

**CHARLOTTE RESOURCES LTD.**

**FORM 2A**

**LISTING STATEMENT**

**APRIL 21, 2011**

## **NOTE TO READER**

This Listing Statement contains a copy of the Prospectus of Charlotte Resources Ltd. (the “Issuer”) dated April 7, 2011 (the “Prospectus”). Certain sections of the Canadian National Stock Exchange (CNSX) form of Listing Statement have been included following the Prospectus to provide additional disclosure on the Issuer required by the CNSX, as well as updating certain information contained in the Prospectus.

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**SCHEDULE A**

**Charlotte Resources Ltd.**

**Long Form Prospectus dated April 7, 2011**

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and only by persons permitted to sell those securities. The securities offered by this prospectus have not been, and will not be, registered under the United States Securities Act of 1933, as amended, and, subject to certain exceptions, may not be offered or sold within the United States of America. See "Plan of Distribution".*

INITIAL PUBLIC OFFERING

Date: April 7, 2011

## PROSPECTUS

# CHARLOTTE RESOURCES LTD.

#1500 - 885 West Georgia Street  
Vancouver, British Columbia V6C 3E8

**5,000,000 Common Shares**  
**\$0.20 per Common Share**

Charlotte Resources Ltd. (the "Corporation") is hereby offering for sale (the "Offering"), through its agent, Canaccord Genuity Corp. (the "Agent"), on a commercially reasonable efforts basis to investors resident in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario, 5,000,000 common shares (the "Shares") in the capital of the Corporation at a price of \$0.20 per Share (the "Offering Price").

The Corporation has received conditional acceptance for the listing of its Common Shares on the Canadian National Stock Exchange ("CNSX"). Listing is subject to the Corporation fulfilling all of the listing requirements and conditions of the CNSX.

	<b>Number of Shares</b>	<b>Price To Public<sup>(1)</sup></b>	<b>Agent's Commission<sup>(2)(3)</sup></b>	<b>Net Proceeds to Corporation<sup>(4)(5)</sup></b>
Offering Price Per Share:	1	\$0.20	\$0.015	\$0.185
Total Offering	5,000,000	\$1,000,000	\$75,000	\$925,000

Notes:

- (1) The Offering Price was determined by negotiation between the Corporation and the Agent.
- (2) The Corporation has agreed to pay the Agent a cash commission equal to 7.5% of the gross proceeds from the sale of Shares sold under the Offering and to issue Common Shares to the Agent (the "Agent's Commission Shares") equal to 2.5% of the aggregate number of Shares sold under the Offering (being 125,000 Agent's Commission Shares assuming the completion of the Offering) (the "Agent's Commission"). This Prospectus qualifies the distribution of the Agent's Commission Shares. See "Plan of Distribution" and "Description of Securities Distributed".
- (3) The Corporation has agreed to grant to the Agent, agent's warrants (the "Agent's Warrants") to purchase that number of Common Shares (the "Agent's Warrant Shares") equal to 10% of the aggregate number of Shares sold under the Offering (being 500,000 Agent's Warrants assuming the completion of the Offering). The Agent's Warrants may be exercised in whole or in part upon the payment of the exercise price of \$0.20 per Agent's Warrant Share, at any time prior to 4:30 p.m. (Vancouver time) on the date which is twenty-four (24) months from the closing of the Offering. This Prospectus qualifies the distribution of the Agent's Warrants to the Agent. See "Plan of Distribution" and "Description of Securities Distributed".

- (4) The Corporation has agreed to pay to the Agent a corporate finance fee of \$25,000. The Corporation must also pay the Agent's reasonable expenses associated with the Offering. See "Plan of Distribution" for additional information.
- (5) Before deducting the balance of the expenses of the Offering estimated to be \$50,000, which together with the Agent's Commission and the corporate finance fee, will be paid by the Corporation. See "Use of Proceeds".

The following table sets forth the number of securities issuable by the Corporation to the Agent upon completion of the Offering:

Agent's Position	Number of securities available	Exercise period or acquisition date	Exercise Price
Agent's Commission Shares	125,000 Common Shares	On Closing Date	N/A
Agent's Warrants	500,000 Agent's Warrant Shares	Up to 24 months from the Closing Date	\$0.20 per Agent's Warrant Share

National instrument 41-101 ("NI 41-101") imposes a restriction on the maximum number of securities which may be distributed under a prospectus to an Agent as compensation ("Qualified Compensation Securities"). Pursuant to NI 41-101, the aggregate Qualified Compensation Securities must not exceed 10% of the securities offered pursuant to this Prospectus. For the purposes of this Offering, any combination of the following, totaling 500,000 securities, are Qualified Compensation Securities and are qualified for distribution by this Prospectus: (a) up to 500,000 Agent's Warrants and (b) up to 125,000 Agent's Commission Shares. To the extent that the Agent is entitled to receive securities as compensation exceeding 10% of the Offering, those securities exceeding the 10% threshold will not be Qualified Compensation Securities, will not be qualified for distribution under this Prospectus and will be subject to a hold period in accordance with applicable securities laws.

**Investments in natural resource issuers involve a significant degree of risk. The degree of risk increases substantially where the issuer's properties are in the exploration stage as opposed to the development stage. All of the properties of the Corporation are in the exploration or pre-exploration stage and are without a known body of commercial ore. An investment in these securities should only be made by persons who can afford the total loss of their investment. See "Risk Factors".**

As at the date of this Prospectus, the Corporation does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, a U.S. marketplace, or a marketplace outside Canada and the United States of America other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operation by PLUS Markets Group plc.

The Agent, as exclusive agent of the Corporation for the purposes of the Offering, conditionally offers the Shares on a commercially reasonable efforts basis, subject to prior sale, if, as and when issued by the Corporation and accepted by the Agent in accordance with the Agency Agreement referred to under "Plan of Distribution". Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. Certificates representing the Shares will be available for delivery following closing of the Offering. Canaccord Genuity Corp., the Directors, Officers, employees and affiliates thereof and the associates of each of them, own or control, as of the date of this Prospectus, Common Shares representing 10.03% of the outstanding Common Shares of the Corporation.

The Offering is being made on a commercially reasonable efforts basis and is subject to the Offering being fully subscribed within 90 days of the Effective Date. The minimum offering is the entire Offering and all subscription funds received will be held by the Agent in trust until completion of the Offering. If subscriptions for the entire Offering are not received within the 90 day period, subscription monies will be returned to subscribers without interest or deduction. If the Offering is not fully subscribed within 90 days from the Effective Date, the Offering will cease unless an amendment to the final prospectus is filed and receipted by the British Columbia Securities Commission, in which case the Offering must be completed within 90 days of the receipt for the amended prospectus and in any event, no later than 180 days from the Effective Date. See "Plan of Distribution".

A Director of the Corporation, Dr. David M. R. Stone, resides outside of Canada. Although Dr. Stone has appointed Morton & Company of Suite 1200, 750 West Pender Street, Vancouver, British Columbia, V6C 2T8 as his agent for service of process in British Columbia, Alberta, Saskatchewan, Manitoba and Ontario, it may not be possible for investors to enforce judgments obtained in Canada against Dr. Stone.

**Agent:**

**CANACCORD GENUITY CORP.**

Suite 2200, 609 Granville Street  
Vancouver, British Columbia V7Y 1H2  
Tel: (604) 643-7300  
Fax: (604) 643-7606



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## GLOSSARY OF NON-TECHNICAL TERMS

**“Agency Agreement”** means the agency agreement dated April 7, 2011 between the Agent and the Corporation relating to the Offering;

**“Agent”** means Canaccord Genuity Corp.;

**“Agent’s Commission”** means the 7.5% cash commission payable to the Agent and the 2.5% Agent’s Commission Shares issuable to the Agent on Closing pursuant to the Agency Agreement, as described under the heading “Plan of Distribution”;

**“Agent’s Commission Shares”** means the Common Shares to be issued to the Agent on Closing as part of the Agent’s Commission pursuant to the Agency Agreement, as described under the heading “Plan of Distribution”;

**“Agent’s Warrants”** means a non-transferable warrant to purchase that number of Agent’s Warrant Shares equal to 10% of the aggregate number of Shares sold under the Offering, pursuant to the Agency Agreement, as described under the heading “Plan of Distribution”;

**“Agent’s Warrant Shares”** means the Common Shares to be issued to the Agent upon exercise of the Agent’s Warrants;

**“Area of Common Interest”** means the area lying within a perimeter of one kilometre of any of the boundaries of the Property;

**“Business Day”** means a day, other than Saturdays, Sundays and statutory holidays, when the banks conducting business in the City of Vancouver, British Columbia, are generally open for the transaction of banking business;

**“Closing”** means the closing of the Offering;

**“Closing Date”** means such date or dates that the Corporation and the Agent mutually determine to close the sale of the Shares sold pursuant to this Prospectus;

**“CNSX”** means the Canadian National Stock Exchange;

**“Common Share”** means a common share in the capital of the Corporation;

**“Consultant”** means Stephen J. Godden, F.I.M.M.M., C. Eng. and Alojzy A. Walus, P.Geo., collectively;

**“Corporation”** means Charlotte Resources Ltd.;

**“Effective Date”** means the date that a final receipt for the Prospectus is issued or deemed to be issued by each of the Securities Commissions in accordance with the procedures for prospectus review in multiple jurisdictions provided for under National Policy 11-202 - *Process for Prospectus Reviews in Multiple Jurisdictions* and Multilateral Instrument 11-102 - *Passport System*;

**“EMPR”** means the British Columbia Ministry of Energy, Mines and Petroleum Resources;

**“Final Receipt”** means the final receipt issued by the securities regulatory authorities in the Qualifying Jurisdictions for the Prospectus;

**“Listing Date”** means the date on which the Common Shares of the Corporation are listed for trading on the CNSX;

**“N. Tribe”** means N. Tribe and Associates Ltd., the optionor pursuant to the Option Agreement;

**“NI 52-110”** means National Instrument 52-110 - *Audit Committees*;

**“Offering”** means the Offering of 5,000,000 Shares of the Corporation pursuant to this Prospectus;

**“Offering Price”** means \$0.20 per Share;

**“Option Agreement”** means the amended and restated property option agreement dated September 16, 2010 between the Corporation, Norman Lloyd Tribe and N. Tribe;

**“Property”** means the one mineral claim located in the Osoyoos Mining Division in the Province of British Columbia known as the Ash Property;

**“Prospectus”** means this prospectus and any appendices, schedules or attachments hereto;

**“Purchaser”** means a person or other entity that purchases Shares under the Offering;

**“Qualifying Jurisdictions”** means the provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario;

**“Report”** means the National Instrument 43-101 compliant technical report dated January 14, 2011, entitled “Updated Technical Report on the Porphyry Copper-Molybdenum Prospect, Ash Mineral Claim, Ashnola Area”, prepared by S. Godden & Associates Ltd. of the United Kingdom, and the Consultant;

**“Securities Commission”** means, collectively, the securities commissions or similar regulatory authorities in the Qualifying Jurisdictions;

**“Selling Firms”** means licensed dealers, brokers and investment dealers retained by the Agent as sub-agents in respect of the Offering;

**“Shares”** means the Common Shares to be issued under the Offering; and

**“Tax Act”** means the *Income Tax Act* (Canada) and the regulations thereunder.

## GLOSSARY OF TECHNICAL TERMS

### Nomenclature, Abbreviations and Acronyms

Abbreviation	Unit or Description
B.C.	British Columbia, Canada
Breccia	Angular fragments of rock produced by movement along a fault or explosive igneous activity. The material which surrounds the fragments and cements them together is called matrix and might be vein minerals, igneous material or very fine rock fragments.
Chalcopyrite	The main copper sulphide mineral
Country rock	The rock which surrounds a mineralized deposit. Also referred to as wallrock, in particular that rock on either side of a vein.
Cu	Copper
Dip	The angle below the horizontal of a tilted plane or geological structure
Diorite	A coarse grained igneous rock of intermediate composition
Fault	A fracture in rock along which there has been observable movement
Feldspar	A group of common silicate minerals containing aluminum as well as sodium, potassium and calcium in varying proportions.
Felsic	An acronymic word derived from feldspar and silica, and used to describe light-colored silicate minerals and rocks in which these minerals predominate.
Grade	The concentration of each metal in a rock sample, usually given as weight percent. If concentrations are extremely low, as with Au, Ag, Pt and others, the concentration may be given in grams per tonne (g/t) or ounces per ton (opt). The grade of a mineralized deposit is calculated, often employing very sophisticated statistical procedures, as an average of the grades of a very large number of samples collected from throughout the deposit.
Mineralization	A general term which usually refers to minerals containing metal types, including minerals such as pyrite.
Mo	Molybdenum
MoS <sub>2</sub>	Molybdenum disulfide
NI 43-101	National Instrument 43-101 of the Canadian Securities Administrators
Ore	A mineral or minerals that can be mined and extracted from a rock at a profit.
Plagioclase	A series of sodium to calcium feldspar minerals.
Porphyry	An igneous rock of any composition that exhibits porphyritic texture.
ppb	parts per billion
Ppm	parts per million
Pyrite (FeS <sub>2</sub> )	A common mineral of iron and sulphur.
%	Percent
Quartz	A mineral composed of silicon and oxygen.
Sediment	Rocks formed by the deposition of layers of clastic rock and mineral grains (sand, silt, clay), often in an ocean basin, and subsequent compaction and lithification into a solid rock due to the pressure of overlying material.
Strike	General trend or direction of geological units or structures.
Sulphides	An important group of minerals composed of sulphur, together with one or more other metallic element (e.g. chalcopyrite, pyrite, galena, sphalerite).
UTM	Universal Transverse Mercator (coordinate system)
Vein	Sheet-like body of minerals formed by fracture-filling or replacement of the host rock.
Volcanics	Volcanic rocks occur as flows, usually mafic lavas because they are more fluid (Hawaii), or pyroclastics, fragmental rocks ranging from fine ash to coarse breccias (angular rock fragments) formed by the explosive eruption of felsic magma (Mt. St. Helens).
W	Tungsten

## Metric Equivalents

Conversion of metric to imperial equivalents is as follows:

To convert	To imperial measurement units	Multiply By
hectares	acres	2.471
metres	feet	3.281
kilometres	miles	0.621
Grams	ounces (troy)	0.032
tons	short tons	1.102
grams per tonne	ounces (troy) per ton	0.029

## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus contains “forward-looking information” and “forward-looking statements” (together, the “forward-looking statements”) within the meaning of applicable securities laws. These forward-looking statements are made as of the date of this Prospectus. Users of forward-looking statements are cautioned that actual results may vary from the forward-looking statements contained herein.

Certain statements in this Prospectus may constitute forward-looking statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this Prospectus, such statements use such words as "may", "will", "expect", "believe", "plan", "intend" and other similar terminology. These statements reflect current expectations regarding future events and operating performance and speak only as of the date of this Prospectus. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved.

In particular, this Prospectus contains forward-looking information pertaining to the following, but is not limited to:

- business objectives, including acquisition of additional mineral properties or other business opportunities
- future potential acquisitions
- intended use of proceeds from the Corporation’s existing working capital and the net proceeds of the Offering
- future exploration activities, and the estimated costs and timing of those activities
- mineral prices

A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to, risks related to exploration and development in the mining industry, permits and government regulations, environmental and safety regulations and risks, mining titles, fluctuating mineral prices, future acquisitions, loss of services of key individuals, the Corporation’s ability to arrange for additional financing, dilution to the Corporation’s shareholders, the volatility of publicly traded securities, potential conflicts of interest and other factors discussed under “Risk Factors” in this Prospectus. Although the forward-looking statements contained in this Prospectus are based upon what management of the Corporation believes are reasonable assumptions, the Corporation cannot assure investors that actual results will be consistent with these forward-looking

statements. These forward-looking statements are made as of the date of this Prospectus, and the Corporation assumes no obligation to update or revise them to reflect new events or circumstances except as may be required under applicable securities laws. There can be no assurance that forward-looking statements, or the material factors or assumptions used to develop such forward-looking statements, will prove to be accurate. Accordingly, readers should not place undue reliance on forward-looking statements.

## PROSPECTUS SUMMARY

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

**The Corporation:** The Corporation is engaged in the business of acquiring, exploring for and developing mineral properties. Pursuant to the Option Agreement, the Corporation holds an option to acquire a 100% interest in the Property. See “Option Agreement” under “Significant Acquisitions and Dispositions”. The Corporation’s objective is to explore and develop the Property, along with any other property which the Corporation acquires. See “Narrative Description of the Business”.

**The Property:** The Corporation will be utilizing a portion of the proceeds of this Offering to carry out an exploration program on its Property. The Property consists of 1 mineral claim covering an area of approximately 1,035 hectares, located in the Osoyoos Mining District, British Columbia known as the Ash Property. Refer to “Narrative Description of the Business” for further details respecting the Property.

**The Offering:** 5,000,000 Shares are being offered at a price of \$0.20 per Share for aggregate gross proceeds of \$1,000,000. See “Plan of Distribution”.

This Prospectus qualifies the distribution of the Shares. It also qualifies the distribution of the Agent’s Commission Shares and the Agent’s Warrants. See “Description of Securities Distributed”.

**Use of Proceeds:** The Corporation will receive aggregate gross proceeds of \$1,000,000 from the sale of the Shares. These funds will be combined with the Corporation’s estimated working capital of approximately \$466,000 as at March 31, 2011 for a total of \$1,466,000. The Corporation intends to use these funds as follows:

To pay the balance of the estimated costs of the Offering (including legal, regulatory, audit and printing expenses)	\$50,000
To pay the cash portion of the Agent’s Commission	\$75,000
To pay the corporate finance fee	\$25,000
To pay for Phase One exploration expenditures on the Property <sup>[1]</sup>	\$127,875
To reserve funds for Phase Two exploration expenditures on the Property <sup>[1]</sup>	\$822,250
General and administrative costs for 12 months <sup>[2]</sup>	\$68,000
Unallocated working capital to fund ongoing operations and for reviewing business opportunities	\$297,875

**Total:** **\$1,466,000**

[1] Refer to the heading “Recommendations” under “Narrative Description of the Business” for a summary of the work to be undertaken. Phase Two is contingent upon the results of the Phase One work program.

[2] Refer to the heading “General and Administrative Costs for 12 Months” under “Use of Proceeds” for a break down of general and administrative costs.

The Corporation intends to spend the funds available to it as stated in this Prospectus.



There may be circumstances, however, where for sound business reasons a reallocation of funds may be necessary.

**Risk Factors:**

On completion of the Offering, the Corporation will have approximately \$297,875 in unallocated working capital available to it for its future operations. Investors are relying on the expertise and experience of management and the contacts of its Directors in carrying out the exploration program on the Property and/or identifying and evaluating future business opportunities which may include other sectors of the economy in which it does not currently operate. An investment in the Shares of the Corporation should be considered highly speculative and investors may incur a loss on their investment. The Corporation has not defined any commercial quantities of mineral reserves on the Corporation's Property. The Corporation has no history of earnings from its operations and will use the proceeds of the Offering to fund any negative operating cash flow. The Corporation and its assets may become subject to uninsurable risks. The Corporation's activities may require permits or licenses which may not be granted to the Corporation. The Corporation competes with other companies with greater financial resources and technical facilities. The Corporation is currently largely dependent on the performance of its Directors and Officers and there is no assurance the Corporation can retain their services. In recent years both metal prices and publicly traded securities prices have fluctuated widely.

The Corporation intends to seek other business opportunities immediately after the Listing Date. In considering future business opportunities, the Corporation will not restrict its review of future opportunities to the mineral exploration and mining sectors. If doing so would be in the best interest of the Corporation and its shareholders, the Corporation will expand its business into other sectors of the economy in which it does not currently operate. There is no guarantee that the Corporation will continue to operate as a junior exploration company in the long term. See "Risk Factors".

**Summary of Financial Information:**

The following table sets forth summary financial information for the Corporation for the last three financial years ended January 31, 2011, 2010 and 2009. This information has been summarized from the Corporation's audited financial statements for the financial years ended January 31, 2011, 2010 and 2009. This summary of financial information should only be read in conjunction with the Corporation's financial statements, including the notes thereto, included elsewhere in this Prospectus.

		For the financial year ended January 31, (audited)		
		2011	2010	2009
		\$	\$	\$
Revenues		Nil	Nil	Nil
Administrative Expenses		60,507	48,321	37,762
Net Loss and Comprehensive Loss		46,825	48,216	138,277
Deficit – end of period/year		315,806	268,981	220,765
Loss per share		0.004	0.02	0.04
Assets:				
	Current Assets	534,944	15,097	4,180
	Deferred Share Issue Costs	44,320	-	-
	Mineral Interests	101,177	82,814	82,319
	Total Assets	680,441	97,911	86,499
Liabilities		45,089	260,891	201,263
Long Term Debt		-	-	-
Shareholders' Equity		635,352	(162,980)	(114,764)

**Currency:**

Unless otherwise indicated, all currency amounts herein are stated in Canadian Dollars.

## **CORPORATE STRUCTURE**

### **Name and Incorporation**

The Corporation was incorporated under the name 0747904 B.C. Ltd. pursuant to the *Business Corporations Act* (British Columbia) on February 3, 2006. On May 16, 2006, 0747904 B.C. Ltd. changed its name to Charlotte Resources Ltd.

The Corporation's registered and records office is located at Suite 1200 – 750 West Pender Street, Vancouver, British Columbia, V6C 2T8. The Corporation's head office is located at Suite 1500 - 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8.

The Corporation is engaged in the business of exploring for and developing mineral properties in British Columbia. See "Narrative Description of the Business".

### **Intercorporate Relationships**

The Corporation has no subsidiaries.

## **GENERAL DEVELOPMENT OF THE BUSINESS**

### **Three Year History**

The Corporation is engaged in the business of mineral exploration in Canada and its objective is to locate and develop economic mineral properties. The Corporation commenced operations in February 2006, the year of its incorporation. Pursuant to the Option Agreement, the Corporation holds an option to acquire a 100% legal and beneficial interest in the Property, as described under "Significant Acquisitions and Dispositions" below.

During the year ended January 31, 2011, the Corporation carried out assessment work and incurred consulting fees in connection with permit application on the Property of \$10,904. See "Narrative Description of the Business", "Exploration Work", for a description of the assessment work completed on the Property.

In July 2010 the Corporation settled \$333,122 of debt by issuing a total of 6,531,796 Common Shares. See "Selected Financial Information and Management Discussion and Analysis", "Interest of Management and Others in Material Transactions" and "Other Material Facts".

To fund its exploration activities and to provide working capital the Corporation has relied on the sale of Common Shares from treasury. Since incorporation, the Corporation has raised \$602,500 privately through the sale of its Common Shares. The Corporation intends to raise additional funding under the Offering to carry out additional exploration on the Property as set out in the section entitled "Use of Proceeds."

## Significant Acquisitions and Dispositions

### *Option Agreement*

The Corporation's principal property is the Ash Property. The Property consists of 1 mineral claim covering an area of approximately 1,035 hectares, located in the Osoyoos Mining District, British Columbia, and is described in further detail under the heading "Narrative Description of the Business".

Pursuant to the Option Agreement, the Corporation holds an option to acquire a 100% legal and beneficial interest in the Property. In order to earn its interest in the Property, the Corporation must pay a total of \$30,000 and issue a total of 1,350,000 Common Shares in its capital stock to N. Tribe, and incur a total of \$1,600,000 of exploration expenditures on the Property, as follows:

- (a) pay the sum of \$5,000 (which amount has been paid) and issue 100,000 Common Shares (which Common Shares have been issued);
- (b) pay the sum of \$10,000 by April 12, 2008 (which amount has been paid);
- (c) pay the sum of \$15,000 (which amount has been paid) and issue 150,000 Common Shares by July 12, 2008 (which Common Shares have been issued);
- (d) issue 200,000 Common Shares by July 12, 2010 (which Common Shares have been issued);
- (e) incur \$100,000 in exploration expenditures on the Property on or before June 1, 2011 (of which \$18,701 has been expended);
- (f) issue 250,000 Common Shares on or before July 12, 2011;
- (g) incur an additional \$450,000 in exploration expenditures on the Property and issue 300,000 Common Shares on or before July 12, 2012;
- (h) incur an additional \$300,000 in exploration expenditures on the Property and issue 350,000 Common Shares on or before July 12, 2013;
- (i) incur an additional \$350,000 in exploration expenditures on the Property on or before July 12, 2014; and
- (j) incur an additional \$400,000 in exploration expenditures on the Property on or before July 12, 2015.

When all of the required exploration expenditures have been made and the consideration above has been delivered, then the option is exercised in full and a 100% interest in the Property will vest in the Corporation. The Company anticipates being able to expend the balance of \$81,299 on the Property by June 1, 2011 in order to meet its upcoming obligations pursuant to the Option Agreement.

The Option Agreement gives the Corporation the right and authority to access the Property for the purpose of carrying out mineral exploration and development work. The Option Agreement is an option agreement only and may be terminated by the Corporation at any time. If the Corporation chooses to terminate the Option Agreement, it shall not be obligated to make further cash payments or issue additional shares to N. Tribe or incur exploration expenditures on the Property.

The Corporation may complete the cash payments, share issuances and exploration expenditures required under the Option Agreement at any time earlier than the dates described above in order to accelerate and fulfill its acquisition of a 100% interest in the Property.

N. Tribe is a private British Columbia company, wholly owned by Norman and Sharon Tribe, who are at arm's length to the Corporation.

## **Trends**

There are no current trends in the Corporation's business that are likely to impact on the Corporation's performance.

## **NARRATIVE DESCRIPTION OF THE BUSINESS**

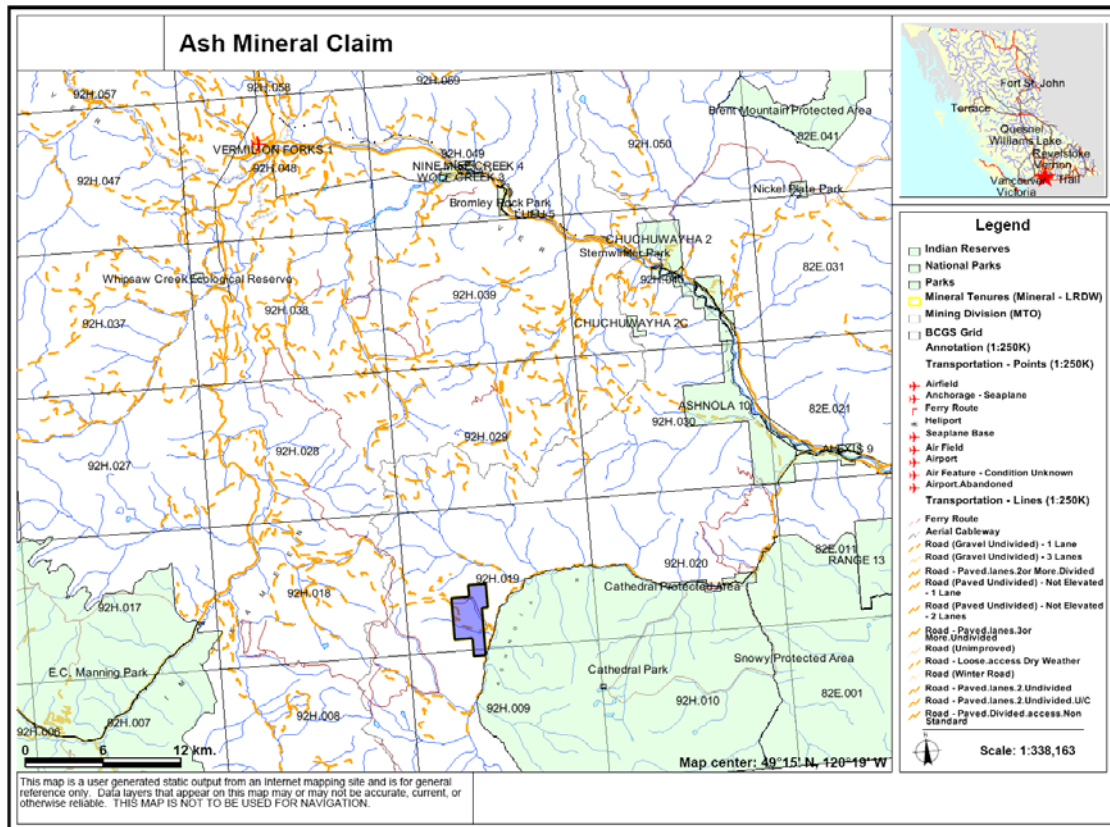
### **Ash Property**

The following represents a brief summary of information contained in a technical report dated January 14, 2011, entitled "Updated Technical Report on the Porphyry Copper-Molybdenum Prospect, Ash Mineral Claim, Ashnola Area" (the "Report"), prepared pursuant to the provisions of National Instrument 43-101 by S. Godden & Associates Ltd. of the United Kingdom, through its Qualified Persons, Stephen J. Godden, F.I.M.M.M., C. Eng. and Alojzy A. Walus, P.Geo., (collectively the "Consultant"). Mr. Godden is the principal author of the Report and, along with Alojzy Walus, he is responsible for all sections of the Report, with the exception of those portions dealing with field observations. Mr. Walus is a co-author of the Report and, along with Mr. Godden, he is responsible for all sections of this Report, including those portions dealing with field observations. The full text of the Report is available under the Corporation's profile on the SEDAR Website at [www.sedar.com](http://www.sedar.com). Other than Figures 6.2, 6.3, 8.1, 8.2, 8.3, 8.4, 8.5, 8.6, 8.7, 8.8, 9.1 and 9.2, which are included in this Prospectus, the balance of the Figures are contained in the Report.

### **Property Description and Location**

The Property is located on the eastern flank of Placer Mountain, in the Okanagan Mountain Range of southern British Columbia. The approximate centre of the Property is at Latitude 49° 07' 20" North, Longitude 120° 20' 04" West, which point is in the Osoyoos Mining Division, some 13.5 kilometres north of the international border with the U.S.A. Hedley, B.C. is approximately 32.5 kilometres northeast of the Property centre and Princeton, B.C., is approximately 39.5 kilometres north-northwest of the Property centre.

Figure 6.2 details the general location of the Property area. Figure 6.2 was compiled using the on-line tenure search facility of the Mineral Titles Online system ("MTO", which may be found on [www.mtonline.gov.bc.ca](http://www.mtonline.gov.bc.ca)) that is administered by the Ministry of Energy, Mines and Petroleum Resources ("EMPR"). The Property area may also be found on NTS map sheet 092H/01W and on TRIM map sheet 092H 019.



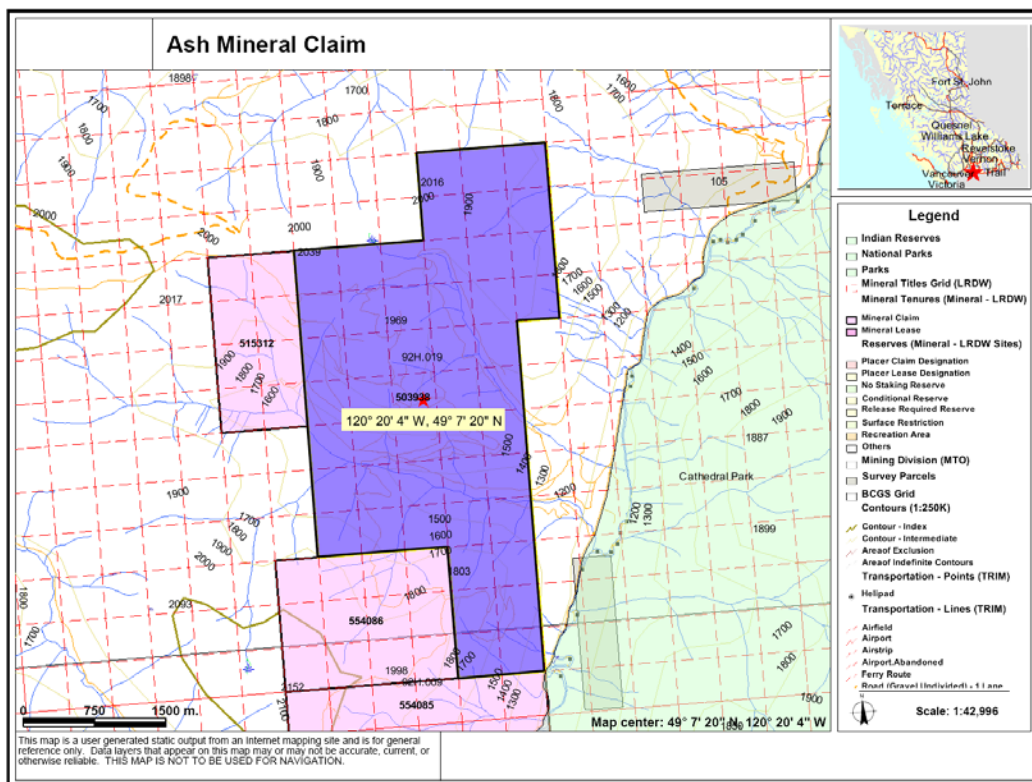
**Figure 6.2 – A General Location Plan of the Property Area  
(the area highlighted in BLUE)**

The Property comprises 49 units totalling 1,035.859 hectares in one mineral claim (the Ash mineral claim, tenure number 503938). Figure 6.3 is a plan of the claim area that was compiled using the on-line MTO tenure search facility administered by EMPR. An informal review of mineral title of the Property was completed by the Consultant, using the on-line MTO tenure search facility administered by EMPR. The claim is reported by the MTO tenure search facility to be in good standing to August 27, 2011. The Report states that the reader is, however, advised that the claim boundaries have not legally been surveyed.

According to the Mineral Tenure Act of British Columbia (RSBS 1996, Chapter 292), a recorded holder may hold a claim until the expiry date and after that, in accordance with the regulations, may hold the claim from year to year by:

- doing exploration and development and registering a statement of the exploration and development, or making payments instead of exploration and development; and
- registering a revised expiry date.

Canadian law requires a Notice of Work to be secured for purposes of surface drilling. It must outline specific drilling locations, sumps, settling ponds, access routes, water supply and planned reclamation for the proposed disturbance and it has to be filed with the Ministry of Energy and Mines, Kamloops, B.C. Permitting by the Mines Inspector must be secured prior to drilling. The Corporation has yet to submit a Notice of Work and has yet to apply for the necessary permit.



**Figure 6.3 – The Ash Mineral Claim**  
(the claim highlighted in **BLUE**, with the approximate centre point identified)

## Accessibility, Climate, Local Resources, Infrastructure and Physiography

### Accessibility

Access to the Property from Princeton and Osoyoos, B.C., is via the paved Highway No. 3 that extends east from Vancouver, B.C. A turnoff to the south-southwest, onto Ashnola Forest Services Road, is made approximately 11 kilometres west of Keremeos, B.C. (or approximately 18 kilometres south of Hedley B.C.). The turning is signposted; Ashnola Forest Services Road it is a well-maintained, graded dirt road that is frequently used by logging traffic (for safety reasons, a short-wave is required to monitor traffic movements). It runs along side and to the north of Ashnola River, from its confluence with the Similkameen River.

A turnoff to the west, onto McBride Forest Service Road, is made after traveling approximately 42 kilometres along the Ashnola Forest Service Road. The turning point is a few hundred metres short of the kilometre 32 forestry sign, at UTM co-ordinates 5,443,680 North, 696,418 East. The McBride Forest Service Road passes through the centre of the Property, traversing the north side of McBride Creek and climbing the canyon wall by way of a number of steep switch-backs (Tribe, 2007). Access elsewhere within the Property area is possible by All Terrain Vehicle or by foot; many of the old forestry and exploration access roads are no longer passable, even by four-wheel-drive vehicles. Observations made during the June 4, 2008 visit suggest that only a minor amount of work would be required to rehabilitate the old forestry and exploration access roads. Some rehabilitation work was carried out during 2010.

### *Climate*

The Placer Mountain area has a semi-arid, inter-montane climate. Annual temperatures vary between approximately minus 20 and plus 30 degrees Celsius. Precipitation varies between approximately 25 and 35 inches of water a year, comprising approximately 50 percent melted snow and 50 percent rain. In average years, the area above the tree line is free of snow from late April to late October, which period approximates to the local exploration field season. In average years, and at lower elevations (in the valleys) the area is free of snow from late March to early November. In 2008, 2009 and 2010, the Property was not entirely free of snow until late May.

### *Local Resources*

The city of Princeton, B.C., is the closest population centre to the Property. It is approximately two hours by road from the Property. The community at Princeton provides a variety of services that include health, emergency, mechanical, equipment, lumber, transportation and retail stores. Other local population centres, within approximately two hours travel by road to the Property, include Hedley, Keremeos and Ollala. The nearest major population centre is Penticton, B.C. (approximately 67 kilometres to the northeast of the Property centre and about two hours away by road), where a wide variety of services and facilities are provided, including an international airport.

The Osoyoos Mining Division has a long and well documented history of mining. It may reasonably be assumed that mining personnel could readily be located amongst the established local communities. As the Property is located near to the Okanagan Valley, it might also reasonably be assumed that future employment opportunities on the Property would be attractive propositions for mining personnel from other areas within Canada.

### *Infrastructure*

No infrastructure is developed in the general Property area, other than the logging and forestry access roads earlier outlined. There are no standing lakes or dams in the general Property area, but there is no readily identifiable reason to suppose that adequate potable, mining and processing water supplies could not be secured at the appropriate time. The nearest power line is probably at Hedley, B.C. which is 32.5 kilometres northeast of the Property centre.

The Consultant is not aware of any surface rights issues that might adversely affect the future development of the Property. The reader should, however, be aware that Cathedral Provincial Park is to the immediate east of the Property and that portions of the drainage basins of McBride Creek and Cat Creek are located on the Property.

Suitable potential sites for a processing plant, for tailings storage areas, for waste disposal areas and for heap leach pads (if required) will have to be carefully considered once the scale of any future operation has been estimated and the processing options have been assessed. Engineering studies of development options form integral parts of the recommended Phase Two exploration program detailed in Section 22 of the Report, the undertaking of which is conditional on the outcome of the recommended Phase One exploration program. Suitable off-Property sites for mining and processing infrastructure might have to be considered, due to the steep nature of the local topography and the close proximity of Cathedral Provincial Park.

## *Physiography*

The general area is characterized by rugged topography and high relief with well-defined mountains and intervening, broadly U-shaped (glacial) valleys in which various rivers flow. The twin peaks of Placer Mountain, to the immediate west of the Property, are at elevations of approximately 2,170 metres and 2,200 metres above mean sea level (“amsl”). The elevation of Ashnola River, at the point where it passes the southeast corner of the Property, is approximately 1,100 metres amsl. Elevations across the Property vary up to approximately 2,050 metres amsl.

The mountain sides are generally steep (30 degrees or more). The north flank of the McBride Creek in particular is very steep (more than 50 degrees). The Cat Creek carved an especially steep valley into the upland surface. Extensive areas of talus exist, especially where the mountain slopes are very steep.

For the most part the Property area is covered by overburden that is thickest in the valley bottoms where it is estimated to be at least five metres thick. The overburden diminishes in thickness towards the mountain tops; observations made along the road cuttings, during the June 4, 2008 site visit, indicate that, except in the valley bottoms, the thickness of overburden cover rarely exceeds two to three metres. Bedrock exposure in the general area is good along and immediately down slope of the mountain peaks and ridges, but it is very limited at lower elevations, except along road cuttings.

The lower slopes on the Property are heavily forested with black spruce, hemlock and jackpine, except where talus slopes are developed and where recent clear-cut logging has taken place (as, for example, on the south side of McBride Creek). The northern portion of the Property is more open, in that it is more thinly covered with jackpine and black spruce. Where the slopes are flat to moderate the forest floor is abundantly vegetated with buckbrush, blueberries and other ground cover; where it is steep and south facing juniper commonly grows. The sub-alpine environment at the higher elevations is ideal summer range for deer, moose, bighorn sheep and bears; there is some evidence that both grizzly and black bears use the sub-alpine area of Placer Mountain (Tribe, 2007).

## **History**

The Report states that the reader should be aware that there is no readily identifiable reason to suppose that the assay results of the historical rock and soil sampling and drilling programs are incorrect or misrepresented in the cited reports. However, the amount of readily available detail concerning sampling methods and procedures, security and assaying methods varies significantly between the various historical exploration programs and only some of the cited program references contain copies of the original assay certificates.

## **Early Exploration Activity**

A.J. Sinclair summarized the early history of the Property area in a report entitled ‘Car, Nola, Ash and Q Claims Groups’ and dated December 27, 1969. A copy of his report is not available, but his summary is reproduced in EMPR Assessment Report #02721 by D.R. Cochrane, P. Eng., Giroux, G. and Scott, A., dated October 05, 1970. Following is a modified version of Sinclair’s summary.

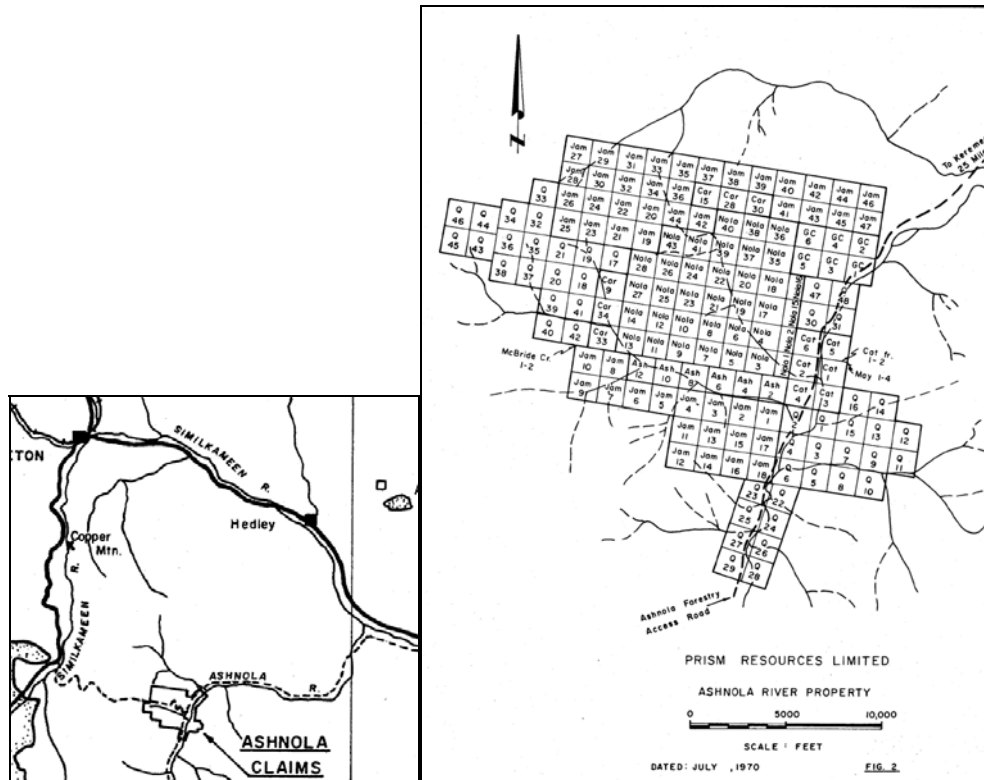


The general area of the Ash claim was mapped on a reconnaissance scale by Rice (1947); it was not until 1960 that the main Ash mineralized showings (those clustered at the approximate centre of the Property) were found by Kennco Explorations (Western) Ltd. (“Kennco”). Kennco subsequently carried out geological mapping, a geochemical soil survey, Induced Polarization (“IP”) geophysical surveys and diamond drilling (nine holes totalling 2,700 feet [823 metres] and producing AX [30.1 millimetre] diameter core). None of the details of this work are available.

In 1966, Meridian Exploration Syndicate staked a Property-relevant area and carried out a stream sediment survey, geologic mapping, a geochemical soil survey and 7,000 feet (2,133 metres) of Self Potential (“SP”) survey. About 4.5 kilometres of bulldozer trenching and road building, and about 700 feet (214 metres) of drilling and blasting were completed at the same time (Montgomery, 1966). None of the details of this work are available, except where they were integrated with the results of later exploration programs (e.g. the 1970 program).

In 1968, a Property-relevant area was under option to Quintana Minerals Corp. who drilled six wireline holes, into an intrusive plug of granite porphyry, totalling 2,951 feet/900 metres and producing NQ (47.6 millimetre) diameter core (Montgomery, 1968). In addition, geological mapping was carried out to establish alteration and mineral zoning patterns. Further trenching and soil sampling was carried out in the Cat Creek drainage basin during 1969. None of the details of this work are available. However, Clark (1980) noted in his E&B Explorations Ltd. report (EMPR Assessment Report #07827 dated February 1980) that Montgomery (1968) found that the pyrite-chalcopyrite-molybdenite ratios indicated an improvement in molybdenum values with depth and recommended two additional drillholes. His advice does not appear to have been followed.

Sinclair (1969) wrote a review of exploration data to date (1969) on what by then had firmly been identified as a porphyry-type deposit. He recommended detailed geological mapping, soil geochemistry, rock and pyrite geochemistry, biogeochemistry, an IP survey and statistical analysis of geochemical and geophysical data. His recommendations were only partially followed during a summer 1970 exploration program by Prism Resources Ltd. (“Prism”) that was active across the Property area until 1989. For much of this time, Prism’s Ashnola River property comprised 166 located claims and fractions in the area identified on Figure 8.1.



**Figure 8.1 – A 1970 General Claims Plan of the Ashnola River Property held by Prism Resources Ltd.**

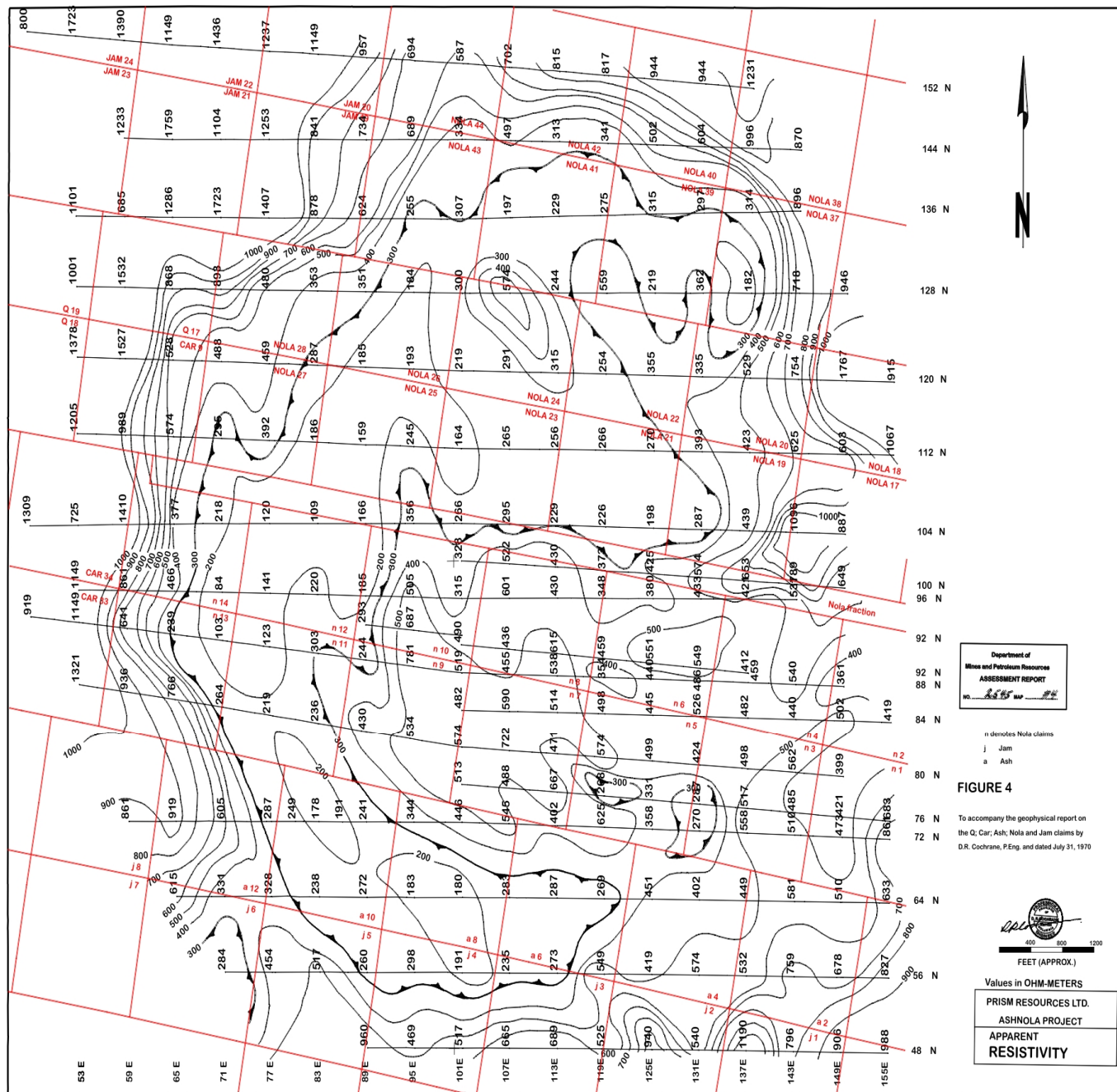
*(from EMPR Assessment Report #02545 by D.R. Cochrane and A. Scott dated July 31, 1970)*

## **Prism Resources Ltd. – 1970 Exploration Program**

The objective of Prism's 1970 exploration program was 'to outline exploration targets within a large area known to exhibit many of the geological attributes considered favourable for the existence of a large, low-grade copper-molybdenum mineral deposit' (Cochrane, Giroux and Scott, 1970). The first phase was in May, 1970 when G. Giroux and D. Griffith reblazed and chained grid lines in preparation for an IP survey, bulldozed and excavated trenches and repaired internal property access roads. The central portion of the grid was originally constructed by Kennco in 1961; it was recut and chained by Meridian Exploration Services in 1966 (Cochrane, 1970).

## **The Initial Program**

Details of the initial IP survey are presented in EMPR Assessment Report #02545 by D.R. Cochrane, P. Eng., and A. Scott dated July 31, 1970. In summary, the survey was carried out on east-west cross-lines spaced 800 feet apart, except over the centre of the property where they were spaced 400 feet apart (Figure 8.2). A total of 35 line miles was completed by the time of their July 1970 report.



**Figure 8.2 – A 1970 Apparent Resistivity Plot, Ashnola River Property,  
that also Highlights the East-West Survey Grid Lines**  
(from EMPR Assessment Report #02545 by D.R. Cochrane and A. Scott dated July 31, 1970)

The results, on which much future work depended, outlined coincident, horseshoe-shaped SP, resistivity and chargeability anomalies that were slightly less than two miles (3.2 kilometres) in diameter, open to the east and concentrically zoned about an inner core:

- large SP gradients were recorded that were believed to be due to the presence of sulphides;
- the resistivity results were believed to be due to changes in rock type, changes in the sub-surface moisture content and variations in the sulphide content; and
- the large horseshoe-shaped IP anomaly (Figure 8.2) was interpreted as being due predominantly to the presence of disseminated pyrite, estimated at between 2.5 and six percent by volume.

Cochrane and Scott (1970) also noted that *‘Observable copper and molybdenum mineralization is present in the inner flank of the pyrite halo, close to the core. This fact, and in comparison with other porphyry type deposits, suggests that the inner (core) is the highest priority target area’*.

### **Follow-up Work**

In a follow-up report by D.R. Cochrane, P. Eng., G. Giroux and A. Scott (EMPR Assessment Report #02721 dated October 05, 1970), the results of the geophysical surveys were further interpreted to outline *‘three concentric zones of alteration, although widespread overburden hampers geological mapping’*. The three defined zones were:

- a north-south orientated, elliptically shaped core zone that is approximately 2,800 feet (853 metres) long and 1,600 feet (488 metres) long with bedrock that consists of quartz diorite intrusive and rhyolite (alteration was found to be predominantly k-feldspar, micro-veinlets and biotite, the quartz diorite was found to contain micro-veinlets of molybdenite and disseminated chalcopyrite and the most extensive copper [maximum 1,500 ppm] and molybdenum [maximum 220 ppm] soil anomalies were found on the west flank of the core zone);
- a horseshoe-shaped pyrite halo, that remained open to the east, with an inside diameter of approximately one mile (1.6 kilometres) and an outside diameter of approximately two miles (3.2 kilometres) with bedrock of quartz diorite, rhyolite porphyry, crystal and lithic tuff with alteration to sericite and kaolinite and between two and eight percent disseminated pyrite (traces of chalcocite and secondary copper minerals were observed in bedrock exposures and copper anomalies were found to be limited in areal extent and quite irregularly distributed); and
- a horseshoe-shaped outer zone with an outside diameter of over two miles (3.2 kilometres) and bedrock geology that remained largely unknown but probably falls into the prophyritic class (no copper or molybdenum soil anomalies were found within this zone).

The 1970 follow-up report also describes a biogeochemical survey, a magnetometer survey and a soil geochemistry survey that were undertaken at the same time as the geophysical surveys earlier outlined. Details of the biogeochemical and magnetometer surveys are not considered here as the results are not material to an understanding of the Property. The soil geochemistry program comprised the collection and analysis of approximately 1,300 samples from 29 line miles of grid that complemented and expanded a 1966 survey by Meridian Exploration Syndicate (“Meridian”). The sampling procedures and assay methods are detailed in Cochrane and Scott’s 1970 report. Details of the assay laboratory are not known, but it is known that each sample was analyzed for copper, molybdenum and zinc.

The results were analyzed and integrated with the results of a 1966 soil geochemistry survey by Meridian. None of the original assay certificates are available. However, the rigorous approach adopted by the responsible parties (Cochrane et al) suggests that their findings may reasonably be accepted, insofar as they are key to understanding the fundamentals of the Property. Contoured soil geochemistry plans are available; they reflect copper and molybdenum anomalies that in part reflect the deposit geometry suggested by the geophysical results earlier outlined. Low values only were reported for zinc – values ranged between 13 and 470 ppm, with most falling in the 20 ppm to 59 ppm range.

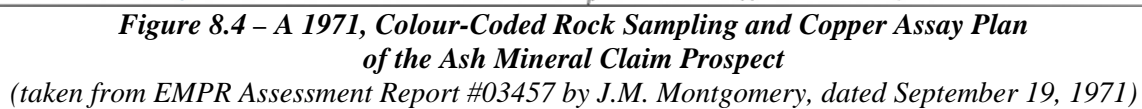
Figure 8.3 is a composite geophysical and geochemical anomaly plan compiled as part of the Cochrane, Giroux and Scott report of October 1970. In that report they conclude that *'the geophysical and geochemical information is consistent with that observed on other porphyry type deposits and that a program of trenching and diamond drilling is warranted in order to: geologically examine anomalous areas covered with overburden; and to determine the extent and grade of copper and molybdenum (mineralization).'*

### **Prism Resources Ltd. – 1971 Exploration Program**

Prism's 1971 exploration program comprised geological mapping, incorporating work done by Montgomery in 1966, a colour air photo survey followed by a structural interpretation to identify possible faults and other structural lineaments, and a statistical analysis of the geophysical and geochemical data gathered during the 1970 field season. The objective of the statistical work was to *'outline target areas for further work'* (Sinclair and Giroux, 1971). Details of the program are presented in EMPR Assessment Report #03236 by A.J. Sinclair and G.H. Giroux dated August 18, 1971. A composite surface geology plan was compiled; the statistical analysis identified unspecified areas, in the northeast of the Ashnola River property, which *'warranted further exploration'*.

Later in 1971, J.M. Montgomery carried out a rock sampling program along existing road cuts and trenches. The samples were analyzed for copper at Chemex Labs. Ltd., Vancouver, B.C. Details of the sample preparation and assay methods are presented in the project report by J.M. Montgomery (EMPR Assessment Report #03457 dated September 19, 1971), but the details of the assay results and copies of the original assay certificates are not presented. However, given rigorous approach adopted by Montgomery, the principal author of the Report feels that some cognizance may reasonably be taken of his results. Figure 8.4 is a copy of Montgomery's sample location plan that is colour coded according to the results of his statistical analysis of the 147 samples he took (mean copper value is 58 ppm, values of less than 50 ppm Cu may be considered background, values of between 51 and 149 ppm Cu may be considered threshold and values greater than 150 ppm Cu may be considered anomalous). The main anomalous values were found *'to correspond with outcrops of a quartz diorite plug where some copper mineralization was visible'* and *'...there seems to be an anomalous zone west of Cat Creek and east of the intrusive plug'*.

(taken from EMPR Assessment Report #02721 by Cochrane, Giroux and Scott, dated October 05, 1970)



## 1972 Exploration Programs

### Getty Mines Ltd.

In 1972, Prism's Ashnola River claims were optioned to a syndicate headed by Getty Mines Ltd. They were subsequently explored by means of geochemical, geological and geophysical surveys, followed by a surface drilling program targeted at the central alteration zone (Phendler, 1972). Rotary (two holes), percussion (fifteen holes) and diamond (six holes) drilling methods were tried; only the diamond holes were reported to have met with success (Clark, 1980). Details of the exploration program are not available, but according to Phendler (1972), some zones graded *'between 0.10 percent and 0.20 percent copper over narrow widths'*. Getty is reported to have dropped the option in September 1972 (Phendler, 1972).

### Ashnola Prospecting Syndicate

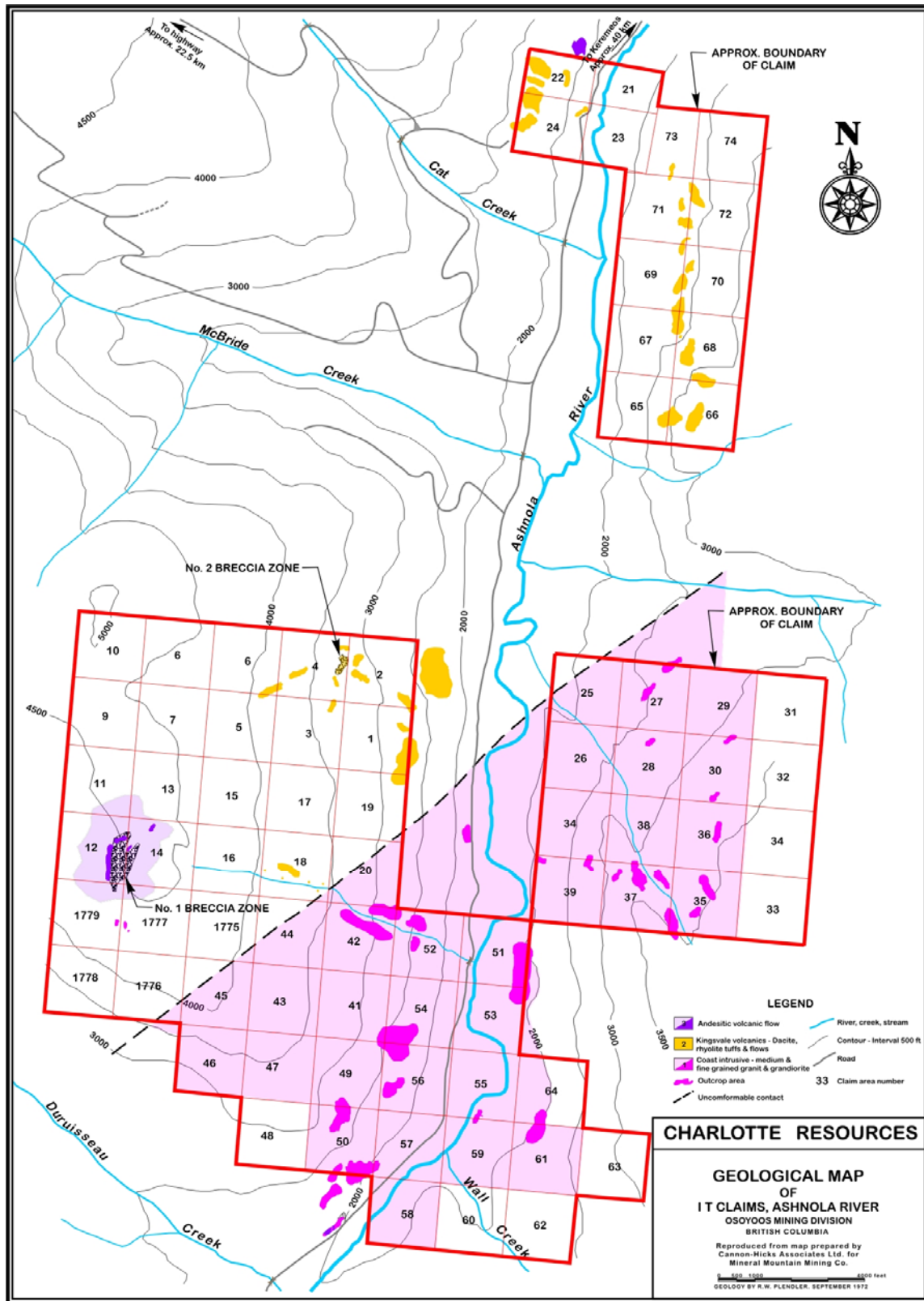
The so-called IT claim group was staked during August 1972, for Ashnola Prospecting Syndicate. The claim group consisted of 74 claims in three separate blocks to the west of Ashnola River and to the south of McBride Creek (Figure 8.5). By September 1972, the claim group was under option to Mineral Mountain Mining Co. Ltd. who carried out prospecting and geological mapping on *'limonite stained gossan areas'* (Phendler, 1972) to determine copper mineralization potential. The results are detailed in EMPR Assessment Report #04377 by R.W. Phendler dated September 28, 1972.

A pipe-like breccia zone, designated No.1 Zone, was identified in a topographic low that measured 1,400 feet (427 metres) by 600 feet (183 metres). The surrounding walls were reported to comprise fractured and silicified andesite with abundant kaolinization. A second breccia zone (No. 2 Zone) was identified approximately 1,220 metres northeast of No. 1 Zone. It measured approximately 500 feet (152 metres) by 300 feet (91 metres), within which area malachite staining was observed. Four samples taken from No. 1 Zone returned values of 41 ppm Cu, 48 ppm Cu, 110 ppm Cu and 126 ppm Cu; two samples taken over granodiorite, approximately 3.2 kilometres southeast of No. 1 Zone, returned values of 39 ppm and 4 ppm Cu (Phendler, 1972). Two rock samples from No. 1 Zone returned values of 39 ppm Cu and 116 ppm Cu. One rock sample, taken where malachite staining was the strongest in the No. 2 Zone, assayed 0.19% Cu.

Regional geochemical work by personnel of Cannon-Hicks Associates in 1971 (details not available) established: a background copper value for No. 1 Zone of about 35 ppm Cu; and that values greater than 75 ppm Cu may be considered anomalous (Phendler, 1972). Phendler also notes that *'Samples taken by Cannon-Hicks personnel in 1971 show that anomalous copper and zinc exists in McBride Creek, while Ashnola River upstream from McBride Creek has nothing of interest'*.

As part of a follow-up program, five additional claims were staked in October 1972, south of No. 1 Zone, and an IP survey was carried out. The results are detailed in EMPR Report #04379 by R.W. Phendler dated December 07, 1972. Phendler noted in his report that *'although a zone of weak above background chargeability is present coincident with the (No. 1) breccia, it is not of sufficient magnitude to warrant diamond drilling'*. It appears that the IT claim block was subsequently dropped.





**Figure 8.5 – A 1972 Claims and Surface Geology Plan of the IT Claims Blocks  
 Optioned by Mineral Mountain Mining Co. Ltd.**  
 (from EMPR Assessment Report #04377 by R.W. Phendler dated September 28, 1972)

## **Craigmont Mines Ltd. - 1973 Drilling Program**

Sinclair (1975) notes that diamond drilling was carried out on the Ashnola River property in 1973, by Craigmont Mines Ltd. who had optioned the Ashnola property from Prism. No information about the program is available.

## **Data Analyses and Reviews - 1973 to 1979**

With the completion of the 1972/3 exploration programs outlined, no further exploration activity appears to have taken place on the Ashnola property until 1979 when a three hole, surface exploration drilling program was carried out. A series of data analyses and reviews were instead completed on behalf of Prism, based mainly on the results of the 1970 exploration program earlier outlined. According to Clark (1980), two reviews were undertaken in 1973, the details of which are not available:

- a review by G. Giroux who suggested that *'there might be higher grade metal concentrations at depth below the sub-ore grade deposit near surface'* (he recommended that several deep holes be drilled as a result); and
- a review by A.J. Sinclair who suggested that *'the zoned core area of the deposit had not been adequately tested'* (recommendations were made for 4,000 feet/1,220 metres of percussion drilling and 5,000 feet/1,525 metres of diamond drilling).

Neither of the authors' recommendations appear to have been followed in the near-term. More detailed analyses and reviews were instead carried out, in part to better understand the nature and disposition of the Property.

### **A.J. Sinclair, 1974**

In 1974, A.J. Sinclair completed a thorough analysis of the results of all the soil geochemistry surveys, biogeochemical surveys, rock sampling programs, geophysical surveys, drilling and geological data. The objective was to establish the relationship between sulphides and wallrock alteration and to thereby facilitate further exploration effort. The program and its detailed results are presented in EMPR Assessment Report #05610 by A.J. Sinclair dated September 22, 1975. In summary, he recognized the parameters that define the concentrically zoned pattern of the deposit and their relationship to geology and alteration halos, resulting in the development of a vertical, partial cylinder model for the deposit. He concluded that the deposit, as then known, *'compares favourably with the upper levels of the idealized porphyry copper model of Lowell and Guilbert (1970)'*.

### **A.J. Sinclair, 1976**

In 1976, A.J. Sinclair completed a further statistical analysis of geophysical data from the Ashnola River property (specifically the magnetometer, IP chargeability, SP and apparent resistivity results from the 1970 surveys earlier described). Details of his analysis are presented in EMPR Assessment Report #05894 by A.J. Sinclair dated June 17, 1976. His findings did not advance geological knowledge of the Ashnola River property; his key conclusion was *'Perhaps one of the more useful although somewhat speculative results of the study is the use of apparent resistivity data to define limits of the total hydrothermal system'*.

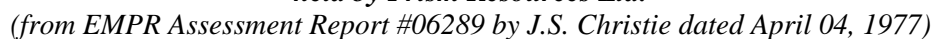
## J.S. Christie, 1976

In October 1976, J.S. Christie, P. Eng., undertook a field and office review of the geology and rock chemistry across the slightly modified claims area suggested by Figure 8.6. The review was undertaken on behalf of Quintana Minerals Corporation (“Quintana”), as part of a due diligence process leading to a possible option agreement between Quintana and Prism (which option was not apparently taken). The objective of the review was to determine whether the Ashnola prospect was similar to the upper levels of the porphyry copper systems of southwestern U.S.A., specifically Kerr-McGee’s Red Mountain porphyry deposit at Patagonia, Arizona. At Red Mountain, a high-grade copper deposit occurs at depths of some 3,500 feet (1,067 metres) beneath very low-grade surface exposures rich in pyrite and characterized by strong phyllic alteration (Christie, 1977). The results of Christie’s review are presented in EMPR Assessment Report #06289 dated April 04, 1977.

The results of Christie’s review *‘confirmed that no near surface target worthy of exploration is present ..... (but) it appears advisable to further consider the geology and zonal patterns described (in his report) in the light of several conceptual models, before evaluating the possibility of deeper targets’*. As regards the Red Mountain porphyry copper model, Christie found that *‘little if any similarities are present at McBride Creek’* because:

- the rhyolitic volcanic succession and related quartz porphyry intrusives do not closely resemble the andesite-quartz monzonite-monzonite suite at Red Mountain;
- if the Ashnola deposit is a porphyry copper system, strong arguments may be advanced to suggest that it represents a fairly deep level rather than high level of exposure;
- the two to one ratio of pyrite to chalcopyrite in rocks of the sub-marginal copper grade but pervasive quartz sericite (phyllic) alteration, external to magnetite bearing (barren core) rocks is fairly typical of the innermost zones of most porphyry copper models; and
- if (commercially viable) copper grades are not encountered in such rocks little may be said to recommend deeper exploration as the copper grade would be more likely to diminish with depth.

Christie (1977) went on to suggest that comparison of the Ashnola prospect with a *‘....deep model porphyry molybdenum deposit such as Henderson (molybdenum deposit in Colorado, U.S.A., Figure 8.7 after Bright and White, 1975) could be more rewarding. The moly porphyries are typically associated with siliceous rhyolite-quartz porphyry suites such as (found on the Ashnola property) and the rock types at Henderson are closely similar. Also at Henderson, high level chalcopyrite bearing and magnetite bearing shells occur, well above the molybdenum orebodies. Direct although tenuous evidence suggesting that deep seated molybdenum mineralization may be present has been found (on the Ashnola property), in the form of possible ore grade mineralized clasts in the diatrema’*.



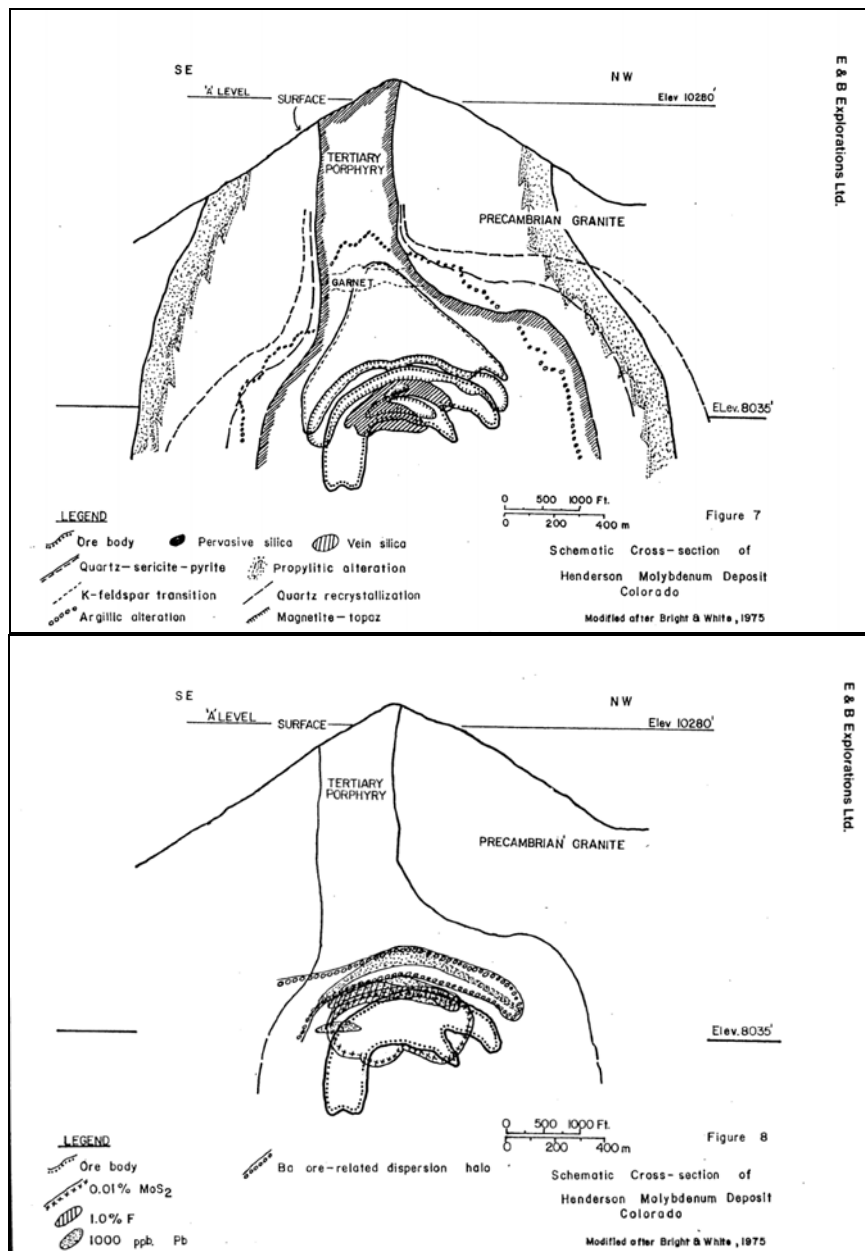
Christie (1977) also suggested that *'Further evaluation may be easily and relatively cheaply undertaken by further studying the geochemistry. Porphyry molybdenum deposits typically have generally high background levels and strong zonal patterns in such elements as tungsten, antimony and fluorine that are amenable to rock geochemistry study'*. Drillcore from the diatreme could also be closely examined to determine the relative abundance and nature of molybdenum mineralization with increasing depth, compared to surface.

As regards the diatreme, Christie noted that *'Less significant but noteworthy are the implications of re-interpretation as a diatreme, of rocks previously mapped as fragmental rhyolite volcanics. The age of the diatreme is interpreted as late-mineral, post copper-molybdenum and inspection of the map leads to the interpretation that the diatreme is likely responsible for the incomplete, horseshoe-shaped IP high. It appears to have effectively 'blown a hole' in the east side of the pyritic shell'*. He goes on to state that *'A zone of potassic alteration, outlined by Sinclair (1975)..... was presented as the likely alteration centre of the Ashnola system. This zone, while centrally located, was found to be essentially co-extensive with the outcrop of a quartz monzonite stock interpreted to be of very late-mineral age. It is believed to be younger than the strong hydrothermal event which gave rise to the principal zonal patterns of alteration and mineralization.'*

It was on the basis of his findings that Christie (1977) recommended:

- detailed geological mapping of all outcrops combined with rock sampling, to thoroughly study the entire area internal to the pyrite halo;
- rock geochemical analysis for copper, molybdenum, lead, zinc, antimony, tungsten and fluorine, with the attention given to the degree of surface oxidation in interpretation; and
- detailed examination of all available drillcore from the diatreme to study the frequency of occurrence and style of molybdenum mineralization within the clasts.

Depending on the outcome of the work outlined, Christie (1977) suggested that deep holes are diamond drilled to test for copper-molybdenum mineralization at depth.



**Figure 8.7 – Schematic Cross-Sections of the Henderson Molybdenum Deposit**  
(after Bright and White, 1975, in EMPR Assessment Report #07827 by A.M.S. Clark, dated February 25, 1980)

### **A.J. Sinclair, 1978**

Based on Christie's 1977 findings and recommendations, A.J. Sinclair undertook a preliminary rock sampling program from 'available drillcore representing seven diamond drill holes covering a variety of environments over the southern part of the Ashnola porphyry system'. A total of 23 samples were taken and submitted to Min-En Labs of North Vancouver, B.C., to be analyzed for copper, molybdenum, tungsten, fluorine and tin. Details of the assay results are presented in Sinclair's program report (EMPR Assessment Report #06929 dated July 20, 1978). He found that:

- molybdenum and copper concentrations are two or more orders of magnitude greater than the normally expected values in fine-grained, acidic host rocks;
- tungsten and tin are weakly concentrated (1.3 and 2.8 times normal values, respectively); and
- fluorine is deficient relative to expected values.

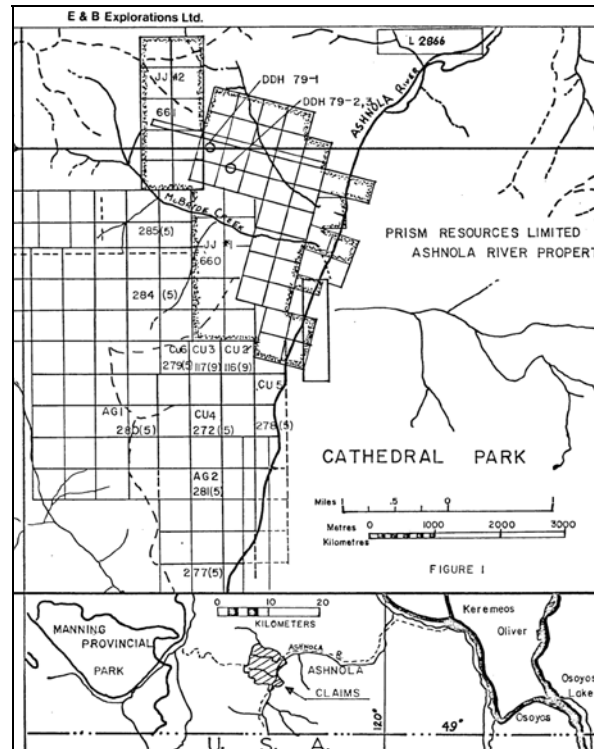
He concluded that the 'Ashnola property belongs to the molybdenum-copper-tungsten affiliation' and recommended that 'additional rock geochemistry would be useful in outlining zoning in the deposit as the basis for continued exploration'.

### **J.S. Christie, 1979**

According to A.M.S. Clark (1980), J.S. Christie, P. Eng., wrote a further property evaluation report in 1979, a copy of which is not available. According to Clark (1980), Christie strongly emphasized the similarity between the surface lithological, geochemical, mineralization and alteration features of the Ashnola prospect with those immediately above the Henderson molybdenite orebody. He again recommended two deep diamond drillholes to investigate the at-depth extension of the mineralization.

### **E&B Explorations Inc. – 1979 Drilling Program**

In 1979, Prism Resources Ltd. entered into a joint venture agreement with E&B Explorations Inc. of Denver, Colorado. Full details of the exploration program are not available, but it is known that three diamond drillholes totalling 1,567.0 metres were drilled on the Ashnola property, at the locations suggested by Figure 8.8, to '...test the molybdenum mineralization and to determine whether this mineralization increases with depth as previously postulated' (Clark, 1980). Details of the drilling program are presented in EMPR Assessment Report #07827 by A.M.S. Clark, dated January 25, 1980).



**Figure 8.8 – A 1980 Mineral Claim Map of the Ashnola Property Held by Prism Resources Ltd., Highlighting the Locations of the Three Diamond Drillholes Drilled by E&B Explorations Ltd.**  
(from EMPR Assessment Report #07827 by A.M.S. Clark dated January 25, 1980)

It was originally planned to drill two holes at the sites chosen by Christie (1979), the details of which are unknown. However, Clark (1980) reported that blocky ground and cementing problems necessitated the stopping of the first hole (79-1 on the Nola 10 claim) at 546.8 metres and the second hole (79-2 on the Nola 8 claim) at 119.2 metres. Because of the shallowness of the second hole, a third hole (79-3) was drilled adjacent to drillhole 79-2, to a depth of 901.0 metres. Drillhole logs for each hole, as well as copies of the original assay certificates, are presented in Clark's program report dated January 25, 1980. Following is a summary of the drilling results, as well as some key observations made by Clark (1980) concerning mineralization on the Ashnola property.

Throughout its drilled length, Drillhole 79-1 intersected rhyolite that was locally intruded by quartz diorite, quartz monzonite and andesite dykes and sills. The rhyolite contained minor disseminated magnetite near the top and minor disseminated pyrite at greater depths. Epidote, chlorite and calcite were recognized, minor molybdenite was found to be erratically distributed as disseminations and in veins throughout the hole. Copper content decreased markedly down hole, from about 0.10 percent near surface to 0.01 percent at the bottom of the hole. The molybdenum content increased from about 0.001 percent near surface to 0.015 percent near the bottom of the hole. Similar results were found in Drillhole 79-2, but the hole was too short to determine whether a significant trend of metal values exists.

Drillhole 79-3 also intersected rhyolite throughout its drilled length. Samples were not taken for analysis in the first part of the hole as this had been done in Drillhole 79-2 that was located only three metres away from Drillhole 79-3. Copper values were found to be only locally above detection limits and



molybdenum values were not found to show a general increase or decrease down hole, although a few sporadic highs were found in the upper part of the hole.

As regards the observed alteration, Clark notes that *'The main alteration sequence at Ashnola, as presently known, is a much simplified equivalent of the Henderson sequence, consisting of a main-stage of alteration, though to be related to the intrusion of the quartz-porphyry (Sinclair, 1974 and Christie 1977), of an inner potassic and partly coincident magnetic zone and a surrounding sericitic zone, with an outer superimposed pyritic zone'*. Clark notes that this is somewhat different from the alteration zoning found at Henderson where vertical zonation is apparent, but suggests that this is probably not significant. He goes on to state that *'The Ashnola deposit has the characteristics of porphyry molybdenum deposits'* and that *'...Christie's (1977) interpretation of a possible orebody at depth is supported by this (drilling) data'*.

### **International Prism Exploration Ltd. – 1989 Exploration Program**

Exploration activity on the Ashnola property appears to have ceased following completion of the 1979 drilling program, at least until the 1984 discovery of the Hedley-Mascot gold deposit. The discovery, and the subsequent discovery of anomalous gold in copper-bearing shear zones on the Cool Creek claims to the north of the Property, drew attention back to the Ashnola area. Prism, now called International Prism Resources Ltd., as a result decided to resample bedrock and drillcore from their Ashnola property, for precious metal values. Details of their 1989 program are contained in EMPR Assessment Report #18415 by D.D. Watt, dated February 20, 1989. The following provides a summary of the program and its key outcomes.

Sampling traverses were made over all accessible roads and trenches in the immediate area of the original copper-molybdenum showing, as well as around the periphery of the mineralized system. Seventy-seven bedrock samples and eighteen core samples were collected *'to represent each lithological and alteration unit present'* (Watt, 1989). Seven samples of panned heavy mineral concentrates from McBride Creek and Cat Creek were also collected. The samples were sent to Bondar-Clegg's laboratory facilities in North Vancouver, B.C., for analysis for gold and 17 indicator minerals, including silver, copper and zinc. The sampling methods, analytical techniques and copies of the original assay certificates are presented in Watt's 1989 report. His main findings were as follows:

- the results of the rock sampling program failed to locate any significant precious metal values (most samples contained less than 25 ppb Au, with poor correlations between anomalous copper and gold values);
- the best gold assay returned 199 ppb Au, which sample also returned the second highest copper assay of 4,366 ppb but a weakly anomalous silver value;
- none of the samples taken from the copper mineralization zone in the centre of the claims contained anomalous gold values;
- at less than 25 ppm the silver values were also found to be poor, but a slightly better copper-silver correlation (that copper-gold correlation) was found;
- lead and zinc were not present except in some of the higher copper-molybdenum samples from the drillcore;
- galena was observed in one sample from Drillhole 79-3, but only in trace amounts associated with pyrite, chalcopyrite and molybdenite;

- the hydrothermal indicator suite of volatile elements (arsenic, bismuth, antimony, mercury and selenium) were generally low; and
- apart from one sample, the stream sediment samples contained non-detectable levels of gold, weakly anomalous silver and moderately anomalous copper, lead and zinc values.

#### **N. Tribe and Associates Ltd.**

The 1989 precious metals exploration program outlined above appears to be the last exploration program across the Property area, prior to the newly defined Ash mineral claim being registered by Norman Lloyd Tribe (Free Miner Certificate number 1100115861) on January 16, 2005. During the nine month period ended October 31, 2010, NTA carried out a small amount of assessment work on the Property, at a total cost of C\$9,883:

- road repair and brush and rock clearing work was completed to access portions of the Property;
- mineral zone outcrops and some of the old trenches, which are located along old roads with abundant angular rock, were examined and cleaned; and
- a number of hand trenches and small pits were dug in areas of altered and mineralized rock, near the old trenches and drill roads.

To the best of the Consultant's knowledge and with the exception of the 2010 work outlined, NTA has not carried out any exploration work on the Property and no exploration work has been carried out on the Property on behalf of NTA.

#### **Field Observations, June 2008**

During the June 4, 2008 site visit, Alex Walus (co-author of the Report) examined bedrock exposures along topographic highs (where the overburden cover was thinly developed or missing) and along road cuttings. The majority of the observed rocks were porphyritic rhyolites and rhyolitic tuffs. One outcrop of quartz porphyry was also observed. The rocks were in each case moderately to strongly sericitized and silicified (for example, Figure 8.8), with the ratio of sericite and silica varying within a broad range. In many cases, the exposed bedrocks were cut by narrow quartz veins and were estimated to contain up to seven percent limonite pseudomorphs after pyrite. Limonite staining was found to be locally intense and some haematite staining was also observed. The observed sulphide minerals included trace to minor pyrite and, at one bedrock exposure, trace chalcopyrite.

#### **Historical Resource Estimates**

The Consultant is not aware of any historical resource estimates that relate to any of the mineralized occurrences found on the Property.

#### **Regional Geology**

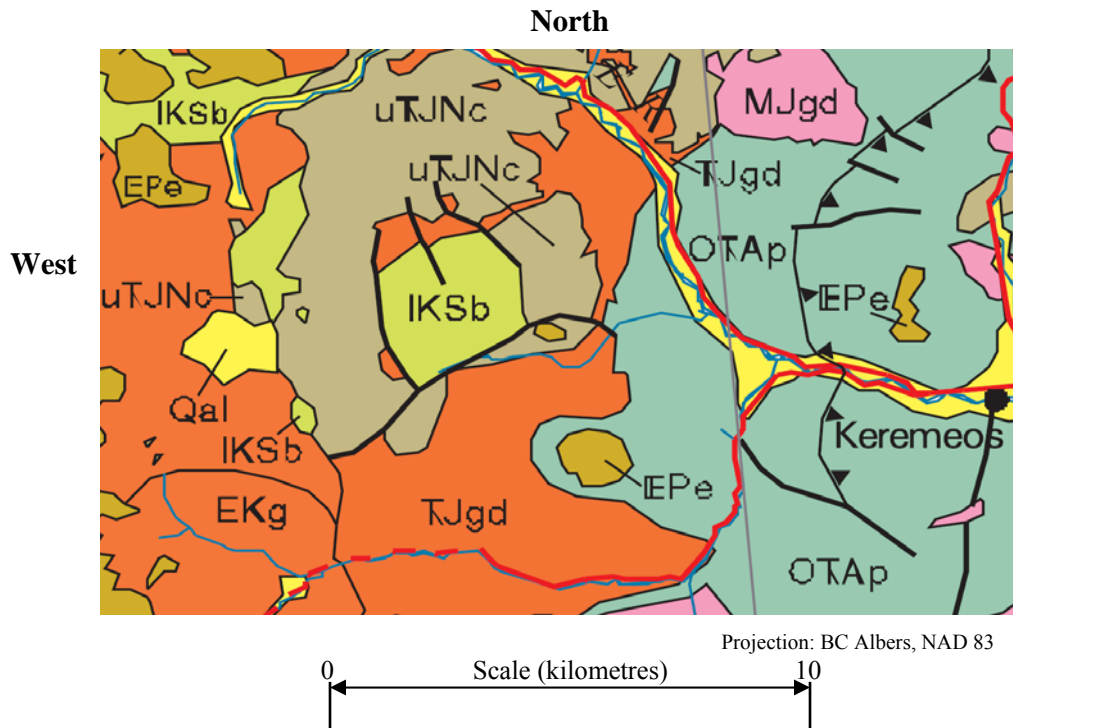
The regional geology relating to the Property is illustrated on Figure 9.1, which is a portion of British Columbia Geoscience Map 2005-3, South Sheet, compiled by N.W.D. Massey, D.G. MacIntyre, P.J. Desjardins and R.T. Cooney (available on [www.em.gov.bc.ca/Mining/Geosurv/bedrock/mapsonline/mapsonline.htm](http://www.em.gov.bc.ca/Mining/Geosurv/bedrock/mapsonline/mapsonline.htm)).

The area around the Ashnola River is dominated by sedimentary and volcanic sequences of the Triassic, Nicola Group that have been intruded by Middle to Late Cretaceous felsic intrusions (that may be sub-

volcanic equivalents of the Spences Bridge Group - Minfile report 092HSE094) and to a lesser extent by Jurassic granitic to granodioritic stocks of the Coast Plutonic Complex. Late Cretaceous volcanic/sedimentary members of the Kingsvale Group have been intruded by Miocene, Lightning Creek calc-alkaline suite stocks and dykes and overlain by late Tertiary/Eocene plateau basalts.

**Figure 9.1 – A Regional Geology Plan**

(a portion of British Columbia Geoscience Map 2005-3, South Sheet, Compiled by N.W.D. Massey, D.G. MacIntyre, P.J. Desjardins and R.T Cooney)

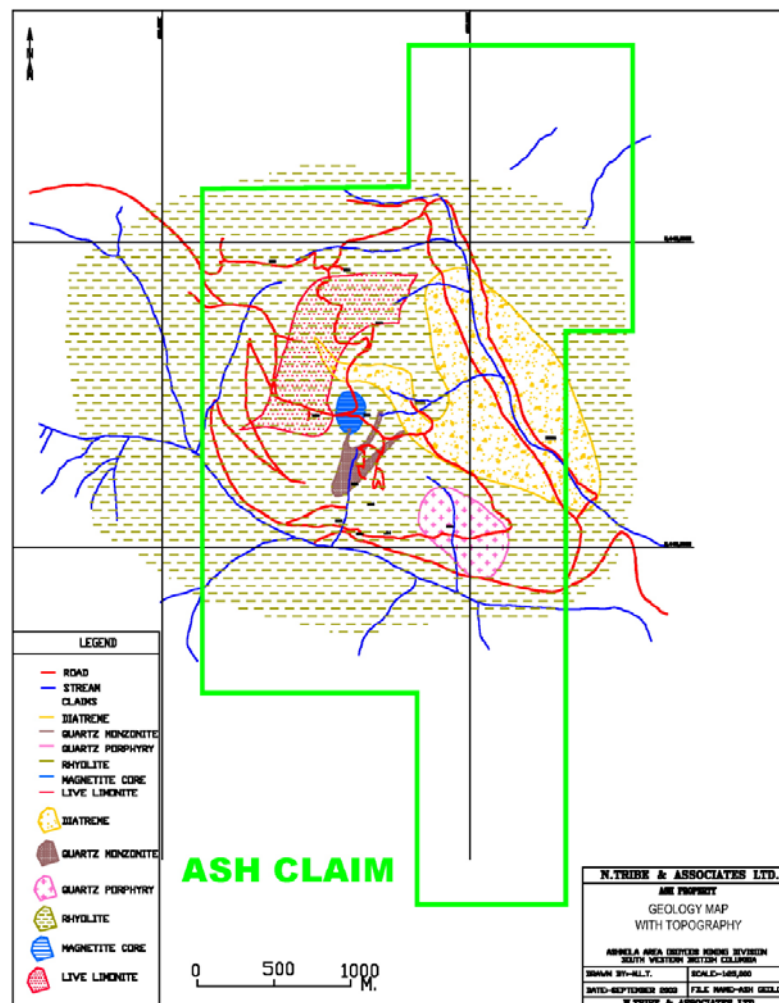


**LEGEND**

<b>Fault Lines:</b>			Roads, paved	
Fault			Roads, unpaved	
Qal	Extension Fault		Lakes	
or v	Normal Fault		Rivers	
Quaternary alluvial deposits or undivided volcanics (yellow)				
EPe – Late Tertiary/Eocene extrusive volcanics/plateau basalts (brown)				
EKg – Undivided, Eocene intrusives of the Kano Plutonic Suite				
IKSb – Late Cretaceous extrusives of the Lower Kinsvale Group				
TJgd – Early Jurassic diorite to granodiorite Pennask batholith (orange)				
MJgd – Jurassic, Okanagan Intrusive Complex (magenta)				
uTJNc - Upper Triassic Nicola Group sediments (light brown)				
OTAp – Triassic, Nicola Group, Shoemaker, Old Tom and Independence Formation sediments (green)				

## Property Geology

Figure 9.2 is a summary geology plan prepared by NTA (Tribe, 2007) from information contained in the EMPR Assessment Reports listed in Sub-Section 4.3 of the Report.



**Figure 9.2 – A Summary Geology Plan of the Porphyry Copper-Molybdenum Prospect, Ash Mineral Claim**

(from an evaluation report by J. Tribe for Charlotte Resources Ltd., dated May 28, 2007)

## Lithologies

The area in the immediate vicinity of the Property is underlain almost entirely by porphyritic rhyolite flows, lithic tuff and crystal tuff of the Late Cretaceous, Lower Kingsvale Group. Watt (1989) notes that where they have been observed, the contacts between these units strike northwest and have dip slightly to the southwest.

The sequence of Kingsvale Group rocks is intruded by irregular, northeast trending quartz diorite/quartz monzonite stocks and associated dykes of the Lightning Creek Series. One of these stocks is

approximately 600 metres long and approximately 180 metres wide and it outcrops slightly off-centre of the Property (Figure 9.2). It exhibits a coarse-grained, porphyritic core containing quartz, feldspar (andesine) and biotite phenocrysts in a matrix of anhedral, fine-grained quartz and plagioclase surrounded by slightly porphyritic dacite and sugary-textured quartz microgabbro (Minfile report 092HSE094).

The sequence outlined is cut by a post-mineralization diatreme across the eastern portion of the prospect. It outcrops over an elongate, north-northwest trending area that is up to 800 metres wide and 1,800 metres long and comprises a pebble-breccia of porphyritic rhyolite in which are found molybdenite-bearing clasts. Later andesitic dykes cut each of the lithologies outlined.

## **Alteration**

Several distinct, superimposed alteration assemblages are present in the central stock and enclosing rhyolite. They occur in roughly concentric zones centred on a magnetite-rich core lying northwest and of adjacent to the central stock. Magnetite occurs as disseminations and stringers over a 200 metre by 250 metre area in the core zone (Figure 9.2).

The core is surrounded by an envelope of superimposed phyllic alteration that is some four kilometres wide and consists of fracture-controlled quartz veining and sericitization. Small zones of argillic alteration and pervasive to fracture-controlled silicification are contained within the phyllic alteration envelope, especially in and around dykes. The phyllic alteration zone contains a partly coincident, near vertical and pyrite-rich annulus that has an inner diameter of 1.6 kilometres and an outer diameter of 3.2 kilometres.

Weak potassic alteration, in the form of hydrothermal biotite, occurs in the core area and locally throughout the remainder of the Property. Some intense haemitization zones occur in road cuts south of the central stock. A zone of superimposed, limonite staining occurs to the west and northwest, between the argillic alteration zone and the pyrite-rich annulus.

Each of the alteration zones outlined is cut, in the east, by the later diatreme intrusion, thereby resulting in the crescent shaped geometries identified from the results of the 1970 geophysics surveys.

## **Structure**

The Property lies at the intersection of two regional lineaments: the Hedley lineament that strikes south-southeast; and the Ashnola River lineament that strikes approximately due south. Structure on the Property is reported to be weakly developed insofar as only local, minor and east-west striking joints sets have been recorded (Watt, 1989). The southeast flowing Cat Creek might be an expression of a larger fracture system, but *'no evidence could be found in outcrops on the creek to indicate any alteration'* (Watt, 1989). The quartz-diorite/quartz-monzonite stocks of the Lightning Creek Series appear to have been emplaced with a northeast-southwest attitude, which repeats observations made in Cool Creek to the north of the Property.

## **Deposit Type**

The Property may be classified as of the porphyry copper-molybdenum type. It is associated with multiple intrusions (plutons, dykes and sills) of diorite to quartz monzonite composition and porphyritic texture in which mineralization occurs as disseminations along hairline fractures as well as within larger veins, which often form a stockwork.

Porphyry copper-molybdenum type deposits form when large quantities of hydrothermal solutions, that carried and ultimately deposited small quantities of metals, pass through fractured rock within and around the intrusive. They typically have phyllic, argillic and potassic alteration zones associated with the mineralized area and the surrounding country rocks.

Geological analyses and reviews have shown that if a significant mineralized deposit exists on the Ash property it is likely to be sub-surface and probably deep seated. The most recent interpretation of the deposit type (by Christie, 1977) suggests that comparison of the Property with a deep porphyry molybdenum deposit such as Henderson in Colorado, U.S.A. might be appropriate. Successive authors have recommended deep level drilling, based on these findings and assumptions. The recommended Phase One exploration program detailed below is no exception to this.

## Exploration Work

No exploration activity has been completed on the Property by the Corporation.

## Drilling

The Corporation has not carried out any drilling on the Property and no drilling on behalf of the Corporation has been carried out on the Property. However, the historical drilling programs described in Section 8 of the Report and summarized in Table 13.1 have been completed.

**Table 13.1**  
*Summary of Historical Drilling Programs, Ash Mineral Claim Area*

Year	Company	Number of Holes	Drilled Length	Details Available
1960	Kennco Explorations (Western) Ltd	9	2,700 ft/823 m	No
1966	Meridian Exploration Syndicate	Unknown	700 ft/214 m	No
1968	Quintana Minerals Corp.	6	2,951 ft/900 m	No
1972	Getty Mines Ltd.	2 rotary	Unknown	No
		15 percussion	Unknown	No
		6 diamond	Unknown	Limited
1973	Craigmont Mines Ltd.	Unknown	Unknown	No
1979	E&B Explorations Ltd.	3 diamond	1,567 m	Yes

According to the available references, the following results were achieved during the historical drilling programs outlined:

- one hole in 1968 is reported to have averaged 0.092% Cu and 0.011% Mo over 506 feet/143 metres (National Mineral Inventory Card for the Ash property);
- one of the six, 1972 diamond drillholes averaged 0.17% Cu over 500 ft/152 metres (EMPR Assessment report #04379 by R.W. Phendler, dated December 07, 1972);
- five of the 1972 or possibly 1973 holes drilled into the zone of elevated copper grades and up to depths of 120 metres averaged 0.1% Cu (EMPR Assessment Report #05610 by A.J. Sinclair, dated September 22, 1975);
- drilling to 546.80 metres and 901.00 metres in two drillholes in 1979 showed that in the holes drilled, copper grades appeared to decrease and molybdenum grades appeared to increase with increasing depth below surface; and

- the 1979 diamond drillholes encountered grades of up to 0.18% Cu and 0.05% Mo over narrow widths (EMPR Assessment Report #07827 by A.M.S. Clark dated January 25, 1980).

## **Mineralization**

Mineralization on the Property consists of pyrite, chalcopyrite and molybdenite in a gangue of quartz with lesser sericite and sporadic carbonate. Supergene chalcocite and covellite occur in minor amounts. Copper oxides have been found to be ubiquitous with chalcopyrite in surface cuts, down to 20 metres below surface in drillcore (Watt, 1989).

Two distinct phases of sulphide mineralization have been identified, the temporal relationship between which remains unclear:

- Phase One, enriched in copper and molybdenum, is centred on the quartz diorite/quartz monzonite stock and exhibits quartz-pyrite-sericite veins that commonly contain chalcopyrite and molybdenite with disseminations of pyrite and rare chalcopyrite; and
- Phase Two, that is centred on the magnetite-rich core and is characterized by the pyrite-rich halo that typically contains two to five percent pyrite (locally ten percent) as disseminations and stringers with minor quartz in rhyolite.

Chalcopyrite and minor sporadic molybdenite occur as fracture coatings within the inner phyllic zone (i.e. inside the pyrite annulus) in which total sulphides increase outwards from approximately one percent to five percent, with pyrite to chalcopyrite ratios increasing outward from two to one to fifty to one. Clasts contained within the diatreme are mineralized, with chalcopyrite and molybdenite occurring as disseminations and fracture coatings.

Elevated copper values tend to occur in strongly silicified rocks, within a north-northwest trending zone that is up to 300 metres wide and 1,000 metres long along the western inner edge of the pyritic halo. No significant precious metal grades have been identified on the Property. It should, however, be noted that exploration for precious metals has been limited to the 1989 program described in Sub-Section 8.8 of the Report. The program did not include any exploration diamond drilling.

## **Interpretation and Conclusions**

The Consultant states that the Property has potential to host economic mineralization, because:

- the Property area is readily accessible and within an area with an extensive and long history of mining; and
- it has been established over several surface exploration programs that copper and molybdenum mineralization exists within what might reasonably be described as a typical copper-molybdenum porphyry context.

Exploration to the date of the Report, including limited surface drilling, had not, however, located any significant metal grades. A lack of knowledge of the exact sequence of genetic events, especially as regards the alteration zones, has made it difficult to determine the centre or the centres of the porphyry system. It is also difficult to determine which intrusive events are significant in the possible development of a mineralized zone. It has, however, been established that surface mineralization is not necessarily indicative of potential mineralization at depth.

Most drilling to date (January 2011) has been shallow; the only known deep holes (to 546.80 metres and to 901.00 metres, drilled in 1979) might have been incorrectly located (they might have straddled any significant mineralized zone or they might have been drilled in the wrong area). As regards the latter point, it should be noted that the centre of the main pattern of alteration is about 350 metres north-northeast of the magnetite core zone and that it is partly concealed by the later diatreme intrusion. The full extent of the magnetite-rich and potassic alteration zones might, therefore, be larger than is currently known (for example, they may extend to the north-northwest).

Several authors believe that drilling to date has not sufficiently tested the potential for a deep-seated copper and/or molybdenum deposit under the large alteration zone present at surface on the ridge between Cat Creek and McBride Creek (Watt, 1989). The Consultant concurs with this finding, as well as Watt's suggestion that drilling angled holes to depths of at least 600 metres below surface, in a southerly direction from the lower end of Cat Creek to intersect possible mineralization at depth, might be of benefit. The elevation at this point would give an approximate 240 metre vertical elevation advantage over past drilling sites. Drilling would also test an as yet unknown portion of the porphyry system.

It is emphasized as regards the Henderson molybdenum model, assumed for purposes of geological characterization and exploration planning, that Bright and White (1975) discuss the Henderson orebody in terms of a 0.3% MoS<sub>2</sub> grade cut-off and Wallace et al (1978) mention a 0.2% MoS<sub>2</sub> grade cut-off, which are roughly equivalent to grades of 0.18% Mo and 0.12% Mo, respectively. Bright and White also indicate that the 0.01% MoS<sub>2</sub> (0.006% Mo) contour is usually about 100 to 200 metres horizontally and vertically from the grade cut-off contour and that it extends to a maximum of approximately 400 metres laterally from this contour. Clark (1980) suggests that the drilling results for the Ashnola prospect indicate a less compact halo of molybdenum around a zone of potentially economic mineralization and that a contour of 0.01% Mo might be more useful in locating a reduced area of interest. The Consultant concurs with this view.

## **Recommendations**

According to the Report, available information suggests that mineralized material may exist on the Property. However, before a decision can be made, the Report states that additional data and verification is required. It is with the preceding interpretations and conclusions in mind that the following, two phase exploration program is recommended in the Report (the implementation of the Phase Two Program is contingent on the results of the Phase One Program).

### **Phase One Program**

A total expenditure of at least C\$127,875 is recommended (Table 22.1), the objective of which is to better define mineralization potential on the Property by means of database consolidation, geological mapping and targeted trenching (using either an excavator to dig through the overburden or safety fuse explosives in areas deemed inaccessible for an excavator).

It is recommended that as a starting point, all verifiable, historical exploration data (in particular verifiable drilling data and the results of geological, soil geochemistry surveys, geophysical surveys) is consolidated and collated into a single digital database of geological information.

The positions of verifiable drillholes should be ground-truthed as part of the recommended field program. The results of the Phase One program should be included in the working database of geological information.



Selective trenching is recommended to expose bedrock where this is deemed necessary to facilitate geological mapping, especially in the central area of the deposit and along the positions of faults that have had little attention during the various exploration programs to date.

The deliverables should include details of the re-interpreted surface geology, including the extent and distribution of both the dominant lithologies and alteration zones. Sampling and assaying methods should equal or better industry standards. Rock samples should be analyzed for gold, silver, copper, zinc, tin, molybdenum, tungsten, antimony and fluorine (not listed in order of significance or importance). Should the results prove to be favourable, the Ash project should be advanced to Phase Two.

**Table 22.1**  
*Summary of Estimated Expenditures, Phase One Exploration Program, Ash Mineral Claim*

<b>Item</b>	<b>Description</b>	<b>Estimated Amount</b>
Geologist	45 days at C\$650/day	C\$ 29,250
Field Assistant	30 days at C\$450/day	C\$ 13,500
Data Entry Clerk	20 days at C\$250/day	C\$ 5,000
Camp Costs	60 days at C\$200/day	C\$ 12,000
Field Equipment (generators, saws)	-	C\$ 10,000
Trenching Excavator (incl. operator)	10 days at C\$1,400/day	C\$ 14,000
Explosives	-	C\$ 2,000
Fuel and other consumables	-	C\$ 3,500
Analytical (rock samples)	300 samples at C\$35/sample	C\$ 10,500
Analysis and Reporting	-	C\$ 15,000
Filing Fees	-	C\$ 1,500
<i>Sub-total</i>	-	<i>C\$116,250</i>
Contingency at 10%	-	C\$ 11,625
<b>Total</b>	-	<b>C\$127,875</b>

## **Phase Two Program**

Contingent on the results of the Phase One program, a total expenditure of up to C\$822,250 is recommended (Table 22.2) to increase confidence in the mineralized potential on the Property. To this end, it is recommended that diamond drilling (up to 3,800 metres) of target mineralized areas or zones is carried out.

The results of the drilling program should include details of the nature, distribution, grade and relative abundance of copper and molybdenum with increasing depth, plus any other metals of potential economic significance identified from the results of the Phase One program. Sampling and assaying methods should equal or better industry standards. The deliverables should include details of the mineralized target/s and the mineralization contained within them.

**Table 22.2**  
*Summary of Estimated Expenditures, Phase Two Exploration Program, Ash Mineral Claim*

<b>Item</b>	<b>Description</b>	<b>Estimated Amount</b>
Geologist	80 days at C\$650/day	C\$ 52,000
Field Assistant	60 days at C\$450/day	C\$ 27,000
Data Entry Clerk	10 days at C\$250/day	C\$ 2,500
Camp Costs	80 days at C\$200/day	C\$ 16,000
Fuel and other consumables	-	C\$ 6,000
Diamond Drilling (NQ diameter and inclusive of equipment rentals, fuel and travel)	up to 3,800 metres at C\$150/metre (all-in cost)	C\$570,000
Analytical (drillcore samples)	1,000 samples at C\$35/sample	C\$ 35,000
Data Analysis & Engineering Studies	-	C\$ 30,000
Reporting	-	C\$ 7,500
Filing Fees	-	C\$ 1,500
<i>Sub-Total</i>	-	<i>C\$747,500</i>
Contingency at 10%	-	C\$ 74,750
<b>Total</b>	-	<b>C\$822,250</b>

**Note:** As stated above, the unit cost for drilling is an all-in cost, inclusive of equipment rentals, fuel and travel.

### **Property Update Subsequent to the Date of the Report**

No exploration activity has been undertaken on the Property by the Corporation since the date of the Report.

## **USE OF PROCEEDS**

### **Funds Available**

The Corporation will receive aggregate gross proceeds of \$1,000,000 from the Offering. These funds will be combined with the Corporation's working capital of approximately \$466,000 as at March 31, 2011 for a total of \$1,466,000 in available funds, upon completion of the Offering.

### **Principal Purposes**

The principal purposes for which the funds available to the Corporation upon completion of the Offering will be used are as follows:

(a)	To pay the balance of the estimated costs of the Offering (including legal, regulatory, audit and printing expenses)	\$50,000
(b)	To pay the cash portion of the Agent's Commission	\$75,000
(c)	To pay the corporate finance fee	\$25,000
(d)	To pay for Phase One exploration expenditures on the Property <sup>[1]</sup>	\$127,875
(e)	To reserve funds for Phase Two exploration expenditures on the Property <sup>[1]</sup>	\$822,250
(f)	General and administrative costs for 12 months	\$68,000
(g)	Unallocated working capital to fund ongoing operations and for reviewing additional business opportunities	\$297,875
	<b>Total:</b>	<b>\$1,466,000</b>

[1] Refer to the heading "Recommendations" under "Narrative Description of the Business" for a summary of the work to be undertaken. The Corporation expects to complete Phase One as soon as the weather permits. Phase Two is contingent upon the results of the Phase One work program.

[2] Refer to "General and Administrative Costs for 12 Months" below.

Upon completion of the Offering, the Corporation's working capital available to fund ongoing operations will be sufficient to meet its administrative costs for twelve months. Administrative expenditures for the following twelve months are comprised of the following:

<b>General and Administrative Costs for 12 Months</b>	<b>(\$)</b>
Management and Administrative <sup>[1]</sup>	24,000
Rent	12,000
Office costs	6,000
Regulatory filing fees and transfer agent fees	11,000
Legal and accounting fees	15,000
<b>Total:</b>	<b>\$68,000</b>

[1] This amount is payable to J. Proust & Associates Inc., a company wholly owned by John G. Proust, President, CEO and a Director of the Corporation, pursuant to an administrative services agreement. See "Interest of Management and Others in Material Transactions".

The Corporation intends to spend the funds available to it as stated in this Prospectus. There may be circumstances however, where, for sound business reasons, a reallocation of funds may be necessary. See "Acquisition of Additional Mineral Properties or Other Business Opportunities" under the section entitled "Risk Factors".

### **Stated Business Objectives**

The principal business carried on and intended to be carried on by the Corporation is the acquisition, exploration and development of mineral resource projects. The Property in which the Corporation holds an option to acquire an interest is in the exploration stage. The Corporation intends to expend existing working capital and net proceeds raised from the Offering to pay the balance of the estimated costs of the Offering, to carry out the planned Phase I exploration program on the Property, to pay for administrative costs, legal and accounting and regulatory and filing costs for the next twelve months and for general

working capital. The Corporation will continue to assess new mineral properties in British Columbia and elsewhere and will seek to acquire interests in additional properties if the Corporation determines that such opportunities have sufficient potential and if the Corporation has adequate financial resources to complete such acquisitions.

There are no guarantees that the Corporation will be successful in carrying out this strategy or acquiring interests in additional mineral projects.

The Corporation intends to seek other business opportunities immediately after the Listing Date. In considering future business opportunities, the Corporation will not restrict its review of future opportunities to the mineral exploration and mining sectors. If doing so would be in the best interest of the Corporation and its shareholders, the Corporation will expand its business into other sectors of the economy in which it does not currently operate. There is no guarantee that the Corporation will continue to operate as a junior exploration company in the long term. At this time, the Corporation has not identified other specific business opportunities not described in this Prospectus.

### **Milestones**

The Corporation will achieve its stated business objectives by completing the Offering and by undertaking the exploration program recommended by the Report. See “General Development of the Business”, “Narrative Description of the Business” and “Use of Proceeds”.

## **DIVIDEND RECORD AND POLICY**

The Corporation has not declared or paid any dividends on the Common Shares since its incorporation. Any decision to pay dividends on the Common Shares will be made by the Board of Directors of the Corporation on the basis of earnings, financial requirements and other conditions existing at such future time.

## **SELECTED FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS**

### **Summary of Financial Information**

The following table sets forth summary financial information for the Corporation for the last three financial years ended January 31, 2011, 2010 and 2009. This information has been summarized from the Corporation’s audited financial statements for the financial years ended January 31, 2011, 2010 and 2009. This summary financial information should only be read in conjunction with the Corporation’s financial statements, including the notes thereto, included elsewhere in this Prospectus.

	For the financial year ended January 31,  (audited)		
	2011	2010	2009
	\$	\$	\$
Revenues	Nil	Nil	Nil
Administrative Expenses	60,507	48,321	37,762
Net Loss and Comprehensive Loss	46,825	48,216	138,277
Deficit – end of period/year	315,806	268,981	220,765
Loss per share	0.004	0.02	0.04
Assets:			
Current Assets	534,944	15,097	4,180
Deferred Share Issue Costs	44,320	-	-
Mineral Interests	101,177	82,814	82,319
Total Assets	680,441	97,911	86,499
Liabilities	45,089	260,891	201,263
Long Term Debt	-	-	-
Shareholders' Equity	635,352	(162,980)	(114,764)

### **Management's Discussion and Analysis of Operating Results and Financial Condition for the financial years ended January 31, 2011, 2010 and 2009**

The following discussion of the operating results and financial conditions of the Corporation should be read in conjunction with the audited financial statements and related notes for the years ended January 31, 2011, 2010 and 2009.

#### **General**

The Corporation was formed on February 3, 2006 for the purposes of identifying and exploring prospective mineral properties in British Columbia. In July 2007, the Corporation entered into an option agreement (subsequently amended by the Option Agreement), thereby acquiring an option to purchase a 100% interest in the Property.

Upon completion of the Offering, the Corporation will pursue an exploration program with respect to the Property. Additionally, the Corporation may also pursue other as yet unidentified business opportunities. In considering future business opportunities, the Corporation will not restrict its review of future opportunities to the mineral exploration and mining sectors. If doing so would be in the best interest of the Corporation and its shareholders, the Corporation will expand its business into other sectors of the economy in which it does not currently operate. There is no guarantee that the Corporation will continue to operate as a junior exploration company in the long term.

#### *Revenues*

The Corporation is in the exploration stage and has not generated any revenues to date.

#### *Administrative expenses (excluding mineral property write-off)*

The administrative expenses of the Corporation consist mainly of the \$2,000 per month in management fees to J. Proust & Associates Inc. (see “Transactions with Related Parties”), as well as audit, legal, filing, office and miscellaneous fees.

Expenses for the year ended January 31, 2011 total \$60,507, an increase of \$12,186 over 2010. The increase is due to higher filing fees and legal fees, partially offset by lower audit expense.

Expenses for the financial year ended January 31, 2010 (“2010”) were \$48,321, which was \$10,559 higher than the total expenses for the financial year ended January 31, 2009 (“2009”) mainly due to the \$15,000 in audit and accounting fees and \$8,545 in legal expenses in 2010, which were partially offset by the \$8,670 in filing fees in 2009. The legal fees in 2010 were higher than the legal fees in 2009 mainly due to the corporate activities and the Corporation’s annual general meeting. The filing fees of \$8,670 in 2009 were incurred in connection with the Corporation’s contemplated listing on the CNSX.

There was no audit completed in 2009.

#### *Net Loss and Comprehensive Loss*

The net loss and comprehensive loss for year ended January 31, 2011 included a \$13,663 gain on the settlement of old payables. There were no significant other income items in 2010. In 2009, the Corporation wrote-off \$100,515 in deferred share issuance costs as the Corporation was unable to close its 2008 initial public offering due to the market conditions at that time.

#### *Current Assets*

The Corporation’s current assets increased to \$534,944 as at January 31, 2011 mainly due to the proceeds from the \$510,000 private placement which closed on August 20, 2010.

#### *Deferred Share Issue Costs*

The deferred share issue costs for year ended January 31, 2011 were incurred in relation to the Corporation’s initial public offering and consist mainly of legal fees.

#### *Unproven Mineral Interests*

Unproven mineral interests include expenditures to date on the Property. During the year ended January 31, 2011, pursuant to the Option Agreement, the Corporation issued 200,000 Common Shares with a fair value of \$10,200 to N. Tribe. The Corporation also conducted assessment exploration work on the Property to maintain the claims in good standing. The Corporation has filed and received an exploration permit for further work on the Property. There was minimal activity on the Property during 2011 and 2010. During 2009, pursuant to the terms of the Option Agreement, the Corporation issued 150,000 Common Shares with a fair value of \$7,500 and paid \$30,000 in cash payments to the Property vendor. The Corporation also spent \$22,819 in geological and consulting services on the Property in 2009 mainly in connection with the Report. In 2011, the Corporation received \$2,741 (2010 - \$6,846 ) in mineral tax credits from the provincial government of British Columbia as the Property is located in a pine beetle affected area. These amounts were recorded as a reduction of exploration expenditures in 2011 and 2010.

During the year ended January 31, 2011, the Corporation capitalized \$18,363, net of \$2,741 in mineral tax credits (2010 - \$495 net of \$8,642 in mineral tax credits and adjustments, 2009 - \$60,319) in exploration expenditures and acquisition costs.

To maintain the Option Agreement in good standing and earn its interest in the Property, the Company must complete exploration expenditures and issue company stock through the period to July 12, 2015 (as detailed on page 2 of this Prospectus).

#### *Total Assets*

The Corporation's total assets increased during the year ended January 31, 2011 mainly due to the \$510,000 private placement in August of 2010. The increase in total assets in 2009 and 2010 was mainly due to the expenditures on the Property funded by the loans from related parties and the Common Shares issued under the Option Agreement.

#### *Liabilities*

The decrease of \$215,802 in liabilities as at January 31, 2011 was mainly due to the debt settlement agreements during that period (see "Transactions with Related Parties"). The increases in liabilities during 2010 and 2009 were mainly due to the expenditures on the Property and administrative expenses funded by the related party loans and increases in accounts payable.

#### *Shareholders' Equity*

The shareholders' equity was in a deficit position until the year ended January 31, 2011. The increase in shareholders' equity on January 31, 2011 was mainly due to the decrease in liabilities from the debt settlements and the proceeds from the private placement in August of 2010.

### **Quarterly Information**

As of the date of this Prospectus, the Corporation is not a reporting issuer. Accordingly, the Corporation was not required to prepare quarterly financial statements for the last eight quarterly periods.

### **Working Capital**

As at March 31, 2011, the Corporation had working capital of \$466,000.

### **Transactions with Related Parties**

The Corporation entered into an administrative services agreement effective February 3, 2006, with J. Proust & Associates Inc. ("JPA"), a private company owned by John G. Proust, President, CEO, Director, Promoter and a shareholder of the Corporation. Pursuant to the agreement, the Corporation agreed to pay JPA \$2,000 plus GST/HST per month for general office and administrative services provided to the Corporation. During the year ended January 31, 2011, the Corporation incurred \$24,000 (2010 - \$24,000; 2009 - \$24,000;) in management and administration expenses to JPA.

During the year ended January 31, 2011, the Corporation entered into debt settlement agreements with certain related parties as follows:

- a) with a company controlled by Peter Snucins, a shareholder and former director pursuant to which the Corporation issued 2,344,362 Common Shares at a deemed price of \$0.051 per Common Share in order to settle the outstanding loan of \$119,562;
- b) with JPA pursuant to which the Corporation issued 1,361,176 Common Shares at a deemed price of \$0.051 per Common Share in order to settle the outstanding debt of \$69,420; and
- c) with John G. Proust, a director of the Corporation pursuant to which the Corporation issued 1,710,784 Common Shares at a deemed price of \$0.051 per Common Share in order to settle the outstanding loan of \$87,250.

During the year ended January 31, 2011, the Corporation received a loan of \$52,000 (2010 - \$5,000, 2009 - \$30,250) from JPA, a company controlled by a shareholder and director and a loan of \$52,000 (2010 - \$5,000, 2009- \$30,250) from Peter Snucins, a shareholder and a former director of the Corporation. The loans were non-interest bearing and had no fixed terms of repayment. The loans were settled by the issuance of shares pursuant to the debt settlement agreements described above.

The related party transactions incurred during the year were in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed by the related parties.

### **Other Material Transactions**

As at the financial year ended January 31, 2010, the Corporation was indebted to Morton & Company in the amount of \$56,890 for legal services performed. In July of 2010, the Corporation settled the debt by issuing a total of 1,115,474 Common Shares to Morton & Company. As at the date of this Prospectus, Morton & Company owns 115,474 Common Shares of the Corporation.

On August 20, 2010 the Corporation raised \$510,000 through the issuance of 10,000,000 units at a price of \$0.051 per unit. Each unit consisted of one common share and one share purchase warrant. Each warrant is exercisable into a Common Share of the Corporation at a price of \$0.10 per Common Share until August 20, 2012.

### **Financial Instruments and Risk Management**

The Corporation designated its financial instruments as follows:

- a) Cash and cash equivalents are classified as “*Held-for-trading*”. The fair value of the Corporation’s cash and cash equivalents are classified as Level 1 within the fair value hierarchy established by CICA section 3862.
- b) Accounts receivable are classified as “*Loans and Receivables*”. The recorded values of receivables approximate their current fair value because of their nature and respective maturity dates or durations.
- c) Accounts payable and accrued liabilities are classified as “*Other Financial Liabilities*”. The Corporation believes that the recorded values of accounts payable and accrued liabilities approximate their current fair value because of their nature and respective maturity dates or durations.



## *Financial Instruments Risk Exposure*

### *Credit risk*

Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. Financial instruments that potentially subject the Corporation to credit risk consist primarily of cash. The maximum exposure to credit risk is equal to the fair value or carrying value of the financial assets.

The Corporation reduces its credit risk by maintaining its bank accounts at large financial institutions. The credit risk on this amount is minimal.

### *Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Corporation is exposed to an interest rate risk to the extent that the cash maintained at the financial institutions is subject to a floating rate of interest. The interest rate risk on the Corporation's cash is minimal. The Corporation is exposed to market risk as the ability of the Corporation to develop or market its properties and the future profitability of the Corporation is related to the market price of certain minerals.

### *Liquidity Risk*

Liquidity risk is the risk that the Corporation is not able to meet its financial obligations as they fall due. All of the Corporation's financial liabilities are classified as current and are anticipated to mature within the next fiscal year. The Corporation's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due.

During the year ended January 31, 2011, the Corporation issued 6,531,796 Common Shares at a deemed price of \$0.051 per Common Share to settle outstanding loans from related parties of \$276,232 and outstanding debts of \$56,890.

As at January 31, 2011, the Corporation had cash and cash equivalents of \$510,606 to settle current liabilities of \$45,089. The Corporation's cash and amounts receivable as at January 31, 2011, are sufficient to fund the Corporation's ongoing operational needs for the next 12 months. The Corporation will continue to rely on the future equity financings, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

## **Liquidity and Capital Resources**

As at the date of this Prospectus, the Corporation has 19,926,797 Common Shares outstanding and 10,000,000 share purchase warrants outstanding. Each warrant is exercisable into a Common Share of the Corporation at a price of \$0.10 per Common Share until August 20, 2012.

On May 4, 2006, the Corporation raised \$50,000 through the issuance of 20,000,000 Common Shares at a purchase price of \$0.0025 per Common Share. Subsequently, on February 5, 2007, 17,500,000 of these Common Shares were voluntarily cancelled by the shareholders. The cancellation had the effect of increasing the purchase price for the remaining 2,500,000 Common Shares to \$0.02 per Common Share.

On July 25, 2006 the Corporation raised \$42,500 through the issuance of 425,000 Common Shares at a purchase price of \$0.10 per Common Share.

On August 20, 2010 the Corporation raised \$510,000 through the issuance of 10,000,000 units at a price of \$0.051 per unit.

Management of the Corporation believes that net proceeds from the Offering in addition to its current working capital will be sufficient to meet its Phase One and, contingent upon the results of Phase One, its Phase Two exploration expenditures on its existing Property along with administrative costs for the next 12 months. Thereafter, the Corporation may require additional funds to support its working capital requirements or for other purposes and may seek to raise additional funds through public or private equity funding, bank debt financing or from other sources. There can be no assurances that this capital will be available in amounts or on terms acceptable to the Corporation, or at all.

The Corporation entered into the Agency Agreement pursuant to which the Agent has agreed to act as the Corporation's agent in connection with the Offering, whereby the Corporation seeks to raise \$1,000,000. Under the agreement, 5,000,000 Common Shares to be issued at a purchase price of \$0.20 per Common Share, for aggregate gross proceeds to the Corporation of \$1,000,000. The Agent will receive a commission of 10% of the gross proceeds of the Offering, payable as to 7.5% cash and 2.5% in Common Shares with the same terms as the Offering and Agent's Warrants equal to 10% of the number of Shares sold under the Offering. Each Agent's Warrant is exercisable for 24 months at the Offering price. The Corporation also agreed to pay a corporate finance fee of \$25,000 plus applicable taxes and reimburse the Agent for reasonable expenses related to the Offering.

The Corporation will conduct its operations in Canada and elsewhere in a manner consistent with environmental regulations as stipulated in applicable legislation. The Corporation is committed to meeting its responsibilities to protect the environment wherever it operates and anticipates making increased expenditures of both a capital and expense nature as a result of the increasingly stringent laws relating to the protection of the environment. However, the Corporation does not anticipate that it will be subject to any increases in such expenditures which will be greater than those expected, on average, by other industry operators. The Corporation will maintain insurance coverage where available and financially desirable in light of risk versus cost factors. Unforeseen significant changes in such areas as commodity and financial markets, prices for base metals and precious metals, interest rates and government regulations would have an impact on the Corporation's future operating results and/or financial condition.

Although the Corporation has no set policy, management of the Corporation may use financial instruments to reduce corporate risk in certain situations. The Corporation presently has no hedges or other financial instruments in place.

## **Dividends**

There is no restriction that would prevent the Corporation from paying dividends on the Common Shares. However, the Corporation has not paid any dividends on its Common Shares and does not contemplate paying any dividends on its Common Shares in the future.

## **Risks and Uncertainties**

The key determinants as to the Corporation's operational outcomes are as follows:

- (a) the state of capital markets, which will affect the ability of the Corporation to finance further mineral property acquisitions and expand its contemplated exploration programs;
- (b) the prevailing market prices for base metals and precious metals;

- (c) the consolidation and potential abandonment of the Corporation's Property as exploration results provide further information relating to the underlying value of those Property; and
- (d) the ability of the Corporation to identify and successfully: (i) acquire an interest in additional mineral properties; and (b) expand its business into other sectors of the economy.

For additional information, see "Risk Factors".

## **Change in Accounting Policies**

### *International financial reporting standards ("IFRS")*

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 transition date of February 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended January 31, 2011. The Company has completed the scoping phase of its conversion which involves a high level review of major differences between Canadian GAAP and IFRS, setting a timeline for resources and developing a project plan. This scoping phase is intended to provide direction to the Company's management for the second phase of the conversion project.

### *IFRS Changeover Plan Disclosure*

The Company is currently completing its examination of the transition options and policy choices presented under IFRS and evaluating the impact on the future financial statements of the Company. Many of the differences identified between IFRS and Canadian GAAP are not expected to have material impact on the reported results and financial position. However, there may be changes as a result of IFRS' accounting principles and provisions for first time adoptions. The Company has not yet determined the full accounting effects of adopting IFRS, since some key accounting policy alternatives and implementation decisions are still being evaluated.

## **First-time adoption of IFRS**

"First-Time Adoption of International Financial Reporting Standards" ("IFRS 1"), provides entities adopting IFRS for the first time with a number of optional exemptions and mandatory exceptions, in certain areas, to the general requirement for full retrospective application of IFRS. The Company will need to analyze the various accounting policy choices available and will implement those determined to be most appropriate in the circumstances. The Company expects that key IFRS 1 exemption decisions will be approved by senior management during early 2011.

## **Accounting policies**

Below are some of the significant areas that were discussed:

- i) Financial instruments - The accounting policy of the Company will be amended to:
  - Include changes to impairments of financial assets and their possible reversal.
  - Detail the conditions that need to be met for the designation of financial instrument as "fair value through profit and loss".
- ii) Share based payments – The accounting policy of the Company will be amended to:

- Change from ‘straight-line’ to ‘graded’ vesting for the recognition of stock-based compensation expense.
  - A greater portion of expense is recorded in the first and second vesting periods compared to distributing the expense equally over all vesting periods.
- iii) Impairment of assets – The accounting policy of the Company will be amended to:
- Change the assessment method of whether impairment exists: instead of the two step approach under Canadian GAAP, the discounted cash flows are taken as an indication to determine impairment.

## **Systems and disclosure**

IFRS will require more in depth disclosure. The Company is taking the necessary steps to adjust the systems requirements to ensure proper data collection for IFRS disclosure purposes.

The Company will stay informed on the upcoming changes to IFRS and will continue to adjust its plan to include all key elements and ensure compliance by 2011.

## **DESCRIPTION OF SECURITIES DISTRIBUTED**

### **Authorized and Issued Share Capital**

#### **Common Shares**

The authorized share capital of the Corporation consists of an unlimited number of Common Shares. As of the date of this Prospectus, 19,926,797 Common Shares were issued and outstanding as fully paid and non-assessable shares. The holders of the Common Shares are entitled to receive notice of and to attend and vote at all meetings of the shareholders of the Corporation and each Common Share confers the right to one vote in person or by proxy at all meetings of the shareholders of the Corporation. The holders of the Common Shares, subject to the prior rights, if any, of any other class of shares of the Corporation, are entitled to receive such dividends in any financial year as the Board of Directors of the Corporation may by resolution determine. In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, the holders of the Common Shares are entitled to receive, subject to the prior rights, if any, of the holders of any other class of shares of the Corporation, the remaining property and assets of the Corporation.

#### **Shares Offered Under Prospectus**

The Corporation is offering for sale under this Prospectus, 5,000,000 Shares at a price of \$0.20 per Share. This Prospectus qualifies the distribution of the Shares. See “Plan of Distribution”.

#### **Agent’s Warrants and Agent’s Warrant Shares**

Under the terms of the Agency Agreement, the Corporation has agreed to issue to the Agent’s Warrants to the Agent. The Agent’s Warrants will entitle the Agent to purchase 500,000 Agent’s Warrant Shares at a price of \$0.20 per Agent’s Warrant Share, for a period of twenty-four (24) months from the Closing Date.

### Agent's Commission Shares

Under the terms of the Agency Agreement, the Corporation has agreed to issue 125,000 Agent's Commission Shares to the Agent upon completion of the Offering.

For the purposes of this Offering, any combination of the following, totaling 500,000 securities, are Qualified Compensation Securities and are qualified for distribution by this Prospectus: (a) up to 500,000 Agent's Warrants and (b) up to 125,000 Agent's Commission Shares. To the extent that the Agent is entitled to receive securities as compensation exceeding 10% of the Offering, those securities exceeding the 10% threshold will not be Qualified Compensation Securities, will not be qualified for distribution under this Prospectus and will be subject to a hold period in accordance with applicable securities laws.

### CONSOLIDATED CAPITALIZATION

The following table summarizes changes in the Corporation's capitalization as at January 31, 2011 (the date of the financial statements included in this Prospectus) and after giving effect to the Offering.

Description	Authorized At the date of this Prospectus	Outstanding as at January 31, 2011 (Audited)	Outstanding at the date of this Prospectus (Unaudited)	Outstanding after giving effect to the Offering <sup>(1)</sup> (Unaudited)
Common Shares	Unlimited	19,926,797	19,926,797	25,051,797 <sup>(2)(3)</sup>
Share Purchase Warrants	N/A	10,000,000 <sup>(4)</sup>	10,000,000 <sup>(4)</sup>	10,000,000 <sup>(4)</sup>
Long Term Debt	N/A	Nil	Nil	Nil

Notes:

- (1) Assuming the completion of the Offering.
- (2) This figure does not include the 500,000 Agent's Warrant Shares issuable on exercise of the Agent's Warrants. See "Plan of Distribution".
- (3) As of the date of this Prospectus there are 850,000 Common Shares reserved for issuance upon the exercise of outstanding options. See "Options to Purchase Securities". As of the date of this Prospectus there are 10,000,000 Common Shares reserved for issuance upon the exercise of outstanding share purchase warrants. The Common Shares issuable on exercise of the options and warrants are not reflected in these figures.
- (4) On August 20, 2010, the Corporation issued 10,000,000 units at \$0.051 per unit, pursuant to a private placement. Each unit is comprised of one Common Share and one transferable share purchase warrant. Each share purchase warrant is exercisable to purchase one Common Share of the Corporation at a price of \$0.10 per Common Share until August 20, 2012.

### OPTIONS TO PURCHASE SECURITIES

On May 12, 2008, the Corporation granted a total of 1,105,000 options to directors and officers. On April 29, 2010, the Corporation cancelled all of the 1,105,000 options.

The following table summarizes the options of the Corporation outstanding as of the date of this Prospectus.

Group	No. of Options	Securities Under Option	Grant Date	Expiry Date	Exercise Price per Common Share	Market Value of Common Shares on Grant Date	Market Value of Common Shares as at the date of this Prospectus
John G. Proust President, Chief Executive Officer, Director, Promoter	200,000 300,000	Common Shares	Nov. 22, 2010 Jan. 6, 2011	5 years from the Listing Date	\$0.20	N/A	N/A
David M. R. Stone, Director	100,000	Common Shares	Nov. 22, 2010	5 years from the Listing Date	\$0.20	N/A	N/A
Eileen Au, Director	100,000 100,000	Common Shares	Nov. 22, 2010 Jan. 6, 2011	5 years from the Listing Date	\$0.20	N/A	N/A
Brian Richardson Chief Financial Officer	50,000	Common Shares	March 1, 2011	5 years from the Listing Date	\$0.20	N/A	N/A
<b>TOTAL:</b>	<b>850,000</b>						

All of the options listed in the table above were authorized pursuant to the Corporation's 2010 Stock Option Plan (the "2010 Plan") and will be granted subject to the completion of the Offering. The 2010 Plan was adopted by the Corporation's Board of Directors on November 22, 2010. The purpose of the 2010 Plan is to advance the interests of the Corporation and its stockholders and subsidiaries by attracting, retaining and motivating the performance of selected directors, officers, employees or consultants of the Corporation of high calibre and potential and to encourage and enable such persons to acquire and retain a proprietary interest in the Corporation by ownership of its stock. The 2010 Plan provides that, subject to the requirements of the CNSX, the aggregate number of securities reserved for issuance under the 2010 Plan may not exceed 10% of the issued and outstanding shares of the Corporation at the time of granting of options (including all options granted by the Corporation to date).

The 2010 Plan will be administered by the Board of Directors of the Corporation, which will have full and final authority with respect to the granting of all options thereunder. Options may be granted under the 2010 Plan to such directors, officers, employees or consultants of the Corporation and its affiliates, as the Board of Directors may from time to time designate. Options may also be granted to employees of management companies providing management services to the Corporation. The exercise price of any options granted under the 2010 Plan will be determined by the Board of Directors, but may not be less than the closing market price of the Corporation's Common Shares on the CNSX on: (a) the trading day prior to the date of grant of the options; and (b) the date of grant of the options. The term of any options granted under the 2010 Plan will be determined by the Board of Directors at the time of grant but will be subject to earlier termination in the event of dismissal for cause, termination other than for cause or in the event of death. The term of any options granted under the 2010 Plan may not exceed 10 years. Options granted under the 2010 Plan may be subject to vesting. Subject to certain exceptions, options will expire on a date fixed by the Directors which date will be no more than one year after such director or officer ceases to hold office or after a employee, consultant or management company employee ceases to act in that capacity in relation to the Corporation. In the event of death of an option holder, options granted under the 2010 Plan will expire one year from the date of the death of the option holder.

## PRIOR SALES

The following table summarizes the sales of securities of the Corporation within the twelve months prior to the date of this Prospectus.

<b>Date</b>	<b>Price per Security</b>	<b>Number of Securities</b>	<b>Total Purchase Price Paid for Securities</b>
July 8, 2010	\$0.051(deemed)	6,531,796 Common Shares <sup>[1]</sup>	\$ Nil
July 9, 2010	\$0.05 (deemed)	200,000 Common Shares <sup>[2]</sup>	Nil
August 20, 2010	\$0.051	10,000,000 Common Shares <sup>[3]</sup>	510,000
<b>Total:</b>		<b>16,731,796</b>	<b>\$ 510,000</b>

Notes:

- (1) Issued in consideration for the settlement of \$333,122 of debt. See “General Development of the Business - Three Year History”, “Selected Financial Information and Management Discussion and Analysis”, “Interest of Management and Others in Material Transactions” and “Other Material Facts” herein.
- (2) Issued to N. Tribe pursuant to the Option Agreement, for no cash consideration. See “Significant Acquisitions and Dispositions” herein.
- (3) Issued pursuant to a private placement. The private placement consisted of units, each unit consisting of one Common Share and one share purchase warrant. See “General Development of the Business - Three Year History” and “Selected Financial Information and Management Discussion and Analysis” herein.

## ESCROWED SHARES

The Corporation was a party to an escrow agreement dated June 25, 2008 (the “Escrow Agreement”) pursuant to which principals of the Corporation voluntarily agreed to escrow their Common Shares. On November 12, 2010 the Escrow Agreement was terminated.

Pursuant to Section 3.6 of National Policy 46-201, each of the current directors and officers of the Corporation are not required to escrow their common shareholdings because they will each hold less than 1% of the Corporation’s outstanding Common Shares immediately after Closing.

As of the date of this Prospectus, there are no Common Shares of the Corporation held in escrow.

### **Shares Subject to Resale Restrictions**

#### *Statutory Hold Periods*

Canadian securities legislation generally states that shares issued by a company during its private stage, commonly referred to as “seed shares” may not be resold until the expiration of certain hold periods. The legislation which imposes and governs these hold periods in most instances and in most Canadian jurisdictions (including British Columbia) is National Instrument 45-102 (“NI 45-102”). Pursuant to NI 45-102, securities of an issuer issued prior to an initial public offering are either subject to a “seasoning period” lasting 4 months from the date an issuer becomes a reporting issuer, or a “restricted period” of 4 months from the date of distribution of the securities. The 4 month restricted period usually runs concurrently with a 4 month seasoning period while in some instances the seasoning period is the only applicable hold period under NI 45-102. During either a seasoning period or a restricted period securities may not be resold except pursuant to an exemption from applicable prospectus and registration requirements. Where an issuer becomes a reporting issuer in certain Canadian jurisdictions (including British Columbia) by filing a prospectus in that jurisdiction, the 4 month seasoning period is eliminated.

Thus, only securities which were subject to a 4 month restricted period will be subject to resale restrictions under NI 45-102 after an initial public offering.

There are no outstanding Common Shares of the Corporation that are subject to a 4 month restricted period or will be subject to resale restrictions under NI 45-102 immediately after Closing.

## PRINCIPAL SHAREHOLDERS

To the knowledge of the Directors and Officers of the Corporation, as of the date of this Prospectus, no one shareholder beneficially owns or exercises control or direction over Common Shares carrying more than 10% of the votes attached to Common Shares.

## DIRECTORS AND OFFICERS

The following table provides the names, municipalities of residence, position, principal occupations and the number of voting securities of the Corporation that each of the Directors and Executive Officers beneficially owns, directly or indirectly, or exercises control over, as of the date of this Prospectus:

<b>Name and Municipality of Residence and Position With the Corporation</b>	<b>Director/ Officer Since</b>	<b>Principal Occupation for the Past Five Years</b>	<b>Common Shares Beneficially Owned Directly or Indirectly (at the date of this Prospectus)</b>
John G. Proust <sup>[1]</sup> President, Chief Executive Officer, Director, Promoter Vancouver, BC	April 29, 2010	Independent business consultant and President of J. Proust & Associates Inc., a management and venture capital company, since October 1986.	125,001
David M. R. Stone <sup>[1]</sup> Director Bothell, Washington, U.S.A.	February 3, 2006	Dr. Stone, MBA, P.Eng. is a mining geotechnical engineer. Dr. Stone is President of Minefill Services, a mining engineering consulting company based in Bothell, Washington, since August 1999.	50,000
Eileen Au <sup>[1]</sup> Director Vancouver, BC	February 3, 2006	Office manager and consultant for publicly traded companies in Canada, since 2003.	50,000
Brian Richardson Chief Financial Officer West Vancouver, BC	March 1, 2011	Mr. Richardson, CA, is Vice President Finance of J. Proust & Associates Inc., a management and venture capital company, since January 2011 and has been CFO and consultant for publicly traded companies since 2003.	Nil

Notes:

[1] Denotes a member of the Audit Committee of the Corporation.

The term of office of the Directors expires annually at the time of the Corporation's annual general meeting. The term of office of the officers expires at the discretion of the Corporation's Directors. None



of the Directors or Officers have entered into non-competition or non-disclosure agreements with the Corporation.

As at the date of this Prospectus, the Directors and Officers of the Corporation as a group owned beneficially, directly or indirectly or exercised control or discretion over an aggregate 225,001 Common Shares, which is equal to 1.1% of the Corporation's Common Shares currently issued and outstanding.

The Directors and Officers of the Corporation anticipate that they will dedicate the following percentage of their time to the affairs of the Corporation: John G. Proust, 15%, David M.R. Stone, 5%, Eileen Au, 10% and Brian Richardson, 10%. These percentages are estimates only over the course of a 12 month period and the time commitment of the Directors and Officers will vary depending upon the Corporation's activities. The Directors and Officers of the Corporation have extensive experience with public companies and will allocate as much time as necessary in connection with these future developments.

**John G. Proust**, age 51, President, Chief Executive Officer, Director and Promoter of the Corporation. Mr. Proust has advised public and private companies with respect to debt and equity financing, mergers and acquisitions and corporate restructuring since 1986. Mr. Proust has extensive experience in corporate governance, and has received the designation of Chartered Director (C.Dir.) from McMaster University, Directors College, Michael G. DeGroote School of Business.

Mr. Proust has served on numerous boards and in several senior operating positions for both private and public companies. Mr. Proust currently holds the following positions with TSX Venture Exchange listed companies: Chairman, Chief Executive Officer and a Director of Southern Arc Minerals Inc.; President, Chief Executive Officer and a Director of Superior Mining International Corporation; and Chairman and a Director of Canada Energy Partners Inc. Mr. Proust is also the President, Chief Executive Officer and a Director of Bryant Resources Inc., a CNSX listed company.

During the past five years Mr. Proust formerly held the following positions with TSX Venture Exchange listed companies: Director of Western Uranium Corporation; President, Chief Executive Officer and a Director of Yamir Gold & Energy Inc.; Secretary of Uracon Resources Ltd.; and a Director of Energentia Resources Inc., Terrane Metals Corp., Canada West Capital Inc., Resource Equity Ltd. and Avanti Mining Inc. Mr. Proust was also a Director of Pamodzi Gold Limited, a JSE South Africa Exchange listed company.

**David M. R. Stone**, age 53, Director of the Corporation. Dr. Stone, MBA, P.Eng. is a mining engineer with over 25 years of consulting in the metal mining industry. Dr. Stone received a B.Ap.Sc. in Geological Engineering from the University of British Columbia, a Ph.D. in Civil Engineering from Queens University and an Executive MBA from Queens University. Dr. Stone is a licensed Professional Engineer in a number of US and Canadian jurisdictions, and is an active member of CIM, SME, NWMA and PDAC.

Dr. Stone currently holds the following positions with TSX Venture Exchange listed companies: Director and Vice-President, Corporate Development for Skeena Resources Limited and Boss Power Corp.; and Director of Southern Arc Minerals Inc., Superior Mining International Corp. and Electric Metals Inc. Dr. Stone is also a Director of Formation Metals Inc., a Toronto Stock Exchange listed company and Vice-President, Exploration of Bryant Resources Inc., a CNSX listed company.

During the past five years Dr. Stone formerly held the following positions with TSX Venture Exchange listed companies: Director of First Pursuit Ventures Ltd.; Chief Executive Officer of Boss Power Corp.; Director of ATW Gold Corp.; Vice-President of Brett Resources Inc. (also listed on Frankfurt); and AM Gold Inc. (also listed on Frankfurt). Dr. Stone was also Chief Executive Officer and a Director of Adanac

Molybdenum Corporation, a Toronto Stock Exchange, Frankfurt and OTCBB listed company and a Director of Globetech Ventures Corp., an OTCBB listed company.

**Eileen Au**, age 45, Director of the Corporation. Ms. Au is the Office Manager of Southern Arc Minerals Inc., a TSX Venture Exchange company. Ms. Au has worked in the capital markets in Asia for more than 10 years beginning her career at an international brokerage firm before moving on to regional Asian firms. Ms. Au is currently the Corporate Secretary of Canada Energy Partners Inc., Southern Arc Minerals Inc. and Superior Mining International Corporation, all TSX Venture Exchange listed companies. Ms. Au is also a Director of Bryant Resources Inc., a CNSX listed company. Ms. Au was formerly a Director of Avanti Mining Inc. (listed on TSX Venture Exchange) and Corporate Secretary of Western Lithium Canada Corporation (listed on Toronto Stock Exchange) and Western Uranium Corporation (listed on TSX Venture Exchange).

**Brian Richardson**, age 48, is a Chartered Accountant. Mr. Richardson is Vice President Finance of J. Proust & Associates Inc., a management and venture capital company, since January 2011. Mr. Richardson currently holds the position of Chief Financial Officer of Southern Arc Minerals Inc., a TSX Venture Exchange listed company and of CNSX listed Bryant Resources Inc.

Mr. Richardson formerly held the position of Chief Financial Officer of OTCBB listed Dynamotive Energy Systems Corp. and was a Director of TSX Venture Exchange listed B.C. Pacific Capital Corp.

### **Corporate Cease Trade Orders or Bankruptcies**

Other than as disclosed below, to the best of the Corporation's knowledge, no existing or proposed Director, Officer, Promoter or other member of management of the Corporation is, or within the ten years prior to the date of this Prospectus has been, a Director, Officer, Promoter or other member of management of any other corporation that, while that person was acting in the capacity of a Director, Officer, Promoter or other member of management of that corporation, was the subject of a cease trade order or similar order or an order that denied the corporation access to any statutory exemptions for a period of more than 30 consecutive days, was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or appointed to hold the assets of that Director, Officer or Promoter.

David M. R. Stone was a director of Adanac Moly Corporation ("Adanac") from February 1, 2006 to July 14, 2008 and interim Chief Executive Officer from March 27, 2008 to July 14, 2008. Subsequent to Dr. Stone's resignation, Adanac announced that it had been granted creditor protection under the *Companies' Creditors Arrangement Act* ("CCAA") as of December 19, 2008. Adanac continues to operate under CCAA creditor protection.

Brian Richardson was the Chief Financial Officer of Dynamotive Energy Systems Corp. when it was subject to a cease trade order in British Columbia from May 2009 to July 2009 for failure to file financial statements on time. Mr. Richardson is a Director of Royal Oak Ventures Inc. ("Royal Oak") which is currently subject to cease trade orders in each of the provinces of British Columbia, Alberta, Ontario and Quebec due to the failure of Royal Oak to file financial statements since the financial year ended December 31, 2003. Royal Oak has filed its outstanding financial statements on SEDAR and have applied to have the cease trade orders revoked.

## **Penalties or Sanctions**

Other than as disclosed herein, to the Corporation's knowledge, no Director or Officer of the Corporation, nor any shareholder holding sufficient securities of the Corporation to materially affect control of the Corporation has:

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

## **Personal Bankruptcies**

To the Corporation's knowledge, no Director or Officer of the Corporation, nor any shareholder holding sufficient securities of the Corporation to affect materially the control of the Corporation, nor any personal holding company of any such person has, within the ten years before the date of this Prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangements or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

## **Conflicts of Interest**

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

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

## **EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

The objective of the Corporation's compensation program is to compensate the executive officers for their services to the Corporation at a level that is both in line with the Corporation's fiscal resources and competitive with companies at a similar stage of development.

The Corporation compensates its executive officers based on their skill and experience levels and the existing stage of development of the Corporation. Executive officers are rewarded on the basis of the skill and level of responsibility involved in their position, the individual's experience and qualifications, the Corporation's resources, and regulatory guidelines regarding executive compensation levels.

The Board of Directors has implemented three levels of compensation to align the interests of the executive officers with those of the shareholders. First, executive officers may be paid a monthly consulting fee or salary. Second, the Board of Directors may award executive officers long term incentives in the form of stock options. Finally, and only in special circumstances, the Board of Directors may award cash or share bonuses for exceptional performance that results in a significant increase in shareholder value. The Corporation does not provide medical, dental, pension or other benefits to the executive officers.

The base compensation of the executive officers is reviewed and set annually by the Board of Directors. The CEO has substantial input in setting annual compensation levels. The CEO is directly responsible for the financial resources and operations of the Corporation. In addition, the CEO and Board of Directors from time to time determine the stock option grants to be made pursuant to the Corporation's 2010 Plan. Previous grants of stock options are taken into account when considering new grants. The Board of Directors awards bonuses at its sole discretion. The Board of Directors does not have pre-existing performance criteria or objectives.

Compensation for the most recently completed financial year should not be considered an indicator of expected compensation levels in future periods. All compensation is subject to and dependant on the Corporation's financial resources and prospects.

Set out below are particulars of compensation paid to the following persons (the "Named Executive Officers" or "NEOs"):

- (a) the Corporation's chief executive officer ("CEO");
- (b) the Corporation's chief financial officer ("CFO");
- (c) each of the Corporation's three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000; and
- (d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Corporation, nor acting in a similar capacity, at the end of that financial year.

As at January 31, 2011, the end of the most recently completed financial year of the Corporation, the Corporation had two (2) NEOs, whose names and positions held within the Corporation are set out in the summary compensation table below.

### **Summary Compensation Table**

The following table is a summary of compensation paid to the NEOs for each of the Corporation's three most recently completed financial years.

Name and principal position	Year Ended	Salary (\$)	Share-based awards (\$)	Option-based awards <sup>(1)</sup> (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
<b>John G. Proust</b> <sup>(2)</sup> President and CEO	2011	Nil	Nil	Nil <sup>(4)</sup>	Nil	Nil	Nil	Nil	Nil
	2010	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	2009	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Peter Snucins</b> <sup>(2)</sup> Former President and CEO	2011	Nil	Nil	Nil <sup>(4)</sup>	Nil	Nil	Nil	Nil	Nil
	2010	Nil	Nil	Nil <sup>(4)</sup>	Nil	Nil	Nil	Nil	Nil
	2009	Nil	Nil	Nil <sup>(4)</sup>	Nil	Nil	Nil	Nil	Nil
<b>Brian Richardson</b> <sup>(3)</sup> CFO	2011	Nil	Nil	Nil <sup>(4)</sup>	Nil	Nil	Nil	Nil	Nil
	2010	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	2009	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Cyrus Driver</b> <sup>(3)</sup> Former CFO	2011	Nil	Nil	Nil <sup>(4)</sup>	Nil	Nil	Nil	Nil	Nil
	2010	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	2009	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Eduard K. Epshtein</b> <sup>(3)</sup> Former CFO	2011	Nil	Nil	Nil <sup>(4)</sup>	Nil	Nil	Nil	Nil	Nil
	2010	Nil	Nil	Nil <sup>(4)</sup>	Nil	Nil	Nil	Nil	Nil
	2009	Nil	Nil	Nil <sup>(4)</sup>	Nil	Nil	Nil	Nil	Nil

(1) There is no market for the Common Shares.

(2) On April 29, 2010, Peter Snucins resigned as President and CEO and John G. Proust was appointed in his place.

(3) On November 22, 2010, Eduard K. Epshtein resigned as CFO and Cyrus Driver was appointed in his place. On March 1, 2011, Cyrus Driver resigned as CFO and Brian Richardson was appointed in his place.

(4) On May 12, 2008, the Corporation granted Mr. Snucins and Mr. Epshtein 550,000 and 185,000 stock options, respectively. On April 29, 2010, these stock options were cancelled. There was no market for the Common Shares. The Corporation granted Mr. Driver 20,000 stock options on November 22, 2010 and 30,000 stock options on January 6, 2011. On March 1, 2011, Mr. Driver's stock options were cancelled. There was no market for the Common Shares.

(5) The Corporation entered into an administrative services agreement with J. Proust & Associates Inc., a private company wholly owned by John G. Proust, CEO of the Corporation. Fees paid by the Corporation pursuant the administrative services agreement are not paid to Mr. Proust in his capacity as CEO. See "Interest of Management and Others in Material Transactions".

### Outstanding Share-Based Awards and Option-Based Awards

The Corporation has not granted any share-based awards to the NEOs.

The following table contains information on outstanding option-based awards granted to the NEOs as at the end of the most recently completed financial year.

Option-based Awards				
Name	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options
<b>John G. Proust</b> <sup>(1)</sup> President, CEO and Director	500,000	\$0.20	5 years from the Listing Date	n/a
<b>Peter Snucins</b> <sup>(1)</sup> Former President and CEO	Nil	n/a	n/a	n/a
<b>Brian Richardson</b> <sup>(2)(4)</sup> CFO	n/a	n/a	n/a	n/a
<b>Cyrus Driver</b> <sup>(2)(3)</sup> Former CFO	Nil	n/a	n/a	n/a
<b>Eduard K. Ephstein</b> <sup>(2)</sup> Former CFO	Nil	n/a	n/a	n/a

- (1) On April 29, 2010, Peter Snucins resigned as President and CEO and John G. Proust was appointed in his place.
- (2) On November 22, 2010, Eduard K. Ephstein resigned as CFO and Cyrus Driver was appointed in his place. On March 1, 2011, Cyrus Driver resigned as CFO and Brian Richardson was appointed in his place.
- (3) On November 22, 2010, Cyrus Driver was granted 20,000 stock options with an exercise price of \$0.20 and an expiration date of 5 years from the Listing Date. On January 6, 2011, Mr. Driver was granted 30,000 stock options with an exercise price of \$0.20 and an expiration date of 5 years from the Listing Date. On March 1, 2011, Mr. Driver voluntarily agreed to cancel his stock options.
- (4) On March 1, 2011, Brian Richardson was granted 50,000 stock options with an exercise price of \$0.20 and an expiration date of 5 years from the Listing Date.
- (5) The determination of the value of option awards is based upon the Black-Scholes Option pricing model, details and assumptions of which are set out in Note 4 to the Company's financial statements for the fiscal year ended January 31, 2011.
- (6) "Value of unexercised in-the-money options" is calculated by determining the difference between the market value of the securities underlying the options at the date referred to and the exercise price of the options and is not necessarily indicative of the value (i.e. loss or gain) that will actually be realized by the directors.

### Incentive Plan Awards

The Corporation has no Incentive Plan in place and therefore there were no awards made under any incentive plan to the NEOs during the Corporation's most recently completed financial year. An "Incentive Plan" is a plan providing compensation that depends on achieving certain performance goals or similar conditions within a specified period.

### Termination and Change of Control Benefits

Neither the Corporation nor any of its subsidiaries have any plan or arrangement with respect to compensation to its executive officers which would result from the resignation, retirement or any other termination of the executive officers' employment with the Corporation and its subsidiaries or from any change of control of the Corporation or any subsidiary of the Corporation or a change in the executive officers' responsibilities following a change of control, where, in respect of an executive officer, the value of such compensation exceeds \$50,000.

## Compensation of Directors

No cash compensation was paid to any Director of the Corporation for the Director's services as a Director during the financial year ended January 31, 2011, other than the reimbursement of out-of-pocket expenses.

The Corporation has no standard arrangement pursuant to which Directors are compensated by the Corporation for their services in their capacity as Directors except for the granting from time to time of incentive stock options.

The Corporation has not granted any share-based awards to its Directors.

The following table contains information on outstanding option-based awards granted to Directors, other than NEOs, as at the end of the most recently completed financial year.

Option-based Awards				
Name	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options
David M.R. Stone	100,000	\$0.20	5 years from the Listing Date	n/a
Eileen Au	200,000	n/a	n/a	n/a

- (1) The determination of the value of option awards is based upon the Black-Scholes Option pricing model, details and assumptions of which are set out in Note 4 to the Company's financial statements for the fiscal year ended January 31, 2011.
- (2) "Value of unexercised in-the-money options" is calculated by determining the difference between the market value of the securities underlying the options at the date referred to and the exercise price of the options and is not necessarily indicative of the value (i.e. loss or gain) that will actually be realized by the directors.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Other than routine indebtedness for travel and other expense advances, no existing or proposed Director, executive Officer or senior Officer of the Corporation or any associate of any of them, was indebted to the Corporation as at January 31, 2011, or is currently indebted to the Corporation.

## AUDIT COMMITTEE

### Audit Committee Disclosure

Pursuant to Section 224(1) of the British Columbia *Business Corporations Act* and NI 52-110 the Corporation is required to have an Audit Committee comprised of not less than three Directors, a majority of whom are not officers, control persons or employees of the Corporation or an affiliate of the Corporation. NI 52-110 requires the Corporation as a venture issuer, to disclose annually in its information circular certain information concerning the make up of its audit committee and its relationship with its independent auditor.

The primary function of the audit committee ("Committee") is to assist the Board in fulfilling its financial oversight responsibilities by reviewing (a) the financial reports and other financial information provided by the Corporation to regulatory authorities and shareholders; (b) the systems for internal corporate

controls which have been established by the Board and management; and (c) overseeing the Corporation's financial reporting processes generally. In meeting these responsibilities the Committee monitors the financial reporting process and internal control system; reviews and appraises the work of external auditors and provides an avenue of communication between the external auditors, senior management and the Corporation's Board. The Committee is also mandated to review and approve all material related party transactions.

### **Composition of the Audit Committee**

The Committee is comprised of the following members: John G. Proust, David M. R. Stone and Eileen Au. Each member of the Committee is considered to be financially literate as defined by NI 52-110 in that they have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Corporation's financial statements.

The members of the Committee are elected by the Board at its first meeting following the annual shareholders' meeting. Unless a chair is elected by the full Board, the members of the Committee designate a chair by a majority vote of the full Committee membership.

### **Relevant Education and Experience**

*John G. Proust* – Mr. Proust has advised public and private companies with respect to debt and equity financing, mergers and acquisitions and corporate restructuring since 1986. Mr. Proust has served on numerous boards and in several senior operating positions for both private and public companies. This experience has provided Mr. Proust with an understanding of the accounting principles used by the Corporation to prepare its financial statements. Mr. Proust's experience also allows him to analyze or evaluate the Corporation's financial statements.

*David M. Stone* – Dr. Stone, MBA, P.Eng. has served on numerous boards and in several senior operating positions for public companies. Dr. Stone has an Executive MBA from Queens University. This experience and educational background has provided Dr. Stone with an understanding of the accounting principles used by the Corporation to prepare its financial statements. Dr. Stone's experience also allows him to analyze or evaluate the Corporation's financial statements.

*Eileen Au* – Eileen Au's experience includes senior management positions responsible in areas of finance, compliance, business development, strategic planning and corporate restructuring. Ms. Au has held several corporate secretary positions for public mining companies. This experience has provided Ms. Au with an understanding of the accounting principles used by the Corporation to prepare its financial statements. Ms. Au's experience also allows her to analyze or evaluate the Corporation's financial statements.

### **The Audit Committee's Charter**

The Corporation has adopted a Charter of the Audit Committee of the Board of Directors a copy of which is annexed hereto as Schedule "A".

### **Audit Committee Oversight**

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



## **Reliance on Certain Exemptions**

Since the effective date of NI 52-110, the Corporation has not relied on the exemptions contained in sections 2.4 or 8 of NI 52-110. Section 2.4 provides an exemption from the requirement that the audit committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the fiscal year in which the non-audit services were provided. Section 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

## **Pre-Approval Policies and Procedures**

The audit committee has not adopted specific policies and procedures for the engagement of non-audit services. Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the Corporation's Board, and where applicable the Committee, on a case-by-case basis.

## **External Auditor Service Fees**

There were no fees paid by the Corporation to its auditor in each of the last two fiscal years.

## **Exemption**

The Corporation is relying on the exemption provided by section 6.1 of NI 52-110 which provides that the Corporation, as a venture issuer, is not required to comply with Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

# **CORPORATE GOVERNANCE**

## **Corporate Governance**

Corporate governance relates to the activities of the Board of Directors ("Board"), the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and charged with the day to day management of the Corporation. The Canadian Securities Administrators ("CSA") have adopted National Policy 58-201 *Corporate Governance Guidelines*, which provides non prescriptive guidelines on corporate governance practices for reporting issuers such as the Corporation. In addition, the CSA have implemented National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("NI 58-101"), which prescribes certain disclosure by the Corporation of its corporate governance practices. This disclosure is presented below.

## **Board of Directors**

The composition of the Board currently consists of three (3) members, John G. Proust, David M. R. Stone and Eileen Au.

The Board consists of a majority of individuals who qualify as independent Directors. For this purpose, a Director is independent if he or she has no direct or indirect "material relationship" with the Corporation. A "material relationship" is a relationship which could, in the view of the Corporation's Board, be reasonably expected to interfere with the exercise of the Director's independent judgment. Of the proposed nominees,

one Director, John G. Proust, the President, CEO and Promoter of the Corporation, is considered not independent.

### **Other Directorships**

The following table sets forth the Directors of the Corporation who are Directors of other reporting issuers:

<i>Name</i>	<i>Name of other reporting issuer</i>
John G. Proust	Bryant Resources Inc. Canada Energy Partners Inc. Superior Mining International Corporation Southern Arc Minerals Inc.
David M. R. Stone	Formation Metals Inc. Skeena Resources Limited Boss Power Corp. Superior Mining International Corporation Electric Metals Inc. Southern Arc Minerals Inc.
Eileen Au	Bryant Resources Inc.

### **Orientation and Continuing Education**

Orientation of new members of the Board is conducted informally by management and members of the Board. The Corporation has not adopted formal policies respecting continuing education for Board members.

### **Ethical Business Conduct**

The Board has not adopted a formal code of business conduct and ethics. The Board is of the view that the fiduciary duties placed on individual Directors by the Corporation's governing legislation and common law together with corporate statutory restrictions on an individual Director's participation in Board decisions in which the Director has an interest are sufficient to ensure that the Board operates independently of management and in the best interests of the Corporation.

### **Nomination of Directors**

The Board considers its size each year when it considers the number of Directors to recommend to the shareholders for election at the annual general meeting. The Board takes into account the number of Directors required to carry out the Board's duties effectively and to maintain diversity of views and experience.

The Board has not established a nominating committee and this function is currently performed by the Board as a whole.

## **Compensation**

The Board has not established a formal compensation committee. Rather the independent Board members are responsible for reviewing and determining the adequacy and form of compensation paid to the Corporation's executives and key employees. The independent Board members evaluate the performance of the CEO and other senior management measured against the Corporation's business goals and industry compensation levels.

## **Board Committees**

The Board has no committees other than the Audit Committee.

## **Assessments**

The Board annually, and at such other times as it deems appropriate, reviews the performance and effectiveness of the Board, the Directors and its committees to determine whether changes in size, personnel or responsibilities are warranted. To assist in its review, the Board conducts informal surveys of its Directors and receives reports from each committee respecting its own effectiveness. As part of the assessments, the Board or the individual committee may review their respective mandate or charter and conduct reviews of applicable corporate policies.

## **PLAN OF DISTRIBUTION**

### **Common Shares**

The Corporation, through the Agent, is offering 5,000,000 Shares to the public under this Prospectus at a price of \$0.20 per Share, for aggregate gross proceeds of \$1,000,000.

The Offering is being made on a commercially reasonable efforts basis and is subject to the Offering being fully subscribed within 90 days of the Effective Date. The minimum offering is the entire Offering and all subscription funds received will be held in trust by the Agent until the Offering is fully subscribed. If subscriptions for the entire Offering are not received within the 90 day period, subscription monies will be returned to subscribers without interest or deduction. If the Offering is not fully subscribed within 90 days from the Effective Date, the Offering will cease unless an amendment to the final prospectus is filed and receipted by the British Columbia Securities Commission, in which case the Offering must be completed within 90 days of the receipt for the amended prospectus and in any event, no later than 180 days from the Effective Date.

Pursuant to the Agency Agreement, the Corporation has engaged the Agent as its exclusive agent for the purposes of the Offering, and the Corporation, through the Agent, hereby offers for sale to the public under this Prospectus, on a commercially reasonable efforts basis, the Shares to be issued and sold under the Offering at the Offering Price, subject to prior sale if, as and when issued. The Offering Price was established through negotiation between the Corporation and the Agent.

The Agent may, in connection with the Offering and in its sole discretion, retain one or more licensed dealers, brokers and investment dealers (referred to herein as the "Selling Firms") as sub-agents and may receive subscriptions for Shares from such Selling Firms. The Agent is not obligated to purchase any of the Shares in connection with the Offering.

The Offering is being made concurrently in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario.

The Shares offered hereby have not been and will not be registered under the United States *Securities Act of 1933*, as amended (the “U.S. Securities Act”), and may not be offered or sold within the United States or to U.S. persons (as such terms are defined in Regulation S under the U.S. Securities Act).

Under the terms of the Agency Agreement, the Corporation has agreed to pay the Agent the Agent’s Commission, comprised of: (i) cash commission equal to 7.5% of the gross proceeds received by the Corporation from the sale of the Shares pursuant to the Offering; and (ii) 125,000 Agent’s Commission Shares upon completion of the Offering.

In addition, under the terms of the Agency Agreement, the Corporation has agreed to issue 500,000 non-transferable Agent’s Warrants to the Agent. The Agent’s Warrants entitle the Agent to purchase 500,000 Agent’s Warrant Shares at an exercise price of \$0.20 per Agent’s Warrant Share, for a period of twenty-four (24) months from the Closing Date.

This Prospectus qualifies the distribution of the Shares and up to 500,000 Qualified Compensation Securities.

National instrument 41-101 (“NI 41-101”) imposes a restriction on the maximum number of securities which may be distributed under a prospectus to an Agent as compensation (“Qualified Compensation Securities”). Pursuant to NI 41-101, the aggregate Qualified Compensation Securities must not exceed 10% of the securities offered pursuant to this Prospectus. For the purposes of this Offering, any combination of the following, totaling 500,000 securities, are Qualified Compensation Securities and are qualified for distribution by this Prospectus: (a) up to 500,000 Agent’s Warrants and (b) up to 125,000 Agent’s Commission Shares. To the extent that the Agent is entitled to receive securities as compensation exceeding 10% of the Offering, those securities exceeding the 10% threshold will not be Qualified Compensation Securities, will not be qualified for distribution under this prospectus and will be subject to a hold period in accordance with applicable securities laws.

The Corporation has also agreed to: (i) pay the Agent a corporate finance fee of \$25,000; (ii) pay the Agent’s expenses in connection with the Offering, including legal expenses and the Agent’s reasonable out-of-pocket expenses; and (iii) grant the Agent a right of first refusal to act as agent with respect to all future brokered financings commenced by the Corporation, for a period of 12 months from the Closing Date. Upon receipt of any proposed financing, the Corporation will provide the Agent with notice in writing of the terms of the proposed financing. The Agent will have 5 days to elect to participate in the proposed financing on the terms set out in the notice.

The Agent, the Directors, Officers, employees and affiliates thereof and the associates of each of them, own or control, as of the date of this Prospectus, Common Shares representing 1.1% of the outstanding Common Shares of the Corporation.

The obligations of the Agent under the Agency Agreement may be terminated prior to the Closing Date at the Agent’s discretion based on its assessment of the state of the financial markets or upon the occurrence of certain other stated events. In addition, the Agency Agreement may terminate if a Final Receipt is not issued within 180 days of the date of the Agency Agreement.

Subscriptions will be received for the Shares offered hereby subject to rejection or allotment in whole or in part and the right is reserved to the Corporation to close the subscription books at any time. Upon rejection of a subscription, or in the event that the Offering does not complete within the time required,

the subscription price and the subscription will be returned to the Purchaser forthwith (unless the Purchaser has otherwise instructed the Agent).

As at the date of this Prospectus, the Corporation does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, a U.S. marketplace, or a marketplace outside Canada and the United States of America other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operation by PLUS Markets Group plc.

### **Listing of Common Shares**

The Corporation has received conditional acceptance for the listing of its Common Shares on the CNSX. Listing is subject to the Corporation fulfilling all of the listing requirements of the CNSX.

### **CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

In the opinion of Legacy Tax + Trust Lawyers, special tax counsel to the Corporation, the following is a general summary, as of the date hereof, of the principal Canadian federal income tax considerations under the Tax Act generally applicable to a holder who acquires Shares pursuant to the Offering and who, for the purposes of the Tax Act and at all relevant times, beneficially owns Common Shares as capital property, and deals at arm's length with, and is not affiliated with, the Corporation (a "Holder"). The Common Shares will generally be considered to be capital property for this purpose unless either the Holder holds (or will hold) such Common Shares in the course of carrying on a business, or the Holder has acquired (or will acquire) such Common Shares in a transaction or transactions considered to be an adventure or concern in the nature of trade.

This summary is not applicable to: (a) a Holder that is a "financial institution", as defined in the Tax Act for purposes of the mark-to-market rules; (b) a Holder, an interest in which would be a "tax shelter investment" as defined in the Tax Act; (c) a Holder that is a "specified financial institution" as defined in the Tax Act; (d) a Holder that is a partnership or a trust; (e) a Holder that is a corporation that has elected in the prescribed form and manner and has otherwise met the requirements to use functional currency tax reporting as set out in the Tax Act; or (f) a holder which is exempt from tax under Part I of the Tax Act. Any such Holder to which this summary does not apply should consult its own tax advisor.

This summary is based upon the current provisions of the Tax Act and counsel's understanding of the current published administrative and assessing policies and practices of the Canada Revenue Agency. The summary also takes into account all specific proposals to amend the Tax Act that have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "Tax Proposals"), and assumes that all such Tax Proposals will be enacted in the form proposed. No assurance can be given that the Tax Proposals will be enacted in the form proposed or at all. This summary does not otherwise take into account or anticipate any changes in law, whether by way of legislative, judicial or administrative action or interpretation, nor does it address any provincial, territorial or foreign tax considerations, which may be materially different from those described herein.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder. Accordingly, Holders are urged to consult their own tax advisors about the specific tax consequences to them of acquiring, holding and disposing of Common Shares.

## **Holders Resident in Canada**

The following discussion applies to Holders who, for the purposes of the Tax Act and any applicable income tax treaty or convention, are at all relevant times resident in Canada (“Resident Holders”). Certain Resident Holders whose Common Shares might not otherwise qualify as capital property may, in certain circumstances, make an irrevocable election pursuant to subsection 39(4) of the Tax Act such that the Common Shares and every “Canadian security” (as defined in the Tax Act) owned by the Resident Holder in the taxation year of the election and in all subsequent taxation years are deemed to be capital property. Resident Holders should consult their own tax advisors concerning this election.

## **Dividends on Common Shares**

Dividends received or deemed to be received on the Common Shares by a Resident Holder who is an individual (other than certain trusts) will be included in income and will be subject to the gross-up and dividend tax credit rules normally applicable under the Tax Act to taxable dividends received from taxable Canadian corporations. The Corporation may, upon notice to its shareholders, designate all or a portion of such dividends as “eligible dividends” that are entitled to the enhanced dividend tax credit. The amount of the dividend received by an individual but not the amount of the gross-up, may be subject to alternative minimum tax.

Dividends received or deemed to be received on Common Shares by a Resident Holder that is a corporation will be included in its income and will generally also be deductible in computing its taxable income. A Resident Holder that is a “private corporation” or a “subject corporation”, each as defined in the Tax Act, may be liable under Part IV of the Tax Act to pay a refundable tax at a rate of 33% on dividends received or deemed to be received on Common Shares to the extent such dividends are deductible in computing the Resident Holder’s taxable income.

## **Dispositions of Common Shares**

A disposition, or a deemed disposition, of a Common Share (other than to the Corporation unless purchased by the Corporation in the open market in the manner in which shares are normally purchased by any member of the public in the open market) by a Resident Holder will generally give rise to a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the Common Share, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Common Share to the Resident Holder at the time of the disposition. For this purpose, the adjusted cost base to a Resident Holder of a Common Share will be determined at a particular time by averaging the cost of such Common Share with the adjusted cost base of any other Common Shares owned by the holder as capital property at that time. Such capital gain (or capital loss) will be subject to the treatment described below under “Taxation of Capital Gains and Capital Losses”.

## **Refundable Tax**

A Resident Holder that is throughout a taxation year a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay a refundable tax at a rate of 6<sup>2</sup>/<sub>3</sub>% on certain investment income received by it in the year, including taxable capital gains (as defined below), but excluding dividends or deemed dividends deductible in computing taxable income.

## **Taxation of Capital Gains and Capital Losses**

Generally, one-half of any capital gain (a “taxable capital gain”) realized by a Resident Holder for a taxation year must be included in the Resident Holder’s income in the year. A Resident Holder is required

to deduct one-half of any capital loss (an “allowable capital loss”) realized in the year from taxable capital gains realized in that year, and allowable capital losses in excess of taxable capital gains may be carried back and deducted in any of the three preceding taxation years, or carried forward and deducted in any subsequent year, from net taxable capital gains realized in such years (but not against other income) to the extent and under the circumstances described in the Tax Act. If the Resident Holder is a corporation, any such capital loss realized on the sale of a Common Share may in certain circumstances be reduced by the amount of any dividends which have been received or which are deemed to have been received on the Common Share. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns shares, directly or indirectly, through a partnership or a trust. Taxable capital gains realized by a Resident Holder who is an individual may give rise to alternative minimum tax depending on the Resident Holder’s circumstances.

### **Non-Resident Holders**

The following discussion applies to a Holder who, for the purposes of the Tax Act and any applicable income tax treaty or convention, and at all relevant times, is not (and is not deemed to be) resident in Canada and will not use or hold (and will not be deemed to use or hold) the Common Shares in, or in the course of, carrying on a business or part of a business in Canada (a “Non-Resident Holder”). In addition, certain rules not discussed in this summary may apply to a non-resident insurer carrying on an insurance business in Canada and elsewhere; such insurers should consult their own tax advisors.

### **Dividends on Common Shares**

Canadian withholding tax at a rate of 25% (subject to reduction under the provisions of any applicable income tax treaty or convention) will be payable on dividends paid or credited, or deemed to be paid or credited on the Common Shares, to a Non-Resident Holder. The rate of withholding tax applicable to a dividend paid on the Common Shares to a Non-Resident Holder who is a resident of the U.S. for purposes of the Canada-United States Income Tax Convention (1980) (the “Convention”), beneficially owns the dividend and qualifies for the benefits of the Convention will generally be reduced to 15% or, if the Non-Resident Holder is a corporation that owns at least 10% of the voting stock of the Corporation, to 5%. Not all persons who are residents of the U.S. for purposes of the Convention will qualify for the benefits of the Convention. A Non-Resident Holder who is a resident of the U.S. is advised to consult its tax advisor in this regard. The rate of withholding tax on dividends is also reduced under certain other bilateral income tax treaties or conventions to which Canada is a signatory.

### **Dispositions of Common Shares**

A Non-Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain realized by such Non-Resident Holder on a disposition of Common Shares unless the Common Shares constitute “taxable Canadian property” (as defined in the Tax Act) of the Non-Resident Holder at the time of disposition and the holder is not entitled to relief under an income tax treaty or convention. As long as the Common Shares are listed on a “designated stock exchange”, which currently includes the CNSX, the Common Shares generally will not constitute taxable Canadian property of a Non-Resident Holder, unless, if at any time during the 60-month period immediately preceding the disposition, the Non-Resident Holder, persons with whom the Non-Resident Holder does not deal at arm’s length, or the Non-Resident Holder together with all such persons, owned 25% or more of the issued shares of any class or series of shares in the capital stock of the Corporation and at any time during such 60-month period the Common Shares derived (directly or indirectly) more than 50% of their fair market value from real or immovable property situated in Canada, Canadian resource properties, timber resource properties or options or interests in respect of any such property, all for the purposes of the Tax Act.

If the Common Shares are considered taxable Canadian property to a Non-Resident Holder, an applicable income tax treaty or convention may exempt that Non-Resident Holder from tax under the Tax Act in respect of their disposition. Non-Resident Holders whose Common Shares may constitute taxable Canadian property should consult their own tax advisors.

### **ELIGIBILITY FOR INVESTMENT**

In the opinion of Legacy Tax + Trust Lawyers, special tax counsel to the Corporation, on the Closing Date, provided that the Common Shares are on that date listed on a designated stock exchange (which includes the CNSX), the Common Shares will be qualified investments under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, registered disability savings plans, deferred profit sharing plans, registered education savings plans and tax-free savings accounts as defined in the Tax Act.

Notwithstanding the foregoing, if the Common Shares are “prohibited investments” for purposes of the Tax Act, a holder will be subject to a penalty tax on Common Shares held in a tax-free savings account, a registered retirement savings plan or a registered retirement income fund, as set out in the Tax Act. A Common Share will generally not be a prohibited investment for a trust governed by a tax-free savings account, a registered retirement savings plan or a registered retirement income fund held by a particular holder provided that the holder deals at arm’s length with the Corporation for purposes of the Tax Act, and does not have a “significant interest” (as defined in the Tax Act) in either the Corporation or a person or partnership that does not deal at arm’s length with the Corporation for the purposes of the Tax Act.

**Prospective purchasers who intend to hold Common Shares in their tax-free savings accounts, registered retirement savings plans or registered retirement income funds should consult their own tax advisors regarding their particular circumstances.**

### **RISK FACTORS**

The securities offered hereunder must be considered highly speculative due to the nature of the Corporation’s business. Prospective investors should carefully consider the information presented in this Prospectus before purchasing the Shares offered under this Prospectus, which include the following:

#### **Limited Operating History**

The Corporation has no history of earnings. There are no known commercial quantities of mineral reserves on the Property. The purpose of the Offering is to raise funds to carry out exploration and development with the objective of establishing economic quantities of mineral reserves and to identify and acquire additional mineral properties in which the Corporation may acquire an interest whether by option, joint venture or otherwise.

#### **No History of Earnings or Dividends**

The Corporation has no history of earnings, and there is no assurance that any of the properties it now or may hereafter acquire or obtain an interest in will generate earnings, operate profitably or provide a return on investment in the future.

The Corporation has paid no dividends on its Common Shares since incorporation and does not anticipate doing so in the foreseeable future. Payment of any future dividends will be at the discretion of the



Corporation's Board of Directors after taking into account many factors, including operating results, financial condition and anticipated cash needs.

### **Negative Operating Cash Flow**

The Corporation currently has no revenues from its operations and will use the proceeds of the Offering to fund any negative operating cash flow.

### **Exploration and Development**

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Corporation may be affected by numerous factors which are beyond the control of the Corporation and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection, the combination of which factors may result in the Corporation not receiving an adequate return of investment capital.

The Property is in the exploration stage only and is without a known body of commercial ore. Development of the Property would follow only if favourable exploration results are obtained. The results of the Phase One program on the Property may not support the recommendation for Phase Two expenditures on the Property. 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.

There is no assurance that the Corporation's mineral exploration and development activities will result in any discoveries of commercial bodies of ore. The long-term profitability of the Corporation's operations will in part be directly related to the costs and success of its exploration programs, which may be affected by a number of factors. Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis.

### **Acquisition Of Additional Mineral Properties or Other Business Opportunities**

Immediately upon the Corporation completing the Offering, it will be considering any or all of the following transactions: the acquisition of additional mineral properties in which the Corporation may acquire an interest whether by option, joint venture or otherwise and additional financings associated with the foregoing. There is no guarantee that the Corporation will be able to find suitable properties for acquisition, that funding will be available to the Corporation for such acquisitions, or that the Corporation will receive any required regulatory approvals for such acquisitions. On completion of the Offering, the Corporation will have approximately \$297,875 in unallocated working capital available to it for its future operations. Investors are relying on the expertise and experience of management in carrying out the exploration program on the Property and/or identifying and evaluating additional mineral properties in which the Corporation may acquire an interest whether by option, joint venture or otherwise.

The Corporation intends to seek other business opportunities immediately after the Listing Date. In considering future business opportunities, the Corporation will not restrict its review of future

opportunities to the mineral exploration and mining sectors. If doing so would be in the best interest of the Corporation and its shareholders, the Corporation will expand its business into other sectors of the economy in which it does not currently operate. There is no guarantee that the Corporation will continue to operate as a junior exploration company in the long term.

### **Uninsurable Risks**

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and the Corporation may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Corporation.

### **Permits and Government Regulations**

The future operations of the Corporation may require permits from various federal, provincial and local governmental authorities and will be governed by laws and regulations governing prospecting, development, mining, production, export, taxes, labour standards, occupational health, waste disposal, land use, environmental protections, mine safety and other matters. There can be no guarantee that the Corporation will be able to obtain all necessary permits and approvals that may be required to undertake exploration activity or commence construction or operation of mine facilities on its Property.

### **Environmental And Safety Regulations And Risks**

Environmental laws and regulations may affect the operations of the Corporation. These laws and regulations set various standards regulating certain aspects of health and environmental quality. They provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are or were conducted. Furthermore the permission to operate could be withdrawn temporarily where there is evidence of serious breaches of health and safety, or even permanently in the case of extreme breaches. Significant liabilities could be imposed on the Corporation for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of acquired properties or noncompliance with environmental laws or regulations. In addition, the Corporation intends to minimize these risks by taking steps to ensure compliance with environmental, health and safety laws and regulations and operating to international environmental standards.

### **Mining Titles**

No assurances can be given that title defects to the Corporation's Property do not exist. The Corporation's Property may be subject to prior unregistered agreements, transfers or claims and title may be affected by undetected defects. If title defects do exist, it is possible that the Corporation may lose all or a portion of its right, title and interest in and to the Property. Further, the Corporation does not own the Property and only has a right to earn an interest in the Property pursuant to an Option Agreement.

The Corporation is satisfied, based on industry standard due diligence conducted by the Corporation, that its rights to the Property are valid and exist as set out in this Prospectus. There can be no assurance, however, that the Corporation's rights will not be challenged by third parties claiming an interest in the Property.

## **Competition**

The mining industry is intensely competitive in all its phases, and the Corporation competes with other companies that have greater financial resources and technical facilities. The Corporation's primary business plan is to seek other resource opportunities. Competition and the availability of financing on a timely basis could adversely affect the Corporation's ability to acquire suitable properties, prospects, assets or businesses in the future.

## **Management**

In addition to its interest in the Property, the Corporation is relying on the expertise and experience of its Directors and Officers to evaluate additional mineral properties in which the Corporation may acquire an interest whether by option, joint venture or otherwise. The loss of the services of John G. Proust or David M. R. Stone is likely to have a materially adverse effect on the Corporation's business and prospects. There is no assurance the Corporation can maintain the services of its Directors and Officers. Failure to do so could have a material adverse affect on the Corporation and its prospects.

## **No Currently Known Commercial Mineral Deposits**

The Property on which the proceeds of the Offering are to be expended contain no currently known amounts of commercial mineral deposits. The Corporation's programs are an exploratory search therefore.

## **Fluctuating Mineral Prices**

The Corporation's revenues, if any, are expected to be in large part derived from the sale of base metals and precious metals. The price of commodities has fluctuated widely in recent years and is affected by factors beyond the control of the Corporation including, but not limited to, international economic and political trends, currency exchange fluctuations, economic inflation and expectations for the level of economic inflation in the consuming economies, interest rates, global and local economic health and trends, speculative activities and changes in the supply of these commodities due to new mine developments and mine closures. All of these factors will have impacts on the viability of the Corporation's exploration projects that are impossible to predict with certainty.

## **Financial Capability and Additional Financing**

The Corporation has limited financial resources, has no source of operating income and has no assurance that additional funding will be available to it for the acquisition of future mineral projects. Although the Corporation has been successful in the past in financing its activities through the sale of equity securities there can be no assurance that it will be able to obtain sufficient financing in the future. The ability of the Corporation to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions as well as the business performance of the Corporation. The Corporation's ability to carry out its stated objectives of acquiring further projects will be severely limited if the Corporation is unable to raise further financing.

## **Dilution**

Pursuant to the Option Agreement, a number of Common Shares of the Corporation may be issued in the future, which may result in dilution to the Corporation's shareholders. In addition, if the Corporation raises additional funds through the sale of equity securities, shareholders may have their investment further diluted. The Corporation stated objective is to acquire future resource projects or interests in

minerals. These acquisitions will likely require the Corporation to issue equity or debt concurrently with such actions.

### **Price Volatility of Publicly Traded Securities**

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many 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. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the Common Shares will be subject to market trends generally, notwithstanding any potential success of the Corporation in creating revenues, cash flows or earnings. The value of Common Shares distributed hereunder will be affected by such volatility. Before the Offering, there has been no public market for the Corporation's Common Shares. An active public market for the Common Shares might not develop or be sustained after the Offering. The initial public Offering Price of the Shares has been determined by negotiations between the Corporation and representatives of the Agent and this price will not necessarily reflect the prevailing market price of the Common Shares following the Offering. If an active public market for the Common Shares does not develop, the liquidity of a shareholder's investment may be limited and the share price may decline below the initial public Offering Price.

### **Conflicts of Interest**

Some of the Directors and Officers are engaged and will continue to be engaged in the search for additional business opportunities on behalf of other corporations, and situations may arise where these Directors and Officers will be in direct competition with the Corporation. Conflicts, if any, will be dealt with in accordance with the relevant provisions of the *Business Corporations Act* (British Columbia). Some of the Directors and Officers of the Corporation are or may become Directors or Officers of other companies engaged in other business ventures. In order to avoid the possible conflict of interest which may arise between the Directors' duties to the Corporation and their duties to the other companies on whose boards they serve, the Directors and Officers of the Corporation have agreed to the following:

1. participation in other business ventures offered to the Directors will be allocated between the various companies and on the basis of prudent business judgment and the relative financial abilities and needs of the companies to participate;
2. no commissions or other extraordinary consideration will be paid to such Directors and Officers; and
3. business opportunities formulated by or through other companies in which the Directors and Officers are involved will not be offered to the Corporation except on the same or better terms than the basis on which they are offered to third party participants.

### **Tax Issues**

Income tax consequences in relation to the Shares will vary according to circumstances of each investor. Prospective investors should seek independent advice from their own tax and legal advisers prior to subscribing for the Shares.

### **First-time adoption of International financial reporting standards ("IFRS")**

Effective February 1, 2011, the Company will adopt IFRS which will require the restatement for comparative purposes of amounts reported by the Company for the year ended January 31, 2011. While the Company has completed the scoping phase of its conversion it is still completing its examination of

the transition options and policy choices presented under IFRS and evaluating the impact on the future financial statements of the Company. There may be changes as a result of IFRS' accounting principles and provisions for first time adoptions. The Company has not yet determined the full accounting effects of adopting IFRS, since some key accounting policy alternatives and implementation decisions are still being evaluated. Risks of adopting IFRS include cost of adoption, adoption error or omission risk, and lack of expertise risk.

### **There is currently no public trading market for the Common Shares**

Currently there is no public market for the Common Shares of the Corporation, and there can be no assurance that an active market for the Common Shares will develop or be sustained after this Offering. The Offering Price has been determined by negotiation between the Corporation and the Agent based upon several factors, including the history of, and prospects for, the Corporation's business, and the industry in which it competes, and an assessment of the Corporation's management, operations and financial results, and may bear no relationship to the price that will prevail in the public market. If an active public market for the Common Shares does not develop, the liquidity of an investor's investment may be limited and the share price may decline below its initial public Offering Price.

### **PROMOTERS**

John G. Proust will be executing this Prospectus as a Promoter of the Corporation. Mr. Proust owns 125,001 Common Shares of the Corporation, representing 0.5% of the Common Shares of the Corporation issued and outstanding immediately following the completion of the Offering.

Other than as disclosed in the Prospectus, no person who was a promoter of the Corporation within the last two years:

- (a) received anything of value directly or indirectly from the Corporation or a subsidiary, save for: (i) the Corporation entered into an administrative services agreement with a company wholly owned by the Promoter; and (ii) the Corporation issued Common Shares to the Promoter to settle debt. See "Interest of Management and Others in Material Transactions";
- (b) sold or otherwise transferred any asset to the Corporation or a subsidiary within the last 2 years;
- (c) has been a director, officer or promoter of any company that during the past 10 years was the subject of a cease trade order or similar order or an order that denied the company access to any statutory exemptions for a period of more than 30 consecutive days or became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver or receiver manager or trustee appointed to hold its assets;
- (d) has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority;
- (e) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision; or

- (f) has within the past 10 years become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver or receiver manager or trustee appointed to hold its assets.

## **LEGAL PROCEEDINGS**

The Corporation is not a party to any legal proceedings and is not aware of any such proceedings known to be contemplated.

## **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Other than as disclosed in this Prospectus, no insider of the Corporation, Director, or associate or affiliate of them, has any material interest, direct or indirect, in any transaction since incorporation or in any proposed transaction that has materially affected or will materially affect the Corporation.

The Corporation entered into an administrative services agreement effective February 3, 2006 with J. Proust & Associates Inc. ("JPA"), pursuant to which it has agreed to pay JPA \$2,000 per month for administrative and other services to be provided to the Corporation. JPA is a private company wholly owned by John G. Proust, President, CEO, Director and Promoter of the Corporation.

As at the financial year ended January 31, 2010, John G. Proust, JPA and Fallingbrook Management Inc. ("Fallingbrook"), a company controlled by Peter Snucins, former President and CEO and a current shareholder of the Corporation, advanced loans totaling \$276,232 to the Corporation (John G. Proust as to \$87,250; JPA as to \$69,420; and Fallingbrook as to \$119,562). The loans did not bear interest and had no fixed terms of repayment. In July 2010 the Corporation settled the loan debt by issuing a total of 5,416,322 Common Shares ((John G. Proust as to 1,710,784 Common Shares; JPA as to 1,361,176 Common Shares; and Fallingbrook as to 2,344,362 Common Shares).

## **RELATIONSHIP BETWEEN THE CORPORATION AND AGENTS**

The Corporation is not a related issuer or a connected issuer, as such terms are defined under National Instrument 33-105 *Underwriting Conflicts to the Agent*.

## **AUDITORS**

The auditors of the Corporation are D&H Group LLP, Chartered Accountants of 10<sup>th</sup> Floor, 1333 West Broadway, Vancouver, BC V6H 4C1. The auditors are independent with respect to the Corporation within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

## **REGISTRAR AND TRANSFER AGENT**

The registrar and transfer agent of the Corporation is Computershare Trust Company of Canada, of 3<sup>rd</sup> Floor, 510 Burrard Street, Vancouver, British Columbia V6C 3B9.

## **MATERIAL CONTRACTS**

Except for contracts made in the ordinary course of business, the following are the only material contracts entered into by the Corporation within two years prior to the date of this Prospectus which are currently in effect and considered to be currently material:

1. Agency Agreement dated April 7, 2011 between Canaccord Genuity Corp. and the Corporation, referred to under “Plan of Distribution”.
2. Amended and Restated Property Option Agreement dated September 16, 2010 between Norman Lloyd Tribe, N. Tribe and Associates Ltd. and the Corporation, referred to under “Significant Acquisitions and Dispositions”.
3. 2010 Stock Option Plan, referred to under “Options To Purchase Securities”.
4. Administrative Services Agreement dated February 3, 2006 between J. Proust & Associates Inc. and the Corporation, referred to under “Interest of Management and Others in Material Transactions”.

A copy of any material contract and the technical report may be inspected during distribution of the Shares being offered under this Prospectus and for a period of 30 days thereafter during normal business hours at the Corporation’s offices at Suite 1200, 750 West Pender Street, Vancouver, British Columbia, Canada.

## **EXPERTS**

S. Godden & Associates Ltd., through its Qualified Persons, Stephen J. Godden, F.I.M.M.M., C. Eng. and Alojzy A. Walus, P.Geo. prepared the Report in accordance with NI 43-101 on behalf of the Corporation.

D&H Group LLP, Chartered Accountants, audited the financial statements of the Corporation for its financial years ended January 31, 2011, 2010 and 2009. The auditors are independent in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants in British Columbia.

Legacy Tax + Trust Lawyers, special tax counsel to the Corporation, provided opinions under the headings entitled “Certain Canadian Federal Income Tax Considerations” and “Eligibility for Investment” in this Prospectus.

There is no beneficial interest, direct or indirect, in any securities of the Corporation’s issued capital, or in the Property of the Corporation or of an associate or affiliate of the Corporation, held by any of the experts listed herein.

## **RELATIONSHIP BETWEEN THE CORPORATION AND PROFESSIONAL PERSONS**

Certain legal matters related to this Offering will be passed upon on behalf of the Corporation by Morton & Company, and on behalf of the Agent by Anfield Sujir Kennedy & Durno LLP. As at the date of this Prospectus, the partners and associates of Anfield Sujir Kennedy & Durno LLP do not own, directly or indirectly, any Common Shares of the Corporation. As at the date of this Prospectus, Morton & Company owns 115,474 Common Shares of the Corporation, which were issued to Morton & Company pursuant to a debt settlement agreement. See “General Development of the Business - Three Year

History”, “Selected Financial Information and Management Discussion and Analysis” and “Other Material Facts” herein.

### **OTHER MATERIAL FACTS**

There are no other material facts other than as disclosed herein.

As at the financial year ended January 31, 2010, the Corporation was indebted to Morton & Company in the amount of \$56,890 for legal services performed. In July 2010 the Corporation settled the debt by issuing a total of 1,115,474 Common Shares to Morton & Company. As at the date of this Prospectus, Morton & Company owns 115,474 Common Shares of the Corporation. See “Relationship Between the Corporation and Professional Persons”.

### **PURCHASERS’ STATUTORY RIGHT OF WITHDRAWAL AND RESCISSION**

Securities legislation in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario provide purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. The securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation. The purchaser should refer to any applicable provisions of the securities legislation for the particulars of these rights or consult with a legal adviser.



## AUDITOR'S CONSENT

We have read the final prospectus of Charlotte Resources Ltd. dated April 7, 2011 relating to the sale and issue of 5,000,000 common shares at \$0.20 per common share. We have complied with Canadian generally accepted standards for an auditors' involvement with offering documents.

We consent to the use in the above-referenced prospectus of our report to the Directors of the Company on the balance sheets of the Company as at January 31, 2011 and 2010 and the statements of operations, comprehensive loss and deficit, and cash flows for the years ended January 31, 2011, 2010 and 2009. Our report is dated April 7, 2011.

Vancouver, B.C.  
April 7, 2011

**"D&H Group LLP"**

**Chartered Accountants**

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# **CHARLOTTE RESOURCES LTD.**

*(An Exploration Stage Company)*

## **FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JANUARY 31, 2011, 2010 AND 2009**

*(Expressed in Canadian Dollars)*

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Charlotte Resources Ltd.

We have audited the accompanying financial statements of Charlotte Resources Ltd., which comprise the balance sheets as at January 31, 2011 and 2010, and the statements of operations, comprehensive loss and deficit, and statements of cash flows for the years ended January 31, 2011, 2010 and 2009, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Charlotte Resources Ltd. as at January 31, 2011 and 2010, and its financial performance and its cash flows for the years ended January 31, 2011, 2010 and 2009 in accordance with Canadian generally accepted accounting principles.

Vancouver, B.C.  
April 7, 2011

**"D&H Group LLP"**

**Chartered Accountants**

**CHARLOTTE RESOURCES LTD.***(An Exploration Stage Company)***BALANCE SHEETS****AS AT JANUARY 31***(Expressed in Canadian Dollars)*

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>A S S E T S</b>		
<b>CURRENT ASSETS</b>		
Cash	510,606	12,809
Amounts receivable	12,995	2,288
Prepays	11,343	-
	534,944	15,097
DEFERRED SHARE ISSUE COSTS	44,320	-
MINERAL INTEREST (Note 3)	101,177	82,814
	680,441	97,911
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 5)	45,089	170,391
Due to related parties (Note 5)	-	90,500
	45,089	260,891
<b>SHAREHOLDERS' EQUITY</b>		
<b>SHARE CAPITAL</b> (Note 4)	951,158	106,001
<b>DEFICIT</b>	(315,806)	(268,981)
	635,352	(162,980)
	680,441	97,911

**NATURE OF OPERATIONS** (Note 1)**On behalf of the Board:**

"David Stone" , Director      "Eileen Au" , Director

*The accompanying notes are an integral part of these financial statements.*

**CHARLOTTE RESOURCES LTD.***(An Exploration Stage Company)***STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT****FOR THE YEARS ENDED JANUARY 31, 2011, 2010 AND 2009***(Expressed in Canadian Dollars)*

	<b>2011</b>	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>EXPENSES</b>			
Administrative and management (Note 5)	24,000	24,000	24,000
Audit and accounting	6,458	15,000	269
Filing fees	15,205	-	8,670
Legal	13,892	8,545	1,474
Office and miscellaneous	952	776	3,349
<b>LOSS BEFORE OTHER ITEMS</b>	<b>(60,507)</b>	<b>(48,321)</b>	<b>(37,762)</b>
<b>OTHER ITEMS</b>			
Interest income	19	105	-
Other income	13,663	-	-
Deferred share issuance costs write-off	-	-	(100,515)
	13,682	105	(100,515)
<b>NET LOSS AND COMPREHENSIVE LOSS</b>	<b>(46,825)</b>	<b>(48,216)</b>	<b>(138,277)</b>
<b>DEFICIT – BEGINNING OF YEAR</b>	<b>(268,981)</b>	<b>(220,765)</b>	<b>(82,488)</b>
<b>DEFICIT – END OF YEAR</b>	<b>(315,806)</b>	<b>(268,981)</b>	<b>(220,765)</b>
<b>BASIC AND DILUTED LOSS PER SHARE</b>	<b>(0.004)</b>	<b>(0.02)</b>	<b>(0.04)</b>
<b>WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING – BASIC AND DILUTED</b>	<b>11,551,203</b>	<b>3,195,001</b>	<b>3,129,017</b>

*The accompanying notes are an integral part of these financial statements.*

**CHARLOTTE RESOURCES LTD.***(An Exploration Stage Company)***STATEMENTS OF CASH FLOWS****FOR THE YEARS ENDED JANUARY 31, 2011, 2010 AND 2009***(Expressed in Canadian Dollars)*

	<b>2011</b>	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>CASH PROVIDED FROM (USED FOR)</b>			
<b>OPERATING ACTIVITIES</b>			
Loss for the year	(46,825)	(48,216)	(138,277)
Deferred share issuance costs write-off	-	-	100,515
Change in non-cash operating working capital balances			
Increase in amounts receivable	(22,050)	(291)	(1,082)
Increase/(decrease) in accounts payable and accrued liabilities	(4,037)	49,628	29,649
	<u>(72,912)</u>	<u>1,121</u>	<u>(9,195)</u>
<b>INVESTING ACTIVITIES</b>			
Expenditures on mineral interest	(10,905)	(7,341)	(52,819)
Mineral tax credit	2,741	6,846	-
	<u>(8,164)</u>	<u>(495)</u>	<u>(52,819)</u>
<b>FINANCING ACTIVITIES</b>			
Shares issued for cash, net of issuance costs	514,148	-	-
Deferred share issue costs	(39,275)	-	(12,274)
Advances from related parties	104,000	10,000	60,500
	<u>578,873</u>	<u>10,000</u>	<u>48,226</u>
<b>INCREASE/(DECREASE) IN CASH DURING THE YEAR</b>	497,797	10,626	(13,788)
<b>CASH – BEGINNING OF YEAR</b>	<u>12,809</u>	<u>2,183</u>	<u>15,971</u>
<b>CASH – END OF YEAR</b>	<u>510,606</u>	<u>12,809</u>	<u>2,183</u>

**SUPPLEMENTARY CASH FLOW INFORMATION (Note 7)***The accompanying notes are an integral part of these financial statements.*

# **CHARLOTTE RESOURCES LTD.**

*(An Exploration Stage Company)*

## **NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JANUARY 31, 2011, 2010, AND 2009**

*(Expressed in Canadian Dollars)*

### **1. NATURE OF OPERATIONS**

The Company was incorporated under the Corporations Act (British Columbia) on February 3, 2006, under the name 0747904 BC LTD. On May 16, 2006, the Company changed its name to Charlotte Resources Ltd. The Company is a junior resource company engaged in the acquisition and exploration of unproven mineral interests in Canada.

The Company is considered to be in the exploration stage. As at January 31, 2011, the Company has not earned any production revenue, nor found proved reserves. The amounts shown as mineral interest represents expenditures incurred to date, less amounts amortized and/or written off, and do not necessarily represent present or future values. The underlying value of the mineral interest is entirely dependent on the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain the necessary financing to complete development, and future profitable production.

These financial statements are prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") on a going concern basis, which presume the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

Management considers that the Company has adequate resources to maintain its core operations and planned exploration programs on its existing mineral resource interests for the next twelve months. However, the Company recognises that exploration expenditures may change with ongoing results and, as a result, it may be required to obtain additional financing. While the Company has been successful at securing financing in the past, there can be no assurance that it will be able to do so in the future.

### **2. SIGNIFICANT ACCOUNTING POLICIES**

#### ***Basis of Presentation***

The financial statements of the Company have been prepared by management in accordance with Canadian GAAP.

#### ***Use of Estimates***

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Significant areas requiring the use of management estimates relate to the determination of environmental obligations, the valuation of mineral interest and the expected tax rates and assumptions for future income tax provisions. Actual results may differ from these estimates. By their nature, these estimates are subject to measurement uncertainty, and any changes in such estimates in future periods could materially impact the financial statements.

#### ***Mineral Interest***

Mineral interest costs and exploration, development, and field support costs directly relating to mineral interests are deferred until the interests to which they relate are placed into production, sold or abandoned. The deferred costs will be amortized over the life of the ore body following commencement of production or written off if the mineral interest is sold or abandoned. Administration costs and other exploration costs that do not relate to any specific mineral interest are expensed as incurred.

**CHARLOTTE RESOURCES LTD.**  
*(An Exploration Stage Company)*  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JANUARY 31, 2011, 2010, AND 2009**  
*(Expressed in Canadian Dollars)*

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

Management reviews the carrying value of its mineral interests whenever events or changes in circumstance indicate that impairment in value may have occurred. When a mineral interest is considered to be impaired, fair value is determined with reference to discounted net present value of expected future net cash flows from use or disposition.

Although the Company has taken steps to verify title to mineral interests according to the usual industry standards for the stage of exploration of such mineral interests, these procedures do not guarantee the Company's title. Such mineral interests may be subject to prior agreements or transfers and title may be affected by undetected defects.

From time to time, the Company acquires or disposes of mineral interests pursuant to the terms of option agreements. Options are exercisable entirely at the discretion of the optionee and, accordingly, are recorded as mineral property costs or recoveries when the payments are made or received. After costs are recovered, the balance of the payments received is recovered as a gain on option or disposition of mineral property.

Mining tax credits are recorded in the accounts when the credits obtained or there is reasonable assurance that the Company has complied with all conditions needed to obtain the credits. These mining tax credits are earned in respect to exploration incurred in British Columbia, Canada, and are recorded as a reduction of the related deferred exploration expenditures. If the applicable property has been written-off, the mining credit is recorded as a credit to the statement of operations in the period it is received.

***Asset Retirement Obligations***

Asset retirement obligations are recognized when a legal or constructive obligation associated with the retirement of long-lived tangible assets arises. This liability is recognized at the fair value of the asset retirement obligation. When the liability is initially recorded the Company capitalizes the cost by increasing the carrying amount of the related long-lived assets. Over time the liability is accreted to its estimated future value, and the capitalized cost is amortized over the useful life of the related asset. Upon settlement of the liability, the Company may incur a gain or loss. As at January 31, 2011, the Company does not have any asset retirement obligations.

***Financial Instruments***

CICA Section 3855 requires that all financial assets initially measured at fair value, except those classified as held to maturity, and loans and receivables, must be subsequently measured at fair value. All financial liabilities must be subsequently measured at fair value when they are classified as held-for trading; otherwise, they are measured at amortized cost. Investments classified as available-for-sale are reported at fair market value (or marked to market) based on quoted market prices with unrealized gains or losses excluded from earnings and reported as other comprehensive income or loss. When a decline in the fair value of a financial asset is determined to be other-than-temporary, the cumulative loss is recognized in net income. Those instruments classified as held-for-trading, have gains or losses included in earnings in the period in which they arise.

The Company does not use derivative instruments or hedges to manage risks. Transaction costs related to all financial instruments will be expensed in the period incurred.



**CHARLOTTE RESOURCES LTD.**  
*(An Exploration Stage Company)*  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JANUARY 31, 2011, 2010, AND 2009**  
*(Expressed in Canadian Dollars)*

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Income Taxes***

The Company uses the asset and liability method of accounting for future income taxes. Under this method of tax allocation, future 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 substantively enacted tax rates and laws that are expected to be in effect in the periods in which the future income tax assets or liabilities are expected to be settled or realized. The effect of a change in income tax rates on future income tax liabilities and assets is recognized in income in the period that the change occurs. The amount of future income tax assets recognized is limited to the amount that is more likely than not to be realized.

***Share Issue Costs***

Commissions paid to underwriters and other related share issued costs, such as legal, auditing, and printing that are directly related to the raising of share capital financing are charged directly to share capital. Costs related to shares not yet issued are recorded as deferred share issue costs. These costs will be deferred until the shares to which the costs relate have been issued, at which time the deferred share issue costs will be charged against share capital. If a financing is not completed in a reasonable period of time or is abandoned, the related deferred costs are charged to operations.

***Basic and Diluted Loss per Share***

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. In periods when a loss is incurred, the effect of potential issuance of shares under options would be anti-dilutive, and accordingly basic and diluted loss per share is the same.

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

***Comprehensive Income***

Comprehensive income is the change in the Company's net assets that results from transactions, events, and circumstances from sources other than the Company's shareholders and includes items that would not normally be included in net earnings such as unrealized gains or losses on available-for-sale investments. Other comprehensive income includes the holdings gains and losses from available-for-sale securities, which are not included in net income (loss) until realized.

**CHARLOTTE RESOURCES LTD.**  
*(An Exploration Stage Company)*  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JANUARY 31, 2011, 2010, AND 2009**  
*(Expressed in Canadian Dollars)*

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

***New Accounting Policies and Standards***

In May 2009, the CICA amended Section 3862, “Financial Instruments – Disclosures”, to include additional disclosure requirements about fair value measurement for financial instruments and liquidity risk disclosures. CICA Section 3862 “Financial Instruments – Disclosure” requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurements.

The accounting standard establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument’s categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Section 3862 prioritizes the inputs into three levels that may be used to measure fair value:

Level 1 quoted prices in active markets for identical assets or liabilities. Level 2 inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). Level 3 inputs for the asset or liability that are not based on observable market data (unobservable inputs). Level 3 instruments include longer-term transactions, transactions in less active markets or transactions at locations for which pricing information is not available. In these instances, internally developed methodologies are used to determine fair value. The Company adopted this amended standard for the year ended January 31, 2011.

***Future Accounting Policies***

***Business Combinations, Consolidated Financial Statements and Non-Controlling Interests***

The CICA issued three new accounting standards in January 2009: Section 1582, “Business Combinations,” Section 1601, “Consolidated Financial Statements,” and Section 1602, “Non-Controlling Interests.” Section 1582 replaces Section 1581 “Business Combinations” and establishes standards for the accounting and business combinations. The section applies prospectively to the business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Sections 1601 and 1602 together replace Section 1600 “Consolidated Financial Statements”. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1601 applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company will consider the impact of adopting these pronouncements on its financial statements if future acquisitions are completed.

**CHARLOTTE RESOURCES LTD.***(An Exploration Stage Company)***NOTES TO FINANCIAL STATEMENTS****FOR THE YEARS ENDED JANUARY 31, 2011, 2010, AND 2009***(Expressed in Canadian Dollars)***3. MINERAL INTEREST****Interest in Ash Property**

The Ash Property (the “Property”) consists of one mineral claim covering an area of 1,036 hectares, located in the Osoyoos Mining Division, British Columbia.

The Company and N. Tribe and Associates (“Tribe”) entered into a property option agreement (“Agreement”) dated July 12, 2007, as amended and restated on September 16, 2010, whereby the Company holds an option to acquire a 100% interest in the Property. Pursuant to the amended agreement, in order to earn its interest, the Company must pay an aggregate \$30,000 in option payments, incur a total of \$1,600,000 of exploration expenditures and issue 1,350,000 common shares in its capital stock to Tribe, as follows:

<b>Date</b>	<b>Cash Payments \$</b>	<b>Exploration Expenditures \$</b>	<b>Share Issuances</b>
Execution of the Option Agreement (paid and issued)	5,000	-	100,000
April 12, 2008 (paid)	10,000	-	-
July 12, 2008 (paid and issued)	15,000	-	150,000
July 12, 2010 (issued)	-	-	200,000
June 1, 2011 (\$18,701 expended)	-	100,000	-
July 12, 2011	-	-	250,000
July 12, 2012	-	450,000	300,000
July 12, 2013	-	300,000	350,000
July 12, 2014	-	350,000	-
July 12, 2015	-	400,000	-
	30,000	1,600,000	1,350,000
<b>Ash Property:</b>	2011 \$		2010 \$
<b>Acquisition costs</b>			
Balance, beginning of year	45,704		47,500
Additions and adjustments	10,200		(1,796)
Balance, end of year	55,904		45,704
<b>Deferred exploration costs</b>			
Balance, beginning of year	37,110		34,819
Geological and consulting	10,904		9,137
Mineral tax credit	(2,741)		(6,846)
Balance, end of year	45,273		37,110
<b>Total mineral property costs</b>	101,177		82,814

During the year ended January 31, 2011, the Company received \$2,741 (2010 - \$6,846) of British Columbia mineral tax credit in respect to exploration expenditures incurred by the Company on the Property in calendar years 2010 and 2009 respectively. The mineral tax credit was recorded as a reduction of the related deferred exploration expenditures.

**CHARLOTTE RESOURCES LTD.***(An Exploration Stage Company)***NOTES TO FINANCIAL STATEMENTS****FOR THE YEARS ENDED JANUARY 31, 2011, 2010, AND 2009***(Expressed in Canadian Dollars)***4. SHARE CAPITAL**

	<b>Number</b>	<b>\$</b>
Balance on January 31, 2010 and 2009	3,195,001	106,001
Private placement	10,000,000	510,000
Issued for mineral interest	200,000	10,200
Issued for debt settlement	6,531,796	333,122
Share issuance costs	-	(8,165)
Balance on January 31, 2011	19,926,797	951,158

During the year ended January 31, 2011, the Company:

- a) issued 10,000,000 units (the "Units") at a price of \$0.051 per Unit for proceeds of \$510,000 (net proceeds of \$501,835) pursuant to private placement on August 20, 2010 (the "Closing Date). Each Unit is comprised of one common share (a "Share") of the Company and one transferable share purchase warrant. One share purchase warrant entitles the Subscriber to purchase one additional common share of the Company at a price of \$0.10 for a period of twenty-four months from the Closing Date;
- b) issued 200,000 common shares at a price of \$0.051 per share pursuant to the Ash Property Option Agreement;
- c) issued 6,531,796 commons shares at a price of \$0.051 per share pursuant to the Debt Settlement Agreement the Company entered on July 8, 2010 (see note 5 and note 7);
- d) entered into an agreement with Canaccord Genuity Corp. (the "Agent") relating to a proposed initial public offering (the "Offering"). Under the agreement, up to 5,000,000 shares to be issued at a purchase price of \$0.20 per share, for aggregate gross proceeds to the Company of up to \$1,000,000. The Agent will receive a cash commission of 10% of the gross proceeds of this Offering, payable as to 7.5% cash and 2.5% in shares with the same terms as the Offering and Agent's Warrants equal to 10% of the number of shares sold under the Offering. Each Agent's Warrant is exercisable for 24 months at the Offering price. The Company also agreed to pay \$25,000 corporate finance fee and reimburse the Agent for reasonable expenses related to the Offering.

During the year ended January 31, 2011, the Company terminated an escrow agreement dated June 28, 2008. Pursuant to the requirements of National Policy 46-201, the current principals of the Company are not required to escrow their common shareholdings.

# CHARLOTTE RESOURCES LTD.

(An Exploration Stage Company)

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JANUARY 31, 2011, 2010, AND 2009

(Expressed in Canadian Dollars)

### 4. SHARE CAPITAL (continued)

#### Warrants

A summary of the changes in the number of common shares reserved for issuance pursuant to the Company's share purchase warrants agreement during the year ended January 31, 2011, is as follows:

	Number of Warrants	Weighted Average Exercise Price, \$	Expiry date
Balance, January 31, 2010 and 2009	-	-	
Issued	10,000,000	0.10	August 20, 2012
Balance, January 31, 2011	10,000,000	0.10	August 20, 2012

#### Stock options

During the year ended January 31, 2009, the Company awarded 1,105,000 stock options to the Directors and Officers of the Company under the Company's 2008 stock option plan which vest upon completion of an offering. Those stock options were exercisable at a price of \$0.05 per common share, for a period of five years from the date the Company's common shares are listed for trading on the Canadian National Stock Exchange ("CNSX").

During the year ended January 31, 2011, the Company cancelled the options previously awarded and approved a 2010 stock option plan ("2010 Plan"). The aggregate number of securities reserved for issuance under the 2010 Plan may not exceed 10% of the Company's issued and outstanding shares at the time of granting options. In accordance with the terms of the 2010 Plan, the Company awarded 850,000 stock options to the Directors and Officers of the Company, which vest upon completion of an offering. Those stock options are exercisable at an exercise price of \$0.20 per share, for a period of 5 years from the date the Company's common shares are listed for trading on the CNSX.

### 5. RELATED PARTY TRANSACTIONS

The Company entered into an administrative services agreement effective February 3, 2006, with J. Proust & Associates Inc. ("JPA"), private company owned by a shareholder of the Company. Pursuant to the agreement, the Company agreed to pay to JPA \$2,000, plus HST, per month for general office and administrative services provided to the Company. During the year ended January 31, 2011, the Company incurred \$24,000 (2010 - \$24,000, 2009 - \$24,000) in administrative and management expenses to JPA. As at January 31, 2011, \$8,000 (2010 - \$62,000) of these expenses is included in accounts payables.

During the year ended January 31, 2011, the Company received a loan of \$52,000 (2010 - \$5,000, 2009 - \$30,250) from a company controlled by a shareholder and director and a loan of \$52,000 (2010 - \$5,000, 2009 - \$30,250) from a shareholder and former director of the Company. The loans were settled by the issuance of shares pursuant to the debt settlement agreements described below. The loans were non-interest bearing and had no fixed terms of repayment.

**CHARLOTTE RESOURCES LTD.**  
*(An Exploration Stage Company)*  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JANUARY 31, 2011, 2010, AND 2009**  
*(Expressed in Canadian Dollars)*

**5. RELATED PARTY TRANSACTIONS (continued)**

During the year ended January 31, 2011, the Company entered into the debt settlement agreements with certain related parties as follows:

- a) with a company controlled by a shareholder and former director pursuant to which the Company issued 2,344,362 common shares at a deemed price of \$0.051 per share in order to settle the outstanding loan of \$119,562;
- b) with JPA pursuant to which the Company issued 1,361,176 common shares at a deemed price of \$0.051 per share in order to settle the outstanding debt of \$69,420;
- c) with a director pursuant to which the Company issued 1,710,784 common shares at a deemed price of \$0.051 per share in order to settle the outstanding loan of \$87,250.

The related party transactions incurred during the year were in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed by the related parties.

**6. INCOME TAXES**

A reconciliation of income taxes at Canadian statutory rates with reported taxes is as follows:

	<b>2011</b> \$	<b>2010</b> \$	<b>2009</b> \$
Loss for the year	(46,825)	(48,216)	(138,277)
Expected income tax recovery	13,267	14,407	42,866
Item not deductible for income tax purposes	-	-	(31,160)
Unrecognized tax losses	(13,267)	(14,407)	(11,706)
Tax expense	-	-	-

The significant components of the Company's future income tax assets and liabilities are as follows:

	<b>January 31, 2011</b> \$	<b>January 31, 2010</b> \$
Future income tax assets/(liabilities)		
Mineral interest	2,372	2,505
Financing costs	20,480	18,847
Non-capital losses	50,633	38,927
	73,485	60,279
Valuation allowance for future income tax asset	(73,485)	(60,279)
	-	-

The Company has Canadian non-capital loss carryforwards of \$202,531 which expire in 2027 through to 2031, as well as approximately \$110,666 in certain resource related deduction and \$75,386 of cumulative eligible capital pool which may be available to offset future taxable income.

**CHARLOTTE RESOURCES LTD.***(An Exploration Stage Company)***NOTES TO FINANCIAL STATEMENTS****FOR THE YEARS ENDED JANUARY 31, 2011, 2010, AND 2009***(Expressed in Canadian Dollars)***7. SUPPLEMENTARY CASH FLOW INFORMATION**

Non-cash investing and financing activities were conducted by the Company as follows:

	2011	2010	2009
	\$	\$	\$
Expenditures on mineral interest	(10,200)	-	(7,500)
Shares issued for mineral interest	10,200	-	7,500
Accounts payable	(126,309)	-	-
Due to related parties	(194,500)	-	-
Shares issued for debt settlement	320,809	-	-
Accounts payable included in deferred share issue costs	5,045	-	69,289
Deferred share issue costs	(5,045)	-	(69,289)
	-	-	-

**8. FINANCIAL INSTRUMENTS**

The Company designated its financial instruments as follows:

- Cash and cash equivalents are classified as “*Held-for-trading*”. The fair value of the Company’s cash and cash equivalents are classified as Level 1 within the fair value hierarchy established by CICA section 3862.
- Accounts receivable are classified as “*Loans and Receivables*”. The recorded values of receivables approximate their current fair value because of their nature and respective maturity dates or durations.
- Accounts payable and accrued liabilities are classified as “*Other Financial Liabilities*”. The Company believes that the recorded values of accounts payable and accrued liabilities approximate their current fair value because of their nature and respective maturity dates or durations.

***Financial Instruments Risk Exposure******Credit risk***

Credit risk is the risk of loss associated with a counter-party’s inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to credit risk consist primarily of cash and receivables. The maximum exposure to credit risk is equal to the fair value or carrying value of the financial assets.

The Company reduces its credit risk by maintaining its bank accounts at large financial institutions. Receivables are amounts receivable from the Canadian federal government for the refundable HST amounts. The credit risk on these amounts is minimal.

# **CHARLOTTE RESOURCES LTD.**

*(An Exploration Stage Company)*

## **NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JANUARY 31, 2011, 2010, AND 2009**

*(Expressed in Canadian Dollars)*

### **8. FINANCIAL INSTRUMENTS (continued)**

#### *Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company is exposed only to the interest rate risk to the extent that the cash maintained at the financial institutions is subject to floating rate of interest. The interest rate risk on the Company's cash is minimal. The Company is exposed to market risk as the ability of the Company to develop or market its properties and the future profitability of the Company is related to the market price of certain minerals.

#### *Liquidity Risk*

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal year. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due.

During the year ended January 31, 2011, the Company received a loan of \$52,000 (2010 - \$5,000, 2009 - \$30,250) from a company controlled by a shareholder and director and a loan of \$52,000 (2010 - \$5,000, 2009 - \$30,250) from a shareholder and a former director of the Company. These loans allowed the Company to continue its operations and pay its operational and administrative expenses. The loans were settled by the issuance of shares pursuant to the debt settlement agreements described in Note 5.

During the year, the company issued 10,000,000 units at a price of \$0.051 per unit for proceeds of \$510,000 (net proceeds of \$501,835) pursuant to private placement on August 20, 2010.

As at January 31, 2011, the Company had a working capital of \$489,855 (2010 – working capital deficiency of 245,794). The Company will continue to rely on the funding to be provided by major shareholders or future equity financing, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

### **9. CAPITAL DISCLOSURE**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its mineral property and to maintain a flexible capital structure. The capital structure of the Company consists of equity attributable to common shareholders comprised of issued capital, contributed surplus, and deficit. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

The Company is currently not subject to externally imposed capital requirements.

There were no changes in the Company's approach to capital management during the year.



## **SCHEDULE “A”**

### **Charter of the Audit Committee of the Board of Directors of the Corporation**

#### ***Mandate***

The primary function of the Audit Committee (“Committee”) is to assist the Board of Directors in fulfilling its financial oversight responsibilities by reviewing the following: (a) the financial reports and other financial information provided by the Corporation to regulatory authorities and shareholders; (b) the Corporation’s systems of internal controls regarding finance and accounting; and (c) the Corporation’s auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Corporation’s policies, procedures and practices at all levels. The Committee’s primary duties and responsibilities are to (i) serve as an independent and objective party to monitor the Corporation’s financial reporting and internal control system and review the Corporation’s financial statements; (ii) review and appraise the performance of the Corporation’s external auditors; (iii) provide an open avenue of communication among the Corporation’s auditors, financial and senior management and the board of directors; and (iv) to ensure the highest standards of business conduct and ethics.

#### ***Composition***

The Committee shall be comprised of three directors as determined by the board of directors, the majority of whom shall be free from any relationship that, in the opinion of the board of directors, would interfere with the exercise of his or her independent judgment as a member of the Committee.

At least one member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Corporation’s Charter, the definition of “financially literate” is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Corporation’s financial statements.

The members of the Committee shall be elected by the board of directors at its first meeting following the annual shareholders’ meeting. Unless a Chair is elected by the full board of directors, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

#### ***Meetings***

The Committee shall meet at least twice annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least annually with the Chief Financial Officer and the external auditors in separate sessions.

#### ***Responsibilities and Duties***

To fulfill its responsibilities and duties, the Committee shall:

##### **Documents/Reports Review**

- (a) Review and update this Charter annually.
- (b) Review the Corporation’s financial statements, MD&A, any annual and interim earning statements and press releases before the Corporation publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion or review rendered by the external auditors.

### External Auditors

- (a) Review annually the performance of the external auditors who shall be ultimately accountable to the board of directors and the Committee as representatives of the shareholders of the Corporation.
- (b) Obtain annually a formal written statement of external auditors setting forth all relationships between the external auditors and the Corporation.
- (c) Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.
- (d) Take or recommend that the full board of directors take appropriate action to oversee the independence of the external auditors.
- (e) Recommend to the board of directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.
- (f) At each meeting, consult with the external auditors, without the presence of management, about the quality of the Corporation's accounting principles, internal controls and the completeness and accuracy of the Corporation's financial statements.
- (g) Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation.
- (h) Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.
- (i) Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Corporation's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:
  - i. the aggregate amount of all such non-audit services provided to the Corporation constitutes not more than 5% of the total amount of revenues paid by the Corporation to its external auditors during the fiscal year in which the non-audit services are provided;
  - ii. such services were not recognized by the Corporation at the time of the engagement to be non-audit services; and
  - iii. such services are promptly brought to the attention of the Committee by the Corporation and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the board of directors to whom authority to grant such approvals has been delegated by the Committee.

Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval such authority may be delegated by the Committee to one or more independent members of the Committee.

### Financial Reporting Processes

- (a) In consultation with the external auditors, review with management the integrity of the Corporation's financial reporting process, both internal and external.
- (b) Consider the external auditor's judgments about the quality and appropriateness of the Corporation's accounting principles as applied in its financial reporting.
- (c) Consider and approve, if appropriate, changes to the Corporation's auditing and accounting principles and practices as suggested by the external auditors and management.
- (d) Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.
- (e) Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
- (f) Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
- (g) Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
- (h) Review certification process.
- (i) Establish a procedure for the confidential, anonymous submission by employees of the

Corporation of concerns regarding questionable accounting or auditing matters.

Other

- (a) Review any related party transactions.
- (b) Review reports from persons regarding any questionable accounting, internal accounting controls or auditing matters ("Concerns") relating to the Corporation such that:
  - i. an individual may confidentially and anonymously submit their Concerns to the Chairman of the Committee in writing, by telephone, or by e-mail;
  - ii. the Committee reviews as soon as possible all Concerns and addresses same as they deem necessary; and
  - iii. the Committee retains all records relating to any Concerns reported by an individual for a period the Committee judges to be appropriate.

All of the foregoing in a manner that the individual submitting such Concerns shall have no fear of adverse consequences.

**CERTIFICATE OF CHARLOTTE RESOURCES LTD.**

Dated: April 7, 2011

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario.

*“John G. Proust”*

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JOHN G. PROUST  
President and Chief Executive Officer

*“Brian Richardson”*

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BRIAN RICHARDSON  
Chief Financial Officer

**ON BEHALF OF THE BOARD OF DIRECTORS**

*“David M. R. Stone”*

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DAVID M. R. STONE  
Director

*“Eileen Au”*

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EILEEN AU  
Director

**PROMOTER**

*“John G. Proust”*

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JOHN G. PROUST

## **CERTIFICATE OF THE AGENT**

Dated: April 7, 2011

To the best of our knowledge, information and belief, this prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario.

### **CANACCORD GENUITY CORP.**

*"Graeme Currie"*

Per: \_\_\_\_\_

Graeme Currie

Director, Mining Special Situations

## **SCHEDULE B**

### **CNSX Listing Statement Disclosure – Additional Information**

#### Item 14. Capitalization

The following table sets out the certain information regarding the share capitalization of the Issuer. The Issuer has one class of security: Common Shares.

<b><u>Issued Capital</u></b>	<b>Number of Securities (non-diluted)</b>	<b>Number of Securities (fully-diluted)</b>	<b>% of Issued (non-diluted)</b>	<b>% of Issued (fully diluted)</b>
<b><u>Public Float</u></b>				
Total outstanding (A)	25,051,797	26,901,797	100%	100%
Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B)	13,828,926 (Related Persons = 225,001 5% voting position = 13,603,925)	14,678,926	55.2%	54.56%
Total Public Float (A-B)	11,222,871	12,222,871	44.8%	45.44%
<b><u>Freely-Tradeable Float</u></b>				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)	0	0	0%	0%
Total Tradeable Float (A-C)	25,051,797	26,901,797	100%	100%

Public Securityholders (Registered)

For the purposes of this report, “public securityholders” are persons other than persons enumerated in section (B) of the previous chart.

**Class of Security** – Common Shares

<b><u>Size of Holding</u></b>	<b><u>Number of holders</u></b>	<b><u>Total number of securities</u></b>
1 - 99 securities	0	0
100 - 499 securities	0	0
500 - 999 securities	0	0
1,000 -1,999 securities	0	0
2,000 - 2,999 securities	0	0
3,000 - 3,999 securities	0	0
4,000 - 4,999 securities	0	0
5,000 or more securities	28	11,222,871
<b>Total:</b>	<b>28</b>	<b>11,222,871</b>



Public Securityholders (Beneficial)

**Class of Security** – Common Shares

<b><u>Size of Holding</u></b>	<b><u>Number of holders</u></b>	<b><u>Total number of securities</u></b>
1 - 99 securities	<u>0</u>	<u>0</u>
100 - 499 securities	<u>0</u>	<u>0</u>
500 - 999 securities	<u>0</u>	<u>0</u>
1,000 -1,999 securities	<u>2</u>	<u>2,000</u>
2,000 - 2,999 securities	<u>14</u>	<u>34,000</u>
3,000 - 3,999 securities	<u>2</u>	<u>6,000</u>
4,000 - 4,999 securities	<u>1</u>	<u>4,000</u>
5,000 or more securities	<u>469</u>	<u>11,051,871</u>
<b>Total:</b>	<u><b>488</b></u>	<u><b>11,097,871</b></u>

Non-Public Securityholders (Registered)

For the purposes of this report, “non-public securityholders” are persons enumerated in section (B) of the issued capital chart.

**Class of Security** – Common Shares

<b><u>Size of Holding</u></b>	<b><u>Number of holders</u></b>	<b><u>Total number of securities</u></b>
1 - 99 securities	<u>0</u>	<u>0</u>
100 - 499 securities	<u>0</u>	<u>0</u>
500 - 999 securities	<u>0</u>	<u>0</u>
1,000 -1,999 securities	<u>0</u>	<u>0</u>
2,000 - 2,999 securities	<u>0</u>	<u>0</u>
3,000 - 3,999 securities	<u>0</u>	<u>0</u>
4,000 - 4,999 securities	<u>0</u>	<u>0</u>
5,000 or more securities	<u>12</u>	<u>13,828,926</u>
<b>Total:</b>	<u><b>12</b></u>	<u><b>13,828,926</b></u>

## CERTIFICATE OF THE ISSUER

Pursuant to a resolution duly passed by its Board of Directors, Charlotte Resources Ltd. hereby applies for the listing of the above mentioned securities on CNSX. The foregoing contains full, true and plain disclosure of all material information relating to Charlotte Resources Ltd. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Vancouver

this 21st day of April, 2011.

*“John G. Proust”*

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JOHN G. PROUST  
Chief Executive Officer

*“Brian Richardson”*

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BRIAN RICHARDSON  
Chief Financial Officer

*“John G. Proust”*

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JOHN G. PROUST  
Promoter

*“Eileen Au”*

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EILEEN AU  
Director

*“David M.R. Stone”*

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DAVID M.R. STONE  
Director