out below. There were no shares granted during the current or prior reporting period as compensation.

2012	Balance at the start of the year	Granted during the year	On exercise of share options	Other changes during the year	Balance at the end of the year
Mr. M Haynes	3,891,086	-	-	400,000	4,291,086
Mr. A Goddard	4,358,696	-	-	-	4,358,696
Mr. F Ismail	300,000	-	-	-	300,000
Mr. R Grivas	35,000	-	-	-	35,000

2011	Balance at the start of the year	Granted during the year	On exercise of share options	Other changes during the year	Balance at the end of the year
Mr. M Haynes	3,891,086	-	-	-	3,891,086
Mr. A Goddard	4,358,696	-	-	-	4,358,696
Mr. F Ismail	169,884	-	-	130,116	300,000
Mr. R Grivas	-	-	-	35,000	35,000

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2010	Balance at the start of the year	Granted during the year	On exercise of share options	Other changes during the year	Balance at the end of the year
Mr. M Haynes	-	-	-	3,891,086*	3,891,086
Mr. A Goddard	-	-	-	4,358,696*	4,358,696
Mr. F Ismail	3,397,672	-	-	(3,227,788)**	169,884
Mr. P Wall (resigned 27 October 2009)	8,000,000	-	-	(8,000,000)	-
Mr. E De Mori (resigned 27 October 2009)	3,000,000	-	-	(3,000,000)	-

* received as consideration for the purchase of Coventry Australia Pty Ltd

** Changes as a result of the 1:20 share consolidation during the year

All equity transactions with key management personnel other than arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

(c) Option holdings of Key Management Personnel

The numbers of options over ordinary shares in the company held during the financial year by each director of Coventry Resources Limited and specified executive of the group, including their personally related parties, are set out below:

2012	Balance at the start of the year	Granted during the year	Exercised during the year	Other changes during the year	Balance at the end of the year
Mr. M Haynes	1,258,695	2,500,000	-	-	3,758,695
Mr. A Goddard	1,369,565	2,500,000	-	-	3,869,565
Mr. F Ismail	152,516	500,000	-	-	652,516
Mr. R Grivas	500,000	500,000	-	-	1,000,000
Mr. N Walker	500,000	200,000	-	-	700,000
Ms. B Nichols	-	150,000	-	-	150,000
Mr. N Day	-	200,000	-	-	200,000

2011	Balance at the start of the year	Granted during the year	Exercised during the year	Other changes during the year	Balance at the end of the year
Mr. M Haynes	1,258,695	-	-	-	1,258,695
Mr. A Goddard	1,369,565	-	-	-	1,369,565
Mr. F Ismail	152,516	-	-	-	152,516
Mr. R Grivas	-	500,000	-	-	500,000
Mr. N Walker	500,000	-	-	-	500,000

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2010	Balance at the start of the year	Granted during the year	Exercised during the year	Other changes during the year	Balance at the end of the year
Mr. M Haynes	-	-	-	1,258,695*	1,258,695
Mr. A Goddard	-	-	-	1,369,565*	1,369,565
Mr. F Ismail	3,050,200	-	-	(2,897,684)**	152,516
Mr. P Wall (<i>resigned 27 October 2009</i>)	13,050,200	-	-	(13,050,200)	-
Mr. E De Mori (<i>resigned 27 October 2009</i>)	10,500,000	-	-	(10,500,000)	-
Mr. N Walker (<i>appointed 29 March 2010</i>)	-	500,000	-	-	500,000

* received as consideration for the purchase of Coventry Australia Pty Ltd

** Changes as a result of the 1:20 share consolidation during the year

There was no grant of options as remuneration to Key Management Personnel during the three years ended 30 June 2012. Options were granted as an incentive package for the purpose of identifying, evaluating and proposing to the Group new projects. 3,775,000 options vested during 30 June 2012, 250,000 options vested during the year ended 30 June 2011 and no options vested during the year ended 30 June 2010.

Options granted have been valued using the Black-Scholes option pricing model, which takes account of factors such as the option exercise price, the current level and volatility of the underlying share price and the time to maturity of the option. Options granted carry no dividend or voting rights. For details on the valuation of options, including models and assumptions used, please refer to note 23.

There were no alterations to the terms and conditions of options granted as remuneration since their grant date. No employee options were exercised for the year ended 30 June 2012 (2011: Nil) (2010: Nil).

(d) Other transactions with key management personnel

MQB Ventures Pty Ltd, a company of which Mr. Michael Haynes is a director, provided the company with a fully serviced office including administration support for a fee totalling \$150,000 (2011: \$140,000) (2010 \$90,000) during the year. MQB Ventures Pty Ltd employs geological and accounting staff which are on charged at cost to the Company for an amount totalling \$69,178 (2011: \$61,993) (2010: \$17,315). Reimbursements, at cost, for couriers and other minor expenses, totalled \$54,263 (2011: \$13,127) (2010: \$11,722). \$8,639 was outstanding at year end (2011: \$21,944) (2010: \$16,109).

Bullseye Geoservices Pty Ltd, a company of which Mr. Michael Haynes is a director and is engaged by Coventry to provide a consultant, was paid consultancy fees of \$190,000 and directors Fees of \$60,000 (2011: \$220,000) (2010: \$100,833) during the year. This amount is included in Note 19(b) "Remuneration of Key Management Personnel". \$0 was outstanding at year end (2011: \$20,833) (2010: \$13,333).

Intellex Geoscience, a company of which Mr. Anthony Goddard is a director, was paid consultancy fees of \$190,000 and directors fees of \$60,000 (2011: \$240,000) (2010: \$164,995) during the year. This amount is included in Note 19(b) "Remuneration of Key Management Personnel". \$11,041 was outstanding at year end (2011: \$11,041) (2010: \$18,333).

Romfal Corporate, a company of which Mr. Faldi Ismail is a director, was paid directors fees of \$36,000 (2011: \$36,000) (2010: \$36,000) during the year. This amount is included in Note 19(b) "Remuneration of Key Management Personnel". \$3,000 was outstanding at year end (2011: \$3,000) (2010: \$3,000).

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Argento Trust, a company of which Mr. N Day is a director, was paid consulting fees of \$60,500 (2011: \$61,000) (2010: \$2,200) during the year. This amount is included in Note 19(b) "Remuneration of Key Management Personnel". \$0 was outstanding at year end (2011: \$5,500) (2010: \$2,200).

Resourceful International Consultancy Pty Ltd, a company of which Mr. Scott Funston is a director, was paid consultancy fees of \$40,000 (2009: \$Nil) during the year ended 30 June 2010. This amount is included in Note 20(b) "Remuneration of Key Management Personnel". \$5,000 was outstanding at year end 30 June 2010 (2009: \$Nil).

20. Related Party Disclosures

The ultimate parent entity is Coventry Resources Limited. Refer to Note 7 Investment in Subsidiaries for a list of all subsidiaries.

For Director related party transactions please refer to Note 19 "Key Management Personnel Disclosures". There were no other related party transactions during the year (2011: nil) (2010: nil).

21. Operating Segment

For management purposes, the Group is organised into one main operating segment, which involves mining exploration for gold. All of the Group's activities are interrelated, and discrete financial information is reported to the Board (Chief Operating Decision Makers) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole. Total revenue (interest revenue) earned by the Group is generated in Australia and all the Group's non current assets reside in Canada.

22. Financial Risk Management

Exposure to interest rate, liquidity, commodity price risk and credit risk arises in the normal course of the Group's business. The Group does not hold or issue derivative financial instruments.

The Company uses different methods as discussed below to manage risks that arise from these financial instruments. The objective is to support the delivery of the financial targets while protecting future financial security

(a) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities.

The Group manages liquidity risk by maintaining sufficient cash facilities to meet the operating requirements of the business and investing excess funds in highly liquid short term investments. The responsibility for liquidity risk management rests with the Board of Directors.

Alternatives for sourcing our future capital needs include our cash position and the issue of equity instruments. These alternatives are evaluated to determine the optimal mix of capital resources for our capital needs.

Maturity analysis for financial liabilities

Financial liabilities of the Group comprise trade and other payables. As at 30 June 2012, 30 June 2011 and 30 June 2010, all financial liabilities contractually mature within 30 days.

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(b) Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments.

The Group's exposure to interest rate risk relates primarily to its earnings on cash and term deposits. The Group manages the risk by investing in short term deposits.

	Consolidated		
	2012	2011	2010
	\$	\$	\$
Cash and cash equivalents	2,985,446	7,968,108	6,039,292

Interest rate sensitivity

The following table demonstrates the sensitivity of the Group's Statement of Comprehensive Income to a reasonably possible change in interest rates, with all other variables constant.

Consolidated

Change in Basis Points	Effect on Post Tax Loss			Effect on Equity Increase/(Decrease)		
	Increase/(Decrease)					
	2012	2011	2010	2012	2011	2010
Judgements of reasonably possible movements:	\$	\$	\$	\$	\$	\$
Increase 100 basis points	29,854	79,681	60,393	29,854	79,681	60,393
Decrease 100 basis points	(29,854)	(79,681)	(60,393)	(29,854)	(79,681)	(60,393)

A sensitivity of 100 basis points has been used as this is considered reasonable given the current level of both short term and long term Australian Dollar interest rates. The change in basis points is derived from a review of historical movements and management's judgement of future trends. The analysis was performed on the same basis in 2010 and 2011.

(c) Commodity Price Risk

The Group is exposed to commodity price risk from its activities directed at exploration for commodities. A fall in the price of mineral commodities may result in a decline of market sentiment thus affecting our ability to raise additional capital in the future.

(d) Credit Risk Exposures

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge obligation and cause the Group to incur a financial loss. The Group's maximum credit exposure is the carrying amounts on the Statement of Financial Position. The Group holds financial instruments with credit worthy third parties.

At 30 June 2012, 30 June 2011 and 30 June 2010, the Group held cash and term deposits. Cash and term deposits were held with an institution with a rating from Standard & Poors of AA or above (long term). The Group has no past due or impaired debtors as at 30 June 2012 (2011: Nil) (2010: Nil).

(e) Foreign Currency Risk Exposures

As a result of operations in Canada and expenditure in Canadian dollars, the Group's statement of financial position can be affected by movements in the CAD/AUD exchange rates. The Group seeks to mitigate the effect

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of its foreign currency exposure by holding a majority of its cash in Canadian dollars to match expenditure commitments.

23. Share Based Payment Plans

(a) Recognised share based payment expenses

Total expenses arising from share based payment transactions recognised during the year as part of share based payment expense were as follows:

	Consolidated		
	2012	2011	2010
	\$	\$	\$
Options issued under employee option plan	268,285	83,141	10,141

(b) Employee share based payment plan

The Group has established an employee share option plan (ESOP). The objective of the ESOP is to assist in the recruitment, reward, retention and motivation of employees of Coventry Resources and its subsidiaries. Under the ESOP, the Directors may invite individuals acting in a manner similar to employees to participate in the ESOP and receive options. An individual may receive the options or nominate a relative or associate to receive the options. The plan is open to executive officers, nominated consultants and employees of Coventry Resources and its subsidiaries.

The fair value at grant date of options granted during the reporting period was determined using the Black Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share and the risk free interest rate for the term of the option.

The table below summaries options granted under ESOP for the year ended 30 June 2012:

Grant Date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired/Cancelled during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
06/05/2010	25/03/2015	\$0.30	500,000 ¹	-	-	-	500,000	500,000
30/07/2010	30/07/2013	\$0.30	500,000 ²	-	-	-	500,000	250,000
23/02/2011	23/02/2013	\$0.28	1,000,000 ³	-	-	-	1,000,000	1,000,000
23/02/2011	23/02/2013	\$0.35	1,000,000 ⁴	-	-	(1,000,000)	-	-
23/02/2011	23/02/2013	\$0.40	1,000,000 ⁵	-	-	(1,000,000)	-	-
08/08/2011	08/08/2014	\$0.20	-	750,000 ⁶	-	-	750,000	375,000
24/08/2011	24/08/2014	\$0.20	-	550,000 ⁷	-	(50,000)	500,000	250,000
01/12/2011	01/12/2016	\$0.26	-	6,000,000 ⁸	-	-	6,000,000	3,000,000
			4,000,000	7,300,000	-	(2,050,000)	9,250,000	5,375,000
Weighted average exercise price			\$0.33				\$0.26	\$0.26
Weighted remaining contractual life (years)			1.97				3.43	3.89

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The weighted average fair value of options granted during the year was \$0.25 (2011: \$0.34)

The model inputs, not included in the tables above, for options granted during the year ended 30 June 2012 included:

- (a) options are granted for no consideration;
- (b) expected life of options were 3 years, 3 years and 5 years;
- (c) share price at grant date was \$0.14, \$0.17 and \$0.15;
- (d) expected volatility was 70%;
- (e) expected dividend yield of Nil; and
- (f) a risk free interest rate was 3.85%, 3.68% and 3.48%.

¹ 50% options vest after 12 months continuous employment and remaining 50% options vest after 24 months continuous employment.

² 50% options vest 12 months from the date of issue and remaining 50% options vest 24 months from the date of issue.

³ 100% options to vest immediately.

⁴ 100% options to vest if the Company trades at greater than \$0.35 per share for 10 consecutive days at any time during 2011.

⁵ 100% options to vest if the Company trades at greater than \$0.40 per share for 10 consecutive days at any time during 2011.

⁶ 50% options to vest immediately and remaining 50% options vest 12 months from the date of issue.

⁷ 50% options to vest immediately and remaining 50% options vest 12 months from the date of issue.

⁸ 50% options to vest immediately and remaining 50% options vest after a further 12 months continuous service with the Company.

The table below summaries options granted under ESOP for the year ended 30 June 2011:

Grant Date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
06/05/2010	25/03/2015	\$0.30	500,000 ¹	-	-	-	500,000	250,000
30/07/2010	30/07/2013	\$0.30	-	500,000 ²	-	-	500,000	-
23/02/2011	23/02/2013	\$0.28	-	1,000,000 ³	-	-	1,000,000	1,000,000
23/02/2011	23/02/2013	\$0.35	-	1,000,000 ⁴	-	-	1,000,000	-
23/02/2011	23/02/2013	\$0.40	-	1,000,000 ⁵	-	-	1,000,000	-
			500,000	3,500,000	-	-	4,000,000	1,250,000
Weighted average exercise price			\$0.30				\$0.33	
Weighted remaining contractual life (years)			4.74				1.97	

¹ 50% options vest after 12 months continuous employment and remaining 50% options vest after 24 months continuous employment.

² 50% options vest 12 months from the date of issue and remaining 50% options vest 24 months from the date of issue.

³ 100% to vest immediately.

⁴ 100% to vest if the Company trades at greater than \$0.35 per share for 10 consecutive days at any time during 2011.

Coventry Resources Limited

⁵ 100% to vest if the Company trades at greater than \$0.40 per share for 10 consecutive days at any time during 2011.

The table below summaries options granted under ESOP for the year ended 30 June 2010:

Grant Date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
06/05/2010	25/03/2015	\$0.30	-	500,000	-	-	500,000	-
			-	500,000	-	-	500,000	-
Weighted average exercise price			-	\$0.30	-	-	\$0.30	
Weighted remaining contractual life (years)			-				4.74	

(c) Share-based payment - Exploration expenditure

435,000 ordinary shares were issued during the financial year end 30 June 2012 (2011: 475,000) (2010: Nil) for purchases made (refer to note 11). The fair value of the shares at the date of receiving the assets amounting to \$64,300 (2011: \$86,850) (2010: Nil) which was used to record the transactions as the fair value of the underlying assets could not be measured reliably.

During the year ended 30 June 2011, the group also issued 3,230,770 options with an exercise price of \$0.26, expiring on 18 December 2012. These were valued at \$157,114.

(d) Share based payment - Capital raising expenses

The table below summaries options granted to suppliers:

Grant Date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
29/08/2009	30/06/2013	\$0.20	3,500,000	-	-	-	3,500,000	3,500,000
06/05/2010	30/01/2013	\$0.30	10,000,000	-	-	-	10,000,000	10,000,000
23/12/2010	18/12/2012	\$0.26	3,230,770	-	-	-	3,230,770	3,230,770
			16,730,770	-	-	-	16,730,770	16,730,770
Weighted remaining contractual life (years)			1.65	-	-	-	0.65	2.82
Weighted average exercise price			\$0.27	-	-	-	\$0.27	\$0.27

The model inputs, not included in the tables above, for options granted during the year ended 30 June 2011 included:

- options are granted for no consideration and vesting immediately;
- expected life of options were 2 years;
- share price at grant date was \$0.29;
- expected volatility was 93.3%;
- expected dividend yield of Nil; and
- a risk free interest rate was 5.21%.

Coventry Resources Limited

24. Dividends

No dividend was paid or declared by the Company in the period since the end of the financial year and up to the date of this report. The Directors do not recommend that any amount be paid by way of dividend for the financial year ended 30 June 2012 (2011: Nil) (2010: Nil).

The balance of the franking account is Nil as at 30 June 2012 (2011: Nil) (2010: Nil).

25. Change In Composition Of The Entity

On 3 August 2009, the Company announced it had reached agreement to acquire 100% of Coventry Australia Pty Ltd, a highly prospective gold exploration company. The vendors agreed to sell and transfer all of the capital of Coventry Australia Pty Ltd in consideration for the Company issuing 15,000,000 shares and 5,000,000 post-consolidation unlisted options, with an exercise price of \$0.20, expiring on 30 April 2013.

The proposed acquisition was approved by Shareholders at the General Meeting on 15 September 2009. The acquisition was finalised on 22 October 2009, on readmission to the Australian Securities Exchange. The Directors believe the acquisition of Coventry Australia Pty Ltd will result in a number of resource opportunities becoming available to the Company which will add value to the Shares and provide a new direction for the Company consistent with its existing operations. The acquisition did not constitute a business combination and the cost of acquisition was allocated to individual identifiable assets and liabilities on the basis of their relevant fair values.

The net assets acquired are as follows:

	\$
Identifiable assets acquired and liabilities assumed:	
Cash and cash equivalents	27,000
Trade and other receivables	20,500
Deferred exploration and evaluation expenditure	4,039,000
Trade and other payables	<u>(232,000)</u>
	<u>3,854,500</u>
Acquisition date fair value of consideration transferred	
Shares issued, at fair value	3,000,000
Options issued at fair value	<u>854,500</u>
Total consideration transferred	<u>3,854,500</u>
The cash inflow on acquisition is as follows:	
Net cash acquired with subsidiary	<u>27,000</u>
Net cash inflow	<u>27,000</u>

Coventry Resources Limited

26. Information relating to Coventry Resources Limited (“the parent entity”)

	2012	2011	2010
	\$	\$	\$
Current assets	2,222,995	7,685,892	3,879,143
Total assets	29,467,606	30,352,383	22,595,221
Current liabilities	167,147	163,421	172,250
Total liabilities	167,147	163,421	172,250
Issued capital	51,099,975	46,556,617	35,665,011
Retained losses	(25,378,040)	(19,642,844)	(15,892,219)
Share based payment reserve	3,575,524	3,272,189	2,647,179
Option reserve	3,000	3,000	3,000
	<u>29,300,459</u>	<u>30,188,962</u>	<u>22,422,971</u>
(Loss) of the parent entity	(5,737,195)	(3,750,265)	(756,837)
Total comprehensive (loss) of the parent entity	(5,737,195)	(3,750,265)	(756,837)

Coventry Resources Limited

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Coventry Resources Limited, I state that:

In the opinion of the directors:

- a) the financial report presents fairly, in all material respects, the financial positions of the consolidated entity as at 30 June 2012, 30 June 2011 and 30 June 2010, and its financial performance and cash flows for the respective years then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations);
- b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2 (a); and
- c) subject to the matters discussed in Note 2 (b), in the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Michael Haynes
Non-Executive Chairman
9 November 2012

Independent auditor's report to the directors of Coventry Resources Limited

We have audited the accompanying financial report of Coventry Resources Limited, which comprises the statements of financial position as at 30 June 2012, 30 June 2011 and 30 June 2010, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the respective years then ended, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at each year's end or from time to time during the respective financial year ends.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2(a), the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards and International Standards on Auditing. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

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

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

Independence

In conducting our audit we have complied with the independence requirements of the Australian professional accounting bodies.

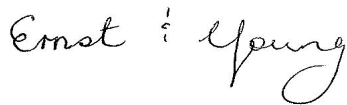
Opinion

In our opinion:

- a) the financial report presents fairly, in all material respects, the financial positions of the consolidated entity as at 30 June 2012, 30 June 2011 and 30 June 2010, and its financial performance and cash flows for the respective years then ended in accordance with Australian Accounting Standards; and
- b) the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to Note 2(b) of the financial report. As a result of these matters, there is material uncertainty whether the consolidated entity will continue as a going concern, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young
Perth, Australia
9 November 2012

SCHEDULE "E"
UNAUDITED PRO FORMA FINANCIAL STATEMENTS

CRESCENT RESOURCES CORP.

UNAUDITED PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS

Expressed in Canadian Dollars, except where specified otherwise

(Unaudited – Prepared by Management)

CRESCENT RESOURCES CORP.**UNAUDITED PRO-FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

As at June 30, 2012

(Expressed in Canadian Dollars)

	Crescent Resources Corp.	Coventry Resources Limited	Notes	Pro-forma adjustments	Consolidated
	\$	\$		\$	\$
ASSETS					
Current					
Cash and cash equivalents	1,002,307	3,120,985	3(ii) 3(iii) 3(i)	750,000 1,331,099 (357,000)	5,847,391
Amounts Receivables	14,526	217,113			231,639
Prepays	<u>10,191</u>	<u>-</u>			<u>10,191</u>
	1,027,024	3,338,098			6,089,221
Non- Current					
Equipment	1,627	370,850			372,477
Exploration and evaluation assets			3(i) 3(i) 3(iv)	357,000 116,705 <u>6,530</u>	
	<u>1,074,919</u>	<u>27,683,856</u>			<u>29,239,010</u>
Total Assets	<u>2,103,570</u>	<u>31,392,804</u>		<u>2,204,334</u>	<u>35,700,708</u>
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current					
Accounts payable and accrued liabilities	<u>10,275</u>	<u>762,104</u>		<u>-</u>	<u>772,379</u>
	<u>10,275</u>	<u>762,104</u>		<u>-</u>	<u>772,379</u>
Shareholders' equity					
Issued capital	23,818,000	48,444,009	3(i) 3(i) 3(ii) 3(iii) 3(iv)	(23,818,000) 2,210,000 750,000 1,331,099 6,530	52,741,638
Reserves	1,596,177	1,333,016	3(i)	(1,596,177)	1,333,016
Accumulated deficit	(23,320,882)	(19,146,325)	3(i)	23,320,882	(19,146,325)
	<u>2,093,295</u>	<u>30,630,700</u>		<u>2,204,334</u>	<u>34,928,329</u>
Total Liabilities and Shareholders' Equity	<u>2,103,570</u>	<u>31,392,804</u>		<u>2,204,334</u>	<u>35,700,708</u>

The accompanying notes are an integral part of these unaudited pro-forma consolidated financial statements.

CRESCENT RESOURCES CORP.**UNAUDITED PRO-FORMA CONSOLIDATED STATEMENT OF OPERATIONS**

For the six months ended June 30, 2012

(Expressed in Canadian Dollars)

	Crescent Resources Corp.	Coventry Resources Limited	Notes	Pro-forma adjustments	Consolidated
	\$	\$		\$	\$
Expenses					
Consulting fees	101,018	223,706		-	324,724
Depreciation	445	30,892		-	31,337
Director fees	4,500	169,520		-	174,020
Exploration costs	50,831	-	3 (v)	(50,831)	-
Foreign exchange loss/(gain)	(1,944)	(3,326)		-	(5,270)
Office and general	2,801	112,291		-	115,092
Professional fees	16,206	789,318		-	805,524
Regulatory and filing fees	12,217	15,128		-	27,345
Rent	3,000	110,792		-	113,792
Shareholder relations	3,622	-		-	3,622
Stock-based compensation	2,646	(10,879)		-	(8,233)
Travel	813	68,111		-	68,924
Write-off of exploration and evaluation asset	-	3,146,146		-	3,146,146
	<u>196,155</u>	<u>4,651,699</u>		<u>(50,831)</u>	<u>4,797,023</u>
Revenue and other income					
Interest income	5,485	37,740		-	43,225
Other items	-	5,306		-	5,306
	<u>5,485</u>	<u>43,046</u>		<u>-</u>	<u>48,531</u>
Net loss for the period	<u>190,670</u>	<u>4,608,653</u>		<u>(50,831)</u>	<u>4,748,492</u>

The accompanying notes are an integral part of these unaudited pro-forma consolidated financial statements.

CRESCENT RESOURCES CORP.
UNAUDITED PRO-FORMA CONSOLIDATED STATEMENT OF OPERATIONS
For the twelve months ended December 31, 2011
(Expressed in Canadian Dollars)

	Crescent Resources Corp.	Coventry Resources Limited	Notes	Pro-forma adjustments	Consolidated
	\$	\$		\$	\$
Expenses					
Consulting fees	207,925	601,746		-	809,671
Depreciation	1,173	38,012		-	39,185
Director fees	9,000	65,994		-	74,994
Exploration costs	2,302,524	-	3(v)	(2,302,524)	-
Foreign exchange gain	(62,672)	(23,991)		-	(86,663)
Interest expense	2,011	-		-	2,011
Office and general	8,197	236,483		-	244,680
Professional fees	83,302	340,706		-	424,008
Regulatory and filing fees	24,277	66,357		-	90,634
Rent	-	218,396		-	218,396
Shareholder relations	23,163	-		-	23,163
Stock-based compensation	441,407	516,327		-	957,734
Travel	12,301	224,402		-	236,703
	<u>3,052,608</u>	<u>2,284,432</u>		<u>(2,302,524)</u>	<u>3,034,516</u>
Revenue and other income					
Interest income	11,655	338,044		-	349,699
Other items	-	308		-	308
	<u>11,655</u>	<u>338,352</u>		<u>-</u>	<u>350,007</u>
Net loss for the period	<u>3,040,953</u>	<u>1,946,080</u>		<u>(2,302,524)</u>	<u>2,684,509</u>

The accompanying notes are an integral part of these unaudited pro-forma consolidated financial statements.

CRESCENT RESOURCES CORP.

Notes to the Unaudited Pro-forma Financial Statements

For the period ended June 30, 2012

(Expressed in Canadian Dollars)

1. PROPOSED ACQUISITION OF COVENTRY RESOURCES LTD.

Crescent Resources Corp. (TSX-V:CRC) ("Crescent" or the "Company") and Coventry Resources Ltd. (ASX:CVY) ("Coventry"), an Australian company, have entered into an agreement dated September 7, 2012 (the "Agreement"). Under the terms of the Agreement, Crescent will acquire all of the issued and outstanding common shares of Coventry on the basis of 0.2513 post-consolidation shares (the "exchange ratio") of Crescent for each share of Coventry owned (the "Transaction"). Immediately prior to the share exchange, Crescent will complete a consolidation of its shares in which 5 old Crescent shares will be exchanged for 1 new Crescent share. The boards of directors of Crescent and Coventry have each unanimously approved the terms of the Transaction. As a result, Crescent will issue 60,376,342 post consolidated, new Crescent shares to the shareholders of Coventry.

Crescent has completed a non-brokered private placement offering of \$750,000 of subscription receipts at \$0.05 each, the proceeds of which are being held in escrow pending completion of the Transaction. Further, Coventry also completed a non-brokered private placement offering of AU\$1.3 million at AU\$0.055 per common share. It is anticipated that upon closing, Coventry shareholders will hold approximately 87.25 percent of the outstanding post-financing shares of the Company. In addition, outstanding options of Coventry will be exchanged for new options of the Company, adjusted in accordance with their terms such that the number of shares of the Company received upon exercise and the exercise price will reflect the exchange ratio described above and translated to Canadian dollars at that time. Senior officers and directors of each company have also agreed to vote their shares to support the Transaction.

The Transaction will be subject to certain customary conditions including approval of the Coventry and Crescent shareholders and various regulatory approvals.

The Company will have a board of directors comprised of six members of which four will be nominees of Coventry. The management team of the Company will be comprised primarily of the current Coventry management, with each member to continue on in his or her current role, and is to be augmented by the existing Crescent management team, including Don Halliday as VP, Investor Relations and Doris Meyer as Chief Financial Officer.

Both the Coventry and Crescent boards believe that the board of directors and management of the combined company contain the requisite experience, expertise and skill sets to advance the Cameron gold project and create shareholder value.

The Agreement contains customary deal protection mechanisms, including a reciprocal break fee of AU\$150,000, payable if the proposed merger is not completed in certain circumstances. In addition, the Agreement contains customary non-solicitation provisions.

2. BASIS OF PRESENTATION

The unaudited pro-forma consolidated financial statements of Crescent give effect to the Transaction as described above. In substance, the Transaction involves Coventry shareholders getting control of Crescent. As Crescent does not meet the definition of a business under International Financial Reporting Standards ("IFRS"), the consolidated financial statements of the combined entity represent the continuation of Coventry and the Transaction has been accounted for as a share based payment by which Coventry acquired the net assets and listing status of Crescent. Accordingly, the accompanying unaudited pro-forma consolidated financial statements of Crescent have been prepared by management using the same accounting policies as described in Coventry's audited annual consolidated financial statements for the year ended June 30, 2012 which were applicable for both the periods ended December 31, 2011 and June 30, 2012.

CRESCENT RESOURCES CORP.

Notes to the Unaudited Pro-forma Financial Statements
For the period ended June 30, 2012
(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION (continued):

These unaudited pro-forma consolidated financial statements are not necessarily indicative of the Company's financial position on closing of the Transaction or the results of its operations had the Transaction closed on the dates assumed herein.

The financial statements of Coventry are reported in Australian dollars (AU\$) which is also the functional currency of that Company. For the purposes of translating the historical consolidated financial statements, the net assets in Coventry's June 30, 2012 statement of financial position have been translated to reflect a Canadian reporting currency at the spot AU\$: \$ Cdn. exchange rate of 1:1.045 at June 30, 2012. All line items in Coventry's June 30, 2012 and December 31, 2012 statements of operations have been translated to reflect a Canadian reporting currency as the average AU\$: \$ Cdn. rates for the respective six and twelve month periods of 1:1.038 and 1:1.020.

The unaudited pro-forma consolidated financial statements should be read in conjunction with the December 31, 2011 audited annual consolidated financial statements of Crescent, the June 30, 2012 unaudited interim consolidated financial statements of Crescent, the June 30, 2012 audited annual consolidated financial statements of Coventry, and the unaudited December 31, 2011 consolidated interim financial statements of Coventry.

The unaudited pro-forma consolidated financial statements of the Company have been compiled from, and include:

- Crescent's unaudited interim consolidated financial statements as at and for the six months ended June 30, 2012;
- Crescent's audited consolidated financial statements for the year ended December 31, 2011;
- Coventry's audited annual consolidated financial statements as at June 30, 2012;
- Coventry's unaudited results of operations for the six months ended June 30, 2012;
- Coventry's unaudited results of operations for the twelve months ended December 31, 2011; and
- The additional information set out in Notes 1 and 3 of these unaudited consolidated pro-forma financial statements.

3. UNAUDITED PRO -FORMA ASSUMPTIONS AND ADJUSTMENTS

The unaudited pro-forma consolidated statement of financial position gives effect to the completion of the Transaction incorporating the assumptions within Note 1, as if it had occurred on the date presented being June 30, 2012. The unaudited pro-forma consolidated statements of operations give effect to the Transaction as if it occurred on the first day of the periods presented. Consequential adjustments to the statement of operations are based on the same transaction equation as described in note 3(i).

The pro forma statements of financial position and operations do not include adjustments for Coventry's business occurring after June 30, 2012 that do not relate to the Transaction. For the period from June 30, 2012 to September 14, 2012 Coventry expended approximately \$1,490,753.

The unaudited pro-forma consolidated financial statements have been prepared based on the following assumptions:

- i. As consideration for 100% of the outstanding common shares of Coventry, Crescent will issue 60,376,342 common shares from treasury in exchange for the 240,256,307 shares of Coventry outstanding.

As a result of the share exchange described above, the former shareholders of Coventry will acquire control of Crescent. The Transaction will be accounted for as an asset acquisition via a share based payment. The excess of the estimated fair value of the equity instruments that Coventry is deemed to have issued to acquire Crescent, plus the transaction costs (both the "Consideration") over the estimated fair value of Crescent's net assets will be recorded as a charge to the pro-forma consolidated accumulated deficit.

CRESCENT RESOURCES CORP.

Notes to the Unaudited Pro-forma Financial Statements

For the period ended June 30, 2012

(Expressed in Canadian Dollars)

3. UNAUDITED PRO -FORMA ASSUMPTIONS AND ADJUSTMENTS (continued):

As the expense arising from this difference is not a recurring item, it has not been recorded in the pro-forma statements of operations.

For the purposes of the pro-forma financial statements management has assumed that the estimated fair value of the equity instruments deemed to be issued by Coventry, amounting to \$2,210,000 based on the share price of Coventry at 30 June 2012, and the transaction costs estimated to be \$357,000 and capitalized to exploration and evaluation assets, approximates the fair value of Crescent's net assets.

The allocation of the Consideration for the purposes of the pro-forma consolidated financial statements is as follows:

Cash	1,002,307
Trade and other receivables	14,526
Prepaid expenses	10,191
Plant and equipment	1,627
Exploration and evaluation assets	1,548,624
Trade and other payables	(10,275)
Total deemed Consideration	\$ 2,567,000

Management has assumed that the exchange of options between Crescent and Coventry that is part of the Transaction and the recognition by the consolidated entity of Crescent's options and warrants on issue at June 30, 2012 would not result in a material additional adjustment to the total deemed Consideration. On the assumption that the net assets of Crescent are recorded at their fair value, such share based payments would be accounted for in the pro forma statement of financial position as an increase to capital and accumulated deficit.

As a result of the acquisition, there will be an elimination of Crescent's pre-acquisition capital of \$23,818,000, reserves of \$1,596,177 and the accumulated deficit of \$23,320,882.

- ii. Crescent's completion of a \$750,000 (AU\$735,294) financing on the issuance of 15,000,000 subscription receipts at a price of CDN\$0.05 per subscription receipt, the proceeds of which are being held in escrow pending completion of the acquisition. Upon the closing of the Transaction, each five subscription receipts will be exchanged for one post-consolidated Crescent Share.
- iii. Coventry's completion of a \$1,331,099 (AU\$1,298,000) financing on the issuance of 23,600,000 common shares at AU\$0.055 per share.
- iv. Coventry's issuance of 50,000 shares for mineral rights in Ontario valued at \$6,530.
- v. Crescent's accounting policy with respect to its resource property interests is to expense exploration costs; Coventry's policy is to capitalize exploration costs. Accordingly, the adjustment relates to exploration costs incurred by Crescent.

CRESCENT RESOURCES CORP.

Notes to the Unaudited Pro-forma Financial Statements

For the period ended June 30, 2012

(Expressed in Canadian Dollars)

4. CAPITAL STOCK AND RESERVES

As a result of the Transaction the capital stock as at June 30, 2012 in the unaudited pro-forma consolidated financial statements is comprised of the following:

	Number of Shares	Capital Stock \$	Reserves \$
Authorized			
Unlimited common shares without par value			
Issued			
Capital stock of Coventry as set out at June 30, 2012	216,606,037	48,444,009	1,333,016
Coventry private placement (Note 3 (iii))	23,600,000	1,331,099	-
Shares issued for mineral rights (Note 3(v))	50,000	6,530	-
Elimination of Coventry capital stock	(240,256,037)	-	-
Shares issued by Crescent to acquire Coventry (Note 3 (i)) ²	60,376,342	2,210,000	-
Capital stock of Crescent as at June 30, 2012 ¹	5,818,374	23,818,000	1,596,177
Elimination of Crescent pre-acquisition capital	-	(23,818,000)	(1,596,177)
Private placement (Note 3 (ii)) ¹	3,000,000	750,000	-
	69,194,716	52,741,638	1,333,016

1) Crescent shares will have undertaken a 5:1 consolidation prior to completion of the merger.

2) Coventry shares will have been exchanged for Crescent shares on a basis 0.2513:1 post-consolidation exchange ratio.

Stock options

As a result of the Transaction the pro-forma number of stock options outstanding as at June 30, 2012 is summarized as follows:

	Number of Options	Exercise Price	Expiry Date
Crescent as at June 30, 2012 ³	10,000	\$ 8.40	September 9, 2012
	5,000	5.60	January 13, 2013
	19,750	5.00	September 10, 2014
	5,000	5.00	October 16, 2014
	29,250	4.00	January 7, 2015
	200,000	1.85	January 31, 2016
Crescent as at June 30, 2012 ³	269,000	-	
Weighted average exercise price	-	\$ 2.69	

CRESCENT RESOURCES CORP.

Notes to the Unaudited Pro-forma Financial Statements

For the period ended June 30, 2012

(Expressed in Canadian Dollars)

4. CAPITAL STOCK AND RESERVES (continued):**Stock options (continued):**

Coventry as at June 30, 2012 ⁴	811,892	AU\$ 1.04	December 18, 2012
	2,513,000	1.20	January 30, 2013
	251,300	1.12	February 23, 2013
	125,650	1.20	March 25, 2013
	4,839,530	0.80	April 30, 2013
	125,650	1.20	July 30, 2013
	188,475	0.80	August 8, 2014
	125,650	0.80	August 23, 2014
	<u>1,507,800</u>	<u>1.04</u>	December 1, 2016
	10,488,947	-	
Options issued subsequent to June 30, 2012 ⁴	125,650	0.48	June 17, 2015
Options issued subsequent to June 30, 2012 ⁴	125,650	0.48	March 8, 2017
Options issued subsequent to June 30, 2012 ⁴	1,130,850	0.48	August 17, 2017
Options cancelled subsequent to June 30, 2012 ⁴	(25,130)	0.80	
Coventry as at June 30, 2012 ⁴	11,845,967	-	
Weighted average exercise price	-	AU\$ 0.91	
Total pro-forma number of stock options	12,114,967	-	

3) *Crescent options will have undertaken a 5:1 consolidation prior to completion of the merger.*4) *Coventry options will have been exchanged for Crescent options on a basis 0.2513:1 post-consolidation exchange ratio***Warrants**

As a result of the Transaction, the pro-forma number of warrants outstanding as at June 30, 2012 is summarized as follows:

	Number of Warrants	Exercise Price	Expiry Date
Crescent as at June 30, 2012 ⁵	1,062,876	\$ 2.50	March 30, 2013
Coventry as at June 30, 2012 ⁶	-	-	-
Total pro-forma number of warrants	1,062,876	2.50	
Weighted average exercise price	-	\$ 2.50	

5) *Crescent warrants will have undertaken a 5:1 consolidation prior to completion of the merger.*6) *Coventry warrants will have been exchanged for Crescent warrants on a basis 0.2513:1 post-consolidation exchange ratio.*

SCHEDULE "F"
**AUDITED FINANCIAL STATEMENTS OF CRESCENT FOR THE FINANCIAL YEARS ENDED
DECEMBER 31, 2011 AND 2010 AND UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE
SIX MONTH PERIOD ENDED JUNE 30, 2012**



Condensed Consolidated Interim Financial Statements

Six months ended June 30, 2012 and 2011

(Expressed in Canadian dollars)

(unaudited)

CRESCENT RESOURCES CORP.
Condensed Consolidated Interim Statements of Financial Position
(unaudited - stated in Canadian dollars)

	<i>Note</i>	June 30, 2012	December 31, 2011
ASSETS			
CURRENT ASSETS			
Cash	3	\$ 1,002,307	\$ 1,317,419
Receivables	4	14,526	17,309
Advances and prepaid expenses	5	10,191	-
		1,027,024	1,334,728
NON-CURRENT ASSETS			
Exploration and evaluation assets	6	1,074,919	867,660
Property, plant and equipment	7	1,627	2,072
		1,076,546	869,732
		\$ 2,103,570	\$ 2,204,460
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Trade and other payables	8	\$ 10,275	\$ 43,141
		10,275	43,141
SHAREHOLDERS' EQUITY			
Share capital	10	23,818,000	23,698,000
Contributed surplus	10	1,596,177	1,593,531
Deficit		(23,320,882)	(23,130,212)
		2,093,295	2,161,319
		\$ 2,103,570	\$ 2,204,460
Nature of operations	1		

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on: November 9, 2012.

They are signed on the Company's behalf by:

"Don Halliday"

Don Halliday, Director

"Eric Edwards"

Eric Edwards, Director

The accompanying notes form an integral part of these condensed consolidated interim financial statements

CRESCENT RESOURCES CORP.**Condensed Consolidated Interim Statements of Loss and Comprehensive Loss**

(unaudited - stated in Canadian dollars)

		Three months ended June 30,		Six months ended June 30,	
	Note	2012	2011	2012	2011
General expenses					
Consulting fees		\$ 48,484	\$ 62,195	\$ 101,018	\$ 104,885
Depreciation		101	293	445	586
Directors fees		2,250	2,250	4,500	4,500
Exploration costs	6	34,534	1,347,902	50,831	1,640,776
Foreign exchange		(7,377)	(20,274)	(1,944)	(12,751)
Interest expense	9	-	-	-	2,011
Legal and audit fees		15,161	36,661	16,206	40,622
Office and general		1,533	2,656	2,801	5,123
Regulatory and filing fees		9,843	9,953	12,217	17,655
Rent		3,000	-	3,000	-
Shareholder relations		1,480	5,681	3,622	17,109
Share-based compensation	10	-	46,287	2,646	404,456
Travel		28	293	813	1,336
Loss before other income (expenses)		(109,037)	(1,493,897)	(196,155)	(2,226,308)
Other income (expenses)					
Interest income		2,370	3,879	5,485	3,879
		2,370	3,879	5,485	3,879
Loss and comprehensive loss for the period					
		\$ (106,667)	\$ (1,490,018)	\$ (190,670)	\$ (2,222,429)
Basic and diluted loss per common share					
		\$ (0.00)	\$ (0.05)	\$ (0.01)	\$ (0.10)
Weighted average number of shares outstanding					
		29,091,872	27,591,872	29,042,421	22,446,570

The accompanying notes form an integral part of these condensed consolidated interim financial statements

CRESCENT RESOURCES CORP.
Condensed Consolidated Interim Statements of Cash Flows
(unaudited - stated in Canadian dollars)

		Six months ended June 30,	
	<i>Note</i>	2012	2011
Cash provided from (used for)			
Operating activities			
Loss for the period		\$ (190,670)	\$ (2,222,429)
Adjustment for non-cash items:			
Depreciation		445	586
Interest expense accretion	9	-	1,857
Share-based compensation		2,646	404,456
Changes in non-cash working capital:			
Receivables		2,783	(5,812)
Advances and prepaid expenses		(10,191)	(794,685)
Trade and other payables		(32,866)	(88,707)
		<u>(227,853)</u>	<u>(2,704,734)</u>
Investing activities			
Exploration and evaluation assets		(87,259)	(74,655)
Purchase of property, plant and equipment		-	(2,033)
		<u>(87,259)</u>	<u>(76,688)</u>
Financing activities			
Shares issued		-	4,280,000
Promissory note		-	(100,000)
Share issue costs		-	(145,209)
		<u>-</u>	<u>4,034,791</u>
Change in cash		(315,112)	1,253,369
Cash, beginning of the period		1,317,419	216,451
Cash, end of the period		\$ 1,002,307	\$ 1,469,820

Supplemental disclosure with respect to cash flows – Note 13

The accompanying notes form an integral part of these condensed consolidated interim financial statements

CRESCENT RESOURCES CORP.
Condensed Consolidated Interim Statements of Changes in Equity
(unaudited - stated in Canadian dollars)

	Number of Shares	Share Capital	Share subscriptions	Obligation to issue common shares	Contributed surplus	Deficit	Total Equity
Balance, December 31, 2010	10,708,590	\$ 18,816,838	\$ 220,000	\$ 20,000	\$ 1,054,413	\$ (20,089,259)	\$ 21,992
Share issues:							
Private placement	5,000,000	1,000,000	(220,000)	-	-	-	780,000
Private placement	10,000,000	3,500,000	-	-	-	-	3,500,000
Shares issued as loan bonus	100,000	20,000	-	(20,000)	-	-	-
Shares issued for exploration and evaluation assets	1,583,281	522,483	-	-	-	-	522,483
Shares issued for a finders' fee agreement	200,000	66,000	-	-	-	-	66,000
Shares issued for rounding	1	-	-	-	-	-	-
Share issue costs	-	(129,610)	-	-	-	-	(129,610)
Warrants issued as finders' fees	-	(97,711)	-	-	97,711	-	-
Share-based compensation	-	-	-	-	404,456	-	404,456
Loss for the period	-	-	-	-	-	(2,222,429)	(2,222,429)
Balance, June 30, 2011	27,591,872	\$ 23,698,000	\$ -	\$ -	\$ 1,556,580	\$ (22,311,688)	\$ 2,942,892
Balance, December 31, 2011	27,591,872	23,698,000	-	-	1,593,531	(23,130,212)	2,161,319
Share issues:							
Shares issued for exploration and evaluation assets	1,500,000	120,000	-	-	-	-	120,000
Share-based compensation	-	-	-	-	2,646	-	2,646
Loss for the period	-	-	-	-	-	(190,670)	(190,670)
Balance, June 30, 2012	29,091,872	\$ 23,818,000	\$ -	\$ -	\$ 1,596,177	\$ (23,320,882)	\$ 2,093,295

The accompanying notes form an integral part of these condensed consolidated interim financial statements

1. Nature of Operations

Crescent Resources Corp. (the “Company”) is a publicly-traded company incorporated under the laws of the Province of Ontario and continued under the laws of British Columbia. The Company’s shares are listed on the TSX Venture Exchange (“TSX-V”). The corporate office of the Company is Suite 1490 – 1075 West Georgia Street, Vancouver, B.C., V6E 3C9. The Company is engaged in the identification, acquisition, exploration and, if warranted, development of exploration and evaluation assets in the United States. The condensed consolidated interim financial statements of the Company as at and for the period ended June 30, 2012, comprise the Company and its one subsidiary. The Company is considered to be in the exploration stage as it has not placed any of its exploration and evaluation assets into production.

The Company is in the process of exploring its exploration and evaluation asset interests and has not yet determined whether any of its properties contain mineral reserves that are economically recoverable. The recoverability of the amounts spent for exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties, and upon future profitable production or proceeds from the disposition of the properties.

These condensed consolidated interim financial statements are prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business in the foreseeable future. Management believes that the Company’s cash on hand at June 30, 2012, is sufficient to finance exploration activities and operations through the next twelve months. The Company’s ability to continue on a going concern basis beyond the next twelve months depends on its ability to successfully raise additional financing for the substantial capital expenditures required to achieve planned principal operations. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate.

2. Significant Accounting Policies

a) Statement of compliance and conversion to International Financial Reporting Standards

The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard IAS 34 – *Interim Financial Reporting*.

b) Basis of preparation and consolidation

The unaudited condensed consolidated interim financial statements, prepared in conformity with IAS 34, follow the same accounting principles and methods of application as the most recent annual consolidated financial statements. Since the unaudited condensed consolidated interim financial statements do not include all disclosures required by the International Financial Reporting Standards (“IFRS”) for annual financial statements, they should be read in conjunction with the Company’s annual consolidated financial statements for the year ended December 31, 2011.

c) Functional and presentation currency

The unaudited condensed consolidated interim financial statements are presented in Canadian dollars. The functional currency of the Company and its subsidiary is the Canadian dollar.

2. Significant Accounting Policies *(continued)*

d) Use of estimates and judgments

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

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

(i) Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and are, but are not limited to, the following:

Estimated useful lives of property, plant and equipment

The estimated useful lives of property, plant and equipment which are included in the consolidated statements of financial position will impact the amount and timing of the related depreciation included in profit and loss.

Share-based compensation

The fair value of stock options issued are subject to the limitation of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

Recovery of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

The Company has not recorded any deferred tax assets.

(ii) Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are, but are not limited to, the following:

Determination of functional currency

In accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates*, management determined that the functional currency of the Company and its subsidiary is the Canadian dollar.

2. Significant Accounting Policies *(continued)*

e) New standards, interpretations and amendments not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective as of June 30, 2012, and have not been applied in preparing these condensed consolidated interim financial statements. None of these are expected to have a material effect on the financial statements of the Company.

- (i) Effective for annual periods beginning on or after July 1, 2012
 - Amendments to IAS 1 *Presentation of Financial Statements*
To require companies preparing financial statements under IFRS to group items within OCI that may be reclassified to the profit and loss. The amendments also reaffirm existing requirements that items in OCI and profit and loss should be presented as either a single statement or two consecutive statements.
- (ii) Effective for annual periods beginning on or after January 1, 2013
 - Amendments to IAS 27 and IAS 28 *Separate Financial Statements and Investments in Associates and Joint Ventures*
Addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 – 13.
 - New standard IFRS 9 *Financial Instruments*
Partial replacement of IAS 39 *Financial Instruments: Recognition and Measurement*
 - New standard IFRS 10 *Consolidated Financial Statements*
Provides a new single consolidation model that identifies control as the basis for consolidation for all types of entities, and replaces IAS 27 *Consolidated and Separate Financial Statements* and SIC-12 *Consolidation – Special Purpose Entities*.
 - New standard IFRS 11 *Joint Arrangements*
Improves the accounting for joint arrangements by introducing a principle-based approach that requires a party to a joint arrangement to recognize its rights and obligations arising from the arrangement. Such a principle-based approach will provide users with greater clarity about an entity's involvement in its joint arrangements by increasing the verifiability, comparability and understandability of the reporting of these arrangements. IFRS 11 supersedes IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities-Non-Monetary Contributions by Venturers*.
 - New standard IFRS 12 *Disclosure of Interests in Other Entities*
Combines, enhances and replaces the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities.
 - New standard IFRS 13 *Fair Value Measurement*
Defines fair value and sets out a framework for measuring fair value and disclosures about fair value measurements. It applies when other IFRSs require or permit fair value measurements. It does not introduce any new requirements to measure an asset or a liability at fair value, change what is measured at fair value in IFRSs or address how to present changes in fair value.

The Company has not early adopted these revised standards and is currently assessing the impact that these standards could have on future financial statements.

CRESCENT RESOURCES CORP.
Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended June 30, 2012
(unaudited)

3. Cash

	As at June 30, 2012	As at December 31, 2011
Canadian dollar denominated deposits held in Canada	\$ 935,886	\$ 1,294,280
US dollar denominated deposits held in Canada	66,421	23,139
Total	\$ 1,002,307	\$ 1,317,419

4. Receivables

	As at June 30, 2012	As at December 31, 2011
Amounts due from the Government of Canada pursuant to HST input tax credits	\$ 12,254	\$ 6,657
Accrued interest receivable	2,272	10,652
Total	\$ 14,526	\$ 17,309

5. Advances and Prepaid Expenses

	As at June 30, 2012	As at December 31, 2011
Advances held by Millrock - Uncle Sam project	\$ 7,591	\$ -
Prepaid expenses	2,600	-
Total	\$ 10,191	\$ -

6. Exploration and Evaluation Assets

The continuity of exploration and evaluation assets is as follows:

	Uncle Sam Property	Total
Acquisition Costs		
At December 31, 2011	\$ 867,660	\$ 867,660
Assets acquired for cash	87,259	87,259
Assets acquired by issuance of common shares: Note 10(b)	120,000	120,000
At June 30, 2012	\$ 1,074,919	\$ 1,074,919

The Company paid cash and issued shares in the six month period ended June 30, 2012, pursuant to the Uncle Sam option agreement.

CRESCENT RESOURCES CORP.
Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended June 30, 2012
(unaudited)

6. Exploration and Evaluation Assets (continued)

The details of exploration expenditures charged to operations during the three and six months ended June 30, 2012, and 2011, are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
Uncle Sam Property, United States				
Drilling	\$ -	\$ 329,735	\$ -	\$ 383,725
Environmental and permitting	50	1,448	50	1,664
External relations	-	361	-	361
Geochemistry	178	54,762	1,092	59,939
Geology	2,065	134,643	3,021	219,973
Management fees to Millrock	3,140	122,538	4,622	149,053
Property holding costs	-	(18)	-	1,954
Support and equipment	29,101	704,433	42,046	824,107
	\$ 34,534	\$ 1,347,902	\$ 50,831	\$ 1,640,776

7. Property, Plant and Equipment

	Furniture and equipment	Field equipment	Total
Cost			
At December 31, 2011	\$ 6,879	\$ 10,400	\$ 17,279
Assets acquired	-	-	-
At June 30, 2012	\$ 6,879	\$ 10,400	\$ 17,279
Accumulated depreciation			
At December 31, 2011	\$ 4,807	\$ 10,400	\$ 15,207
Depreciation for the period	445	-	445
At June 30, 2012	\$ 5,252	\$ 10,400	\$ 15,652
Carrying amounts			
At December 31, 2011	\$ 2,072	\$ -	\$ 2,072
At June 30, 2012	\$ 1,627	\$ -	\$ 1,627

8. Trade and Other Payables

	As at June 30, 2012	As at December 31, 2011
Trade and other payables	\$ 703	\$ 5,642
Amounts payable to related parties: Note 11	3,072	2,499
Accrued liabilities	6,500	35,000

CRESCENT RESOURCES CORP.
Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended June 30, 2012
(unaudited)

Total	\$	\$
	10,275	43,141

CRESCENT RESOURCES CORP.
Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended June 30, 2012
(unaudited)

9. Promissory Notes

In 2010, a company controlled by a director and officer of the Company, loaned the Company \$100,000 at an interest rate of 8% per annum on two unsecured promissory notes denominated in Canadian dollars payable on demand. As additional consideration to the lender, at December 31, 2010, the Company recorded an obligation to issue 100,000 common shares valued at \$20,000, which reduced the face value of the promissory notes, and amortized this additional interest expense over the period in which the promissory notes were outstanding.

As at June 30, 2011, the remaining \$1,857 unamortized amount was recorded as an increase in the face value of the promissory notes and was recorded as interest expense in the six months ended June 30, 2011, along with the simple interest at 8% of \$154 for a total interest expense in the six-month period of \$2,011.

10. Share Capital

a) Authorized share capital

An unlimited number of common shares without par value.

b) Issued share capital

At June 30, 2012, the issued share capital is comprised of 29,091,872 common shares (December 31, 2011 – 27,591,872).

Issued in the six months ended June 30, 2012:

On January 6, 2012, the Company issued 1,500,000 common shares valued at \$120,000 to Millrock pursuant to the underlying Millrock Option Agreement disclosed in Note 6.

c) Share purchase warrants

The continuity of share purchase warrants for the six months ended June 30, 2012, is as follows:

Expiry date	Exercise price	Balance, December 31, 2011	Issued	Exercised	Expired	Balance, June 30, 2012
January 6, 2012	\$ 0.35	2,500,000	-	-	(2,500,000)	-
March 30, 2013	\$ 0.50	5,314,380	-	-	-	5,314,380
		7,814,380	-	-	(2,500,000)	5,314,380
Weighted average exercise price		\$ 0.45	\$ -	\$ -	\$ 0.35	\$ 0.50

The weighted average remaining contractual life of the warrants outstanding as at June 30, 2012, is 0.75 years.

CRESCENT RESOURCES CORP.
Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended June 30, 2012
(unaudited)

10. Share Capital (continued)

d) Stock options

The Company has a shareholder approved “rolling” stock option plan (the “Plan”) in compliance with the TSX-V’s policies. Under the Plan the maximum number of shares reserved for issuance may not exceed 10% of the total number of issued and outstanding common shares at the time of granting. The exercise price of each stock option shall not be less than the market price of the Company’s stock at the date of grant. Options can have a maximum term of ten years and typically terminate 90 days following the termination of the optionee’s employment or engagement, except in the case of retirement or death. Vesting of options is at the discretion of the Board of Directors at the time the options are granted.

The continuity of stock options for the six months ended June 30, 2012, is as follows:

Expiry date	Exercise price	Balance, December 31, 2011	Granted	Exercised	Expired / Cancelled	Balance, June 30, 2012
February 21, 2012	\$ 2.20	187,500	-	-	(187,500)	-
September 9, 2012	\$ 1.68	50,000	-	-	-	50,000
January 13, 2013	\$ 1.12	25,000	-	-	-	25,000
September 10, 2014	\$ 1.00	98,750	-	-	-	98,750
October 16, 2014	\$ 1.00	25,000	-	-	-	25,000
January 7, 2015	\$ 0.80	146,250	-	-	-	146,250
January 31, 2016	\$ 0.37	1,000,000	-	-	-	1,000,000
May 3, 2016	\$ 0.355	250,000	-	-	(250,000)	-
		1,782,500	-	-	(437,500)	1,345,000
Weighted average exercise price		\$ 0.69	\$ -	\$ -	\$ 1.15	\$ 0.54

As at June 30, 2012, all of the outstanding stock options were exercisable. The weighted average remaining contractual life of the stock options outstanding as at June 30, 2012, is 3.16 years.

e) Share-based compensation

There were no option grants during the six month period ended June 30, 2012. During the six month period ended June 30, 2012, the Company recorded the continued vesting of stock options granted in fiscal 2011 of \$2,646.

On January 31, 2011, the Company granted 1,000,000 stock options with a total grant-date fair value of \$358,169 or \$0.36 per option, all of which had been recognized in expense at June 30, 2011. The grant-date fair value of this option grant was calculated using the Black-Scholes option pricing model with the following assumptions: five year expected life, 190% annualized volatility, zero expected dividend yield and 2.24% risk free interest rate. These stock options all vested immediately. Volatility was determined using daily closing share prices over a term equivalent to the expected life of the options.

On May 31, 2011, the Company granted 250,000 stock options with a total grant-date fair value of \$85,884 or \$0.34 per option, of which \$46,287 had been recognized in expense at June 30, 2011. The grant-date fair value of these option grants was calculated using the Black-Scholes option pricing model with the following assumptions: five year expected life, 189% annualized volatility, zero expected dividend yield and 2.26% risk free interest rate. These stock options vest as to 25% immediately, and 25% in each of the next three, six, and nine months.

CRESCENT RESOURCES CORP.
Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended June 30, 2012
(unaudited)

11. Related Parties

- a) The Company's related parties consist of companies with directors and officers in common and companies owned in whole or in part by executive officers and directors as follows:

Name	Nature of transactions
524124 BC Ltd.	Consulting as CEO, and holder of promissory notes
Golden Oak Corporate Services Limited	Consulting as CFO, corporate compliance, and financial reporting

The Company incurred the following fees and expenses in the normal course of operations in connection with individuals and companies owned by key management and directors. Expenses have been measured at the exchange amount which is determined on a cost recovery basis.

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
Consulting fees	\$ 46,500	\$ 56,500	\$ 93,000	\$ 99,190
Interest expense on promissory notes	-	-	-	2,011
Total	\$ 46,500	\$ 56,500	\$ 93,000	\$ 101,201

- b) Compensation of key management personnel:

The remuneration of directors and other members of key management personnel, which include the amounts disclosed in Note 11(a), during the three and six months ended June 30, 2012, and 2011 was as follows:

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
Consulting fees	\$ 46,500	\$ 56,500	\$ 93,000	\$ 99,190
Directors fees	2,250	2,250	4,500	4,500
Share-based compensation	-	-	-	322,352
Total	\$ 48,750	\$ 58,750	\$ 97,500	\$ 426,042

12. Segmented Information

The Company's operations are segmented on a regional basis and are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments has been defined as the Chief Executive Officer.

The Company operates in a single segment, being mineral exploration and development.

With the exception of its exploration and evaluation assets which are held in the United States, all of the Company's other significant assets are held in Canada.

CRESCENT RESOURCES CORP.
Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended June 30, 2012
(unaudited)

13. Supplemental Disclosure with Respect to Cash Flows

	Six months ended June 30,	
	2012	2011
Non-cash investing and financing activities:		
Share subscriptions received against a non-brokered private placement financing	\$ -	\$ 220,000
Fair value of shares issued for exploration and evaluation assets	120,000	522,484
Fair value of shares issued for finders' fees	-	66,000
Fair value of shares issued for obligations under agreements for promissory notes	-	20,000
Fair value of warrants issued for finders' fees	-	97,711

14. Contingent Liability

Crescent entered into an option agreement with Coronel Oviedo Mining Company SA dated April 16, 2007, whereby Crescent had an option to earn up to a 70% interest in the Oviedo project. A Paraguayan company, Semin SA ("Semin"), was retained to manage the exploration program on the Oviedo project. On June 15, 2007, Semin entered into a drill contract (the "Oviedo Drill Contract") with a drilling company, Copami SA ("Copami"), with respect to exploration drilling to be conducted by Copami on the Oviedo project. Crescent guaranteed the obligations of Semin under the Oviedo Drill Contract. Copami's performance under the Oviedo Drill Contract was not acceptable and, after Semin provided notice to Copami that Copami was not properly performing its obligations under the Oviedo Drill Contract, Semin terminated the Oviedo Drill Contract. Crescent had heard nothing on this matter since late 2008; however, in May 2011, it was requested to attend a mediation meeting in Paraguay to discuss Copami's claim for payment under the Oviedo Drill Contract. The mediation meeting did not proceed. Crescent heard nothing further on this matter until October 4, 2012, when it was informed that Copami has initiated arbitration proceedings at the Paraguay Center for Arbitration and Mediation, in which both Crescent and Semin have been named as defendant parties in a breach of contract claim for US\$1,505,782. Crescent considers the claim to be completely without merit and intends to vigorously defend its position and the outcome of the arbitration is not determinable.

15. Subsequent Events

- a) On September 10, 2012, the Company announced it had entered into a merger implementation agreement (the "Deed") with Coventry (ASX:CVY), an Australian company. Pursuant to the terms of the Deed, Crescent and Coventry will combine by way of a share exchange, whereby Crescent will acquire all of the issued and outstanding shares of Coventry from Coventry's shareholders on the basis of 0.2513 post-consolidation (as defined below) common shares of Crescent for each outstanding share of Coventry (the "Transaction"). Immediately prior to the completion of the Transaction, Crescent will complete a consolidation of its common shares on a 5:1 basis, in which 5 old Crescent shares will be exchanged for 1 new Crescent share (the "Consolidation").

On October 11, 2012, Crescent completed a non-brokered private placement offering of 15,000,000 subscription receipts (each a "Subscription Receipt") at a purchase price of \$0.05 each for gross proceeds of \$750,000. The gross proceeds from the private placement are being held in escrow pending completion of the Transaction. As payment of finder's fees, Crescent also issued 186,000

CRESCENT RESOURCES CORP.
Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended June 30, 2012
(unaudited)

finder's subscription receipts (the "Finder's Receipts") on substantially the same terms and conditions as the Subscription Receipts. Upon completion of the Transaction, each five Subscription Receipts (and each five Finder's Receipts) will be automatically converted into one post-consolidation common share of Crescent.

All securities issued under the private placement will be subject to a four month hold period expiring February 12, 2013 under applicable Canadian securities laws and the policies of the TSX Venture Exchange. Provided that the Transaction is completed, the net proceeds from the private placement will be used to finance exploration on the mineral projects of the combined company and for general corporate purposes.

It is anticipated that upon closing of the Transaction, Coventry shareholders will hold approximately 87.26 percent of the outstanding post-consolidation shares of Crescent, with Crescent shareholders holding approximately 12.74 percent. In addition, outstanding options of Coventry will be exchanged for new options of Crescent, adjusted in accordance with their terms such that the number of shares of Crescent received upon exercise and the exercise price will reflect the exchange ratio described above. Senior officers and directors of each company have agreed to vote their shares in support of the Transaction.



Consolidated Financial Statements

December 31, 2011 and 2010

(Expressed in Canadian dollars)

INDEPENDENT AUDITORS' REPORT

To the Directors of
Crescent Resources Corp.

We have audited the accompanying consolidated financial statements of Crescent Resources Corp. and its subsidiary, which comprise the consolidated statements of financial position as at December 31, 2011, December 31, 2010 and January 1, 2010, and the consolidated statements of comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2011 and December 31, 2010, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated 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.

Auditors' 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 auditors' 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 entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the 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, these consolidated financial statements present fairly, in all material respects, the financial position of Crescent Resources Corp. and its subsidiary as at December 31, 2011, December 31, 2010 and January 1, 2010 and the results of its financial performance and its cash flows for the years ended December 31, 2011 and December 31, 2010 in accordance with International Financial Reporting Standards.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Accountants

April 4, 2012

CRESCENT RESOURCES CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(STATED IN CANADIAN DOLLARS)

		December 31, 2011	December 31, 2010	January 1, 2010
	<i>Note</i>		<i>Note 20(e)</i>	<i>Note 20(d)</i>
ASSETS				
CURRENT ASSETS				
Cash	5	\$ 1,317,419	\$ 216,451	\$ 90,787
Receivables	6	17,309	14,760	11,711
Advances	7	-	1,144	-
		1,334,728	232,355	102,498
NON-CURRENT ASSETS				
Exploration and evaluation assets	8	867,660	25,075	926,791
Property, plant and equipment	9	2,072	1,212	3,221
		869,732	26,287	930,012
		\$ 2,204,460	\$ 258,642	\$ 1,032,510
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES				
Trade and other payables	10	\$ 43,141	\$ 138,507	\$ 246,805
Promissory notes	11	-	98,143	-
		43,141	236,650	246,805
SHAREHOLDERS' EQUITY				
Share capital	12	23,698,000	18,816,838	18,410,308
Share subscriptions	12	-	220,000	-
Obligation to issue common shares	12	-	20,000	110,000
Contributed surplus	12	1,593,531	1,054,413	924,105
Deficit		(23,130,212)	(20,089,259)	(18,658,708)
		2,161,319	21,992	785,705
		\$ 2,204,460	\$ 258,642	\$ 1,032,510
Nature of operations and going concern	1			
Subsequent events	19			

These consolidated financial statements were authorized for issue by the Board of Directors on: April 4, 2012.

They are signed on the Company's behalf by:

"Michael Hopley"

Michael Hopley, Director

"Eric Edwards"

Eric Edwards, Director

The accompanying notes form an integral part of these consolidated financial statements

CRESCENT RESOURCES CORP.
Consolidated Statements of Comprehensive Loss
(stated in Canadian dollars)

		Year ended December 31,	
	Note	2011	2010
			Note 20(e)
General expenses			
Consulting fees		\$ 207,925	\$ 79,402
Depreciation		1,173	2,009
Directors fees		9,000	9,000
Exploration costs	8	2,302,524	104,686
Foreign exchange		(62,672)	(448)
Interest expense	11	2,011	19,653
Legal and audit fees		83,302	92,163
Office and general		8,197	11,128
Regulatory and filing fees		24,277	21,008
Rent		-	15,802
Shareholder relations		23,163	17,022
Share-based compensation	12(e)	441,407	130,308
Travel		12,301	2,142
Loss before other items		<u>(3,052,608)</u>	<u>(503,875)</u>
Other items			
Interest income		11,655	115
Write-off of exploration and evaluation assets	8	-	(926,791)
		<u>11,655</u>	<u>(926,676)</u>
Loss and comprehensive loss for the year		\$ (3,040,953)	\$ (1,430,551)
<hr/>			
Basic and diluted loss per common share		\$ (0.12)	\$ (0.14)
<hr/>			
Weighted average number of shares outstanding		25,040,366	10,085,032
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The accompanying notes form an integral part of these consolidated financial statements

CRESCENT RESOURCES CORP.
Consolidated Statements of Cash Flows
(stated in Canadian dollars)

	Year ended December 31,	
	2011	2010
	<i>Note</i>	<i>Note 20(e)</i>
Cash provided from (used for)		
Operating activities		
Loss for the year	\$ (3,040,953)	\$ (1,430,551)
Adjustment for non-cash items:		
Depreciation	1,173	2,009
Interest expense accretion	11 1,857	18,143
Share-based compensation	441,407	130,308
Write-off of exploration and evaluation assets	-	926,791
Changes in non-cash working capital:		
Receivables	(2,549)	(4,193)
Advances	1,144	-
Trade and other payables	(79,767)	212,293
	<u>(2,677,688)</u>	<u>(145,200)</u>
Investing activities		
Exploration and evaluation assets	(254,102)	(25,075)
Purchase of property, plant and equipment	(2,033)	-
	<u>(256,135)</u>	<u>(25,075)</u>
Financing activities		
Shares issued	4,280,000	-
Share subscriptions	12 -	220,000
Promissory note	(100,000)	100,000
Share issue costs	(145,209)	(24,061)
	<u>4,034,791</u>	<u>295,939</u>
Increase in cash	1,100,968	125,664
Cash, beginning of the year	216,451	90,787
Cash, end of the year	\$ 1,317,419	\$ 216,451

Supplemental disclosure with respect to cash flows – Note 17

The accompanying notes form an integral part of these consolidated financial statements

CRESCENT RESOURCES CORP.
Consolidated Statements of Changes in Equity
(stated in Canadian dollars)

	Note	Number of Shares	Share Capital	Share subscriptions	Obligation to issue common shares	Contributed surplus	Deficit	Total Equity
Balance, January 1, 2010	20(d)	9,624,999	\$ 18,410,308	\$ -	\$ 110,000	\$ 924,105	\$ (18,658,708)	\$ 785,705
Share issues:								
Shares issued for debt		152,777	110,000	-	(110,000)	-	-	-
Shares issued for debt		750,000	300,000	-	-	-	-	300,000
Shares issued for debt		180,950	36,190	-	-	-	-	36,190
Share issue costs		-	(39,660)	-	-	-	-	(39,660)
Share subscriptions		-	-	220,000	-	-	-	220,000
Obligation to issue common shares		-	-	-	20,000	-	-	20,000
Share-based compensation		-	-	-	-	130,308	-	130,308
Shares lost due to rounding from share consolidation		(136)	-	-	-	-	-	-
Loss for the year		-	-	-	-	-	(1,430,551)	(1,430,551)
Balance, December 31, 2010	20(e)	10,708,590	18,816,838	220,000	20,000	1,054,413	(20,089,259)	21,992
Share issues:								
Private placement		5,000,000	1,000,000	(220,000)	-	-	-	780,000
Private placement		10,000,000	3,500,000	-	-	-	-	3,500,000
Shares issued as loan bonus		100,000	20,000	-	(20,000)	-	-	-
Shares issued for exploration and evaluation assets		1,583,281	522,483	-	-	-	-	522,483
Shares issued for a finders' fee agreement		200,000	66,000	-	-	-	-	66,000
Shares issued for rounding		1	-	-	-	-	-	-
Share issue costs		-	(129,610)	-	-	-	-	(129,610)
Warrants issued as finders' fees		-	(97,711)	-	-	97,711	-	-
Share-based compensation		-	-	-	-	441,407	-	441,407
Loss for the year		-	-	-	-	-	(3,040,953)	(3,040,953)
Balance, December 31, 2011		27,591,872	\$ 23,698,000	\$ -	\$ -	\$ 1,593,531	\$ (23,130,212)	\$ 2,161,319

The accompanying notes form an integral part of these consolidated financial statements

1. Nature of Operations and Going Concern

Crescent Resources Corp. (the “Company”) is a publicly-traded company incorporated under the laws of the Province of Ontario and continued under the laws of British Columbia. The Company’s shares are listed on the TSX Venture Exchange (“TSX-V”). The corporate office of the Company is Suite 1490 – 1075 West Georgia Street, Vancouver, B.C., V6E 3C9. The Company is engaged in the identification, acquisition, exploration and, if warranted, development of exploration and evaluation assets in the United States. The consolidated financial statements of the Company as at and for the year ended December 31, 2011, comprise the Company and its one subsidiary. The Company is considered to be in the exploration stage as it has not placed any of its exploration and evaluation assets into production.

The Company is in the process of exploring its exploration and evaluation asset interests and has not yet determined whether any of its properties contain mineral reserves that are economically recoverable. The recoverability of the amounts spent for exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties, and upon future profitable production or proceeds from the disposition of the properties.

These consolidated financial statements are prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business in the foreseeable future. Management believes that the Company’s cash on hand at December 31, 2011, is sufficient to finance exploration activities and operations through the next twelve months. The Company’s ability to continue on a going concern basis beyond the next twelve months depends on its ability to successfully raise additional financing for the substantial capital expenditures required to achieve planned principal operations. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate.

2. Basis of Preparation

a) Statement of compliance and conversion to International Financial Reporting Standards

The Canadian Accounting Standards Board announced that January 1, 2011, is the changeover date for publicly-listed companies to use International Financial Reporting Standards (“IFRS”), replacing Canada’s own Generally Accepted Accounting Principles (“GAAP”).

These consolidated financial statements have been prepared in accordance with International Accounting Standard 1 *Presentation of Financial Statements* (“IAS 1”) as issued by the International Accounting Standards Board (“IASB”). The policies applied in these financial statements are based on the IFRS issued and outstanding as at April 4, 2012, the date the Board of Directors approved these financial statements for issue.

2. Basis of Preparation (continued)

a) Statement of Compliance (continued)

These are the Company's first consolidated financial statements prepared in accordance with IFRS and, as a result, IFRS 1 *First-time Adoption of International Financial Reporting Standards* has been applied. Prior to the adoption of IFRS, the Company's financial statements were prepared in accordance with Canadian GAAP. As these financial statements are the Company's first annual financial statements prepared in accordance with IFRS, disclosure of the elected transition exemptions and reconciliation of accounting policy differences compared to Canadian GAAP have been provided in Note 20.

The comparative figures presented in these financial statements are in accordance with IFRS and have been audited.

b) Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

c) Functional currency and presentation currency

The presentation currency of the Company is the Canadian dollar.

Items included in the financial statements of each entity in the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency") and has been determined for each entity within the Company. The functional currency of Crescent Resources Corp., the parent company, is the Canadian dollar and the functional currency of the Company's subsidiary, Crescent Resources USA Inc., is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21 *The Effects of Changes in Foreign Exchange Rates*.

d) Use of estimates and judgments

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

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

(i) Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and are, but are not limited to, the following:

Estimated useful lives of property, plant and equipment

The estimated useful lives of property, plant and equipment which are included in the consolidated statements of financial position will impact the amount and timing of the related depreciation included in profit and loss.

2. Basis of Preparation (continued)

d) Use of estimates and judgments (continued)

Share-based compensation

The fair value of stock options issued are subject to the limitation of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

Recovery of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

The Company has not recorded any deferred tax assets.

(ii) Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are, but are not limited to, the following:

Determination of functional currency

In accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates*, management determined that the functional currency of the Company and its subsidiary is the Canadian dollar.

3. Significant Accounting Policies

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its only subsidiary. Intra-company balances and transactions, and any unrealized income and expenses arising from intra-company transactions, are eliminated in preparing the consolidated financial statements.

Name of subsidiary	Place of incorporation	Proportion of ownership interest	Principal activity
Crescent Resources USA Inc.	State of Wyoming, USA with a Certificate of Authority to operate in the State of Alaska	100%	Exploration activities in the United States

3. Significant Accounting Policies (continued)

Foreign currency translation

Transactions in foreign currencies are translated at the exchange rate in effect at the date of the transaction. Foreign denominated monetary assets and liabilities are translated to their Canadian dollar equivalents using foreign exchange rates prevailing at the financial position reporting date. Exchange gains or losses arising on foreign currency translation are reflected in profit and loss for the year. The Company's reporting currency and the functional currency of all of its operations is the Canadian dollar, as this is the principal currency of the economic environment in which they operate.

Property, plant and equipment

Property, plant and equipment ("PPE") is carried at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of an item of PPE consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the items and restoring the site on which it is located.

Depreciation is provided at rates calculated to amortize the costs of PPE less their estimated residual value, using the straight-line method over five years commencing from the year the assets are put into service.

An item of PPE is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit and loss.

Where an item of PPE is composed of major components with different useful lives, the components are accounted for as separate items of PPE. Expenditures incurred to replace a component of an item of PPE that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

Exploration and evaluation assets and expenditures

Upon acquiring the legal right to explore a property, all direct costs related to the acquisition of exploration and evaluation assets are capitalized. Exploration and evaluation expenditures incurred prior to the determination of the feasibility of mining operations and a decision to proceed with development, are charged to operations as incurred.

Development expenditures incurred subsequent to a development decision, and to increase or extend the life of existing production, are capitalized and will be amortized on the unit-of-production method based upon estimated proven and probable reserves. When there is little prospect of further work on a property being carried out by the Company, the remaining deferred costs associated with that property are charged to operations during the period such determination is made.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amounts may exceed the recoverable amounts.

Restoration, rehabilitation and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of exploration and evaluation assets and property, plant and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for an asset requirement obligation is recognized at its fair value in the period in which it is incurred if a reasonable estimate of cost can be made. The Company records the present value of estimated future cash flows associated with reclamation as a liability when the liability is incurred and increases the carrying value of the related assets for that amount.

3. Significant Accounting Policies (continued)

Restoration, rehabilitation and environmental obligations (continued)

Subsequently, these capitalized asset retirement costs are amortized over the life of the related assets. As the end of each period, the liability is increased to reflect the passage of time (accretion expense) and changes in the estimated future cash flows underlying any initial estimates (additional asset retirement costs).

The Company recognizes its environmental liability on a site-by-site basis when it can be reliably estimated. Environmental expenditures related to existing conditions resulting from past or current operations and from which no current or future benefit is discernible are charged to the profit and loss statements. The Company had no asset retirement obligations as at December 31, 2011, December 31, 2010, or January 1, 2010.

Impairment

The carrying amounts of the Company's non-financial assets, other than deferred tax assets if any, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 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 there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit and loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A reversal of an impairment loss is recognized immediately in profit and loss.

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. 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 the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

3. Significant Accounting Policies (continued)

Financial assets

(i) Financial assets at fair value through profit and loss ("FVTPL")

Financial assets at FVTPL are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorized as FVTPL unless they are designed as effective hedges. Assets in this category include cash.

Financial assets at FVTPL are initially recognized, and subsequently carried, at fair value with changes recognized in profit and loss. Attributable transaction costs are recognized in profit and loss when incurred.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months or those that are expected to be settled after 12 months from the end of the reporting period, which are classified as non-current assets. Assets in this category include receivables.

Loans and receivables are initially recognized at fair value plus any directly attributable transaction costs and subsequently carried at amortized cost using the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

The effective interest method is used to determine the amortized cost of loans and receivables and to allocate interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset, or, where appropriate, a shorter period.

(iii) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting period end. Financial assets are impaired when 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 flows of the investment have been impacted.

Objective evidence of impairment could include the following:

- Significant financial difficulty of the issuer or counterparty;
- Default or delinquency in interest or principal payments; or
- It has become probable that the borrower will enter bankruptcy or financial reorganization

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets, excluding trade receivables, is directly reduced by the impairment loss. The carrying amount of a trade or other receivable is reduced through the use of an allowance account. When a trade or other receivable is considered uncollectible, 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 and loss.

3. Significant Accounting Policies (continued)

Financial assets (continued)

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses were recognized, the previously recognized impairment loss is reversed through profit and loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

(iv) De-recognition of financial assets

Financial assets are de-recognized when the rights to receive cash flows from the assets expire or the financial assets are transferred and the Company has transferred substantially all of the risks and rewards of ownership of the financial assets. On de-recognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit and loss.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group entities are recorded at the proceeds received, net of direct issue costs.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

At the end of each reporting period subsequent to initial recognition, financial liabilities at FVTPL are measured at fair value, with changes in fair value recognized directly in profit and loss in the period in which they arise.

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The Company has classified trade and other payables and promissory notes as other financial liabilities.

Share capital

Common shares are classified as share capital. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity.

Loss per share

The Company presents basic and diluted earnings (loss) per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the profit and loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for own shares held. Diluted loss per share is calculated by dividing the earnings (loss) by the weighted average number of common shares outstanding assuming that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

In the Company's case, diluted loss per share is the same as basic loss per share, as the effect of outstanding share options and share purchase warrants on loss per share would be anti-dilutive.

3. Significant Accounting Policies (continued)

Share-based compensation

The stock option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based compensation expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. Consideration paid on the exercise of stock options is credited to share capital and the fair value of the options is reclassified from reserves to share capital.

The fair value is measured at grant date and each tranche is recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the number of stock options that are expected to vest.

Income taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purpose. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantially enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

New standards, interpretations and amendments not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective as of December 31, 2011, and have not been applied in preparing these consolidated financial statements. None of these are expected to have a material effect on the financial statements of the Company.

3. Significant Accounting Policies (continued)

New standards, interpretations and amendments not yet effective (continued)

- (i) Effective for annual periods beginning on or after July 1, 2011
 - Amendments to IFRS 7 *Financial Instruments: Disclosures*
Increase in disclosure with regards to the transfer of financial assets, especially if there is a disproportionate amount of transfer transactions that take place around the end of a reporting period.
- (ii) Effective for annual periods beginning on or after July 1, 2012
 - Amendments to IAS 1 *Presentation of Financial Statements*
To require companies preparing financial statements under IFRS to group items within OCI that may be reclassified to the profit and loss. The amendments also reaffirm existing requirements that items in OCI and profit and loss should be presented as either a single statement or two consecutive statements.
- (iii) Effective for annual periods beginning on or after January 1, 2013
 - Amendments to IAS 27 and IAS 28 *Separate Financial Statements and Investments in Associates and Joint Ventures*
Addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 – 13.
 - New standard IFRS 9 *Financial Instruments*
Partial replacement of IAS 39 *Financial Instruments: Recognition and Measurement*
 - New standard IFRS 10 *Consolidated Financial Statements*
Provides a new single consolidation model that identifies control as the basis for consolidation for all types of entities, and replaces IAS 27 *Consolidated and Separate Financial Statements* and SIC-12 *Consolidation – Special Purpose Entities*.
 - New standard IFRS 11 *Joint Arrangements*
Improves the accounting for joint arrangements by introducing a principle-based approach that requires a party to a joint arrangement to recognize its rights and obligations arising from the arrangement. Such a principle-based approach will provide users with greater clarity about an entity's involvement in its joint arrangements by increasing the verifiability, comparability and understandability of the reporting of these arrangements. IFRS 11 supersedes IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities-Non-Monetary Contributions by Venturers*.
 - New standard IFRS 12 *Disclosure of Interests in Other Entities*
Combines, enhances and replaces the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities.
 - New standard IFRS 13 *Fair Value Measurement*
Defines fair value and sets out a framework for measuring fair value and disclosures about fair value measurements. It applies when other IFRSs require or permit fair value measurements. It does not introduce any new requirements to measure an asset or a liability at fair value, change what is measured at fair value in IFRSs or address how to present changes in fair value.

The Company has not early adopted these revised standards and is currently assessing the impact that these standards could have on future financial statements.

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4. Change in Accounting Policy

On January 1, 2010, the Company changed its accounting policy for exploration and evaluation expenditures. In prior years the Company capitalized the acquisition cost of exploration and evaluation assets and exploration expenditures directly related to specific mineral properties, net of recoveries received.

Under the new policy, exploration expenditures incurred prior to the determination of the feasibility of mining operations, and a decision to proceed with development has been made, are charged to operations as incurred. Development expenditures incurred subsequent to a development decision, and to increase or extend the life of existing production are capitalized and will be amortized on the unit-of-production method based upon estimated proven and probable reserves.

On transition to IFRS as at January 1, 2010, the impact of this change was to decrease exploration and evaluation assets and increase the deficit by \$368,151.

During the year ended December 31, 2010, the Company wrote off the acquisition and exploration expenditures previously recorded of \$472,837, which included property exploration costs under the new policy of \$368,151 from fiscal 2009, and \$104,686 from fiscal 2010. At December 31, 2010, there was no impact caused by this policy change to either the deficit or exploration and evaluation assets as this property was fully written off in 2010.

5. Cash

	As at December 31, 2011	As at December 31, 2010	As at January 1, 2010
Canadian dollar denominated deposits held in Canada	\$ 1,294,280	\$ 189,365	87,866
US dollar denominated deposits held in Canada	23,139	27,086	2,921
Total	\$ 1,317,419	\$ 216,451	\$ 90,787

6. Receivables

	As at December 31, 2011	As at December 31, 2010	As at January 1, 2010
Amounts due from the Government of Canada pursuant to HST input tax credits	\$ 6,657	\$ 14,760	\$ 11,711
Accrued interest receivable	10,652	-	-
Total	\$ 17,309	\$ 14,760	\$ 11,711

7. Advances

	As at December 31, 2011	As at December 31, 2010	As at January 1, 2010
Other advances	\$ -	\$ 1,144	-
Total	\$ -	\$ 1,144	-

8. Exploration and Evaluation Assets

Uncle Sam Property, United States

On December 15, 2010, Millrock Resources Inc. and Millrock Alaska LLC (“Millrock”) entered into an option agreement (the “Agreement”) with the Company, whereby the Company was granted an option to purchase an undivided 100% interest in and to Millrock’s right, title and interest in the Uncle Sam property (the “Property”) subject to the underlying Millrock Option Agreement (“Millrock Option Agreement”). The Millrock Option Agreement gives Millrock the option to purchase 100% of the right, title and interest in and to the Property, subject to 2% net smelter return royalty (“NSR”), pursuant to an option agreement with and among Geoinformatics Alaska Exploration Inc., an affiliate of Kiska Metals Corporation. The 2% NSR is held by International Royalty Corporation.

On January 6, 2011, the Company issued 200,000 common shares valued at \$66,000 to a finder pursuant to the terms of the underlying agreement whereby the finder introduced the Company to Millrock.

The Agreement was amended on December 22, 2011, to: alter the number of common shares to be issued by the Company to Millrock to exercise the option, and to modify the timing of such common share issuances; and to add an anti-dilution provision in favour of Millrock to the Agreement.

The Company may earn a 100% right to purchase the Property by expending US\$2,500,000 in exploration expenditures by November 1, 2013 (to December 31, 2011, the Company expended US\$2,386,293), by making cash payments to Millrock, by making cash payments to satisfy the underlying Millrock Option Agreement, and by issuing common shares, all according to the following table.

Due Dates	Cash Payments US\$	Exploration Expenditures US\$	Underlying payments pursuant to the Millrock Option Agreement US\$	Issuance of Common Shares
December 15, 2010 (paid)	\$ 25,000	\$ -	\$ -	-
January 6, 2011 (paid and issued)	75,000	-	-	1,583,281
November 1, 2011 (met and paid)	-	300,000	60,000	-
January 6, 2012 (<i>Note A</i>)	200,000	-	-	1,500,000
November 1, 2012	-	1,000,000	60,000	-
January 6, 2013	-	-	-	2,600,000
November 1, 2013	-	1,200,000	-	-
November 1, 2013 (<i>upon completion of requirements under the Agreement</i>)	1	-	-	-
Total consideration	\$ 300,001	\$ 2,500,000	\$ 120,000	5,683,281

Note A: For the 2011 exploration season, the Company had unexpended funds held by Millrock of US\$114,607 which were applied to the cash payment due at January 6, 2012, leaving a residual balance of US\$85,393 that was paid on January 6, 2012.

Rattlesnake Hills Property, United States

On September 16, 2009, the Company entered into an agreement (the “Agreement”) to acquire certain mining claims comprising the Rattlesnake Hills North properties located in Wyoming, USA. On May 26, 2010, the Company was delivered notice of performance defaults under the Agreement. On June 19, 2010, the Company and the vendors entered into a debt settlement and mutual release agreement to extinguish the \$300,000 accounts payable owed by the Company to the vendors in exchange for the Company returning the property to the vendors. On July 28, 2010, the Company issued the vendors 750,000 common shares as full settlement of all obligations. The Company wrote-off costs of \$926,791 during the year ended December 31, 2010.

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8. Exploration and Evaluation Assets (continued)

The continuity of exploration and evaluation assets is as follows:

	Uncle Sam Property	Rattlesnake Hills property	Total
Acquisition Costs			
At January 1, 2010	\$ -	\$ 926,791	\$ 926,791
Assets acquired for cash	25,075	-	25,075
Write off of acquisition costs	-	(926,791)	(926,791)
At December 31, 2010	25,075	-	25,075
Assets acquired for cash	254,102	-	254,102
Assets acquired by issuance of common shares	588,483	-	588,483
At December 31, 2011	\$ 867,660	\$ -	\$ 867,660

The details of exploration expenditures charged to operations during the year ended December 31, 2011, and 2010 are as follows:

	Year ended December 31,	
	2011	2010
Uncle Sam Property, United States		
Drilling	\$ 507,972	\$ -
Environmental and permitting	1,994	-
External relations	676	-
Geochemistry	166,551	-
Geology	304,256	-
Management fees to Millrock	214,607	-
Property holding costs	62,254	-
Support and equipment	1,044,214	-
	2,302,524	-
Rattlesnake Hills Property, United States		
Geochemistry	-	2,160
Geology	-	97,923
Property holding costs	-	1,389
Support and equipment	-	3,214
	-	104,686
	\$ 2,302,524	\$ 104,686

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9. Property, Plant and Equipment

	Furniture and equipment	Field equipment	Total
Cost			
At January 1, 2010	\$ 4,846	\$ 10,400	\$ 15,246
Assets acquired	-	-	-
At December 31, 2010	4,846	10,400	15,246
Assets acquired	2,033	-	2,033
At December 31, 2011	\$ 6,879	\$ 10,400	\$ 17,279
Accumulated depreciation			
At January 1, 2010	\$ 2,665	\$ 9,360	\$ 12,025
Depreciation for the year	969	1,040	2,009
At December 31, 2010	3,634	10,400	14,034
Depreciation for the year	1,173	-	1,173
At December 31, 2011	\$ 4,807	\$ 10,400	\$ 15,207
Carrying amounts			
At January 1, 2010	\$ 2,181	\$ 1,040	\$ 3,221
At December 31, 2010	\$ 1,212	\$ -	\$ 1,212
At December 31, 2011	\$ 2,072	\$ -	\$ 2,072

10. Trade and Other Payables

	As at December 31, 2011	As at December 31, 2010	As at January 1, 2010
Trade and other payables	\$ 5,642	\$ 78,356	\$ 158,805
Amounts payable to related parties	2,499	27,151	65,000
Accrued liabilities	35,000	33,000	23,000
Total	\$ 43,141	\$ 138,507	\$ 246,805

11. Promissory Notes

In 2010, a company controlled by a director and officer of the Company, loaned the Company \$100,000 at an interest rate of 8% per annum on two unsecured promissory notes denominated in Canadian dollars payable on demand. As additional consideration to the lender, at December 31, 2010, the Company recorded an obligation to issue 100,000 common shares valued at \$20,000 (Note 12(b)), which reduced the face value of the promissory notes, and amortized this additional interest expense over the period in which the promissory notes were outstanding. At December 31, 2010, this additional interest expense amounted to \$18,143, added to the accrued simple interest to December 31, 2010, of \$1,510, totalling \$19,653 of interest expense. The value of the promissory notes was \$98,143 as at December 31, 2010.

As at December 31, 2011, the remaining \$1,857 unamortized amount was recorded as an increase in the face value of the promissory notes and was recorded as interest expense in the year ended December 31, 2011, along with the simple interest at 8% of \$154 for a total interest expense in the year of \$2,011.

12. Share Capital and Reserves

a) Authorized share capital

An unlimited number of common shares without par value.

b) Issued share capital

At December 31, 2011, the issued share capital is comprised of 27,591,872 common shares (2010 – 10,708,590).

Issued in the year ended December 31, 2011:

On January 6, 2011, the Company completed a non-brokered private placement financing consisting of 5,000,000 units at a price of \$0.20 per unit for gross proceeds of \$1,000,000. Each unit comprised one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a purchase price of \$0.35 per share until January 6, 2012. The Company had received \$220,000 of these proceeds as at December 31, 2010, and recorded those proceeds as share subscriptions at that time.

On January 6, 2011, the Company issued 100,000 common shares valued at \$20,000 to a company controlled by a Director pursuant to the terms of the underlying promissory notes (Note 11) and the obligation to issue common shares at December 31, 2010.

On January 6, 2011, the Company issued 1,583,281 common shares valued at \$522,483 to Millrock pursuant to the underlying Millrock Option Agreement disclosed in Note 8.

On January 6, 2011, the Company issued 200,000 common shares valued at \$66,000 to a finder pursuant to the terms of the underlying agreement whereby the finder introduced the Company to Millrock.

On March 30, 2011, the Company completed a non-brokered private placement financing consisting of 10,000,000 units at a price of \$0.35 per unit for gross proceeds of \$3,500,000. Each unit comprised one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a purchase price of \$0.50 per share until March 30, 2013. Cash share issue costs for this private placement amounted to \$129,610, along with the fair value of 314,382 warrants issued as finders' fees, with the same terms as the private placement, amounting to \$97,711, for total share issue costs of \$227,321. The fair value of the finders' fee warrants was calculated using the Black-Scholes option pricing model with the following assumptions: two year expected life, 221% annualized volatility, zero expected dividend yield and 1.72% risk free interest rate. Volatility was determined using daily closing share prices over a term equivalent to the expected life of the warrants.

Issued in the year ended December 31, 2010:

On February 16, 2010, the Company issued 152,777 shares valued at \$110,000 pursuant to agreements to settle accounts payable through the issuance of common shares. This obligation to issue common shares was recorded in 2009.

On June 19, 2010, the Company and certain vendors entered into a shares-for-debt settlement and mutual release agreement to extinguish the \$300,000 accounts payable owed by the Company to the vendors in exchange for the Company returning the Rattlesnake Hills property to the vendors and issuing 750,000 common shares valued at \$300,000.

On December 22, 2010, the Company issued 180,950 shares valued at \$36,190 pursuant to an agreement to settle accounts payable through the issuance of common stock.

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12. Share Capital and Reserves (continued)

c) Share purchase warrants

The continuity of share purchase warrants for the year ended December 31, 2011, is as follows:

Expiry date	Exercise price	Balance, December 31, 2010	Issued	Exercised	Expired	Balance, December 31, 2011
January 13, 2011	\$ 1.40	469,750	-	-	(469,750)	-
October 15, 2011	\$ 0.80	900,000	-	-	(900,000)	-
October 22, 2011	\$ 0.80	350,000	-	-	(350,000)	-
January 6, 2012	\$ 0.35	-	2,500,000	-	-	2,500,000
March 30, 2013	\$ 0.50	-	5,314,380	-	-	5,314,380
		1,719,750	7,814,380	-	(1,719,750)	7,814,380
Weighted average exercise price		\$ 0.96	\$ 0.45	\$ -	\$ 0.96	\$ 0.45

The weighted average remaining contractual life of the warrants outstanding as at December 31, 2011, is 0.85 years.

The continuity of share purchase warrants for the year ended December 31, 2010, is as follows:

Expiry date	Exercise price	Balance, December 31, 2009	Issued	Exercised	Expired	Balance, December 31, 2010
January 13, 2010	\$ 1.40	6,562	-	-	(6,562)	-
January 13, 2011	\$ 1.40	469,750	-	-	-	469,750
October 15, 2011	\$ 0.80	900,000	-	-	-	900,000
October 22, 2011	\$ 0.80	350,000	-	-	-	350,000
		1,726,312	-	-	(6,562)	1,719,750
Weighted average exercise price		\$ 0.97	\$ -	\$ -	\$ 1.40	\$ 0.96

The weighted average remaining contractual life of the warrants outstanding as at December 31, 2010, was 0.59 years.

d) Stock options

The Company has a shareholder approved "rolling" stock option plan (the "Plan") in compliance with the TSX-V's policies. Under the Plan the maximum number of shares reserved for issuance may not exceed 10% of the total number of issued and outstanding common shares at the time of granting. The exercise price of each stock option shall not be less than the market price of the Company's stock at the date of grant. Options can have a maximum term of ten years and typically terminate 90 days following the termination of the optionee's employment or engagement, except in the case of retirement or death. Vesting of options is at the discretion of the Board of Directors at the time the options are granted.

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12. Share Capital and Reserves (continued)

d) Stock options (continued)

The continuity of stock options for the year ended December 31, 2011, is as follows:

Expiry date	Exercise price	Balance, December 31, 2010	Granted	Exercised	Expired	Balance, December 31, 2011
May 23, 2011	\$ 2.20	3,750	-	-	(3,750)	-
February 21, 2012	\$ 2.20	187,500	-	-	-	187,500
September 9, 2012	\$ 1.68	50,000	-	-	-	50,000
January 13, 2013	\$ 1.12	25,000	-	-	-	25,000
September 10, 2014	\$ 1.00	98,750	-	-	-	98,750
October 16, 2014	\$ 1.00	25,000	-	-	-	25,000
January 7, 2015	\$ 0.80	146,250	-	-	-	146,250
January 31, 2016	\$ 0.37	-	1,000,000	-	-	1,000,000
May 3, 2016	\$ 0.355	-	250,000	-	-	250,000
		536,250	1,250,000	-	(3,750)	1,782,500
Weighted average exercise price		\$ 1.44	\$ 0.37	\$ -	\$ 2.20	\$ 0.69

At December 31, 2011, all but 62,500 of the outstanding stock options were exercisable, at a weighted average exercise price of \$0.70.

The weighted average remaining contractual life of the stock options outstanding as at December 31, 2011, is 3.39 years.

The continuity of stock options for the year ended December 31, 2010, is as follows:

Expiry date	Exercise price	Balance, December 31, 2009	Granted	Exercised	Expired or Cancelled	Balance, December 31, 2010
August 9, 2010	\$ 1.56	201,250	-	-	(201,250)	-
September 28, 2010	\$ 2.20	162,500	-	-	(162,500)	-
May 23, 2011	\$ 2.20	3,750	-	-	-	3,750
February 21, 2012	\$ 2.20	206,250	-	-	(18,750)	187,500
September 9, 2012	\$ 1.68	50,000	-	-	-	50,000
January 13, 2013	\$ 1.12	25,000	-	-	-	25,000
September 10, 2014	\$ 1.00	117,500	-	-	(18,750)	98,750
October 16, 2014	\$ 1.00	25,000	-	-	-	25,000
January 7, 2015	\$ 0.80	-	171,250	-	(25,000)	146,250
		791,250	171,250	-	(426,250)	536,250
Weighted average exercise price		\$ 1.75	\$ 0.80	\$ -	\$ 1.76	\$ 1.44

At December 31, 2010, all of the outstanding stock options were exercisable.

The weighted average remaining contractual life of the stock options outstanding as at December 31, 2010, was 2.61 years.

12. Share Capital and Reserves (continued)

e) Share-based compensation

On January 31, 2011, the Company granted 1,000,000 stock options with a total grant-date fair value of \$358,169 or \$0.36 per option, all of which has been recognized in expense at December 31, 2011. The grant-date fair value of this option grant was calculated using the Black-Scholes option pricing model with the following assumptions: five year expected life, 190% annualized volatility, zero expected dividend yield and 2.24% risk free interest rate. These stock options all vested immediately. Volatility was determined using daily closing share prices over a term equivalent to the expected life of the options.

On May 3, 2011, the Company granted 250,000 stock options with a total grant-date fair value of \$85,884 or \$0.34 per option. Share-based compensation for the vesting portion of the stock options was \$83,238 which was recognized in profit and loss, while the balance will be recognized as the options continue to vest. The grant-date fair value of this option grant was calculated using the Black-Scholes option pricing model with the following assumptions: five year expected life, 189% annualized volatility, zero expected dividend yield and 2.26% risk free interest rate. These stock options vest as to 25% immediately, and 25% in each of the three, six, and nine months following the grant date. Volatility was determined using daily closing share prices over a term equivalent to the expected life of the options.

On January 7, 2010, the Company granted 171,250 stock options with a grant-date fair value of \$127,146 or \$0.74 per option. Share-based compensation for the vesting portion of the stock options was \$122,399, net of forfeitures of \$4,747, which was recognized in profit and loss. The fair value of these option grants was calculated using the Black-Scholes option pricing model with the following assumptions: five year expected life, 156% annualized volatility, zero expected dividend yield and 2.44% risk free interest rate. Volatility was determined using daily closing share prices over a term equivalent to the expected life of the options.

In addition, during the year ended December 31, 2010, the Company recognized \$7,909 in share-based compensation for the fair value of the vesting portion of 75,000 stock options that were granted in 2009.

13. Related Parties

- a) The Company's related parties consist of companies with directors and officers in common and companies owned in whole or in part by executive officers and directors as follows:

Name	Nature of transactions
524124 BC Ltd.	Consulting as CEO, and holder of promissory notes
Golden Oak Corporate Services Limited	Consulting as CFO, corporate compliance, and financial reporting
Sunridge Gold Corp.	Office rent, office expenses, and administration

The Company incurred the following fees and expenses in the normal course of operations in connection with individuals and companies owned by key management and directors. Expenses have been measured at the exchange amount which is determined on a cost recovery basis.

	Year ended December 31,	
	2011	2010
Consulting fees	\$ 192,190	\$ 70,000
Directors fees	9,000	9,000
Interest expense on promissory notes	2,011	19,653
Shared office costs and general expenses	6,908	17,502
Total	\$ 210,109	\$ 116,155

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13. Related Parties (continued)

The obligation to issue common shares at December 31, 2010, of \$20,000 was owed to related parties pursuant to the repayment of promissory notes (Note 11).

b) Compensation of key management personnel:

The remuneration of directors and other members of key management personnel, which include the amounts disclosed in Note 13(a), during the year ended December 31, 2011, and 2010 were as follows:

	Year ended December 31,	
	2011	2010
Consulting fees	\$ 192,190	\$ 66,000
Directors fees	9,000	9,000
Share-based compensation	322,352	92,441
Total	\$ 523,542	\$ 167,441

14. Segmented Information

The Company's operations are segmented on a regional basis and are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments has been defined as the Chief Executive Officer.

The Company operates in a single segment, being mineral exploration and development.

With the exception of its exploration and evaluation assets which are held in the United States, all of the Company's other significant assets are held in Canada.

15. Management of Financial Risk

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following categories: FVTPL; held-to-maturity investments; loans and receivables; available-for-sale; or other liabilities. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	December 31, 2011	December 31, 2010
Cash	FVTPL	\$ 1,317,419	\$ 216,451
Receivables	Loans and Receivables	17,309	14,760
Advances	FVTPL	-	1,144
Trade and other payables	Other liabilities	(43,141)	(138,507)

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

- Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.
- Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.
- Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The recorded amounts for cash, receivables, advances, and trade and other payables approximate their fair value due to their short-term nature.

Risk management

The Company's risk exposures and the impact on the Company's financial instruments are summarized as follows:

Credit Risk

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash, receivables, and balances receivable from the government. The Company limits the exposure to credit risk in its cash by only investing its cash with high-credit quality financial institutions in business and savings accounts, guaranteed investment certificates and in government treasury bills which are available on demand by the Company for its programs.

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next sixty days.

15. Management of Financial Risk (continued)

Risk management (continued)

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

- (a) Interest Rate Risk: The Company is exposed to interest rate risk to the extent that its cash balances bear variable rates of interest. The interest rate risks on cash and short-term investments and on the Company's obligations are not considered significant.
- (b) Foreign Currency Risk: The Company has identified its functional currency as the Canadian dollar. Transactions are transacted in Canadian dollars and in US dollars. The Company maintains US dollar bank accounts in Canada to support the cash needs of its foreign operation. Management believes the foreign exchange risk related to currency conversions are minimal and therefore, does not hedge its foreign exchange risk. At December 31, 2011, one Canadian dollar was equal to 0.983 US dollars.

Balances are as follows:

	US dollars	Canadian dollar equivalent
Cash	22,752	23,139
Receivables	-	-
Advances	-	-
	22,752	23,139
Trade and other payables	(-)	(-)
Net monetary assets	22,752	23,139

Based upon the above net exposures and assuming that all other variables remain constant, a 10% increase or decrease in the Canadian dollar against the US dollar would result in a decrease or increase in the reported loss of approximately \$2,300 in the year.

- (c) Commodity Price Risk: While the value of the Company's mineral resource properties are related to the price of gold and the outlook for this mineral, the Company currently does not have any operating mines and hence does not have any hedging or other commodity based risks in respect to its operational activities.

Historically, the price of gold has fluctuated significantly and is affected by numerous factors outside of the Company's control, including but not limited to industrial and retail demand, central bank lending, forward sales by producers and speculators, levels of worldwide production, short-term changes in supply and demand because of speculative hedging activities, and certain other factors related specifically to gold.

16. Management of Capital

The Company manages common shares, stock options, and share purchase warrants as capital (see Note 12). The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. The Company does not have any externally imposed capital requirements to which it is subject.

The Company manages its 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 Company may attempt to issue new shares, issue debt, acquire or dispose of assets, or adjust the amount of cash on hand.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash treasury on deposit in an interest bearing Canadian chartered bank account. Cash consist of cash on hand, balances with banks and investments in highly liquid instruments. The Company considers all highly liquid instruments with maturity of three months or less at the time of issuance to be cash equivalents and the fair value approximates carrying value.

There have been no changes to the Company's approach to capital management during the year ended December 31, 2011. The Company is not subject to externally imposed capital requirements.

17. Supplemental Disclosure with Respect to Cash Flows

The significant non-cash transactions for the year ended December 31, 2011, consisted of the following:

- The receipt of \$220,000 in share subscriptions in fiscal 2010 as proceeds against the non-brokered private placement financing which closed on January 6, 2011;
- The issue of 200,000 common shares for finders' fees valued at \$66,000;
- The issue of 1,583,281 common shares pursuant to the acquisition of exploration and evaluation assets valued at \$522,483;
- The issue of 100,000 common shares pursuant to agreements for promissory notes, valued at \$20,000; and
- The issue of 314,382 warrants for finders' fees valued at \$97,711.

The significant non-cash transactions for the year ended December 31, 2010, consisted of the following:

- Share issue costs included in trade and other payables of \$15,599;
- Shares issued to settle trade and other payables of \$336,190;
- The obligation to issue 152,777 common shares pursuant to a shares-for-debt agreement valued at \$110,000; and
- The obligation to issue common shares of \$20,000.

CRESCENT RESOURCES CORP.
Notes to the Consolidated Financial Statements
For the year ended December 31, 2011

18. Income Taxes

The following table reconciles the amount of income tax recoverable on application of the statutory Canadian federal and provincial income tax rates:

	For the years ended	
	December 31, 2011	December 31, 2010
Loss before income taxes	\$ 3,040,953	\$ 1,785,943
Expected income tax recovery	986,764	508,994
Share-based compensation	(116,973)	(33,501)
Exploration costs not deducted for tax	(783,522)	-
Share issue costs	11,305	4,861
Items not deductible for tax	108,176	(750)
Effect of foreign tax rate	-	77,194
Unrecognized benefit of deferred tax assets	(205,750)	(556,798)
Total	\$ -	\$ -

The nature of the tax effects of the temporary differences and tax loss carry forwards giving rise to the deferred tax assets at December 31, 2011, and 2010 are summarized below:

	December 31, 2011	December 31, 2010
Deferred tax assets		
Share issue costs	\$ 34,000	\$ 12,000
Property, plant and equipment	4,000	3,000
Exploration and evaluation assets	1,760,000	1,179,000
Non-capital loss carry-forwards	1,526,000	1,196,000
Unrecognized deferred tax assets	\$ 3,324,000	\$ 2,390,000

The Company has non-capital losses in Canada of approximately \$4,295,000 and in the USA of approximately \$1,331,000 for income tax purposes which may be carried forward and offset against future taxable income. These losses expire through to 2031. The Company also has certain allowances in respect to resource development and exploration costs in Canada of approximately \$3,907,000, and of \$3,172,000 in the USA which, subject to certain restrictions, are available to be offset against future taxable income. These tax assets have not been recognized in the financial statements as it is not probable that they will be utilized in the near future.

19. Subsequent Events

Subsequent to December 31, 2011:

- a) On January 6, 2012 - 2,500,000 share purchase warrants expired, unexercised;
- b) On January 6, 2012 - issued 1,500,000 common shares pursuant to the Millrock agreement; and
- c) On February 21, 2012 - 187,500 stock options expired, unexercised.

20. First Time Adoption of IFRS

a) Transition to IFRS

The Company adopted IFRS effective January 1, 2011, with a transition date of January 1, 2010. Prior to the adoption of IFRS the Company prepared its financial statements in accordance with Canadian GAAP.

The accounting policies in Note 3 have been applied in preparing the consolidated financial statements for the year ended December 31, 2011, the comparative information for the year ended December 31, 2010, and the preparation of an opening IFRS statement of financial position on the Transition Date, January 1, 2010.

In preparing its opening IFRS statement of financial position, the Company has adjusted amounts reported previously in consolidated financial statements prepared in accordance with previous Canadian GAAP. An explanation of how the transition from previous Canadian GAAP to IFRS has affected the Company's financial position, financial performance, and cash flows is set out below.

b) Initial elections upon adoption

IFRS 1, *First-time Adoption of International Financial Reporting Standards* sets forth guidance for the initial adoption of IFRS. Under IFRS 1, the standards are applied retrospectively at the transitional statement of financial position date.

The Company adopted IFRS in accordance with IFRS 1, *First-time Adoption of International Financial Reporting Standards*. The IFRS 1 exemptions and exceptions applied in the conversion from Canadian GAAP to IFRS by the Company are explained as follows:

IFRS Exemption Options

i. Share-based payments

IFRS 1 encourages, but does not require, first-time adopters to apply IFRS 2, *Share-based Payment* to equity instruments that were granted on or before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002, and vested before the latter of the date of transition to IFRS and January 1, 2005. The Company has elected not to apply IFRS 2 to awards that vested prior to January 1, 2010, which have been accounted for in accordance with Canadian GAAP. There were unvested awards as at the Transition date of January 1, 2010. In addition, under IFRS 2, the definition of an employee is broader, allowing the Company to group employees and others providing similar services together. Transition date adjustments were calculated only for stock options issued and outstanding at the Transition date. The Company recalculated the grant date value and expense recognition using the Black-Scholes Model under IFRS 2 and posted an adjustment of \$2,510 to reserves and deficit at the Transition date. The Company also recalculated a second grant of stock options that occurred during 2010 and posted adjustments to reserves and share-based compensation in the 2010 comparative periods.

20. First Time Adoption of IFRS

b) Initial elections upon adoption (continued)

IFRS Exemption Options (continued)

ii. Borrowing costs

Under IAS 23, borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset and, therefore, should be capitalized. Other borrowing costs are recognized as an expense. The Company previously elected to expense other borrowing costs under Canadian GAAP, which is consistent with the Company's current accounting policy for such costs under IFRS. The Company did not have any borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset, therefore did not have to avail itself of this exemption.

IFRS mandatory exception

IFRS 1 also outlines specific guidelines that a first-time adopter must adhere to under certain circumstances. The Company has applied the following guidelines to its opening statement of financial position dated January 1, 2010:

i. Estimates

Hindsight is not used to create or revise estimates. In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under the previous GAAP applied, unless there is objective evidence that those estimates were in error. The Company's IFRS estimates as of January 1, 2010, are consistent with its Canadian GAAP estimates for the same date.

c) Reconciliation between Canadian GAAP and IFRS

In preparing the Company's opening IFRS statement of financial position, the Company has adjusted amounts reported previously in its consolidated financial statements prepared in accordance with previous Canadian GAAP. An explanation of how the transition from previous Canadian GAAP to IFRS has affected the Company's financial position and equity is set out in the following tables in Note 20(d) and the notes that accompany the tables in Note 20(f).

IFRS 1 requires reconciliation disclosures that explain how the transition from Canadian GAAP to IFRS has affected the Company's previously reported consolidated financial statements prepared in accordance with previous Canadian GAAP for the year ended December 31, 2010. An explanation of how the transition from previous Canadian GAAP to IFRSs has affected the Company's financial position, equity, statement of earnings and comprehensive income and material adjustments to cash flows and equity is set out in the following tables in Note 20(d) and (e) and the notes that accompany the tables in Note 20(f).

CRESCENT RESOURCES CORP.
Notes to the Consolidated Financial Statements
For the year ended December 31, 2011

20. First Time Adoption of IFRS (continued)

d) Reconciliation between Canadian GAAP and IFRS at Transition

Below is the Company's consolidated statement of financial position as at the Transition date of January 1, 2010, under IFRS.

as at January 1, 2010 (date of Transition)	Note	Previous Canadian GAAP	Accounting Policy Change	Effect of Transition to IFRS	IFRS Opening Balance Sheet
ASSETS					
CURRENT ASSETS					
Cash		\$ 90,787	\$ -	\$ -	\$ 90,787
Receivables		11,711	-	-	11,711
		<u>102,498</u>	<u>-</u>	<u>-</u>	<u>102,498</u>
NON-CURRENT ASSETS					
Exploration and evaluation assets	20(f)(i)	1,294,942	(368,151)	-	926,791
Property, plant and equipment		3,221	-	-	3,221
		<u>1,298,163</u>	<u>(368,151)</u>	<u>-</u>	<u>930,012</u>
		<u>\$ 1,400,661</u>	<u>\$ (368,151)</u>	<u>\$ -</u>	<u>\$ 1,032,510</u>
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Trade and other payables		\$ 246,805	\$ -	\$ -	\$ 246,805
		<u>246,805</u>	<u>-</u>	<u>-</u>	<u>246,805</u>
SHAREHOLDERS' EQUITY					
Share capital		18,410,308	-	-	18,410,308
Obligation to issue common shares		110,000	-	-	110,000
Contributed surplus	20(f)(ii)	921,595	-	2,510	924,105
Deficit	20(f)	(18,288,047)	(368,151)	(2,510)	(18,658,708)
		<u>1,153,856</u>	<u>(368,151)</u>	<u>-</u>	<u>785,705</u>
		<u>\$ 1,400,661</u>	<u>\$ (368,151)</u>	<u>\$ -</u>	<u>\$ 1,032,510</u>

CRESCENT RESOURCES CORP.
Notes to the Consolidated Financial Statements
For the year ended December 31, 2011

20. First Time Adoption of IFRS (continued)

e) Reconciliation between Canadian GAAP and IFRS as at December 31, 2010

Reconciliation of financial position between Canadian GAAP and IFRS.

as at December 31, 2010	Note	Previous Canadian GAAP	Accounting Policy Change	Effect of Transition to IFRS	IFRS
ASSETS					
CURRENT ASSETS					
Cash		\$ 216,451	\$ -	\$ -	\$ 216,451
Receivables		14,760	-	-	14,760
Prepaid expenses		1,144	-	-	1,144
		232,355	-	-	232,355
NON-CURRENT ASSETS					
Exploration and evaluation assets	20(f)(i)	25,075	-	-	25,075
Equipment		1,212	-	-	1,212
		26,287	-	-	26,287
		\$ 258,642	\$ -	\$ -	\$ 258,642
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Trade and other payables		\$ 138,507	\$ -	\$ -	\$ 138,507
Promissory note		98,143	-	-	98,143
		236,650	-	-	236,650
SHAREHOLDERS' EQUITY					
Share capital		18,816,838	-	-	18,816,838
Share subscriptions		220,000	-	-	220,000
Obligation to issue common shares		20,000	-	-	20,000
Contributed surplus	20(f)(ii)	1,039,144	-	15,269	1,054,413
Deficit		(20,073,990)	-	(15,269)	(20,089,259)
		21,992	-	-	21,992
		\$ 258,642	\$ -	\$ -	\$ 258,642

Reconciliation of consolidated statement of comprehensive loss between Canadian GAAP and IFRS.

CRESCENT RESOURCES CORP.
Notes to the Consolidated Financial Statements
For the year ended December 31, 2011

for the year ended December 31, 2010		Previous	Accounting Policy	Total IFRS	IFRS
	Note	Canadian GAAP	Change	Adjustments	
EXPENSES					
Consulting fees		\$ 79,402	\$ -	\$ -	\$ 79,402
Depreciation		2,009	-	-	2,009
Director fees		9,000	-	-	9,000
Foreign exchange		(448)	-	-	(448)
Interest expense		19,653	-	-	19,653
Legal and audit fees		92,163	-	-	92,163
Office and general		11,128	-	-	11,128
Property exploration costs	20(f)(i)	-	104,686	-	104,686
Regulatory and filing fees		21,008	-	-	21,008
Rent		15,802	-	-	15,802
Shareholder relations		17,022	-	-	17,022
Share-based compensation	20(f)(ii)	117,549	-	12,759	130,308
Travel		2,142	-	-	2,142
Loss before other items		(386,430)	(104,686)	(12,759)	(503,875)
Other items					
Interest income		115	-	-	115
Write-off of mineral interest	20(f)(i)	(1,399,628)	472,837	-	(926,791)
		(1,399,513)	472,837	-	(926,676)
Loss and comprehensive loss for the year		\$ (1,785,943)	\$ 368,151	\$ (12,759)	\$ (1,430,551)

CRESCENT RESOURCES CORP.
Notes to the Consolidated Financial Statements
For the year ended December 31, 2011

20. First Time Adoption of IFRS (continued)

e) Reconciliation between Canadian GAAP and IFRS as at December 31, 2010

Reconciliation of consolidated statements of cash flows between Canadian GAAP and IFRS.

for the year ended December 31, 2010	Note	Previous Canadian GAAP	Accounting Policy Change	Total IFRS Adjustments	IFRS
Cash provided from (used for)					
Operating activities					
Loss	20(f)	\$ (1,785,943)	\$ 368,151	\$ (12,759)	\$ (1,430,551)
Adjustments for non-cash items:				-	
Depreciation		2,009	-	-	2,009
Interest expense		18,143	-	-	18,143
Share-based compensation	20(f)(ii)	117,549	-	12,759	130,308
Write off of mineral interest	20(f)(i)	1,399,628	(472,837)	-	926,791
Changes in non-cash working capital:				-	-
Advances and prepaid expenses		(1,144)	-	-	(1,144)
Receivables		(3,049)	-	-	(3,049)
Trade and other payables	20(f)(i)	131,347	80,946	-	212,293
		(121,460)	(23,740)	-	(145,200)
Investing activities					
Exploration and evaluation assets		(48,815)	23,740	-	(25,075)
Financing activities					
Share subscriptions		220,000	-	-	220,000
Promissory note		100,000	-	-	100,000
Share issue costs		(24,061)	-	-	(24,061)
		295,939	-	-	295,939
Change in cash for the year		125,664	-	-	125,664
Cash, beginning of the year		90,787	-	-	90,787
Cash, end of the year		\$ 216,451	\$ -	\$ -	\$ 216,451

f) Changes in accounting policies

The following paragraphs explain the significant differences between Canadian GAAP and the current IFRS accounting policies applied by the Company. These differences result in the adjustments in the tables above. The descriptive caption next to each numbered item below corresponds to the same numbered and descriptive caption in the tables in 20(d) and (e).

i. Mineral interests, exploration and evaluation assets, and property exploration costs

IFRS 1 requires the Company to apply IFRS 6 *Exploration for and Evaluation of Mineral Resources*, and permits the Company to choose to either continue using their existing accounting policies for exploration and evaluation assets or to change these accounting policies provided that they comply with the requirements of paragraph 10 of IAS 8 – i.e. that the policies result in information that is relevant to the economic decision-making needs of users and that this information is reliable.

The Company has determined by using the criteria in IAS 8, that it has changed its accounting policies for exploration and evaluation assets and expenditures. See Note 4 for further details.

As at the Transition date under previous Canadian GAAP, the Company had \$1,294,942 of exploration and evaluation assets recorded on the statement of financial position. The Company determined that \$368,151 of this amount related to property exploration. The effect of this policy change was to increase the deficit by \$368,151 and decrease exploration and evaluation assets by \$368,151 at the Transition date.

20. First Time Adoption of IFRS (continued)

f) Changes in accounting policies (continued)

i. Mineral interests, exploration and evaluation assets, and property exploration costs

During the year ended December 31, 2010, the Company wrote off the acquisition expenditures previously recorded under GAAP of \$1,399,628, net of property exploration costs expensed under the new policy of \$368,151 from fiscal 2009, and \$104,686 from fiscal 2010 which resulted in an adjusted write-off of \$926,791.

In accordance with IFRS 6, exploration and evaluation assets shall be classified as intangible or tangible according to the nature of the assets acquired and the classification should be applied consistently. Under Canadian GAAP, all exploration and evaluation assets were included in mineral interests. Per the Company's accounting policy, unless an asset has a tangible nature, all capitalized exploration and evaluation costs are classified as intangible assets since they usually comprise costs that are directly attributable to costs incurred in acquiring mineral rights.

ii. Share-based payments

IFRS 1 requires the Company to apply IFRS 2, *Share-Based Payments*, to all equity instruments of share-based payments that have not vested at the transition date. IFRS requires that cash-settled share based payments be accounted for using a fair value method, as opposed to an intrinsic value under Canadian GAAP.

IFRS

- Each tranche of an award with different vesting dates is considered a separate grant for the calculation of fair value, and the resulting fair value is amortized over the vesting period of the respective tranches
- Forfeiture estimates are recognized in the period they are estimated, and are revised for actual forfeitures in subsequent periods; and
- Employees and those providing like services are more broadly defined.

Canadian GAAP

- The fair value of share-based awards with graded vesting are calculated as one grant and the resulting fair value is recognized on a straight-line basis over the vesting period with revaluations of awards to persons involved in an "investor relations" capacity at each balance sheet date; and
- Forfeitures of awards are recognized as they occur.

IFRS 2 was applied for applicable unvested stock options granted prior to the Transition date at January 1, 2010. Consequently, as a result of the difference in measurement of the equity-settled share-based compensation at January 1, 2010, an adjustment of \$2,510 was recorded to increase the opening deficit with the offset to reserves. IFRS requires different measurement for stock options that have graded vesting features and also allows for a broader definition of "employee" compared with Canadian GAAP.

IFRS 2 was then applied to the stock option grants during 2010 that were subject to revaluation under previous Canadian GAAP. The cumulative effect of all IFRS 2 adjustments to the December 31, 2010, financial results was an increase in share-based compensation expense in 2010 of \$12,759; an increase in the opening deficit at January 1, 2010 of \$2,510; and an increase in reserves of \$15,269.

SCHEDULE "G"
MANAGEMENT DISCUSSION AND ANALYSIS OF CRESCENT FOR THE FINANCIAL YEAR ENDED
DECEMBER 31, 2011 AND THE SIX MONTH PERIOD ENDED JUNE 30, 2012



Management Discussion and Analysis

For the year ended

December 31, 2011

(expressed in Canadian dollars)

Crescent Resources Corp.
Year ended December 31, 2011
Management's Discussion and Analysis ("MD&A")

Effective Date

The following discussion is management's assessment and analysis of the results of operations and financial conditions of Crescent Resources Corp. (the "Company" or "Crescent") and should be read in conjunction with the accompanying consolidated financial statements and related notes thereto for the year ended December 31, 2011, which are available on the SEDAR website at www.sedar.com.

On January 1, 2011, the Company adopted International Financial Reporting Standards ("IFRS"). The consolidated financial statements for the year ended December 31, 2011, have been prepared in accordance with IFRS 1, *First-time Adoption of International Financial Reporting Standards*, and have used accounting policies consistent with IFRS.

Additional information relating to the Company is available on SEDAR at www.sedar.com.

The effective date of this MD&A is April 4, 2012.

Overview

Description of the Business

Crescent is a publicly-traded mineral exploration company incorporated under the laws of the Province of Ontario and continued under the laws of British Columbia. The Company is a reporting issuer in British Columbia and Alberta and trades on Tier 2 of the TSX Venture Exchange (the "TSX-V") under the trading symbol "CRC".

The highlights of the year ended December 31, 2011 and up to the date of this report include:

On January 6, 2011, concurrent with the TSX-V approval of the Uncle Sam option agreement, the Company closed a non-brokered private placement of 5,000,000 units at a price of \$0.20 per unit for proceeds of \$1,000,000. On that same day, pursuant to the option agreement, Crescent paid Millrock Resources Inc. and Millrock Alaska LLC ("Millrock") US\$75,000 and issued Millrock 1,583,281 common shares valued at \$522,483 and issued an arm's length finder 200,000 common shares valued at \$66,000.

On March 30, 2011, the Company completed a non-brokered private placement financing consisting of 10,000,000 share units at a price of \$0.35 per unit for gross proceeds of \$3,500,000. Each share unit comprised one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a purchase price of \$0.50 per share until March 30, 2013. Cash share issue costs for this private placement amounted to \$129,610 and the Company also issued 314,382 finders' warrants valued at \$97,711.

On January 13, 2011, Don Halliday the Company's Executive Vice President was appointed as the Company's full-time President and Chief Executive Officer and Michael Hopley has been appointed Chairman of the Board of Directors.

Crescent's Uncle Sam gold project has great potential for the discovery of a significant new gold deposit. Past exploration and drilling has shown that the project is a large, mostly untested gold system located in a world class gold belt with three multi-million ounce gold projects, Pogo, Fort Knox and Livengood, located nearby. Alaska is a low risk, pro-development area that is expected to receive a lot of attention this spring and summer, with several large exploration programs being conducted by other mineral exploration companies.

Uncle Sam property, Alaska

Crescent executed a definitive agreement with Millrock Resources Inc. and Millrock Alaska LLC ("Millrock") on December 15, 2010, whereby Crescent can earn a 100% interest in Millrock's rights to the Uncle Sam property, which is located 75 kilometers southeast of the city of Fairbanks. The project is an intrusion

Crescent Resources Corp.
Year ended December 31, 2011
Management's Discussion and Analysis

related gold target hosted in a similar age of intrusive rocks to those which host the Pogo Gold Mine approximately 60 kilometers to the east of Uncle Sam. A comprehensive exploration data package provided to Millrock by previous operators indicates that there are extensive anomalous areas defined by surface gold geochemistry and numerous significant drill intercepts that indicate strong potential for a large new gold discovery.

The Company is funding the exploration program and Millrock is the operator.

2011 Exploration program

On April 20, 2011, the Company announced the results from the 2011 auger drilling exploration program recently completed at the Uncle Sam Gold Project. The objective of the auger drill program was to obtain a geochemical soil sample at the soil horizon beneath windblown overburden (loess) in areas that had not been sampled by previous operators and to confirm previous sampling in some areas. The program was successful in extending the zones of anomalous soil samples in two areas, the Lone Tree and Christmas Prospects, by 250 meters in width. A third highly prospective zone, the Wolf Prospect, was not sampled during the program.

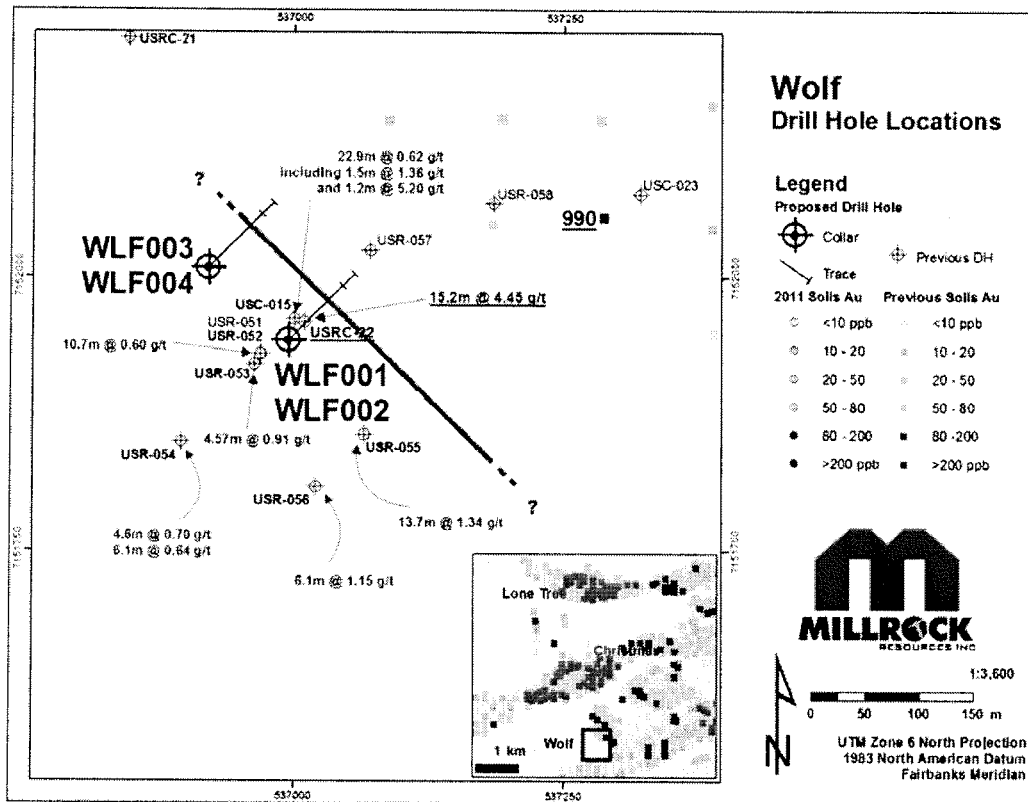
On July 28, 2011, the Company reported results from the first phase of the drilling program conducted on the Wolf Prospect at the southern end of the claim block with 4 diamond drill holes for a total of 621 meters. Drilling targeted a strong gold in soil anomaly measuring over 2,000 meters in length and 1,000 meters in width. Historic drilling in this area by previous explorers had returned encouraging results such as reverse-circulation drill hole USRC-22, where an intersection averaged 4.45 g/t gold over 15.54 meters and drill hole USR – 055 where an interval averaged 1.34 g/t gold over 13.72 meters. These new Wolf Prospect drill results confirm the presence of strong, near-surface gold mineralization and continuation of the zone along strike. A summary of significant results follow. Please see below for a drill plan map.

Drill Hole	From meters	To meters	Interval – meters	Gold g/t
WLF-001	41.76	44.50	2.74	3.63
WLF-002	35.66	47.06	11.40	4.86
WLF-003	57.00	60.05	3.05	3.27
WLF-004	48.77	50.90	2.13	1.81

Gold mineralization at the Wolf Prospect appears to strike in a northwest – southeast orientation with a gentle southwest dip, and is open to depth and in both strike directions. The mineralization appears to have the same orientation as a new gold zone recently announced by Sumitomo at its adjacent Stone Boy Project. The new zone at Stone Boy called Naosi is located just 500 meters southeast of the Uncle Sam project claim boundary and two kilometers southeast of the Wolf zone. Sumitomo reports that the Naosi zone consists of a vein system continuous over at least a 1,500 meter strike and 500 meters in the down-dip direction. The zone includes an intersection of 7.92 meters averaging 7.8 g/t gold and 19.7 g/t silver.

Crescent Resources Corp.
Year ended December 31, 2011
Management's Discussion and Analysis

The proximity of the Wolf and Naosi zones suggests the possibility of a larger gold mineralized system.



Lone Tree Prospect

As part of the 2011 exploration program by Crescent and Millrock, five diamond drill holes totaling 1,329 meters, have been completed at the Lone Tree Prospect which is located further to the northwest from the Wolf Prospect and the Naosi discovery. Drilling targeted a 500 meter by 250 meter portion of a larger gold-in-soil anomaly measuring approximately 4,000 meters by 1,000 meters. Previous historical drilling by other operators in the general area returned encouraging results such as drill holes USC-011, which contained an intersection of 19.22 meters averaging 2.03 g/t gold and USC-013, which contained 6.0 meters averaging 1.79 g/t gold and 14.0 meters averaging 1.65 g/t gold. A summary of significant results follows:

Drill Hole	From - meters	To - meters	Interval - meters	Gold g/t	Azimuth	Dip
LT-001	112.68	119.48	6.80	1.06	180°	-75°
LT-002	295.66	297.67	2.01	1.10	0°	-90°
LT-003	74.58	78.33	3.75	1.12	180°	-60°
LT-004	17.07	19.20	2.13	1.00	0°	-90°
LT-005	59.44	93.27	33.83	0.58	0°	-90°
Including	69.49	72.82	3.32	1.22		
And	146.30	148.44	2.13	1.85		

In the year ended December 31, 2011, the Company expended \$2,302,524 on this program. Support and equipment cost for this helicopter supported drill program (\$1,044,214) comprise almost half of the total exploration expenditures.

Crescent Resources Corp.
Year ended December 31, 2011
Management's Discussion and Analysis

Qualified Person

The Qualified Person responsible for the technical content in this MD&A is Michael Hopley, Chairman of the Board of the Company.

Selected Annual Information

	December 31, 2011 \$	December 31, 2010 \$	December 31, 2009 \$
Total revenues	-	-	-
Loss for the year	3,040,953	1,430,551	423,370
Basic and diluted loss per share	(0.12)	(0.14)	(0.05)
Total assets	2,204,460	258,642	1,032,510
Total long-term financial liabilities	-	-	-
Cash dividends declared per share	-	-	-

Results of Operations

Results of Operations for the year ended December 31, 2011 and 2010

Crescent previously prepared its consolidated financial statements in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") as set out in the Handbook of the Canadian Institute of Chartered Accountants (the "CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate IFRS, and now requires publicly accountable enterprises to apply such standards effective for periods beginning on or after January 1, 2011. Accordingly, the accounting policies adopted in the preparation of our annual consolidated financial statements have been prepared on the basis of IFRS, which is mandatory for financial years beginning on or after January 1, 2011. The comparative balances at December 31, 2010, have been reconciled and the result was that there were differences identified between Canadian GAAP and IFRS for the Company. These differences are fully described in the Note 20 to the December 31, 2011, consolidated financial statements.

The Company incurred a loss for the year ended December 31, 2011, of \$3,040,953 (2010 - \$1,430,551).

The more significant differences between the two fiscal years were consulting fees, exploration costs, legal and audit fees, rent, and share-based compensation:

<u>Consulting fees:</u>	\$207,925 (2010: \$79,402) increase of \$128,523. Consulting fees for the 2010 comparative period are lower as a result of decreased fees paid or payable to the Company's executives. This reflected the reduced magnitude of the workload for the majority of the 2010 fiscal year. With the acquisition of the Uncle Sam project, consulting fees have returned to expected levels. Audit fees in the current year are somewhat higher with the transition to IFRS.
<u>Exploration costs:</u>	\$2,302,524 (2010: \$104,686) increase of \$2,197,838. Work is continuing on the Uncle Sam exploration program throughout 2011 resulting in this variance, as discussed elsewhere in this MD&A.
<u>Rent:</u>	\$nil (2010: \$15,802) decrease of \$15,802. Rent was reduced to zero in the current fiscal year, as the shared office and salary costs normally charged to the Company were waived after April 2010 in consideration of the reduced activity of the Company subsequent to that date.

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Share-based compensation: **\$441,407** (2010: \$130,308) increase of \$311,099.
This increase was due to the fact that 1,250,000 stock options were granted during the 2011 fiscal year with a vested fair value of \$441,407 compared to 171,250 stock options being granted during fiscal 2010 with a vested fair value of \$122,399, net of forfeitures, and \$7,909 vesting from 2009.

Summary of Quarterly Results

	Dec 31 2011 IFRS \$	Sept 30 2011 IFRS \$	June 30 2011 IFRS \$	Mar 31 2011 IFRS \$	Dec 31 2010 IFRS \$	Sept 30 2010 IFRS \$	June 30 2010 IFRS \$	Mar 31 2010 IFRS \$
Total revenues	-	-	-	-	-	-	-	-
Loss for period	(145,136)	(673,388)	(1,490,018)	(732,411)	(133,528)	(18,597)	(1,032,315)	(246,111)
Basic and diluted loss per share	(0.01)	(0.02)	(0.05)	(0.04)	(0.01)	(0.00)	(0.11)	(0.03)

The Company is an exploration stage company. At this time, any issues of seasonality or market fluctuations have no impact on the financial results of the Company. The Company currently defers the acquisition costs of its exploration and evaluation assets. The Company expenses its property exploration and general and administration costs and these amounts are included in the loss for each quarter.

The second quarter of 2010 included the write off of the \$926,791 acquisition costs of the Rattlesnake Hills property.

The increase in the first three quarters of 2011 reflected the costs of exploration programs funded on the Uncle Sam project.

Liquidity

The Company began the 2011 fiscal year with cash of \$216,451. Cash expended on operations in the year, net of non-cash working capital changes was \$2,677,688. Cash invested in exploration and evaluation assets was \$254,102 and cash used for the purchase of property, plant and equipment was \$2,033. Cash received from share offerings was \$4,280,000, with cash used for share issue costs of \$145,209. Cash used for repayment of promissory notes was \$100,000, leaving the Company with \$1,317,419 at December 31, 2011.

On January 6, 2011, the Company issued 5,000,000 common shares and 2,500,000 common share purchase warrants to raise gross proceeds of \$1,000,000 pursuant to a part and parcel financing of which \$220,000 was received as at December 31, 2010. On March 30, 2011, the Company issued 10,000,000 common shares and 4,999,998 common share purchase warrants to raise gross proceeds of \$3,500,000 pursuant to a non-brokered private placement. Finder's fees were paid in the form of \$110,034 in cash and 314,382 non-transferable finder's warrants on the same terms as the March 31, 2011, private placement valued at \$97,711. Other share issue costs totaled \$19,576.

As at the date of this MD&A, the Company has 1,595,000 outstanding stock options, all of which are exercisable. In addition, the Company has 5,314,380 exercisable share purchase warrants. None of stock options or share purchase warrants is "in-the-money" as of the date of this MD&A.

As the Company continues exploration of the Uncle Sam property, it intends to raise funds from additional equity issues to fund those programs. Historically the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. There can be no assurance,

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however, that such financing will be available to the Company or, if it is, that it will be available on terms acceptable to the Company and will be sufficient to fund cash needs until the Company acquires an operating business or achieves positive cash flow. If the Company is unable to obtain the financing necessary to support its operations, it may be unable to continue as a going concern. The Company currently has no commitments for any credit facilities such as revolving credit agreements or lines of credit that could provide additional working capital. The Company has no long term debt, capital lease obligations, operating leases or any other long term obligations.

The Company's working capital at December 31, 2011, is sufficient to fund planned operations for the next twelve months.

Capital Resources

The Company's expenditure commitments on the Uncle Sam property are primarily at the Company's discretion. License fees and minimum work commitments to maintain the option agreement and the underlying Millrock option agreement are currently expected to be approximately US\$200,000 for the fiscal year 2012, although the Company is funding more than this minimum amount. The Company will fund these expenditures with existing working capital. In addition, in 2012 the Company will pay the balance of the US\$260,000 property payments to complete its earn-in of 100% of the Uncle Sam property.

As at the date of this MD&A, other than as described herein and in the Financial Statements, the Company has no other arrangements for sources of financing.

Transactions with Related Parties

- a) The Company's related parties consist of companies with directors and officers in common and companies owned in whole or in part by executive officers and directors as follows:

Name	Nature of transactions
524124 BC Ltd. (Don Halliday)	Consulting as CEO, and holder of promissory notes
Golden Oak Corporate Services Limited (Doris Meyer)	Consulting as CFO, financial reporting and corporate compliance services
Sunridge Gold Corp. (management in common)	Office rent, office expenses, and administrative

The Company incurred the following fees and expenses in the normal course of operations in connection with individuals and companies owned by key management and directors. Expenses have been measured at the exchange amount which is determined on a cost recovery basis.

	Year ended December 31,	
	2011	2010
Consulting fees	\$ 192,190	\$ 70,000
Directors fees	9,000	9,000
Interest expense and accretion on promissory notes	2,011	19,653
Shared office costs and general expenses	6,908	17,502
Total	\$ 210,109	\$ 116,155

The obligation to issue common shares at December 31, 2010, of \$20,000 was owed to a related party pursuant to the terms of the promissory notes.

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b) Compensation of key management personnel:

The remuneration of directors and other members of key management personnel, which include the amounts disclosed above, during the year ended December 31, 2011, and 2010 were as follows:

	Year ended December 31,	
	2011	2010
Consulting fees	\$ 192,190	\$ 70,000
Directors fees	9,000	9,000
Stock-based compensation	322,352	92,441
Total	\$ 523,542	\$ 171,441

Fourth Quarter

The Company began the fourth quarter with \$1,388,146 cash. During the fourth quarter the Company drew down its remaining cash advanced to Millrock resulting in positive cash flow of \$108,720 from operating activities and spent \$179,447 on exploration and evaluation assets, to end the quarter and the year with \$1,317,419 cash.

Future Canadian Accounting Standards

A number of new standards, amendments to standards and interpretations are not yet effective as of December 31, 2011, and were not applied in preparing the consolidated financial statements. None of these are expected to have a material effect on the financial statements of the Company.

- (i) Effective for annual periods beginning on or after July 1, 2011
 - Amendments to IFRS 7 *Financial Instruments: Disclosures*
 Increase in disclosure with regards to the transfer of financial assets, especially if there is a disproportionate amount of transfer transactions that take place around the end of a reporting period.
- (ii) Effective for annual periods beginning on or after July 1, 2012
 - Amendments to IAS 1 *Presentation of Financial Statements*
 To require companies preparing financial statements under IFRS to group items within OCI that may be reclassified to the profit or loss. The amendments also reaffirm existing requirements that items in OCI and profit or loss should be presented as either a single statement or two consecutive statements.
- (iii) Effective for annual periods beginning on or after January 1, 2013
 - Amendments to IAS 27 and IAS 28 *Separate Financial Statements and Investments in Associates and Joint Ventures*
 Addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 – 13.
 - New standard IFRS 9 *Financial Instruments*
 Partial replacement of IAS 39 *Financial Instruments: Recognition and Measurement*
 - New standard IFRS 10 *Consolidated Financial Statements*
 Provides a new single consolidation model that identifies control as the basis for consolidation for all types of entities, and replaces IAS 27 *Consolidated and Separate Financial Statements* and SIC-12 *Consolidation – Special Purpose Entities*.

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- **New standard IFRS 11 *Joint Arrangements***
 Improves the accounting for joint arrangements by introducing a principle-based approach that requires a party to a joint arrangement to recognize its rights and obligations arising from the arrangement. Such a principle-based approach will provide users with greater clarity about an entity's involvement in its joint arrangements by increasing the verifiability, comparability and understandability of the reporting of these arrangements. IFRS 11 supersedes IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities-Non-Monetary Contributions by Venturers*.
- **New standard IFRS 12 *Disclosure of Interests in Other Entities***
 Combines, enhances and replaces the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities.
- **New standard IFRS 13 *Fair Value Measurement***
 Defines fair value and sets out a framework for measuring fair value and disclosures about fair value measurements. It applies when other IFRSs require or permit fair value measurements. It does not introduce any new requirements to measure an asset or a liability at fair value, change what is measured at fair value in IFRSs or address how to present changes in fair value.

The Company has not early adopted these revised standards and is currently assessing the impact that these standards could have on future financial statements.

Financial Instruments and Related Risks

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following categories: FVTPL; held-to-maturity investments; loans and receivables; available-for-sale; or other liabilities. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	December 31, 2011	December 31, 2010
Cash	FVTPL	\$ 1,317,419	\$ 216,451
Receivables	Loans and Receivables	17,309	14,760
Advances	FVTPL	-	1,144
Trade and other payables	Other liabilities	(43,141)	(138,507)

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

- Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.
- Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.
- Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The recorded amounts for cash, receivables, advances, and trade and other payables approximate their fair value due to their short-term nature.

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Risk Management

The Company's risk exposures and the impact on the Company's financial instruments are summarized as follows:

Credit Risk

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash, receivables, and balances receivable from the government. The Company limits the exposure to credit risk in its cash by only investing its cash with high-credit quality financial institutions in business and savings accounts, guaranteed investment certificates and in government treasury bills which are available on demand by the Company for its programs.

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next sixty days.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

- (a) **Interest Rate Risk:** The Company is exposed to interest rate risk to the extent that its cash balances bear variable rates of interest. The interest rate risks on cash and short-term investments and on the Company's obligations are not considered significant.
- (b) **Foreign Currency Risk:** The Company has identified its functional currency as the Canadian dollar. Transactions are transacted in Canadian dollars and in US dollars. The Company maintains US dollar bank accounts in Canada to support the cash needs of its foreign operation. Management believes the foreign exchange risk related to currency conversions are minimal and therefore, does not hedge its foreign exchange risk. At December 31, 2011, one Canadian dollar was equal to 0.983 US dollars.

Balances are as follows:

	US dollars	Canadian dollar equivalent
Cash	22,752	23,139
Receivables	-	-
Advances	-	-
	22,752	23,139
Trade and other payables	(-)	(-)
Net monetary assets	22,752	23,139

Based upon the above net exposures and assuming that all other variables remain constant, a 10% increase or decrease in the Canadian dollar against the US dollar would result in a decrease or increase in the reported loss of approximately \$2,300 in the year.

- (c) **Commodity Price Risk:** While the value of the Company's mineral resource properties are related to the price of gold and the outlook for this mineral, the Company currently does not have any operating mines and hence does not have any hedging or other commodity based risks in respect to its operational activities.

Historically, the price of gold has fluctuated significantly and is affected by numerous factors outside of the Company's control, including but not limited to industrial and retail demand, central bank lending, forward

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sales by producers and speculators, levels of worldwide production, short-term changes in supply and demand because of speculative hedging activities, and certain other factors related specifically to gold.

Forward Looking Statements

This MD&A contains forward-looking statements that are based on the Company's current expectations and estimates. Forward-looking statements are frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", "suggest", "indicate" and other similar words or statements that certain events or conditions "may" or "will" occur. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause actual events or results to differ materially from estimated or anticipated events or results implied or expressed in such forward-looking statements. Such factors include, among others: the actual results of current exploration activities; conclusions of economic evaluations; changes in project parameters as plans to continue to be refined; possible variations in ore grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing; and fluctuations in metal prices. There may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.

This MD&A may contain information about adjacent properties on which we have no right to explore or mine. We advise U.S. investors that the SEC's mining guidelines strictly prohibit information of this type in documents filed with the SEC. U.S. investors are cautioned that mineral deposits on adjacent properties are not indicative of mineral deposits on our properties.

Additional Disclosure for Venture Issuers without Significant Revenue

The components of exploration costs are described in Note 8 to the consolidated financial statements for the year ended December 31, 2011.

Disclosure of Outstanding Share Data

The Company has unlimited authorized common shares and the issued and outstanding share capital at the date of this MD&A is:

	Common Shares Issued and Outstanding	Common Share Purchase Warrants	Common Share Purchase Options
Balance December 31, 2011	27,591,872	7,814,380	1,782,500
Expiration of share purchase warrants	-	(2,500,000)	-
Expiration of stock options	-	-	(187,500)
Issue of shares pursuant to an agreement	1,500,000	-	-
Balance the date of this MD&A	29,091,872	5,314,380	1,595,000

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Risks

The Company is subject to risks and challenges similar to other companies in a comparable stage of development. These risks include, but are not limited to, continuing losses, dependence on key individuals, and the ability to secure adequate financing to meet minimum capital required to successfully complete its projects and continue as a going concern. These factors should be reviewed carefully.

The following risk factors, in addition to the risks noted above in the "Financial Instruments and Related Risks" section, should be given special consideration when evaluating trends, risks and uncertainties relating to the Company's business.

Exploration, Development and Production Risks

The exploration for and development of minerals involves significant risks, which even a combination of careful evaluation, experience and knowledge of management and key employees and contractors of the Company may not eliminate. Few properties which are explored are ultimately developed into producing mines. 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 the definition of a mineral resource. The Company's operations will be subject to all of the hazards and risks normally encountered in the exploration, development and production of minerals. These include unusual and unexpected geological formations, rock falls, seismic activity, flooding and other conditions involved in the extraction of material, 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. Substantial expenditures are required to establish ore reserves through drilling, to develop metallurgical processes to extract the metal from the ore 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 discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. The economics of developing gold and other mineral properties is affected by many factors, including the cost of operations, variations in the grade of ore mined, fluctuations in metal markets, costs of processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. The remoteness and restrictions on access of the Company's mineral property may have an adverse effect on profitability as a result of higher infrastructure costs. There are also physical risks to the exploration personnel working in the terrain in which the Company's mineral property is located, which is subject to poor climate conditions. The long-term commercial success of the Company depends on its ability to explore, develop and commercially produce minerals from its mineral property and to locate and acquire additional properties worthy of exploration and development for minerals. No assurance can be given that the Company will be able to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, the Company may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participation uneconomic.

Substantial Capital Requirements

The management of the Company anticipates that it may make substantial future capital expenditures for the acquisition, exploration, development and production its mineral property. As the Company will be at the exploration stage with no revenue being generated from the exploration activities on its mineral property, the Company may have limited ability to raise the capital necessary to undertake or complete future exploration work, including drilling programs. There can be no assurance that debt or equity financing will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to the Company. Moreover, future

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activities may require the Company to alter its capitalization significantly. The inability of the Company to access sufficient capital for its operations could have a material adverse effect on the Company's financial condition, results of operations or prospects. In particular, failure to obtain such financing on a timely basis could cause the Company to forfeit its interest in its mineral property, miss certain acquisition opportunities and reduce or terminate its operations.

Competition

The mining industry is highly competitive. Many of the Company's competitors for the acquisition, exploration, production and development of mineral properties, and for capital to finance such activities, include companies that have greater financial and personnel resources available to them than the Company.

Volatility of Mineral Prices

The market price of any mineral is volatile and is affected by numerous factors that are beyond the Company's control. These include international supply and demand, the level of consumer product demand, international economic trends, currency exchange rate fluctuations, the level of interest rates, the rate of inflation, global or regional political events and international events as well as a range of other market forces. Sustained downward movements in mineral market prices could render less economic, or uneconomic, some or all of the mineral extraction and/or exploration activities to be undertaken by the Company.

Mineral Reserves / Mineral Resources

The Company's mineral property is considered to be in the early exploration stage only and does not contain a known body of commercial minerals. Mineral reserves are, in the large part, estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. Reserve estimates for properties that have not yet commenced production may require revision based on actual production experience. Market price fluctuations of metals, as well as increased production costs or reduced recovery rates may render mineral reserves containing relatively lower grades of mineralization uneconomic and may ultimately result in a restatement of reserves. Moreover, short-term operating factors relating to the mineral reserves, such as the need for orderly development of the ore bodies and the processing of new or different mineral grades may cause a mining operation to be unprofitable in any particular accounting period.

Recent Global Financial Conditions

Recent global financial conditions have been subject to increased volatility. Access to public financing has been negatively impacted by both sub-prime mortgages and the liquidity crisis affecting the asset-backed commercial paper market. These factors may impact the ability of the 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 operations could be adversely impacted and the value and the price of the shares of the Company could be adversely affected.

Environmental Risks

All phases of the mining business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and state and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with mining operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies

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and directors, officers and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations.

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

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

Reliance on Key Personnel

The success of the Company will be largely dependent upon the performance of its management and key employees and contractors. In assessing the risk of an investment in the shares of the Company, potential investors should realize that they are relying on the experience, judgment, discretion, integrity and good faith of the proposed management of the Company.

Conflicts of Interest

Certain of the directors and officers of the Company will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including mineral resource companies) and, as a result of these and other activities, such directors and officers of the Company may become subject to conflicts of interest. The *Business Corporations Act* (British Columbia) (the "BCBCA") provides that in the event that a director or senior officer has a material interest in a contract or proposed contract or agreement that is material to the issuer, the director or senior officer must disclose his or her interest in such contract or agreement and a director must refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA. To the knowledge of the management of the Company, as at the date hereof, there are no existing or potential material conflicts of interest between the Company and a director or officer of the Company except as otherwise disclosed in this Filing Statement.

Dividends

To date, the Company has not paid any dividends on its outstanding common shares. Any decision to pay dividends on the shares of the Company will be made by the Board on the basis of the Company's earnings, financial requirements and other conditions.

Substantial number of authorized but unissued shares

The Company has an unlimited number of common shares which may be issued by the Board without further action or approval of the Company's shareholders, except in limited circumstances. While the Board is required to fulfill its fiduciary obligations in connection with the issuance of such shares, the shares may be issued in transactions with which not all shareholders agree, and the issuance of such shares will cause dilution to the ownership interests of the Company's shareholders.

Permits and Licenses

The activities of the Company are subject to government approvals, various laws governing prospecting, development, land resumptions, production taxes, labour standards and occupational health, mine safety, toxic substances and other matters, including issues affecting local native populations. Amendments to current laws and regulations governing operations and activities of exploration and mining, or more

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stringent implementation thereof, could have a material adverse impact on the business, operations and financial performance of the Company. Further, the mining licenses and permits issued in respect of its mineral property may be subject to conditions which, if not satisfied, may lead to the revocation of such licenses. In the event of revocation, the value of the Company's investments in its mineral property may decline.

Title Risks

The acquisition of title to resource properties or interests therein is a very detailed and time-consuming process. The Property may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects. The boundaries of its mineral property have not been surveyed and consequently may be disputed.

Limited Operating History

The Company is a company with limited successful operating history. The Company was incorporated in November 1945 and has yet to generate a profit from its activities. The Company will be subject to all of the business risks and uncertainties associated with any business enterprise, including the risk that it will not achieve its growth objective. The Company anticipates that it may take several years to achieve positive cash flow from operations. Even if the Company does undertake exploration activity on the Property, there is no certainty that the Company will produce revenue, operate profitably or provide a return on investment in the future.

Uninsured Risks

The Company, as a participant in mining and exploration activities, may become subject to liability for hazards that cannot be insured against or against which it may elect not to be so insured because of high premium costs. Furthermore, the Company may incur a liability to third parties (in excess of any insurance coverage) arising from negative environmental impacts or any other damage or injury.

Unforeseen Expenses

While the Company is not aware of any expenses that may need to be incurred that have not been taken into account, if such expenses were subsequently incurred, the expenditure proposals of the Company may be adversely affected.

Other Information

The Filing Statement for the Uncle Sam transaction and the Technical Report (NI 43-101) for the Uncle Sam property are also posted on www.sedar.com with a filing date of January 4, 2011.

Additional information relating to the Company is available for viewing on SEDAR at www.sedar.com and at the Company's web site www.crescentresourcescorp.com.



Management Discussion and Analysis

For the six months ended

June 30, 2012

(expressed in Canadian dollars)

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Six months ended June 30, 2012
Management's Discussion and Analysis ("MD&A")

Effective Date

The following discussion is management's assessment and analysis of the results of operations and financial conditions of Crescent Resources Corp. (the "Company" or "Crescent") and should be read in conjunction with the accompanying condensed consolidated interim financial statements and related notes thereto for the six months ended June 30, 2012 and 2011. In addition, the following should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2011 and the related MD&A.

Additional information relating to the Company is available on SEDAR at www.sedar.com.

All financial information in this MD&A related to 2012 and 2011 has been prepared in accordance with International Financial Reporting Standards ("IFRS") and all dollar amounts are expressed in Canadian dollars unless otherwise indicated.

The effective date of this MD&A is August 23, 2012.

Overview

Description of the Business

Crescent is a publicly-traded mineral exploration company incorporated under the laws of the Province of Ontario and continued under the laws of British Columbia. The Company is a reporting issuer in British Columbia and Alberta and trades on Tier 2 of the TSX Venture Exchange (the "TSX-V") under the trading symbol "CRC".

Crescent's principal property is the Uncle Sam gold project located which is located 75 kilometers southeast of the city of Fairbanks, Alaska. The project has great potential for the discovery of a significant new gold deposit. Past exploration and drilling has shown that the project is a large, mostly untested gold system located in a world class gold belt with three multi-million ounce gold projects, Pogo, Fort Knox and Livengood, located nearby. Alaska is a low risk, pro-development area that is expected to receive a lot of attention this spring and summer, with several large exploration programs being conducted by other mineral exploration companies.

Crescent executed a definitive agreement with Millrock Resources Inc. and Millrock Alaska LLC ("Millrock") on December 15, 2010, whereby Crescent can earn a 100% interest in Millrock's rights to the Uncle Sam property. The project is an intrusion related gold target hosted in a similar age of intrusive rocks to those which host the Pogo Gold Mine approximately 60 kilometers to the east of Uncle Sam. A comprehensive exploration data package provided to Millrock by previous operators indicates that there are extensive anomalous areas defined by surface gold geochemistry and numerous significant drill intercepts that indicate strong potential for a large new gold discovery.

Diamond drill results from a \$2 million exploration and drill program funded by the Company in 2011 confirmed a broad distribution of gold at Uncle Sam and delineated additional targets for follow up work.

The Company is funding the exploration program and Millrock is the operator.

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Results of Operations

Results of Operations for the three and six months ended June 30, 2012

The Company incurred a loss for the six months ended June 30, 2012, of \$190,670 (2011 - \$2,222,429).

The more significant differences between the comparative periods were exploration costs and share-based compensation:

Exploration costs: **\$50,831** (2011: \$1,640,776) decrease of \$1,589,945.
Expenditures in the six month period ended June 30, 2012, represent camp maintenance and drill core storage. The 2011 comparative period expenditures represented mobilization of equipment, drilling, and geology during the spring & summer drilling season.

Share-based compensation: **\$2,646** (2011: \$404,456) decrease of \$401,810.
The \$2,646 was the final vesting portion of options granted in 2011. No stock options have been granted in 2012 to date.

Summary of Quarterly Results

	June 30 2012 \$	Mar 31 2012 \$	Dec 31 2011 \$	Sept 30 2011 \$	June 30 2011 \$	Mar 31 2011 \$	Dec 31 2010 \$	Sept 30 2010 \$
Total revenues	-	-	-	-	-	-	-	-
Loss for period	(106,667)	(84,003)	(145,136)	(673,388)	(1,490,018)	(732,411)	(133,528)	(18,597)
Basic and diluted loss per share	(0.00)	(0.00)	(0.01)	(0.02)	(0.05)	(0.04)	(0.01)	(0.00)

The Company is an exploration stage company. At this time, any issues of seasonality or market fluctuations have no impact on the financial results of the Company. The Company currently defers the acquisition costs of its exploration and evaluation assets. The Company expenses its property exploration and general and administration costs and these amounts are included in the loss for each quarter.

Liquidity

The Company began the 2012 fiscal year with cash of \$1,317,419. Cash expended on operations in the six-month period, net of non-cash working capital changes was \$227,853. Cash invested in exploration and evaluation assets was \$87,259, leaving the Company with \$1,002,307 at June 30, 2012.

As at the date of this MD&A, the Company has 1,345,000 outstanding stock options, all of which are exercisable. In addition, the Company has 5,314,380 exercisable share purchase warrants. None of stock options or share purchase warrants are "in-the-money" as of the date of this MD&A.

As the Company continues exploration of the Uncle Sam property, it intends to raise funds from additional equity issues to fund those programs. Historically the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. There can be no assurance, however, that such financing will be available to the Company or, if it is, that it will be available on terms acceptable to the Company and will be sufficient to fund cash needs until the Company acquires an operating business or achieves positive cash flow. If the Company is unable to obtain the financing necessary to support its operations, it may be unable to continue as a going concern. The Company currently has no commitments for any credit facilities such as revolving credit agreements or lines of credit

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that could provide additional working capital. The Company has no long term debt, capital lease obligations, operating leases or any other long term obligations.

The Company's working capital at June 30, 2012, is sufficient to fund planned operations for the next twelve months.

Capital Resources

The Company's expenditure commitments on the Uncle Sam property are primarily at the Company's discretion. License fees and minimum work commitments to maintain the option agreement and the underlying Millrock option agreement are currently expected to be approximately US\$150,000 for the remainder of fiscal year 2012, along with the balance of the US\$60,000 underlying property payments due in November 2012, will complete the expenditure portion of the 100% earn-in of the Uncle Sam property. An additional 2,600,000 shares will need to be issued to Millrock to complete the earn-in. The Company expects to fund these expenditures with existing working capital.

As at the date of this MD&A, other than as described herein and in the Financial Statements, the Company has no other arrangements for sources of financing.

Transactions with Related Parties

- a) The Company's related parties consist of companies with directors and officers in common and companies owned in whole or in part by executive officers and directors as follows:

Name	Nature of transactions
524124 BC Ltd. (Don Halliday)	Consulting as CEO, and holder of promissory notes
Golden Oak Corporate Services Limited (Doris Meyer)	Consulting as CFO, financial reporting and corporate compliance services

The Company incurred the following fees and expenses in the normal course of operations in connection with individuals and companies owned by key management and directors. Expenses have been measured at the exchange amount which is determined on a cost recovery basis.

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
Consulting fees	\$ 46,500	\$ 56,500	\$ 93,000	\$ 99,190
Interest expense on promissory notes	-	-	-	2,011
Total	\$ 46,500	\$ 56,500	\$ 93,000	\$ 101,201

Amounts owing to related parties are disclosed in Note 8 to the condensed consolidated interim financial statements as at June 30, 2012.

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b) Compensation of key management personnel:

The remuneration of directors and other members of key management personnel, which include the amounts disclosed above, during the three and six months ended June 30, 2012, and 2011 was as follows:

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
Consulting fees	\$ 46,500	\$ 56,500	\$ 93,000	\$ 99,190
Directors fees	2,250	2,250	4,500	4,500
Share-based compensation	-	-	-	322,352
Total	\$ 48,750	\$ 58,750	\$ 97,500	\$ 426,042

Future Canadian Accounting Standards

Refer to Note 2(e) to the condensed consolidated interim financial statements for the six month period ended June 30, 2012. The Company has not applied any of the new and revised IFRS detailed therein, all of which have been issued but are not yet effective at the date of this MD&A.

Financial Instruments and Related Risks

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following categories: FVTPL; held-to-maturity investments; loans and receivables; available-for-sale; or other liabilities. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	June 30, 2012	December 31, 2011
Cash	FVTPL	\$ 1,002,307	\$ 1,317,419
Receivables	Loans and Receivables	14,526	17,309
Advances	Loans and Receivables	7,591	-
Trade and other payables	Other liabilities	(10,275)	(43,141)

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

- Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.
- Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.
- Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The recorded amounts for cash, receivables, advances, and trade and other payables approximate their fair value due to their short-term nature.

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Risk Management

The Company's risk exposures and the impact on the Company's financial instruments are summarized as follows:

Credit Risk

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash, receivables, and balances receivable from the government. The Company limits the exposure to credit risk in its cash by only investing its cash with high-credit quality financial institutions in business and savings accounts, guaranteed investment certificates and in government treasury bills which are available on demand by the Company for its programs.

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next sixty days.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

- (a) **Interest Rate Risk:** The Company is exposed to interest rate risk to the extent that its cash balances bear variable rates of interest. The interest rate risks on cash and short-term investments and on the Company's obligations are not considered significant.
- (b) **Foreign Currency Risk:** The Company has identified its functional currency as the Canadian dollar. Transactions are transacted in Canadian dollars and in US dollars. The Company maintains US dollar bank accounts in Canada to support the cash needs of its foreign operation. Management believes the foreign exchange risk related to currency conversions are minimal and therefore, does not hedge its foreign exchange risk. At June 30, 2012, one Canadian dollar was equal to 0.9822 US dollars.

Balances at June 30, 2012, are as follows:

	US dollars	Canadian dollar equivalent
Cash	65,240	\$ 66,421
Receivables	-	-
Advances	7,456	7,591
	72,696	74,012
Trade and other payables	(-)	(-)
Net monetary assets	72,696	\$ 74,012

Based upon the above net exposures and assuming that all other variables remain constant, a 10% increase or decrease in the Canadian dollar against the US dollar would result in a decrease or increase in the reported loss of approximately \$7,400 in the period.

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- (c) Commodity Price Risk: While the value of the Company's mineral resource properties are related to the price of gold and the outlook for this mineral, the Company currently does not have any operating mines and hence does not have any hedging or other commodity based risks in respect to its operational activities.

Historically, the price of gold has fluctuated significantly and is affected by numerous factors outside of the Company's control, including but not limited to industrial and retail demand, central bank lending, forward sales by producers and speculators, levels of worldwide production, short-term changes in supply and demand because of speculative hedging activities, and certain other factors related specifically to gold.

Forward Looking Statements

This MD&A contains forward-looking statements that are based on the Company's current expectations and estimates. Forward-looking statements are frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", "suggest", "indicate" and other similar words or statements that certain events or conditions "may" or "will" occur. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause actual events or results to differ materially from estimated or anticipated events or results implied or expressed in such forward-looking statements. Such factors include, among others: the actual results of current exploration activities; conclusions of economic evaluations; changes in project parameters as plans to continue to be refined; possible variations in ore grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing; and fluctuations in metal prices. There may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.

This MD&A may contain information about adjacent properties on which we have no right to explore or mine. We advise U.S. investors that the SEC's mining guidelines strictly prohibit information of this type in documents filed with the SEC. U.S. investors are cautioned that mineral deposits on adjacent properties are not indicative of mineral deposits on our properties.

Additional Disclosure for Venture Issuers without Significant Revenue

The components of exploration costs are described in Note 6 to the condensed consolidated interim financial statements for the six month period ended June 30, 2012.

Disclosure of Outstanding Share Data

The Company has unlimited authorized common shares and the issued and outstanding share capital at the date of this MD&A is:

	Common Shares Issued and Outstanding	Common Share Purchase Warrants	Stock Options
Balance as of June 30, 2012, and as of the date of this MD&A	29,091,872	5,314,380	1,345,000

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Risks

In addition to the risks noted above in the "Financial instruments and Related Risks" section, should be given special consideration when evaluating trends, risks and uncertainties relating to the Company's business.

The Company is subject to risks and challenges similar to other companies in a comparable stage of development. Mineral exploration is subject to a high degree of risk, which a combination of experience, knowledge, and careful evaluation may fail to overcome. Exploration activities seldom result in the discovery of a commercially viable mineral resource. Exploration activities require significant cash expenditures. Crescent will therefore require additional financing to carry on its business and such financing may not be available when it is needed.

Information concerning risks specific to the Company and its industry, which are required to be included in this MD&A are incorporated by reference to the Company's MD&A for the year ended December 31, 2011, in the section entitled "Risks".

Other Information

The Filing Statement for the Uncle Sam transaction and the Technical Report (NI 43-101) for the Uncle Sam property are also posted on www.sedar.com with a filing date of January 4, 2011.

Additional information relating to the Company is available for viewing on SEDAR at www.sedar.com and at the Company's web site www.crescentresourcescorp.com.

CERTIFICATE OF CRESCENT RESOURCES CORP.

The foregoing document constitutes full, true and plain disclosure of all material facts relating to the securities of Crescent Resources Corp. assuming completion of the Merger.

Dated November 9, 2012

“Don Halliday”
Don Halliday
Chief Executive Officer

“Doris Meyer”
Doris Meyer
Chief Financial Officer

On behalf of the Board of Directors

“Michael Hopley”
Michael Hopley
Director

“Eric Edwards”
Eric Edwards
Director

CERTIFICATE OF COVENTRY RESOURCES LIMITED

The foregoing document as it relates to Coventry Resources Limited constitutes full, true and plain disclosure of all material facts relating to the securities of Coventry Resources Limited.

Dated November 9, 2012

“Michael Naylor”
Michael Naylor
Chief Executive Officer

“Beverley Nichols”
Beverley Nichols
Chief Financial Officer

On behalf of the Board of Directors

“Michael Haynes”
Michael Haynes
Director

“Rhoderick Grivas”
Rhoderick Grivas
Director