NU LEGACY GOLD CORPORATION

Financial Statements

For the period from incorporation on May 15, 2009
to March 31, 2010

DeVISSER GRAY LLP
CHARTERED ACCOUNTANTS

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AUDITORS' REPORT

To the Directors of NuLegacy Gold Corporation,

We have audited the consolidated balance sheet of NuLegacy Gold Corporation as at March 31, 2010 and the consolidated statements of operations and comprehensive loss, shareholders' equity and cash flows for the period from incorporation on May 15, 2009 to March 31, 2010. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2010 and the results of its operations and its cash flows for the period from incorporation on May 15, 2009 to March 31, 2010 in accordance with Canadian generally accepted accounting principles.

De Visser Gray LLP

CHARTERED ACCOUNTANTS

Vancouver, British Columbia
August 4, 2010, except for notes 11 and 12 which are at November 10, 2010

NU LEGACY GOLD CORPORATION

Consolidated Balance Sheet
(Stated in Canadian Dollars)

		March 31, 2010
ASSETS		
Current assets		
Cash and cash equivalents	$	1,291,960
Taxes receivable		7,969
		1,299,929
Mineral property costs (note 4)		249,589
Other assets (note 5)		40,000
	$	1,589,518
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	$	130,060
Due to related parties		7,325
		137,385
Shareholders' equity		
Share capital (note 6)		1,760,626
Deficit		(308,493)
		1,452,133
		1,589,518

Nature and continuance of operations (note 1)
Subsequent events (note 11)
Initial public offering (note 12)

Approved by the Board of Directors:

" Albert J. Matter"	*" Roger C. Steininger"*
Director	Director

The accompanying notes are an integral part of these consolidated financial statements

NU LEGACY GOLD CORPORATION

Consolidated Statement of Operations and Comprehensive Loss
For the period from incorporation on May 15, 2009 to March 31, 2010

		2010
Expenses		
Automobile	$	5,187
Bank charges		283
Consulting		145,769
Dues and subscriptions		1,189
Interest		150
Office		10,966
Printing and reproduction		6,613
Professional fees		46,495
Travel and accommodation		28,469
Loss before other item		245,121
Other item:		
Foreign exchange loss		43,372
Net loss and comprehensive loss for the period	$	288,493
Basic and diluted loss per common share	$	0.01
Weighted average number of common shares outstanding		26,985,001

The accompanying notes are an integral part of these consolidated financial statements

NU LEGACY GOLD CORPORATION

Consolidated Statement of Shareholders' Equity
For the period from incorporation on May 15, 2009 to March 31, 2010

	Number of Shares	$
Share Capital		
Private placements at $0.01 per share	5,250,000	52,500
Private placements at $0.05 per share	13,450,000	672,500
Private placements at $0.10 per share	1	-
Private placements at $0.125 per share	8,285,000	1,035,626
Balance at end of the period	26,985,001	1,760,626
Deficit		
Net loss for the period		(288,493)
Excess paid for repurchase of shares (note 7)		(20,000)
Balance at end of the period		(308,493)
TOTAL SHAREHOLDERS' EQUITY		1,452,133

The accompanying notes are an integral part of these consolidated financial statements

NU LEGACY GOLD CORPORATION

Consolidated Statement of Cash Flows
For the period from incorporation on May 15, 2009 to March 31, 2010

		2010
Operating activities		
Net loss for the period	$	(288,493)
Changes in non-cash working capital items:		
Amounts receivable		(7,969)
Due to related parties		7,325
Accounts payable and accrued liabilities		130,060
		(159,077)
Investing activities		
Mineral property acquisition costs		(32,692)
Mineral property exploration costs		(206,897)
		(239,589)
Financing activities		
Other assets		(40,000)
Issuance of share capital, net of costs		1,750,626
Excess paid for repurchase of shares		(20,000)
		1,690,626
Increase in cash and equivalents, and cash and cash equivalents, end of period	$	1,291,960

The accompanying notes are an integral part of these consolidated financial statements

1. NATURE AND CONTINUANCE OF OPERATIONS

Nu Legacy Gold Corporation (the "Company") is incorporated under the laws of the province of British Columbia, and its principal business activity is the acquisition and exploration of mineral properties. Its principal mineral property interests are located in Nevada, USA.

These consolidated financial statements have been prepared using Canadian generally accepted accounting principles assuming a going concern. The Company has incurred losses since inception and its ability to continue as a going concern depends upon its capacity to develop profitable operations and to continue to raise adequate financing. These consolidated financial statements do not reflect adjustments, which could be material, to the carrying values of assets and liabilities which may be required should the Company be unable to continue as a going concern.

2. BASIS OF PRESENTATION AND PRINCIPLES OF CONSOLIDATION

These consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles and are presented in Canadian dollars.

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Nu Legacy Gold N.V., which is incorporated in Nevada, USA. All material intercompany balances and transactions have been eliminated.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Cash and cash equivalents

Cash and cash equivalents consist of cash and highly liquid investments, having maturity dates of three months or less from the date of purchase, which are readily convertible to known amounts of cash.

(b) Equipment

Equipment is recorded at cost and is amortized over its estimated useful life using the declining balance method at various rates ranging from 20% to 30% per annum.

(c) Mineral property interests and related asset retirement obligations

The acquisition and exploration costs of mineral properties are deferred until the properties are placed into production, sold or abandoned. These costs are amortized on a unit-of-production basis over the estimated useful life of the related properties following the commencement of production, or written off if the properties are sold, allowed to lapse or abandoned, or when impairment has been determined to have occurred. If the deferred mineral property costs are determined not to be recoverable over the estimated useful life or are greater than the estimated fair market value, the unrecoverable portion is charged to operations in that period.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Mineral property acquisition costs include the cash consideration and the fair market value of common shares issued under agreements for mineral property interests. Costs for properties for which the Company does not possess unrestricted ownership and exploration rights, such as option agreements, are expensed in the period incurred or until a feasibility study has determined that the property is capable of commercial production. Administrative expenditures are expensed in the period incurred.

(d) Impairment of long lived assets

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected from the asset. If the carrying amount of the long-lived asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset.

The Company has no material asset retirement obligations as the disturbance at the exploration sites as at March 31, 2010 has been minimal.

(e) Stock-based compensation

The Company accounts for all non-cash stock-based payments to non-employees, and employee awards that are direct awards of shares that call for settlement in cash or other assets, or that are share appreciation rights which call for settlement by the issuance of equity instruments, using the fair value method. Consideration received by the Company upon the exercise of share purchase options and warrants, and the stock-based compensation previously credited to contributed surplus related to such options and warrants, is credited to share capital.

(f) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as at the balance sheet date, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates include the determination of potential impairments of asset values, and rates for amortization of equipment, as well as the assumptions used in determining the fair value of non-cash stock-based compensation. Actual results could differ from those estimates.

(g) Foreign currency translation

All of the Company's foreign subsidiaries are considered integrated.

Monetary assets and liabilities of the Company and its integrated foreign operations are translated into Canadian dollars at exchange rates in effect at the balance sheet date. Non-monetary assets and liabilities are translated at historical exchange rates unless such items are carried at market, in which case they are translated at the exchange rates in effect on the balance sheet date.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenues and expenses, except amortization, are translated at average exchange rates for the period. Amortization is translated at the same exchange rates as the assets to which it relates. Foreign exchange gains or losses are recognized in the statement of operations.

(h) Segment disclosures

The Company is operating in a single reportable segment – the acquisition, exploration and development of mineral properties in Nevada, USA.

(i) Income taxes

The Company calculates future income tax assets and liabilities based on differences between the carrying amount of assets and liabilities on the balance sheet and their corresponding tax values, using income tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be settled. Future income tax assets also result from unused loss carry-forwards and other deductions. Future tax assets are recognized to the extent that they are considered more likely than not to be realized. The valuation of future income tax assets is adjusted, if necessary, by the use of a valuation allowance to reflect the estimated realizable amount.

(j) Loss per share

Basic loss per share is calculated by dividing the loss for the period by the weighted average number of common shares outstanding during the period.

Diluted loss per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding used for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are used to repurchase common shares at the average market price during the period.

When the Company is in a net loss position, diluted loss per share is not presented separately as the effect of the outstanding options and warrants would be anti-dilutive.

(k) Going Concern

In June 2007, the CICA amended Handbook Section 1400, “General Standards of Financial Statement Presentation”, which requires management to make an assessment of a company’s ability to continue as a going-concern. When financial statements are not prepared on a going-concern basis that fact shall be disclosed together with the basis on which the financial statements are prepared and the reason why the company is not considered a going-concern. The Company believes this section has no additional impact on its consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(l) Financial Instruments Disclosures

In May 2009, the CICA amended Section 3862, Financial Instruments – Disclosures to include additional disclosure requirements about the fair market value measurements for financial instruments and liquidity risk disclosures. These amendments require a three-level hierarchy that reflects the significance of the inputs used in making the fair value measurements.

Fair values of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in level 2 include valuations using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly. Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measurement. The required disclosure is in note 10.

(m) Future Accounting Changes

International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company has commenced training of staff and has identified the key differences in the convergence process.

4. MINERAL PROPERTIES

	Red Hill Property	Wood Hill Property	Half Ounce Property	Total Exploration & Development
Acquisition costs	$ 21,604	$ 21,088	$ -	$ 42,692
Assay	1,727	-	-	1,727
Geological consulting	48,202	20,036	-	68,238
Maps	1,965	98	-	2,063
Other	93,114	11,255	18,132	122,501
Property maintenance	-	134	-	134
Travel	11,222	1,012	-	12,234
Total exploration & development costs	$ 177,834	$ 53,623	$ 18,132	$ 249,589

4. MINERAL PROPERTIES *(continued)*

Red Hill Prospect
Eureka County, Nevada

The Company has an exploration and joint venture agreement with Miranda Gold Corp. to earn a 60% interest in this project by reimbursing Miranda for its 2009 – 2010 claim maintenance fees for the property in the amount of US$11,000 cash (paid), issuing 200,000 common shares (issued), incurring a total of US$200,000 in exploration expenditures before June 30, 2010 as a binding commitment (completed), incurring an additional US$300,000 in exploration expenditures before December 31, 2010, of which US$150,000 is a binding commitment, and incurring an additional US$3,500,000 as follows:

Expenditure Deadline	Expenditure Commitment	Total Cumulative Expenditures
September 30, 2011	US$500,000	US$1,000,000
September 30, 2012	US$750,000	US$1,750,000
September 30, 2013	US$1,000,000	US$2,750,000
September 30, 2014	US$1,250,000	US$4,000,000

The Company can elect to acquire a further 10% interest by preparing and bearing the costs of a feasibility study to be completed within 4 years, and incurring an additional US$1,000,000 on exploration each year. If the feasibility study is not completed, the Company must incur exploration expenditures of US$1,000,000 per year for 10 years from the date of the election to maintain its interest in the joint venture. If either of the joint venture parties' interest falls below 10%, that party's interest reverts to a 0.5% NSR royalty.

Woods Hill South Prospect
Eureka County, Nevada

The Company entered into an option agreement with Au-Ex Ventures to earn a 70% interest in this prospect by paying US$20,000 cash (paid), incurring a minimum US$5,000,000 in exploration expenditures over seven years, and completing a feasibility study.

Half Ounce Property
Eureka County, Nevada

The Company entered into an agreement to earn a 70% interest in this property by issuing 50,000 common shares (issued subsequently) and incurring US$1,500,000 in exploration expenses within five years.

5. OTHER ASSETS

These amounts consist of a retainer and work fee totaling $20,000 paid to the Company’s agent and a $20,000 advance paid to the Company’s lawyer in regards to the Company’s IPO. These amounts are to be deducted against share capital when incurred.

6. SHARE CAPITAL

(a) Authorized share capital

The Company's authorized share capital consists of an unlimited number of common shares without par value.

(b) Issued and outstanding common shares

At March 31, 2010, the Company had 26,985,001common shares issued and outstanding.

(c) Share purchase option compensation plan

The Company has adopted a “fixed” share purchase option compensation plan that allows the Company to grant options to purchase up to an aggregate of 6,521,000 shares of the Company, subject to regulatory terms and approval, to its directors, employees, officers, and consultants.

The exercise price of each option may be set equal to or greater than the closing market price of the common shares on the TSX Venture Exchange on the day prior to the date of the grant of the option, less any allowable discount from market, have a maximum term of ten years and must terminate within a reasonable period of time as fixed by the directors (not to exceed one year) following the termination of the optionee's employment.

No stock options were issued during the period from incorporation on May 15, 2009 to March 31, 2010.

(d) Warrants

No warrants were issued during the period from incorporation on May 15, 2009 to March 31, 2010.

(e) Escrow shares

The Company has escrowed 6,990,001 of the issued shares of which 10% are releasable for trade; upon listing of the Company’s shares and the balance over 3 years at 15% of the escrowed shares each six months.

7. EXCESS PAID FOR REPURCHASE OF SHARES

During the period, the Company repurchased and cancelled 1,750,000 common shares in order to comply with the Exchange's listing policy that the aggregate number of "founders' shares" cannot exceed 15% of the total issued and outstanding shares of the Company upon completion of the Offering (note 12). To repurchase the shares, the Company paid $20,000 in excess of the cost of the shares, which has been charged to retained earnings (deficit).

8. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

a) Paid or accrued $131,305 for management fees to two directors.
b) Paid or accrued $42,978 for geological fees to a director of the Company, which amounts are included in deferred development expenditures.

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

9. INCOME TAXES

As at March 31, 2010, the reconciliation of income tax provision computed at statutory rates to the reported income tax provision is as follows:

		2010
		28.50%
Net loss for the year	$	(288,493)
Income tax expense (benefit) computed at statutory rates		(82,221)
Unrecognized (recognized) benefit of tax losses		82,221
Income tax provision per financial statements	$	-

The significant components of the Company's future income tax assets as at March 31, 2010 are as follows:

		2010
Future income tax assets		
Mineral properties	$	62,397
Losses carried forward		72,000
Total		134,397
Valuation allowance		(134,397)
Future income tax assets, net	$	-

At March 31, 2010, the Company had non-capital losses available for Canadian income tax purposes totaling approximately $288,000 expiring in 2030.

10. FINANCIAL INSTRUMENTS

a) Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, amounts receivable, amounts due to/from the related parties and accounts payable and accrued liabilities approximate their fair values due to the short term to maturity of such instruments.

During 2009, CICA handbook section 3862 "Financial Instruments – Disclosures" was amended to require enhanced disclosure of financial instrument fair value measurements and liquidity risks. Financial instruments must be classified at one of three levels within a fair value hierarchy according to the relative reliability of the inputs used to estimate their values. The three levels of the hierarchy are as follows:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3: Inputs that are not based on observable market data.

The carrying values, fair market values, and fair value hierarchal classification of the Company's financial instruments as at March 31, 2010 are as follows:

	Level 1	**Level 2**	**Level 3**
Cash and cash equivalents	1,291,960	-	-
	1,291,960	**-**	**-**

During the period, there were no transfers between level 1, level 2 and level 3 classified assets and liabilities.

b) Financial Instrument Risk Exposure and Risk Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes, inclusive of documented treasury policies, counterparty limits, controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

(i) Credit Risk

The Company's credit risk is primarily attributable to its liquid financial assets. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash and cash equivalents in high quality investments with major financial institutions and in federal government-backed treasury bills. The Company does not have any financial assets that are invested in asset backed commercial paper.

10. FINANCIAL INSTRUMENTS *(continued)*

(ii) Liquidity Risk

The Company ensures that there is sufficient cash in order to meet its short term business requirements, after taking into account the Company's holdings of cash and cash equivalents. The Company's cash and cash equivalents are invested in business accounts, commercial paper and treasury bills, which are immediately available on demand for the Company's use.

The Company has sufficient cash and cash equivalents to meet commitments associated with its financial liabilities.

(iii) Price Risks

The significant price risk exposures to which the Company is exposed are foreign exchange risk, interest rate risk and commodity price risk. The Company does not have any contracts in place to mitigate the risk, however, the Company’s price risks do not affect the Company’s result of operations.

(iv) Foreign Exchange Risk

The Company incurs substantially all of its expenditures in the United States and a significant portion of its cash and cash equivalents are denominated in Canadian dollars ("CAD"). The Company is exposed to foreign exchange risk to the extent of exchange rate fluctuation and a resultant change in the value of its cash and cash equivalents held in US dollars ("USD"). The exposure of the Company's financial assets to foreign exchange risk is as follows:

Expressed in CAD equivalents	March 31, 2010
Financial assets	
United States dollars	$382,680

Substantially all of the Company's liabilities are denominated in Canadian dollars. The Company currently does not engage in foreign currency hedging. The following significant exchange rates applied during the year:

USD to CAD	March 31, 2010
United States dollars – closing rate	1.0158
United States dollars – average rate	1.0904

(v) Interest rate risk

The Company is subject to interest rate price risk with respect to its investments in cash equivalents. The Company's policy is to invest cash in fixed rate financial instruments having maturity dates of three months or less from the date of acquisition and cash reserves are to be maintained in cash equivalents in order to maintain liquidity, while achieving a satisfactory return for shareholders. Changes in market interest rates have a direct effect on the fair value of cash equivalents.

11. SUBSEQUENT EVENTS

(a) Private Placement

Subsequent to year end, the Company completed a private placement issuing 1,520,000 seed units at $0.20 per unit for gross proceeds of $304,000. Each seed unit consists of one common share and one seed warrant, with each seed warrant entitling the holder to purchase one common share at $0.30 on or before the earlier of 12 months from the listing date of the Company and December 31, 2012.

(b) Stock Options

The Company amended its "fixed" share purchase option compensation plan to increase the total number of shares issuable thereunder to 7,400,000 shares.

The Company also granted stock options to its directors, executives, and consultants to purchase up to a total of 5,150,000 common shares at a price of $0.25 per common share exercisable for a period of five years from the listing date of the Company on the TSX Venture Exchange.

(c) Option Agreement with Barrick Gold Exploration Inc.

On September 16, 2010, the Company entered into an exploration agreement with joint venture election and option to purchase with Barrick Gold Exploration Inc. to acquire a 70% undivided interest in 818 unpatented mining claims in the Barrick Property located adjacent to the Red Hill Property in Eureka County, Nevada, U.S.A. In order to exercise the option, the Company must incur a minimum of US$5,000,000 in exploration or development expenditures on the Barrick Property (inclusive of maintenance fees) as follows:

Due Date	Work Expenditure (US$)	Aggregate Amount (US$)
December 31, 2011	375,000	375,000 (firm)
December 31, 2012	875,000	1,250,000 (firm)
December 31, 2013	1,125,000	2,375,000
December 31, 2014	1,125,000	3,500,000
December 31, 2015	1,500,000	5,000,000

If the Company completes the required US$5,000,000 in expenditures and earns a 70% undivided interest in the property, Barrick will have a one-time option, exercisable within 90 days, to back into a 70% interest in the property. To complete the back in, Barrick must expend US$15,000,000 over 5 years on the exploration and development of the property at a rate of at least US$1,500,000 per year. If completed, the Company's remaining 30% interest in the property will be carried by Barrick until the commencement of commercial production on the property.

11. SUBSEQUENT EVENTS *(continued)*

Upon completion of the Company's exploration expenditures of US$5,000,000, the Company and Barrick shall form a joint venture for further exploration of the property. If Barrick does not elect to exercise the back in right or fails to complete the requirements, the Company will hold a 70% interest and Barrick will hold a 30% interest in the joint venture. If Barrick exercises the back in right and completes the requirements, the Company will hold a 30% interest and Barrick will hold a 70% interest in the joint venture.

(d) Mining Lease with Idaho Resources Corporation

On October 18, 2010, the Company entered into a mining lease, effective September 1, 2010, with Idaho Resources Corporation for an initial 10 years, in which Idaho granted to the Company exclusive possession and control to explore, develop, mine and operate on the Idaho Property, which consists of 482 unpatented mining claims. An advance royalty payment of US$25,000 and reimbursement of 2010-2011 BLM fees for the property totaling US$67,480 was paid to Idaho by the Company upon execution of the Mining Lease.

In order to maintain the Lease, the Company must make annual advance royalty payments of US$25,000 and issue 100,000 common shares to Idaho in each of the first five years of the Lease. Annual cash payments will then increase to US$50,000 for year six and every year thereafter. In addition, the Company must incur a total of US$4,000,000 in exploration on the property during the first five years of the Lease as follows:

Lease Year	Annual Requirement (US$)	Aggregate Amount (US$)
1	250,000	250,000 (firm)
2	750,000	1,000,000 (firm)
3	1,000,000	2,000,000
4	1,000,000	3,000,000
5	1,000,000	4,000,000

After the initial term of 10 years, the Lease will continue in full force and effect provided that the Company continues to maintain the property in good standing and make the requisite annual cash payments to Idaho. Upon commencement of commercial production, the annual cash payments will convert to an overriding royalty of 3% of the applicable royalty base on all gold, silver and other ores/metals from the property.

(e) Special Warrants

The Company has sold, by way of private placement, a total of 5,573,750 special warrants at CDN$0.20 per special warrant for gross proceeds of $1,114,750. Each special warrant entitles the holder to receive, without payment of any additional consideration, one common share of the Company and one share purchase warrant to acquire an additional common share at a price of CDN$0.30, the earlier of December 31, 2012 and 12 months from the date of the listing of the Company's shares on the TSX Venture Exchange. The common shares and share purchase warrants issuable upon deemed exercise of the special warrants will be qualified for distribution under the Company's prospectus noted in Note 12 below.

12. INITIAL PUBLIC OFFERING

The Company is in the process of filing a prospectus with the British Columbia, Alberta and Ontario Securities Commissions offering 4,000,000 units at a price of $0.25 per unit as an initial public offering to raise gross proceeds $1,000,000. Each unit will consist of one share and one share purchase warrant, each warrant exercisable for a period of 12 months from listing of the Company's shares at a price of $0.35. The Company's agent will receive a commission of 8%, 200,000 shares as a corporate finance fee, a work fee of $10,000 and agent's warrants to purchase common shares in an amount up to 10% of the number of units sold at a price of $0.25 per share for a period of 18 months. The agent also has an Over-Allotment option to purchase up to 600,000 units (15% of the total offering of units) under the prospectus. The proposed transaction is subject to regulatory consent. A preliminary prospectus was filed on SEDAR on August 13, 2010.