

SHIELD GOLD INC.

**INTERIM
FINANCIAL STATEMENTS
Period Ended January 31, 2010
Prepared by Management**

SHIELD GOLD INC.

INTERIM FINANCIAL STATEMENTS

Period ended January 31, 2010

Prepared by Management

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SHIELD GOLD INC.

January 31, 2010

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company.

The Company's independent auditors have not performed a review of these financial statements.

SHIELD GOLD INC.
Balance Sheets
As of January 31, 2010
(Prepared by Management - Unaudited)

| | January 31, <u>2010</u> | October 31, <u>2009</u> |
|--|------------------------------------|------------------------------------|
| | (Unaudited) | |
| ASSETS | | |
| CURRENT | | |
| Cash | \$ 420,710 | \$ 459,409 |
| Accounts receivable | 5,305 | 3,359 |
| Mineral Properties | 25,000 | |
| | \$ 451,015 | \$ 462,768 |
| LIABILITIES | | |
| CURRENT | | |
| Accounts payable and accrued liabilities | \$ 27,000 | \$ 25,414 |
| SHAREHOLDERS' EQUITY | | |
| CAPITAL STOCK (Note 4) | 775,080 | 775,080 |
| STOCK OPTIONS (Note 4) | 49,471 | 49,471 |
| CONTRIBUTED SURPLUS (Note 4) | 42,947 | 42,947 |
| DEFICIT | (443,483) | (430,144) |
| | 424,015 | 437,354 |
| | \$ 451,015 | \$ 462,768 |

ON BEHALF OF THE BOARD:

"Paul Ankcorn"
Paul Ankcorn -- Director

"Howard Sinclair-Jones"
Howard Sinclair-Jones -- Director

See accompanying notes to the financial statements

SHIELD GOLD INC.
INTERIM STATEMENTS OF OPERATIONS AND DEFICIT
THREE MONTHS ENDED JANUARY 31, 2010

| | 3 Months Ended January 31, 2010 | | 3 Months Ended January 31, 2009 |
|--|--|-----------|--|
| | <u>2010</u> | | <u>2009</u> |
| GENERAL AND ADMINISTRATIVE EXPENSES | | | |
| Professional fees | \$ 13,136 | \$ | 9,627 |
| Registration and transfer agent fees | 400 | | 300 |
| Shareholder Information | - | | - |
| Office and general | - | | - |
| Bank charges | 15 | | 15 |
| Interest Income | <u>(212)</u> | | <u>(2,326)</u> |
| Loss for the period | \$ (13,339) | \$ | (7,616) |
| Deficit, beginning of period | (430,144) | | (306,423) |
| Deficit, end of period | <u>\$ (443,483)</u> | \$ | <u>(314,039)</u> |
| Loss per share – basic and diluted | \$ (0.001) | \$ | (0.001) |
| Weighted average number of shares | 12,343,236 | | 12,343,236 |

See accompanying notes to the financial statements

SHIELD GOLD INC.

INTERIM STATEMENTS OF CASH FLOWS
(Prepared by Management - Unaudited)
Three Months Ended January 31, 2010

| | Period Ended January 31, 2010 | Period Ended January 31, 2009 |
|---|--|--|
| | <u>2010</u> | <u>2009</u> |
| OPERATING ACTIVITIES | | |
| Loss for the period | \$ (13,339) | (7,616) |
| Changes in non-cash working capital | | |
| Prepaid Finance Fees | - | - |
| Decrease (increase) in accounts receivable | (1,946) | (256) |
| Increase (decrease) in accounts payable and accrued liabilities | 1,586 | (8,127) |
| Increase in Mineral properties | (25,000) | - |
| Cash provided by (used in) operating activities | (38,699) | (15,999) |
| FINANCING ACTIVITIES | | |
| Issuance of common shares for cash, net | - | - |
| Prepaid finance fees | - | - |
| Cash provided by financing activities | - | - |
| Increase (decrease) in cash during the period | \$ (38,699) | \$ (15,999) |
| Cash beginning of the period | 459,409 | 558,198 |
| Cash end of the period | \$ 420,710 | \$ 542,199 |

See accompanying notes to the financial statements

SHIELD GOLD INC.

NOTES TO THE FINANCIAL STATEMENTS

January 31, 2010

1. NATURE OF BUSINESS AND BASIS OF PRESENTATION

Nature of business

Shield Gold Inc. (the “Company”) was incorporated under the laws of the Province of Ontario, by Articles of Incorporation dated February 4, 2004 and is classified as a Capital Pool Company (“CPC”) as defined in Policy 2.4 of TSX Venture Exchange Inc. (“TSX-V”). The Company has no substantive assets other than cash and accounts receivable and proposes to identify and evaluate businesses and assets with a view to potentially acquire them or an accompanying interest therein as a result of the closing of a purchase transaction, the exercising of an option or any concomitant transaction. The purpose of such an acquisition is to satisfy the related conditions of a qualifying transaction under the TSX-V rules by July 1, 2010 (the “Qualifying Transaction”).

Where a Qualifying Transaction is warranted, additional funding may be required. The ability of the Company to complete a Qualifying Transaction and to fund its operations and commitments is dependent upon the ability of the Company to obtain additional financing. There is no assurance that the Company will identify a Qualifying Transaction by July 1, 2010, at which time the TSX-V may suspend or de-list the Company’s shares from trading.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. As the Company is a CPC, it has no revenues and its ability to continue as a going concern is dependent upon obtaining additional financing, completing a Qualifying Transaction and achieving profitable operations. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Company are in accordance with the Canadian Generally Accepted Accounting Principles. Outlined below are those policies considered particularly significant.

a. Use of Estimates

The preparation of these 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 disclosure of contingent assets and liabilities at the date of these financial statements and the related reported amounts of revenue and expense during the reporting period. Significant estimates and assumptions were used to determine stock based compensation and non cash share issue cost. Actual results could differ from those estimates. Management believes that these estimates are reasonable.

b. Financial instruments - disclosures

The Company adopted section 3862, Financial Instruments – Disclosure, which increase the disclosures currently required that will enable users to evaluate the significance of financial instruments for an entity’s financial position and performance, including disclosures about fair value. In addition, disclosure is required of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about liquidity risk and market risk. The quantitative disclosures must also include a sensitivity analysis for each type of market risk to which an entity is exposed, showing how net income and other comprehensive income would have been affected by reasonably possible changes in the relevant risk. The Company has included disclosure recommend by this section in note 3.

SHIELD GOLD INC.

NOTES TO THE FINANCIAL STATEMENTS

January 31, 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. Financial instruments – presentation

The Company adopted the new recommendations of CICA Handbook Section 3863, Financial Instruments – Presentation, which replaces the existing requirements on presentation of financial instruments. The Company classifies for presentation on the balance sheet its financial assets, financial liabilities and equity based upon the substance of the instrument at the date of issuance, and separately classifies the components of any instrument that contains elements of financial liability and equity while appropriately classifying costs or gains associated with issuing financial liabilities within the income statement and distributions to holders of equity instruments in the equity section of the balance sheet.

d. Financial instruments

All financial instruments are categorized into one of the following categories: held-for-trading, held-to-maturity, available-for-sale, loans and receivables and other financial liabilities. Initial and subsequent measurement and recognition of changes in the value of financial instruments disclosures depends on their initial categorization. For financial instruments other than those held-to-maturity, the Company's policy is to add transaction costs to the fair value:

Held-to-maturity assets, loans and receivables, and financial liabilities, other than held-for-trading financial liabilities, are initially measured at fair value and subsequently measured at amortized cost.

Available-for-sale financial assets are measured at fair value. Changes in fair value are included in other comprehensive income (loss) until the gain or loss is recognized in income. The Company has no available-for-sale financial instruments.

Held-for-trading financial instruments will be measured at fair value. All changes in fair value are included in net earnings (loss) in the period in which they arise. The Company has no held-for-trading financial instruments.

All derivative financial instruments will be measured at fair value, even when they are part of a hedging relationship. All changes in fair value are included in net earnings (loss) in the period in which they arise, except for hedge transactions, which qualify for hedge accounting treatment, in which case gains and losses will be recognized in other comprehensive income. The Company has no derivative financial instruments.

The Company's cash is measured at fair value. Accounts receivable is classified as loans and receivable, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost. As at October 31, 2009 and 2008, the carrying and fair value amounts of the Company's financial instruments are the same.

e. Hedging

CICA Handbook Section 3865 specifies the circumstances under which hedge accounting is permissible and how hedge accounting may be performed. The Company does not engage in hedging transactions and therefore does not have any financial instruments, which are subject to hedge accounting.

f. Comprehensive income

CICA Handbook Section 1530 requires other comprehensive income to be presented below net income on the Consolidated Statements of Income, Comprehensive Income and Retained Earnings. Other comprehensive income

SHIELD GOLD INC.

NOTES TO THE FINANCIAL STATEMENTS

January 31, 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f. Comprehensive income (continued)

includes unrealized gains and losses on translation of net investment in self-sustaining foreign operations and, to the extent that cash flow hedges are effective, the change in their fair value, net of taxes. Comprehensive income is composed of net income and other comprehensive income.

Accumulated other comprehensive income is a separate component of shareholders' equity which includes the accumulated balances of all components of other comprehensive income which are recognized in comprehensive income but excluded from net income.

The Company had no comprehensive income or loss transactions, other than its net loss, which are presented in the Statements of Loss and Deficit, nor accumulated other comprehensive income during the periods that have been presented.

g. Cash and equivalents

Cash and cash equivalents consist of bank deposits and guaranteed investment certificates, with a recognized Canadian financial institution, with original maturity of thirty days or less, and are recorded at cost, which approximate the market.

h. Revenue recognition

Interest revenue is recognized on the accrual basis.

i. Stock option compensation

CICA Section 3870 "Stock-based compensation and other stock-based payments" requires that the fair value based method be applied to awards granted to employees. The Company recognizes the stock-based compensation cost related to options granted on the basis of fair value at the date of grant in accordance with the fair value method of accounting for stock-based compensation.

j. Income taxes

The company follows the liability method of accounting for income taxes. Under this method, income tax liabilities and assets are recognized for the estimated tax consequences attributable to differences between the amounts reported in the financial statements and their respective tax bases, using enacted and substantively enacted income tax rates for the years in which differences are expected to reverse. Future tax assets are recorded only to the extent that, based on available evidence, it is more likely than not that they will be realized.

k. Loss per share

The basic loss per share is computed based on the weighted average number of common shares outstanding during the year. The diluted loss per share is calculated using the treasury method, and is equal to the basic loss per share due to the anti-dilutive effect of share purchase options.

SHIELD GOLD INC.

NOTES TO THE FINANCIAL STATEMENTS

January 31, 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l. Assessing going concern

The AcSB amended CICA Handbook Section 1400 to include requirements for management to assess and disclose an entity's ability to continue as a going concern. The standard became effective for fiscal years beginning on or after January 1, 2008 and is applicable to the Company as of November 1, 2008. The effect of this accounting change increases disclosures in the financial statements.

m. Capital disclosure

The Company adopted CICA Handbook Section 1535 Capital Disclosures, which specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. The Company has included disclosures recommended by the new Handbook section in Note 3 to these financial statements.

n. Recent accounting pronouncements

- a) Future accounting changes – International financial reporting standards “IFRS”

The CICA plans to incorporate IFRS into the CICA Handbook as a replacement for current Canadian Generally Accepted Accounting Principles for most publicly accountable enterprises effectively for fiscal years beginning on or after January 1, 2011. The transition date of November 1, 2011 for the Company will require restatement for comparative purposes of amounts reported by the Company for the year ended October 31, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS has not been determined at this time.

- b) Business combinations

In January 2009, the CICA published Section 1582, “Business Combinations” to replace Section 1581. The new standard requires the acquiring entity in a business combination to recognize most of the assets acquired and liabilities assumed in the transaction at fair value including contingent assets and liabilities, and recognize and measure the goodwill acquired in the business combination or a gain from a bargain purchase. Acquisition-related costs are to be expensed. This standard becomes effective January 1, 2011. This new standard only has an impact on the financial statements for future acquisitions that will be made in periods subsequent to the date of adoption.

- c) Consolidated financial statements and non-controlling interests

In January 2009, the CICA published Section 1601, “Consolidated Financial Statements”, and Section 1602, “Non-controlling Interests” replacing Section 1600. Section 1601 carries forward guidance from Section 1600 with the exception of non-controlling interests, which are addressed in a separate section. This standard requires the Company to report non-controlling interests within equity, separately from the equity of the owners of the parent, and transactions between an entity and non-controlling interests as equity transactions. These standards become effective January 1, 2011. The Company currently does not have any significant equity investment in other entities and therefore the application of this new standard is not expected to have any impact on the financial statements of the Company.

SHIELD GOLD INC.

NOTES TO THE FINANCIAL STATEMENTS

January 31, 2010

3. FINANCIAL INSTRUMENTS

a. Fair value

The fair value of cash, other receivable, prepaid expenses and accounts payable and accrued liabilities approximate carrying value due to the relatively short-term maturities of these instruments.

b. Risk management

The Company may be exposed to risks of varying degrees of significance, which could affect its ability to achieve its strategic objectives. The main objective of the Company's risk management processes is to ensure that the risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed to are described below:

- **Capital risk**
The Company manages its capital with the objective of providing adequate capital resources for the Company. The capital structure of the Company consists of shareholder's equity and depends on the ability of the Company to raise capital.
- **Credit risk**
Credit risk is the risk that a client or vendor will be unable to pay or receive any amounts owed or owing by the Company. Management's assessment of the Company's credit risk is low as it is primarily attributable to funds held in Canadian banks.
- **Liquidity risk**
Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. The Company may seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.
- **Interest rate risk**
The Company has cash balances and no interest-bearing debt. The Company's current policy is to deposit excess cash in interest bearing accounts at its banking institutions.

c. Sensitivity analysis

The Company's cash is measured at fair value. Financial instruments included in accounts receivable and prepaid expenses are classified as accounts receivable, which are measured at cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at cost. As at January 31, 2010, the carrying and fair value amounts of the Company's financial instruments are the same.

Based on management's knowledge and experience of the financial markets, the Company believes that the movements in interest rates that are reasonably possible over the next twelve month period will not have a significant impact on the Company.

SHIELD GOLD INC.

NOTES TO THE FINANCIAL STATEMENTS

January 31, 2010

3. FINANCIAL INSTRUMENTS (CONTINUED)

d. The Company's financial assets, financial liabilities and equity are classified and presented as follows:

- **Current assets**

Cash and cash equivalents— earnings, gains and losses are included in income in the period in which they occur. Cash and cash equivalents are exposed to credit risk and these amounts are placed in major Canadian banks. There is no exposure to interest rate risk as the accounts are demand accounts or the maturities are kept very short term.

Sundry receivable and prepaid expenses – the Company records no earnings on these, as they turn over frequently, are generally recovered quickly and are modest in nature. The associated credit risk is considered minimal since these amounts are for services to be rendered by major industry vendors in the next twelve months.

- **Financial liabilities**

Accounts payable and accrued liabilities – interest expense, are included in income in the period in which they occur. The Company manages interest rate risk by settling in advance of interest charges.

- **Equity**

Shareholders Equity-costs are included in income in the period in which they arise. The Company manages capital risk by maintaining relationships with sources of debt financing, and by ongoing discussions with potential strategic partners. The Company manages its liquidity risk by budgeting for future costs and project program expenditures and by negotiating investment of financing in time to meet them, although there can be no guarantee that such financings will be available on time or at all.

4. CAPITAL STOCK

- **Authorized Shares issued outstanding**

The Company is authorized to issue an unlimited number of common shares, an unlimited number of preferred shares issuable in series and classes and an unlimited number of special non-voting shares issuable in series and classes, each as may be determined by the Directors of the Company.

| Outstanding | Common shares | |
|---|-------------------|------------------|
| | Number of shares | Amount |
| Balance at October 31, 2007 | 2,640,209 | \$259,668 |
| Share split in December 2007 (Note b) | 2,640,209 | — |
| Issued for cash Shares (Note c) | 600,000 | 30,000 |
| Shares cancelled in January 2008 (Note d) | (537,182) | (26,860) |
| Initial Public Offering June 2008 (Note e) | 7,000,000 | 543,620 |
| Non-cash share issue costs (Note 4 (f) (a)) | - | (31,348) |
| Balance at January 31, 2010 | 12,343,236 | \$775,080 |

- a) Due to the prior expenses incurred by the Company, the Company had exceeded the Restricted Expense Limit. Following discussion with the Exchange regarding the basis on which the Exchange would be prepared to grant a waiver of the Restricted Expense Limit, the directors of the Company agreed to cancel common shares registered in their own name (at \$0.10 per share) equal to the amount by which the Company had exceeded its expense limit. Accordingly, on May 29, 2007, 109,791 common shares registered in the names of the directors were cancelled on a pro rata basis. In June 2007, the Exchange granted a waiver of the Restricted Expense Limit to the Company.

SHIELD GOLD INC.

NOTES TO THE FINANCIAL STATEMENTS

January 31, 2010

4. CAPITAL STOCK (CONTINUED)

- b) On December 14, 2007 at a special meeting of the shareholders, the shareholders unanimously approved a resolution subdividing the existing common shares on 2 for 1 basis. On December 19, 2007 articles of amendment for the Company were filed with the Ministry of Government Services giving effect to this resolution. Upon completion of the subdivision there were 5,280,418 common shares issued and outstanding.
- c) To raise additional funds to complete the CPC offering on January 24, 2008, the Company completed a private placement of 600,000 common shares at an offering price of \$0.05 per share for gross proceeds of \$30,000. The subscribers in this private placement were the directors of the Company. Upon completion of this private placement there were 5,880,418 common shares issued and outstanding.
- d) In its discussions with the TSX Venture Exchange concerning the additional delays in closing the CPC offering caused by the state of the capital markets, the Company again exceeded the Restricted Expense Limit. Accordingly, the Company applied, concurrently to the filing of the Prospectus, for a waiver of the spending limit. Consistent with the previous actions, the directors of the Company agreed to cancel common shares registered in their own name (at \$0.05 per share) equal to the amount by which the Company had exceeded its expense limit. Accordingly, on January 24, 2008, an additional 537,182 common shares registered in the names of the directors were cancelled on a pro rata basis. Upon completion of the share cancellation, there were 5,343,236 common shares issued and outstanding.
- e) The Company closed the Initial Public Offering (the "IPO") in June 2008 for 7,000,000 shares at \$0.10 per share for gross proceeds of \$700,000. After cash expenses of the issue the Company netted \$543,620. Upon the completion of the IPO, Global Securities Corporation and Integral Wealth Securities Limited (the "Agents") were granted a total of 700,000 options (the "Agents Options"). The Agents Options entitles the Agents to purchase one common share of the Company at a price of \$0.10 for a period of twenty-four months from the date the Company is listed on the TSX Venture Exchange.
- f) Stock options

The shareholders have approved a Stock Option Plan (the "Plan") that provides for the issue of up to 10% (the "Threshold") of the number of issued and outstanding common shares of the Company to eligible employees, directors, officers and consultants of the Company ("Participants"). The issuance of stock options may exceed the Threshold if the Company receives the permission of the stock exchange.

The Plan authorizes the granting of options to purchase common shares of the Company at a price that is not less than that permitted under the rules of any stock exchange or exchanges on which the Company's shares are then listed. The vesting of options is determined by the board of directors, but cannot exceed a maximum term of 10 years.

The aggregate number of common shares reserved for issuance to any one Participant of the Plan shall not exceed 5% of the total number of issued and outstanding common shares of the Company in any twelve month period unless the Company receives the permission of the stock exchange.

The number of options granted to any one consultant in a twelve month period shall not exceed 2% of the total number of issued and outstanding common shares.

The aggregate number of options granted to persons employed to provide investor relations activities shall not exceed 2% of the total number of issued and outstanding Shares in any twelve month period.

During the quarter ended January 31, 2010 no stock options were granted, exercised or cancelled. As at January 31, 2010, the following options were vested and outstanding:

SHIELD GOLD INC.

NOTES TO THE FINANCIAL STATEMENTS

January 31, 2010

| Option Price | Number of Options | | Weighted Average Remaining Contractual Life |
|--------------|-------------------|---------|--|
| | Unvested | Vested | |
| \$ 0.10 | - | 965,454 | 4.34 years |
| \$ 0.10 | - | 700,000 | 0.50 years |

The fair value of stock options to Agents, officers and directors at year end 2009 was \$49,471 (2008- \$31,348) based on the Black-Scholes pricing model.

g) Contributed Surplus

| | <u>2009</u> | <u>2008</u> |
|---|------------------|------------------|
| Beginning of year | \$ 37,839 | \$ - |
| Common shares cancelled (Note 4 (a)) | - | 10,979 |
| Common shares cancelled (Note 4 (d)) | - | 26,860 |
| Stock option cancelled (Note 4 (f) (c)) | 5,108 | - |
| End of year | <u>\$ 42,947</u> | <u>\$ 37,839</u> |

Escrow Agreement

As at January 31, 2010, 12,343,236 common shares are issued and outstanding as fully paid and non-assessable and no other shares are outstanding.

Under the Escrow Agreement, 5,343,236 of the common shares outstanding as at January 31, 2010 were deposited with the Trustee.

The Escrow Agreement provides for a three-year escrow release mechanism with:

- a) 10% of the escrowed securities being releasable upon the issuance of the Final Exchange Bulletin; and
- b) 15% of the escrowed securities being releasable in 6 month intervals on each of 6, 12, 18, 24, 30 and 36 months after the Final Exchange Bulletin.

5. RELATED PARTY TRANSACTIONS

There were no related party transactions during the quarter ended January 31, 2010.

6. COMMITMENT

In 2009, the Company entered into a letter of intent (the "Letter") with Eloro Resources Limited, an unrelated third party, to acquire a 50% option in the Summit-Gaber property owned by Eloro for \$80,000 and by incurring an aggregate of \$1,500,000 in deferred exploration and development expenditure and issuing an aggregate of 600,000 common shares of the Company over a three year period. The Letter requires the completion of a definitive agreement (the "Definitive Agreement") on or by May 15, 2010. During the quarter, the Company met the first requirement of the Letter, which required a payment of \$25,000 to Eloro.

Upon the signing of a Definitive Agreement, management believes the Company will have met the requirement to complete a Qualifying Transaction by the July 1, 2010 deadline imposed by the TSX-V.

SHIELD GOLD INC.

NOTES TO THE FINANCIAL STATEMENTS

January 31, 2010

7. SUBSEQUENT EVENT

On March 31, 2010 the TSX-V conditionally approved the proposed Qualifying Transaction of the Corporation. Closing of the Qualifying Transaction will occur immediately after satisfaction of all of the conditions set out the Exchange's conditional approval letter which includes, among other things, completing a non-brokered private placement financing for a minimum of \$150,000 through the issuance of 3,000,000 units at a price of \$0.05 per unit. Each unit is comprised of one common share of the Company and one non-transferable common share purchase warrant ("Warrant"). Each Warrant is exercisable for a period of two years from the date of issue and will entitle the holder to purchase one (1) common share at a price of \$0.10 per share. A finder's fee will apply in this financing, pursuant to regulatory policies. The Company expects to satisfy the conditions to the Exchange approval on or before May 15, 2010. Upon completion of the transactions and required filings with the TSX-V, the Company will be listed as a Tier 2 Mining Issuer.