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 therein only by persons authorized to sell such securities. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "1933 Act") or any state securities laws. Accordingly, these securities may not be offered or sold within the United States except in transactions exempt from the registration requirements of the 1933 Act and applicable state laws. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States of America.

PROSPECTUS

Initial Public Offering | August 26, 2010

SYPHER RESOURCES LTD.

Suite 1028, 550 Burrard Street
Vancouver, British Columbia V6C 2B5
(604) 689-1428

3,000,000 Common Shares

$0.15 per Common Share ($450,000)

Sypher Resources Ltd. (the "**Corporation**") hereby offers for sale (the "**Offering**") 3,000,000 common shares of the Corporation ("**Common Shares**") at a price of $0.15 per Common Share for aggregate gross proceeds of $450,000. The offering price of the Common Shares was determined by negotiation between the Corporation and Leede Financial Markets Inc. (the "**Agent**"). See "*Plan of Distribution*".

	Number of Shares	Price to Public	Agent's Commission(1)	Net Proceeds to Corporation(2)
Per Share	1	$0.15	$0.009	$0.141
Total Offering	3,000,000	$450,000	$27,000	$423,000

Notes:
(1) A cash commission equal to 6.0% of the gross proceeds of the Offering will be paid to the Agent. In addition, the Agent will be paid a corporate finance fee in the amount of $10,000 (plus GST and/or HST), the first half of which is non-refundable and has been paid as at the date hereof, and an administration fee of $5,000 (plus GST and/or HST). The Agent will also be granted a non-transferable option to purchase that number of Common Shares equal to 7.5% of the Common Shares sold under the Offering at a purchase price of $0.15 per Common Share for a period of 24 months from the Listing Date (the "Agent's Option"). The Agent's Option is qualified by and will be distributed pursuant to this Prospectus. See "Plan of Distribution".
(2) Before deducting the expenses of this Offering, estimated to be $80,000, which includes legal and audit fees and other expenses of the Corporation, the Agent's corporate finance fee, legal fees and listing fees payable to the CNSX. See "Use of Proceeds".

There is currently no market through which these Common Shares may be sold and purchasers may not be able to resell securities purchased under this Prospectus. 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 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 Common Shares should only be made by persons who can afford the total loss of their investment. Assuming completion of the Offering, an investor will suffer an immediate dilution to their investment of 37%. See "*Risk Factors*".

The Offering is being made on a "best efforts" basis by the Agent and is subject to the completion of a total subscription of 3,000,000 Common Shares for gross proceeds of $450,000 (the "**Total Subscription**"). Subscriptions for Common Shares will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at anytime without notice. The completion of the sale of the Common Shares pursuant to the Offering (the "**Closing**") will take place on such day as the Agent and the Corporation may mutually agree upon (referred to herein as a "**Closing Date**"). Its expected that certificates for the Common Shares will be available for delivery at Closing. The Offering will not continue for a period of more than 90 days after the date of the issuance of a receipt for the final prospectus if the Offering is not completed, unless the Agent and each of the subscribers who subscribed within such period consent to its continuation. The Agent, pending the Closing of the Offering, will hold all subscription funds received pursuant to the provisions of an agency agreement between the Corporation and the Agent dated August 26, 2010 (the "**Agency Agreement**"). If the Offering is not completed within 90 days of the issuance of a receipt for the final prospectus, the subscription funds received by the Agent in connection with the Offering will be returned to subscribers without interest or deduction, unless the subscribers have otherwise instructed the Agent. See "*Plan of Distribution*".

Certain legal matters were handled by Borden Ladner Gervais LLP, Barristers & Solicitors, Calgary, Alberta, on behalf of the Corporation, and by Maynard E. Brown, Barrister & Solicitor, West Vancouver, British Columbia, on behalf of the Agent.

The Corporation has applied to list the Common Shares distributed under this Prospectus on the Canadian National Stock Exchange (the "**CNSX**"). Listing will be subject to the Corporation fulfilling all of the listing requirements of the CNSX.

Leede Financial Markets Inc.
1140 West Pender Street, Suite 1800
Vancouver, British Columbia
V6E 4G1
Telephone: (604) 658-3000
Facsimile: (604) 658-3099

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FORWARD LOOKING STATEMENTS & FORWARD LOOKING INFORMATION

This Prospectus contains certain forward-looking statements and forward-looking information which are based upon the current internal expectations, estimates, projections, assumptions and beliefs of the Corporation as of the date of such statements or information, including, among other things, assumptions with respect to production, future capital expenditures and cash flows. The reader is cautioned that the assumptions used in the preparation of such information may be incorrect. In some cases, words such as “plan”, “expect”, “project”, “intend”, “believe”, “anticipate”, “estimate”, “may”, “will”, “potential”, “proposed” and other similar words, or statements that certain events or conditions “may” or “will” occur, are intended to identify forward-looking statements and forward-looking information. These statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in the forward-looking statements or information. In addition, this Prospectus may contain forward-looking statements and information attributed to third-party industry sources. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur. Such forward-looking statements and information in this Prospectus speak only as of the date of this Prospectus.

The forward-looking statements and the forward-looking information contained in this Prospectus are expressly qualified by the cautionary statements provided for herein. Neither the Corporation or the Agent are under any duty to update any of the forward-looking statements or information after the date of this Prospectus to conform such statements or information to actual results or to changes in the expectations of the Corporation except as otherwise required by applicable securities laws.

Forward-looking statements and information contained in this Prospectus include, but is not limited to, statements with respect to the completion of the Offering, anticipated compensation of the Corporation upon completion of the Offering, the future price of gold, the estimation of mineral reserves and mineral resources, the realization of mineral reserve estimates and the economic viability thereof, the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, currency fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, title disputes or claims, the availability of qualified labour, acquisition plans and strategies, the payment of dividends in the future, and the Corporation’s use of the proceeds of the Offering. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or the negatives thereof or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

Although the Corporation believes that the expectations reflected in the forward-looking statements and information are reasonable, there can be no assurance that such expectations will prove to be correct. Neither the Corporation or the Agent can guarantee future results, levels of activity, performance or achievements. Consequently, there is no representation by the Corporation the Agent that actual results achieved will be the same in whole or in part as those set out in the forward-looking statements and information. Forward-looking statement and information involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include, among others, the risk that actual results of exploration activities will be different than anticipated, that cost of labour, equipment or materials increase more than expected, that the future price of gold and copper will decline, that mineral reserves or mineral resources are not as estimated, that actual costs or actual results of reclamation activities are greater than expected; that changes in project parameters as plans continue to be refined may result in increased costs, of lower rates of production than expected, of unexpected variations in ore reserves, grade or recovery rates, of failure of plant, equipment or processes to operate as anticipated, of accidents, labour disputes and other risks generally associated with mining, unanticipated delays in obtaining governmental approvals or financing or in the completion of development or construction activities, as well as those factors discussed in the section entitled "Risk Factors" in this Prospectus. Although the Corporation has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Readers are cautioned not to place undue reliance on forward-looking information due to the inherent uncertainty thereof.

These factors should not be considered exhaustive. See "Risk Factors" in this Prospectus. Statements relating to "reserves" or "resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves and resources described can be profitably produced in the future. With respect to forward-looking statements and information contained in this Prospectus, the Corporation has made assumptions including: the current price of and demand for gold will be sustained or will improve, the supply of gold will remain stable, that current exploration programs and objectives can be achieved, that general business and economic conditions will not change in a material adverse manner, the impact of increasing competition; availability of skilled labour and equipment; current technology; cash flow; production rates; effects of regulation and tax laws of governmental agencies; future operating costs and the Corporation's ability to obtain financing on acceptable terms. Readers are cautioned that the foregoing list of factors is not exhaustive.

The above summary of assumptions and risks related to forward-looking information has been provided in this Prospectus in order to provide readers with a more complete perspective on the future operations of the Corporation. Readers are cautioned that this information may not be appropriate for other purposes.

The forward-looking statements and information contained in this Prospectus are expressly qualified by this cautionary statement.

FOREIGN JURISDICTIONS

Miles Thompson, a director of the Corporation, is resident in Brazil. Although Miles Thompson will appoint, prior to the filing of the final prospectus of the Corporation, Borden Ladner Gervais LLP, 1000 Canterra Tower, 400 3rd Avenue S.W., Calgary, Alberta, T2P 4H2, as his agent for service of process in Canada, it may not be possible to for an investor to enforce judgments granted by a court in Canada against Miles Thompson.

GLOSSARY OF GENERAL TERMS

The following are definitions for terms used in this Prospectus:

"**Agency Agreement**"	means the agency agreement dated August 26, 2010 between the Corporation and the Agent
"**Agent**" or "**Leede**"	means Leede Financial Markets Inc.
"**Agent's Option**"	means the non-transferable option to be granted to the Agent to purchase that number of Common Shares equal to 7.5% of the Common Shares sold under the Offering at a purchase price of $0.15 per Common Share which may be exercised for a period of 24 months from the Listing Date.
"**Closing**"	means the completion of the Offering.
"**Closing Date**"	means the date of the Closing of the Offering.
"**CIM Standards**"	means standards adopted by the Canadian Institute of Mining, Metallurgy and Petroleum
"**CNSX**"	means the Canadian National Stock Exchange.
"**Common Shares**"	means the common shares in the capital of the Corporation.
"**Computershare**"	means Computershare Trust Company of Canada.
"**Corporation**"	means Sypher Resources Ltd., a corporation incorporated under the *Business Corporations Act* (Alberta).
"**Directors' and Officers' Options**"	means the options to be granted at the Closing of the Offering to directors, officers and employees of the Corporation which options entitle the holders to purchase an aggregate of 300,000 Common Shares at a price of $0.15 per Common Share and which options may be exercised for a period of 10 years from the date of grant.
"**Escrow Agreement**"	means the escrow agreement dated August 26, 2010 among the Corporation, Computershare and certain principal shareholders of the Corporation.
"**Listing Date**"	means the date of listing of the Common Shares on the CNSX.
"**McBride Property**"	means the McBride gold property forming the subject of the Technical Report, which is comprised of four mineral claims covering 893 hectares located in north-western Manitoba 15 km southwest of the Town of Lynn Lake.
"**MEAP**"	means Mineral Exploration Assistance Program, a financial assistance program provided by the Province of Manitoba for non-fuel mineral exploration in Manitoba.
"**Nevgold**"	means Nevgold Resource Corp. (TSXV: NDG).
"**NI 43-101**"	means National Instrument 43-101 – *Standards of Disclosure for Mineral Properties*.
"**Offering**"	means this offering of 3,000,000 Common Shares at a price of $0.15 per Common Share for gross proceeds of $450,000.

"**Option**"	means the option to acquire an undivided 100% legal and beneficial interest in the McBride Property granted by Nevgold to the Corporation pursuant to the Option Agreement.
"**Option Agreement**"	means the property option agreement made and dated May 15, 2010 between the Corporation and Nevgold, pursuant to which the Corporation was granted the Option.
"**Project**"	means the McBride Property gold project.
"**Prospectus**"	means this prospectus.
"**Securities Commissions**"	means the Alberta Securities Commission, the British Columbia Securities Commission and the Ontario Securities Commission.
"**Technical Report**"	means the technical report dated May 20, 2010 prepared for the Corporation in accordance with NI 43-101 entitled, "Technical Report on the McBride Gold Property, Manitoba".
"**Technical Report Author**"	means Bernhardt E.K. Augsten, P.Geo.

GLOSSARY OF TECHNICAL TERMS

The following is a glossary of certain technical terms used in this Prospectus:

"**Actinolite**" means a bright green or grayish green monoclinic mineral of the amphibole group with the chemical formula $Ca_2(Mg, Fe)_5Si_8O_{22}(OH)_2$, commonly found in metamorphic rocks;

"**AEM**" means an airborne electro-magnetic survey – see EM;

"**Ag**" means Silver;

"**Alluvium**" means relatively recent deposits of sedimentary material laid down in river beds, flood plains, lakes, or at the base of mountain slopes; (adj; alluvial)

"**Alteration**" means any change in the mineralogical composition of a rock that is brought about by physical or chemical means, especially by the action of hydrothermal solutions;

"**Amphibole**" means a family of silicate minerals characterized by a cross-lined double chain of tetrahedral with a silicon; oxygen ratio of 4:1, by columnar of fibrous prismatic crystals and by good prismatic cleavage in two directions parallel to the crystal faces; Amphibole minerals generally contain iron, magnesium, calcium and aluminum in varying amounts, along with water;

"**Amphibolite"** means a metamorphic rock composed chiefly of amphibole with minor plagioclase and little quartz;

"**Andesite**" means a dark-coloured, fine-grained extrusive volcanic rock composed of pyroxene and plagioclase; The ratio of sodium to calcium in the plagioclase differs slightly in andesite and basalt;

"**Anionic**" means a negatively charged ion;

"**Anomaly**" means a geological feature distinguished by geological, geophysical or geochemical means, which is different from the general surroundings and is often of potential economic value having a geochemical or geophysical character which deviates from regularity;

"**Anticline**" means a fold with strata sloping downward on both sides from a common crest;

"**Antiformal**" means an anticline-like structure whose stratigraphic sequence is not known;

"**Argillaceous**" means containing, made of or resembling clay; clayey;

"**As**" means Arsenic;

"**Assay**" means to analyze the proportions of metal in a rock or overburden sample; to test an ore or mineral for composition, purity, weight or other properties of commercial interest;

"**Assessment work**" means the amount of work, specified by mining law that must be performed each year in order to retain legal control of mining claims;

"**Au**" means Gold;

"**Azimuth**" means the horizontal angular distance from a reference direction, usually the magnetic north;

"**Bedrock**" means a general term for the rock that underlies soil or other unconsolidated, superficial material;

"**Calcalkaline**" means volcanic rocks of a certain chemistry normally associated with destructive plate margins and subduction zones where oceans are closing;

“**Carbonate**” means a mineral compound characterized by a fundamental anionic structure of CO_3;

“**Claim**” means a portion of land held either by a prospector or a mining company; In Canada, the common size is 1,320 feet square (about 400 metre squared), or 40 acres (about 16 ha);

“**Clastic**” means a rock or sediment composed principally of fragments derived from pre-existing rocks or minerals and that have been transported some distance from their places of origin; also said of the texture of such a rock;;

“**Conglomerate**” means a sedimentary rock consisting of rounded, water-worn pebbles or boulders cemented into a solid mass;

“**Dacite**” means a fine-grained intrusive or extrusive rock with the same general composition as andesite but having a less calcic plagioclase and more quartz;

“**DDH**” means diamond drill hole;

“**Deformation**” means a general term for the process of folding, faulting, shearing, compression or extension of rocks as a result of various earth forces;

“**Deposit**” means a mineralized body that has been physically delineated by sufficient drilling, trenching and/or underground work, and found to contain a sufficient average grade of metal or metals to warrant further exploration and/or development expenditures. Such a deposit does not qualify as a commercially mineable ore body or as containing reserves of ore, until final legal, technical and economic factors have been resolved;

“**Diamond Drill**” means a rotary type of rock drill that cuts a core of rock that is recovered in long cylindrical sections, two cm or more in diameter;

“**Dike**” means an intrusion of igneous rock cutting across strata, tabular in shape with parallel sides;

“**Dip**” means the angle that a structural surface makes with the horizontal, measured perpendicular to the strike of the structure and in the vertical plane;

“**Dissemination**” means fine particles of mineral dispersed throughout the enclosing rock;

“**EM**” means a geophysical survey method which measures the electromagnetic properties of rocks;

“**Epiclastic**” means a rock formed at the earth’s surface by consolidation of fragments of pre-existing rocks

“**Epithermal**” means gold and/or silver mineralization deposited by relatively low temperature hydrothermal fluids generally related with porphyry intrusives;

“**Exploration**” means prospecting, sampling, mapping, diamond drilling and other work involved in searching for ore;

“**Fault**” means a discrete surface or zone of discrete surfaces separating two rock masses across which one mass has slid past the other;

“**Fe**” means iron;

“**Feldspar**” means a group of abundant rock forming minerals of general formula: M{Al(Al,Si,)3O8} where M = K,Na,Ca,Ba,Rb,Sr or Fe; Feldspars are the most widespread of any mineral group and constitute 60% of the earth’s crust;

“**Felsic**” means an igneous rock having abundant light-coloured minerals such as feldspars and quartz;

“**Fire assay**” means the assaying of metallic ores, usually gold and silver, by methods requiring melting of the rock to separate its various metallic constituents;

“**Fluvial**” means formed by the action of a river;

“**Fold**” means a bend in strata or any planar structure;

“**Footwall**” means the fault block beneath an oblique fault plane, or in mining, the wall rocks below an ore body;

“**Fracture**” means brittle deformation due to a momentary loss of cohesion or loss of resistance to differential stress and a release of stored elastic energy;

“**Fragmental**” means designating or of rocks formed of the fragments of older rocks;

“**Ga**” means gigaannum; a billion years;

“**g/t**” means grams per tonne;

“**Geochemistry**” means the study of the chemical properties of rocks;

“**Geology**” means the science concerned with the study of the rocks and processes that form the Earth;

“**Geophysics**” means the study of the physical properties of rocks and minerals;

“**Geophysical survey**” means a scientific method of prospecting that measures the physical properties of rock formations. Common properties investigated include magnetism, specific gravity, electrical conductivity and radioactivity;

“**Greenstone Belt**” means a linear or podlike sequence of volcanic and sedimentary rocks particularly common in Precambrian terranes. Typically synclinal with lower and middle volcanic units and an upper sedimentary rock unit;

“**Hanging wall**” means the fault block which overhangs an oblique fault plane, or in mining, the wall rocks above an ore body;

“**Hectare**” means a square of 100 meters on each side;

“**Homoclinal**” means the matched inclined limbs on either side of a breached anticline;

“**Hornblende**” means the commonest mineral of the amphibole group: (Ca,Na)2-3(Mg,Fe+2,Fe+3,Al)5 (OH)2 {(Si,Al)8O22}. It has a variable composition and may contain potassium and appreciable fluorine;

“**Host**” means a rock or mineral that is older than rocks or minerals introduced into it;

“**Hydrothermal**” means pertaining to hot water, especially with respect to its action in dissolving, re-depositing and otherwise producing mineral changes within the earth's crust;

“**Igneous**” means a classification of rocks formed from the solidification from a molten state. If the rock crystallizes within the crust, it is said to be intrusive, while if it flows onto the surface, it is extrusive;

“**Intrusion**” means the process of emplacement of magma in pre-existing rock;

“**km**” means a kilometre;

“**Logging**” means the process of recording geological observations of drill core either on paper or on computer disk;

“**m**” means a metre;

“**Ma**” means megaannum; million years ago;

“**Mafic**” means an igneous rock composed chiefly of one or more iron and manganese rich minerals, usually dark colored, e.g. amphiboles like hornblende;

“**Magma**” means a molten rock generated within the Earth; forms intrusive (solidifies below the surface) and extrusive (solidifies above the surface) igneous rocks;

“**Magnetic survey**” means a geophysical survey that measures the intensity of the Earth's magnetic field;

“**Metamorphic**” means a rock that has undergone chemical or structural changes produced by increase in heat or pressure, or by replacement of elements by hot, chemically active fluids;

“**Mineral**” means a naturally occurring chemical compound or limited mixture of chemical compounds. Minerals generally form crystals and have specific physical and chemical properties which can be used to identify them;

“**Mineralization**” means the process or processes by which a mineral or minerals are introduced into a rock resulting in concentration of metals and their chemical compounds within a body of rock;

“**Molasse**” means a clastic sedimentary sequence comprising sandstones, shales and conglomerates formed as terrestrial or shallow marine deposits in front of rising mountain chains;

“**Monoclinic**” means three unequal crystal axes, two of which intersect obliquely and are perpendicular to the third;

“**Nd**” means the chemical element neodymium, a soft silvery metal that tarnishes in air;

“**nsv**” means no significant value;

“**Outcrop**” means that part of a geological formation or structure that appears at the surface of the earth; an exposure of bedrock at the surface;

“**Plagioclase**” means a series of triclinic feldspars, consisting of mixtures of sodium and calcium aluminum silicates;

“**Pluton**” means a deep seated igneous intrusion;

“**Porphyry**” means an igneous rock of any composition that contains conspicuously larger crystals known as phenocrysts, within a fine-grained mass;

“**ppb**” means parts per billion;

“**ppm**” means parts per million;

“**Pyrite**” means a common ore forming mineral composed of iron and sulphur (FeS_2), known colloquially as “fools gold”;

“**Quartz**” means a common rock-forming mineral composed of silicon dioxide, crystalline silica;

“**Radiometric**” means a geophysical technique to measure the natural radiation of different rock formations at the earth's surface;

“**Resistivity survey**” means a geophysical method that helps to locate the presence of silica-rich mineralized zones with small quantities of sulphides and other conductive minerals;

“**Sample**” means a small portion of rock or a mineral deposit taken so that the metal content can be determined by assaying;

“**Sampling**” means selecting a fractional but representative part of a mineral deposit for analysis;

“**Schistosity**” means a type of cleavage characteristic of metamorphic rocks, notably schists and phyllites, in which the rocks tend to split along parallel planes defined by the distribution and parallel arrangement of platy mineral crystals;

“**Sediment**” means solid material that has settled down from a state of suspension in a liquid. More generally, solid fragmental material transported and deposited by wind, water or ice, chemically precipitated from solution, or secreted by organisms, and that forms in layers in loose unconsolidated form;

“**Self-potential**” means a technique, used in geophysical prospecting, which recognizes and measures the minute electric currents generated by sulphide deposits;

“**Shear or shearing**” means the ductile deformation of rocks by lateral movement along innumerable parallel planes, generally resulting from pressure and producing such metamorphic structures as cleavage and schistosity;

“**Shear zone**” means a zone in which shearing has occurred on a large scale;

“**Silica**” means silicon dioxide; quartz is a common example;

“**Strike**” means direction or trend of a geologic structure;

“**Sulphide**” means a group of minerals in which one or more metals are found in combination with sulphur;

“**Supracrustal**” means rocks that overlie basement rock;

“**Synclinal**” means a fold in rocks in which the rock layers dip inward from both sides toward the axis;

“**Tholeiitic**” means a type of mafic ingneaous rock usually formed along mid-ocean ridges and the main component of oceanic crust;

“**Ultramafic**” means an intrusive igneous rock rich in iron and magnesium and with much less silicon and aluminum than most crustal rocks;

“**Vein**” means a thin sheet-like intrusion into a fissure or crack, commonly bearing quartz;

“VLF-EM” means very low frequency electromagnetic geophysical survey used for detecting sulphide bodies;

“**Volcanic**” means pertaining to the activities, structures or rock types of a volcano; and

“**Volcaniclastic**” means a clastic rock containing volcanic material in any proportion.

CONVERSION

The following table sets forth certain standard conversions from Standard Imperial units to the International System of units (or metric units).

To Convert From	**To**	**Multiply By**
Feet	Metres	0.305
Metres	Feet	3.281
Miles	Kilometres	1.609
Kilometres	Miles	0.621
Acres	Hectares	0.405
Hectares	Acres	2.471
Grams	Ounces (troy)	0.032
Ounces (troy)	Grams	31.103
Tonnes	Short tons	1.102
Short tons	Tonnes	0.907
Grams per tonne	Ounces (troy) per ton	0.029
Ounces (troy) per ton	Grams per tonne	34.438

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. Unless otherwise noted, all currency amounts are stated in Canadian dollars.

The Corporation:	The Corporation was incorporated on January 21, 2010. The Corporation is engaged primarily in the acquisition of interests in and the exploration of mineral resource properties. See "*General Development of the Business*."
Principal Property	Pursuant to the Option Agreement, the Corporation holds an option to acquire an undivided 100% legal and beneficial interest in the McBride Property, an exploration property situated in Manitoba on the Johnson Shear Zone within the Paleoproterozoic Lynn Lake greenstone belt. See "*McBride Property*".
Offering:	3,000,000 Common Shares
Price:	$0.15 per Common Share
Gross Proceeds:	$450,000
Plan of Distribution:	The Agent has agreed to offer the Common Shares on a "best efforts" basis in the provinces of British Columbia, Alberta and Ontario. The Agent will be paid a cash commission equal to 6.0% of the gross proceeds of Offering. The Agent will also be granted the Agent's Option which is qualified by this Prospectus. This Prospectus also qualifies for distribution the Director's and Officers' Options. See "*Plan of Distribution*" and "*Options to Purchase Securities*".
Use of Proceeds:	The net proceeds to the Corporation from the Offering are estimated to be $343,000, after deducting the Agent's commission, the corporate finance fee and the other costs and expenses in connection with the Offering. The net proceeds to the Corporation will be used by the Corporation for exploration activities, operating expenses and unallocated working capital. See "*Use of Proceeds*".
Risk Factors:	An investment in the Common Shares must be regarded as highly speculative due to the nature of the Corporation's business and its present stage of development. The Corporation has no proven mineral reserves or income. This Offering is only suitable for subscribers who are willing to rely solely upon the management of the Corporation and who can afford a total loss of their investment. The Corporation has no present intention to pay dividends to the holders of Common Shares. Subscribers will have to rely upon the expertise, judgment and ability of the management of the Corporation to carry out the business of the Corporation. There is currently no market through which these Common Shares may be sold and purchasers may not be able to resell securities purchased under this Prospectus. See "*Risk Factors*".
Summary Financial Information:	The Corporation is a mineral resource company, which is engaged in the acquisition of interests in and the exploration of mineral resource properties. At present, the Corporation's mineral resource activities do not generate any income from production. The Corporation has no sales revenues. See "*Selected Consolidated Financial Information and Management's Discussion & Analysis*".

Listing of Common Shares:	Application has been made to CNSX for the listing of the Common Shares qualified for distribution pursuant to this Prospectus. Minimum standards that an issuer must meet in order to be eligible for a listing on CNSX are lower then standards for issuers listed on other stock exchanges. See "*Risk Factors.*"
Qualification:	This Prospectus is being filed in the Provinces of British Columbia, Alberta and Ontario. See "*Plan of Distribution*".

CORPORATE STRUCTURE

Name and Incorporation

The Corporation was incorporated under the name "Sypher Resources Ltd." pursuant to the *Business Corporations Act* (Alberta) on January 21, 2010. The Corporation's registered office is located at 1000 Canterra Tower, 400 – 3rd Avenue S.W., Calgary, Alberta T2P 4H2. The Corporation's head office is located at Suite 1028, 550 Burrard Street, Vancouver, British Columbia, V6C 2B5. The Corporation is a mineral resource company engaged in the acquisition of interests in and the exploration of mineral resources properties.

Intercorporate Relationships

The Corporation has no subsidiaries.

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

The Corporation is engaged in the acquisition of interests in and the exploration of mineral resource properties and is currently focusing on its interest in the Johnson Shear Zone within the Paleoproterozoic Lynn Lake greenstone belt in Manitoba. The Corporation's sole property interest is in respect of the McBride Property, which is comprised of four (4) mineral claims located in The Pas Mining Division 15 km southwest of Lynn Lake, Manitoba. The claims have not yet been legally surveyed. The mineral claims which comprise the McBride Property are more particularly described as follows:

Mineral Claims Comprising the McBride Property

Claim Name	Record #	APa (ha)	Expiry Date	Work Required ($)	Registered Owner
Rund 2	CB12318	259	3/22/2016	$6,475	Nevgold Resource Corp.
Rund 3	CB12319	195	3/22/2016	$4,875	Nevgold Resource Corp.
Kix 12	W49663	238	2/4/2016	$5,950	Nevgold Resource Corp.
Kix 13	W49664	201	2/4/2016	$5,025	Nevgold Resource Corp.
Total		**893**		**$22,325**	

Pursuant to the Option Agreement made and dated May 15, 2010 (the "**Effective Date**") between the Corporation and Nevgold Resource Corp. ("Nevgold"), the Corporation has been granted the option to acquire an undivided 100% legal and beneficial interest in the McBride Property. Nevgold, an arm's length public company listed on the TSX Venture Exchange, owns 100% of the contiguous claims comprising the McBride Property. Under the terms of the Option Agreement, the Corporation will earn its 100% interest directly from Nevgold.

Under the terms of the Option Agreement, the Corporation may exercise the Option by:

(a) issuing to Nevgold on or before May 30, 2014: 500,000 Common Shares subject to receipt of all regulatory approvals, if any, and compliance with applicable securities and corporate laws, or, at the option of Nevgold, an amount of common shares equal to a deemed value of $500,000 as of the date of issuance; and

(b) incurring the following expenditures on the McBride Property ("**Expenditures**") and providing Nevgold with evidence of such Expenditures, to the Optionor's satisfaction, acting reasonably by the following dates:

(i) $50,000 on or before May 30, 2011; and

(ii) an additional $100,000 on or before May 30, 2012; and

(iii) an additional $150,000 on or before May 30, 2013; and

(iv) an additional $300,000 on or before May 30, 2014 (the "**Option Deadline**");

(collectively, the "**Conditions of Exercise**").

Nevgold also reserves a three percent (3%) net smelter royalty as defined in the Option Agreement. If the Corporation spends, in any of the above periods, less than the required Expenditures, it may pay Nevgold the shortfall between the amount it actually spent and the required Expenditures before the expiry of that respective period in full satisfaction of the corresponding Expenditures to be incurred. If the Corporation spends more than the required amount in a given period, the excess shall be carried forward and credited against the Expenditures to be incurred in succeeding periods. Subject to the foregoing, in the event that any of the Conditions of Exercise in respect of the Option are not satisfied by the Option Deadline then the Option shall terminate. Nothing in the Option Agreement obligates the Corporation to exercise the Option or incur the Expenditures.

An area of mutual interest ("**AMI**") is located within ten (10) km of the existing exterior boundaries of each of the four (4) individual mineral claims groups comprising the McBride Property. If at any time during the subsistence of the Option Agreement, either the Corporation or Nevgold (the "**Acquiring Party**") acquires any mineral rights to or property interest within the AMI, within a six (6) month period prior to the Effective Date or during the term of the Option Agreement, the Acquiring Party is required to give notice to the other party of that acquisition and the total cost thereof. The notified party shall then have thirty (30) days following receipt by it of the foregoing notification to elect in writing to have the property interest or mineral rights included as part of the particular individual claim group. If the notified party does not so elect in writing within this thirty (30) day period, the Acquiring Party shall be entitled to retain the property interest or mineral rights for its own account and such property interest or mineral rights will not form part of said individual claim group and will not be subject to the terms of the Option Agreement.

The Option Agreement shall terminate at any time prior to the Option Deadline by the Corporation giving notice of termination to Nevgold. Notwithstanding any other provision of the Option Agreement, if at any time during the term of the Option, the Corporation fails to advance to Nevgold any payment or fails to incur any of the Expenditures provided for above, or is in breach of any representation or warranty made pursuant to the Option Agreement, or other certain terms of the Option Agreement, Nevgold may terminate the Option Agreement, but only if: (a) it shall have first given to the Corporation a notice of default containing particulars of the payment not advanced, the Expenditures not incurred, or the representation, warranty or other term breached; and (b) the Corporation has not, within thirty (30) days following delivery of such notice of default, cured such default. Should the Corporation fail to cure such default in accordance with (b) herein, Nevgold may thereafter terminate the Option Agreement, and the following shall be applicable:

If the Option Agreement terminated prior to the exercise of the Option, the Corporation shall:

(a) ensure that all filings for assessment credit have been made in respect of all Expenditures to the maximum extent permitted, or all payments of money in lieu thereof have been made to maintain the McBride Property in good standing for at least 1 year from the date of termination; and

(b) ensure that Nevgold is provided with copies of all plans, survey records, geologic maps and sections, assays and digital (computer) records relating to the Expenditures which had theretofore not been delivered to Nevgold.

The corporation shall vacate the McBride Property within a reasonable time after termination, but shall have the right of access to the McBride Property for six (6) months following termination for the purpose of removing its buildings, plant, equipment, machinery, tools, appliances and supplies from the McBride Property. The Corporation shall not leave any buildings, plan, equipment, machinery, tools appliances or supplies on the McBride Property beyond this six (6) month period after termination without the written consent of Nevgold.

To fund its exploration activities and to provide working capital, the Corporation has raised$207,500 through the issuance of Common Shares from treasury. In March 2010, the Corporation made an application for the Mineral Exploration Assistance Program (MEAP). MEAP provides financial assistance for non-fuel mineral exploration in Manitoba. The program is designed to increase exploration and to stimulate activities that could lead to the development of new mines and industrial mineral deposits in Manitoba. The program is available to companies or individuals proposing mineral exploration projects in Manitoba. The program provides assistance of up to 25% of approved eligible expenditures (within industry standards). A higher percentage is offered for projects conducted in Lynn Lake/Leaf Rapids and the Northern Superior/Other Northern areas of Manitoba. In these areas, up to 35% of approved eligible expenditures. On May 17, 2010 the Corporation was awarded a potential reimbursement of exploration expenditures of up to $16,078 for the McBride Project. The Corporation has until October 31, 2010 to complete its exploration expenditures with an interim report due to the Manitoba Energy & Mines, Mineral Resource Division by September 30, 2010 and a final report by January 14, 2011. The Corporation is not required to make the expenditures under the MEAP agreement but will only get reimbursement up to $16,078 by completing the exploration program proposed by the Corporation and accepted by the Manitoba Minerals Resources Division.

The Corporation intends to raise additional funds under the Offering to carry out the exploration of the McBride Property as described under the heading "*Use of Proceeds*".

Trends

There are no current trends known to management of the Corporation that are expected to have a material effect on the Corporation's business, financial condition or results of operations.

McBRIDE PROPERTY

Stated Business Objectives

The principal business carried on and intended to be carried on by the Corporation is the acquisition, exploration and, if warranted, development of mineral resource properties of merit. The Corporation holds an option to acquire an undivided 100% legal and beneficial interest in the McBride Property pursuant to the Option Agreement. Following completion of the Offering, the Corporation plans to conduct an exploration program on the McBride Property. The Corporation intends to expend existing working capital and the net proceeds raised pursuant to the Offering to: (i) pay for the costs of the Offering; (ii) pay for the first phase of an exploration program on the McBride Property; and (iii) to fund ongoing administrative costs.

Milestones

In order to accomplish the Corporation's stated business objectives as described above, the Corporation is planning an initial exploration program on the McBride Property, which is estimated to cost approximately $102,230 and is expected to be completed on or before December 31, 2010, with the field portion of such program expected to be completed by September 30, 2010 to avail the Corporation access to MEAP funding. The Corporation expects that it will have the respective laboratory results compiled by December 31, 2010 in anticipation of delivering its final MEAP report by January 14, 2011. This would meet the Corporation's commitments required under the Option Agreement for the period up to May 30, 2012. Additional work would be dependant on favourable exploration results. The Corporation will also continue to assess new properties and will seek to acquire interests in additional properties if the Corporation feels that they have sufficient potential.

The following information on the McBride Property has been obtained from the Technical Report dated May 20, 2010 prepared for the Corporation by Bernhardt E.K. Augsten, P.Geo., entitled, "Technical Report on the McBride Gold Property, Manitoba". The Technical Report was prepared in compliance with the provisions of NI 43-101. The Technical Report Author is a "Qualified Person" under NI 43-101 and is considered an "Independent Qualified Person". From February 1 to 17, 2007, the Technical Report Author supervised the 2007 diamond drill program for

Nevgold. This is the most recent exploration program that has been completed on the McBride Property. The Technical Report may be obtained on the SEDAR website at www.sedar.com.

Property Description and Location

The Project is located 15 km southwest of Lynn Lake, Manitoba, along provincial highway 396, and centering on longitude 101°11'19" W and latitude 56°44'11" N. The McBride Property is in The Pas Mining Division of Manitoba, in NTS area 64C11, bordering in the north on NTS area 64C14.

Mineral claims in Manitoba grant the holder the exclusive right to explore for Crown minerals. Claims are located by staking out on the ground as per the Mines and Minerals Act (Manitoba). Once a claim is recorded, it is in good standing for two years plus 60 days. If all work and reporting requirements are met, then a claim can be renewed annually for an indefinite period of time. The work requirements from year 2-10 are $12.50 per hectare and $25 per hectare thereafter. Meeting the work requirements of all dispositions can be done on an annual basis, or through two additional means. An over-accumulation of credits in one year can be applied against the required work of the next year, or for as many years as the amount accrued meets the minimum work required.

If the necessary work has not been completed, a cash payment equal to the work commitment of that year may be made to keep the disposition in good standing. If the work is completed and reported within five years, you can apply to have your cash refunded.

Separate arrangements must be made with the owner(s) of private surface rights or legal occupants of Crown land before any surface exploration activities take place. The surface rights on the McBride Property are held by the Crown.

Mineral exploration companies need to obtain a work permit prior to commencing any drilling or major earth moving programs, such as road and drill pad construction. The time frame to obtain a required permit is generally less than four weeks. Prior to commencing any exploration activities, the Corporation will need to apply for a work permit with Manitoba Conservation, Northeastern Region located in Lynn Lake, Manitoba. There is no fee associated with the work permit application.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

Access to the McBride Property is by paved highway, 15 km from the Town of Lynn Lake. The Town of Lynn Lake has a population of 700 people and has a well developed business community that services recreation and commercial fishing industries. Lynn Lake has an airport with a 1524 m runway. The rail line access to Flin Flon, Manitoba is via Cranberry Portage, Sherridon and Pukatawagan to Lynn Lake. The rail line is owned by Keewatin Railway Company, representing a consortium of three First Nation communities. Road access (highway 391) from Thompson is via Leaf Rapids. The hydro line is from Laurie River to Lynn Lake; a link from Laurie River to Thompson connects the line to Manitoba Hydro's transmission and distribution grid. There is a 1300 tonne-per-day CIP mill complex in the town of Lynn Lake that remains largely intact.

The McBride Property is underlain by gently rolling hills and comprises several small lakes and swamps, numerous sand deposits and rare outcrops. Elevations range from 350 to 430 m above mean sea level. The relief is moderate and most parts of the McBride Property are readily accessible year-round. Sand covered hill slopes are common. The bedrock topography appears variable, as indicated by changes in overburden thickness from less than 2 m to 18 m. Tree cover includes jack pine, black spruce and poplar in uplands, black spruce and tamarack in lowlands.

Highway 396 cuts through the grid on the north western part of the McBride Property. The Flin Flon – Lynn Lake railway line cuts across the southern part of the McBride Property. McVeigh is the nearest railway siding, 3 km east of the McBride Property. The distance by rail to Flin Flon, Manitoba is 197 km.

Annual precipitation averages 360 mm with 207 mm rainfall and 153 cm snowfall. During January the average snow cover is 52 cm and the average seasonal temperature ranges from - 27°C in January to 15.7°C in July.

Due to good road access, exploration may be carried on year-round on the McBride Property. The Technical Report indicates that the Project is located in a well-known mineral area with readily available labour.

Property History

The area of the Rund 2 and 3 and Kix 12 and 13 claims was first staked in 1941 by A. McVeigh who prospected the area on behalf of Sherritt Gordon Mines Ltd. ("**SGM**"). Six pits were excavated and the claims were cancelled in 1942. The area was again staked as the VX claims and in 1947 Noranda Inc. conducted geological mapping, magnetic, resistivity and self-potential surveys over the general area of the McBride Property.

In 1954 Eldorado Mining and Refining Ltd. completed an airborne radiometric survey over the region, including the McBride Property. During the same year Canadian Nickel Co. Ltd. conducted an airborne EM and magnetic survey.

In 1957 SGM carried out an airborne magnetic survey. In 1960, SGM drilled six holes on the McBride Property, totalling 364 m. In 1972, SGM completed an airborne EM survey and an AEM survey. In 1976, SGM conducted ground EM and magnetic surveys. SGM drilled two holes totalling 160 m, in 1977.

Questor Surveys completed a regional airborne INPUT and magnetic survey on behalf of the Manitoba Government in 1976 and 1977.

In 1981 Granges Exploration Ltd. ("**Granges**") staked the Rund 2 and Rund 3 claims and in 1984 Granges added the Kix 12 and Kix 14 claims. The company carried out soil geochemical and HLEM surveys in 1982, followed by trenching, VLF-EM, ground magnetic surveys and several diamond drilling programs.

In January 2006, Vista Gold Corp. ("**Vista**") completed 37 line km of grid line cutting. The base line is oriented at 66° and line spacing is 100m. The lines were picketed at 25m spacing and inscriptions were made with pencils for extended durability. Vista also completed a ground magnetic survey and extended drill core sampling from historic drill holes. The Magnetic survey was completed on the grid using a Gem Systems GSM-19, 13, VIII 92, ID 9746 instrument. Lines were spaced 100m apart and station interval was 12.5 m.

The sampling of historic drill core was completed on drill cores from 13 historic diamond drill holes from the McBride Property. The holes had been drilled between 1988 and 1994. The sampling was done at the core laboratory of the secure Manitoba Government drill core storages facility in Lynn Lake, Manitoba.

The January 2006 extended sampling program included portions of DH MB37 (drilled in 1988), DH MB45, 47, 50, 51 (drilled in 1990) and DH MB52 to DH MB59 (drilled in 1994). In all, 294 core samples were taken. In addition, blank, duplicate and standard sample were inserted into the sample stream.

In February 2007, Nevgold completed a six hole diamond drill program for a total of 892 metres. In all 207 core samples were taken.

In March 2010, the Corporation compiled all the historic data available for the McBride Property into a geological database.

Geological Setting

Regional Geology

The La Ronge Domain (Saskatchewan) and the Lynn Lake/Leaf Rapids Domain (Manitoba) form a more or less continuous curvilinear belt approximately 50 km wide by 750 km long that is exposed from Lac La Ronge in north central Saskatchewan to north central Manitoba. The Lynn Lake Belt broadly correlates with the La Ronge Belt in the sense that both contain technically imbricated and complexly folded volcanic, plutonic, and sedimentary rocks of 1.92 to 1.88 Ga age. However, there are techtonically some major differences as well. The Lynn Lake volcanic-sedimentary successions have been traditionally assigned to the Wesekwan Group which has been subdivided into a northern belt, predominately consisting of mafic volcanic and volcaniclastic rocks of tholeiitic affinity, and a southern belt consisting of tholeiitic to calc-alkaline volcanic rocks with minor amounts of mid-oceanic ridge basalt. Rare felsic volcanic rocks from the northern belt have yielded U-Pb zircon ages ranging from 1915 +7/-6 Ma to 1886 ± 2 Ma. This is significantly older than the southern belt, which has so far yielded U-Pb zircon ages of 1881 +3/-2 Ma, 1864 ± 2 Ma, 1856 ± 2 Ma, and 1842 Ma from felsic to intermediate volcanic rocks. Recent Nd isotope data suggest that igneous rocks of the northern belt, which yield Nd values of -0.2 to -0.3 and Ndt model ages of 2.5 Ga, have been contaminated by Archean crust or sediments which a high proportion of Archean detritus. In contrast, igneous rocks of the southern belt yield Nd values of +4 to +5 and Ndt model ages < 2.2 Ga, suggesting a juvenile origin. Both the northern and parts of the southern volcanic belts are intruded by tonalitic plutons of the 1876 to 1871 Ma. known as the Pool Lake intrusive suite.

The central portion of the southern belt, where the McBride Property is located, comprises part of a collage of older (1890 Ma) contaminated and younger (1855 Ma) juvenile-arc volcanic rocks (D1 deformation). The southern lobe is interpreted as part of an overturned (to the south) homoclinal volcanic succession, representing the overturned limb of the major antiformal structure which includes the northern and southern supracrustal lobes separated by the dome of Pool Lake intusive suite rocks. The southern lobe is unconformable overlain and structurally underlain by (inverted) fluvial-alluvial conglomerate and arkosic sedimentary rocks of the Sickle Group. The basal conglomerate contains proximally derived plutonic clasts.

D1 deformation has been significantly obscured by overprinting D2 deformation, producing horizontal, asymmetric, and tight to isoclinal F2 folds and intense transportation into east-trending D2 shear zones. The most prominent D2 shear is the Johnson shear zone, which is located along the south margin of the southern greenstone lobe and hosts the gold mineralization on the McBride Property. Typically, gold mineralization is associated with silica-carbonate-sulphide alteration within the shear.

Property Geology and Local Geology

The McBride Property covers part of the southern Lynn Lake greenstone belt. The McBride Property is underlain by Wasekwan Group mafic and felsic volcanic and volcaniclastic rocks, siltstones, sandstones, pebbly sandstones and Pool Lake suite granodioritic intrusives. Sickle Group conglomerate is indicated on government maps in the southwest corner of the McBride Property. Units strike east-northeast and dip steeply northwest (70°). The Johnson shear zone trends more or less parallel to contacts across the property in an east-northeast direction. Individual strands on the shear zone dip north. Quartz-feldspar porphyry dikes occur along parts of the shear zone in places.

The area has undergone lower to middle amphibolites facies metamorphism. Garnet is common in the graphitic sulphide rich siltstone, which staurolite is noted in graphitic and non-graphitic siltstones. The Johnson shear zone traverses the area in an east-west direction. Individual share strands tend to dip north showing mostly a reverse/left-lateral sense of movement.

The rock types encountered on the McBride Property are summarized in brief as follows:

<u>Tuffaceous Silstone</u>: Well laminated, fine grained, brownish-buff coloured siltstone with biotite, feldspar, quartz and hornblende. Mildly schistose with a beginning metamorphic biotite-feldspar segregation. Characteristic intervals of 10-50 cm width with green-grey-brown colouration are a result of hornblende/actinolite-quartz/albite-biotite growth. The siltstone can grade into a coarser sandstone and the northernmost part of the siltstone can be strongly magnetic with 2-5% disseminated magnetite.

<u>Rhyolite</u>: The rhyolite is a distinctive, often untextured, massive, fine grained, light grey hard rock frequently with some quartz stringers or veins.

<u>Graphitic Mudstone, Sulphide Iron Formation, Limestone</u>: The graphitic mudstone is more or less a finely laminated fine grained rock with varying amounts of carbonaceous matter or graphite. Good electric conductivity was noted near strongly graphitic slickensides and in other highly graphitic zones over narrow widths. The sulphide iron formation consists of disseminated pyrite in graphitic argillite with variable amounts of secondary quartz. Pyrite content ranges from 2-15% and quartz content reaches 20%. Limestone was noted near the top of the

graphitic mudstone section in drill holes MB-58 and MB-59. It is a medium to fine grained fairly massive to vaguely banded whitish to light grey rock, highly reactive with 10% HCL.

Basalt: The basaltic unit is present below the graphitic mudstones. It is a fine-grained, dark grey-green rock, in places strongly chloritized and carbonated. It is closely associated with a coarser grained, amphibole rich unit of a medium grained, gabbro like texture. Interspersed are medium grained brown-green-grey altered mafic tuffs.

Sandstone, Pebblestone: This unit was encountered in the southwest portion of the Rund #2 claim along L 12+00 W between the base line and 2+00 S. The rock is distinctly magnetic and is fine grained, occasionally with gritty phases and pebbly horizons.

Granodiorite: This is a grey, coarse to medium grained intrusive rock composed of 60-80% plagioclase, 1-20% mafic minerals (mostly biotite). The unit was encountered along L 12+00 W from 4+20 S to beyond 6+50 S.

Deposit Types

The exploration targets on the McBride Property belong to a class of hydrothermal gold deposits referred to as shear hosted, mesothermal or orogenic in nature. This class of gold deposit contains the term "shear" due to the almost invariable prevalence of strong deformation structures associated with the occurrence of gold. The term "mesothermal" refers to the observation that the deposits form under conditions of relatively high temperature and hence considerable depth. The term "orogenic" denotes the observation that this type of deposit forms at depth during major orogenic events.

This class of deposit has many common features most notably:

- They commonly occur near important geological terrane boundaries marking zones of oblique collisional tectonics. The gold deposits tend to occur on secondary fault structures or shear zones somewhat removed from the main terrane boundary.

- They exhibit both breccias and small-scale fold features implying a deep crustal position at the brittle-ductile transition zone during gold deposition.

- They have many common alteration minerals including carbonates, biotite, fibrous amphiboles, chlorite and sericite among others. Quartz in the form of veins and silica flooding is a key gangue mineral intimately associated with gold. Minor amounts of pyrite, pyrrhotite, arsenopyrite and base-metal sulphides, galena, chalcopyrite and sphalerite are typically present.

- They have been deposited at peak metamorphic or post-peak metamorphic stages during orogenic cycles.

- They form in a variety of hosts including felsic and mafic volcanic, felsic intrusive rocks, metamorphosed sediments, banded iron formations and gabbroic intrusions.

- They commonly extend over considerable vertical ranges up to 1,000 metres or more.

Typical examples of shear-hosted deposits in Precambrian metamorphic terranes include the Campbell and Red Lake mines at Red Lake, Dome and Pamour mines at Kirkland Lake and Hemlo, all in Ontario.

Exploration

The Corporation has recently entered into the Option Agreement respecting the McBride Property and has not completed any exploration on the property to date. The following is a summary of the exploration previously conducted on the McBride Property as described in the Technical Report.

Granges, which subsequently became Vista Gold Corp. in 1996, carried out five exploration programs on the McBride Property between 1982 and 1995 involving several geochemical, geophysical and drilling programs.

In 1982 a total of 25.1 km of lines were cut forming a grid with a base line bearing of north 60 degrees west. Picket lines were cut at 100 metre intervals perpendicular to the baseline. A soil geochemical survey was completed with 255 samples collected and analyzed for gold, silver, arsenic, copper, zinc and nickel. Also in 1982 a ground electromagnetic survey (HLEM) comprising 19.04 km was completed by J.J. Studer of Flin Flon, Manitoba under contract to Granges.

In September 1987, Granges sampled a number of trenches on the McBride Property. Trenches 1-5 cover a 100 metre strike length and are centered on line 50W/400N. A total of 15 grab samples from the trenches were collected with the highlights returning 7.37 grams gold per tonne, 6.65 grams gold per tonne, 5.05 grams gold per tonne, 4.28 grams gold per tonne, 3.53 grams gold per tonne, 1.7 grams gold per tonne and 1.56 grams gold per tonne. Trench 5 returned the lowest values at 0.92 gram gold per tonne.

A total of 14 grab samples were collected from trenches 6-13, which are located 1,000 metres to the west (L 1000W/520N to L 1200/550N) and cover approximately 200 metres of strike length. Grab samples from these trenches returned highlights of 11.6 grams gold per tonne, 3.81 grams gold per tonne, 1.48 grams gold per tonne and 0.94 grams gold per tonne. The lowest value came from Trench 7, which returned 0.16 gram gold per tonne.

Trench channel samples were collected in August of 1988 and returned sporadic gold mineralization with the best result coming from L60W/400N in Trench #3 that returned 1.9 g/t gold over 3.8 metres and Trench 10 on L1100W/530N, which returned 2.27 g/t gold over 2.2 metres.

In 1994, Granges completed 63.67 km of line cutting and established a grid over the entire Rund 2 claim, a large portion of Rund 3 claim and about half the Kix 12 claim.

Geophysical surveys completed over the McBride property between 1982 and 1994 included:

Ground Magnetic Survey: From April 22 to April 24, 1994 a 56.09 km of integrated Magnetometer-VLF EM survey was completed by M. Chorney and Associates ltd. of Flin Flon, Manitoba. The total field magnetometer and the VLF electromagnetic surveys were completed utilizing the Gem Systems intergrated GSM – 19G Overhauser Proton Precession magnetometer/VLF system. Contoured ground magnetic data from the 1994 survey outlined five distinct areas of elevated magnetic response. The strongest response almost follows the base line running from L 200 E to L 1500 W and is about 200 metres wide.

VLF-EM and HLEM Survey: From December 1 to 3, 1982, a 19.04 km horizontal loop survey was completed over the Rund 1 and Rund 2 claims. The survey was carried out by J.J. Studer of Flin Flon, Manitoba using a AB.E.M. Gun manufactured by Craelius Ltd. of Sweden. The horizontal loop frame was operated at a frequency of 2400 Hz and a coil separation of 30 metres. The readings were taken at 30 metre intervals and reduced to 15 metre intervals over anomalous areas.

In January 2006, Vista completed 37 line km of grid line cutting. The base line is oriented at 66° and line spacing is 100m. The lines were picketed at 25m spacing and inscriptions were made with pencils for extended durability. Vista also completed a ground magnetic survey and extended drill core sampling from historic drill holes. The Magnetic survey was completed on the grid using a Gem Systems GSM-19, 13, VIII 92, ID 9746 instrument. Lines were spaced 100m apart and station interval was 12.5 m.

The sampling of historic drill core was completed on drill cores from 13 historic diamond drill holes from the McBride Property. The holes had been drilled between 1988 and 1994. The sampling was done at the core laboratory of the secure Manitoba Government drill core storages facility in Lynn Lake, Manitoba. The extended sampling program of drill cores produced significant results by filling in important gaps and developing the picture of gold distribution along the East zone and West zone. The interpretation of the recent results, together with historic results proposes two geochemical 'aureoles' or geochemical envelopes, defining the East zone and West zone.

The contoured ground magnetic data from the 2006 survey are nearly identical to the 1994 results. The Magnetic survey was completed on the grid using a Gen Systems GSM-19, 13, VII 92, ID 9746 instrument. Lines were spaced 100 m apart and station interval was 12.5 m. Overall the survey shows a bias in the grid direction of approximately 26°.

The magnetic survey was carried out by Koop Geotechnical Services Ltd. of Flin Flon, Manitoba, under the direction of Robert Shaw Geophysics from Saskatoon, Saskatchewan.

Anomalous magnetic responses are obtained from three distinct lithological units. The strongest anomalies are caused by tuffaceous sandstone with 1-5% disseminated magnetite. Strong magnetic responses are obtained from the graphitic siltstones and iron formations. The mineralized diorite/felsic sill produces a weak magnetic response due to a 1-4% pyrrhotite content.

Both, the West zone and the East zone followed subtle magnetic trends with all four higher grade shoots associated with magnetic highs. The data also suggest a major north-south trending break between lines 400W and 200W north of 400N.

South of the base line magnetic data indicate the presence of shearing along the northern contact of a magnetic body as described above in the 1994 survey.

In February 2007, Nevgold completed a six hole diamond drill program for a total of 892 metres. In all 207 core samples were taken.

In March 2010, the Corporation completed a detailed geological compilation of the Project and the drill hole locations and assay data for the 2007 drill program were validated.

Mineralization

The Corporation has not commenced nor completed any exploration activities on the McBride Property. Accordingly, this Prospectus does not contain a discussion of mineralization discovered by the Corporation. The following information is a discussion of mineralization discovered by previous operators of the McBride Property.

Gold mineralization found by previous operators on the McBride Property is confined to semi-conformable silicified zones within metasediments and quartz albite (porphyry) dykes/sills associated with the Johnson shear zone.

Gold and associated pyrrhotite, pyrite, arsenopyrite, sphalerite and galena has been identified in two structures known as the West zone and the East zone. Both zones are located on the northern half of the McBride Property and are aligned along the Johnson shear zone. The two zones dip approximately 70° and with respect to the East zone, the West zone is located in the hangingwall, 230 metres to the north.

The following alteration types are associated with the West zone and East zone gold mineralization: silicification (quartz veins, pervasive), carbonatization (ankerite), sericitization (sericitic, graphic schist), albitization (quartz feldspar dykes), chloritization (mafic volcanics, tuffs). The preferred host rock lithologies include quartz albite rock and high Ti/high Fe biotite amphibolite (after gabbro).

Higher grade gold mineralization (greater than 5 g/t) is directly associated with discontinuous quartz veins or pods. The highest grade encountered by drilling on a quartz vein/pod is 373.5 g/t gold over 0.4 metre in hole MB-02 along the East zone. Lower grade gold values (0.5-5 g/t gold) are typically associated with minor to strong silicification and commonly associated with anomalous arsenic values (greater than 1,000 ppm, and up to 37,900 ppm).

The West Zone

The West zone has been intersected by drilling over a roughly 1.1km strike length from L0+50W/400N to L11+00W/500N and is slightly curvilinear, convex to the south. In total, 33 drill holes totaling 3,319.22 metres have targeted the West zone.

The width of the lithogeochemical gold anomaly varies from a few metres to over 30 metres. The zone has in places two mineralized horizons, the Footwall horizon and the Hangingwall horizon. The two parallel mineralized horizons strike roughly parallel to the Johnson shear zone, are separated by a distance of approximately 55 metres and both dip 70^0 north. The Hangingwall horizon is the most continuous horizon on the property to date. It is made up of a quartz albite (porphyry) dyke that was followed by drilling over a strike length of 350 m from L600E to L950E. The quartz albite dyke-hosted gold mineralization is accompanied by 1-5% of disseminated arsenopyrite, pyrite and pyrrhotite. Quartz veining makes up 15-25% of the rock volume in the mineralized parts. Sphalerite and galena are frequently present in trace amounts. The distribution of gold values is irregular and discontinuous within the albitized dyke. The width of the quartz-albite dyke ranges from 1m to 12m. The Hangingwall horizon was tested by drilling to a depth of 120m and is open at depth.

The Footwall horizon contains sporadic gold mineralization and is associated with siliceous phases along a discontinuous gabbroic biotite amphibolite horizon. Rhyolite, quartzite, greywacke and graphitic argillite/chert make up the bulk of the host package for the Footwall horizon. The mineralization is accompanied by quartz veins ranging from 3-50 cm in width. The Footwall horizon has been drill tested to 140 metres depth and remains open at depth and along strike to the east and west.

The three areas with the best drill intersections on the West zone:

- "A" – located along 10+00 W at 5+00 N drilled to 60 metres vertical depth marked by hole MB50 (7.11 metres averaging 2.5 grams gold per tonne) and hole MB38 (0.46 metres averaging 12.9 grams gold per tonne).
- "B" – located between 650W and 550 W at 4+50 N drilled to 175 metres vertical depth marked by hole 07-01 (10.8 metres averaging 1.72 grams gold per tonne in the Hangingwall horizon and 14.98 metres averaging 0.56 gram gold per tonne in the Footwall horizon), hole MB59 (9.14 metres averaging 2.43 grams gold per tonne in the Hangingwall horizon and 15.50 metres averaging 0.59 gram gold per tonne in the Footwall horizon), hole MB47 (10.67 metres averaging 3.19 grams gold per tonne in the Footwall horizon), hole MB37 (9 metres averaging 1.22 grams gold per tonne in the Footwall horizon), hole MB58 (4 metres averaging 2.18 grams gold per tonne in the Hangingwall horizon and 13.48 metres averaging 1.01 grams gold per tonne in the Footwall horizon), hole 07-02 (1 metre averaging 5.42 grams gold per tonne in the Hangingwall horizon and 6.18 metres averaging 0.98 gram gold per tonne in the Footwall horizon .
- "C" located between 1+00 W and 0+025 W at 4+00 N drilled to 90 metre vertical depth marked by hole MB49 (1.95 metres averaging 1.77 grams gold per tonne) hole MB36 (0.45 metre averaging 6.32 grams gold per tonne, hole MB03 (13.41 metres averaging 1.4 grams gold per tonne), hole 48 (1.16 metres averaging 4.84 grams gold per tonne), hole MB35 (7.78 metres averaging 5.65 grams gold per tonne, including 0.6 metres averaging 32.2 grams gold per tonne).

The East Zone

The East zone extends from the east boundary of the property near L1300E/50N in a west-southwest direction to L0E/350N over a distance of 1,300 metres. In total, 27 diamond drill holes comprising 3,300.94 metres have targeted the East zone.

The dominant rock types along the East Zone are siltstone, greywacke, graphitic argillite, quartzite, chert and tuff with lesser biotite amphibole schist derived from basalt/ferrobasalt or gabbroic equivalents and actinolite biotite schist, derived from high magnesium basalt and/or ultramafic rocks.

The gold anomalous envelope with values >100 ppb gold varies in width from less than 1 metre to 30 metres in the widest parts. Known mineralization above 1 g/t gold is discontinuous. Historic drilling (1984 and 1985) has tested the zone to a depth of 100 m. The low level background mineralization of the east zone occurs mainly in silicified greywacke and quartzite, spatially often associated with altered gabbroic sills. Invariably there are small amounts of pyrite and pyrrhotite present in disseminations up to 5% by volume. The higher grade gold mineralization is present in quartz veins with small amounts of arsenopyrite and not infrequent traces of sphalerite and galena. The vein type gold is erratic and discontinuous.

The best values were obtained between 700E and 1000E with three holes drilled on section 900E at approximately 1+80 N yielding narrow, higher grade gold intercepts (Hole MB32 – 0.35m @6.5 g/t gold and 0.30 m @9.5 g/t gold; Hole MB13 – 0.6 m @8.5 g/t gold and 0.48 m @3.75 g/t gold; Hole MB08 – 1.2m @ 8.5 g/t gold and 1.9m @4.2 g/t gold.

Drilling

The Corporation has not conducted any drilling programs on the McBride Property. Several companies have conducted drill programs on the McBride Property since 1977. For the programs prior to 1984, details are lacking. The Technical Report contains a summary of the results of the historic drilling conducted on the McBride Property. From 1984-2007, a total of 62 diamond drill holes (includes two abandoned holes – MB-01 and MB-06) comprising 6,619.81 metres and 19 overburden drill holes totaling 172.11 metres have been completed on the McBride Property.

A compilation of the historic drilling on the McBride Property is contained in the table below:

Year	Hole	Easting	Northing	Interval (m)	Width (m)	Gold (g/t)	Silver (g/t)
1984[(1)]	MB-2	260	193	35.66-36.3	0.64	1.37	2.09
				62.67-64.67	2.40	63.43	5.72
				Including	0.40	373.5	21.22
	MB-3	-70	420	34.44-47.85	13.41	1.40	2.87
	MB-8	900	120	34.62-36.88	2.26	5.55	3.06
				Includes	1.20	8.5	5.45
				57.60-59.46	1.86	4.21	11.54
1985[(1)]	MB-9	1300	40	36.66-37.19	0.53	3.3	N/A
	MB-10	260	221	96.56-97.09	0.53	1.10	N/A
				106.52-107	0.48	6.35	N/A
	MB-11	100	200	32.7-33.2	0.50	5.25	N/A
	MB-12	500	203	75.88-76.07	0.19	5.46	N/A
	MB-13	900	140	82.30-82.92	0.62	8.48	6.35
	MB-14	700	167	35.80-40.80	5.0	2.26	N/A
	MB-15	1100	140	NSV			
	MB-16	1300	140	126.4-129.2	2.80	1.30	5.78
	MB-17	-500	658	54.69-55.0	0.31	2.05	N/A
	MB-18	-1300	650	71.62-72.50	0.88	1.15	N/A
	MB-19	-1444	394	NSV			
	MB-20	300	221	99.45-99.87	0.42	12.60	N/A
	MB-21	200	220	NSV			
	MB-22	0	220	NSV			
	MB-23	400	210	NSV			
	MB-24	600	180	62.32-64.83	2.51	1.41	2.61
	MB-25	850	160	66.50-68.50	2.0	3.43	1.38
				69.60-70.40	0.80	1.45	1.78
	MB-26	950	148	30.02-30.66	0.64	1.05	0.95
				74.77-76.36	1.59	1.89	0.85
				97.50-99.0	2.50	1.12	1.16
	MB-27	1000	148	50.63-51.5	0.87	1.01	0.10
	MB-28	800	165	NSV			
	MB-29	450	210	92.80-93.58	0.78	1.84	N/A
	MB-30	500	223	115.20-116.10	0.90	3.57	3.33
	MB-31	550	200	22.93-23.39	0.46	1.80	0.50
	MB-32	900	165	43.6-46.30	2.70	1.27	1.39
				Includes	0.35	6.50	3.54
				53.6-54.20	0.60	2.40	1.50
				91.4-92.0	0.60	2.40	1.40
				94.7-96.50	1.80	1.05	0.75
				106.7-107.30	0.60	5.62	1.75
				Includes	0.30	9.50	3.24
				118.25-119.15	0.90	2.67	17.12
	MB-33	300	193	NSV			
	MB-34	200	193	NSV			
1987[(2)]	MM-1	950	298	3.65-3.96	0.31	0.15	0.27
	MM-2	1000	285	2.74-3.1	0.36	0.12	Tr
	MM-3	1100	305	2.7-3.0	0.30	0.18	0.49
	MM-4	1200	378	3.4-3.7	0.30	0.09	0.73
	MM-5	1300	354	8.6-8.9	0.30	0.10	0.30
	MM-6	-100	228	5.5-5.8	0.30	0.28	1.65
	MM-7	-200	204	9.4-9.7	0.30	0.07	0.61
	MM-8	-300	194	No samples			
	MM-9	-150	392	4.3-4.6	0.30	0.08	1.20
	MM-10	-29	402.5	3.6-3.9	0.30	0.12	0.14
	MM-11	-800	400	23.1-23.4	0.30	0.14	0.31
	MM-12	-900	456	14.3-14.6	0.30	0.15	0.17
	MM-13	-1000	468	12.2-12.5	0.30	0.07	0.26
	MM-14	-1200	514	2.7-3.0	0.30	0.07	0.42
	MM-15	-1300	518	1.5-1.8	0.30	0.06	0.56
	MM-16	-1400	530	No samples			
	MM-17	-1300	48	2.7-3.0	0.30	0.28	0.65
	MM-18	-1100	25	1.8-2.1	0.30	1.08	0.39
	MM-19	-900	297	21.9-22.35	0.45	0.09	1.02
1988[(1)]	MB-35	-40	420	20.88-21.48	0.60	32.20	N/A
				21.48-21.97	0.49	1.24	N/A
				21.97-22.51	0.54	3.16	N/A

Year	Hole	Easting	Northing	Interval (m)	Width (m)	Gold (g/t)	Silver (g/t)
				22.51-23.47	0.96	2.42	N/A
	MB-36	100	411	23.47-23.97	0.45	6.32	N/A
	MB-37	600	375	36.42-37.64	1.22	9.00	N/A
	MB-38	-1000	535	29.34-29.64	0.30	4.10	N/A
				30.61-31.07	0.46	12.90	N/A
	MB-39	-1075	545	26.62-27.23	0.61	2.67	N/A
	MB-40	-10	425	39.32-42.22	2.90	1.17	N/A
1990(1)	MB-44	-900	550	106.56-107.17	0.61	3.04	N/A
	MB-45	-700	415	NSV			
	MB-46	-700	535	NSV			
	MB-47	-600	400	69.67-72.38	2.71	8.80	N/A
	MB-48	-40	450	63.78-64.94	1.16	4.84	N/A
	MB-49	-100	441	58.11-60.37	1.95	1.77	N/A
	MB-50	-1000	565	63.99-71.10	7.11	2.50	N/A
	MB-51	-500	400	78.2-78.96	0.76	2.67	N/A
1994(1)	MB-52	-800	510.5	NSV			
	MB-53	-800	451	45.0-49.0	4.0	1.26	N/A
				84.0-85.0	1.0	1.85	N/A
	MB-54	-700	462.5	NSV			
	MB-55	-750	443.5	40.40-43.0	2.60	1.06	N/A
	MB-56	-850	466.5	57.0-60.0	3.0	1.12	N/A
	MB-57	-950	495	63.99-71.10	7.11	2.50	N/A
	MB-58	-650	450	47.0-51.0	4.0	2.18	N/A
				107.92-121.4	13.48	1.01	N/A
	MB-59	-600	474	70.46-73.0	2.54	6.59	N/A
				136.85-137.90	1.05	2.95	N/A
2007(1)	MB-0701	-600	500	123.2-134.0	10.8	1.72	N/A
				191.0-205.98	14.98	0.56	N/A
	MB-0702	-550	450	75.0-76.0	1.0	5.42	N/A
				134.07-140.25	6.18	0.98	N/A
	MB-0703	-500	435	54.65-55.27	0.62	1.49	N/A
	MB-0704	-450	430	NSV			
	MB-0705	-400	431	35.0-46.10	11.1	0.57	N/A
	MB-0706	-300	452	66.10-69.29	3.19	1.92	N/A

Notes:
(1) Diamond drill holes.
(2) Overburden drill holes.

Sampling Methods and Approach

The Issuer has not conducted any exploration activities on the McBride Property and accordingly there is no discussion related to sampling methods by the Corporation. Details of the Vendor's recent exploration program are as follows:

The following sampling protocol was utilized for the sampling of the 2007 diamond drill core:

i. All core was transported from the drill site to the core logging facility by the project geologist at least once each day.
ii. All core was logged and sampled at a secure core logging facility in Lynn Lake, owned by the Manitoba Ministry of Science, Technology, Energy and Mines.
iii. Following logging of core and determination of sample layout, core was split using a standard manual Longyear core splitter.
iv. Sample intervals were based on lithological, mineralogical and structural features observed within the core. Sample intervals always began and ended at lithological contacts.
v. Minimum sample interval was 0.32 metres and maximum sample interval was 2.28 metres with a typical sample size of 1.00 metres.

vi. One half of the sampled core was placed in a polyethylene sample bag, labelled with an assay tag and secured with a cable tie. The other half of the core was returned to the core box with the sample location marked by a stapled tag.
vii. Core boxes are labelled with an aluminum tag engraved with the hole number, box number and the meterage of the start and end of the box.
viii. Holes were labelled using an alpha-numeric code: MB07-1 where MB is the property code, McBride, 07 is the year, ie 2007 and -01 represents the hole number.
ix. All core was accurately geologically logged and geotechnically logged.
x. All core was logged, sampled and split by or under the direction of the project geologist, B. Augsten P.Geo.
xi. Core is currently being stored on private property in Lynn Lake, owned by Mr. Nick Maniel.

Sample Preparation, Analysis and Security

The Issuer has not conducted any exploration activities on the Property and accordingly there is no discussion related to sample preparation, security issues or analytical techniques by the Corporation. Details as they relates to the Vendor's recent exploration program are as follows:

All core from the 2007 diamond drilling program was transported to TSL Laboratories Ltd. in Saskatoon, Saskatchewan by the project geologist, B. Augsten.

TSL Laboratories Ltd. Is an accredited testing laboratory under the auspices of the Standards Council of Canada Act and conforms to the requirements of ISO/IEC 17025.

All samples are crushed in an oscillating jaw crusher to 70% passing minus 10 mesh (1.70mm). Samples are then riffle split with a 250 gram subsample being pulverized. The remainder of the sample is stored. The subsample is pulverized using a ring pulverizer which grinds the sample to 95% passing 150 mesh (106 microns). A 30 gram subsample of this material is analyzed for gold using the following procedures.

The trace level gold analysis procedure uses a flux mixture, adding the sample amount of 10 grams into the crucible, mixing and fusing. The resultant lead button is cupelled and the Dore bead dissolved in aqua regia and analyzed by Atomic Absorption Spectroscopy. The detection limit is 5 ppb Au.

Samples with gold values exceeding 1,000 ppb are analyzed by fire assay/gravimetric methods. This procedure is identical to the procedure described above to the stage where a Dore bead is produced. The Dore bead is flattened, placed in a porcelain cup and parted with dilute nitric acid solution. The gold obtained is decanted with de-ionized water, dried, annealed, and weighed on a microbalance.

Data Verification

The Issuer has not conducted any exploration activities on the property but has reviewed and completed a detailed geological compilation of the project. The compilation of the data is located in ArcGIS MXD files stored in a GIS-Projects directory. Cross sections are available in MapInfo format as well as jpeg images. Much of the data is in MapInfo Format and was created for graphic rather than GIS purposes and therefore there is some data lost in the conversion to ArcGIS. A number of typographical errors were identified in the drilldata.xls files, including erroneous samples intervals. Numerous core loggers throughout the various drill programs have resulted in a very confusing classification of rock units. A uniform system should be established for each of the lithological units in order to have uniformity of nomenclature. Drill hole locations and data for the 2007 drill program were confirmed with original drill logs and assay certificates.

Details of data verification as they relate to the Vendor's most recent exploration program are as follows:

During the 2007 diamond drilling program Nevgold incorporated the systematic use of assay standard and blank insertions and duplicates into the sample stream. The assay standards and blanks were purchased from CDN

Resource Laboratories Ltd. Three mineralized standards were used, a high grade – CDN-GS-14, med grade – CDN-GS-3B and low grade- CDN-GS-P5B.

Table 14.1 shows the assay standards, their acceptable value range and the assay results from TSL laboratories. Due to the small sample set of each standard, normal statistical analysis is not applicable. Generally the results are quite good. Two samples 948107 and 948165 were slightly on the high side of the acceptable range for those standards. The low grade standards were all within the acceptable range.

Table 14.1 Assay Standard Comparisons

Sample Number	Standard	Recommended Concentration: Au g/t			TSL Analysis	Difference from Mean
		Low	Mean	High		
948005	CDN-GS-P5B	0.40	0.44	0.48	0.490*	+0.05
948067	CDN-GS-P5B	0.40	0.44	0.48	0.510*	+0.07
948125	CDN-GS-P5B	0.40	0.44	0.48	0.450*	+0.01
948187	CDN-GS-P5B	0.40	0.44	0.48	0.430*	-0.01
948245	CDN-GS-P5B	0.40	0.44	0.48	0.410*	-0.03
948107	CDN-GS-3B	3.21	3.47	3.68	3.82	+0.35
948165	CDN-GS-3B	3.21	3.47	3.68	3.79	+0.32
948227	CDN-GS-3B	3.21	3.47	3.68	3.34	-0.15
948147	CDN-GS-14	7.16	7.47	7.78	7.49	+.02
948205	CDN-GS-14	7.16	7.47	7.78	7.49	+.02

* calculated (fire assay with AA finish)

Adjacent Properties

There are no Adjacent Properties as defined by NI 43-101.

Mineral Processing and Metallurgical Testing

There has been no attempt by previous operators of the McBride Property to complete any mineral processing or metallurgical testing on the Property.

Mineral Resource and Mineral Reserve Estimates

There has been no attempt by previous operators of the McBride Property to calculate a mineral resource and the Issuer has not made any attempt to calculate a mineral resource on the Property.

Interpretation and Conclusions

The McBride property has been explored intermittently for gold over the last two decades, including 60 diamond drill holes totaling 6,619.81 metres. This work has identified two auriferous structures known as the West zone and the East zone.

The West zone has been traced intermittently by drilling over a roughly 1.1 km strike length with the western and eastern extensions of the West Zone open along strike (hole MB-39 returning 1.22 g/t gold over 3.17 metres and hole MB-48 returning 7.56 g/t gold over 0.7 metres).

The East zone has been traced intermittently by drilling over a 1.3 km strike length and appears to be closed off along strike to the west by remains open along strike to the east at the property boundary where hole 9 returned 3.3 g/t gold over 0.53 metres.

While both zones remain open at depth, continuity of the potentially economic gold mineralization along strike is limited.

Exploration at the McBride property is difficult due to extensive glacial cover up to 18 metres thick. Previous exploration has employed various industry standard techniques, including ground magnetic, EM, VLF combined with a substantial amount of diamond drilling. These programs have resulted in limited success with the identification narrow, discontinuous higher grade gold mineralization within broader zones of lower grade gold mineralization at the West and East zones but a large portion of the McBride property remains unevaluated.

The southern half of the McBride property, comprised by the southern portion of the Rund 2 claim and the Kix claims, has received only a minor exploration effort in the past. Magnetic data suggest that components of the Johnson shear zone run across this portion of the property, most notably the most intense magnetic feature south of the base line running from L200 E to L 1500 W and is about 200 metres wide.

This magnetic anomaly is coincidental to fairly extensive but unvalidated gold/silver soil geochemical anomalies identified by Granges in 1982 and near Granges' 1987 overburden drill hole MM-18 (1.08 g/t Au over 0.3 m). This area warrants more attention and geological survey work.

The identification of geochemical gold anomalies that have significant strike extent and width would be indicators that gold-mineralizing solutions have passed through the system. The presence and abundance of felsic dykes will further narrow down areas of magmatic-hydrothermal discharge where gold mineralization would be deposited.

The qualifying author considers that the McBride property has good exploration potential for the discovery of shear-hosted gold deposits, given effective means to explore for them. The McBride property sits adjacent to a major boundary structure separating two geological terranes of continental dimensions, a classic setting for shear-hosted gold deposits.

Recommendations

The Technical Report Author considers that the Project is of sufficient merit to warrant a two stage work program with the initial work program comprising a mobile metal ion ("**MMI**") survey to identify gold bearing zones. An orientation survey line running across line 6+00 West from 5+00 N to 5+00 S, which is marked by known geophysical conductors over the Johnson shear zone, is recommended. Previous drilling across this section returned in the Hangingwall horizon: 2.43 g/t gold over 9.14 metres (hole MB-59) and 1.72 g/t gold over 10.8 metres (hole MB07-01), and in the Footwall horizon: 3.18 g/t gold over 10.67 metres (hole MB-47) and 0.56 g/t gold over 14.98 metres (hole MB07-01).

At each station, composite samples should be collected from the 10 cm to the 25 cm level through the overburden profile for MMI analysis and at each station traditional B horizon soil samples collected for standard soil geochemical signature for the known mineralized zone on L 6+00. Total samples expected for MMI analysis is 64, and for B horizon samples is also 64.

A MMI survey is then recommended over a 1 by 1.7 km area from L 3+00 E to L 14+00 W between 5+00 N and 5+00 S at 25 metre sample intervals, which totals approximately 602 samples.

The cost of the proposed initial program is estimated at $102,230.

Proposed Initial Budget

Reconnaissance MMI survey Line	
Wages (12 man days at $650/day)	$7,800
Samples (64 MMI samples X $55 – includes shipping)	$3,520
Samples (64 B horizon X $25 – includes shipping)	$1,600
Field Supplies	$2,500
Transportation $100/day for 12 days	$1,200
Camp, plus mobilization and demobilization	$5,000
Total for Reconnaissance	**$21,620**
MMI survey	
Wages (30 man days at $650/day)	$19,500
Samples (602 samples X $55)	$33,110
Transportation $100/day for 30 days	$3,000
Camp, plus mobilization and demobilization	$10,500
Field Supplies	$4,500
Report Writing – Contingency	$10,000
Total for Survey	**$80,610**
Grand Total	**$102,230**

A second stage program, which is dependent on the results of the first stage program, is a detailed compilation of the MMI survey results with previous geophysical surveys and then ground testing any anomalies. A modest drill program of 1,000 metres (10 holes) may be justified to test any anomalies defined. The Technical Report Author estimates that such a program would cost approximately $150,000 including drill charges, geological supervision, travel, analytical costs and report writing.

USE OF PROCEEDS

The estimated net proceeds to the Corporation from this Offering will be $343,000, after deduction of the Agent's commission and the expenses of the Offering, estimated to be approximately $80,000. The net proceeds to the Corporation will be combined with the Corporation's working capital of approximately $171,100 as at June 30, for a total of approximately $514,100 in available funds upon completion of the Offering, as indicated in the table below:

Item	**Amount**
Gross proceeds to the Corporation from the Offering	$450,000
Less: Agent's Commission and estimated expenses related to the Offering	($107,000)
Working capital available to the Corporation as at June 30, 2010	$171,100
Total:	**$514,100**

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

Principal Purpose	**Amount**
Exploration program on the McBride Property(1)	$102,230
Estimated general and administrative expenses(2)(3)	$120,000
Unallocated working capital	$291,870
Total(4):	**$514,100**

Notes:

(1) See "Proposed Exploration and Development Programs" for a summary of the work to be undertaken in the Phase 1 exploration program and a breakdown of the estimated costs. This amount includes the initial milestone under the Option Agreement of incurring $50,000 in exploration expenditures on or before May 31, 2011.

(2) Includes $4,000 per month in management fees payable to Ionic Management Corp., a private company that has officers in common, Richard Graham, President of Sypher is an employee of Ionic Management Corp.

(3) This represents estimated general and administrative expenses for 12 months in the amount of $10,000 per month.

(4) Does not include any potential reimbursement of MEAP grant. The MEAP grant is conditional on Sypher completing the required exploration expenditures and any reimbursement is at the final discretion of the Manitoba Mineral Resources Division up to a maximum of $16,078.

Upon completion of the Offering, the Corporation's working capital available will be sufficient to fund ongoing operations for the next 12 months.

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. Any proceeds received from exercise of the Agent's Option will be used to provide general working capital to fund ongoing operations. See "*Plan of Distribution*".

SELECTED FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS

The following table sets forth certain financial information of the Corporation for the period from incorporation on January 21, 2010 until May 31, 2010. As the Corporation was incorporated on January 21, 2010, there is no financial data for the years 2009 and 2008.

	Period From Incorporation on January 21, 2010 to May 31, 2010 (audited) ($)
Interest Income	nil
Operating Expenses	49,716
Loss for the period	49,716
Deficit (end of period)	(49,716)
Loss per share (basic and diluted)	(0.02)
Total Assets	213,071
Total long-term financial liabilities	nil
Cash dividends per share	nil

Quarterly Information

Prior to the date of this Prospectus, the Corporation was not a reporting issuer. Accordingly, the Corporation was not required to and did not prepare quarterly financial statements for any period since incorporation.

Dividends

The Corporation has neither declared nor paid any dividends on its Common Shares to date. The Corporation intends to retain its earnings to finance growth and expand its operations and does not anticipate paying any dividends on its Common Shares in the foreseeable future.

Management's Discussion and Analysis

The following discussion and analysis of the financial condition and results of operations of the Corporation for the period from incorporation on January 21, 2010 to May 31, 2010 should be read in conjunction with the financial statements and related notes therein. Those financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("**GAAP**"). All dollar figures included therein and in the following management discussion and analysis ("**MD&A**") are quoted in Canadian dollars. Additional information relevant to the Corporation's activities can be found on SEDAR at www.sedar.com.

The Corporation was incorporated under the *Business Corporations Act* (Alberta) on January 21, 2010 and its principal business activities include the acquisition and exploration of mineral properties. The Corporation has not commenced commercial operations and has no assets other than cash and deferred expenses.

Period from incorporation on January 21, 2010 to May 31, 2010

Selected Financial Data

The following is a summary of selected financial data for the fiscal period from incorporation on January 21, 2010 to May 31, 2010.

Selected Financial Information	**Period from Incorporation on January 21, 2010 to May 31, 2010 ($)**
Sales	nil
Operating Expenses	49,716
Net Loss	49,716
Loss per Share (basic and diluted)	(0.02)
Total Assets	$213,071
Long Term Liabilities	nil
Dividends	nil

Results of Operations

The Corporation was recently incorporated and has no operating revenue.

Period from incorporation on January 21, 2010 to May 31, 2010

During the period from incorporation on January 21, 2010 to May 31, 2010, the Corporation incurred $13,255 of professional fees including $5,000 for audit fees and $8,255 of legal costs for incorporation and general legal matters. The Corporation also spent $1,256 on data compilation for the McBride Property and $205 on sundry office expenses. The Corporation also recognized $35,000 of stock-based compensation which resulted from re-valuation of Common Shares issued to a company controlled by the President of the Corporation. In addition, the Corporation incurred professional fees in the amount of $5,830 which related to the costs of the Offering. These costs were capitalized as deferred financing costs and will be offset by the gross proceeds raised from the Offering.

Financial Condition / Liquidity / Capital Resources

During the period from incorporation on January 21, 2010 to May 31, 2010, the Corporation issued a total of 1,000,000 Common Shares at $0.02 per share (re-valued at $0.055 per share with a difference of $0.035 per share recorded in stock-based compensation), 2,500,000 Common Shares at $0.055 per share and 500,000 Common Shares issued on a flow-through basis within the meaning of the *Income Tax Act* (Canada) at $0.10 per share, for aggregate gross proceeds of $207,500. As at May 31, 2010, the Corporation had cash of $206,528 and working capital of $186,954.

The Corporation and the Government of Manitoba have entered into a Mineral Exploration Assistance Program Agreement ("**MEAP Agreement**") effective April 1, 2010 whereby the Government of Manitoba will provide financial assistance towards 35% of eligible expenditures incurred by the Corporation on the McBride property by

October 31, 2010 up to a maximum of $16,078, pursuant to the terms and conditions contained therein.

Management believes the Corporation will have sufficient working capital upon completion of the Offering to meet its financial obligations to fund ongoing operations for the next 12 months. An estimated total cost of $222,230 is necessary for the Corporation to achieve its stated business objectives during the next 12 months, providing for unallocated working capital of $291,870. See "*Use of Proceeds*".

As of the date of this MD&A, the Corporation has no outstanding commitments for material capital expenditures for the next twelve months, other than the Corporation's obligations under the Option Agreement. The Corporation has not pledged any of its assets as security for loans, or otherwise and is not subject to any debt covenants.

Outstanding Share Data

As at May 31, 2010, there were 4,000,000 Common Shares issued and outstanding.

Significant Accounting Policies – Changeover to IFRS

On February 13, 2008, Canada's Accounting Standard Board confirmed January 1, 2011 as the effective date for complete convergence of Canadian GAAP to International Financial Reporting Standards ("**IFRS**"). The official changeover date will apply for interim and financial statements relating to fiscal years beginning on or after January 1, 2011.

While IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in recognition, measurement and disclosures. The Company plans to implement a comprehensive IFRS conversion framework, which takes into account matters such as changes in accounting policies, restatement of comparative periods, organizational and internal controls and any required changes to business processes.

The Company's conversion plan will involve the following phases: 1- scoping and planning, 2- detailed assessment and evaluation, and 3- implementation.

- In the scoping and planning phase, the Company will prepare an analysis of the major differences between Canadian GAAP and IFRS.
- The detailed assessment and evaluation phase will involve technical analysis of the potential impacts, quantification of alternatives where there are accounting policy choices, and decisions taken regarding IFRS 1 exemptions and exceptions ("First Time Adoption of IFRS").
- In the implementation phase, the Company will apply management's accounting choices under IFRS, prepare reconciliations, calculate the opening balance sheet at the transition date, develop disclosure requirements and develop sample financial statements.

The Company will disclose its IFRS implementation progress in its Management Discussion and Analysis documents throughout the year ended May 31, 2011. At this time, the full impact of the transition to IFRS cannot be reasonably estimated.

DESCRIPTION OF THE SECURITIES DISTRIBUTED

The Corporation is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares ("**Preferred Shares**"), all without nominal or par value. As of the date hereof, there are 4,000,000 Common Shares and no Preferred Shares, issued and outstanding as fully paid and non-assessable. See "*Prior Sales*".

Common Shares

The Common Shares have attached to them the rights, privileges, restrictions and conditions as hereinafter set forth.

(a) Except for meetings at which only holders of specified class of shares of the Corporation are entitled to vote separately as a class, each holder of a Common Share is entitled to receive notice of, to attend and to vote at all meetings of the shareholders of the Corporation.

(b) The holders of the Common Shares are entitled to receive dividends if, as and when declared by the directors of the Corporation, provided that the Corporation shall be entitled to declare dividends on the Preferred Shares or any class of shares without being obliged to declare any dividends on the Common Shares.

(c) Subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of the Corporation, the holders of the Common Shares are entitled to receive the remaining property of the Corporation upon dissolution in equal rank.

(d) The holders of the Common shares are entitled to the rights, privileges, and restrictions normally attached to common shares.

CAPITALIZATION

The following table outlines the capitalization of the Corporation as at May 31, 2010, as at the date of this Prospectus, and after giving effect to the Offering. The table should be read in conjunction with the financial statements of the Corporation appearing elsewhere in this Prospectus.

Type of Security	Authorized	Amount Outstanding as at May 31, 2010(1)	Amount Outstanding at Date of this Prospectus	Outstanding After Giving Effect to the Offering
Common Shares	Unlimited	4,000,000	4,000,000	7,000,000
		$242,500	$242,500	$692,500(2) (3)
Preferred Shares	Unlimited	Nil	Nil	Nil
Long Term Debt	N/A	Nil	Nil	Nil

Notes:
(1) The deficit of the Corporation as at May 31, 2010 was $49,716.
(2) Before deducting the Agent's commission and the expenses of the Offering estimated to be $80,000.
(3) Does not include 225,000 Common Shares that may be issued on exercise of the Agent's Option and the 300,000 Common Shares that may be issued on the exercise of the Directors' and Officers' Options.

OPTIONS TO PURCHASE SECURITIES

The Corporation has adopted an incentive stock option plan (the "**Option Plan**") which provides that the board of directors of the Corporation may from time to time, in its discretion and in accordance with the requirements of the CNSX, grant to directors, officers, employees and technical consultants to the Corporation, non-transferable options to purchase Common Shares, provided that the number of Common Shares reserved for issuance will not exceed 10% of the issued and outstanding Common Shares. Such options will be exercisable for a period of up to 10 years from the date of grant. In connection with the foregoing, the number of Common Shares reserved for issuance to any individual director or officer will not exceed five percent (5%) of the issued and outstanding Common Shares and the number of Common Shares reserved for issuance to all technical consultants will not exceed two percent (2%) of the issued and outstanding Common Shares. Options may be exercised 90 days following cessation of the optionee's position with the Corporation, provided that if the cessation of office, directorship, or technical consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option.

As at the date hereof, the Corporation has reserved 300,000 Common Shares to be granted to directors, officers and employees of the Corporation (the "**Directors' and Officers' Options**"). The Directors' and Officers' Options will be granted at the Closing of the Offering, are qualified for distribution pursuant to this Prospectus and are expected to be allocated on the following basis.

Optionee	Number of Common Shares Reserved Under Option under the Offering	Exercise Price	Expiry Date
Richard Graham Director, President and Promoter	100,000	$0.15	Ten Years from the Date of Grant
Michael Atkinson Director	75,000	$0.15	Ten Years from the Date of Grant
Miles Thompson Director	75,000	$0.15	Ten Years from the Date of Grant
K. Peter Miller Chief Financial Officer	15,000	$0.15	Ten Years from the Date of Grant
Sandra Lee Corporate Secretary	25,000	$0.15	Ten Years from the Date of Grant
Winnie Chu Head Accountant	10,000	$0.15	Ten Years from the Date of Grant
Total	**300,000**		

PRIOR SALES OF SECURITIES

Prior Sales

The following is a list of sales of Common Shares since the date of incorporation to the date hereof:

Date	Number of Common Shares	Price per Common Share	Aggregate	Nature of Consideration
March 6, 2010	1,000,000	$0.02 (2)	$20,000	cash
March 31, 2010	2,500,000	$0.055	$137,500	cash
March 31, 2010	500,000 (1)	$0.10	$50,000	cash

Notes:

(1) These Common Shares were issued on a flow-through basis within the meaning of the Income Tax Act (Canada).

(2) Re-valued at $0.055, the price of Common Shares issued pursuant to a non-brokered private placement on March 31, 2010 with stock-based compensation recorded at $0.035 per share. See the financial statements and related notes therein.

ESCROWED SECURITIES

In accordance with National Policy 46-201 - *Escrow for Initial Public Offerings* ("**NP 46-201**"), all common shares of an "emerging issuer" (as such term is defined in NP 46-201) which are owned or controlled by its principals will be escrowed at the time of the issuer's initial public offering, unless the shares held by the principal or issuable to the principal upon conversion of convertible securities held by the principal, represent less than 1% of the total issued and outstanding shares of the issuer after giving effect to the initial public offering. Upon completion of the Offering, the Corporation will be classified as an emerging issuer.

The following table sets forth the Common Shares held in escrow as at the date hereof pursuant to the terms of an escrow agreement (the "**Escrow Agreement**") dated August 26, 2010 among the Corporation, Computershare Trust Company of Canada as trustee and certain principal shareholders of the Corporation as defined under NP 46-201:

Name	No. of Common Shares	Percentage of Issued Shares at the date of this Prospectus	Percentage of Issued Shares on Completion of the Offering[(1)]
Michael Atkinson	100,000	2.50%	1.43%
Richard A. Graham[(2)]	1,100,000	27.50%	15.71%
Miles Thompson	100,000	2.50%	1.43%

Notes:
(1) Assuming no exercise of the Agent's Option or the Directors' and Officers' Options and assuming these individuals along with Graham's Geological Data Ltd. ("GDL"), do not purchase Common Shares under the Offering.
(2) 1,000,000 of such Common Shares are held by GDL, a company wholly-owned and controlled by Mr. Graham. As such, GDL will also be subject to escrow requirements.

The Common Shares subject to the Escrow Agreement will be released according to the following schedule:

On the Listing Date	1/10 of the escrow securities
6 months after the Listing Date	1/6 of the remaining escrow securities
12 months after the Listing Date	1/5 of the remaining escrow securities
18 months after the Listing Date	1/4 of the remaining escrow securities
24 months after the Listing Date	1/3 of the remaining escrow securities
30 months after the Listing Date	1/2 of the remaining escrow securities
36 months after the Listing Date	The remaining escrow securities

Assuming there are no changes to the escrow securities initially deposited and no additional escrow securities are deposited, this will result in a 10% release on the listing date (as defined by NP 46-201), with the remaining escrow securities being released in 15% tranches every 6 months thereafter.

The automatic time release provisions under NP 46-201 pertaining to "established issuers" provide that 25% of each principal's escrowed securities are released on the listing date, with an additional 25% being released in equal tranches at six month intervals over 18 months. If, within 18 months of the listing date, the Corporation meets the "established issuer" criteria, as set out in NP 46-201, the escrow securities will be eligible for accelerated release according to the criteria for established issuers. In such a scenario that number of escrow securities that would have been eligible for release from escrow if the Corporation had been an "established issuer" on the listing date will be immediately released from escrow. The remaining escrow securities would be released in accordance with the time release provisions for established issuers, with all escrow securities being released 18 months from the listing date.

Pursuant to the terms of the Escrow Agreement, the securities of the Corporation held in escrow may be transferred within escrow to an individual who is a director or senior officer of the Corporation or of a material operating subsidiary of the Corporation, subject to the approval of the corporation's board of directors, or to a person or company that before the proposed transfer holds more than 20% of the voting rights attached to the Corporation's outstanding securities, or to a person or company that after the proposed transfer will hold more than 10% of the voting rights attached to the Corporation's outstanding securities and that has the right to elect or appoint one or more directors or senior officers of the Corporation or any of its material operating subsidiaries. Pursuant to the terms of the Escrow Agreement, upon the bankruptcy of a holder of escrowed securities, the securities held in escrow may be transferred within escrow to the trustee in bankruptcy or other person legally entitled to such securities. Upon the death of a holder of escrowed securities, all securities of the deceased holder will be released from escrow to the deceased holder's legal representative.

PRINCIPAL SHAREHOLDERS

The following table sets out the number of Common Shares owned by the Corporation's principal shareholders who own more than 10% of the issued Common Shares, as at the date of this Prospectus, including the number of all classes of securities to be owned by the Corporation's principal shareholders and the percentage of each class of securities owned by such principal shareholders before and after the completion of the distribution contemplated hereunder, without taking into consideration the Common Shares issuable upon the exercise of the Agent's Option.

Name of Principal Shareholder	Common Shares owned before completion of the Offering	Percentage of Common Shares Beneficially Held or Controlled Prior to Giving Effect to the Offering	Common Shares owned After Giving Effect to the Offering	Percentage of Common Shares Beneficially Held After Giving Effect to the Offering(1)
Richard A. Graham	1,100,000(3)	27.50%	1,100,000	15.71%(4)
Brain E. Bayley(2)	500,000	12.50%	500,000	7.14%(5)
A. Murray Sinclair(2)	500,000	12.50%	500,000	7.14%(5)

Notes:

(1) Assuming no exercise of the Agent's Option or the Directors' and Officers' Options and assuming these individuals do not purchase Common Shares under the Offering.
(2) The Corporation has entered into a corporate services agreement with Ionic as more fully described under, "Executive Compensation – Corporate Services Agreement". Ionic is wholly owned by A. Murray Sinclair and Brian E. Bayley.
(3) 1,000,000 of such Common Shares are held by Graham's Geological Data Ltd, a company wholly-owned and controlled by Mr. Graham.
(4) 15.95% on a fully-diluted basis after giving effect to the full exercise of the Directors' and Officers' Options and Agent's Options.
(5) 6.64% on a fully-diluted basis after giving effect to the full exercise of the Directors' and Officers' Options and Agent's Options.

DIRECTORS AND OFFICERS

The board of directors is currently comprised of three persons. Each director is elected to serve until the next annual meeting of shareholders or until a successor is elected or appointed.

The following table sets out the name, address, present position(s) held with the Corporation and principal occupations during the last five years (unless otherwise indicated) of each director and officer of the Corporation and the number of Common Shares held before and after the completion of the Offering.

Name and Municipality of Residence	Position and Date Appointed Director / Officer	Principal Occupation(s) During the Preceding Five Year Period	Common Shares and Percentage Beneficially Held or Controlled as at the Date Hereof	Common Shares and Percentage Beneficially Held or Controlled After Giving Effect to the Offering(1)
Richard A. Graham(2) Coquitlam, BC, Canada	Director January 21, 2010 President March 26, 2010	Manager of Corporate Development of Ionic Management Corp, a privately owned management services company..	1,100,000(3) (27.50%)	1,100,000 (15.71%)
Michael Atkinson(2) Vancouver, B.C. Canada	Director January 21, 2010	Currently President of Maverick Projects Inc. a private consulting company. Also President and CEO of Canadian Phoenix Resources Corp. and Petra Petroleum Inc. both TSXV listed oil and gas companies.	100,000 (2.50%)	100,000 (1.43%)
Miles Thompson(2) Rio de Janeiro, RJ, Brazil	Director March 6, 2010	Currently Chief Executive Officer and Chairman of Lara Explorations Ltd., and Chairman of Reservoir Capital Corp., both TSXV Listed companies.	100,000 (2.50%)	100,000 (1.43%)
K. Peter Miller West Vancouver, BC, Canada	Chief Financial Officer March 26, 2010	Currently the Chief Financial Officer of Ionic Management Corp., a privately owned management company.	50,000 (1.25%)	50,000 (0.71%)
Sandra Lee Vancouver, BC, Canada	Corporate Secretary March 26, 2010	Currently Corporate Secretary of Quest Capital Corp. a publicly traded mortgage investment company on the Toronto Stock Exchange and NYSE Amex and Corporate Secretary of Ionic Management Corp., a privately owned management services company.	25,000 (0.62%)	25,000 (0.36%)

Notes:

(1) Assuming no exercise of the Agent's Option or the Directors' and Officers' Options and assuming these individuals do not purchase Common Shares under the Offering.

(2) Denotes members of the Audit Committee.

(3) 1,000,000 of such Common Shares as held by Graham's Geological Data Ltd, a company wholly-owned and controlled by Mr. Graham.

The term of all of the directors will expire on the date of the next annual meeting of the Corporation's shareholders.

The promoter, directors and senior officers of the Corporation currently collectively and beneficially own, directly or indirectly, 1,375,000 Common Shares, representing approximately 34.37% of the Corporation's issued and outstanding Common Shares. After giving effect to the Offering, but not including Common Shares issuable upon the exercise of the Agent's Option or the Directors' and Officers' Option and assuming such individuals do not purchase Common Shares under the Offering, they will collectively and beneficially own, directly or indirectly, 1,375,000 Common Shares, representing approximately 19.64% of the Corporation's issued and outstanding Common Shares.

Corporate Cease Trade Orders or Bankruptcies

Other than as described herein, no director, officer or shareholder of the Corporation holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation is, or within ten years before the date of this Prospectus, has been a director or officer of any other issuer that, while that person was acting in that capacity, was the subject of a cease trade or similar order, or an order that denied such issuer 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 was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets other than as set forth below.

Sandra Lee was Corporate Secretary of Esperanza Silver Corporation ("**Esperanza**") from December 1999 to April 2004. In early 2003, the directors and officers of Esperanza became aware that Esperanza was subject to outstanding cease trade orders from each of the Alberta Securities Commission (issued on September 17, 1998) and the l'Autorite des marches financiers (issued on August 12, 1997) for failure to file its financial statements within the prescribed times. The cease trade orders were rescinded on or prior to August 1, 2003.

Penalties or Sanctions

No director, officer or shareholder of the Corporation holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that would likely be considered important to a reasonable investor in making an investment decision.

Personal Bankruptcies

No director, officer or shareholder of the Corporation holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, or a personal holding company of any such persons has, within the 10 years before the date of this Prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or has been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold such person's assets.

Conflicts of Interest

There are potential conflicts of interest to which the directors, officers and promoter of the Corporation may be subject with respect to the operations of the Corporation. Certain of the directors may serve as directors and/or officers of other companies or have significant shareholdings in other companies. Situations may arise where the directors, officers and promoter of the Corporation will be engaged in direct competition with the Corporation. Any conflicts of interest will be subject to and governed by the law applicable to directors and officers conflicts of interest.

Management of the Corporation

Richard A. Graham - President (Age 47)

Mr. Graham will devote as much time as required on an ongoing basis to the management of the Corporation. Mr. Graham is a Professional Geologist, registered with the Association of Professional Engineers, Geologists and Geophysicists of Alberta and has approximately 22 years of geological experience. Mr. Graham has worked in Canada and overseas with combination of major and junior mining companies. He was a geological researcher and reporter for Hollinger Inc. (the Northern Miner) from September 1999 to January 2004. Since February, 2004, Mr. Graham has been and is currently Manager of Corporate Development for Ionic Management Corp. Mr. Graham currently serves on the board of directors of Aurion Resources Ltd. (TSXV:AU), Columbian Mines Corporation (TSXV:CMJ), Iron Creek Capital Corp. (TSXV:IRN), Redzone Resources Ltd. (TSX:REZ), Rhyolite Resources Ltd. (TSXV:RYE), Kaizen Capital Corp. (TSXV:KZN.P) and Strategic Metals Ltd. (TSXV:SMD).

K. Peter Miller - Chief Financial Officer (Age 64)

Mr. Miller will devote as much time as required on an ongoing basis to the management of the Corporation. K. Peter Miller obtained a Bachelor of Applied Science degree from the University of Waterloo in 1970 and was granted the designation of Chartered Accountant from the Ontario Institute of Chartered Accountants in 1974. Since May 1997, Mr. Miller has been and is currently the Chief Financial Officer of Ionic Management Corp., a privately owned management company. Mr. Miller is also Chief Financial Officer of numerous other public companies.

Sandra Lee - Corporate Secretary (Age 46)

Ms. Lee will devote as much time as required on an ongoing basis to the management of the Corporation. Ms. Lee is a certified legal assistant and since May 2009 has been and is currently the Corporate Secretary of Quest Capital Corp., a mortgage investment corporation which trades on the Toronto Stock Exchange and NYSE Amex. Since December 1996, Ms. Lee has also been the Corporate Secretary of Ionic Management Corp., a private management company. Sandra Lee is also the Corporate Secretary of numerous other public companies.

None of the members of management have entered into a non-competition or non-disclosure agreement with the Corporation. All the members of management are employed by Ionic Management Corp.

EXECUTIVE COMPENSATION

Compensation of Executive Officers

The following table sets forth, in accordance with National Instrument 51-102 - *Continuous Disclosure Obligations* ("**NI 51-102**"), a summary of compensation paid to individuals who served as or were acting in a capacity similar to a Chief Executive Officer ("**CEO**") and Chief Financial Officer ("**CFO**") of the Corporation and the three most highly compensated executive officers whose compensation was greater than $150,000 (collectively, the "**Named Executive Officers**").

Summary Compensation Table

Name and principal position	Year	Salary ($)	Share-based awards ($)	Option-based awards ($)	Non-Existing Incentive Plan Compensation ($)		Pension Value ($)	All other Compen-sation ($)	Total Compen-sation ($)
					Annual Incentive Plan	Long-term Incentive Plan			
Richard A. Graham President	2010(1)	Nil	35,000(2)	Nil	Nil	Nil	Nil	Nil	Nil
K. Peter Miller Chief Financial Officer	2010(1)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:
(1) Represents the period from incorporation on January 21, 2010 to May 31, 2010.
(2) Subscription for Common Shares at $0.02 on March 6, 2010 re-valued at $0.055 per Common Share, the price of Common Shares issued pursuant to a non-brokered private placement on March 31, 2010, with stock-based compensation recorded at $0.035 per share.

There were no executive officers at the end of the period from incorporation on January 21, 2010 to May 31, 2010 whose salaries and bonuses exceeded $150,000 per year. The Corporation does not provide retirement or other benefits for any of its directors or officers. It is anticipated that no compensation will be paid to directors and officers of the Corporation in the next 12 months other than the Directors' and Officers' Options to be granted at Closing of the Offering as disclosed herein (see "*Options to Purchase Securities*").

Outstanding Option-based and Share-based Awards

The following table sets forth information in respect of all option-based and share-based awards granted to the Named Executive Officers of the Corporation from January 21, 2010, the date of incorporation, to May 31, 2010.

	Option-based Awards[1]				**Share-based Awards**[2]	
Name	**Number of securities underlying unexercised options (#)**	**Option exercise price ($)**	**Option expiration date**	**Value of unexercised in-the-money options ($)**	**Number of shares or units of shares that have not vested (#)**	**Market or payout value of share-based awards that have not vested ($)**
Richard A. Graham President	Nil	N/A	N/A	Nil	Nil	Nil
K. Peter Miller Chief Financial Officer	Nil	N/A	N/A	Nil	Nil	Nil

Notes:
(1) From the date of incorporation on January 21, 2010 to the date hereof, no stock options have been granted to directors, officers, employees and consultants of the Corporation. For a description of options to be granted, see "Options to Purchase Securities".
(2) From the date of incorporation on January 21, 2010 to the date hereof, no share-based awards of the Corporation have been awarded other than stock-based compensation recorded at $0.035 per share pursuant to the subscription for Common Shares by Graham's Geological Data Ltd., a company wholly-owned by Richard A. Graham, at $0.02 on March 6, 2010. See, "Executive Compensation – Summary Compensation Table".

Defined Benefit or Actuarial Plans

The Corporation currently has no defined benefit or actuarial plans.

Termination of Employment, Change in Responsibilities and Employment and Management Contracts

The Corporation has not provided compensation, monetary or otherwise, during the preceding fiscal year, to any person who now or previously has acted as an executive officer of the Corporation, in connection with or related to the retirement, termination or resignation of such person and the Corporation has provided no compensation to such persons as a result of change of control of the Corporation, its subsidiaries or affiliates. The Corporation is not party to any compensation plan or arrangement with the executive officers resulting from the resignation, retirement or termination of employment of such persons.

The Corporation does not have in place any formal employment and management contracts between the Corporation or any subsidiary or affiliate thereof and the executive officers. The Corporation has entered into a corporate services agreement as more fully described under, "*Executive Compensation – Corporate Services Agreement*".

Other Compensation

Other than as set forth herein, the Corporation did not pay any additional compensation to the executive officers or directors (including personal benefits and securities or properties paid or distributed which compensation was not offered on the same terms to all full time employees) from the date of incorporation to the date of this Prospectus.

Compensation of Directors

From the date of incorporation to the date of this Prospectus, no cash compensation was paid to any director of the Corporation in his capacity as a director.

Executive officers of the Corporation who also act as directors do not receive any additional compensation for services rendered in such capacity, other than as paid by the Corporation to such executive officers in their capacity as executive officers and for out of pocket expenses for such meetings. See "*Compensation of Executive Officers*".

Corporate Services Agreement

The Corporation has entered into a corporate services agreement effective July 1, 2010 with Ionic Management Corp. ("**Ionic**") (the "**Corporate Services Agreement**"), a private management company. Pursuant to the Corporate Services Agreement, Ionic will provide various consulting, administrative, management and related corporate services. Under the terms of the Corporate Services Agreement, Ionic will be paid a consulting fee of $4,000 per month and shall also be reimbursed for all reasonable expenses incurred if the performance of its services. Sandra Lee and K. Peter Miller, officers of the Corporation, are also officers of Ionic. Richard Graham is Manager of Corporate Development for Ionic. Ionic is wholly owned by A. Murray Sinclair and Brian E. Bayley.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No individual who is or, at any time during the most recently completed financial period, was a director, executive officer or senior officer of the Corporation, nor their associates, is or has been at any time since the beginning of the last completed financial period, indebted to the Corporation, nor has any such individual been indebted to any other entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding, provided by the Corporation.

AUDIT COMMITTEE

As of the date of this Prospectus, the members of the Audit Committee of the Corporation are composed of three directors: Richard A. Graham, Michael Atkinson and Miles Thompson**.** As defined in National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"), Richard A. Graham is not independent. As defined in NI 52-110, all of the members of the Audit Committee are "financially literate".

Audit Committee Charter

Pursuant to NI 52-110, the Corporation's Audit Committee is required to have a charter. The full text of the Corporation's audit committee charter is attached as Schedule "A" to this Prospectus.

Relevant education and experience

All of the members of the Audit Committee have gained their education by participating in the management of publicly traded companies and they are all financially literate. They all 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 reasonably be excepted to be raised by the Corporation's financial statements.

Richard A. Graham has acted as a director and/or officer of numerous other publicly traded companies, and is currently a director and/or officer of Redzone Resources Ltd (TSX-REZ), Aurion Resources Ltd. (TSXV:AU), Colombian Mines Corporation (TSXV:CMJ), Iron Creek Capital Corp. (TSXV:IRN), Rhyolite Resources Ltd. (TSXV-RYE), Kaizen Capital Corp (TSXV:KZN.P) and Strategic Metals Ltd. (TSXV:SMD), thereby providing him with the relevant experience to serve as a member of the Audit Committee. He is also currently the Manager of Corporate Development of Ionic Management Corp.

Michael Atkinson has acted as a director and/or officer of numerous publicly traded companies, and is currently a director and/or officer of Canadian Phoenix Resources Corp. (TSXV-CXP), Petra Petroleum Inc. (TSXV-PTL), Kobex Minerals Inc. (TSXV-KBX), and Sierra Geothermal Power Corp.(TSXV-SRA), thereby providing him with the relevant experience to serve as a member of the Audit Committee. He is also President of Maverick Projects Inc. a private consulting corporation assisting junior resource companies in strategy and financing

Miles Thompson is the founder of two public traded companies, Lara Exploration Ltd (TSXV-LRA), where he is currently Chairman and CEO and Reservoir Capital Corp (TSXV-REO), where he is Executive Chairman and was previously Manager Business Development for Gold Fields Exploration Ltd.

Audit Committee Oversight

At no time since incorporation of the Corporation on January 21, 2010 was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Corporation's Board of Directors.

Reliance of Certain Exemptions

At no time since incorporation of the Corporation on January 21, 2010 has the Corporation relied on the exemption in section 2.4 of NI 52-110 (*De Minimis Non-audit Services*), or an exemption from NI 52-110, in whole or in part, granted under Part 8 (*Exemptions*) of NI 52-110.

Pre-Approval Policies and Procedures

The Committee has not adopted specific policies and procedures for the engagement of non-audit services.

External Auditor Service Fees (by Category)

The aggregate fees billed by the Corporation's external auditor in the period from incorporation on January 21, 2010 to May 31, 2010 are as follows:

Period	**Audit Fees**	**Audit Related Fees(1)**	**Tax Fees(2)**	**All Other Fees(3)**
May 31, 2010	**$5,000(4)**	**$-**	**$-**	**$-**

Notes:

(1) Fees charged for assurance and related services reasonably related to the performance of an audit, and not included under "Audit Fees".
(2) Fees charged for tax compliance, tax advice and tax planning services.
(3) Fees for services other than disclosed in any other column.
(4) This is an estimated figure that was expensed in the financial statements as at May 31, 2010.

Venture Issuers Exemption

The Corporation is relying upon the exemption in section 6.1 of NI 52-110, which exempts issuers from the requirements of Part 3 (*Composition of the Audit Committee*).

CORPORATE GOVERNANCE

General

Corporate governance relates to the activities of the Board of Directors of the Corporation, the members of which are elected by and are accountable to the shareholders, and take into account the role of the individual members of management who are appointed by the Board and who are charged with the day-to-day management of the Corporation. National Policy 58-201 – *Corporate Governance Guidelines* ("**NP 58-201**") establishes corporate governance guidelines which apply to all public companies. These guidelines are not intended to be prescriptive but to be used by issuers in developing their own corporate governance practices. The Board is committed to sound corporate governance practices and feels that the Corporation's corporate governance practices are appropriate and effective for the Corporation given its current size.

Structure

The Board is currently composed of three directors, namely, Richard A. Graham, Michael Atkinson and Miles Thompson.

NP 58-201 suggests that the board of directors of a public company should be constituted with a majority of individuals who qualify as "independent" directors. An "independent" director is a director who is independent of management and is free from any interest and any business or other relationship, which could, or could reasonable be perceived to, materially interfere with the director's ability to act with a view to the best interests of the company, other than interests and relationships arising from shareholding. Michael Atkinson and Miles Thompson are not officers and are not involved in the day to day operations of the Corporation and as such are independent. Richard A. Graham is an executive officer of the Company, and accordingly, he is considered to be "non-independent".

Mandate of the Board

The mandate of the Board is to manage or supervise the management of the business and affairs of the Corporation and to act with a view to the best interest of the Corporation. In doing so, the Board oversees the management of the Corporation's affairs directly and through its audit committee. In fulfilling its mandate, the types of matters for which the Board is ultimately responsible are: reviewing and approving the Corporation's overall business strategies and its annual business plan, the annual corporate budget and forecast, and significant capital investment outside the approved budget; succession planning; assessing management's performance against approved business plans and industry standards; reviewing and approving continuous disclosure documents; ensuring the effective operation of the Board; and safeguarding shareholders' equity interests through the optimum utilization of the Corporation's capital resources.

Other Directorships

The following members of the Board currently hold directorships in other reporting issuers as set forth below:

Name of Director	Name of Reporting Issuer	Exchange
Richard A. Graham	Redzone Resources Ltd.	TSX
	Aurion Resource Corp.	TSXV
	Strategic Metals Corp.	TSXV
	Rhyolite Resources Ltd.	TSXV
	Iron Creek Capital Corp.	TSXV
	Colombian Mines Ltd.	TSXV
	Kaizen Capital Corp.	TSXV
Michael Atkinson	Kobex Minerals Inc.	TSXV
	Petra Petroleum Inc.	TSXV
	Sierra Geothermal Power Corp.	TSXV
	Canadian Phoenix Resources Corp.	TSXV
Miles Thompson	Lara Exploration Ltd.	TSXV
	Reservoir Capital Corp.	TSXV
	Inca Pacific Resources Inc.	TSXV

Orientation and Continuing Education

Given the current size of the Corporation and the Board, the Corporation provides only a limited orientation and education program for new directors. This process includes discussions with management and the Board, with respect to the business and operations of the Corporation. Each new Board member is also entitled to review all previous minutes of the Board and the shareholders.

Ethical Business Conduct

The Board has found that the fiduciary duties placed on individual directors pursuant to corporate legislation and the common law, and the conflict of interest provisions under corporate legislation which restricts an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Corporation. The Board has also adopted a whistleblower protection policy with respect to the confidential and anonymous reporting of complaints and irregularities.

Nomination of Directors

All members of the Board are encouraged to identify prospective additions to the Board. Any recommendations would be approved by the entire Board and elected annually by the shareholders of the Corporation.

The Board must have a sufficient number of directors to carry out it its duties efficiently, presenting a diversity of views and experience. The Board as a whole reviews the contributions of the directors and considers whether the current size of the Board promotes effectiveness and efficiency.

Compensation of Directors and Officers

The Corporation does not have a compensation committee as the Board is responsible for determining all forms of compensation, including long-term incentive in the form of stock options, to be granted to executive officers and directors of the Corporation from time to time. The independent Board members review the compensation of the executive officers to ensure that it is competitive in accordance with industry standards and to ensure such arrangements reflect the responsibilities and risks associated with each position.

Other Board Committees

The Board has no other standing committees other than the Audit Committee.

Assessment of Directors, the Board and Board Committees

The Board monitors the adequacy of information given to directors, the communications between the Board and management and the strategic direction and processes of the Board and its Audit Committee, to satisfy itself that the Board, its Audit Committee and its individual directors are performing effectively.

PLAN OF DISTRIBUTION

Pursuant to the Agency Agreement, the Agent has been appointed the agent of the Corporation to offer for sale to the public the Common Shares offered herein in the provinces of British Columbia, Alberta and Ontario. The Agent has agreed to use its best efforts to secure subscriptions for the Common Shares offered hereunder on behalf of the Corporation but is not obligated to purchase any Common Shares not sold. The Agent may appoint one or more registered sub-agents to offer and sell the Common Shares in jurisdictions where the Common Shares may lawfully be offered for sale. The offering price of the Common Shares was determined by negotiation between the Corporation and the Agent.

The Agent will receive a commission of 6.0% of the gross proceeds of the Offering, a $10,000 corporate finance fee and a $5,000 administration fee. The Agent will also be granted the Agent's Option, which will expire 24 months from the Listing Date of the Common Shares. The Agent's Option is qualified by and will be distributed pursuant to this Prospectus. In addition, the Agent will be reimbursed by the Corporation for all reasonable expenses.

The obligations of the Agent under the Agency Agreement may be terminated and the Agent may in its discretion withdraw subscriptions for Common Shares on behalf of the subscribers on the basis of its assessment of the financial markets and upon the occurrence of certain stated events, including any material adverse changes in the business or financial condition of the Corporation.

The Offering is being made on a "best efforts agency basis" by the Agent and is subject to the completion of a total subscription of 3,000,000 Common Shares for gross proceeds of $450,000 (the "**Total Subscription**"). Subscriptions for Common Shares will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at anytime without notice. The completion of the sale of the Common Shares pursuant to the Offering (the "**Closing**") will take place on such day or days as the Agent and the Corporation may mutually agree upon (each referred to herein as a "**Closing Date**"). Its expected that certificates for the Common Shares will be available for delivery at Closing. The Offering will not continue for a period of more than 90 days after the date of the issuance of a receipt for the final prospectus if the Offering is not completed, unless the Agent and each of the subscribers who subscribed within such period consent to its continuation. The Agent, pending the Closing of the Offering, will hold all subscription funds received pursuant to the provisions of the Agency Agreement. If the Offering is not completed within 90 days of the issuance of a receipt for the final prospectus, the subscription funds received by the Agent in connection with the Offering will be returned to subscribers without interest or deduction, unless the subscribers have otherwise instructed the Agent.

Listing Application

Concurrent with the filing of this Prospectus, the Corporation intends to make application to the CNSX to list the Common Shares distributed under this Prospectus on the CNSX. Listing will be subject to the Corporation fulfilling all of the listing requirements of the CNSX.

RISK FACTORS

The purchase of any Common Shares offered hereby must be considered highly speculative due to the nature of the Corporation's business, relatively formative stage of development, current financial position and lack of an earnings record. An investment in the Common Shares should only be considered by those persons who can afford a total loss of their investment. An investment in these securities is not suited to investors who may need to dispose of their investment in a timely fashion. Investors should consult with their own professional advisors to assess the legal, financial and other aspects of an investment in the securities offered hereby. In addition to other information contained in this Prospectus, prospective subscribers should carefully consider the following risk factors.

(a) The Corporation may need to raise funds through public or private debt or equity financing in the event that the Corporation incurs operating losses or requires substantial capital investment, or in order for the Corporation to respond to unanticipated competitive pressures or to take advantage of unanticipated opportunities. There can be no assurance that additional financing will be available on terms favorable to the Corporation, or at all. If adequate funds are not available or are not available on acceptable terms, the Corporation may not be able to continue to explore and develop its properties or otherwise to respond to competitive pressures or continue to be viable. Such inability could have a material adverse effect on the Corporation's business, financial condition and results of operations.

(b) After giving effect to the Offering but prior to the exercise of the Agent's Option, the effective price of $0.15 per Common Share exceeds the net tangible book value per Common Share as at May 31, 2010 by $0.055 (representing a dilution factor of 37%).

(c) The Corporation has not yet earned a profit and intends to retain any future earnings to finance growth and expand operations and does not anticipate paying any dividends in the foreseeable future. See "*Dividend Record and Policy*".

(d) There is presently no known market for the Common Shares.

(e) The Offering price of the Common Shares has been determined by the board of directors of the Corporation through negotiation with the Agent, yet may not be indicative of the value of the Common Shares after the Offering. The value of the Common Shares could be subject to significant fluctuations in response to variations in quarterly and yearly operating results, the success of the Corporation's business strategy, competition or other applicable regulations which may affect the business of the Corporation and other factors. These fluctuations may affect the value of the Common Shares.

(f) Subscribers hereunder must assess the merits of the investment based on financial information disclosed herein.

(g) The purchase of any Common Shares offered hereby must be considered highly speculative due to the nature of the Corporation's business and its relatively early stage of development.

(h) The Corporation has a very limited history of operations, in its present business is in the early stage of development and must be considered a start-up. As such, the Corporation is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Corporation will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations.

(i) The Corporation has limited financial resources, no source of operating cash flow and no assurance that additional funding will be available for it for further exploration and development of the Corporation's projects or to fulfill its obligations under any applicable agreements. There can be no assurance that the Corporation will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the Corporation's projects with the possible loss of such projects.

(j) The Corporation is engaged in exploration and development of mineral properties. The mineral exploration and development industry involves a high degree of risk, which even with a combination of experience, knowledge and careful evaluation, no assurance can be given that commercial quantities of minerals can be successfully found or produced.

(k) The Corporation's operations are subject to the risks normally incident to the operation and development of mineral properties, including drilling, trenching and surveying, all of which could result in personal injuries, loss of life and damage to the property of the Corporation and others. In accordance with customary industry practice, the Corporation is not fully insured against all of these risks, nor are all such risks insurable.

(l) All of the properties in which the Corporation has an interest, or the right to acquire an interest, are in the early exploration stage and are without a known body of commercial ore. Development of the Corporation's resource properties will only follow upon obtaining satisfactory results. Exploration for and the development of natural resources involve a high degree of risk and few properties which are explored are ultimately developed into producing properties. There is no assurance that the Corporation's exploration and development activities will result in any discoveries of commercial bodies of ore. The long term profitability of the Corporation's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors.

(m) Substantial expenditures are required to establish reserves through drilling, to develop processes to extract the resources and, in the case of new properties, to develop the extraction and processing facilities and infrastructure at any site chosen for extraction. Although substantial benefits may be derived from the discovery of a major deposit, no assurance can be given that resources will be discovered in sufficient quantities to justify commercial operations or that the funds required for development can be obtained on a timely basis.

(n) The Corporation has relied and may continue to rely upon consultants and others for expertise. The economics of developing gold and other mineral properties is affected by many factors including the cost of operations, variations of the grade of ore mined, fluctuating mineral markets, costs of processing equipment, competition and such other factors as government regulations, including regulations relating to title to mineral concessions, royalties, allowable production, importing and exporting of minerals and environmental protection. Depending on the price of gold or other minerals produced, the Corporation may determine that it is impractical to commence or continue commercial production.

(o) Exploration for natural resources involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Corporation has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of resources, any of which could result in work stoppages, damage to persons or property and possible environmental damage.

(p) The Corporation may obtain liability insurance in an amount which management considers adequate but the nature of these risks is such that liabilities might exceed policy limits, the liabilities and hazards might not be insurable against, or the Corporation might not elect to insure itself against such liabilities due to high premium costs or other reasons, in which event the Corporation could incur significant costs that could have a material adverse effect upon its financial condition.

(q) The Corporation's revenues, if any, are expected to be in large part derived from the extraction and sale of base and precious metals such as gold. The price of those commodities has fluctuated widely, particularly in recent years, and is affected by numerous factors beyond the Corporation's control including international, economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, speculative activities and increased production due to new extraction developments and improved extraction and production methods. The effect of these factors on the price of base and precious metals, and therefore the economic viability of any of the Corporation's exploration projects, cannot accurately be predicted.

(r) Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Corporation's operations.

(s) The resource industry is intensely competitive in all of its phases, and the Corporation competes with many companies possessing greater financial resources and technical facilities than itself. Competition could adversely affect the Corporation's ability to acquire suitable properties for exploration in the future.

(t) There is no guarantee that title to the Corporation's properties will not be challenged or impugned. While title has been investigated and, to the best of the Corporation's knowledge, title to the properties is in good standing, this should not be construed as a guarantee of title. Also, new claims are being made by aboriginal peoples that call into question the rights to minerals and surface use.

(u) The operations of the Corporation may require licenses and permits from various aboriginal and governmental authorities. There can be no assurance that the Corporation will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects.

(v) The Corporation is dependent on a relatively small number of key employees and consultants, the loss of any of whom could have an adverse effect on the Corporation.

(w) Certain of the directors and officers of the Corporation also serve as officers and/or directors of other companies which engage in mineral resource exploration and development activities. In accordance with the laws of Alberta, the directors of the Corporation are required to act honestly, in good faith and in the best interest of the Corporation. In determining whether the Corporation will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the potential benefits to the Corporation, the degree of risk to which the Corporation may be exposed and its financial position at that time. Other than as indicated, the Corporation has no other procedures or mechanisms to deal with conflicts of interest.

(x) The prices of metals are primarily outside the control of the Corporation. The Corporation will be a price taker for its products and commodity prices can be expected to show volatility.

(y) There are some important things to consider before investing in an issuer quoted on CNSX's stock exchange:

A. Although CNSX has minimum standards that issuers must meet in order to be eligible for a listing, these are lower than the standards for issuers listed on other stock exchanges. They should be considered speculative and investors in CNSX issuers should have a tolerance for higher-risk investments. There are no minimum financial requirements for eligibility for continued listing.

B. Although CNSX has rules governing share issuances and major transactions by listed issuers, these rules may be less restrictive than for other stock exchanges.

CNSX will not generally review or "approve" a transaction in advance or require shareholder approval (unless the transaction constitutes a "fundamental change" under CNSX's issuer policies). Existing shareholders may suffer equity or voting dilution as a result of corporate transactions and may not be able to vote on those transactions.

C. CNSX issuers must post enhanced disclosure on the CNSX website. This disclosure information is available in the CNSX Disclosure Hall. Posting is entirely the issuer's responsibility and CNSX does not assume any responsibility for the timeliness, accuracy or completeness of those postings. CNSX will perform periodic reviews of issuers' disclosure record to determine compliance with applicable securities legislation and CNSX rules.

D. CNSX issuers may have smaller floats of freely-tradeable stock than other exchange-listed issuers. CNSX denotes certain issuers as "thin float" issuers at the time of listing; floats on other issuers may also be smaller than for other exchange-listed stocks.

E. If a stock has a small float, it is likely to have a larger spread (the difference between the bid, or the highest price at which someone is currently willing to buy and the offer, or the lowest price at which someone is willing to sell) and be less actively traded. An investor who wishes to buy or sell immediately will have to pay the spread, which could be very large relative to the price of the stock. For example, ABC Co. has a bid of $0.20 and an offer of $0.25. An investor wishing to buy immediately would have to buy at $0.25, which is a price 25% higher than the bid. Assuming the market stayed the same, if the investor wished to sell the security immediately, it would be sold at $0.20 for a 20% loss. A security may have to go up considerably in value for an investor to make a profit after paying the spread and commissions.

An investor could minimize the price of paying the spread by entering a limit order (in the example above, a buy order of $0.245 or less). However, the less active a stock is, the longer it will normally take for that order to be executed, and it may not be executed at all.

F. Stocks with small floats also tend to be more volatile as a relatively small order can push the price up or down because there are not enough offsetting orders in the book. The stock may overreact to corporate announcements of material information, going up (or down) in price sharply and then coming back. It is also easier for one person or a group of persons to control a large portion of the float, which could allow them to manipulate the price at which the security is bought and sold, which is against the rules governing trading on CNSX's stock exchange.

If a stock with a small float has only one market maker, it is likely that the market maker will establish the spread, as it will often be the only party willing to buy or sell at a particular point in time. If a stock with a small float does not have a market maker, at times there may be no bid or offer, in which case it will not be possible to trade the stock immediately.

G. CNSX securities may be susceptible to hype. Beware of anyone touting a security as a "sure thing" or "sure to go up" or suggesting that they know information about the issuer that has not been made public. Be particularly wary if the person is not associated with a CNSX dealer. CNSX dealers are prohibited from making misrepresentations in order to induce someone to buy, sell or hold a security of a CNSX issuer, and are prohibited from using high pressure sales tactics. They also must tell you when recommending a trade if their firm is the only market maker is the security (which means they may have established the market), if the firm will trade for its own account with your order (i.e. buy from or sell to you from their inventory of stock), the stock has no market maker.

PROMOTER

Richard A. Graham, President and a director of the Corporation, may be considered to be the promoter of the Corporation in that he took the initiative in substantially organizing the business of the Corporation. Mr. Graham owns, directly or indirectly, 1,100,000 Common Shares (27.5% prior to giving effect to the Offering).

LEGAL PROCEEDINGS

There are no legal proceedings involving the Corporation or its assets as of the date of this Prospectus which management of the Corporation believes to be material to the Corporation, nor are any such proceedings known by the Corporation to be contemplated.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed herein, management of the Corporation is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or senior officer, any person or company who owns of record, or is known by the Corporation to own beneficially, directly or indirectly, more than 10% of the Common Shares of the Corporation or any associate or affiliate of the foregoing persons or companies in any transaction within the three years prior to the date hereof or in any proposed transaction that has materially affected or will materially affect the Corporation.

The Corporation has entered into the Corporate Services Agreement with Ionic respecting the provision of corporate services. See "*Executive Compensation – Corporate Services Agreement*".

RELATIONSHIP BETWEEN ISSUER AND AGENT

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

AUDITORS, TRANSFER AGENTS AND REGISTRAR

The auditor of the Corporation is Davidson & Company LLP, Chartered Accountants, at 1200 - 609 Granville Street, Vancouver, British Columbia, V7Y 1G6.

Computershare Trust Company of Canada, through its principal office at 3rd Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9, is the registrar and transfer agent for the Common Shares.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the only contracts entered into by the Corporation since incorporation on January 21, 2010 to the date hereof which can reasonably be regarded as presently material are the following:

1. Option Agreement dated May 15, 2010 between the Corporation and Nevgold Resources Limited whereby Nevgold granted the Option to the Corporation respecting the McBride Property. See "*General Development of the Business*".

2. Agency Agreement. See "*Plan of Distribution*".

3. Escrow Agreement. See "*Escrowed Securities*".

4. MEAP Agreement effective April 1, 2010 between the Government of Manitoba and the Corporation. See "*Selected Financial Information and Management's Discussion and Analysis – Financial Condition / Liquidity / Capital Resources*".

Copies of the above agreements may be inspected at the head office of the Corporation located at Suite 1028, 550 Burrard Street, Vancouver, British Columbia, V6C 2B5 or at the offices of Borden Ladner Gervais LLP, counsel to the Corporation located at 1000 Canterra Tower, 400 - 3rd Avenue S.W., Calgary, Alberta T2P 4H2 during normal business hours at any time up to and including the final closing of this Offering.

EXPERTS

The following persons or companies whose profession or business gives authority to a statement made by the person or company are named in this Prospectus as having prepared or certified a part of that document or a report of valuation described in this prospectus:

1. Bernhardt E.K. Augsten P.Geo., an independent consulting geologist and "Qualified Person" as defined in NI 43-101 is the author responsible for the preparation of the Technical Report.

2. The audited financial statements of the Corporation included with this Prospectus have been included in reliance upon the report of Davidson & Company LLP, Chartered Accountants, also included with this Prospectus, and upon the authority of such firm as experts in accounting and auditing.

TAX CONSEQUENCES

Prospective investors should be aware that the purchase of Common Shares has tax consequences, which are not described in this Prospectus. Accordingly, prospective investors are advised to consult their own tax advisors with respect to the tax aspects of investing in the Common Shares.

INTERESTS OF EXPERTS

Certain legal matters relating to the Offering and the issuance of the Common Shares will be passed upon by Borden Ladner Gervais LLP, on behalf of the Corporation, and by Maynard Brown, Barristers and Solicitors, on behalf of the Agent. As of the date hereof, the partners and associates of Borden Ladner Gervais LLP, as a group, own directly or indirectly, 0% of the Common Shares and Maynard Brown, Barrister and Solicitor, owns directly or indirectly, 0% of the Common Shares.

The auditor of the Corporation, Davidson & Company LLP, Chartered Accountants audited the May 31, 2010 financial statements and is independent within the meaning of the Rules of Professional conduct of the Institute of Chartered Accountants of British Columbia and as of the date of this Prospectus, does not own or have any registered or beneficial interests, direct or indirect, in any securities or other property of the Corporation.

Bernhardt E.K. Augsten P.Geo is the author responsible for the preparation of the Technical Report. Mr. Augsten, as of the date hereof, does not own, directly or indirectly, any of the Common Shares and is an "independent person" within the meaning of NI 43-101.

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right maybe exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, 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 of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

FINANCIAL STATEMENTS

Audited financial statements of the Corporation for the period from incorporation on January 21, 2010 until May 31, 2010 are included herewith.

SCHEDULE "A"

Sypher Resources Ltd.
(the "Corporation")

Audit Committee Charter

A. Composition and Process

(1) The audit committee of the Corporation (the "**Audit Committee**") shall be composed of a minimum of three members of the board of directors of the Corporation (the "**Board of Directors**"), a majority of whom are independent. An independent director, as defined in *National Instrument 52-110 - Audit Committees* ("**NI 52-110**") is a director who has no direct or indirect material relationship which could, in the view of the Corporation's Board of Directors, be reasonably expected to interfere with the exercise of a members independent judgment or as otherwise determined to be independent in accordance with NI 52-110.

(2) Members shall serve one-year terms and may serve consecutive terms, which are encouraged to ensure continuity of experience.

(3) The chairperson of the Audit Committee (the "**Chairperson**") shall be appointed by the Board of Directors for a one-year term, and may serve any number of consecutive terms.

(4) All members of the Audit Committee are encouraged to become financially literate if they are not already. Financial literacy is the ability to read and understand a balance sheet, income statement and cash flow statement that present a breadth and level of complexity comparable to the Corporation's financial statements.

(5) The Chairperson shall, in consultation with management, establish the agenda for the meetings and ensure that properly prepared agenda materials are circulated to the members with sufficient time for study prior to the meeting.

(6) The Audit Committee shall try to meet at least four times per year and may call special meetings as required. A quorum at meetings of the Audit Committee shall be its Chairperson and one of its other members or the Chairman of the Board of Directors. The Audit Committee may hold its meetings, and members of the Audit Committee may attend meetings, by telephone conference if this is deemed appropriate.

(7) The minutes of the Audit Committee meetings shall accurately record the decisions reached and shall be distributed to Audit Committee members with copies where applicable to the Board of Directors, the Chief Executive Officer, the Chief Financial Officer and the external auditor.

(8) The Audit Committee enquires about potential claims, assessments and other contingent liabilities.

(9) The Charter of the Audit Committee shall be reviewed by the Board of Directors on an annual basis.

B. Authority

(10) Appointed by the Board of Directors pursuant to provisions of the *Business Corporations Act* (Alberta) and the bylaws of the Corporation.

(11) Primary responsibility for the Corporation's financial reporting, accounting systems and internal controls is vested in senior management and is overseen by the Board of Directors. The Audit Committee is a standing committee of the Board of Directors established to assist it in fulfilling its responsibilities in this regard. The Audit Committee shall have responsibility for overseeing management reporting on internal controls.

While it is management's responsibility to design and implement an effective system of internal control, it is the responsibility of the Audit Committee to ensure that management has done so.

(12) In fulfilling its responsibilities, the Audit Committee shall have unrestricted access to the Corporation's personnel and documents and will be provided with the resources necessary to carry out its responsibilities.

(13) The Audit Committee shall have direct communication channels with the internal auditor (if any) and the external auditor to discuss and review specific issues, as appropriate.

(14) The Audit Committee shall have the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties.

(15) The Audit Committee shall establish the compensation to be paid to any advisors employed by the Audit Committee and such compensation shall be paid by the Corporation as directed by the Audit Committee.

C. Relationship with External Auditors

(16) An external auditor must report directly to the Audit Committee.

(17) The Audit Committee is directly responsible for overseeing the work of the external auditor including the resolution of disagreements between management and the external auditor regarding financial reporting.

(18) The Audit Committee shall implement structures and procedures to ensure that it meets with the external auditor on at least an annual basis in the absence of management.

D. Accounting Systems, Internal Controls and Procedures

(19) Obtain reasonable assurance from discussions with and/or reports from management, and reports from external auditors that accounting systems are reliable and that the prescribed internal controls are operating effectively for the Corporation and its subsidiaries and affiliates.

(20) The Audit Committee shall review to ensure to its satisfaction that adequate procedures are in place for the review of the Corporation's disclosure of financial information extracted or derived from the Corporation's financial statements and will periodically assess the adequacy of those procedures.

(21) Direct the external auditor's examinations to particular areas.

(22) Review control weaknesses identified by the external auditor, together with management's response.

(23) Review with the external auditor its view of the qualifications and performance of the key financial and accounting executives.

(24) In order to preserve the independence of the external auditor the Audit Committee will:

a) recommend to the Board of Directors the external auditor to be nominated; and

b) recommend to the Board of Directors the compensation of the external auditor's engagement;

(25) The Audit Committee shall review and pre-approve any engagements for non-audit services to be provided by the external auditor or its affiliates, together with estimated fees, and consider the impact on the independence of the external auditor.

(26) Review with management and with the external auditor any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgments of management that may be material to financial reporting.

(27) The Audit Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and most recent former external auditor of the Corporation.

(28) The Audit Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters and the confidential anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

(29) The Audit Committee shall on an annual basis, prior to public disclosure of its annual financial statements, ensure that the external auditor's participant status has not been terminated, or, if its participant status was terminated, has been reinstated in accordance with the Canadian Public Accountability Board ("**CPAB**") bylaws and is in compliance with any restriction or sanction imposed by the CPAB.

E. Statutory and Regulatory Responsibilities

(30) Annual Financial Information - review the annual audited financial statements and related management's discussion and analysis ("**MD&A**"), including any related press releases if same contains material information, and recommend their approval to the Board of Directors, after discussing matters such as the selection of accounting policies (and changes thereto), major accounting judgments, accruals and estimates with management and the external auditor.

(31) Annual Report - review the management MD&A section and all other relevant sections of the annual report, if prepared, to ensure consistency of all financial information included in the annual report.

(32) Interim Financial Statements - review the quarterly interim financial statements and related MD&A, related press releases and recommend their approval to the Board of Directors.

(33) Earnings Guidance/Forecasts - review forecasted financial information and forward looking statements.

F. Reporting

(34) Report, through the Chairperson of the Audit Committee, to the Board of Directors following each meeting on the major discussions and decisions made by the Audit Committee.

(35) Review the Audit Committee's Charter annually and recommend the approval of any proposed amendments to the Board of Directors.

G. Other Responsibilities

(36) Investigating fraud, illegal acts or conflicts of interest.

(37) Discussing selected issues with corporate counsel or the external auditor or management.

DAVIDSON & COMPANY LLP Chartered Accountants A Partnership of Incorporated Professionals

AUDITORS' CONSENT

We have read the prospectus of Sypher Resources Ltd. (the "Company") dated August 26, 2010 relating to the sale and issue of 3,000,000 common shares of the Company at a price of $0.15 per common share. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use in the above mentioned prospectus of our report to the directors of the Company on the balance sheet of the Company as at May 31, 2010 and the statements of operations and deficit and cash flows for the period from incorporation on January 21, 2010 to May 31, 2010. Our report is dated July 7, 2010 (except as to Note 10 which is as of August 26, 2010).

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Accountants

August 26, 2010

NEXIA INTERNATIONAL

1200 - 609 Granville Street, P.O. Box 10372, Pacific Centre, Vancouver, B.C., Canada V7Y 1G6
Telephone (604) 687-0947 Fax (604) 687-6172

SYPHER RESOURCES LTD.

FINANCIAL STATEMENTS

MAY 31, 2010

AUDITORS' REPORT

To the Directors of
Sypher Resources Ltd.

We have audited the balance sheet of Sypher Resources Ltd. (the "Company") as at May 31, 2010 and the statements of operations and deficit and cash flows for the period from incorporation on January 21, 2010 to May 31, 2010. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at May 31, 2010 and the results of its operations and its cash flows for the period from incorporation on January 21, 2010 to May 31, 2010 in accordance with Canadian generally accepted accounting principles.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Accountants

July 7, 2010
(except as to Note 10, which
is as of August 26, 2010)

1200 - 609 Granville Street, P.O. Box 10372, Pacific Centre, Vancouver, B.C., Canada V7Y 1G6
Telephone (604) 687-0947 Fax (604) 687-6172

SYPHER RESOURCES LTD.
BALANCE SHEET
AS AT MAY 31, 2010

ASSETS

Current	
Cash	$ 206,528
Amounts receivable	713
	207,241
Deferred financing costs (Note 10(i))	5,830
	$ 213,071

LIABILITIES AND SHAREHOLDERS' EQUITY

Current	
Accounts payable and accrued liabilities	$ 20,287
Shareholders' equity	
Capital stock (Note 6)	242,500
Deficit	(49,716)
	192,784
	$ 213,071

Continuance of operations (Note 2)

Subsequent events (Note 10)

On behalf of the Board:

Signed "Richard A. Graham" Director *Signed "Michael Atkinson"* Director

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

SYPHER RESOURCES LTD.
STATEMENT OF OPERATIONS AND DEFICIT
PERIOD FROM INCORPORATION ON JANUARY 21, 2010 TO MAY 31, 2010

EXPENSES		
Office and sundry	$	205
Property investigation		1,256
Professional fees		13,255
Stock-based compensation (Note 6)		35,000
Loss, being deficit, end of period	$	49,716
Basic and diluted loss per common share	$	0.02
Weighted average number of common shares outstanding		2,069,231

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

SYPHER RESOURCES LTD.
STATEMENT OF CASH FLOWS
PERIOD FROM INCORPORATION ON JANUARY 21, 2010 TO MAY 31, 2010

CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$	(49,716)
Item not affecting cash:		
Stock-based compensation		35,000
Changes in non-cash working capital items		
Increase in amounts receivable		(713)
Increase in accounts payable and accrued liabilities		14,457
Net cash used in operating activities		(972)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital stock issued for cash		207,500
Net cash provided by financing activities		207,500
Change in cash for the period		206,528
Cash, beginning of period		-
Cash, end of period	$	206,528
Cash paid during the period for interest	$	-
Cash paid during the period for income taxes	$	-

There were $5,830 of deferred financing costs included in the accounts payable and accrued liabilities as of May 31, 2010. A stock-based compensation of $35,000 is recorded on re-valuation of shares issued to a related party.

1. INCORPORATION

The Company was incorporated under the *Business Corporations Act* (Alberta) on January 21, 2010. Its principal business activities include the acquisition and exploration of mineral properties.

2. CONTINUANCE OF OPERATIONS

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles assuming the Company will continue on a going-concern basis. The ability of the Company to continue as a going-concern depends upon its ability to develop profitable operations and to continue to raise adequate financing. Management is actively targeting sources of additional financing which would assure continuation of the Company's operations and exploration programs. In order for the Company to meet its liabilities as they come due and to continue its operations, the Company is solely dependent upon its ability to generate such financing.

There can be no assurance that the Company will be able to continue to raise funds in which case the Company may be unable to meet its obligations. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the balance sheets. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

The current market conditions and volatility increase the uncertainty of the Company's ability to continue as a going concern given the need to both curtail expenditures and to raise additional funds. The Company is experiencing, and has experienced, negative operating cash flows. The Company will continue to search for new or alternate sources of financing but anticipates that the current market conditions may impact the ability to source such funds.

3. SIGNIFICANT ACCOUNTING POLICIES

Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles 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. Actual results could differ from these estimates.

Future income taxes

Future income taxes are recorded using the asset and liability method whereby future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment or enactment occurs. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

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 earnings 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 period.

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

Mineral properties

All costs related to the acquisition of mineral properties are capitalized by property. If economically recoverable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. When a property is abandoned, all related costs are written off to operations. If, after management review, it is determined that the carrying amount of a mineral property is impaired, that property is written down to its estimated net realizable value. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. Exploration expenditures, net of recoveries, are charged to operations as incurred.

The amounts shown for mineral properties do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Stock-based compensation

The Company uses the fair value based method for measuring compensation costs.

Deferred financing costs

Costs directly identifiable with the raising of capital will be charged against the related capital stock. Costs related to shares not yet issued are recorded as deferred financing costs. These costs will be deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related capital stock or charged to operations if the shares are not issued.

Financial instruments

All financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments and derivatives are measured in the balance sheet at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification. Held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income. Available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments (cont'd…)

The Company has classified its cash as held-for-trading. Amounts receivable are classified as loans and receivables. Accounts payable and accrued liabilities are classified as other liabilities, which are measured at amortized cost.

CICA Handbook Section 3862, Financial Instruments – Disclosure was amended to require disclosure about the inputs used in making fair value measurements, including their classification within a hierarchy that prioritizes their significance. The three levels of the fair value hierarchy are:

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

See note 7 for relevant disclosures.

Flow-through shares

Resource expenditure deductions for income tax purposes related to exploration activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian income tax legislation. To the extent that the future tax liabilities created by the renunciation exceed the future tax assets available, the Company records a reduction in capital stock for the estimated tax benefits transferred to shareholders.

The Company adopted Emerging Issues Committee 146 "Flow-Through Shares" that dictates the accounting treatment on renunciation of the tax deductibility of the qualifying expenditures that give rise to taxable temporary differences. When the Company renounces flow-through expenditures, a portion of the Company's future income tax assets that were not recognized in previous years, due to the recording of a valuation allowance, will be recognized as a recovery of future income taxes in the statement of operations.

4. NEW ACCOUNTING POLICIES

New accounting pronouncements

International financial reporting standards ("IFRS")

In January 2006 the AcSB announced that accounting standards in Canada are to converge with IFRS. The AcSB has indicated that Canadian entities will need to begin reporting under IFRS for fiscal years beginning on or after January 1, 2011 with appropriate comparative data from the prior year. Under IFRS, the primary audience is capital markets and as a result, there is significantly more disclosure required, specifically for quarterly reporting. Further, while IFRS uses a conceptual framework similar to Canadian

4. NEW ACCOUNTING POLICIES (cont'd…)

New accounting pronouncements (cont'd…)

GAAP, there are significant differences in accounting policy which must be addressed. The Company has begun the process of assessing the impact of IFRS.

Business combinations, consolidated financial statements and non-controlling interest

In January 2009, the CICA issued CICA Handbook Section 1582, "Business Combinations", Section 1601, "Consolidated Financial Statements", and Section 1602, "Non-Controlling Interests". These sections replace the former Section 1581, "Business Combinations", and Section 1600, "Consolidated Financial Statements", and establish a new section for accounting for a non-controlling interest in a subsidiary. Section 1582 establishes standards for the accounting for a business combination, and states that all assets and liabilities of an acquired business will be recorded at fair value. Obligations for contingent considerations and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date. It provides the Canadian equivalent to IFRS 3, Business Combinations (January 2008). The section applies prospectively to 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.

Section 1601 establishes standards for the preparation of consolidated financial statements.

Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in the preparation of consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS International Accounting Standards ("IAS") 27, Consolidated and Separate Financial Statements (January 2008).

Sections 1601 and 1602 apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year. All three sections must be adopted concurrently. The Company is currently evaluating the impact of the adoption of these sections.

5. MINERAL PROPERTIES

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing.

McBride Property, Manitoba, Canada

On May 15, 2010, the Company entered into a Property Option Agreement to acquire up to an undivided 100% interest in 4 mineral claims known as the McBride Property located in the Pas Mining Division in Manitoba by:

a) issuing to the Optionor 500,000 common shares of the Company, or at the option of the Optionor, an amount of common shares equal to a deemed value of $500,000 as of the date of issuance, on or before May 30, 2014; and

5. MINERAL PROPERTIES (cont'd…)

McBride Property, Manitoba, Canada (cont'd…)

b) incurring the following expenditures on the Property

$50,000	On or before May 30, 2011
An additional $100,000	On or before May 30, 2012
An additional $150,000	On or before May 30, 2013
An additional $300,000	On or before May 30, 2014

The Company is required to pay a production royalty of 3% of the net smelter returns ("NSR") of all mineral substances produced from the claims.

6. CAPITAL STOCK

	Number of Shares	Amount
Authorized		
Unlimited common shares, without par value		
Unlimited preferred shares issuable in series		
Common shares issued		
Shares issued for cash	4,000,000	$ 242,500
As at May 31, 2010	4,000,000	$ 242,500

Private placements

On March 6, 2010, the Company issued 1,000,000 common shares at $0.02 per share to a company with a common director for gross proceeds of $20,000. Those shares are re-valued at $0.055 per share which is the price of shares issued in the following non-brokered private placement. The difference of $0.035 per share, totalling $35,000, is recorded as stock-based compensation.

On March 31, 2010, the Company completed a non-brokered private placement of 2,500,000 common shares at a price of $0.055 per share for gross proceeds of $137,500.

On March 31, 2010, the Company completed a non-brokered private placement of 500,000 flow-through common share shares at a price of $0.10 per share for gross proceeds of $50,000.

1,000,000 shares issued at $0.02 per share and 300,000 shares issued at $0.055 per share are held by directors or companies owned by directors and will be held in escrow and released pro-rata to the shareholders as to 10% of the escrow shares from the date the Company's shares are listed on Canadian National Stock Exchange ("CNSX"), and as to the remainder in six equal tranches of 15% every six months thereafter for a period of 36 months.

6. CAPITAL STOCK (cont'd…)

Stock options

The Company adopted an incentive stock option plan (the "Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with CNSX requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares. Such options will be exercisable for a period of up to 10 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

There were no stock option transactions from incorporation on January 21, 2010 to May 31, 2010.

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at May 31, 2010, the Company's financial instruments are comprised of cash, amounts receivable and accounts payable and accrued liabilities. The fair value of cash, amounts receivable and accounts payable and accrued liabilities approximate their carrying value due to their short-term maturity. The Company has classified its cash as level 1 on the fair value hierarchy. The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk and interest rate risk.

Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with major financial institutions.

Interest rate risk

The Company is exposed to 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 risks on cash and on the Company's obligations are not considered significant.

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 ensures there is sufficient capital in order to meet short term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. The Company believes that these sources will be sufficient to cover the likely short term cash requirements and further funding will be required to meet long-term requirements.

8. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of resource properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

8. CAPITAL MANAGEMENT (cont'd…)

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and will attempt to raise additional funds as needed.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

9. INCOME TAXES

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

Loss for the period	$	(49,716)
Expected income tax-recovery	$	(14,604)
Non-deductible item		10,281
Unrecognized benefit of non-capital losses		4,323
Total income tax recovery	$	-

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

Future income tax assets:		
Non-capital loss carryforwards	$	3,700
Deferred financing costs		1,400
Valuation allowance		(5,100)
Net future income tax assets	$	-

The Company has available for deduction against future taxable income non-capital losses of approximately $15,000. These losses, if not utilized, will expire in 2030. Future tax benefits which may arise as a result of these non-capital losses have not been recognized in these financial statements and have been offset by a valuation allowance due to the uncertainty of their realization.

10. SUBSEQUENT EVENTS

(i) The Company intends to file a prospectus with the Securities Commissions of British Columbia, Alberta and Ontario and CNSX, offering 3,000,000 common shares at $0.15 per share as an initial public offering ("IPO"). Pursuant to an engagement letter between the Company and Leede Financial Markets Inc. (the "Agent"), the Agent will receive a cash commission equal to 6% of the gross proceeds, be paid a corporate finance fee of $10,000 plus taxes, a $5,000 administration fee plus taxes, be reimbursed for its reasonable expenses and legal fees plus disbursements and taxes, estimated at $7,000, and be issued Agent's options to acquire up to 225,000 common shares at $0.15 per share exercisable for a period of 24 months from the date the common shares of the Company are listed on the CNSX. The transaction is subject to regulatory approval.

As of May 31, 2010, the Company has incurred $5,830 of legal fees related to the IPO, which was recorded as deferred financing costs. Those costs will be reclassified to share issuance costs at the completion of the IPO or charged to operations if the IPO is not completed.

(ii) The Company intends to grant, at the closing of its offering, 300,000 stock options to directors and officers. Each option is exercisable into one common share of the Company at a price of $0.15 per share for ten years from the date of grant.

(iii) The Company entered into a corporate service agreement effective July 1, 2010 with Ionic Management Corp. ("Ionic"), a company with common directors, whereby Ionic will provide to the Company various administrative and related corporate services. Under the terms of the agreement, the Company will pay to Ionic a fee of $4,000 per month. Ionic will also be reimbursed for all reasonable expenses incurred in the performance of its services.

CERTIFICATE OF THE CORPORATION

DATE: August 26, 2010

The 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 and Ontario.

"Richard A. Graham"	*"K. Peter Miller"*
Richard A. Graham	**K. Peter Miller**
President	Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

"Michael Atkinson"	*"Miles Thompson"*
Michael Atkinson	**Miles Thompson**
Director	Director

CERTIFICATE OF THE PROMOTER

DATE: August 26, 2010

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 and Ontario.

"Richard A. Graham"
Richard A. Graham
Promoter

CERTIFICATE OF THE AGENT

DATE: August 26, 2010

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 and Ontario.

LEEDE FINANCIAL MARKETS INC.

Per: *"Richard H. Carter"*

Richard H. Carter
Senior Vice President, Secretary and General Counsel