ETHOS GOLD CORP.

(formerly Ethos Capital Corp.)

Management's Discussion & Analysis

FOR THE YEAR ENDED DECEMBER 31, 2011

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INTRODUCTION

This Management's Discussion and Analysis ("MD&A") includes financial information from, and should be read in conjunction with, the audited financial statements of Ethos Gold Corp., previously known as Ethos Capital Corp., ("the Company") for the year ended December 31, 2011 and 2010. This MD&A for the year ended December 31, 2011 reflects the Company's adoption of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). This MD&A was prepared with information available as of April 18, 2012. Additional information and disclosure relating to the Company can be found on SEDAR at **www.sedar.com**

FORWARD LOOKING STATEMENTS

This MD&A contains "forward-looking statements" within the meaning of applicable Canadian securities legislation, which include all statements, other than statements of historical fact that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future. These include, without limitation:

- the Company's anticipated results and developments in the Company's operations in future periods
- planned exploration and development of its mineral properties
- planned expenditures and budgets
- evaluation of the potential impact of future accounting changes
- estimates concerning share-based compensation and carrying value of properties
- other matters that may occur in the future.

These statements relate to analyses and other information that are based on expectations of future performance and planned work programs.

Statements concerning mineral resource estimates may also be deemed to constitute forward-looking statements to the extent that they involve estimates of the mineralization that will be encountered if the related property is developed.

With respect to forward-looking statements and information contained herein, the Company has made a number of assumptions with respect to, including among other things, the price of gold and other metals, economic and political conditions, and continuity of operations. Although the Company believes that the assumptions made and the expectations represented by such statements or information are reasonable, there can be no assurance that forward-looking statements or information contained or incorporated by reference herein will prove to be accurate.

Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors which could cause actual events or results to differ materially from those expressed or implied by the forward-looking statements, including, without limitation:

- fluctuations in mineral prices;
- the Company's dependence on a limited number of mineral projects;
- the nature of mineral exploration and mining and the uncertain commercial viability of certain mineral deposits;
- the Company's lack of operating revenues;
- the Company's ability to obtain necessary financing to fund the development of its mineral properties or the completion of further exploration programs;

- jurisdiction operating risks which can over time include changes in political, economic, regulatory and taxation regimes;
- governmental regulations and specifically the ability to obtain necessary licenses and permits;
- risks related to the Company's mineral properties being subject to prior unregistered agreements, transfers, or claims and other defects in title;
- fluctuations in the currency markets;
- changes in environmental laws and regulations which may increase costs of doing business and restrict the Company's operations;
- risks related to the Company's dependence on key personnel; and
- estimates used in the Company's financial statements proving to be incorrect.

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

OVERVIEW

The Company was incorporated on March 12, 2007 under the British Columbia Business Corporations Act. In 2007, the Company completed an initial public offering ("IPO") and was publicly listed as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange ("the TSX-V"). In 2008, the Company announced a proposed Qualifying Transaction. In July 2009, the TSX-V accepted the Company's Qualifying Transaction and filing statement, and the Company began trading on the TSX-V as a Tier 2 company under the symbol ECC. In March 2011, Company began trading on the OTCQX under the symbol ETHOF. The Company's principal business activities are the identification, exploration and development of economically viable mineral properties.

HIGHLIGHTS DURING 2011

- In February 2011, Mr. Peter Tallman, P.Geo. was appointed as Chief Operating Officer of the Company.

- In March 2011, the Company obtained an option from Shawn Ryan ("Ryan") and Wildwood Exploration Inc., ("Wildwood") to acquire a 100% interest in two prospective gold properties located 70 kilometers ("km") and 120 km respectively south of Dawson City, Yukon. The Bridget and Hen properties were identified by Shawn Ryan. These two prospective gold properties are strategically located in the White Gold region of the Dawson Range, respectively east and north of Kaminak Gold Corporation's ("Kaminak") Coffee Creek prospects.

- In May 2011, the Company completed a brokered private placement of 5,800,000 units (the "Units") at a price of $1.00 per Unit and 4,920,000 flow-through shares (the "FT Shares") at a price of $1.20 per FT Share for aggregate gross proceeds of $11,704,000 (the "Brokered Offering"). The Brokered Offering was completed by a syndicate of agents led by Canaccord Genuity Corp. and including Fraser Mackenzie Limited and Salman Partners Inc. (collectively the "Agents"). In addition, the Company completed a non-brokered private placement (the "Non-Brokered Offering") of 2,450,000 Units and 600,000 FT Shares on the same terms as the Brokered Offering for gross proceeds of $3,170,000. The total gross proceeds of the Brokered Offering and the Non-Brokered Offering were $14,874,000. Each Unit is comprised of one common share and one-half of one common share purchase warrant. Each whole warrant will entitle the holder to purchase one additional common share at a price of $1.35 per share until November 5, 2012.

- In connection with the Brokered Offering, the Company paid to the Agents cash commissions in the aggregate amount of $702,240 and issued 591,744 broker warrants. Each broker's warrant is exercisable until November 5, 2012 to acquire one additional Unit at a price of $1.00 per Unit (the "Broker's Warrant Units"). Each Broker's Warrant Unit has the same terms as the Units under the Brokered Offering. In connection with the Non-Brokered Offering, the Company paid to five registered dealers finder's fees in the aggregate amount of $160,320 and issued 154,800 finder's warrants. Each finder's warrant is exercisable to acquire one additional Unit until November 5, 2012 at a price of $1.00 per Unit (the "Finder's Warrant Units"). Each Finder's Warrant Unit has the same terms as the Units under the Non-Brokered Offering.

- In June 2011, the Company's field preparations for the exploration in the White Gold District in the Yukon were completed and the Company commenced its $6 million 2011 exploration program which included a comprehensive systematic exploration field program of soil sampling, airborne and ground geophysics, trenching, geology and prospecting.

- In June 2011, the TSX-V accepted for filing the two option agreements to acquire the Bridget and Hen properties. The Company filed independent NI 43-101 Technical Reports entitled Technical Report on the Wolf and Betty Properties and Technical Report on the Hen and Bridget Projects, dated March 20, 2011 and March 31, 2011 respectively. Both reports were prepared by Jean Pautler, P.Geo.

- In June 2011, the Company acquired the option rights to an additional 1,460 claims staked in the White Gold District, Yukon. The new claims are contiguous with and adjacent to the Betty property and Bridget property. 166 contiguous claims were added to the Betty property and 1,294 contiguous claims were staked adjacent to the Bridget property. These newly staked claims are Tie-In Claims under the terms of the property option agreements with Shawn Ryan ("Ryan") and Wildwood Exploration Inc., ("Wildwood") and thus become subject to the terms of those agreements.

- In July 2011, the Company staked an additional 1,316 claims at the Hayes Property in the White Gold District, Yukon. The new claims are contiguous with and along strike from Ethos' adjacent Betty Property. The Hayes Property covers an additional 20 km of the interpreted Coffee Fault structure along strike from Kaminak's Coffee Property. The Company's Board of Directors approved an additional $650,000 to be added to the $6 million exploration budget to cover acquisition and exploration expenditures on the Hayes Property. The Hayes Property claims are deemed to be Tie-In Claims under the terms of the Company's Betty Property option agreement with Ryan and Wildwood, and thus become subject to the terms of that agreement.

- In October 2011, the Company surrendered and terminated its option to acquire the Santa Teresa property from Minerales Y Metales California, S.A. de C.V., a wholly owned subsidiary of Cardero Resource Corp. ("Cardero"). Subsequently in February 2012, the Company also surrendered and terminated its option to acquire the Corrales property to focus on its Yukon properties.

HIGHLIGHTS DURING 2012

- In February 2012, the Company announced a $7.3 million exploration program that will focus on the Betty gold property and included plans for a total of 16,000 metres of drilling and the collection of a further 10,000 soil samples. Exploration, including reverse circulation drilling, is anticipated to begin in May 2012.

- In March 2012, the Company amended the 2011option agreements with Ryan and Wildwood relating to the Bridget and Hen Claims. Claims held under both agreements were consolidated solely into the Bridget option agreement. The Hen Agreement was then terminated, thereby reducing overall option obligations. A total of 476 claims determined not to be required were returned to the vendor during this process, offset by the addition of approximately 200 newly staked claims.

- On April 3, 2012, the Company changed its name to "Ethos Gold Corp." to better reflect the business of the Company.

EXPLORATION UPDATE

Betty, Wolf and Bridget Mineral Properties, Yukon

The Company holds the option to acquire a 100% interest in three prospective gold properties located in the White Gold region of the Tintina Gold Belt, focussed in the immediate vicinity of and along trend with gold mineralization discovered on Kaminak's Coffee Property. The Betty, Wolf, and Bridget properties were identified and staked by an experienced target generator Shawn Ryan following the nearby gold discoveries at Golden Saddle (2008) and Coffee (2010). Exploration on the Betty, Wolf, and Bridget properties primarily targets the potential for near-surface, bulk tonnage gold deposits similar to gold deposits found nearby and regionally within the Tintina Gold Belt.

Betty

The Betty property has historically seen no significant gold-in-bedrock exploration prior to its staking by Shawn Ryan in 2010. The Betty property adjoins Kaminak's Coffee gold property to the west and Western Copper's Casino gold-copper deposit to the south. Gold in stream gravels in Sunshine Creek, Isaac Creek, Mascot Creek and Britannia Creek within the Betty property has been targeted by placer miners at various times during and since the 1890's Klondike gold rush.

The Company conducted systematic exploration of the Betty property during 2011. Reconnaissance ridge-and-spur soil sampling identified a widespread and regionally significant gold-in-soil anomaly, the Mascot Creek anomaly, as well as secondary target areas such as the Buck zone. Additional phases of ridge-and-spur as well as more detailed grid soil sampling ultimately identified a 17.5 square km area of anomalous gold in soils ranging between 30 to 7,288 parts per billion ("ppb") Gold ("Au") defining the Mascot Creek anomaly. Prospecting of anomalous soil sites there discovered gold in rock grab samples from bedrock or colluvium ranging from 1 grams per tonne ("g/t") Au up to 24.8 g/t Au.

Pit trenches, a series of pits excavated to 2 meters depth into bedrock and systematically spaced approximately 5 meters apart, were used to follow-up the soil and prospecting results. A total of 22 pit trench lines were excavated by backhoe including 18 within the Mascot Creek anomaly. The best results from this work averaged 7.3 g/t Au over a 50 meter distance; a second parallel line located 85 meters away averaged 2.9 g/t Au over a 45 meter distance. All 18 pit trench lines, including the two preceding, had positive gold results.

Airborne magnetic and radiometric surveying was also completed at a detailed 100 meter line spacing across the Betty property. This level of detail allowed initial mapping and interpretation of fault structures and intrusions which are believed to control the location and distribution of gold within the area. Reprocessing the magnetics data has subsequently been completed to allow refinement of details and modelling of the local faults.

A photographic survey of the property and digital elevation model was also completed. Property-wide field mapping of soil types and areas of permafrost was completed using this data and, together with the other datasets, was used to characterize the Mascot Creek gold-in-soil anomaly and to identify new areas of the Betty property with high prospectivity for targeting in 2012.

The 2012 exploration program primarily targets the Mascot Creek anomaly where gold has been identified by pit trenching. A total of 40 reverse circulation ("RC") drill holes are initially planned with work beginning in May 2012. A diamond drill rig is planned to follow-up results generated by the RC drilling. Additional drilling with the RC rig would be used to generate additional targets. Detailed grid soils are also planned for the Betty property to qualify new target areas and identify new drill targets. This work is expected to begin in late June.

Wolf

A small part of the Wolf property was staked by Shawn Ryan in 1998 and the majority staked in 2009 following the gold discoveries at Golden Saddle (Underworld, now Kinross) and Coffee (Kaminak). Shawn Ryan completed initial prospecting, ridge-and-spur and some grid soil sampling (601 soil samples) and a small ground magnetic survey. This work identified three gold-in-soil anomalies with characteristics similar to those found at Golden Saddle and Coffee.

Ethos conducted systematic exploration of the Wolf property in 2011. Reconnaissance ridge-and-spur soil sampling extended the area covered by Shawn Ryan and additional detailed grid soil sampling collectively totalling 2,918 samples targeted the three gold-in-soil anomalies. The results now indicate a continuous gold soil anomaly that is 5 km by 1.5 km in area extending in a southwest direction and still open further to the southwest. Gold values in soils within the anomalous area range from 10 ppb to 358 ppb gold with 16 values greater than 75 ppb.

Airborne magnetic and radiometric surveying was also completed at 100 meter line spacing across the Wolf property. This level of detail allowed initial mapping of fault structures and felsic intrusions which are believed to control the location and distribution of gold within the area and correlate well with the Wolf gold-in-soil anomaly.

A photographic survey of the property and digital elevation model of the property was also completed. Property-wide mapping of soil types and areas of permafrost is in progress and field verification is expected in July 2012.

A 2012 exploration program consisting of 10 reverse circulation ("RC") drill holes targeting the gold-in-soil anomaly is budgeted. This program is contingent upon results and work load for the RC drill at the Betty property.

Bridget

Parts of the Bridget property were staked by Shawn Ryan in the interval between 2004 and 2008. Additional staking in 2010 and 2011 brings the property to its current size. In the late 1960's and early 1970's, the area was explored for porphyry copper deposits similar to Western Copper's Casino deposit. At Bridget, porphyry-related copper-molybdenum mineralization was identified.

Ethos completed airborne magnetic and radiometric surveying on 100 meter line spacings across the Bridget property in 2011. Reconnaissance ridge-and-spur soil sampling across the property was also completed. The property was covered by an airphoto survey with digital elevation modeling of the terrain. Limited follow-up prospecting on some anomalous gold-in-soil results was conducted late in the season with no significant results, although further follow-up is warranted. In addition, the area of the Bridget porphyry-related copper-molybdenum mineralization was examined and sampled. This examination yielded encouraging geologic results and additional pit trenching, detailed soil surveying, and reverse circulation drill testing targeting this mineralization is contemplated.

Hen

The Hen property was staked by Shawn Ryan in 2010 based upon work he had done in the area in the early 2000's. Ethos completed magnetic and radiometric surveying on 100 meter line spacing. The property was covered by an air photo survey with digital elevation modeling of the terrain. Reconnaissance ridge-and-spur soil sampling across the property was also completed. Local sites of anomalous gold-in-soil samples were briefly examined by prospecting with no significant result. The 476 claims comprising the "Hen claims" in the area of Henderson Creek were returned to Shawn Ryan on March 1, 2011 as part of the consolidation of the Bridget and Hen Agreements.

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(See Contractual Obligations for the terms and conditions required for the Company to exercise its option agreement for the Betty, Wolf, and Bridget mineral properties.)

The technical and scientific information contained within the Management Discussion and Analysis has been reviewed and approved by Peter Tallman, P.Geo, Chief Operating Officer of the Company and Qualified Person as defined by National Instrument 43-101 policy.

SELECTED FINANCIAL INFORMATION

Fiscal Year ended	**December 31, 2011**	**December 31, 2010**	**December 31, 2009 ***
Total Revenue	Nil	Nil	Nil
Net Loss and Comprehensive Loss for the Year	$7,509,874	$1,662,136	$238,556
Net Loss Per Common Share	$0.21	$0.10	$0.02
Total Assets	$16, 523,099	$6,754,248	$1,663,163
Total Liabilities	$423,718	$174,098	$20,229
Cash Dividends per Common Share	Nil	Nil	Nil
Number of Common Shares Issued and Outstanding	42,097,911	24,065,540	11,200,000

* Prepared under Canadian GAAP

RESULTS OF OPERATIONS

Year ended December 31, 2011, compared to the Year ended December 31, 2010

The Company incurred a net loss of $7,509,874 in 2011 ($0.21 loss per common share) compared to a net loss of $1,662,136 ($0.10 loss per common share) in 2010, an increase of $5,847,738. The increase was mainly a result of a higher exploration budget in 2011 as the Company ramped up its exploration program in the Yukon.

The Company incurred $5,020,375 in exploration costs in 2011, primarily on the Yukon mineral properties compared to $865,696 in 2010, an increase of $4,154,679 as the Company ramped up its 2011 Yukon exploration program. In 2011, the Company also relinquished its option on the Santa Teresa and Corrales properties in Mexico and wrote off $246,750 in capitalized mineral interest costs.

The Company incurred $397,882 in consulting fees and $147,870 in salaries in 2011 compared to $113,780 and $nil respectively in 2010, an increase of $284,102 and $147,870 respectively as exploration activities during 2011 increased and the Company continued to staff accordingly.

Share-based compensation costs increased from $419,392 in 2010 to $1,129,981in 2011 as the Company granted more incentive options in 2011 than it did in 2010.

During 2011, travel costs increased from $22,671 in 2010 to $218,813 and investor relations costs increased from $54,000 in 2010 to $289,048 in 2011. The Company incurred higher travel costs and investor relations activities as it expanded its exploration portfolio, increased its exploration activities in the Yukon and continued to investigate new opportunities.

SUMMARY OF QUARTERLY RESULTS

The following table summarizes selected financial information from the Company's unaudited financial statements for the last eight quarters.

Quarter Ended	**Revenue**	**(Income)Loss**	**(Income) Loss Per Common Share**	**(Income) Loss Per Common Diluted Share**
31-Dec-11	$0.00	$1,506,242	$0.04	$0.04
30-Sep-11	$0.00	$3,201,577	$0.08	$0.08
30-Jun-11	$0.00	$2,132,539	$0.06	$0.06
31-Mar-11	$0.00	$669,516	$0.03	$0.03
31-Dec-10	$0.00	$347,429	$0.02	$0.02
30-Sep-10	$0.00	$953,125	$0.05	$0.05
30-Jun-10	$0.00	$151,920	$0.02	$0.02
31-Mar-10	$0.00	$209,662	$0.03	$0.03

There are no systematic identifiable factors that cause variations in the selected quarterly financial information.

FOURTH QUARTER 2011

The Company incurred a net loss of $1,506,242 in Q4 2011 ($0.04 loss per common share) compared to a net loss of $347,429 ($0.02 loss per common share) in Q4 2010, an increase of $1,158,813. The increase was mainly a result of a higher exploration budget in 2011 as the Company ramped up its exploration program in the Yukon after acquiring them in Q4 2010.

The Company also incurred higher consulting fees, salaries, share based compensation, travel costs, investor relations costs and other general and administrative costs as exploration activities during Q4 2011 increased from the comparative quarter and the Company readies itself for a busy 2012 exploration program.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

See Schedule of Exploration Expenditures in the annual financial statements for a breakdown of exploration expenditures. The material component of general and administration expenses are:

	2011	2010
Dues and subscriptions	$ 2,676	$ -
Donations	3,955	-
IT services	6,284	200
Office	32,436	51,253
Shipping	5,201	1,354
Insurance	28,584	-
Communications	33,364	9,125
Advertising	-	16,026
Printing	22,408	1,973
	$ 134,908	$ 79,931

LIQUIDITY AND CAPITAL RESOURCES

As December 31, 2011, the Company had working capital of $14,338,412 compared to working capital of $5,568,400 at December 31, 2010, an increase in working capital of $8,770,012.

In May 2011, the Company completed a brokered private placement of 5,800,000 units at a price of $1.00 per Unit and 4,920,000 flow-through shares at $1.20 per flow-through share, with Canaccord Genuity Corp. acting as lead agent. In addition, the Company completed a non-brokered private placement of 2,450,000 Units and 600,000 flow-through shares on the same terms as the brokered private placement. The total gross proceeds of the brokered private placement and the non-brokered private placement were $14,874,000 (before share issue costs of $1,056,772). Each Unit consisted of one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company at a price of $1.35 per common share, until November 5, 2012. In 2011, the Company also received $1,631,896 from the exercise of warrants and options.

The Company has sufficient working capital to fund its 2012 exploration program of $7.3 million in the Yukon, its administrative costs and meet its cash option payments for the Wolf, Betty and Bridget mineral properties under option from Ryan and Wildwood.

The Company is in the exploration stage and its source of working capital to date has been solely from the sale of its common shares. In the foreseeable future, the Company will likely need to raise additional working capital from the sale of additional common shares to meet its future cash flow requirements.

CONTRACTUAL OBLIGATIONS

Corrales and Santa Teresa Option Agreement

The Company surrendered and terminated its right to acquire from Cardero the Santa Teresa property during 2011, and surrendered and terminated its right to acquire the Corrales property in 2012. The Company has no further obligations.

Betty & Wolf Option Agreements

On December 21, 2010, the TSX-V accepted for filing two option agreements dated November 30, 2010 between the Company, Ryan and Wildwood whereby the Company has the option to acquire a 100% interest in the Betty and Wolf properties, located in the White Gold area, west-central Yukon by completing the following:

Cash Payments

Property	Within 5 business days of TSXV Acceptance (Completed December 23, 2010)	On or before January 15, 2012 (Completed January 15, 2012)	On or before November 30, 2012	On or before November 30, 2013	On or before November 30, 2014
Wolf	$100,000	$100,000	$100,000	$100,000	$150,000
Betty	$150,000	$100,000	$100,000	$100,000	$150,000
Totals	$250,000	$200,000	$200,000	$200,000	$300,000
Cumulative	$250,000	$450,000	$650,000	$850,000	$1,150,000

Required Expenditures

Property	On or before January 15, 2012	On or before October 15, 2012	On or before October 15, 2013	On or before October 15, 2014	On or before October 15, 2015
Wolf	$200,000	$300,000	$500,000	$750,000	$750,000
Betty	$200,000	$300,000	$500,000	$750,000	$750,000
Totals	$400,000	$600,000	$1,000,000	$1,500,000	$1,500,000
Cumulative	$400,000	$1,000,000	$2,000,000	$3,500,000	$5,000,000

Share Payments

Property	Within 5 business days of TSXV Acceptance (Completed December 23, 2010)	On or before January 15, 2012 (Completed January 15, 2012)	On or before November 30, 2012	On or before November 30, 2013	On or before November 30, 2014
Wolf	$250,000	$250,000	$250,000	$250,000	$250,000
Betty	$250,000	$250,000	$250,000	$250,000	$250,000
Totals	$500,000	$500,000	$500,000	$500,000	$500,000
Cumulative	$500,000	$1,000,000	$1,500,000	$2,000,000	$2,500,000

The Company will also issue and deliver to Ryan 500,000 common shares upon the Company having incurred expenditures of a total of $4,000,000 on each of the Betty and Wolf properties, and issue and deliver to Ryan an additional 500,000 common shares upon the Company having incurred expenditures of a total of $7,500,000 on each of the Betty and Wolf properties.

In addition, the Company has the option to accelerate all of the above obligations and upon fulfilling all of these obligations, under both option agreements, the Company will make annual cash advance royalty payments of $30,000 to Ryan and Wildwood commencing October 30, 2015 and continuing each year thereafter until commencement of commercial production of each of the respective mineral properties. These advance royalty payments will be deducted from the royalty payable upon commencement of commercial production.

Each of the properties will be subject to a 2% Net Smelter Return ("NSR") royalty in favour of Ryan and Wildwood, with an option in favour of the Company to buyout 1% of the NSR royalty exercisable for CDN$2,500,000 per property.

Bridget and Hen Option Agreements

In May 2011, the TSX-V accepted for filing two option agreements dated March 2, 2011 between the Company, Ryan and Wildwood whereby the Company has the option to acquire a 100% interest in the Bridget and Hen properties, located in the White Gold area. In February 2012, the Company, Ryan and Wildwood amended the terms of these two option agreements to consolidate them into the Bridget Option Agreement. The effect of this consolidation was to terminate the Hen agreement by dropping a total of 476 claims, and consolidating remaining claims from both agreements into the updated Bridget Option Agreement now covering approximately 2,000 claims.

The following table summarizes the past requirements of the Hen Option Agreement and the ongoing requirements to fulfill the Bridget Option Agreement as amended in February of 2012:

Cash Payments

Property	Within 5 business days of TSXV Acceptance (Completed May 31, 2011)	On or before March 2, 2012 (Completed March 13, 2012)	On or before March 2, 2013	On or before March 2, 2014	On or before March 2, 2015
Bridget	$100,000	$100,000	$100,000	$100,000	$150,000
Hen	$125,000	N/A	N/A	N/A	N/A
Totals	$225,000	$100,000	$100,000	$100,000	$150,000
Cumulative	$225,000	$325,000	$425,000	$525,000	$675,000

Required Expenditures

Property	On or before October 15, 2011	On or before October 15, 2012	On or before October 15, 2013	On or before October 15, 2014	On or before October 15, 2015
Bridget	$200,000	$300,000	$500,000	$750,000	$750,000
Hen	$300,000	N/A	N/A	N/A	N/A
Totals	$500,000	$300,000	$500,000	$750,000	$750,000
Cumulative	$500,000	$800,000	$1,300,000	$2,050,000	$2,800,000

Share Payments

Property	Within 5 business days of TSXV Acceptance (Completed May 31, 2011)	On or before March 2, 2012 (Completed March 13, 2012)	On or before March 2, 2013	On or before March 2, 2014	On or before March 2, 2015
Bridget	$250,000	$350,000	$350,000	$350,000	$350,000
Hen	$350,000	N/A	N/A	N/A	N/A
Totals	$600,000	$350,000	$350,000	$350,000	$350,000
Cumulative	$600,000	$950,000	$1,300,000	$1,650,000	$2,000,000

The Company will also issue and deliver to Ryan 350,000 common shares upon the Company having incurred expenditures of a total of $4,000,000 on the Bridget property, and issue and deliver to Ryan an additional 350,000 common shares upon the Company having incurred expenditures of a total of $7,500,000 on the Bridget property.

The Bridget property will be subject to a 2% NSR royalty in favour of Ryan and Wildwood, with an option in favour of the Company to buyout 1% of the NSR royalty exercisable for CDN$2,500,000.

OFF-BALANCE SHEET ARRANGEMENTS

None

TRANSACTIONS WITH RELATED PARTIES

Related party transactions are recorded at the exchange amount as agreed to by the parties. Related party transactions not otherwise disclosed in these financial statements were:

a) The Company paid $62,613 (2010 - $44,076) to a publicly listed company with a common Chief Executive Officer, for office rent and reimbursement of certain office costs. There was no outstanding payables as at December 31, 2011 (2010 - $567).

b) The Company paid $57,238 (2010 - $144,955) for option agreement payments and reimbursement for certain mineral exploration costs, of which $68,819.52 (2010 - $5,204) was payable at December 31, 2011 to a company of which one of the directors is the President and Chief Executive Officer.

c) The Company also paid $270,356.59 (2010 - $107,597) in consulting fees to private companies controlled by certain directors of the Company, of which $21,587.08 (2010 - $1,105) was payable at December 31, 2011.

PROPOSED TRANSACTIONS

None

RISKS AND UNCERTAINTIES

The Company was only recently incorporated, has not commenced commercial operations and has no assets other than cash and mineral property agreements under option. It has no history of earnings, and it is not expected to generate earnings or pay dividends in the foreseeable future.

Precious and Base Metal Price Fluctuations

The profitability of the precious and base metal operations in which the Company has an interest will be significantly affected by changes in the market prices of precious and base metals. Prices for precious and base metals fluctuate on a daily basis, have historically been subject to wide fluctuations and are affected by numerous factors beyond the control of the Company such as the level of interest rates, the rate of inflation, central bank transactions, world supply of the precious and base metals, foreign currency exchange rates, international investments, monetary systems, speculative activities, international economic conditions and political developments. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving adequate returns on invested capital or the investments retaining their respective values. Declining market prices for these metals could materially adversely affect the Company's operations and profitability.

Fluctuations in the Price of Consumed Commodities

Prices and availability of commodities consumed or used in connection with exploration, development and mining, such as natural gas, diesel, oil, electricity, cyanide and other reagents fluctuate affecting the costs of exploration in our operational areas. These fluctuations can be unpredictable, can occur over short periods of time and may have a materially adverse impact on our operating costs or the timing and costs of various projects.

Foreign Exchange Rate Fluctuations

Operations may be subject to foreign currency exchange fluctuations. The Company to-date has raised its funds through equity issuances which are priced in Canadian dollars, and until recently the majority of the exploration costs of the Company were denominated in United States dollars and Mexican pesos. Its Yukon expenditures are currently primarily in Canadian dollars. The Company may suffer losses due to adverse foreign currency fluctuations.

Competitive Conditions

Significant competition exists for natural resource acquisition opportunities. As a result of this competition, some of which is with large, well established mining companies with substantial capabilities and significant financial and technical resources, the Company may be unable to either compete for or acquire rights to exploit additional attractive mining properties on terms it considers acceptable. Accordingly, there can be no assurance that the Company will be able to acquire any interest in additional projects that would yield reserves or results for commercial mining operations.

Operating Hazards and Risks

Exploration activities may generally involve a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. These risks include, but are not limited to, the following: environmental hazards, industrial accidents, third party accidents, unusual or unexpected geological structures or formations, fires, power outages, labour disruptions, floods, explosions, cave-ins, land-slides, acts of God, periodic interruptions due to inclement or hazardous weather conditions, earthquakes, war, rebellion, revolution, delays in transportation, inaccessibility to property, restrictions of courts and/or government authorities, other restrictive matters beyond the reasonable control of the Company, and the inability to obtain suitable or adequate machinery, equipment or labour and other risks involved in the normal course of exploration activities.

Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of precious and base metals, any of which could result in work stoppages, delayed production and resultant losses, increased production costs, asset write downs, damage to or destruction of mines and other producing facilities, damage to life and property, environmental damage and possible legal liability for any or all damages. The Company may become subject to liability for pollution, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. Any compensation for such liabilities may have a material, adverse effect on the Company's financial position.

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. The lack of availability of acceptable terms or the delay in the availability of any one or more of these items could prevent or delay exploitation or development of the Company's projects. If adequate infrastructure is not available in a timely manner, there can be no assurance that the exploitation or development of the Company's projects will be commenced or completed on a timely basis, if at all.

Exploration and Development

There is no assurance given by the Company that its exploration and development programs and properties will result in the discovery, development or production of a commercially viable ore body or yield new reserves to replace or expand current reserves.

The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. At this time, none of the Company's properties have any defined ore-bodies with proven reserves.

The economics of developing silver, gold and other mineral properties are affected by many factors including capital and operating costs, variations of the tonnage and grade of ore mined, fluctuating mineral markets, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. Depending on the prices of silver, gold or other minerals produced, the Company may determine that it is impractical to commence or continue commercial production. Substantial expenditures are required to discover an ore-body, to establish reserves, to identify the appropriate metallurgical processes to extract metal from ore, and to develop the mining and processing facilities and infrastructure. The marketability of any minerals acquired or discovered may be affected by numerous factors which are beyond the Company's control and which cannot be accurately foreseen or predicted, such as market fluctuations, conditions for precious and base metals, the proximity and capacity of milling and smelting facilities, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting minerals and environmental protection. In order to commence exploitation of certain properties presently held under exploration concessions, it is necessary for the Company to apply for an exploitation concession. There can be no guarantee that such a concession will be granted. Unsuccessful exploration or development programs could have a material adverse impact on the Company's operations and profitability.

Business Strategy

As part of the Company's business strategy, it has sought and will continue to seek new exploration and development opportunities in the mining industry. In pursuit of such opportunities, it may fail to select appropriate acquisition candidates, negotiate appropriate acquisition terms, conduct sufficient due diligence to determine all related liabilities or to negotiate favourable financing terms. The Company may encounter difficulties in transitioning the business, including issues with the integration of the acquired businesses or its personnel into the Company. The Company cannot assure that it can complete any acquisition or business arrangement that it pursues, or is pursuing, on favourable terms, or that any acquisitions or business arrangements completed will ultimately benefit its business.

Environmental Factors
All phases of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. Environmental legislation is evolving in a manner which 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 any future changes in environmental regulation, will not adversely affect the Company's operations. The costs of compliance with changes in government regulations have the potential to reduce the profitability of future operations. Environmental hazards that may have been caused by previous or existing owners or operators may exist on the Company's mineral properties, but are unknown to the Company at the present.

Title to Assets
Although the Company has or will receive title opinions for any properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. The Company has not conducted surveys of the claims in which it holds direct or indirect interests and, therefore, the precise area and location of such claims may be in doubt. The Company's claims may be subject to prior unregistered agreements or transfers, or native land claims, and title may be affected by unidentified or unknown defects. The Company has conducted as thorough an investigation as possible on the title of properties that it has acquired or will be acquiring to be certain that there are no other claims or agreements that could affect its title to the concessions or claims. If title to the Company's properties is disputed, it may result in the Company paying substantial costs to settle the dispute or clear title and could result in the loss of the property, which events may affect the economic viability of the Company.

Uncertainty of Funding
The Company has limited financial resources, and the mineral claims in which the Company has an interest or an option to acquire an interest require financial expenditures to be made by the Company. There can be no assurance that adequate funding will be available to the Company so as to exercise its option or to maintain its interests once those options have been exercised. Further exploration work and development of the properties in which the Company has an interest or option to acquire depend upon the Company's ability to obtain financing through joint venturing of projects, debt financing or equity financing or other means. Failure to obtain financing on a timely basis could cause the Company to forfeit all or parts of its interests in mineral properties or reduce or terminate its operations.

Agreements with Other Parties
The Company has entered into agreements with other parties relating to the exploration, development and production of its properties. The Company may in the future, be unable to meet its share of costs incurred under agreements to which it is a party, and the Company may have its interest in the properties subject to such agreements reduced as a result. Furthermore, if other parties to such agreements do not meet their share of such costs, the Company may be unable to finance the costs required to complete recommended programs.

Potential Conflicts of Interest
The directors and officers of the Company may serve as directors and/or officers of other public and private companies, and may devote a portion of their time to manage other business interests. This may result in certain conflicts of interest. To the extent that such other companies may participate in ventures in which the Company is also participating, such directors and officers of the Company may have a conflict of interest in negotiating and reaching an agreement with respect to the extent of each company's participation. The laws of British Columbia, Canada, require the directors and officers to act honestly, in good faith, and in the best interests of the Company and its shareholders. However, in conflict of interest situations, directors and

officers of the Company may owe the same duty to another company and will need to balance the competing obligations and liabilities of their actions.

There is no assurance that the needs of the Company will receive priority in all cases. From time to time, several companies may participate together in the acquisition, exploration and development of natural resource properties, thereby allowing these companies to: (i) participate in larger properties and programs; (ii) acquire an interest in a greater number of properties and programs; and (iii) reduce their financial exposure to any one property or program. A particular company may assign, at its cost, all or a portion of its interests in a particular program to another affiliated company due to the financial position of the company making the assignment. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, it is expected that the directors and officers of the Company will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Third Party Reliance

The Company's rights to acquire interests in certain mineral properties have been granted by third parties who themselves may hold only an option to acquire such properties. As a result, the Company may have no direct contractual relationship with the underlying property holder.

Assurance on Financial Statements

We prepare our financial reports in accordance with accounting policies and methods prescribed by IFRS and previously under Canadian GAAP. In the preparation of financial reports, management may need to rely upon assumptions, make estimates or use their best judgment in determining the financial condition of the Company. Significant accounting policies and practices are described in more detail in the notes to our unaudited condensed interim financial statements for the three months ended March 31, 2011 and 2010 and our audited annual financial statements for the year ended December 31, 2010. In order to have a reasonable level of assurance that financial transactions are properly authorized, assets are safeguarded against unauthorized or improper use and transactions are properly recorded and reported, we have implemented and continue to analyze our internal control systems for financial reporting. Although we believe our financial reporting and financial statements are prepared with reasonable safeguards to ensure reliability, we cannot provide absolute assurance in that regard.

General Economic Conditions

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

Substantial Volatility of Share Price

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the securities of many mineral exploration companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. The price of the Company's common shares is also likely to be significantly affected by short-term changes in mineral prices or in the Company's financial condition or results of operations as reflected in its quarterly financial reports.

Potential dilution of present and prospective shareholdings
In order to finance future operations and development efforts, the Company may raise funds through the issue of common shares or the issue of securities convertible into common shares. The Company cannot predict the size of future issues of common shares or the issue of securities convertible into common shares or the effect, if any, that future issues and sales of the Company's common shares will have on the market price of its common shares. Any transaction involving the issue of shares, or securities convertible into shares, could result in dilution, possibly substantial, to present and prospective holders of shares.

Please also refer to the section under risk factors in the Company's prospectus for the IPO and the filing statement for its Qualifying Transaction. These documents can be viewed on SEDAR at www.sedar.com.

CRITICAL ACCOUNTING POLICIES AND MANAGEMENT ESTIMATES

The preparation of financial statements requires management to make estimates and judgments and form assumptions that affect the reported amounts and other disclosures in the financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year. Critical estimates used in the preparation of these financial statements include, among others, the recoverability of accounts receivable and future income tax assets, impairment of assets, measurement of share-based payments and valuation of reclamation obligations.

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. Critical accounting judgments include the expected economic lives of and the estimated future operating results and net cash flows from property and equipment.

Mineral interests and other assets owned are recorded at cost less accumulated depreciation and accumulated impairment losses. All direct costs related to the to the acquisition of mineral properties are capitalized until the properties to which they relate are ready for their intended use, sold, abandoned or management has determined there to be impairment. On the commencement of commercial production, net capitalized costs are charged to operations on a unit-of-production basis, by property, using estimated proven and probable recoverable reserves as the depletion base.

Although the Company has taken steps to verify title to the mineral properties in which it has an interest, in accordance with industry standards for properties in the exploration stage, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and noncompliance with regulatory requirements.

Exploration and evaluation expenditures, inclusive of exploration programs required under option agreements, net of incidental revenues, are charged to operations in the period incurred, until such time as it has been determined that a property has economically recoverable reserves and a decision to commence commercial production has occurred, in which case subsequent exploration expenditures and the costs incurred to develop a property are capitalized. Exploration and evaluation expenditures include value-added taxes and presumptive income taxes incurred in foreign jurisdictions when recoverability of these taxes is uncertain.

From time to time, the Company grants common share purchase options to directors, officers, employees and non-employees. The Company uses the fair value method of accounting for options granted under its share purchase option plan. Options granted to directors, officers and employees are measured at fair value, which is charged to operations over the applicable vesting period, with an offsetting credit to share option reserves. Options granted to non-employees are measured at fair value of goods and services received, which is charged to operations at the date the options are fully vested, with an offsetting credit to share option reserves. The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. Consideration received upon exercise of share purchase options, along with the related amount previously recorded in the share option reserve, is credited to share capital. Cash received on the exercise of share options is recorded in share capital and the related compensation included in share option reserves is transferred to share capital to recognize the total consideration for the shares issued.

TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

Effective January 1, 2011, the Company has converted to IFRS as mandated by regulatory bodies in Canada. A detailed description of IFRS which are used by the Company is included in note 15 to the audited financial statements for the year ended December 31, 2011.

IFRS Overview

Canadian public companies are required to prepare their financial statements in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB"), for fiscal years beginning on or after January 1, 2011. Accordingly, commencing during the year ended December 31, 2011 the Company will reported its interim and annual financial results in accordance with IFRS. The Company will also provide in its 2011 interim and annual financial results comparative data for the corresponding periods in 2010 on an IFRS basis, including an opening balance sheet as at January 1, 2010.

IFRS are applied retrospectively, except in certain circumstances as allowed or required under IFRS 1 First-time Adoption of International Financial Reporting Standards (see below). Accordingly, the Company has provided a reconciliation of previously disclosed comparative period financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP") to IFRS (See note 15 of its financial statements for the year ended December 31, 2011 and 2010).

Impact of Adoption of IFRS

The Company has identified a number of key accounting areas where there are differences between IFRS and Canadian GAAP which have an impact on the Company's financial results. These have been summarized below based on the standards currently issued and applicable to the Company. This is not a complete list of differences between IFRS and Canadian GAAP and several standards are in the process of being amended by the IASB.

(a) Other Capital Assets

Canadian GAAP requires that other capital assets (property, plant and equipment) be recorded at cost less accumulated depreciation and impairment provisions. Under IFRS, other capital assets may be measured using either the cost model, the model used in Canadian GAAP, or the revaluation model, under which assets are recorded at fair value and revalued at each reporting date. The Company has continued to use the cost model.

In addition, IFRS requires that each significant item within capital assets be depreciated separately, including significant components of assets. The Company has determined that no changes to its depreciation amortization policies are required to comply with IFRS.

(b) Mineral Interests

Under IFRS, an entity can choose to expense or defer exploration and evaluation expenditures on mineral resources. Under Canadian GAAP, the Company capitalized all exploration and evaluation expenditures. On transition to IFRS, the Company has chosen an accounting policy to expense all exploration and evaluation expenditures related to exploration costs. The Company's accounting policy for mineral property expenditures is to capitalize costs related to the acquisition of mineral properties and expense costs related to exploration of the properties as incurred. This policy choice is allowed under IFRS and the Company will now apply this method of accounting for mineral interests. This resulted in a reduction in the carrying value of its mineral interests.

Under IFRS, mineral properties cannot be recognized as a tangible asset until legal title or exploration rights are obtained. The Company is recording its cash and share option payments as an intangible asset, described as "mineral interests", until the Company fulfills all the requirements under the mineral property option agreement and obtains title to the mineral properties.

(c) Impairment of assets

Under Canadian GAAP, asset impairment is identified if the recorded amount of the asset exceeds its fair value. The impairment threshold under IFRS is defined as the higher of its fair value less costs to sell and the expected discounted future cash flows from the assets. The Company has determined that this change will not affect the recorded amount of any of its the Company's assets.

IFRS, unlike Canadian GAAP, also allows impairment provisions to be reversed in future periods if the recoverable amount exceeds the recorded value. The Company has determined that this change will has not affect the carrying amount of any of the Company's assets.

(d) Share-based payments

IFRS requires that share-based payments to employees with different vesting periods be treated as separate awards for the purpose of determining their fair value. In addition, IFRS requires that the number of anticipated forfeitures be estimated at the grant date and incorporated into the calculation of share-based compensation expense. Under Canadian GAAP, share-based payments with different vesting periods can be treated as a single award and forfeitures recorded as they occur. No adjustment was required to be made to the Company's IFRS charges. Share-based compensation at January 1, 2010 are materially consistent with its Canadian GAAP charges for the same date upon transitioning to IFRS.

(e) Equity reserves

Under IFRS, share reserves (contributed surplus) are required to be segregated into their categories of origin. As a result, the Company has segregated its share reserves into the following categories: Share option reserves and share warrant reserves.

(f) Flow-through shares

Under IFRS, the issue of flow-through shares is considered, in substance, the issue of ordinary shares and the sale of tax deductions. The sale of tax deductions is recognized as a flow-through share liability at the time of share issue in an amount equal to the difference between the fair value of the shares issued and the issue price. This liability is subsequently recognized as a credit to other income or deferred tax expense when the Company has fulfilled the obligation to pass on tax deductions by incurring all eligible expenditures. Under Canadian GAAP, flow-through shares were recorded at the issue price at the time of issue, together with a corresponding reduction in share capital and a future tax liability equal to the renounced tax deductions multiplied by the tax rate. This change resulted in recognition of a flow-through share liability when the flow-through shares were issued and a deferred tax recovery when the obligation to pass on tax deductions was fulfilled. As a result, future income tax liability which was recorded under Canadian GAAP has been eliminated as of December 31, 2010 and flow-through share liability has been recorded.

As noted, initial adoption of IFRS requires retroactive application as at the transition date, with adjustments arising on the conversion to IFRS from Canadian GAAP recognized in opening retained earnings. However, to assist with the difficulties associated with reformulating historical accounting information, IFRS 1 First-time Adoption of International Financial Reporting Standards provides for a number of optional exemptions and mandatory exceptions which generally allow prospective rather than retrospective treatment under certain conditions. The following summarizes the most significant of these as they apply to the Company:

(e) Share-based payments (optional exemption)

IFRS 1 encourages, but does not require, first-time adopters to apply IFRS 2 Share Based Payments to equity instruments that were granted subsequent to November 7, 2002, or that were granted subsequent to November 7, 2002 and vested before the later of the date of transition to IFRS and January 1, 2005. The Company has no equity instruments granted prior to November 7, 2002 and has elected not to apply IFRS 2 Share Based Payments to equity instruments that vested prior to January 1, 2010.

(f) Estimates (mandatory exception)

In accordance with IFRS 1, an entity's estimates in accordance with IFRS at the date of transition to IFRS must be consistent with estimates made for the same date in accordance with previous GAAP, unless there is objective evidence that those estimates were made in error. The Company's IFRS estimates at January 1, 2010 are consistent with its Canadian GAAP estimates for the same date.

An analysis of the potential business impacts on the conversion to IFRS on such activities as performance measures and compensation arrangements has been completed. No significant impacts were noted as, at this time, the Company's business affairs are typically not driven by financial results.

Impacts on the Company's information technology systems on the conversion to IFRS are minimal.

No significant changes to the control environment are expected as a result of the conversion to IFRS other than those controls governing the conversion process itself. Conversion controls implemented include skills training, process documentation and the engagement of both the Company's auditors and controls consultants in the conversion process.

FUTURE ACCOUNTING STANDARDS

The Company has not applied the following new and revised amended IFRSs that have been issued but are not yet effective:

- IFRS 9 'Financial Instruments' (effective for years beginning on or after January 1, 2015): IFRS

9 introduces new requirements for classifying and measuring financial assets and provides additional guidance on the fair value option for liabilities to address the entity's own credit risk.

- IFRS 10 'Consolidated Financial Statements' (effective for years beginning on or after January 1, 2013): IFRS 10 outlines the principles for the presentation and preparation of consolidated financial statements.
- IFRS 11 'Joint Arrangements' (effective for years beginning on or after January 1, 2013): IFRS 11 defines the two types of joint arrangements (joint operations and joint ventures) and outlines how to determine the type of joint arrangement entered into and the principles for accounting for each type of joint arrangement.
- IFRS 12 'Disclosure of Interests in Other Entities' (effective for years beginning on or after January 1, 2013): IFRS 12 outlines the disclosures required in order to provide users of financial statements with the information necessary to evaluate an entity's interest in other entities, the corresponding risks related to those interests and the effects of those interests on the entity's financial position, financial performance and cash flows.
- IFRS 13 'Fair Value Measurement' (effective for years beginning on or after January 1, 2013): IFRS 13 defines fair value, summarizes the methods of determining fair value and outlines the required fair value disclosures. IFRS 13 is utilized when another IFRS standard requires or allows fair value measurements or disclosures about fair value measurements.

Accounting standards that have been amended but are not yet effective include:

- IFRS 7 'Financial Instruments: Disclosures' (effective for years beginning on or after July 1, 2011): IFRS 7 was amended to improve the disclosure requirements in relation to transferred financial assets.
- IFRS 7 'Financial Instruments: Disclosures' (effective for years beginning on or after January 1, 2013): IFRS 7 was amended to provide new disclosure requirements for financial instruments that have been offset in the statement of financial position. As part of this amendment, IAS 32 'Financial Instruments: Presentation' was also amended to clarify the meaning of "currently has a legally enforceable right of set-off."
- IAS 1 'Presentation of Financial Statements' (effective for years beginning on or after July 1, 2012): The amendments to IAS 1 improve how components of other comprehensive income are presented.
- IAS 27 'Separate Financial Statements' (effective for years beginning on or after January 1, 2013): IAS 27 outlines the accounting principles to be applied with regards to investments in subsidiaries, joint ventures and associates when an entity elects or is required by local regulations to present separate, non-consolidated, financial statements.
- IAS 28 'Investments in Associates and Joint Ventures' (effective for years beginning on or after January 1, 2013): IAS 28 outlines the accounting treatment and corresponding application of the equity method of accounting for investments in associates and joint ventures.

FINANCIAL INSTRUMENTS

As disclosed in its audited financial statements for the year ended December 31, 2011, the Company has identified several financial instruments that it utilizes in its day-to-day operations. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

INVESTOR RELATIONS

In February 2011, the Company retained Deutsche Investor-Relations GmbH ("DIRG") to provide the

Company with investor relations services in Europe. DIRG is based in Berlin, Germany. The Company pays DIRG a monthly retainer of 2,500 Euro per month for a period of one year, subject to automatic yearly renewal, unless cancelled upon 3 months notice by either party. The Company has also granted DIRG options to purchase up to 70,500 common shares of the Company at a price of $0.94 per common share for a period of 2 years, subject to vesting provisions.
In September 2011, the Company appointed Fred Leigh as Manager of Investor Relations. The Company granted to Mr. Leigh, incentive stock options to purchase up to 100,000 common shares of the Company at a price of $0.53 per common share for a period of 5 years, subject to vesting provisions.

DISCLOSURE OF OUTSTANDING SHARE DATA

As at April 18, 2012, the Company had the following common shares and stock options outstanding:

Common shares	42,947,911
Stock options	4,125,070
Warrants	6,934,059
Fully diluted common shares outstanding	54,007,040