NEWBRIDGE CAPITAL INC.
FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2010

(Unaudited – prepared by management)

Management's Responsibility

To the Shareholders of Newbridge Capital Inc.:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is responsible for reviewing and approving the financial statements and overseeing management's performance of its financial reporting responsibilities.

The Company's independent auditors have 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 auditors.

DATE: November 26, 2010

"Alf Sanderson" (signed)
Alf Sanderson
President

"Jonathan Younie" (signed)
Jonathan Younie
Chief Financial Officer

NEWBRIDGE CAPITAL INC.

BALANCE SHEETS

Unaudited – prepared by management

	September 30, 2010	March 31, 2010
ASSETS		
CURRENT ASSETS		
Cash	$ 301,021	$ 396,014
Amounts receivable	5,165	2,335
Prepaid expenses and others	12,811	
	318,997	398,349
Mineral property reclamation bond (Note 4)	5,000	
Mineral property (Note 5)	127,972	115,000
	$ 451,969	$ 513,349
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 4,330	$ 22,627
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 6)	666,277	666,277
CONTRIBUTED SURPLUS (Note 6)	111,615	56,933
DEFICIT	(330,253)	(232,488)
	447,639	490,722
	$ 451,969	$ 513,349

NATURE OF BUSINESS AND CONTINUANCE OF OPERATIONS (Note 1)

COMMITMENT (Note 11)

SUBSEQUENT EVENTS (Note 12)

Approved on Behalf of the Board:

"Alf Sanderson" Director

"Jonathan Younie" Director

The accompanying notes are an integral part of these financial statements

Newbridge Capital Inc.

Interim Statements of Operations, Comprehensive Loss, and Deficit
(unaudited – prepared by management)

	Three Months Ended September 30, 2010	Three Months Ended September 30, 2009	Six Months Ended September 30, 2010	Six Months Ended September 30, 2009
Expenses				
Filing and transfer agent fees	$ 4,665	$ 4,437	$ 5,842	$ 5,033
Insurance	382	-	382	-
Office	15,718	585	31,724	2,620
Professional fees	5,136	3,788	5,136	7,870
Stock-based compensation (Note 7)	54,682	-	54,682	-
Net and comprehensive loss for the period	80,583	8,810	97,765	15,523
Deficit – beginning of period	249,670	114,992	232,488	108,279
Deficit – end of period	$ 330,253	$ 123,802	$ 330,253	$ 123,802
Basic and diluted loss per share	$ 0.01	$ 0.00	$ 0.01	$ 0.01
Weighted average shares outstanding	7,850,000	3,100,000	7,850,000	3,100,000

The accompanying notes are an integral part of these financial statements

Newbridge Capital Inc.

Interim Statements of Cash Flows
(unaudited – prepared by management)

	Three Months Ended		Six Months Ended	
	September 30, 2020	**September 30, 2009**	**September 30, 2010**	**September 30, 2009**
Operating activities				
Loss for the period	$ (80,583)	$ (8,810)	$ (97,765)	$ (15,523)
Items not involving cash:				
Stock-based compensation	54,682	-	54,682	-
Changes in non-cash working capital:				
Amounts receivable	(1,422)	(786)	(2,831)	1,473
Prepaid expenses and other	(17,811)	-	(17,811)	-
Accounts payable and accrued liabilities	56	(6,334)	(18,296)	(6,607)
	(45,077)	(15,930)	(82,021)	(20,657)
Investing activities				
Mineral property expenditures	(6,852)	-	(12,972)	-
	(6,852)	-	(12,972)	-
Net increase (decrease) in cash during the period	(51,928)	(15,930)	(94,993)	(20,657)
Cash, beginning of period	352,950	330,554	396,014	335,281
Cash, end of period	$ 301,021	$ 314,624	$ 301,021	$ 314,624
Interest paid (received)	$ -	$ -	$ -	$ -
Income taxes paid	$ -	$ -	$ -	$ -

The accompanying notes are an integral part of these financial statements

1. NATURE OF BUSINESS AND CONTINUANCE OF OPERATIONS

Newbridge Capital Inc. (the "Company") was incorporated under the Business Corporations Act of British Columbia on September 12, 2005. The Company was a Capital Pool Company as defined by Policy 2.4 of the TSX Venture Exchange (the "Exchange"), until March 12, 2010 when the Exchange approved the Qualifying Transaction of the Company to acquire 100% interest in the Treadwell-Allies Property from Treadwell, and the Company's shares were listed for trading on the TSX-V.

The Company is in the process of exploring its mineral property and has not yet determined whether the property contain ore reserves that are economically recoverable. The recoverability of amounts shown for mineral property is dependent upon the discovery of economically recoverable reserves, completion of payments required to obtain the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development of its property, and upon future profitable production or proceeds from the disposition of the property.

At September 30, 2010, the Company has an accumulated deficit of $330,253 which has been funded primarily by the issuance of equity. The Company's ability to continue its operations, develop its mineral property and to realize assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

The financial statements are prepared in accordance with Canadian generally accepted accounting principles.

(b) Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions based on currently available information. Such estimates and assumptions may affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the period. Significant areas requiring the use of management estimates include the recoverable value of mineral property, the recognition of contingent liabilities and the determination of future income tax assets and liabilities, and assumptions used in valuing options in stock-based compensation calculations. Actual results could differ from the estimates and assumptions used.

(c) Cash and cash equivalents

The Company considers all highly liquid instruments with original maturities of three months or less on the date of purchase to be cash equivalents. Cash equivalents are carried at cost, plus accrued interest, which approximates fair value.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Mineral properties

All costs related to the acquisition, exploration and development of mineral properties are capitalized. Upon commencement of commercial production, the related accumulated costs are amortized to income using the unit of production method over estimated recoverable ore reserves. Management periodically assesses carrying values of non-producing properties and if management determines that the carrying values cannot be recovered or the carrying values are related to properties that have lapsed, the unrecoverable amounts are expensed.

The recoverability of the carried amounts of mineral properties is dependent on the existence of economically recoverable ore reserves and the ability to obtain the necessary financing to complete the development of such ore reserves and the success of future operations. The Company has not yet determined whether any of its resources properties contains economically recoverable reserves. Amounts capitalized as mineral properties represent costs incurred to date, less write-downs and recoveries, and does not necessarily reflect present or future values.

When options are granted on mineral properties or properties are sold, proceeds are credited to the cost of the property. If no future capital expenditure is required and proceeds exceed costs, the excess proceeds are reported as a gain.

(e) Impairment of long-lived assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset costs may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

(f) Share issuance costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred financing costs related to financing transactions that are not completed are expensed.

(g) Stock-based compensation

The Company applies the fair value method to stock-based payments for all awards that are direct awards of stock, that call for settlement in cash or other assets or are stock appreciation rights that call for settlement by the issuance of equity instruments. Compensation expense is recognized over the applicable vesting period with a corresponding increase in contributed surplus. When the options are exercised, the exercise price proceeds together with the amount initially recorded in contributed surplus are credited to share capital.

(h) Income taxes

The Company follows the asset and liability method of accounting for income taxes. Future income tax assets and liabilities are determined based on temporary differences between the accounting and taxes bases for existing assets and liabilities, and are measured using the tax rates expected to apply when these differences reverse. A valuation allowance is recorded against any future income tax asset if it is more likely than not that the asset will not be realized.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Income taxes (continued)

The Company follows CICA Emerging Issues Committee Abstract 146 *Flow-Through Shares*. Canadian tax legislation permits a company to issue securities referred to as flow-through shares whereby the Company assigns the tax deductions arising from the related resource expenditures, to the shareholders. When resource expenditures are renounced to the investors and the Company has reasonable assurance that the expenditures will be completed, a future income tax liability is recognized for the net tax effect of the deductions renounced, and share capital is reduced.

If the Company has sufficient unrecognized tax losses carried forward or other unrecognized future income tax assets to offset all or part of this future income tax liability, a portion of such unrecognized future income tax assets is recorded as a future income tax recovery up to the amount of the future income tax liability that would otherwise be recognized.

(i) Loss per share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of common shares outstanding during the period. The Company applies the treasury stock method in calculating diluted loss per share. Diluted loss per share excludes all dilutive potential common shares if their effect is anti-dilutive.

(j) Financial instruments

The Company classifies financial assets and liabilities as held-for-trading, available-for-sale, held-to-maturity, loans and receivables or other financial liabilities depending on their nature. Financial assets and financial liabilities are recognized at fair value on their initial recognition, except for those arising from certain related party transactions which are accounted for at the transferor's carrying amount or exchange amount in accordance with the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3840, *Related Party Transactions*.

Financial assets and liabilities classified as held-for-trading are measured at fair value, with gains and losses recognized in net income. Financial assets classified as held-to-maturity, loans and receivables, and financial liabilities other than those classified as held-for-trading are measured at amortized cost, using the effective interest method of amortization. Financial assets classified as available-for-sale are measured at fair value, with unrealized gains and losses being recognized as other comprehensive income until realized, or if an unrealized loss is considered other than temporary, the unrealized loss is recorded in income. The Company has elected to expense transaction costs related to financial instruments.

(k) Comprehensive loss

Comprehensive loss reflects net loss and other comprehensive loss for the period. Other comprehensive loss includes changes in unrealized foreign currency translation amounts arising from self-sustaining foreign operations, unrealized gains and losses on available-for-sale assets, and changes in the fair value of derivatives designated as cash flow hedges to the extent they are effective. As the Company does not have items comprising other comprehensive loss, the Company's net loss is the same as the comprehensive loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Impairment of long-lived assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset costs may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

(m) Asset retirement obligations

Liability is recognized for retirement obligations associated with the Company's mineral properties. The standard requires the Company to recognize the fair value of the liability for an asset retirement obligation in the period in which it is incurred and record a corresponding increase in the carrying value of the related long-lived asset. Fair value is estimated using the present value of the estimated future cash outflows. The liability is subsequently adjusted for the passage of time, and is recognized as an accretion expense in the statements of operations. The increase in the carrying value of the asset is amortized on the same basis as the mineral properties. At June 30, 2010, the Company did not have any asset retirement obligations, as significant disturbance of sites giving rise to restoration obligations has not yet occurred.

3. NEW ACCOUNTING POLICIES

Effective April 1, 2009, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA"). These accounting policy changes were adopted on a prospective basis with no restatement of prior period consolidated financial statements:

Emerging Issues Committee Abstracts ("EIC") 173 *Credit Risk and the Fair Value of Financial Assets and Financial Liabilities* provides guidance on how to take into account an entity's own credit risk and the credit risk of the counterparty when determining the fair value of financial assets and financial liabilities, including derivative instruments. The adoption of this standard had no impact on the Company's financial statements for fiscal 2010.

EIC 174 *Mining Exploration Costs* provides guidance related to the measurement of exploration costs and the conditions that a mining enterprise should consider when determining the need to perform an impairment review of such costs. The adoption of this standard had no impact on the Company's financial statements for fiscal 2010.

Amendments to CICA Section 3862 *Financial Instruments – Disclosures*. These amendments are applicable to the Company's annual financial statements, requiring additional disclosure about fair value measurements of financial instruments and enhanced liquidity disclosure requirements for publically accountable enterprises. The disclosures required by these new standards are included in Note 8.

3. NEW ACCOUNTING POLICIES (continued)

Recent accounting pronouncements

In January 2009, the Accounting Standards Board ("AcSB") issued CICA Handbook Section 1582, *Business Combinations*, which replaces Section 1581, *Business Combinations*. The AcSB also issued Section 1601, *Consolidated Financial Statements*, and Section 1602, *Non-Controlling Interests*, which replace Section 1600, *Consolidated Financial Statements*. These new sections are based on the International Accounting Standards Board's ("IASB") International Financial Reporting Standard 3, *Business Combinations*. These new standards replace the existing guidance on business combinations and consolidated financial statements. These new standards require that most assets acquired and liabilities assumed, including contingent liabilities, to be measured at fair value and all acquisition costs to be expensed. These new standards also require non-controlling interests to be recognized as a separate component of equity and net earnings to be calculated without a deduction for non-controlling interests. The objective of these new standards is to harmonize Canadian accounting for business combinations with the international and U.S. accounting standards. The new standards are to be applied 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, with earlier application permitted. Assets and liabilities that arose from business combinations whose acquisition dates preceded the application of the new standards will not be adjusted upon application of these new standards. The Non-Controlling Interests standard should be applied retrospectively except for certain items. The Company does not expect that the adoption of these standards will have a material impact on its Financial Statements.

In February 2008, the AcSB adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards in Canada for public companies will converge with International Financial Reporting Standards ("IFRS"). AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canadian GAAP. This date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company anticipated an IFRS transition date of April 1, 2011 which will require the restatement for comparative purposes of amounts reported by the Company for the year ended March 31, 2011. The Company continues to monitor and assess the impact of convergence of Canadian GAAP and IFRS.

4. RECLAMATION BOND

The $5,000 reclamation bond is in the form of a BMO Bank of Montreal Safe Keeping Agreement ("SKA") This amount will be held by BMO Bank of Montreal until such time as the Company reclaims the surface of the land affected by the Treadwell project exploration program. At that time the Company can apply to the BC Ministry of Mines to have the amount refunded.

5. MINERAL PROPERTY

Schedule of Mineral Property Costs
For the six months ended September 30, 2010

		Treadwell
Acquisition costs		
Balance, as at March 31, 2010	$	115,000
Additions during the period		-
Balance, as at September 30, 2010		115,000
Deferred exploration costs		
Balance, as at March 31, 2010		-
Additions		
Geophysics		6,000
Drilling		6,972
		12,972
Balance, as at September 30, 2010		12,972
Balance at September 30, 2010	$	127,972

Schedule of Mineral Property Costs
For the year ended March 31, 2010

		Treadwell
Acquisition costs		
Balance, as at March 31, 2009	$	-
Additions during the period		115,000
Balance, as at March 31, 2010		115,000
Balance at March 31, 2010	$	115,000

On October 30, 2009, the Company signed an arm's length option agreement (the "Option Agreement") with Treadwell Resources Ltd. ("Treadwell") pursuant to which the Company has been granted an option (the "Option") to earn a 100% undivided interest in the Treadwell Project located in the Southern edge of the Tranquille Plateau, Kamloops mining district, British Columbia, Canada (the "Project"). The acquisition of the Project constitutes the Company's Qualifying Transaction pursuant to Policy 2.4 of the Exchange.

Under the terms of the Option Agreement, the Company can acquire a 100% interest in the Project, less a 2% Net Smelter Return Royalty (NSR), by making Option payments totaling $250,000 and issuing 1,050,000 Units valued at $0.06 per unit of the Company to Treadwell and incurring an aggregate of at least $850,000 of expenditures on the Property. Each unit consisted of one common

5. MINERAL PROPERTY (continued)

share of the Company valued at $0.06 per unit and one share purchase warrant, each warrant entitling the holder to purchase one additional share for a period of two years from the date of issuance at a price equal to 200% of the 10-day average closing price of the shares ending on the trading day preceding the date of issuance of the units subject to any minimum price requirements of the Exchange.

Specific details of payments and units to be issued in the Option Agreement are as follows:

Date for Completion	Option Payment	Number of Units	Exploration Expenditures
Execution of letter of intent (October 30, 2009) - paid	$ 25,000	Nil	$ Nil
Exchange approval date (March 12, 2010) - issued	75,000	250,000	Nil
1st anniversary of approval date (March 12, 2011)	25,000	200,000	200,000
2nd anniversary of approval date (March 12, 2012)	30,000	200,000	200,000
3rd anniversary of approval date (March 12, 2013)	40,000	200,000	200,000
4th anniversary of approval date (March 12, 2014)	55,000	200,000	250,000
Total	$250,000	1,050,000	$850,000

The Company shall have the option (the "Buy-Out Option") to purchase for an aggregate consideration of $1,000,000 for one half of the NSR, namely one percent, thereby reducing Treadwell's NSR to one percent. The Buy-Out Option may be exercised by the Company at any time on or before the first anniversary of the date of commencement of commercial production from the Project.

6. SHARE CAPITAL

(a) Authorized

Unlimited common shares without par value.

(b) Issued and fully paid

	Number of Shares	Amount
Balance, March 31, 2009	3,100,000	$ 385,201
Private placement of flow-through shares	4,500,000	270,000
Shares issued for property acquisition (Note 5)	250,000	15,000
Share issuance costs	-	(3,924)
Balance, March 31 and September 30, 2010	7,850,000	$ 666,277

Concurrent with the closing of the Qualifying Transaction, the Company completed a private placement of $270,000 to finance mineral property option costs, and issued 4,500,000 units at a price of $0.06 per unit. Each unit was comprised of one flow through common share and one share purchase warrant entitling the holder to acquire one additional common share for a period of five years at a price of $0.12. The units issued in the Qualifying Transaction were valued at $0.06 per unit which is the same amount received in the private placement.

6. SHARE CAPITAL (continued)

(c) Warrants

A summary of the Company's share purchase warrants is as follows:

	Number of Warrants		Weighted Average Exercise Price
Balance, March 31, 2009	200,000	$	0.20
Expired	(200,000)		0.20
Issued	4,750,000		0.12
Balance, March 31 and September 30, 2010	4,750,000	$	0.12

At September 30, 2010 there are 4,500,000 warrants that expire on March 11, 2015 and 250,000 warrants that expire on March 11, 2012.

(d) Contributed Surplus

Balance, March 31, 2009 and 2010	$	56,933
Stock-based compensation		54,682
Balance, September 30, 2010	$	111,615

(e) Escrow Shares

At September 30, 2010 a total of 990,001 common shares issued and outstanding were held in escrow. Pursuant to an escrow agreement effective on the initial public offering, 10% of the escrowed shares were released on the issuance of the Final Exchange Bulletin for the TSX Venture Exchange's acceptance of a Qualifying Transaction, and 15% will be released every six months thereafter for a period of thirty-six months.

7. STOCK OPTION PLAN

The Company has adopted a stock option plan applicable to directors, employees, and consultants, under which the total outstanding stock options are limited to 10% of the outstanding common shares of the Company at any one time. Under the plan, the exercise price of an option shall not be less than the discounted market price at the time of granting, or as permitted by the policies of the Exchange, and an option's maximum term is five years from the grant date.

	Number of Options	Weighted Average Exercise Price
Balance, March 31, 2009	310,000	$0.20
Forfeited	(93,000)	$0.20
Balance, March 31, 2010	217,000	$0.20
Granted	400,000	$0.165
Expired	(95,821)	$0.20
Forfeited	(121,179)	$0.20
Balance, September 30, 2010	400,000	$0.165

7. STOCK OPTION PLAN (cont'd…)

At September 30, 2010, the Company had 400,000 options outstanding and exercisable with a weighted average contract life remaining of 4.9 years (March 31, 2010: 0.33 years).

Number of Options	Exercise Price	Expiry Date
400,000	$0.165	August 23, 2015

During the three months ended September 30, 2010, the Company granted 400,000 options with an exercise price of $0.165 to directors of the Company. The fair value of the 400,000 options, granted and fully vested on the grant date, has been estimated using the Black-Scholes model to be $54,682. The amount was expensed to operations as stock-based compensation and was included in contributed surplus (Note 6(d)). For purposes of the calculation, the following weighted average assumptions were used under the Black-Scholes option pricing model:

	2010	2009
Risk-free interest rate	1.87%	NA
Expected life of options	5 years	NA
Annualized volatility	120%	NA
Dividend rate	0.00	NA

8. FINANCIAL INSTRUMENTS AND RISK

Financial Instruments

As at September 30, 2010, the Company's financial instruments consist of cash and accounts payable.

Under Canadian generally accepted accounting principles, financial instruments are classified into one of the following categories: held for trading, held-to-maturity investments, available-for-sale, loans and receivables and other financial liabilities. The Company classifies its cash as held-for-trading and its accounts payable as other financial liabilities.

The following table summarizes information regarding the carrying values of the Company's financial instruments:

		September 30, 2010		March 31, 2010
Held for trading (i)	$	301,021	$	396,014
Other financial liabilities (ii)	$	4,330	$	22,627

(i) Cash
(ii) Accounts payable

8. FINANCIAL INSTRUMENTS AND RISK (continued)

Fair Value

The estimated fair values of cash and accounts payable approximate their respective carrying values due to the immediate or short period to maturity. For fair value estimates the Company classifies its fair value measurements within a fair value hierarchy, which reflects the significance of the inputs used in making the measurements as defined in CICA Handbook section 3862 *Financial Instruments –Disclosures*:

Level 1 - Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - Significant unobservable inputs which are supported by little or no market activity.

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy at June 30, 2010:

	Level 1	Level 2	Level 3	Total
Cash	$ 301,021	$ -	$ -	$ 301,021

Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with high credit quality financial institutions.

Liquidity Risk

The Company ensures its holding of cash is sufficient to meet its short-term general and administrative expenditures. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. The Company does not have investments in any asset backed deposits. The Company ensures that it has sufficient capital to meet its short-term financial obligations.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash is exposed to interest rate risk. The Company manages its interest rate risk by obtaining the best commercial deposit interest rates available in the market by the major Canadian financial institutions.

Market Risk and Foreign Exchange Rate Risk

Market risk and foreign exchange rate risk are the risks that the fair value of, or future cash flows from, financial instruments will significantly fluctuate due to changes in market prices or foreign exchange rates. In management's opinion the Company is not exposed to market risk or foreign exchange rate risk.

9. RELATED PARTY TRANSACTIONS

In March 2010, the Company entered into an agreement with a corporation in which the former Vice-President was an officer of the Company.

Under this agreement the Company will pay $4,000 per month for administrative services, $1,000 per month in rent, and reimburse direct office expenses. During the three months ended September 30, 2010, three months costs were incurred under this agreement which are recorded at the exchange amount representing the value agreed upon by the Company and the related party, which management believes approximates fair value.

10. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its properties and to maintain flexible capital structure for its projects for the benefit of its stakeholders. In the management of capital, the Company includes the components of share capital as well as cash.

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 or adjust the amount of cash. Management reviews the capital structure on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements.

11. COMMITMENT

The Company is committed to pay cash, issue units and incur exploration development expenditures in connection with the Option Agreement as described in Note 5. The Company is also committed to an agreement with a former related party as described in Note 9.

12. SUBSEQUENT EVENTS

There were no significant events subsequent to the end of the quarter.