# FORM 5

## QUARTERLY LISTING STATEMENT

Name of CNSX Issuer: **GORILLA RESOURCES CORP.** (the "Issuer").

Trading Symbol: **GOA**

This Quarterly Listing Statement must be posted on or before the day on which the Issuer's unaudited interim financial statements are to be filed under the *Securities* Act, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer's first, second and third fiscal quarters. This statement is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the CNSX Policies. If material information became known and was reported during the preceding quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the CNSX.ca website.

**General Instructions**

(a) Prepare this Quarterly Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.

(b) The term "Issuer" includes the CNSX Issuer and any of its subsidiaries.

(c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

There are three schedules which must be attached to this report as follows:

**SCHEDULE A: FINANCIAL STATEMENTS**

Financial statements are required as follows:

For the first, second and third financial quarters interim financial statements prepared in accordance with the requirements under Ontario securities law must be attached.

If the Issuer is exempt from filing certain interim financial statements, give the date of the exempting order.

**Combined Interim Financial Statements (unaudited) for the 6 months ended January 31, 2012**

Combined interim financial statements (unaudited) of the Issuer for the **six-month** period ended **January 31, 2012**, as filed with securities regulatory authorities, are attached to this Form 5 - Quarterly Listing Statement as Appendix A.

## SCHEDULE B: SUPPLEMENTARY INFORMATION

The supplementary information set out below must be provided when not included in Schedule A.

### 1. Related party transactions

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

(a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.
(b) A description of the transaction(s), including those for which no amount has been recorded.
(c) The recorded amount of the transactions classified by financial statement category.
(d) The amounts due to or from Related Persons and the terms and conditions relating thereto.
(e) Contractual obligations with Related Persons, separate from other contractual obligations.
(f) Contingencies involving Related Persons, separate from other contingencies.

With respect to related party transactions, for information supplementary to that contained in the notes to the combined interim financial statements (unaudited), which are attached hereto, please refer to Management's Discussion & Analysis for the **six-month** period ended **January 31, 2012**, as filed with securities regulatory authorities, and attached to this Form 5 - Quarterly Listing Statement as Appendix B.

### 2. Summary of securities issued and options granted during the period.

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

The Issuer was continued under the laws of the Province of British Columbia on October 14, 2011, as a result of a statutory amalgamation completed under the provisions of the *Business Corporations Act* (British Columbia) by its predecessor corporations, Gorilla Resources Corp. ("**Old Gorilla**") and Orca Wind Power Corp. ("**Orca**") pursuant to the Amalgamation Agreement dated August 24, 2011 (copy of which has been filed and is available for viewing under the Issuer's profile on SEDAR at sedar.com). The following information is provided for the Issuer and its predecessor corporations as noted:

**(a)** summary of securities issued (and redeemed) during the period from August 1, 2011 to January 31, 2012:

| Date of Issue | Type of Security (common shares, convertible debentures, etc.) | Type of Issue (private placement, public offering, exercise of warrants, etc.) | Number | Price | Total Proceeds | Type of Consideration (cash, property, etc.) | Describe relationship of Person with Issuer (indicate if Related Person) | Commission Paid |
|---|---|---|---|---|---|---|---|---|
| **BALANCE AS AT AUGUST 1, 2011:** | | | **10,000,001** | | | | | |
| Aug 10, 2011 | Common Shares (of Orca) | Plan of Arrangement | 17,849,615[(1)] | --- | $15,000 (deemed value) | --- | --- | $Nil |
| Aug 10, 2011 | Common Shares (of Orca) | Debt Settlement | 6,000,000 | $0.001 | $6,000 | Cash | Related | $Nil |
| Aug 22, 2011 | Common Shares (of Old Gorilla) | Private Placement | 300,000 | $0.05 | $15,000 | Cash | Not Related | $Nil |
| Sept 22, 2011 | Common Shares (of Old Gorilla) | Private Placement | 125,000 | $0.10 | $12,500 | Cash | Not Related | $Nil |
| Sept 30, 2011 | Common Shares (of Old Gorilla) | Private Placement | 105,000 | $0.12 | $12,600 | Cash | Not Related | $Nil |
| Oct 14, 2011 | Common Shares (of Orca and Old Gorilla) | Plan of Arrangement | (34,379,615) [(2)] | --- | --- | --- | --- | $Nil |
| Oct 14, 2011 | Common Share (of the Issuer) | Incorporation Share | (1) [(3)] | $0.005 | --- | --- | --- | $Nil |
| Oct 14, 2011 | Common Shares (of the Issuer) | Plan of Arrangement | 11,722,480[(2)] | $0.018 (deemed value) | --- | Share Exchange | --- | $Nil |
| Nov 30-2011 | Common Shares[(4)] | Option Agreement | 150,000 | $0.15 | $Nil | Property Acquisition | Not Related | $Nil |
| Jan 11-2012 | Common Shares [(5)] | Plan of Arrangement | 1 | --- | --- | --- | Not Related | N/A |
| **BALANCE AS AT JANUARY 31, 2011:** | | | **11,872,481** | | | | | |

(1) Issued pursuant to an arrangement completed by Orca and its former parent, Orca Power Corp., on August 10, 2011.

(2) On October 14, 2011, pursuant to the terms of the Amalgamation Agreement, the common shares of Orca and the common shares of Old Gorilla were exchanged for the common shares of the Issuer. In total, the Issuer issued 11,722,480 shares to the former shareholders

of Orca and Old Gorilla.

(3) Repurchased by the Issuer on October 14, 2011.

(4) Issued pursuant to the issuer's option agreement to acquire a 100% interest in the Wels Project n Whitehorse, Yukon.

(5) Issued pursuant to an arrangement completed between the Issuer and Dizun Holdings Inc. and Dizun International Enterprises Inc.

**(b)** summary of options granted during the period from: August 1, 2011 to January 31, 2012:

| Date | Number | Name of Optionee if Related Person and relationship | Generic description of other Optionees | Exercise Price | Expiry Date | Market Price on date of Grant |
|---|---|---|---|---|---|---|
| Oct 14/2011 | 100,000 | Scott Sheldon | Director | $0.12 | Oct 14/2013 | $0.12(1) |
| Oct 14/2011 | 100,000 | Donald Sheldon | Director | $0.12 | Oct 14/2013 | $0.12(1) |
| Oct 14/2011 | 100,000 | Edward (Ted) Reid | Director | $0.12 | Oct 14/2013 | $0.12(1) |
| Oct 14/2011 | 100,000 | Ranjit Pillai | Director | $0.12 | Oct 14/2013 | $0.12(1) |
| **TOTAL** | **400,000** | | | | | |

## 3. Summary of securities as at the end of the reporting period.

Provide the following information in tabular format as at the end of the reporting period:

(a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,

***Common Shares:*** The authorized capital of the Issuer consists of an unlimited number of common shares without par value of which **11,872,481** common shares are issued and outstanding as at **January 31, 2012**. Holders of the Issuer's common shares are entitled to vote at all meetings of shareholders declared by the directors and, subject to the rights of holders of any shares ranking in priority to or on a parity with the common shares, to participate rateably in any distribution of property or assets upon the liquidation, winding-up or other dissolution of the Issuer.

***Preferred Shares*:** The authorized capital of the Issuer consists of an unlimited number of preferred shares without par value, none of which are issued or outstanding as of **January 31, 2012.** The preferred shares rank in priority to the common shares and are entitled to any declared but unpaid dividends upon the liquidation, winding-up or other dissolution of the Issuer.

(b) number and recorded value for shares issued and outstanding,

| Date | Number of common shares | Recorded value of common shares |
|---|---|---|
| As at January 31, 2012 | 11,872,481 | $236,100 |

(c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and

***Options***: Options to purchase common shares in the capital of the Issuer are granted by the Issuer's Board of Directors to eligible persons pursuant to the Issuer's 2011 Stock Option Incentive Plan. The Issuer granted **zero** stock options during the period of **November 1, 2011 to January 31, 2012**.

As at **January 31, 2012**, options were outstanding entitling holders to purchase an aggregate **400,000** common shares in the capital of the Issuer as summarized below:

| Date of Grant | Number of Options | Exercise Price | Expiry Date |
|---|---|---|---|
| October 14, 2011 | 400,000 | $0.12 | October 14, 2013 |
| **TOTAL** | **400,000** | | |

***Warrants*: Nil**:

***Convertible Securities***: The Issuer has no convertible securities outstanding as at **January 31, 2012**.

(d) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

***Escrowed Securities***: The Issuer entered into stock restriction agreements with certain holders of its common shares as described in the table below (collectively, the "**Stock Restriction Agreements**"):

| Stockholder Name | Number of Common Shares Restricted | Percentage of Class(1) |
|---|---|---|
| Scott Sheldon | 3,750,000 | 32.0% |
| Donald Sheldon | 3,250,000 | 27.7% |
| Mark Curry | 2,500,000 | 21.3% |
| Thomas Bell | 122,389 | 1.0% |
| Donald Gordon | 204,539 | 1.7% |
| Patrick Lavin | 123,072 | 1.0% |
| LAB Capital Corp.(2) | 150,000 | 1.3% |

| Stockholder Name | Number of Common Shares Restricted | Percentage of Class[1] |
|---|---|---|
| TOTAL: | 10,100,000 | 86.0% |

(1) Based on a total of 11,722,480 issued and outstanding common shares.
(2) A company controlled by Donald Gordon, Thomas Bell and Patrick Lavin.

The Stock Restriction Agreements include vesting provisions that vary depending on the prices of the share. For shares issued at $0.0005 per share, the following schedule applies:

| Vesting Date | Proportion of Vested Shares |
|---|---|
| On the date the Issuer's securities are listed on a Canadian exchange (the "Listing Date")[1] | 15% of the Stock |
| 6 months after the Listing Date | 1/6 of the remainder of the Stock |
| 12 months after the Listing Date | 1/5 of the remainder of the Stock |
| 18 months after the Listing Date | 1/4 of the remainder of the Stock |
| 24 months after the Listing Date | 1/3 of the remainder of the Stock |
| 30 months after the Listing Date | 1/2 of the remainder of the Stock |
| 36 months after the Listing Date | The remainder of the Stock |

(1) The Listing Date was October 31, 2011.

The following shares are subject to a vesting schedule with release 4 months after October 14, 2011:

22,389 common shares held by Thomas Bell;
104,539 common shares held by Donald Gordon;
23,072 common shares held by Patrick Lavin; and
150,000 common shares held by LAB Capital Corp.

For all other shares purchased at $0.02, the vesting schedule below applies:

| Vesting Date | Proportion of Vested Shares |
|---|---|
| On the date the Issuer's securities are listed on a Canadian exchange (the "Listing Date")[1] | 15% of the Stock |
| 6 months after the Listing Date | 25% of the remainder of the Stock |
| 12 months after the Listing Date | 25% of the remainder of the Stock |
| 18 months after the Listing Date | 25%of the remainder of the Stock |
| 24 months after the Listing Date | The remainder of the Stock |

(1) The Listing Date was October 31, 2011.

The Stock Restriction Agreements will terminate on the earlier of: (a) the date the stockholder no longer acts as a director or officer of the Issuer; or (b) the date that is four years after the date that the shares were issued.

4. **List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.**

| Name of Director/Officer | Position with Issuer |
|---|---|
| Scott Sheldon | Director, President & Chief Executive Officer |
| Edward (Ted) Reid | Director & Chief Financial Officer |
| Ranjit Pillai | Director |
| Donald Sheldon | Director |

## SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

Provide Interim MD&A if required by applicable securities legislation.

Management's Discussion & Analysis for the **six-month** period ended **January 31, 2012**, as filed with securities regulatory authorities, is attached to this Form 5 - Quarterly Listing Statement as Appendix B.

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## Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.

2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.

3. The undersigned hereby certifies to CNSX that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all CNSX Requirements (as defined in CNSX Policy 1).

4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated: **April 2, 2012**

**Scott Sheldon**
Name of Director or Senior Officer

***(signed) "Scott Sheldon"***
Signature

**President**
Official Capacity

| ***Issuer Details***<br>Name of Issuer<br><br>Gorilla Resources Corp. | For Quarter End<br><br><br>**January 2012** | Date of Report<br>YY/MM/DD<br><br>**2012/04/02** |
|---|---|---|
| Issuer Address<br>Suite 2001 – 1050 Burrard Street | | |
| City/Province/Postal Code<br>Vancouver, BC V6Z 2R9 | Issuer Fax No.<br>None | Issuer Telephone No.<br>604 725 1857 |
| Contact Name<br>Scott Sheldon | Contact Position<br>President/Director | Contact Telephone No.<br>604 725 1857 |
| Contact Email Address<br>contact@gorillaresources.com | Web Site Address<br>www.gorillaresources.com | |

**APPENDIX A**

GORILLA RESOURCES CORP.

Combined interim financial statements for the **six-month** period ended

**January 31, 2012**

# GORILLA RESOURCES CORP.

Combined Interim Financial Statements

For the Six Months Ended January 31, 2012

(Unaudited)

(Expressed in Canadian dollars)

**GORILLA RESOURCES CORP.**

Suite 1820 – 925 West Georgia Street
Vancouver, British Columbia V6C 3L2
Phone: (604) 725-1857 Fax: (604) 687-3141

March 27, 2012

**Interim Financial Statements**

**Second Quarter Report**

**For the six month period ended January 31, 2012 and 2011**

***NOTICE TO READER***

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company must disclose if an auditor has not performed a review of the interim financial statements.

The accompanying unaudited interim financial statements have been prepared by and are the responsibility of the Company's management.

These unaudited interim financial statements have not been reviewed on behalf of the shareholders by the independent external auditors of the Company.

Yours truly,

**GORILLA RESOURCES CORP.**

*"Scott Sheldon"*

Scott Sheldons
Corporate Secretary

**GORILLA RESOURCES CORP.**
Combined Interim Statements of Financial Position
As at January 31, 2012
(Unaudited)
(Expressed in Canadian dollars)

| | January 31, 2012 $ | July 31, 2011 $ |
|---|---|---|
| **Assets** | | |
| **Current Assets** | | |
| Cash and cash equivalents | 5,154 | 80,933 |
| Receivables (Note 5) | 6,647 | - |
| Prepaid expenses and deposits (Note 6) | 1,000 | - |
| | 12,801 | 80,933 |
| Mineral properties (Note 4) | 53,850 | 31,350 |
| | 66,651 | 112,283 |
| **Liabilities and Shareholders' Equity** | | |
| **Current Liabilities** | | |
| Accounts payable and accrued liabilities | 47,644 | 18,435 |
| Promissory Note (Note 8) | 1,875 | - |
| | 49,519 | 18,435 |
| Promissory Note (Note 8) | 88,000 | - |
| **Shareholders' Equity** | | |
| Share capital (Note 7) | 236,100 | 162,501 |
| Share subscriptions receivable | - | (32,001) |
| Reserves (Note 7) | 37,854 | - |
| Deficit | (344,822) | (36,652) |
| | (70,868) | 93,848 |
| | 66,651 | 112,283 |

Nature of operations and continuance of business (Note 1)

Approved by the Board of Directors on March 27, 2012:

Signed: "Scott Sheldon"
Scott Sheldon, Director

Signed: "Donald Sheldon"
Donald Sheldon, Director

(The accompanying notes are an integral part of these combined interim financial statements)

**GORILLA RESOURCES CORP.**
Combined Interim Statement of Loss and Comprehensive Loss
(Unaudited)
(Expressed in Canadian dollars)

| | Three Months Ended January 31, 2012 $ | Six Months Ended January 31, 2012 $ |
|---|---|---|
| **Expenses** | | |
| Exploration and evaluation costs | 136 | 68,484 |
| Advertising and promotion | - | 3,543 |
| Audit and accounting | 11,201 | 24,543 |
| Consulting fees | - | 15,000 |
| Share based compensation (Note 7) | - | 37,854 |
| Legal | 47,420 | 102,456 |
| Management fees | 6,960 | 2,960 |
| Office | 9,230 | 15,806 |
| Regulatory and shareholder services | 10,919 | 37,524 |
| | 85,866 | 308,170 |
| Net loss and comprehensive loss for the period | (85,866) | (308,170) |
| Loss per share, basic and diluted | (0.01) | (0.03) |
| Weighted average shares outstanding | 11,825,197 | 11,773,838 |

(The accompanying notes are an integral part of these combined interim financial statements)

**GORILLA RESOURCES CORP.**
Combined Interim Statement of Changes in Equity
(Unaudited)
(Expressed in Canadian dollars)

| | Share Capital | | | | | |
|---|---|---|---|---|---|---|
| | Common Shares | Amount $ | Share Subscriptions Receivable $ | Reserves* $ | Deficit $ | Total $ |
| Balance, Incorporation | | | | | | |
| Shares issued for cash | 10,000,001 | 162,501 | (32,001) | | - | 130,500 |
| Net loss for the period | - | - | - | - | (36,652) | (36,652) |
| Balance, July 31, 2011 | 10,000,001 | 162,501 | (32,001) | - | (36,652) | 93,848 |
| Shares issued for cash GOR | 530,000 | 40,100 | - | - | - | 40,100 |
| Shares issued under the arrangement OWP (Note 7) | 17,849,615 | 15,000 | - | - | - | 15,000 |
| Shares issued in settlement of debt OWP (Note 7) | 6,000,000 | 6,000 | - | - | - | 6,000 |
| Assets spun out of Company OWP (Note 9) | - | (10,000) | - | - | - | (10,000) |
| Shares redeemed pursuant to the amalgamation agreement OWP (Note 7) | (34,379,615) | - | - | - | - | - |
| Redemption of incorporation share OWP (Note 7) | (1) | (1) | - | - | - | (1) |
| Shares issued pursuant to amalgamation agreement (Note 7) | 11,722,480 | - | - | - | - | - |
| Share subscriptions received | - | - | 32,001 | - | - | 32,001 |
| Share based compensation | - | - | - | 37,854 | - | 37,854 |
| Shares issued for property (Note7) | 150,000 | 22,500 | - | - | - | 22,500 |
| Share issued pursuant to Dizun statutory arrangement | 1 | - | - | - | - | - |
| Net loss for the period | - | - | - | - | (308,170) | (308,170) |
| Balance, January 31, 2012 | 11,872,481 | 236,100 | - | 37,854 | (344,822) | (70,868) |

*Reserves consist entirely of share based compensation payments

(The accompanying notes are an integral part of these combined interim financial statements)

## GORILLA RESOURCES CORP.

Combined Interim Statement of Cash Flows
(Unaudited)
(Expressed in Canadian dollars)

| | Three Months Ended January 31, 2012 $ | Six Months Ended January 31, 2012 $ |
|---|---|---|
| Cash provided by (used in): | | |
| Operating activities | | |
| Net loss for the period | (85,866) | (308,170) |
| Share based compensation | - | 37,854 |
| Changes in non-cash operating working capital: | | |
| Receivables | 9,860 | (6,647) |
| Prepaids and deposits | - | (1,000) |
| Accounts payable and accrued liabilities | 39,508 | 31,083 |
| | (36,498) | (246,880) |
| Financing activities | | |
| Proceeds from shares issued | - | 61,100 |
| Assets spun out | - | (10,000) |
| Share subscriptions received | - | 32,001 |
| Proceeds from promissory note | 38,000 | 88,000 |
| | 38,000 | 171,101 |
| Increase (decrease) in cash | 1,502 | (75,779) |
| Cash, beginning of period | 3,652 | 80,933 |
| Cash, end of period | 5,154 | 5,154 |
| **Supplemental information** | | |
| Interest paid | - | - |
| Taxes paid | - | - |

**Supplementary disclosure with respect to cash flows** (Note 13)

(The accompanying notes are an integral part of these combined interim financial statements)

## 1. Nature of Operations and Continuance of Business

These combined statements include the accounts of Gorilla Resources Corp. ("Gorilla") and Orca Wind Power Corp. ("OWP"). On August 3, 2011, Gorilla and OWP entered into a letter of intent that proposed a merger or amalgamation agreement whereby the common shares of Gorilla and OWP would be exchanged for the common shares of the amalgamated company that would use the name Gorilla Resources Corp. (the "Company") (Note 9). The preparation of these combined statements is a result of the merger or amalgamation. These combined financial statements present the assets, liabilities, equity, and transactions of Gorilla from May 13, 2011 and OWP from November 2, 2010, to July 31, 2011, as if the entities were amalgamated since the date of incorporation of OWP and for the six months ended January 31, 2012 on a combined basis.

Gorilla is an exploration stage company and is in the process of exploring its mineral properties in Canada and has not yet determined whether its properties contain ore reserves that are economically recoverable. The recoverability of amounts spent for mineral properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its property, and upon future profitable production or proceeds from disposition of the properties. The operations of the Company will require various licences and permits from various governmental authorities which are or may be granted subject to various conditions and may be subject to renewal from time to time. There can be no assurance that the Company will be able to comply with such conditions and obtain or retain all necessary licences and permits that may be required to carry out exploration, development, and mining operations at its projects. Failure to comply with these conditions may render the licences liable to forfeiture.

Gorilla was incorporated on May 13, 2011 in Canada with limited liability under the legislation of the Province of British Columbia. Gorilla's registered office is located at Suite 1820, 925 West Georgia Street, Vancouver, British Columbia, Canada V6C 3L2.

OWP is a start-up wind power development company whose principal business is the development and acquisition of wind power projects. OWP's financial success will be dependent upon the extent to which it can develop these projects.

OWP was incorporated in Canada with limited liability under the legislation of the Province of British Columbia. OWP was incorporated on November 2, 2010 as a wholly-owned subsidiary of Orca Power Corp. ("Orca"). OWP's registered office is located at 1201 - 700 West Pender Street, Vancouver, BC V6C 1G8

These combined financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due. As at January 31, 2012, the Company has not generated any revenues from operations and has an accumulated deficit of $344,822. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These combined financial statements do not reflect any adjustments to the carrying values of assets and liabilities, the reported expenses, and the balance sheet classifications used that may be necessary if the Company is unable to continue as a going concern.

## 2. Basis of Presentation

(a) Statement of Compliance

These combined financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

(b) Basis of Measurement

These combined financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out in Note 3.

(c) Functional and Presentation Currency

The functional currency of a company is the currency of the primary economic environment in which the company operates. The presentation currency for a company is the currency in which the company chooses to present its financial statements.

These combined financial statements are presented in Canadian dollars, which is the Company's presentation and functional currency.

## 3. Significant Accounting Policies

(a) Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash and highly liquid investments that are readily convertible into known amounts of cash within three months.

(b) Mineral Properties

*Recognition and Measurement*

Acquisition costs to acquire exploration and evaluation assets are capitalized. Mineral property acquisition costs and option payments are classified as intangible assets. Exploration and evaluation expenditures include costs of conducting geological surveys, and exploratory drilling and sampling. These types of costs when incurred are recognized as expense for the period unless there is evidence of a resource and management expects the expenditures to be recovered. Amounts capitalized include administrative and other general overhead costs associated with finding specific mineral resources. Expenditures incurred prior to the Company obtaining legal rights to explore an area are recognized as an expense in the period.

Upon completion of a technical feasibility study and when commercial viability is demonstrated, capitalized exploration and evaluation assets are transferred to and classified as mineral property acquisition and development costs.

## 3. Significant Accounting Policies (continued)

(b) Mineral Properties (continued)

*Impairment*

Management reviews the carrying value of capitalized exploration and evaluation expenditures at least annually. The review is based on the Company's intentions for development of an undeveloped property. If a project does not prove viable, all unrecoverable costs associated with the project net of any impairment provisions are written off. Subsequent recovery of the resulting carrying value depends on successful development or sale of the undeveloped project.

(c) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. The increase in the obligation due to the passage of time is recognized as finance expense. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

(d) Income Taxes

Provision for income taxes consists of current and deferred tax expense. Income tax expense is recognized in the income statement except to the extent that it relates to items recognized either in other comprehensive income or directly in equity, in which case it is recognized in other comprehensive income or in equity, respectively. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for temporary differences associated with the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income or loss and temporary differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse based on the laws that have been enacted or substantively enacted at the reporting date.

## 3. Significant Accounting Policies (continued)

(d) Income Taxes (continued)

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

(e) Financial Instruments

*Financial Assets*

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. Management determines the classification of its financial assets at initial recognition. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

*Loans and Receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities of greater than 12 months after the end of the reporting periods, which are classified as non-current assets. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in the profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process. The Company's loans and receivables consist of share subscriptions receivable on the balance sheet.

*Financial Assets at Fair Value Through Profit or Loss*

An instrument is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes purchases and sale decisions based on their fair value in accordance with the Company's risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

The Company has classified cash as fair value through profit or loss.

## 3. Significant Accounting Policies (continued)

(e) Financial Instruments (continued)

*Available-for-sale Financial Assets*

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period. Subsequent to initial recognition, available-for-sale financial assets are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognized in other comprehensive income and presented within equity in the fair value reserve. When an instrument is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

*Financial Liabilities*

Financial liabilities other than derivative liabilities are recognized initially at fair value and are subsequently stated at amortized cost. These liabilities include accounts payable and accrued liabilities, other liabilities and loans. Transaction costs on financial assets and liabilities other than those classified as fair value through profit and loss are treated as part of the carrying value of the asset or liability. Transaction costs for assets and liabilities at fair value through profit and loss are expensed as incurred.

*Impairment of Financial Assets*

The Company assesses at the end of each reporting date whether there is objective evidence that a financial asset is impaired. A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

An impairment loss in respect of a financial asset carried at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted using the instrument’s original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value. In the case of equity instruments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset that was previously recognized in profit or loss, is removed from equity and recognized in the income statement.

All impairment losses are recognized in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. Impairment losses recognized for equity securities are not reversed.

## 3. Significant Accounting Policies (continued)

(f) Loss Per Share

Basic earnings or loss per share is computed by dividing the earnings or loss for the period by the weighted average number of common shares outstanding during the relevant period. The treasury stock method is used for the calculation of diluted earnings or loss per share. Stock options, share purchase warrants, and other equity instruments are dilutive when the average market price of the common shares during the period exceeds the exercise price of the options, warrants and other equity instruments. When a loss has been incurred, basic and diluted loss per share is the same because the exercise of options and warrants would be anti-dilutive.

(g) Comprehensive Income

Comprehensive income or loss is the change in net assets arising from transactions and other events and circumstances from non-owner sources, and comprises net income or loss and other comprehensive income or loss. Financial assets that are classified as available for sale will have revaluation gains and losses included in other comprehensive income or loss until the asset is removed from the balance sheet.

(h) Share Capital

The Company records proceeds from share issuances net of issue costs and any tax effects in shareholders' equity. Common shares issued for consideration other than cash are valued based on their market value at the date the agreement to issue shares was concluded. Common shares held by the Company are classified as treasury stock and recorded as a reduction to shareholders' equity.

(i) Related Parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

(j) Critical Accounting Judgments and Estimates

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions about future events that affect the application of accounting policies and 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 reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

## 3. Significant Accounting Policies (continued)

(j) Critical Accounting Judgments and Estimates (continued)

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

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year.

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments.

(k) Future Changes in Accounting Standards

"IFRS 9 Financial Instruments" is part of the IASB's wider project to replace "IAS 39 Financial Instruments: Recognition and Measurement". IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2013. The Company is in the process of evaluating the impact of the new standard and the amendments to the new standard.

The following new standards, amendments and interpretations will not have an effect on the Company's future results and financial position:

- IFRS 1: Severe Hyperinflation (Effective for periods beginning on or after July 1, 2011)
- IFRS 7 (Amendment): Financial Instruments: Disclosures: Transfers of Financial Assets (Effective for annual periods beginning on or after July 1, 2011 with early application permitted)
- IAS 12 (Amendment): Deferred Tax: Recovery of Underlying Assets (Effective for annual periods beginning on or after January 1, 2012, with early application permitted)

## 4. Mineral Properties

Wels Property (*Whitehorse Mining District, Yukon Territory, Canada)*

Pursuant to an option agreement dated June 6, 2011, the Company was granted an option to acquire a 100% interest in the Wels property located in the Whitehorse Mining District, Yukon Territory, Canada. The property consists of 110 unpatented mining claims and is subject to a 3% Net Smelter Returns ("NSR") in favour of the optionor. The Company has the right to buy back the NSR for a cash payment of $750,000 for each 1%, to a maximum of $1,500,000, at any time. To maintain and exercise the option, the Company must:

- Make cash payments of $15,900 upon signing (paid);
- Make cash payments of $15,450 upon the completion of a National Instrument 43-101 technical report (paid);

(Expressed in Canadian dollars)

## 4. Mineral Properties (continued)

- Issue 150,000 common shares on the sixth month anniversary (issued at $0.15 per share);
- Make cash payments of $25,000 and issue 100,000 common shares on or before September 30, 2012;
- Make payments of $40,000 on or before September 30, 2013, payable in cash, common shares, or a combination of cash and common shares;
- Make payments of $80,000 on or before September 30, 2014, payable in cash, common shares, or a combination of cash and common shares.

During the six months ended January 31, 2012, the Company received $21,250 in non-transferable contribution funds from the government of Yukon for financial assistance to carry out the Wels Property, and incurred exploration expenditures on the Wels Property as follows:

| | **January 31, 2012** |
|---|---|
| **Exploration and related expenditures** | |
| Assays | $ 41,756 |
| Equipment and supplies | 1,050 |
| Geological | 2,439 |
| Maps | 473 |
| Transportation | 39,858 |
| Travel and accommodation | 4,158 |
| Government of Yukon contribution funds | (21,250) |
| **Total mineral property expenditures** | $ 68,484 |

## 5. Receivables

| The Company's receivables consist of HST/GST receivable due from the government of Canada: | January 31, 2012 | July 31, 2011 |
|---|---|---|
| HST/GST receivable | $6,647 | $ - |

## 6. Prepaid expenses and deposits

The Company's prepaid expenses and deposits are as follows:

| | January 31, 2012 | July 31, 2011 |
|---|---|---|
| Prepaid rent | $1,000 | $ - |

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## 7. Share Capital and Reserves

(a) Authorized share capital

Unlimited number of common shares without par value

(b) Issued share capital

On November 2, 2010, OWP issued one common share at $1.00 per share for proceeds of $1. This amount is included in share subscriptions receivable at July 31, 2011.

On May 13, 2011, Gorilla issued 2,500,000 shares at $0.005 per share for proceeds of $12,500.

On July 26, 2011, Gorilla issued 7,500,000 shares at $0.02 per share for proceeds of $150,000, of which $32,000 is included in share subscriptions receivable as of July 31, 2011. On August 8, 2011, $32,000 was received from the shareholder as full payment for the shares subscribed for.

On July 15, 2011, OWP entered into a debt settlement for settlement of the $6,000 debt by the issuance of 6,000,000 common shares. On August 10, 2011, OWP issued the 6,000,000 common shares as full settlement of the debt.

On August 10, 2011, OWP issued 17,849,615 common shares and effectively completed all outstanding obligations under the Arrangement (Note 9).

During the current period, and prior to the amalgamation on October 14, 2011, Gorilla issued 530,000 shares between $0.05 per share and $0.12 per share for total proceeds of $40,100.

On October 14, 2011, OWP and Gorilla entered into an amalgamation agreement, under which the common shares of OWP and the common shares of Gorilla were exchanged for the common shares of the amalgamated company, Gorilla Resources Corp. In total, the Company issued 11,722,480 shares to the former shareholders of OWP and Gorilla (Note 9).

On November 30, 2011, the Company issued 150,000 common shares at a price of $0.15 per share, pursuant to maintain its option to acquire a 100% undivided interest in the Wels Property (Note 4).

On January 11, 2012, the Company issued 1 common share pursuant to the Plan of Arrangement with Dizun Holdings Inc. and Dizun International Enterprises Inc. (Note 9).

(c) Stock options

The Company's stock option plan provides that the board of directors may from time to time, in its discretion, and in accordance with the Canadian National Stock Exchange ("CNSX") requirements, grant to directors, officers, employees and consultants of the Company, non-transferable options to purchase the Company's shares, provided that the aggregate number of shares of the Company's capital stock issuable pursuant to options granted under the Plan may not exceed 10% of the issued and outstanding

(Expressed in Canadian dollars)

**7. Share Capital and Reserves (continued)**

Stock options (continued)

shares of the Company as at the date of grant of any stock option under the Plan. The exercise price of options granted under the Plan will not be less than CDN $0.10 per share and may not be less than the last closing market price of the Company's shares on the last day shares are traded prior to the grant date; less any applicable discount allowed by the Exchange. Stock options granted under the Plan vest immediately subject to vesting terms which may be imposed at the discretion of the Directors.

As at January 31, 2012, the Company had outstanding stock options, enabling the holders to acquire further common shares as follows:

| January 31, 2012 | July 31, 2011 | Exercise Price | Expiry Date |
|---|---|---|---|
| 400,000 | - | $ 0.12 | October 14, 2013 |
| 400,000 | - | | |

Stock option transactions are summarized as follows:

| | Six months ended January 31, 2012 | |
|---|---|---|
| | Number of Options | Weighted Average Exercise Price |
| Balance, beginning of period | - | $ - |
| Granted | 400,000 | 0.12 |
| Balance, end of period | 400,000 | $0.12 |
| Options exercisable, end of period | 400,000 | $0.12 |

Options – Share-based compensation

During the six months ended January 31, 2012, the Company granted 400,000 (January 31, 2011 – nil) stock options with a fair value of $0.09 (January 31, 2011 - $nil) per option. The Company recorded $37,854 (January 31, 2012 - $nil) as share-based compensation for options vested during the six months ended January 31, 2012.

(Expressed in Canadian dollars)

## 7. Share Capital and Reserves (continued)

Options – Share-based compensation (continued)

The following weighted-average assumptions were used for the Black-Scholes valuation of stock options granted during the six months ended January 31, 2012 and January 31, 2011:

| | 2012 | 2011 |
|---|---|---|
| Risk-free interest rate | 1.06% | - |
| Expected life of options | 2 years | - |
| Forfeiture rate | 0.00% | - |
| Annualized volatility | 114.23% | - |
| Dividend rate | 0.00% | - |

## 8. Promissory Note

The Company's promissory note is as follows:

| | January 31, 2012 | July 31, 2011 |
|---|---|---|
| Promissory Note | $88,000 | $ - |

On September 29, 2011, the Company borrowed $50,000 from a director by promissory note agreement. The loan is subject to an interest rate of 10% per annum, payable annually and due in full on September 29, 2013. On December 22, 2011 an additional $8,000 was borrowed and on January 19, 2012 a further $30,000 was borrowed on the same terms as the original promissory note. For the six months ended January 31, 2012, the Company accrued $1,875 in interest and recorded this as a current liability.

## 9. Commitments

The Company was a wholly-owned subsidiary of Orca Power Corp. ("Orca"). On November 15, 2010, OWP entered into an arrangement agreement (the "Arrangement Agreement") with Orca, among others, for the purpose of divesting certain non-core assets (the "Arrangement"), specifically, an investment in Katabatic Power Corp. which included convertible debentures ($490,000), promissory notes ($79,000), cash advances ($94,000), receivables ($110,869), and 9,652,337 common shares, or approximately 48% of Katabatic Power Corp., a private British Columbia wind development company, all of which had been written down to $1 on Orca's financial statements (the "Wind Assets").

Pursuant to the Arrangement Agreement Orca transferred to OWP $15,000 in cash and all of Orca's interest in and to the Wind Assets in exchange for 17,849,615 OWP shares, which

## 9. Commitments (continued)

shares were distributed to the Orca shareholders who held Orca shares as at December 29, 2010. As part of the Arrangement Agreement, all stock options issued by Orca and outstanding as at the effective date ("Orca Share Commitments") entitled the option holder to receive one common share of Orca and one common share of the Company upon exercise. In consideration, the Company was entitled to receive a percentage of the proceeds equal to the fair market value of the assets transferred to the Company divided by the fair market value of all assets of Orca immediately prior to completion of the Arrangement. In July 2011, Orca cancelled all outstanding stock options. As a result, the Orca Share Commitments had no effect. On August 10, 2011, the Company issued 17,849,615 common shares and effectively completed all outstanding obligations under the Arrangement (Note 7).

On August 10, 2011, OWP completed all outstanding obligations under the Arrangement Agreement and Arrangement between OWP, Orca and certain other parties by issuing a total of 17,849,615 common shares (the "Arrangement Shares") to Orca shareholders as consideration for a payment of $15,000 and the transfer of the Wind Assets from Orca. As a result of completing the Arrangement and subsequent to issuing the Arrangement Shares, OWP became a reporting issuer in the jurisdictions of British Columbia and Alberta. On August 10, 2011, OWP was charged management fees of $15,000 by Orca to manage the Arrangement Agreement, which offset against the $15,000 that Orca was to transfer to OWP as a part of the Arrangement Agreement.

On August 24, 2011, OWP and its wholly-owned subsidiary NU2U Resources Corp. ("NU2U") entered into an arrangement agreement ("NU2U Arrangement"). NU2U was incorporated on August 19, 2011 to facilitate the spin-off of the Wind Assets. Pursuant to the NU2U Arrangement, immediately prior to the completion of the Gorilla merger, OWP transferred to NU2U all of OWP's interest in and to the Wind Assets in exchange for 23,849,615 shares of NU2U, which shares were distributed to the OWP shareholders.

On October 14, 2011, OWP and Gorilla entered into an amalgamation agreement. Under the terms of the agreement, the common shares of OWP and the common shares of Gorilla were exchanged for the common shares of the amalgamated company, Gorilla Resources Corp. ("AMALCO") with each shareholder of OWP receiving one share of AMALCO for every twenty (20) shares of OWP and each shareholder of Gorilla will receiving one share of AMALCO for every one (1) share of Gorilla. In total, the Company issued 11,722,480 shares to the former shareholders of OWP and Gorilla.

On August 1, 2011, Gorilla entered into an Executive Services Agreement with a company controlled by the President of Gorilla to provide management services to Gorilla for compensation of $2,000 per month. The term of the contract commences on August 1, 2011 and will continue until terminated.

The Company entered into a lease agreement for $1,000 per month for the use of an office space located in Vancouver, BC.

On January 11, 2012, the Company completed a statutory arrangement with Dizun Holdings Inc. and Dizun International Enterprises Inc ("Dizun"). Pursuant to the arrangement, Dizun issued 1,500,000 shares of its common stock to shareholders of the Company and all

## 9. Commitments (continued)

shares in Dizun Holdings Inc. were exchanged for shares in Dizun, pursuant to which, Dizun Holdings became a wholly-owned subsidiary of Dizun. Dizun's common shares have been approved for listing on the Canadian National Stock Exchange ("CNSX") and trade under the symbol "KDZ". In accordance with CNSX policies, Company shareholders who received more than 100,000 shares in Dizun will enter under stock restriction agreements.

## 10. Related Party Transactions

During the six months ended January 31, 2012 the Company paid or accrued management fees of $12,000 (2011 - $nil) to a company owned by the President of the Company, administrative fees of $1,200 (2011 - $nil) to a company owned by a director of the Company and rent of $6,000 (2011 - $nil) to a company owned by a director of the Company. The rent is, in turn, paid to the head landlord.

The remuneration of directors during the six months ended August 31, 2011 included share based compensation of $37,854 (2011: $nil).

As at January 31, 2012, the Company owed $9,221 to various directors and their companies and owed $89,875 to a director for a loan borrowed by promissory note (Note 8).

During the period ended July 31, 2011, OWP incurred $6,000 in consulting fees from a company with common directors. At July 31, 2011, OWP owed this company $6,000 for fees which have been included in accounts payable and accrued liabilities. On July 15, 2011, OWP entered into a debt settlement for settlement of the $6,000 debt by the issuance of 6,000,000 common shares. On August 10, 2011, OWP issued the 6,000,000 common shares as full settlement of the debt (Note 7).

The Arrangement Agreement (Note 9) provided for the transfer of Orca's interest in and to the Wind Assets to OWP, as a wholly-owned subsidiary, and the immediate distribution of a controlling interest in the common shares of OWP to the Orca shareholders. Given that there were no substantive change in the beneficial ownership of the Wind Assets at the time they were assigned to OWP, the transfer was recorded using historical carrying values in the account of Orca which had been written down to $1.

(Expressed in Canadian dollars)

### 11. Financial Instruments

(a) Classification of Financial Instruments

The Company has classified its financial instruments as follows:

| | January 31, 2011 $ |
|---|---|
| Financial assets: | |
| Held for trading, measured at fair value: | |
| Cash | 5,154 |
| Loans and receivables, measured at amortized cost: | |
| Receivables | 6,647 |
| | 11,801 |
| Financial liabilities, measured at amortized cost: | |
| Accounts payable | 47,644 |
| Promissory Note | 89,875 |
| | 137,519 |

(b) Fair Values

The Company has classified fair value measurements of its financial instruments using a fair value hierarchy that reflects the significance of inputs used in making the measurements as follows:

Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

As at January 31, 2012, the fair values of financial instruments measured on a recurring basis include cash, determined based on level one inputs and consisting of quoted prices in active markets for identical assets. The fair values of other financial instruments, which include share subscriptions receivable and accounts payable and accrued liabilities, approximate their carrying values due to the relatively short-term maturity of these instruments.

## 11. Financial Instruments (continued)

(c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. As at January 31, 2012, the Company has a working capital deficit of $36,718

(d) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of share subscriptions receivable. Management is of the view that this amount is fully collectible.

(e) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

(f) Interest rate risk

The Company has no interest-bearing debt. The Company's sensitivity to interest rates is minimal.

(g) Foreign currency exchange rate risk

The Company currently has no significant operations denominated in foreign currencies. Management believes there is no significant foreign currency exchange rate risk.

## 12. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital and deficit.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements as at January 31, 2012.

## 13. Supplementary disclosure with respect to cash flows

The significant non-cash investing and financing transactions during the period ended January 31, 2012 consisted of the Company issuing 150,000 common shares valued at $22,500 pursuant to the acquisition of the Wels properties (see Note 4).

## 14. Subsequent Events

On February 15, 2012, the Company issued 100,000 common shares pursuant to a debt conversion agreement at a price of $0.12 per share. No commission was payable in relation to the debt conversion.

On March 26, 2012 the Company borrowed an additional $25,000 from a director under the same terms as the existing promissory note agreement.

## APPENDIX B

GORILLA RESOURCES CORP.

Management's Discussion & Analysis for the **six-month** period ended

**January 31, 2012**

# GORILLA RESOURCES CORP.

1820 – 925 West Georgia Street
Vancouver, BC V6C 3L2
Tel.: (604) 725-1857 Fax.:(604) 687-3141


# FORM 51-102F1

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) AS OF MARCH 27, 2012 TO ACCOMPANY THE UNAUDITED COMBINED INTERIM FINANCIAL STATEMENTS OF GORILLA RESOURCES CORP. (THE "COMPANY") FOR THE SECOND QUARTER ENDED JANUARY 31, 2011.

The following Management's Discussion and Analylsis ("MD&A") should be read in conjunction with the unaudited combined interim financial statements of the Company for the six months ended January 31, 2012, and the audited financial statements of the Company for the year ended July 31, 2011, which were prepared in accordance with International Financial Reporting Standards ("IFRS") and the notes thereto. All financial amounts are stated in Canadian currency unless stated otherwise.

This MD&A contains certain forward-looking statements based on the best beliefs, and reasonable assumptions of the management of the Company. There are many risks and uncertainties attached to the mineral exploration business. Given these risks and uncertainties, the reader should not place undo reliance on these forward-looking statements. (See "Risks and Uncertainties" in this MD&A for more information).

## Overview of Second Quarter

The focus of the second quarter for the Company was the continued exploration of the Wels Property located in the Yukon Territory (see "Project Summaries and Activities" in this MD&A for more information). However, capital markets are depressed, especially for junior mining companies, which is reflective in our difficulty in raising capital.

During the quarter, the Company issued 150,000 common shares at a price of $0.15 per share to maintain its option to earn a 100% undivided interest in the Wels Property. The Property is subject to a 3% Net Smelter Returns ("NSR") in favour of the optionor. The Company has the right to buy back the NSR for a cash payment of $750,000 for each 1%, to a maximum of $1,500,000, at any time.
(see "Project Summaries and Activities" in this MD&A for more information).

The Company received $21,250 from the Government of the Yukon in non-transferable contribution funds for financial assistance to carry out the Wels Property. These funds have been spent on exploration activities.

On February 15, 2012, the Company issued 100,000 common shares at a price of $0.12 per share, pursuant to a debt conversion agreement.

On March 26, 2012 the Company borrowed an additional $25,000 from a director under the same terms as the existing promissory note agreement.

The Company will continue to develop its exploration strategies with a view to maximizing shareholder value and focusing on its long term goal of moving the Company into production.

## Overall Performance and Description of Business

The Company is an exploration stage company located at Suite 1825-925 West Georgia Street, Vancouver, BC, V6C 3L2, engaged in the acquisition, exploration and development of mineral resource properties located in Canada.

Orca Wind Power Corp. ("OWP" or the "Company") was incorporated under Business Corporations Act (British Columbia) on November 2, 2010 as a wholly-owned subsidiary of Orca Power Corp. ("Orca"). On November 15, 2010, Orca entered into an arrangement agreement (the "Arrangement Agreement") with OWP, among others, for the purposes of divesting certain non-core assets (the "Arrangement"), specifically, an investment in Katabatic Power Corp. which includes convertible debentures ($490,000), promissory notes ($79,000), cash advances ($94,000), receivables ($110,869) and 9,652,337 common shares, or approximately 48% of Katabatic Power Corp, a private British Columbia wind development company, all of which have been written down to $1 on Orca's financial statements (the "Wind Assets"). The Arrangement received shareholder approval on December 29, 2010 and approval by the Supreme Court of British Columbia on January 10, 2011. The details of the Arrangement, pro-forma financial statements and all other relevant supporting documents are provided in an information circular which is available at www.sedar.com.

On August 19, 2011, the Company incorporated a wholly-owned subsidiary NU2U Resources Corp. ("NU2U") to facilitate the spin-off of the Wind Assets. On August 24, 2011, the Company and NU2U entered into an arrangement agreement ("NU2U Arrangement"). Pursuant to the NU2U Arrangement, immediately prior to the completion of the Gorilla merger, the Company will transfer to NU2U all of the Company's interest in and to the Wind Assets in exchange for 23,849,615 shares of NU2U, which shares shall be distributed to the Company's shareholders.

On August 24, 2011, the Company entered into an Amalgamation Agreement with Gorilla Resources Corp. ("Gorilla").

On October 13, 2011, NU2U completed all outstanding obligations under the NU2U Arrangement by issuing a total of 23,849,615 common shares to the Company's shareholders of record as at September 29, 2011, as consideration for the transfer of certain investments in Katabatic Power Corp.

On October 14, 2011, OWP and Gorilla completed a statutory amalgamation under the provisions of the Business Corporations Act (British Columbia) (the "BCA") pursuant to which the continuing entity is the Company ("Amalco"). Pursuant thereto, Amalco issued a total of 11,722,480 common shares in its capital to the former shareholders of the Company and Gorilla. The share capital of the Company was converted on the basis of approximately one Amalco share for every 20 issued and outstanding common shares of the Company, and the share capital of Gorilla was converted on the basis of one Amalco share for each issued and outstanding common share of Gorilla.

## Results of Operations

For the six months ended January 31, 2012, the Company incurred a loss of $308,170 ($0.03 loss per share). Significant expenses included exploration expenses of $68,484 (2010: $nil), legal expenses of $102,456 (2010: $nil), share based compensation of $37,854 (2010: $nil), regulatory and shareholder service expenses of $37,524 (2010: $nil) and audit and accounting of $24,543 (2010: $nil).

## Results of Operations – For the quarter ended January 31, 2012

For the quarter ended January 31, 2012, the Company incurred a loss of $85,866 (2010: $nil). Significant expenses included legal fees of $47,420, (2010: $nil); audit and accounting of $11,201 (2010: $nil) and regulatory and shareholder services of $10,919 (2010: $nil).

## Summary of Quarterly Results:

| 2012/11 Quarterly Results: | 4th Quarter | 3rd Quarter | 2nd Quarter | 1st Quarter |
|---|---|---|---|---|
| Revenue | $ - | $ | $ - | $ - |
| Loss and comprehensive loss | - | - | (85,866) | (222,304) |
| Basic and diluted loss per share | - | - | (0.01) | (0.02) |
| Total assets | - | - | 66,651 | 52,509 |
| Working capital | - | - | (36,718) | 11,148 |

| 2011/10 Quarterly Results: | 4th Quarter | 3rd Quarter | 2nd Quarter |
|---|---|---|---|
| Revenue | $ - | $ - | $ - |
| Loss and comprehensive loss | (36,652) | - | - |
| Basic and diluted loss per share | (0.04) | - | - |
| Total assets | 112,283 | - | - |
| Working capital | 62,498 | - | - |

* No exercise or conversion is assumed during the years in which a net loss is incurred, as the effect is anti-dilutive.

**Project Summaries and Activities**

**CANADA**

***Wels Property (****Yukon Territory)*

Pursuant to an option agreement dated June 6, 2011, the Company was granted an option to acquire a 100% interest in the Wels property located in Whitehorse Mining District of the Yukon Territory, Canada. The Property covers an area of 3,520 hectares in three separate claim blocks; Wels West, Wels East and Wels South. The Property is located around Wellesley Lake in southwestern Yukon west of the community of Beaver Creek and close to the Alaska Highway and is part of the Tintina Gold Belt. The property consists of 110 quartz mineral claims and is subject to a 3% Net Smelter Returns ("NSR") in favour of the optionor. The Company has the right to buy back the NSR for a cash payment of $750,000 for each 1%, to a maximum of $1,500,000, at any time. To maintain and exercise the option, the Company must:

- Make cash payments of $15,900 upon signing (paid);
- Make cash payments of $15,450 upon the completion of a National Instrument 43-101 technical report (paid);
- Issue 150,000 common shares on the sixth month anniversary (issued);
- Make cash payments of $25,000 and issue 100,000 common shares on or before September 30, 2012;
- Make payments of $40,000 on or before September 30, 2013, payable in cash, common shares, or a combination of cash and common shares;
- Make payments of $80,000 on or before September 30, 2014, payable in cash, common shares, or a combination of cash and common shares.

The Company acquired the services of All-In Exploration to conduct a soil sample program with the support of Capital Helicopters. The grid program was intended to follow up on the Mineral Assessment after the Yukon Geological Survey in 2002.

The results of the Mineral Assessment indicated that the Wels claims are located within tracts of relative highest mineral potential. The tracts were assessed for potential of Volcanogenic Massive Sulfide (Besshi/Cyprus Type), Gabbroic Nickel-Copper, Gold Quartz vein, Podiform Chromite and Eptithermal Gold (high-sulfidation Type) deposits.

The summer sample program recovered approximately 800 samples over 2 weeks of field time. The samples were prepped in Whitehorse then sent to be assayed at ACME labs in Vancouver.

The results were plotted into figures by Terracad GeoSciences in Vancouver and analyzed by Robert Stroshein P.Geo., of Protore Geological Services.

The analysis indicated anomalous gold-in-soil samples occur in two distinct anomalous trends and as isolated and scattered anomalies. The strongest anomaly is 1,250 metres long and from 50 to 200 metres wide. The anomaly is located near the center of the claim block and reflects a dispersion zone with values ranging from 34.6 to 3,082 ppb gold. The second anomaly occurs as discrete clusters near the crest of the ridge 500 metres south of the strongest anomaly gold-in-soil anomalous values range from 38.8 ppb to 625.8 ppb.

A moderate to strong nickel anomaly has been outlined on the Wels East claim block. An anomaly of greater than 200 ppm nickel with peak values of greater than 500 ppm trends east to east northeast for 1200 metres and is greater than 200 metres wide. Within the anomaly chromium values range up to 395 ppm, cobalt values range up to 63 ppm, iron values range up to 6.2%, strontium values range up to 286 ppm and magnesium values range up to 10.5%. The potential exploration target in this area is of the podiform nickel-chromite type mineralization.

Based on the results of the summer program the Company contracted All-In Exploration to stake an additional 52 claims on Wels West and 14 claims on Wels East in early March, 2012.

## New Opportunities

The Company continues to evaluate mineral properties and is focused on deposits in Canada with economic merit and good logistics will be considered for acquisition.

## Outstanding Share Data

The Company has an authorized share capital of an unlimited number of common shares, of which 11,972,481 were issued and outstanding as at the date of this report.

The Company has outstanding a total of 400,000 options with exercise prices of $0.12 per share that expire on October 14, 2013.

## Related Party Transactions

During the six months ended January 31, 2012 the Company paid or accrued management fees of $12,000 (2010 - $nil) to a company owned by the President of the Company, administrative fees of $1,200 (2010 - $nil) and rent of $6,000 (2010 - $nil) to a company owned by a director of the Company. The rent is, in turn, paid to the head landlord.

The remuneration of directors during the six months ended August 31, 2011 included share based compensation of $37,854 (2010: $nil). As at January 31, 2012, the Company owed $9,221 to various directors and their companies and owed $89,875 to a director for a loan borrowed by promissory note agreement.

## Liquidity and Solvency

The following table summarizes the Company's cash on hand, working capital and cash flow:

| **As at** | **January 31, 2012** | **July 31, 2011** |
|---|---|---|
| Cash | $ 5,154 | $ 80,933 |
| Working capital | (36,718) | 62,498 |
| **Period Ended** | **January 31, 2012** | **July 31, 2011** |
| Cash used in operating activities | $ (246,880) | $ (18,217) |
| Cash used in investing activities | - | (31,350) |
| Cash provided by financing activities | 171,101 | 130,500 |
| Change in cash | $ (75,779) | $ 80,933 |

On November 2, 2010, OWP issued one common share at $1.00 per share for proceeds of $1. This amount is included in share subscriptions receivable at July 31, 2011.

On May 13, 2011, Gorilla issued 2,500,000 shares at $0.005 per share for proceeds of $12,500.
On July 26, 2011, Gorilla issued 7,500,000 shares at $0.02 per share for proceeds of $150,000, of which $32,000 is included in share subscriptions receivable as of July 31, 2011. On August 8, 2011, $32,000 was received from the shareholder as full payment for the shares subscribed for.

On July 15, 2011, OWP entered into a debt settlement for settlement of the $6,000 debt by the issuance of 6,000,000 common shares. On August 10, 2011, OWP issued the 6,000,000 common shares as full settlement of the debt.

On August 10, 2011, OWP issued 17,849,615 common shares and effectively completed all outstanding obligations under the Arrangement (Note 7).

During the current period, and prior to the amalgamation on October 14, 2011, Gorilla issued 530,000 shares between $0.05 per share and $0.12 per share for total proceeds of $40,100.

On October 14, 2011, OWP and Gorilla entered into an amalgamation agreement. Under the terms of the agreement, the common shares of OWP and the common shares of Gorilla were exchanged for the common shares of the amalgamated company, Gorilla Resources Corp. (“AMALCO”) with each shareholder of OWP receiving one share of AMALCO for every twenty (20) shares of OWP and each shareholder of Gorilla will receiving one share of AMALCO for every one (1) share of Gorilla. In total, the Company issued 11,722,480 shares to former shareholders of OWP and Gorilla.

On September 29, 2011, the Company borrowed $50,000 from a director by promissory note agreement. The loan is subject to an interest rate of 10% per annum, payable annually and due in full on September 29, 2013. During the second quarter ending January 31, 2012, an additional $38,000 was borrowed under the same terms. On March 26, 2012, the Company borrowed an additional $25,000 from a director under the same terms as the existing promissory note agreement.

In November 2011, the Company received $21,250 in non-transferable contribution funds from the government of Yukon for financial assistance to carry out the Wels Property.

The Company intends to use the net proceeds raised from the private placement to advance work programs on its mineral property and for general working capital purposes.

The Company is dependent on the sale of treasury shares to finance its exploration activities, property acquisition payments and general and administrative costs. The Company will have to raise additional funds in the future to continue its operations. There can be no assurance, however, that the Company will be successful in its efforts. If such funds are not available or other sources of financing cannot be obtained, then the Company will be forced to curtail its activities.

**Capital Resources**

The Company has no operations that generate cash flow and its long term financial success is dependent on discovering properties that contain mineral reserves that are economically recoverable. The Company’s primary capital asset is a resource property. Exploration expenditures are expensed as incurred.

The Company’s resource property agreement is an option agreement and the exercise thereof is at the discretion of the Company. To earn its interest in the properties, the Company must incur certain expenditures in accordance with the agreements (see “Project Summaries and Activities” in this MD&A for more information).

The Company depends on equity sales to finance its exploration programs and to cover administrative expenses.

## Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet transactions.

## Proposed Transactions

There are no proposed transactions that will materially affect the performance of the Company.

## Accounting Policies

The accounting policies and methods employed by the Company determine how it reports its financial condition and results of operations, and may require management to make judgements or rely on assumptions about matters that are inherently uncertain. The Company’s results of operations are reported using policies and methods in accordance with IFRS. In preparing financial statements in accordance with IFRS, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses for the period. Management reviews its estimates and assumptions on an ongoing basis using the most current information available.

*Critical Accounting Estimates*

The Company prepares its financial statements in accordance with IFRS, which require management to estimate various matters that are inherently uncertain as of the date of the financial statements. Accounting estimates are deemed critical when a different estimate could have reasonably been used or where changes in the estimate are reasonably likely to occur from period to period, and would materially impact the Company's financial statements. The Company's significant accounting policies are discussed in the unaudited combined interim financial statements. Critical estimates in these accounting policies are discussed below.

*Environmental Rehabilitation Provision*

The Company recognizes the fair value of a liability for environmental rehabilitation in the period in which the Company is legally or constructively required to remediate, if a reasonable estimate of fair value can be made, based on an estimated future cash settlement of the environmental rehabilitation obligation, discounted at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. The environmental rehabilitation obligation is capitalized as part of the carrying amount of the associated long-lived asset and a liability is recorded. The environmental rehabilitation cost is amortized on the same basis as the related asset. The liability is adjusted for the accretion of the discounted obligation and any changes in the amount or timing of the underlying future cash flows. Significant judgments and estimates are involved in forming expectations of the amounts and timing of environmental rehabilitation cash flows.

*Share-based Payments*

The Company has a share option plan which is described in Note 7 (c) of the unaudited combined interim financial statements for the six months ended January 31, 2012. The fair value of all share-based awards is estimated using the Black-Scholes Option-Pricing Model at the grant date and amortized over the vesting periods. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company. Share-based payments to non-employees are measured at the fair value of the goods or services received, or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest.

None of the Company's awards call for settlement in cash or other assets. Upon the exercise of the share purchase options, consideration paid together with the amount previously recognized in contributed surplus is recorded as an increase in share capital. The offset to the recorded cost is to share-based payments reserve. Consideration received on the exercise of share purchase options is recorded as share capital and the related share-based payments reserve is transferred to share capital. Charges for share purchase options that are forfeited before vesting are reversed from share-based payments reserve. For those share purchase options that expire or are forfeited after vesting, the recorded value is transferred to retained earnings (deficit).

Future Changes in Accounting Standards

"IFRS 9 Financial Instruments" is part of the IASB's wider project to replace "IAS 39 Financial Instruments: Recognition and Measurement". IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2013. The Company is in the process of evaluating the impact of the new standard and the amendments to the new standard.

The following new standards, amendments and interpretations will not have an effect on the Company's future results and financial position:

- IFRS 1: Severe Hyperinflation (Effective for periods beginning on or after July 1, 2011)
- IFRS 7 (Amendment): Financial Instruments: Disclosures: Transfers of Financial Assets (Effective for annual periods beginning on or after July 1, 2011 with early application permitted)
- IAS 12 (Amendment): Deferred Tax: Recovery of Underlying Assets (Effective for annual periods beginning on or after January 1, 2012, with early application permitted)

## Financial Instruments

### Designation and Valuation of Financial Instruments

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities and due to/from related parties. Cash is designated as held for trading and carried at fair value, with any unrealized gain or loss recorded in the statement of operations. Interest income is recorded in the statement of operations. Receivables are classified as loans and receivables, and accounts payable and accrued liabilities are classified as other financial liabilities, and recorded at amortized cost using the effective interest rate method. The Company does not hold any derivative financial instruments.

The carrying value of receivables, accounts payable, accrued liabilities and due to/from related parties approximated their fair value because of the relatively short-term nature of these instruments. Cash, which is classified as held for trading and carried at fair value, has been determined using Level 1 inputs.

### Risks

*Foreign exchange risk*

The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is minimal.

*Credit risk*

The Company's cash is largely held in large Canadian financial institutions. The Company does not have any asset-backed commercial paper. The Company's receivables consist of GST/HST receivable due from the Federal Government of Canada. The Company maintains cash deposits with Schedule A financial institutions, which from time to time may exceed federally insured limits. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk.

*Interest rate risk*

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates. The Company does maintain bank accounts which earn interest at variable rates but it does not believe it is currently subject to any significant interest rate risk.

*Liquidity risk*

The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances and through short-term borrowing. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

*Price risk*

The ability of the Company to explore its mineral properties and the future profitability of the Company are directly related to the market price of precious metals. The Company monitors precious metals prices to determine the appropriate course of action to be taken by the Company.

## Risks and Uncertainties

The Company's principal activity is mineral exploration and development. Companies in this industry are subject to many and varied kinds of risk, including but not limited to, environmental, metal prices, political and economical.

The mineral exploration business is risky and most exploration projects will not become mines. The Company may offer an opportunity to a mining company to acquire an interest in a property in return for funding all or part of the exploration and development of the property. For the funding of property acquisitions and exploration that the Company conducts, the Company depends on the issue of shares from the treasury to investors. These stock issues depend on numerous factors including a positive mineral exploration environment, positive stock market conditions, a company's track record and the experience of management.

The Company has no significant source of operating cash flow and no revenues from operations. The Company has not yet determined whether its mineral property contains mineral reserves that are economically recoverable. The Company has limited financial resources. Substantial expenditures are required to be made by the Company to establish reserves.

There is no guarantee that the Company will be able to contribute or obtain all necessary resources and funds for the exploration and exploitation of its permits, and may fail to meet its exploration commitments.

The property that the Company has an option to earn an interest in is in the exploration stages only, are without known bodies of commercial mineralization and have no ongoing mining operations. Mineral exploration involves a high degree of risk and few properties, that are explored, are ultimately developed into producing mines.

Exploration of the Company's mineral property may not result in any discoveries of commercial bodies of mineralization. If the Company's efforts do not result in any discovery of commercial mineralization, the Company will be forced to look for other exploration projects or cease operations.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters.

## Other

Additional information relating to the Company's operations and activities can be found by visiting the Company's website at www.gorillaresources.com and www.sedar.com.

## Trends

Trends in the industry can materially affect how well any junior exploration company is performing. The price of precious metals remains high and as a result worldwide exploration is starting to pick up. Under the current economic conditions, the Company is advancing its property as quickly as possible while still remaining prudent when considering large cost items such as drilling and geophysics. Company management believes that the general upward trend will continue and that prices will be higher at the end of 2012.

## Outlook

The outlook for precious metals continues to improve and this is reflected in the Company's ongoing activity. The prospect for financing the Company's projects is good and this will enable the Company to continue as a viable entity. The Property will require significant investment as it transitions into development stage projects.

**Cautionary Statement**

This document contains "forward-looking statements" within the meaning of applicable Canadian securities regulations. All statements other than statements of historical fact herein, including, without limitation, statements regarding exploration plans and our other future plans and objectives are forward-looking statements that involve various risks and uncertainties. Such forward-looking statements include, without limitation, (i) estimates of exploration investment and scope of exploration programs, and (ii) estimates of stock-based compensation expense. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statement. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company's documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies we are bound. Forward-looking statements are based on the estimates and opinions of management on the date of statements are made, and the Company endeavours to update corporate information and material facts on a timely basis. Forward-looking statements are subject to risks, uncertainties and other actors, including risks associated with mineral exploration, price volatility in the mineral commodities we seek, and operational and political risks.