

TARANIS RESOURCES INC.

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

MARCH 31, 2012

TARANIS RESOURCES INC.

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

May 29, 2012

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

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

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Yours truly,

"John J. Gardiner"

John J. Gardiner
President and Chief Executive Officer

TARANIS RESOURCES INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
THREE MONTHS ENDED MARCH 31

	2012	2011
EXPENSES		
Consulting, travel and marketing	\$ 27,475	\$ 28,337
Licenses and fees	5,997	-
Office and miscellaneous	3,611	2,523
Professional fees	<u>20,408</u>	<u>35,280</u>
Loss before other items and taxes	<u>(57,491)</u>	<u>(66,140)</u>
OTHER ITEMS		
Foreign exchange gain (loss)	(2,011)	1,187
Recovery of reclamation bond	-	10,479
Loss before taxes	<u>(59,502)</u>	<u>(528,767)</u>
Deferred tax recovery (Note 14)	<u>-</u>	<u>42,509</u>
Loss and comprehensive loss for the period	<u>\$ (59,502)</u>	<u>\$ (486,258)</u>
Basic and diluted loss per common share	<u>\$ (0.00)</u>	<u>\$ (0.02)</u>
Weighted average number of common shares outstanding	<u>35,777,285</u>	<u>29,496,959</u>

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

TARANIS RESOURCES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
THREE MONTHS ENDED MARCH 31

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (59,502)	\$ (486,258)
Items not affecting cash:		
Unrealized (gain) loss on marketable securities	-	11,250
Deferred tax recovery	-	(42,509)
Share-based payments	-	-
Write-off of exploration and evaluation assets	-	290,925
Unrealized foreign exchange	-	-
Changes in non-cash working capital items:		
(Increase) decrease in receivables	(8,249)	7,213
Increase (decrease) in accounts payable and accrued liabilities	<u>(25,032)</u>	<u>123,312</u>
Net cash used in operating activities	<u>(92,783)</u>	\$ (486,258)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation asset expenditures	<u>(195,418)</u>	<u>(756,709)</u>
Net cash used in investing activities	<u>(195,418)</u>	<u>(756,709)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital stock issued	518,500	735,000
Share issuance costs	(24,913)	(22,749)
Subscription received in advance	(30,000)	30,000
Loan payable	-	100,000
Due to related parties	<u>-</u>	<u>(180)</u>
Net cash provided by financing activities	<u>463,587</u>	<u>842,071</u>
Increase (decrease) in cash during the period	175,386	(10,705)
Cash, beginning of period	<u>162,809</u>	<u>173,514</u>
Cash, end of period	<u>\$ 338,195</u>	<u>\$ 162,809</u>
Cash paid for interest	\$ 1,250	\$ 1,660
Cash received for interest	\$ -	\$ -
Cash paid for income taxes	\$ -	\$ -

Supplemental disclosure with respect to cash flows (Note 12)

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

TARANIS RESOURCES INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)

	Capital Stock		Subscription Received in Advance	Share-based Payment Reserve	Deficit	Total
	Number of Shares	Amount				
Balance as at January 1, 2010	26,823,260	\$5,618,691	\$ -	\$ 949,418	\$ (2,281,850)	\$ 4,286,259
Comprehensive loss for the period	-	-	-	-	(54,474)	(54,474)
Private placement	3,000,000	600,000	-	-	-	735,000
Share issue costs	-	(11,250)	-	-	-	(25,798)
Balance as at March 31, 2011	29,823,260	\$6,207,441	\$ -	\$ 949,418	\$ (2,336,324)	\$ 4,820,535
Balance as at January 1, 2012	31,129,987	6,422,652	30,000	949,418	(2,768,108)	4,633,962
Loss for the period	-	-	-	-	(59,502)	(59,502)
Private placement	3,456,668	518,500	-	-	-	518,500
Share issue costs	-	(13,513)	-	-	-	(13,513)
Subscriptions received in advance	-	-	(30,000)	-	-	(30,000)
Balance as at March 31, 2012	34,586,655	6,927,639	-	949,418	(2,827,610)	5,049,447

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Taranis Resources Inc. (the “Company”) is an exploration stage company incorporated in the Province of British Columbia. The registered office and records office of the Company are located at Suite 1710 – 1177 West Hastings Street, Vancouver BC. The Company together with its subsidiaries is in the process of acquiring and exploring its mineral properties and has not yet determined whether the properties contain ore reserves that are economically recoverable.

The Company continues to be dependent upon its ability to finance its operations and exploration programs through financing activities that may include issuances of additional debt or equity securities. The recoverability of the carrying value of exploration projects, and ultimately, the Company’s ability to continue as a going concern, is dependent upon the existence and economic recovery of reserves, the ability to raise financing to complete the development of the properties, and upon future profitable production or, alternatively, upon the Company’s ability to dispose of its interest on an advantageous basis, all of which are uncertain. These material uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern.

While the Company has been successful in obtaining its required financing in the past, there is no assurance that such financing will be available or be available on favourable terms. An inability to raise additional financing may impact the future assessment of the Company as a going concern. The condensed consolidated interim 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.

2. BASIS OF PRESENTATION

These unaudited condensed consolidated interim financial statements, including comparatives have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) and in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting*. The condensed consolidated interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Critical accounting estimates

The preparation of these condensed consolidated interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- i) The carrying value and the recoverability of exploration and evaluation assets, which are included in the consolidated statements of financial position. The cost model is utilized and the value of the exploration and evaluation assets is based on the expenditures incurred. At every reporting period, management assesses the potential impairment which involves assessing whether or not facts or circumstances exist that suggest the carrying amount exceeds the recoverable amount.

2. BASIS OF PREPARATION (cont'd...)

Critical accounting estimates (cont'd...)

- ii) The inputs used in calculating the fair value for share-based payments expense included in profit or loss and stock-based share issuance costs included in shareholders' equity. The share-based payments expense is estimated using the Black-Scholes options-pricing model as measured on the grant date to estimate the fair value of stock options. This model involves the input of highly subjective assumptions, including the expected price volatility of the Company's common shares, the expected life of the options, and the estimated forfeiture rate.
- iii) The inputs used in calculating the fair value of warrants included in units issued in private placements which are valued based on the difference between the trading value of the shares on the date of the issuance of the units and the proceeds realized on the units.
- iv) The valuation of shares issued in non-cash transactions, including the settlement of debt. Generally, the valuation of non-cash transactions is based on the value of the goods or services received. When non-cash transactions are entered into with employees and those providing similar services, the non-cash transactions are measured at the fair value of the consideration given up using market prices.
- v) The useful lives of buildings and equipment which is based on industry standards for the term of use of the buildings and equipment. Those items of buildings and equipment that are not being utilized in operations or for which there is an indefinite life are not amortized.

3. NEW ACCOUNTING PRONOUNCEMENTS

Financial Instruments IFRS 9, "Financial Instruments" ("IFRS 9") was issued by the IASB on November 12, 2009 and will replace IAS 39. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple classification options in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2013. The Company is currently evaluating the impact of IFRS 9 on its financial instruments.

IFRS 11, Joint Arrangements, requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, *Interests in Joint Ventures*, and SIC-13, *Jointly Controlled Entities—Non-monetary Contributions by Venturers*.

IFRS 12, *Disclosure of Interests in Other Entities*, establishes disclosure requirements for interests in other entities, such as subsidiaries, joint arrangements, associates, and unconsolidated structured entities. The standard carries forward existing disclosures and also introduces significant additional disclosure that address the nature of, and risks associated with, an entity's interests in other entities.

TARANIS RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
MARCH 31, 2012

3. NEW ACCOUNTING PRONOUNCEMENTS (cont'd...)

IFRS 13, *Fair Value Measurement*, is a comprehensive standard for fair value measurement and disclosure for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and does not always reflect a clear measurement basis or consistent disclosures.

4. MARKETABLE SECURITIES

	March 31, 2012	December 31, 2011
Excalibur Resources Ltd. ("Excalibur")	\$ 26,250	\$ 26,250

During fiscal 2010, Excalibur consolidated its issued shares on an eight pre-consolidated shares for one post-consolidation share basis, resulting in the Company holding 250,000 post-consolidation common shares of Excalibur.

5. BUILDINGS AND EQUIPMENT

	Buildings	Equipment	Total
Balance, December 31, 2011 and March 31, 2012	\$ 33,634	\$ 18,895	\$ 52,529
Accumulated depreciation			
Balance, January 1, 2010	\$ 1,280	\$ 3,590	\$ 4,870
Depreciation for the year	-	-	-
Disposals	-	-	-
Balance, December 31, 2011 and March 31, 2012	\$ 1,280	\$ 3,590	\$ 4,870
Carrying amounts			
As at December 31, 2011 and March 31, 2012	\$ 32,354	\$ 15,305	\$ 47,659

During the period ended March 31, 2012, and during fiscal 2011, the Company did not use the buildings and equipment and therefore did not record any depreciation.

TARANIS RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
MARCH 31, 2012

6. EXPLORATION AND EVALUATION ASSETS

2012	Canada	Finland	March 31, 2012
Acquisition costs:			
Balance, beginning of period	\$ 657,818	\$ 140,335	\$ 798,153
Additions		20,189	20,189
Disposals			
Balance, end of period	<u>657,818</u>	<u>160,524</u>	<u>818,342</u>
Exploration costs:			
Balance, beginning of period	<u>2,285,203</u>	<u>1,918,590</u>	<u>4,203,773</u>
Assaying	558		558
Geological fees			
Surveying		5,038	5,038
Drilling			
	<u>558</u>	<u>5,038</u>	<u>5,596</u>
Exploration costs written off			
Exploration costs recovered:			
Balance, end of period	<u>2,286,071</u>	<u>1,923,608</u>	<u>4,209,369</u>
Total costs	<u>\$ 2,943,579</u>	<u>\$ 2,084,132</u>	<u>\$ 5,027,711</u>

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.

6. MINERAL PROPERTIES (cont'd...)

Finland Properties

Kettukuusikko Property

The Company has six mineral claims located in Finland known as the Kettukuusikko Gold Deposit. Any future commercial production from the property covered by this agreement is subject to a 2% Net Smelter Returns royalty ("NSR"). The claims are in good standing until February 2012 to November 2013, subject to renewal. Renewal applications have been filed on expired claims.

The Company entered into an agreement with Royal Gold, Inc. ("Royal Gold") pursuant to which Royal Gold funded exploration expenditures on the Kettukuusikko Gold Prospect sufficient to earn a 2% NSR on the prospect and copies of the exploration data.

Other Properties

The Company has certain other mineral claims located in the Republic of Finland.

The Company granted Royal Gold a 2% NSR on two claim groups (Marskinkuusikko 1 – 3 and Naakenavaara 1 - 4) acquired by the Company.

With agreement from Royal Gold, the Company relinquished title to the Marskinkuusikko property in 2011.

British Columbia Properties

Thor Property

The Company acquired a 100% interest in certain mineral rights entitled the Thor Property located in the Revelstoke mining district of British Columbia, Canada.

During fiscal 2010, the Company acquired a 100% interest in 6 additional claims for the sum of \$15,000.

The Company has acquired additional contiguous mineral claims by staking.

7. RELATED PARTY TRANSACTIONS

The Company entered into transactions with related parties as follows:

- a) Paid or accrued professional fees of \$14,500 (2011 - \$14,000) to a company controlled by a director.
- b) Paid or accrued deferred exploration costs of \$nil (2011 - \$43,060) consulting and administrative costs of \$13,000 (2011 - \$nil) to a company controlled by the Chief Executive Officer.
- c) Paid or accrued consulting and other costs of \$3,500 (2011 - \$10,138) and loan interest (note 8) of \$1,250 (2011 - nil) to company controlled by the Chief Financial Officer.
- d) Paid or accrued accounting fees of \$3,500 (2011 - \$2,500) to a director.
- e) Borrowed \$100,000 in 2011 from a company controlled by a director (Note 8). Interest of \$1,250 has been accrued on this loan as at March 31, 2012.

Included in accounts payable and accrued liabilities is \$29,231 (December 31, 2011 - \$70,231) due to directors and companies controlled by directors of the Company. Amounts due to related parties are due to a director and companies controlled by directors of the Company and are non-interest bearing and have no specific terms of repayment.

Key management personnel include executive officers and directors of the Company. Compensation paid to key management personnel consists of share-based payments of \$nil for the period ended March 31, 2012 (2011 - \$nil).

8. LOAN PAYABLE

The loan payable is due to a corporation controlled by a director of the Company (Note 7). It is unsecured, bears interest at a rate of 5% per annum and is repayable on demand or upon the Company completing one or more financings totalling at least \$2,000,000. At the discretion of the lender, the loan and any unpaid interest thereon may be converted into common shares of the Company at the minimum price per share provided for under the rules and policies of the TSX Venture Exchange. Such conversion would be subject to approval by the TSX Venture Exchange.

9. CAPITAL STOCK AND SHARE-BASED PAYMENT RESERVE

Authorized

Unlimited common class shares without par value.

Unlimited class A preferred shares with a par value of \$1.

TARANIS RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
MARCH 31, 2012

9. CAPITAL STOCK AND SHARE-BASED PAYMENT RESERVE (cont'd...)

Private placements

During fiscal 2012, the Company:

- a) Issued 3,456,668 units at a price of \$0.15 per unit for gross proceeds of \$518,500. Each unit consisted of one common share and one purchase warrant, with each warrant entitling the holder to purchase one additional common share at a price of \$0.25 until February 21, 2014.

During fiscal 2011, the Company:

- b) Issued 3,000,000 common shares at a price of \$0.20 per share for gross proceeds of \$600,000.
- c) Issued 500,000 units at a price of \$0.20 per unit for gross proceeds of \$100,000. Each unit consisted of one common share and one-half (1/2) of a purchase warrant, with each whole warrant entitling the holder to purchase one additional common share at a price of \$0.40 until September 26, 2012.
- d) Issued 175,000 units at a price of \$0.20 per unit for gross proceeds of \$35,000. Each unit consisted of one common share and one-half (1/2) of a purchase warrant, with each whole warrant entitling the holder to purchase one additional common share at a price of \$0.40 until October 20, 2012.

Settlement of debt

During fiscal 2011, the Company settled debts to various related parties of \$94,759 through the issuance of 631,727 common shares.

Stock options and warrants

The Company has a stock option plan whereby, from time to time, at the discretion of the Board of Directors, stock options are granted to directors, officers, employees and certain consultants. The exercise price of each option is based on the market price of the Company's common stock at the date of grant, subject to a minimum price of \$0.10. The options can be granted for a maximum term of 5 years and vest at the discretion of the Board of Directors.

Stock option and share purchase warrant transactions are summarized as follows:

	Warrants		Stock Options (including Finders' Options)	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, December 31, 2010	7,528,000	\$ 0.28	\$ 2,598,500	\$ 0.29
Granted	337,500	0.40	-	-
Expired	(2,528,000)	0.25	(341,000)	0.23
Exercised				
Outstanding, December 31, 2011	5,337,500	0.31	2,257,500	0.29
Granted	3,456,668	0.25	-	

Expired/cancelled	-	-	-	-
Outstanding, March 31, 2012	8,794,168	\$ 0.31	\$	\$
Number currently exercisable	8,794,168	\$ 0.31	2,257,500	\$ 0.30

The following options and warrants to acquire common shares of the Company were outstanding at March 31, 2012:

	Number of Shares/Units	Exercise Price	Expiry Date
Options	409,000	\$ 0.55	November 7, 2012
	500,000	0.20	October 15, 2013
	500,000	0.21	February 10, 2015
	600,000	0.30	December 31, 2015
Warrants	3,456,668	0.25	February 21, 2014
	5,000,000	0.30	April 15, 2012 (1)
	250,000	0.40	September 26, 2012
	87,500	0.40	October 20, 2012
Finder's options	248,500	0.20	April 15, 2012 (2)

(1) Each warrant is exercisable at \$0.30 into one common share until April 15, 2012 (subject to potential acceleration if the closing price of the Company's shares is \$0.50 or greater for 20 consecutive trading days). Subsequent to March 31, 2012, these warrants expired unexercised.

(2) Each finder's option is exercisable at \$0.20 into one common share and one share purchase warrant. Each warrant will entitle the holder to purchase one additional common share at \$0.30 until April 15, 2012. Subsequent to March 31, 2012, these finder's options expired unexercised.

Share-based payments

During the three month period end March 31, 2012, the Company granted nil (2011 – nil) options to directors. Accordingly, using the Black-Scholes option pricing model, the stock options are recorded at fair value in the statement of operations. Total share-based payments recognized in the statement of operations during the three month period end March 31, 2012 was \$nil (2011 - \$nil) and the weighted average fair value per option granted was \$nil (2011 - \$nil). This amount was also recorded as share-based payments on the statement of financial position.

The following weighted average assumptions were used for the valuation of stock options:

	2012	2011
Risk-free interest rate	-	-
Expected life of options	-	-
Annualized volatility	-	-
Dividend rate	-	-

TARANIS RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
MARCH 31, 2012

10. SEGMENTED INFORMATION

The Company's one reportable operating segment is the acquisition and exploration of mineral properties.

The Company's non-current assets are located in the following geographic locations:

	March 31, 2012	March 31, 2011
Finland	\$ 2,084,132	\$ 1,677,365
Canada	<u>2,991,238</u>	<u>2,928,737</u>
	<u>\$ 5,075,370</u>	<u>\$ 4,606,102</u>

11. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. 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.

The fair value of the Company's receivables, loan payable and accounts payable and accrued liabilities approximate carrying value, which is the amount payable on the consolidated statement of financial position. The Company's other financial instruments, cash and marketable securities, under the fair value hierarchy are based on level 1 quoted prices in active markets for identical assets or liabilities.

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and receivables. Management believes that the credit risk concentration with respect to financial instruments included in these financial instruments included in receivables is remote, because these instruments are due primarily from government agencies and cash is held with reputable financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they come due. As at March 31, 2012, the Company had a cash balance of \$338,195 (December 31, 2011 \$162,809) to settle current liabilities of \$104,648 (December 31, 2011 – \$421,028). All of the Company's financial liabilities are subject to normal trade terms.

11. FINANCIAL AND CAPITAL RISK MANAGEMENT (cont'd...)

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

a) Interest rate risk

The Company has cash balances and a loan payable bearing interest at 5% per annum. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions when deemed appropriate. Management periodically monitors such investments and debts and makes adjustments as necessary but does not believe interest rate risk to be significant.

b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, receivables and accounts payable and accrued liabilities that are denominated in United States Dollars or Euros. Management believes the risk is not currently significant as only a small portion of these assets and liabilities as at December 31, 2011 and 2010, and January 1, 2010 are denominated in United States Dollars or Euros.

c) Price risk

The Company is not a producing entity so is not directly exposed to fluctuations in commodity prices. The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in pricing may be significant.

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue acquisition, exploration and development of mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes its cash, marketable securities and capital stock.

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. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management.

12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash transactions during the period ended March 31, 2012 included:

- a) Accruing mineral property expenditures of \$35,411 through accounts payable and accrued liabilities as at March 31, 2012.

Significant non-cash transactions during the period ended March 31, 2011 included:

- a) Accruing mineral property expenditures of \$81,128 through accounts payable and accrued liabilities as at March 31, 2011.