ORIENT VENTURE CAPITAL INC.

FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2012 AND 2011

MANNING ELLIOTT
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Orient Venture Capital Inc.

We have audited the accompanying financial statements of Orient Venture Capital Inc. which comprise the statements of financial position as at March 31, 2012, March 31, 2011 and April 1, 2010, and the statements of comprehensive loss, changes in equity and cash flows for the years ended March 31, 2012 and March 31, 2011, and the related notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Orient Venture Capital Inc. as at March 31, 2012, March 31, 2011 and April 1, 2010, and its financial performance and cash flows for the years ended March 31, 2012 and March 31, 2011 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of Orient Venture Capital Inc. to continue as a going concern.

/s/ "Manning Elliott LLP"

CHARTERED ACCOUNTANTS

Vancouver, British Columbia

May 10, 2012

ORIENT VENTURE CAPITAL INC.
STATEMENTS OF FINANCIAL POSITION

	Note		March 31, 2012		March 31, 2011 (Note 15)		April 1, 2010 (Note 15)
ASSETS							
Current assets							
Cash		$	249,412	$	42,531	$	36,195
Sales tax recoverable			2,588		-		-
Deferred financing cost			13,000		-		-
Prepaid expenses			1,400		1,400		525
Total assets		$	266,400	$	43,931	$	36,720
LIABILITIES AND EQUITY							
Current liabilities							
Trade and other payables	4	$	201,027	$	278,656	$	218,800
Loans payable	5		23,245		21,623		15,000
Loans from related parties	6		108,239		100,939		93,640
Total liabilities			332,511		401,218		327,440
Equity (deficiency)							
Share capital	7		385,471		385,471		385,471
Share subscription proceeds	7		245,500		-		-
Share-based payments reserve	8		30,018		30,018		30,018
Deficit			(727,100)		(772,776)		(706,209)
Total deficiency			(66,111)		(357,287)		(290,720)
Total liabilities and equity		$	266,400	$	43,931	$	36,720

Events after the reporting period (Note 14)

The financial statements were authorized for issue by the board of directors on May 10, 2012 and were signed on its behalf by:

"Min Kuang" Director — Chief Executive Officer

"Dwane Brosseau" Director — Chief Financial Officer

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

ORIENT VENTURE CAPITAL INC.
STATEMENTS OF COMPREHENSIVE LOSS
YEARS ENDED MARCH 31

	Note		2012		2011
EXPENSES					
Accounting and audit		$	12,992	$	17,186
Interest			14,534		22,996
Legal			3,000		11,310
Office and administration			8,041		5,669
Project investigation			7,296		-
Transfer agent and filing fees			17,175		9,406
Travel and related costs			11,254		-
			(74,292)		(66,567)
OTHER ITEMS					
Miscellaneous income			40,752		-
Extinguishment of trade payables	4		79,216		-
			119,968		-
Net and comprehensive income (loss) for the year		$	45,676	$	(66,567)
Basic and diluted earnings (loss) per common share	7	$	0.01	$	(0.02)
Weighted average number of common shares outstanding			4,260,790		4,260,790

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

ORIENT VENTURE CAPITAL INC.
STATEMENTS OF CHANGES IN EQUITY

	Note	Number of Shares		Share capital		Share subscription proceeds		Share-based payments reserve		Deficit		Total equity
Balance, April 1, 2010		5,260,790	$	385,471	$	-	$	30,018	$	(706,209)	$	(290,720)
Comprehensive loss for the year		-		-		-		-		(66,567)		(66,567)
Transactions with owners												
Cancellation of escrow shares	7	(1,000,000)		-		-		-		-		-
Balance, March 31, 2011		4,260,790		385,471		-		30,018		(772,776)		(357,287)
Comprehensive income for the year		-		-		-		-		45,676		45,676
Transactions with owners												
Share subscription proceeds received	7	-		-		245,500		-		-		245,500
Balance, March 31, 2012		4,260,790	$	385,471	$	245,500	$	30,018	$	(727,100)	$	(66,111)

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

ORIENT VENTURE CAPITAL INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED MARCH 31,

	Note	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss) for the year		$ 45,676	$ (66,567)
Item not affecting cash:			
Extinguishment of trade payables		(79,216)	-
Accrued interest on loans		8,922	8,922
Changes in non-cash working capital items:			
Sales tax recoverable		(2,588)	-
Prepaid expenses		-	(875)
Prepaid expenses		(13,000)	-
Trade and other payables		1,587	59,856
Net cash provided by (used in) operating activities		(38,619)	1,336
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan from related party		-	5,000
Share subscription proceeds		245,500	-
Net cash provided by financing activities		245,500	5,000
Change in cash during the year		206,881	6,336
Cash, beginning of the year		42,531	36,195
Cash, end of the year		$ 249,412	$ 42,531

Supplemental cash flow information (Note 11)

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

1. NATURE OF BUSINESS

Orient Venture Capital Inc. (the "Company") was incorporated on February 27, 2007 under the laws of British Columbia, Canada and maintains its head office at Suite 300, 1055 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2E9. Its registered office is located at Suite 800, 885 West Georgia Street, Vancouver, British Columbia, Canada, V6C 3H1. The Company's common shares are listed on the NEX board of the TSX Venture Exchange ("TSX-V") under the symbol "OVC.H". The Company is classified as a Capital Pool Company as defined under TSX-V Policy 2.4 *Capital Pool Companies* ("Policy 2.4"). As at March 31, 2012, the Company had no business operations and its principal business activity is to identify and evaluate assets, properties or businesses that will meet the TSX-V requirements for re-activation of the Company's listing on the TSX-V.

On January 31, 2012, the Company entered into a letter of intent with Virginia Energy Resources Inc. ("VAE") to acquire certain mineral claims, referred to as the Hawk Ridge property, in Ungava Bay, Quebec. The acquisition is intended to constitute the Company's Qualifying Transaction as defined under TSX-V Policy 2.4.

On March 29, 2012, the Company entered into a definitive option agreement with VAE and its wholly-owned subsidiary (collectively the "Optionors") whereby Optionors granted the Company an option to acquire a 100% interest in the Hawk Ridge property by making staged payments totalling $2,000,000 in cash and $1,000,000 in common shares of the Company to VAE by December 31, 2013 as follows:

- Pay $500,000 in cash and $250,000 in shares at a price of $0.20 per share within five business day of TSX-V final approval of the Company's Qualifying Transaction;
- Pay $500,000 in cash and $250,000 in shares by December 31, 2012; and
- Pay $1,000,000 in cash and $500,000 in shares by December 31, 2013.

In addition, the Company may be required to issue such number of non-flow-through units (as defined below) equal to the expenses of a geophysical survey up to $600,000 at a price of $0.20 per non-flow-through unit. The cash payment of $1,000,000 due by December 31, 2013 will then be reduced by 20% of the geophysical survey costs paid by the Company.

The property is subject to a 3% net smelter returns royalty ("NSR").

Concurrent with the proposed Qualifying Transaction, the Company intends to complete a brokered financing of 11,200,000 flow-through units at a price of $0.22 per flow-through unit and a non-brokered financing of 12,750,000 non-flow-through units at a price of $0.20 per non-flow-through unit for gross proceeds of $5,014,000. Each flow-through unit is comprised of one flow-through common share and one-half of a share purchase warrant; each whole warrant entitles the holder to acquire one additional non-flow-through common share for a period of two years from the closing date of the financing at a price of $0.40 during the first year and at a price of $0.60 during the second year. The non-flow-through units have the same terms as the flow-through units except that the shares forming the units were non-flow-through shares.

On March 30, 2012, the Company entered into an Agency Agreement with PI Financial Corp. (the "Agent") whereby the Agent is engaged to offer 11,200,000 flow-through units at a price of $0.22 per flow-through unit for gross proceeds of $2,464,000. The Agent will receive a cash commission equal to 7% of the gross proceeds, be paid a corporate finance fee of $25,000 ($12,500 subsequently paid), and be reimbursed for its reasonable expenses and legal fees plus disbursements, estimated at $15,000 and be issued Agent's warrants equal to 7% of the flow-through units sold. Each agent's warrant will entitle the Agent to acquire one common share at a price of $0.22 per share exercisable for a period of two years from the closing date of the financing.

In connection with the transaction, the Company also entered into finder's fee agreements with a related party (Note 9) and a non-related party whereby the Company will pay a cash commission equal to 7% of the gross proceeds from the non-brokered financing and 1% of the gross proceeds from the brokered financing, issue 600,000 common shares and 100,000 finder's options as finder and advisory fees. Each finder's option will entitle the finder to acquire one common share at a price of $0.20 per share exercisable for a period of five years from the closing date of the financing. The finder's fee agreements are subject to the TSX-V approval.

1. NATURE OF BUSINESS (cont'd…)

Completion of the transaction is subject to a number of conditions, including but not limited to, the TSX-V acceptance of the acquisition, the TSX-V acceptance of a National Instrument 43-101 technical report prepared by a qualified independent consultant, and the completion of concurrent financings as described above. There is no assurance that the transaction will be completed as proposed or at all.

2. BASIS OF PREPARATION

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Company's financial statements for the year ending March 31, 2012 are the first annual financial statements that comply with IFRS and IFRS 1 *First-time Adoption of International Financial Reporting Standards* has been applied. The impact of the transition from Canadian Generally Accepted Accounting Principles ("Canadian GAAP") to IFRS is explained in note 15.

Basis of measurement

These financial statements have been prepared on a historical cost basis except for certain financial instruments that are measured at revalued amounts or fair values. In addition these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Functional and presentation currency

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

Going concern

At present, the Company's operations do not generate cash flow. The Company has incurred losses since inception and had an accumulated deficit of $727,100 as at March 31, 2012. Upon completion of the Qualifying Transaction, the Company expects to be an exploration stage company with no producing properties and, consequently, no operating income, cash flow or revenues. There is no assurance that a commercially viable mineral deposit exists on its mineral properties. The aforementioned factors indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

The continuing operations of the Company are dependent upon its ability to raise adequate financing, receive continued financial support from its directors and to commence profitable operations in the future. The Company is currently in the process of completing a Qualifying Transaction that will meet the re-activation requirements of the TSX-V. However, there is no certainty that future financing and/or acquisition will be successful or available on terms that are acceptable to the Company. Management believes that the directors of the Company will continue to fund the Company's operating requirements for the next 12 months. The directors, after reviewing the current funding requirements and having considered the willingness of its directors to provide funds in the short term, adopt the going concern basis in preparing its financial statements.

These financial statements do not include adjustments that would be required if going concern is not an appropriate basis for preparation of the financial statements. These adjustments could be material.

2. BASIS OF PREPARATION (cont'd…)

Reclassification

Certain comparative figures have been reclassified to conform to the presentation of the current year financial statements. The Company has also renamed certain line items on the statements of financial position and statements of comprehensive loss as required by IFRS and where it was considered more meaningful and where it provided better comparisons to financial statements of other companies.

i) Contributed surplus has been renamed as share-based payments reserve.
ii) Accounts payable and accrued liabilities have been renamed as trade and other payables.

Use of estimates and judgements

The preparation of the financial statements in accordance with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates. Significant areas requiring the use of management estimates include:

(i) The determination of the fair value of stock options or warrants using stock pricing models, require the input of highly subjective assumptions, including the expected price volatility. Changes in the subjective input assumptions could materially affect the fair value estimate; therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options and warrants.
(ii) The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.
(iii) The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its exploration projects and working capital requirements.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening IFRS statement of financial position at April 1, 2010 for the purposes of the transition to IFRSs.

Cash

Cash is comprised of cash on hand and at banks and cash held in the Company's legal trust account.

Financial instruments

(i) Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans and receivables or at fair value through profit or loss ("FVTPL"). The classification depends on the purpose for which the financial assets were acquired. The Company classifies its financial assets as loans and receivables.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments (cont'd…)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets. Loans and receivables are initially recognized at fair value and subsequently carried at amortized cost less any impairment. The Company's loans and receivables is comprised of cash.

(ii) Financial liabilities

The Company classifies its financial liabilities as other financial liabilities which include trade and other payables, loans payable, and loans from related parties. Other financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

(iii) Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset is impaired.

Loans and receivables

For loans and receivables, a provision for impairment is made and an impairment loss is recognized in profit and loss when there is objective evidence (such as default or delinquency by a debtor, the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the agreement. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are written off against the allowance account when they are assessed as uncollectible. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in profit or loss.

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Share capital

The Company records proceeds from the issuance of its common shares as equity. Incremental costs directly attributable to the issue of new common shares are shown in equity as a deduction, net of tax, from the proceeds. Common shares issued for consideration other than cash are valued based on their market value at the date that shares are issued.

Earnings / loss per share

Basic earnings/loss per share is calculated by dividing the earnings/loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the earnings/loss attributable to common shareholders equals the reported earnings/loss attributable to owners of the Company. The diluted earnings/loss per share reflects all dilutive potential common shares equivalents, which comprise outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the period, if dilutive. All of the stock options and the share purchase warrants were anti-dilutive for the years ended March 31, 2012 and 2011.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Share-based payments

Share-based payments to employees and others providing similar services are measured at the grant date fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of options expected to vest. The offset to the recorded cost is to share-based payments reserve. The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount ultimately recognized as an expense is based on the number of options that eventually vest. Consideration received on the exercise of stock options is recorded as share capital and the related share-based payments reserve is transferred to share capital.

The fair value of the stock options is determined using the Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility), weighted average expected life of the instruments (based on historical experience), expected dividends, and the risk-free interest rate (based on government bonds).

Income taxes

Current income taxes receivable or payable are estimated on taxable income or loss for the current year at the statutory tax rates enacted or substantively enacted at the reporting date.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax assets and liabilities are measured at the tax rates that have been enacted or substantially enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred income tax assets also result from unused loss carry forwards and other deductions. At the end of each reporting year the Company reassesses unrecognized deferred tax assets. Deferred income tax assets are recognized for unused tax losses, tax credits and deductible temporary differences, only to the extent that it is probable that future taxable profit will be available against which they can be utilized.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority.

New accounting pronouncements

i) Amendments to IFRS 7 *Financial Instruments: Disclosures* have been issued to require additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments are applicable for annual periods beginning on or after July 1, 2011, with early adoption permitted.

ii) Amendments to IAS 12 *Income Taxes* have been issued to introduce an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. The amendments are applicable for annual periods beginning on or after January 1, 2012, with early adoption permitted.

iii) New standard IFRS 13 *Fair Value Measurement* (IFRS 13) has been issued to provide a single source of guidance on how to measure fair value where its use is already required or permitted by other IFRS and enhances disclosure requirements for information about fair value measurements. IFRS 13 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

New accounting pronouncements (cont'd…)

iv) Amendments to IAS 32 *Financial Instruments: Presentation* have been issued to clarify requirements for offsetting of financial assets and financials liabilities. The amendments are applicable for annual periods beginning on or after January 1, 2014, with early adoption permitted.

v) New standard IFRS 9 *Financial Instruments* (IFRS 9) has been issued by IASB to replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 has two measurement categories: amortized cost and fair value. IFRS 9 is effective for annual periods beginning on or after January 1, 2015, with early adoption permitted.

The Company has not early adopted these revised standards and is currently assessing the impact of these standards on the Company's financial statements.

4. TRADE AND OTHER PAYABLES

The Company's trade and other payables are broken down as follows:

	March 31, 2012	March 31, 2011	April 1, 2010
Trade payables	$ 161,519	$ 264,524	$ 207,960
Amounts due to related party (Note 10)	11,508	6,132	840
Accrued expenses	26,000	8,000	10,000
Other payable	2,000	-	-
	$ 201,027	$ 278,656	$ 218,800

Trade payables of the Company are principally comprised of amounts outstanding for trade purchases relating to operating activities. The usual credit period on trade purchases is between 30 to 90 days. During and subsequent to the year ended March 31, 2012, the Company entered into settlement agreements with various creditors to reduce part of the overdue trade payables by $79,216.

5. LOANS PAYABLE

During the year ended March 31, 2010, the Company received loans totalling $20,000 from three non-related individuals. These loans are unsecured, bear interest at 8% per annum and payable on or before the earlier of (1) March 12, 2012 or (2) when the Company completes an equity financing. As at March 31, 2012, the Company has accrued $3,245 (March 31, 2011 - $1,623, April 1, 2010 - $nil) of interests on the loans.

6. LOANS FROM RELATED PARTIES

During the year ended March 31, 2010, the Company received loans of $77,000 and $13,000 from a company controlled by the Chief Executive Officer ("CEO") of the Company and from the President of the Company, respectively. The loans are unsecured, bear interest at 8% per annum and payable on or before the earlier of (1) October 1, 2012 or (2) when the Company completes an equity financing. As at March 31, 2012, the Company has accrued $18,239 (March 31, 2011 - $10,939, April 1, 2010 - $3,640) of interests on the loans.

7. SHARE CAPITAL

Authorized share capital

The Company has authorized an unlimited number of common shares with no par value and an unlimited number of non-voting, non-participating, non-cumulative preferred shares without par value issuable in series.
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Issued share capital

As at March 31, 2012 and 2011, the Company had 4,260,790 common shares issued and outstanding (April 1, 2010 - 5,260,790).

As at March 31, 2012 and 2011 and April 1, 2010, the Company had no preferred shares issued and outstanding.

Cancelation of shares

During the year ended March 31, 2011, the Company cancelled 1,000,000 common shares held in escrow as a result of the Company not completing a Qualifying Transaction within the 24 month period from the date of listing pursuant to TSX-V Policy 2.4.

Escrow share

As at March 31, 2012, 1,040,000 of the outstanding common shares were held in escrow. Pursuant to TSX-V Policy 2.4, 104,000 escrow shares will be released upon re-activation of the Company's listing on the TSX-V and the remaining shares will be released in six equal tranches every six months thereafter over a period of thirty six months.

Share subscription proceeds

During the year ended March 31, 2012, the Company was in the process of completing a non-brokered private placement of 5,300,000 common shares at a price of $0.05 per share for gross proceeds of $265,000. As of March 31, 2012, the Company had received share subscription proceeds of $245,500 in connection with the non-brokered private placement. Subsequent to March 31, 2012, the Company completed the non-brokered private placement.

Commitment to issue shares

During the year ended March 31, 2012, the Company entered into a debt settlement agreement with a creditor to settle a trade payable of $18,923 by issuing common shares at a price per share equal to the price at which the financing concurrent with the Company's Qualifying Transaction is undertaken.

Basic and diluted earnings/loss per share

The calculation of basic and diluted earnings/loss per share for the year ended March 31, 2012 was based on the income of $45,676 (2011 - loss of $66,567), attributable to common shareholders and a weighted average number of common shares outstanding of 4,260,790 (2011 - 4,260,790).

At March 31, 2012, 420,000 stock options (2011 - 420,000) were excluded from the diluted weighted average number of common shares calculation as their effect would have been anti-dilutive.

8. SHARE-BASED PAYMENTS

Stock options

The Company has a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. The exercise price of each option shall not be less than the market price of the Company's stock at the date of grant. The options can be granted for a maximum term of 5 years and vest as determined by the board of directors.

The Company has no stock option transactions during the years ended March 31, 2012 and 2011.

The following options to acquire common shares were outstanding at March 31, 2012 and 2011 and April 1, 2010.

Number of Shares	Exercise Price	Expiry Date
420,000	$ 0.10	September 4, 2012

9. RELATED PARTY TRANSACTIONS

Included in trade and other payables was $11,508 (March 31, 2011 - $6,132, April 1, 2010 - $840) owed to a company controlled by the CEO of the Company for office administration services rendered to the Company and is unsecured, non-interest bearing, and has no specific terms of repayment.

Key management includes directors (executive and non-executive) of the Company. There are no short-term employee benefits and share-based payments paid or payable to key management personnel during the years ended March 31, 2012 and 2011.

The Company entered into the following related party transactions during the year ended March 31, 2012:

a) Incurred office administration fees of $4,800 (2011 - $4,800) to a company controlled by the CEO of the Company for administration services provided.

b) Accrued interest expense of $7,300 (2011 - $7,300) on loans from the President of the Company and a company controlled by the CEO of the Company.

In connection with the proposed Qualifying Transaction and concurrent financing, on January 30, 2012, the Company entered into an agreement with Urban Select Capital Corporation (“Urban Select”), a company with a CEO in common with the Company, whereby the Company agreed to pay a cash commission equal to 7% of the gross proceeds from the non-brokered financing and 1% of the gross proceeds from the brokered financing, issue 500,000 common shares and 100,000 finder’s options as finder and advisory fees. Each finder’s option will entitle Urban Select to acquire one common share at a price of $0.20 per share exercisable for a period of five years from the closing date of the financing. The finder’s fee agreement is subject to the TSX-V approval.

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

10. FINANCIAL INSTRUMENTS

The Company classified cash as loans and receivables, and trade and other payables, loans payable and loans from related parties as other financial liabilities. The carrying amount of financial assets and liabilities carried at amortized cost is a reasonable approximation of fair value due to the relatively short period to maturity of these financial instruments.

Fair value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy based on the degree to which the inputs used to determine the fair value are observable. The three levels of the fair value hierarchy are:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instruments are measured at amortized cost on the statement of financial position.

Financial risk management

The Company's financial risks arising from its financial instruments are credit risk, liquidity risk, and interest rate risk. The Company's exposures to these risks and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

Credit risk is the risk of potential loss to the Company if the counter party to a financial instrument fails to meet its contractual obligations. The credit risk of the Company is associated with cash and sales tax recoverable. The credit risk with respect to its cash is minimal as they are held with a high-credit quality financial institution. Management does not expect these counterparties to fail to meet their obligations.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its obligations associated with its financial liabilities as they fall due. As at March 31, 2012, the Company had a working capital deficiency of $66,111. All of the Company's financial liabilities are classified as current. The Company is currently in the process of completing its Qualifying Transaction and concurrent financings. The directors of the Company will continue to provide financial supports to the Company's operations.

The sources of funds provided to the Company in the past two years are through issuance of capital stock and related party advances. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings.

Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions. The interest rate risks on cash are not considered significant due to their short-term nature. Loans payable and loans from related parties bear a fix interest rate at 8% per annum and thus are not subject to interest rate risk.

11. SUPPLEMENTAL CASH FLOW INFORMATION

	2012	2011
Cash paid for income taxes during the year	$ -	$ -
Cash paid for interest during the year	$ -	$ -

There were no significant non-cash investing or financing transactions during the years ended March 31, 2012 and 2011.

12. INCOME TAXES

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

	2012	2011
Income (loss) before income taxes	$ 45,676	$ (66,567)
Corporate tax rate	26.125%	28.01%
Expected income tax expense (recovery) at statutory rates	$ 11,933	$ (18,645)
Permanent differences	891	-
Impact on changes in tax rate	(495)	2,004
Tax losses unrecognized (recognized)	(12,329)	16,641
Total income tax expense	$ -	$ -

Details of deferred income tax assets are as follows:

	March 31, 2012	March 31, 2011	April 1, 2010
Non-capital loss carryforwards	$ 190,089	$ 197,322	$ 177,408
Share issuance costs	-	3,272	6,545
Net unrecognized deferred income tax assets	$ 190,089	$ 200,594	$ 183,953

The Company has available for deduction against future taxable income non-capital losses of approximately $760,000. These losses, if not utilized, will expire through 2032. Future tax benefits which may arise as a result of these non-capital losses and resource deductions have not been recognized in these financial statements as the Company determined that, as at March 31, 2012, their realization is uncertain.

13. CAPITAL MANAGEMENT

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits for other stakeholders. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company's objective is met by retaining adequate equity to provide for the possibility that cash flows from assets will not be sufficient to meet future cash flow requirements. The Board of Directors does not establish quantitative return on capital criteria for management. The Company defines capital as the aggregate of total equity, cash and debt. Currently the Company is relying on advance from the directors and officers to continue its operations.

There were no changes in the Company's approach to capital management during the year ended March 31, 2012. The Company is not subject to externally imposed capital requirements.

14. EVENTS AFTER THE REPORTING PERIOD

Subsequent to March 31, 2012, the Company

i) Completed a non-brokered private placement of 5,300,000 common shares at a price of $0.05 per share for gross proceeds of $265,000. 2,760,000 of the issued common shares are subject to an escrow agreement pursuant to the TSX-V Policy 2.4.

ii) Entered into a loan agreement with a private lender to advance $320,000 to the Company. The loan is unsecured, bear interest at 8% per annum and payable on or before July 15, 2012.

iii) Repaid loan principal of $5,000 and accrued interest of $824.

15. TRANSITION TO IFRS

As a result of the Accounting Standards Board of Canada's decision to adopt IFRS for publicly accountable entities for financial reporting periods beginning on or after January 1, 2011, the Company has adopted IFRS in its financial statements for the year ending March 31, 2012, making them the first annual financial statements of the Company under IFRS. The Company previously applied the available standards under Canadian GAAP that were issued by the Accounting Standards Board of Canada. An explanation of how the transition from Canadian GAAP to IFRS has affected the Company's financial position and financial performance and cash flows is set out in this note.

The accounting policies set out in note 3 have been applied in preparing these financial statements for the year ended March 31, 2012, the comparative information presented in these financial statements for the year ended March 31, 2011 and in the preparation of an opening IFRS statement of financial position at April 1, 2010 (the Company's date of transition).

15. TRANSITION TO IFRS (cont'd…)

IFRS initial elections upon adoption

IFRS 1 *First-time Adoption of International Financial Reporting Standards* generally requires that first-time adopters retrospectively apply all effective IFRS standards and interpretations in effect as at the reporting date. IFRS 1 also provides for certain optional exemptions and certain mandatory exceptions to this general principle. The IFRS 1 applicable exemptions and exceptions applied in the conversion from Canadian GAAP to IFRS are as follows:

i) Share-based payment transactions

The Company has elected under IFRS 1 to not apply IFRS 2 *Share-based Payment* to equity instruments granted on or before November 7, 2002 or to instruments that were granted subsequent to November 7, 2002 and vested prior o the date of transition to IFRS. As a result of this exemption, the Company was only required to calculate the impact of any share-based payments that were unvested at April 1, 2010.

ii) Estimates

The estimates previously made by the Company under Canadian GAAP were not revised for the application of IFRS except where necessary to reflect any difference in accounting policy or where there was objective evidence that those estimates were in error. As a result, the Company has not used hindsight to create or revise estimates.

Adjustments on transition to IFRS

IFRS has many similarities with Canadian GAAP as it is based on a similar conceptual framework. However, there are differences with regard to recognition, measurement and disclosure. While adoption of IFRS did not change the Company's cash flows and statements of comprehensive loss, it resulted in changes to the Company's statements of financial position as set out below:

(a) Share-based payment

The Company has elected under IFRS 1 to apply the provision of IFRS 2 only to all outstanding stock options that were unvested prior to April 1, 2010. The Company had no options that were unvested on the date of transition.

Under Canadian GAAP, the Company's policy was to leave the value recorded for expired, unexercised stock options and warrants to contributed surplus. On transition to IFRS the Company elected to change its accounting policy for the treatment of share-based payments whereby amounts recorded for cancelled or expired unexercised stock options are transferred to deficit. The change has resulted $6,956 being transferred from contributed surplus to deficit on the date of transition. No options were cancelled or expired during the year ended March 31, 2011.

The above noted changes have only resulted changes to components of the Company's equity and reconciliations of equity has been provided for the dates noted below.

15. TRANSITION TO IFRS (cont'd…)

A reconciliation of equity as at April 1, 2010 reported under the Canadian GAAP to equity under IFRS is as follows:

	Note	Number of Shares		Share capital		Share-based payments reserve		Deficit		Total equity
Balance, April 1, 2010 – Canadian GAAP		5,260,790	$	385,471	$	36,974	$	(713,165)	$	(290,720)
Net change	15(a)	-		-		(6,956)		6,956		-
Balance, April 1, 2010 – IFRS		5,260,790	$	385,471	$	30,018	$	(706,209)	$	(290,720)

A reconciliation of equity as at March 31, 2011 reported under the Canadian GAAP to equity under IFRS is as follows:

	Note	Number of Shares		Share capital		Share-based payments reserve		Deficit		Total equity
Balance, March 31, 2011 – Canadian GAAP		4,260,790	$	385,471	$	36,974	$	(779,732)	$	(357,287)
Net change	15(a)	-		-		(6,956)		6,956		-
Balance, March 31, 2011 – IFRS		4,260,790	$	385,471	$	30,018	$	(772,776)	$	(357,287)

Reconciliation of statements of comprehensive loss and statements of cash flow

Management has determined that adoption of IFRS has not resulted in changes to the Company's statements of comprehensive loss for the year ended March 31, 2011 and to the net cash flows for the year ended March 31, 2011 reported under the Canadian GAAP. Thus, no reconciliations have been presented.