RAYSTAR CAPITAL LTD.

FILING STATEMENT

IN RESPECT OF
THE REACTIVATION AND CHANGE OF BUSINESS BY
RAYSTAR CAPITAL LTD.

September 18, 2013

Neither the TSX Venture Exchange Inc. nor any securities regulatory authority has in any way passed upon the merits of the Reactivation and Change of Business described in this Filing Statement.

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GLOSSARY OF TERMS

“**Affiliate**” means a company that is affiliated with another company as described below.

A company is an “Affiliate” of another corporation if:

(a) one of them is the subsidiary of the other, or

(b) each of them is controlled by the same Person.

A company is “controlled” by a Person if:

(a) voting securities of the corporation are held, other than by way of security only, by or for the benefit of that Person, and

(b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the company.

A Person beneficially owns securities that are beneficially owned by:

(a) a company controlled by that Person, or

(b) an Affiliate of that Person or an Affiliate of any Company controlled by that Person;

“**Approval Date**” means the date that is five business days after receipt by the Company of written confirmation from the Exchange that the Proposed Acquisition has been accepted for filing;

“**Associate**” when used to indicate a relationship with a Person, means:

(a) an issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer,

(b) any partner of the Person,

(c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which a person or company serves as trustee or in a similar capacity,

(d) in the case of a Person that is an individual, a relative of that Person, including

(i) that Person's spouse or child, or

(ii) any relative of the Person or of his spouse who has the same residence as that person;

but

where the Exchange determines that two Person (as such term is defined in the Exchange Policy 1.1 "*Interpretation*"), shall, or shall not, be deemed to be associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D with respect to that Member firm, Member corporation or holding company;

"**BCA**" means the *Business Corporations Act* (British Columbia), as amended from time to time;

"**Board"** means the board of directors of the Company;

"**Calibre**" means Calibre Mining Corp.;

"**CDS**" means CDS Clearing and Depositary Services Inc.;

"**Change of Business**" means a transaction or series of transactions which will redirect an issuer's resources and which changes the nature of its business, for example, through the acquisition of an interest in another business which represents a material amount of the issuer's market value, assets or operations, or which becomes the principal enterprise of the issuer.

"**Common Shares**" means the common shares in the capital of the Company and will also be the common shares in the capital of the Resulting Issuer;

"**company**" unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual;

"**Company**" means Raystar Capital Ltd.;

"**Control Person**" means any Person that holds or is one of a combination of Persons that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer;

"**Exchange**" means TSX Venture Exchange Inc.;

"**Filing Statement**" means this filing statement;

"**Final Exchange Bulletin**" means the bulletin issued by the Exchange following completion of the Proposed Acquisition, Reactivation and Private Placement and the submission of all required

documentation and that evidences the final Exchange acceptance of the Proposed Acquisition, Reactivation and Private Placement;

"**Insider**" if used in relation to a company, means:

(a) a director or senior officer of the company;

(b) a director or senior officer of the company that is an Insider or subsidiary of the Company;

(c) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the company; or

(d) the company itself if it holds any of its own securities;

"**Leamington Property**" means the property comprised of a mineral lease covering approximately 263 hectares located in the Green Bay District of Newfoundland, as more particularly described in the Technical Report;

"**MD&A**" means management discussion and analysis;

"**Member**" means a Person who is a member of the Exchange under the Exchange requirements;

"**NEO**" has the meaning ascribed to such term under National Instrument 51-102 – *Continuous Disclosure Obligations*;

"**NI 43-101**" means National Instrument 43-101 "*Standards of Disclosure for Mineral Projects*";

"**Non Arm's Length Party**" means in relation to a company, a promoter, officer, director, other Insider or Control Person of that company (including an issuer) and any Associates or Affiliates of such Persons. In relation to an individual, means any Associate of the individual or any company of which the individual is a promoter, officer, director, Insider or Control Person;

"**Person**" means a corporation or individual;

"**Private Placement**" means the offering of 23,333,334 Units at a price of $0.15 per Unit for aggregate gross proceeds of $3,500,000;

"**Proposed Acquisition**" means, subject to the approval of the Exchange, the proposed acquisition by the Company of the Leamington Property from Calibre and all matters relating thereto, as described in this Filing Statement;

"**Purchase and Sale Agreement**" means the purchase and sale agreement between Calibre and the Company dated June 20, 2013 in respect of the Acquisition;

"**Reactivation**" means the date on which the Company becomes eligible to re-list on Tier 2 of the Exchange by meeting all initial listing requirements of the Exchange and includes any other transaction in connection with the reactivation of the Company;

"**Resulting Issuer**" means the issuer that exists upon issuance of the Final Exchange Bulletin. Following the completion of the Proposed Acquisition, the Company will become the Resulting Issuer;

"**Stock Option Plan**" means the stock option plan of the Company dated April 10, 2012, as approved by the Company's shareholders on May 15, 2012;

"**Technical Report**" means the independent technical report dated July 4, 2013 entitled "Technical Report and Resource Estimate on the Point Leamington Property, Newfoundland, Canada" prepared by Todd McCracken, P. Geo., and Paul Daigle, P. Geo., of Tetra Tech Inc., regarding the Leamington Property;

"**Units**" means the units offered under the Private Placement each consisting of a Common Share and a Warrant;

"**Warrants**" means the warrants comprising the Units, each warrant entitling the holder to purchase a Warrant Share for a period of 24 months at an exercise price of $0.30; and

"**Warrant Shares**" means the previously unissued Common Shares to be issued upon the exercise of the Warrants.

RAYSTAR CAPITAL LTD.

SUMMARY OF FILING STATEMENT

(as at September 18, 2013 except as otherwise indicated)

The following is a summary of information relating to the Company and the Resulting Issuer (assuming completion of the transaction) and should be read together with the more detailed information and financial data and statements contained elsewhere in this Filing Statement.

Raystar Capital Ltd.

Raystar Capital Ltd. (the "**Company**" or "**Raystar**") is a company existing under the laws of British Columbia with its common shares listed for trading on the facilities of the NEX board of the Exchange. See "Information Concerning the Company".

The trading price of the Common Shares of the Company on June 14, 2013, the last trading day before announcement of the Proposed Acquisition, was $0.19. The Common Shares are currently halted for trading on the Exchange on request of the Company, pending the completion of the Proposed Acquisition.

Principal Terms of the Proposed Acquisition

On June 20, 2013, the Company entered into a purchase and sale agreement (the "**Purchase and Sale Agreement**") with Calibre Mining Corp. ("**Calibre**"), a British Columbia corporation with its common shares listed for trading on the facilities of the Exchange, to acquire a 100% interest in and to the Leamington Property consisting of a mining lease covering approximately 263 hectares located in the Green Bay District of Newfoundland. The Company will acquire the Leamington Property by issuing an aggregate of 1,000,000 Common Shares to Calibre, and making a payment of $250,000 to Calibre.

See "Information Concerning the Company – General Development of Business".

Escrow of Securities

As at the date of this Filing Statement, no securities of the Company are held in escrow. Pursuant to Exchange Policies, all securities held by Principals of the Resulting Issuer will be subject to escrow following completion of the Transaction. Pursuant to the Exchange Policies, 25% of securities of the Company acquired by Principals of the Resulting Issuer more than one year prior to the date the Exchange provided conditional approval of the Proposed Acquisition will be released from escrow on the issuance of the Final Exchange Bulletin (the "**Initial Release**") and an additional 25% will be released on the dates that are 6 months, 12 months, and 18 months following the Initial Release. Also pursuant to Exchange Policies, 10% of securities of the Company that were acquired by Principals of the Resulting Issuer within one year before the date the Exchange provides conditional approval of the Proposed Acquisition will be released from escrow on the Initial Release, and an additional 15% will be released on the dates 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release. See "Information Concerning the Resulting Issuer - Escrowed Securities".

Private Placement

On June 21, 2013, the Company also announced that it proposed to complete a private placement (the "**Private Placement**") for gross proceeds of $3,500,000 which will be used to complete the work program on the Leamington Property and for working capital purposes. The Private Placement is for 23,333,334 Units at a price of $0.15 per Unit. See "Information Concerning the Company – General Development of Business".

Non-Arm's Length Party Transaction

The Proposed Acquisition has been deemed by the Exchange to be a Change of Business involving Non-Arm's Length Parties. Therefore, pursuant to the policies of the Exchange, shareholder approval of the Proposed Acquisition must be obtained by a majority of the votes cast by shareholders, excluding those votes attaching to securities beneficially owned by such Non-Arm's Length Parties. The Company anticipates that the required approval will be obtained by written consent of shareholders.

Available Funds and Principal Purposes

The estimated funds available to the Resulting Issuer after giving effect to the Proposed Acquisition is $4,298,136, which is based on (i) $798,136, being the estimated consolidated working capital as at August 31, 2013, and (ii) $3,500,000, being the net proceeds of the Private Placement.

The Resulting Issuer will spend the funds available to it upon completion of the Proposed Acquisition to further the Resulting Issuer's stated business objectives. There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary in order for the Resulting Issuer to achieve its stated business objectives. See "Information Concerning the Resulting Issuer – Available Funds and Principal Purposes".

Selected *Pro forma* Financial Information

The following table shows selected *pro forma* balance sheet data for the Resulting Issuer, as at June 30, 2013, after giving effect to the Proposed Acquisition:

Current Assets	$4,003,777
Total Assets	$4,483,777
Current Liabilities	$27,200
Share Capital and Contributed Surplus	$7,222,673
Deficit	($2,766,096)

Directors and Officers

Following completion of the Proposed Acquisition, the directors and officers of the Company will be:

Name	Title
Douglas B. Forster	Director, President and CEO
Blayne Johnson	Director, Executive Vice President
Paulo Santos	CFO and Corporate Secretary
Lukas Lundin	Director
Randall Oliphant	Director
Douglas Hurst	Director
Edward Farrauto	Director

Conflicts of Interest

Certain of the proposed directors and officers of the Resulting Issuer are also directors, officers or shareholders of other companies including Calibre. Such associations may give rise to conflicts of interest from time to time. See "Risk Factors".

Interests of Experts

The Company's auditors, PricewaterhouseCoopers LLP, Chartered Accountants, of Vancouver, British Columbia, have audited the financial statements for the years ended December 31, 2012, 2011 and 2010 included in this Filing Statement. PricewaterhouseCoopers LLP report that they are independent from the Company.

Information regarding the Leamington Property was derived from the technical report entitled "Technical Report and Resource Estimate on the Point Leamington Property, Newfoundland, Canada" prepared by Todd McCracken, P. Geo. and Paul Daigle, P. Geo., dated July 4, 2013, which was prepared in compliance with NI 43-101. Todd McCracken, P. Geo. and Paul Daigle, P. Geo., the authors of the Technical Report, have no direct or indirect interest in the Leamington Property, the Company or the Resulting Issuer. It is anticipated that the Technical Report will be filed on SEDAR at www.sedar.com prior to the completion of the Proposed Acquisition.

Conditional Approval

The Exchange has conditionally accepted the Proposed Acquisition and Private Placement as the Company's Reactivation on Tier 2 of the Exchange, subject to the Company completing all of the requirements of the Exchange.

Sponsorship

The Exchange provided the Company with an exemption from the requirement to obtain a sponsor in connection with the Proposed Acquisition.

CAUTION REGARDING FORWARD LOOKING STATEMENTS

Certain statements in this Filing Statement are forward-looking statements or information (collectively "forward-looking statements") within the meaning of applicable securities legislation. The Company is hereby providing cautionary statements identifying important factors that could cause the actual results to differ materially from those projected in the forward-looking statements. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or the negatives thereof or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

Forward-looking information in this Filing Statement includes, but is not limited to:

- statements related to the completion of the Proposed Acquisition and the events related thereto and contingent thereon;
- information with respect to the Company's future financial and operating performance;
- the skill and knowledge of the Company's management with respect to the exploration and development of mineral properties, and the relevance of that skill and knowledge to the Leamington Property;
- the Company's plan to pursue the work program on the Leamington Property;
- the Company's ability to successfully obtain any necessary environmental licenses;
- future exploration and development activities, and the costs and timing of those activities;
- timing and receipt of approvals, consents and permits under applicable legislation;
- the Company's assessment of potential environmental liabilities;
- results of future exploration and drilling;
- estimation of metallurgical response of ores to processing methods;
- metals prices;
- adequacy of financial resources;
- forward-looking information attributed to third party industry sources; and

- statements related to the Company's expected executive compensation.

Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, but which may prove to be incorrect. We believe that the assumptions and expectations reflected in such forward-looking information are reasonable. Assumptions have been made regarding, among other things: the Company's ability to carry on exploration and development activities, the timely receipt of required approvals, the price of metals, the Company's ability to operate in a safe, efficient and effective manner and the Company's ability to obtain financing as and when required and on reasonable terms. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used.

By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes may not occur or may be delayed. The risks, uncertainties and other factors, many of which are beyond the control of the Company or the Resulting Issuer, that could influence actual results include, but are not limited to: limited operating history; exploration, development and operating risks; regulatory risks; substantial capital requirements and liquidity; financing risks and dilution to shareholders; competition; reliance on management and dependence on key personnel; fluctuating mineral prices and marketability of minerals; no assurance as to title; no mineral reserves; environmental risks; governmental regulations and licenses and permits; conflicts of interest of management; uninsurable risks; exposure to potential litigation; dividends; and other factors beyond the control of the Company or the Resulting Issuer. Additional factors are discussed in the "Risk Factors" section.

As noted above, the Company's forward-looking statements are based on the reasonable beliefs, expectations and opinions of management on the date of this Filing Statement. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There is no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. We do not undertake to update any forward-looking information, except as, and to the extent required by applicable securities laws.

RISK FACTORS

Following the Proposed Acquisition, the business of the Resulting Issuer will be the exploration and development of the Leamington Property. Common Shares of the Resulting Issuer will be a risky and speculative investment. The following risk factors are considered material to the Company and therefore to the Resulting Issuer.

The Company

Since disposing of its assets in 2001, the Company has had no operations, is currently in the early stage of development and has conducted no active business and has received no revenues other than interest revenues. As such, the Company is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations. The Company has no intention of paying any dividends in the near future.

There can be no assurance that the Resulting Issuer will be able to obtain adequate financing in the future or that the terms of any such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further development of the business of the Resulting Issuer.

The Global Economy and Equity Markets

Deterioration in the global economy has had, and may continue to have, an adverse impact on junior resource issuers. The impact of the recent global financial crisis in the Euro zone, and the risks of an economic slow-down in America and China, continue to be major areas of concern despite concerted efforts by various governments and institutions to mitigate the adverse effect of these events on the global economy.

Global equity markets have been extremely unstable and unpredictable, particularly for junior resource issuers. Volatility in equity markets, particularly for junior resource issuers, and the weakness of the global economy generally could adversely affect the business of the Resulting Issuer.

Commodity Price Volatility

The market price for commodities, including both precious metals and base metals, has been and continues to be extremely volatile and is influenced by a number of factors, including, among others, political stability, general economic conditions, mine production and the intent of foreign governments who own significant reserves, central bank lending and asset purchases, inflation expectations, the level of demand for commodities as an investment, speculative trading, interest rates, industrial and jewellery demand, and rising production costs.

The aggregate of such factors (all of which are beyond the control of the Resulting Issuer) is impossible to predict with accuracy, and as such, the Resulting Issuer can provide no assurances that it can effectively manage such factors. In addition, the world market price of various commodities has fluctuated widely during the last several years. Fluctuations in commodity prices, which are currently depressed relative to recent upward trends, may materially adversely affect the Resulting Issuer's financial performance or results of operations. If the market price of zinc, gold, copper and/or silver fall significantly from their current levels, the development of the Leamington Property may be rendered uneconomic and such development may be delayed or suspended.

Conditions Precedent

The completion of the Proposed Acquisition is subject to several conditions precedent, including without limitation Exchange approval. There can be no assurance that all the conditions precedent, including regulatory and Exchange approval, will be obtained. If any of those conditions are not satisfied or waived, the Proposed Acquisition will not be completed. If the Proposed Acquisition does not complete, then the Company will continue to search for other opportunities; however, the Company will have incurred significant costs associated with the Proposed Acquisition.

Exploration and Mining Risks

The Resulting Issuer will be engaged in mineral exploration, resource identification and development activities. Mineral exploration and development involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. The long-term profitability of the Resulting Issuer's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors beyond their control.

Mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Resulting Issuer will have a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of gold, silver and other metals, any of which could result in work stoppages, damage to property, and possible environmental damage.

Hazards such as unusual or unexpected formations and other conditions such as formation pressures, fire, power outages, labour disruptions, flooding, explorations, cave-ins, landslides and the inability to obtain suitable machinery, equipment or labour are involved in mineral exploration, development and operation. The Resulting Issuer may become subject to liability for pollution, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. The payment of such liabilities may have a material, adverse effect on the Resulting Issuer's financial position.

The Resulting Issuer will continue to rely upon consultants and others for exploration and development expertise. Substantial expenditures are required to establish ore reserves through drilling, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. The economics of developing gold, copper and other mineral properties is affected by many factors including the cost of operations, variations in the grade of ore mined, fluctuations in metal markets, allowable production, importing and exporting of minerals and environmental protection. The remoteness and restrictions on access of certain areas of the properties in which the Resulting Issuer will have an interest will have an adverse effect on profitability in that infrastructure costs will be higher.

Financing Risks, Dilution

The Resulting Issuer will be limited both in financial resources and sources of operating cash flow and there is no assurance that additional funding will be available for exploration or further exploration and development of projects or to fulfill their obligations under any applicable agreements. There can be no assurance that the Resulting Issuer will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties. The Resulting Issuer may have to issue additional securities including, but not limited to common shares, or some form of convertible security, the effect of which will result in a dilution of the equity interest of any existing shareholders.

Uninsurable Risks

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and the Resulting Issuer may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Resulting Issuer.

No Assurance of Titles

The Company has not yet obtained formal opinions on title to the Leamington Property. It is possible that the Leamington Property may be subject to prior unregistered agreements, native land claims or transfers

and title may be affected by undetected defects. The Company cannot give an assurance that title to such property will not be challenged or impugned. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify. A successful claim that Calibre or the Resulting Issuer, as the case may be, does not have title to the Leamington Property could cause the Resulting Issuer to lose any rights to explore, develop and mine any minerals on that property, without compensation for its prior expenditures relating to such property.

Environmental Regulations

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

Permits, Licenses and Additional Regulatory Requirements

The current or future operations of the Resulting Issuer require permits and licenses from various governmental authorities, and such operations are and will be governed by laws and regulations governing exploration, development, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, site safety and other matters. Companies engaged in the exploration and development of mineral properties generally experience increased costs and delays in development and other schedules as a result of the need to comply with the applicable laws, regulations and permits. There can be no assurance that all licenses and permits which the Resulting Issuer may require for the facilities and conduct of exploration and development operations will be obtainable on reasonable terms or that such laws and regulation would not have an adverse effect on any exploration and development project which the Resulting Issuer might undertake.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in exploration and development operations may be required to compensate those suffering loss or damage by reason of the exploration and development activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations. Amendments to current laws, regulation and permits governing operations and activities of mineral companies, or more stringent implementation thereof, could have a material adverse impact on the Resulting Issuer and cause increases in capital expenditures or exploration and development costs or require abandonment or delays in the development of new properties.

Markets for Securities, Possible Volatility of Share Price

There can be no assurance that an active trading market in the Common Shares of the Resulting Issuer will be sustained. The market price for and liquidity of the Resulting Issuer's Common Shares could be

subject to wide fluctuations in response to operating results, the gain or loss of significant contracts, announcements of technological development or new products by the Resulting Issuer and its competitors, changes in income estimates by analysts and market conditions in the industry, as well as general economic conditions or other risk factors set out herein. In addition, stock markets have experienced volatility that has affected the market prices for many companies' stock and that often has been unrelated to the operating performance of such companies. These market fluctuations may adversely affect the market price of the Resulting Issuer's Common Shares.

Reliance on Key Individuals

The success of the Resulting Issuer is largely dependent upon on the performance of its directors and officers and the ability to attract and retain its key personnel. The loss of the services of these persons may have a material adverse effect on the Resulting Issuer's business and prospects. The Resulting Issuer will compete with numerous other companies for the recruitment and retention of qualified employees and contractors. There is no assurance that the Resulting Issuer can maintain the service of its directors and officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Resulting Issuer and its prospects.

No Mineral Reserves

The Leamington Property is considered to be in the early exploration and development stage only and does not contain a known body of commercial minerals. Mineral reserves are, in the large part, estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. Reserve estimates for properties that have not yet commenced production may require revision based on actual production experience. Market price fluctuations of metals, as well as increased production costs or reduced recovery rates may render mineral reserves containing relatively lower grades of mineralization uneconomic and may ultimately result in a restatement of reserves. Moreover, short-term operating factors relating to mineral reserves, such as the need for orderly development of the ore bodies and the processing of new or different mineral grades may cause a mining operation to be unprofitable in any particular accounting period.

Competition

The mineral industry is intensely competitive in all its phases. The Resulting Issuer must compete with many companies possessing greater financial resources and technical facilities for the acquisition of mineral and oil and gas concessions, claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees.

In addition, there is no assurance that even if commercial quantities of ore are discovered, a ready market will exist for their sale. Factors beyond the control of the Resulting Issuer may affect the marketability of any substances discovered. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Resulting Issuer not receiving an adequate return on invested capital or losing their investment capital.

Stage of Development

The Resulting Issuer will be in the business of exploring for, with the ultimate goal of producing, precious and base metals from their mineral exploration properties. The Leamington Property has not commenced

commercial production and the Resulting Issuer has no history of earnings or cash flow from its operations. As a result of the foregoing, there can be no assurance that the Resulting Issuer will be able to develop the Leamington Property profitably or that either of their activities will generate positive cash flow. The Resulting Issuer is unlikely to enjoy earnings or pay dividends in the immediate or foreseeable future. The Resulting Issuer will have limited cash and other assets. Investors in the Resulting Issuer must be prepared to rely solely upon the ability, expertise, judgment, discretion, integrity and good faith of management in all aspects of the development and implementation of the Resulting Issuer's business activities.

Conflicts of Interest

Certain of the proposed directors of the Resulting Issuer are also directors, officers or shareholders of other companies that are engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. Such a conflict poses the risk that the Resulting Issuer may enter into a transaction on terms which place the Resulting Issuer in a worse position than if no conflict existed. The directors are required by law to act honestly and in good faith with a view to the best interest of the Resulting Issuer and to disclose any interest which they may have in any project or opportunity of the Resulting Issuer, as applicable. However, each director has similar obligations to other companies for which such director serves as an officer or director. As of the date of this Filing Statement, no material conflicts of interest have arisen.

If a conflict of interest arises at a meeting of the board of directors of the Resulting Issuer, any director in a conflict will disclose his or her interest and abstain from voting on such matter, in determining whether or not the Resulting Issuer will participate in any project or opportunity, the respective board of directors will primarily consider the degree of risk to which the Resulting Issuer may be exposed and its particular financial position at that time.

Litigation

The Resulting Issuer and/or its directors may be subject to a variety of civil or other legal proceedings, with or without merit. Given the unpredictable nature of litigation, the outcome of such disputes could have a material adverse effect on the Resulting Issuer.

INFORMATION CONCERNING THE COMPANY

Corporate Structure

The Company was incorporated as 565300 B.C. Ltd. under the *Company Act* (British Columbia) on May 27, 1998 and changed its name to Raystar Enterprises Ltd. on August 13, 1998. The Company transitioned to the BCA on May 25, 2004. On October 17, 2007, the Company changed its name to Raystar Capital Ltd. under the BCA.

The head office of the Company is located at #1820 – 999 West Hastings Street, Vancouver, British Columbia V6C 2W2. The registered and records office of the Company is located at Suite 2600 – 1066 West Hastings Street, Vancouver, British Columbia V6E 3X1.

The Company does not have any subsidiaries.

General Development of the Business

On April 22, 2002, the Exchange designated the Company as an "inactive issuer", as it was no longer carrying on active business operations at a level which met the Exchange's listing standards. As a result of the change in status, the Company's shares were transferred to the NEX board of the Exchange.

On June 21, 2013, the Company announced that it had entered into the Purchase and Sale Agreement with Calibre, a British Columbia corporation with its common shares listed for trading on the facilities of the Exchange, to acquire a 100% interest in and to the Leamington Property consisting of a mining lease covering approximately 263 hectares located in the Green Bay District of Newfoundland. The Company will acquire the Leamington Property by issuing an aggregate of 1,000,000 Common Shares to Calibre, and making a payment of $250,000 to Calibre. The Leamington Property is subject to a 1.5% net smelter royalty payable to Glencore Xstrata plc, a 0.5% net smelter royalty payable to MFC Bancorp Ltd., and a 0.5% net smelter royalty payable to Calibre. The net smelter royalty payable to Glencore Xstrata plc is subject to a right of first refusal in favour of Rubicon Minerals Corp. The net smelter royalty payable to MFC Bancorp Ltd. may be purchased by Rubicon Minerals Corp. at any time for a one-time payment of $500,000.

On June 21, 2013 and June 28, 2013, the Company also announced that concurrently with the closing of the Proposed Acquisition, it would close the Private Placement for gross proceeds of $3,500,000 which will be used to complete the work program on the Leamington Property and for working capital purposes. The Private Placement is for 23,333,334 Units at a price of $0.15 per Unit. Each Unit will consist of one Common Share and one Warrant. Each Warrant is exercisable for a period of two years at a price of $0.30. There is no finder's fee payable in connection with the Private Placement.

Selected Consolidated Financial Information and Management's Discussion and Analysis

Selected Consolidated Financial Information

	Year Ended December 31, 2012	**Interim Period Ended June 30, 2013**
Total Expenses	$126,429	$79,987
Amounts Deferred in connection with the Proposed Acquisition		$13,000

Management Discussion and Analysis

See Schedule "B" – "Management Discussion & Analysis" for the Company's Management Discussion & Analysis for the interim period ended June 30, 2013, and the year ended December 31, 2012.

Description of the Securities

The authorized capital of the Company consists of an unlimited number of Common Shares. As at the date of this Filing Statement, there are 26,857,040 Common Shares issued and outstanding. As at the date of this Filing Statement, there are 700,000 options to acquire Common Shares outstanding and no warrants outstanding.

In addition, the Company will be issuing 1,000,000 Common Shares pursuant to the Proposed Acquisition and 23,333,334 Common Shares and 23,333,334 Warrants pursuant to the Private Placement. A total of

2,000,000 options will be issued to directors, officers, employees and consultants in connection with the Proposed Acquisition.

Following the completion of the Proposed Acquisition, the Company's capital structure will become the capital structure of the Resulting Issuer. See "Information Concerning the Resulting Issuer".

The holders of the Common Shares are entitled to one vote per Common Share at meetings of the shareholders of the Company, and to receive dividends if, as, and when declared by the Board. Holders of the Common Shares participate rateably in any distribution of the assets of the Company upon its liquidation, dissolution, or winding-up. The Common Shares carry no pre-emptive rights, conversion or exchange rights, redemption, retraction, re-purchase, sinking fund, or purchase fund provisions. There are no provisions requiring a holder of the Common Shares to contribute additional capital, and no material restrictions on the issuance of additional securities by the Company. There are no restrictions on the repurchase or redemption of the Common Shares by the Company except to the extent that any repurchase or redemption would render the Company insolvent.

Stock Option Plan

The Company adopted the Stock Option Plan at its annual general meeting held on May 15, 2012. See "Information Concerning the Company – Stock Option Plan".

See "Executive Compensation – Narrative Discussion" for a summary of the terms of the Stock Option Plan.

Prior Sales

The Company has not issued any Common Shares in the past 12 months.

Stock Exchange Price

The Common Shares have been listed and posted for trading on the NEX board of the Exchange since 2002. The following table sets out the high and low trading of the Common Shares for the periods indicated as reported by the Exchange:

Date	High ($)	Low ($)	Trading Volume
September 2013[(1)]	N/A	N/A	Nil
August 2013[(1)]	N/A	N/A	Nil
July 2013[(1)]	N/A	N/A	Nil
June 2013[(1)]	0.25	0.175	49,000
May 2013	0.21	0.175	19,671
April 2013	0.35	0.21	49,667
Q1 2013	0.40	0.35	201,277
Q4 2012	0.50	0.28	43,405
Q3 2012	0.45	0.265	36,109
Q2 2012	0.75	0.41	22,234

Date	High ($)	Low ($)	Trading Volume
Q1 2012	0.90	0.35	256,692
Q4 2011	0.325	0.25	298,053
Q3 2011	0.50	0.32	469,010

Note:

(1) The Company's Common Shares were halted for trading at the request of management on June 17, 2013, pending completion of the Proposed Acquisition.

Executive Compensation

Named Executive Officers

During the fiscal year ended December 31, 2012, the Company had one Named Executive Officer (the "**NEO**"), being Edward C. Farrauto, the President, Chief Executive Officer ("**CEO**") and Chief Financial Officer ("**CFO**") of the Company.

"Named Executive Officer" ("**NEO**") means: (a) each Chief Executive Officer, (b) each Chief Financial Officer, (c) each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the Chief Executive Officer and Chief Financial Officer, at the end of the most recently completed financial year whose total compensation was, individually, more than $150,000; and (d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the company, nor acting in a similar capacity, at the end of that financial year.

Compensation Discussion & Analysis

The Company is listed on the NEX board of the Exchange and does not have a compensation program or strategy. Until such time as a transaction for the Company is identified, no compensation will be paid to any NEO. At the appropriate time, a compensation committee will be set up, comprised of certain board members and an NEO, to establish executive compensation.

The Company has not established a policy on whether or not a NEO or director is permitted to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director.

Option-based Awards

The Company does not grant share based awards. The Board is responsible for granting options to the NEOs. Stock option grants are designed to reward the NEOs for success on a similar basis as the shareholders of the Company, but these rewards are highly dependent upon the volatile stock market, much of which is beyond the control of the NEOs. When new options are granted, the Board takes into account the previous grants of options, the number of stock options currently held, position, overall individual performance, anticipated contribution to the Company's future success and the individual's ability to influence corporate and business performance. The purpose of granting such stock options is to assist the Company in compensating, attracting, retaining and motivating the officers, directors and employees of the Company and to closely align the personal interest of such persons to the interest of the shareholders.

The exercise price of the stock options granted is generally determined by the market price at the time of grant, less any allowable discount.

Summary Compensation

Set out below is a summary of compensation paid during the Company's financial years ended December 31, 2012, December 31, 2011 and December 31, 2010 to the Company's NEO:

Summary Compensation Table

Name and principal position	Year	Salary ($)	Share-based awards ($)	Option-based awards ($)	Non-equity incentive plan compensation ($)		Pension value ($)	All other compensation ($)	Total compensation ($)
					Annual incentive plans	Long-term incentive plans			
Edward C. Farrauto President, CEO and CFO	2012	Nil	N/A	Nil	Nil	Nil	Nil	Nil	Nil
	2011	Nil	N/A	Nil	Nil	Nil	Nil	Nil	Nil
	2010	Nil	N/A	Nil	Nil	Nil	Nil	Nil	Nil

The Company does not have any paid employees or employment agreements.

Incentive Plan Awards

The Company currently has no share-based awards. The following table sets forth the incentive plan awards held by the NEO as at December 31, 2012:

Outstanding Option-Based Awards

	Option-based Awards			
Name	Number of securities underlying unexercised options (#)	Option exercise price ($)	Option expiration date	Value of unexercised in-the-money options ($)
Edward C. Farrauto President, CEO and CFO	Nil	N/A	N/A	Nil

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth details of the value vested or earned for all incentive plan awards during the most recently completed fiscal year by the NEO:

Value Vested or Earned for Incentive Plan Awards during the most recently completed financial year

Name	Option-based awards – Value vested during the year ($)	Share-based awards – Value vested during the year ($)	Non-equity incentive plan compensation – Value earned during the year ($)
Edward C. Farrauto President, CEO and CFO	Nil	N/A	N/A

Narrative Discussion

The following information is intended as a brief description of the Company's stock option plan dated April 10, 2012, which was approved by the Company's shareholders on May 15, 2012 (the "**Stock Option Plan**"), and is qualified in its entirety by the full text of the Stock Option Plan.

1. The Board may, from time to time, in its sole discretion, grant to directors, officers, employees and consultants, stock options to acquire shares of the Company. The Stock Option Plan shall be administered by the secretary of the Company or such director or other senior officer or employee of the Company as may be designated as administrator by the Board from time to time.

2. The maximum number of shares issuable under the Stock Option Plan, together with the number of shares issuable under outstanding options granted otherwise than under the Stock Option Plan, shall not exceed 5,371,408 shares of the Company, provided that, as long as the Company's shares are listed on the NEX board of the Exchange, the maximum number of stock options that may be reserved for issuance in any 12 month period shall not exceed 10% of the issued and outstanding shares.

3. The Company shall not grant stock options to any one consultant in any 12 month period which could, when exercised, result in the issuance of shares exceeding 2% of the issued and outstanding shares of the Company.

4. The Company shall not, in any 12 month period, grant options to persons employed or engaged by the Company to perform investor relations activities which could, when exercised, result in the issuance of shares exceeding, in aggregate 2% of the issued and outstanding shares of the Company.

5. The Company shall not grant options to any one person in any 12 month period which could, when exercised, result in the issuance of shares exceeding 5% of the issued and outstanding shares of the Company, unless the Company has obtained disinterested shareholder approval to the grant "Disinterest shareholder approval" means approval by a majority of the votes cast by the Company's shareholders at a duly constituted shareholders' meeting, excluding votes attached to shares of the Company beneficially owned by insiders to whom options may be granted under the Stock Option Plan and their associates and affiliates.

6. If any stock option expires or otherwise terminates for any reason without having been exercised in full, the number of shares in respect of that expired or terminated stock option shall again be available for the purposes of the Stock Option Plan.

7. The exercise price shall be the price per share, as determined by the Board in its sole discretion as of the date on which the Board grants a particular stock option (the "**Award Date**"), at which an

option holder may purchase a share upon the exercise of a stock option. The exercise price shall not be less than the closing price of the Company's shares traded through the facilities of the Exchange on the day preceding the Award Date, less any discount permitted by the Exchange, or such other price as may be required by the Exchange. Any reduction in the exercise price of a stock option held by an option holder who is an insider of the Company at the time of the proposed reduction will require disinterested shareholder approval.

8. The term of an option shall be the date so fixed by the Board at the time the particular stock option is awarded, provided that such date shall not be later than the 10th anniversary of the Award Date of the stock option.

9. The expiry date of a stock option shall be the earlier of the date so fixed by the Board at the time the stock option is awarded and the date established, if applicable, in sub-paragraphs (a) to (c) below (the "**Early Termination Date**"):

   (a) In the event that the option holder should die while he or she is still a director or officer or employee or consultant, the Early Termination Date shall be 12 months from the date of death of the option holder; or

   (b) In the event that the option holder holds his or her stock option as director or officer of the Company and such option holder ceases to be a director or officer of the Company other than by reason of death, the Early Termination Date of the stock option shall be the 90th day following the date the option holder ceases to be a director or officer of the Company, as the case may be; or

   (c) In the event that the option holder holds his or her stock option as an employee or consultant of the Company and such option holder ceases to be an employee or consultant of the Company other than by reason of death, the Early Termination Date of the stock option shall be the 90th day following the date the option holder ceases to be in that position.

10. Notwithstanding the foregoing, the Early Termination Date for stock options granted to any option holder engaged primarily to provide investor relations activities shall be the 30th day following the date that the option holder ceases to be employed in such capacity, unless the option holder continues to be engaged by the Company as an employee or director, in which case the Early Termination Date shall be determined as set forth above.

11. All stock options granted pursuant to the Stock Option Plan will be subject to such vesting requirements as may be prescribed by the Exchange, if applicable, or as may be imposed by the Board. All stock options granted to consultants performing investor relations activities will vest in stages over 12 months with no more than one-quarter of the stock options vesting in any three month period.

12. If a change of control occurs, all shares subject to each outstanding stock option will become vested, subject to any required approval of the Exchange, whereupon all stock options may be exercised in whole or in part by the option holder.

13. Stock options may not be assigned or transferred.

14. If, prior to the complete exercise of any stock option, the shares of the Company are consolidated, subdivided, converted, exchanged or reclassified or in any way substituted for other shares of the

Company, a stock option, to the extent that it has not been exercised, shall be adjusted by the Board in accordance with such event in the manner the Board deems appropriate. No fractional shares shall be issued upon the exercise of any stock option and accordingly, if as a result of the event, an option holder would become entitled to a fractional share, such option holder shall have the right to purchase only the next lowest whole number of shares and no payment or other adjustment will be made with respect to the fractional interest so disregarded.

15. The Company will obtain disinterested shareholder approval of options if the Stock Option Plan, together with all of the Company's previously established and outstanding stock option plans or grants, could result at any time in the grant to insiders, within a 12 month period, of a number of options exceeding 10% of the issued shares of the Company, however as long as the Company's common shares are listed on the NEX board of the Exchange, the maximum number of stock options that may be reserved for issuance in any 12 month period shall not exceed 10% of the issued and outstanding shares of the Company.

16. Subject to applicable regulatory approval and, if required by any relevant law, rule or regulation applicable to the Stock Option Plan, shareholder approval, the Board may from time to time amend the Stock Option Plan and the terms and conditions of any stock option thereafter to be granted and, without limiting the generality of the foregoing, may make such amendment for the purpose of meeting any changes in any relevant law, rule or regulation applicable to the Stock Option Plan, or any stock option to be granted or for any other purpose, which may be permitted by all relevant laws, rules and regulations, provided always that any such amendment shall not alter the terms or conditions of any stock option or impair any right of any option holder pursuant to any stock option awarded prior to such amendment. Notwithstanding the foregoing, the Board may, subject to the requirements of the Exchange, amend the terms upon which each stock option shall become vested with respect to shares without further approval of the Exchange, other regulatory bodies having authority over the Company, the Stock Option Plan or the shareholders.

17. Subject to applicable regulatory approval and, if required by any relevant law, rule or regulation applicable to the Stock Option Plan, shareholder approval, the Board may from time to time retrospectively amend the Stock Option Plan and, with the consent of the affected option holders, retrospectively amend the terms and conditions of any stock options, which have been previously granted. For greater certainty, the policies of the Exchange currently require that disinterested shareholder approval be obtained for any reduction in the exercise price of any stock option held by an insider of the Company.

18. The Board may terminate the Stock Option Plan at any time provided that such termination shall not alter the terms or conditions of any stock option or impair any right of any option holder pursuant to any stock option awarded prior to the date of such termination. Notwithstanding the termination of the Stock Option Plan, the Company, stock options awarded under the Stock Option Plan, option holders and shares issuable under stock options awarded under the Stock Option Plan shall continue to be governed by the provisions of the Stock Option Plan.

PENSION BENEFITS

The Company does not have a pension plan that provides for payments or benefits to the NEO at, following, or in connection with retirement.

TERMINATION AND CHANGE OF CONTROL BENEFITS

The Company has no employment contracts with its NEO.

At the end of the most recently completed financial year, the Company had no compensatory plan, contract or arrangement where the NEO was entitled to receive more than $100,000 from the Company (including periodic payments or instalments) to compensate such executive officer in the event of resignation, retirement or other termination of the NEO's employment with the Company, a change of control of the Company or its subsidiaries, or a change in responsibilities of the NEO following a change in control.

DIRECTOR COMPENSATION

Other than compensation paid to the NEO, and except as noted below, no compensation was paid to directors in their capacity as directors of the Company or its subsidiaries, in their capacity as members of a committee of the Board or of a committee of the board of directors of its subsidiaries, or as consultants or experts, during the Company's most recently completed financial year.

The following table sets forth the details of compensation provided to the directors, other than the NEO during the Company's most recently completed financial year:

Director Compensation Table

Name	Fees Earned ($)	Share-based Awards	Option-based Awards ($)	Non-Equity Incentive Plan Compensation ($)	Pension Value ($)	All Other Compensation ($)	Total ($)
Danny W. K. Lee	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Crae M. Garrett	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Douglas B. Forster	Nil	Nil	Nil	Nil	Nil	$42,000[(1)]	$42,000[(1)]
Blayne Johnson	Nil	Nil	Nil	Nil	Nil	$42,000[(1)]	$42,000[(1)]

Note:

(1) On March 11, 2011, the Company entered into a consulting agreement with Featherstone Capital Advisors Inc. ("**Featherstone**") pursuant to which Featherstone agreed to provide corporate development and financial advisory services to the Company. Featherstone is a company owned 50% by Douglas B. Forster and 50% by Blayne Johnson. The Company agreed to pay Featherstone a retainer of $7,000 per month plus expenses and granted to Featherstone 300,000 stock options exercisable at $0.47 per share for a period of five years from the date of grant.

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth the outstanding option-based awards held by the directors of the Company at the end of the most recently completed financial year. The Company has not granted any share-based awards.

Outstanding Option-Based Awards

	Option-based Awards			
Name	**Number of securities underlying unexercised options (#)**	**Option exercise price ($)**	**Option expiration date**	**Value of unexercised in-the-money options ($)[1]**
Danny W. K. Lee	200,000	$0.10	January 11, 2016	$44,000
Crae M. Garrett	200,000	$0.10	January 11, 2016	$44,000
Featherstone Capital Inc.[2]	300,000	$0.47	March 1, 2016	Nil

Notes:

(1) The "in-the-money options" means the excess of the market value of the Company's shares on December 31, 2012 over the exercise price of the options. The market value of the Company's common shares on December 19, 2012, the last trading day for the Company's common shares prior to its most recent financial year end, was $0.32.

(2) Featherstone Capital Inc. is a company owned 50% by Douglas B. Forster and 50% by Blayne Johnson, directors of the Company. The options were granted pursuant to a consulting agreement with Featherstone and not to Messrs. Forster and Johnson in their individual capacities as directors of the Company.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth details of the value vested or earned for all incentive plan awards during the most recently completed fiscal year:

Value Vested or Earned for Incentive Plan Awards during the most recently completed financial year

Name	**Option-based awards – Value vested during the year ($)**	**Share-based awards – Value vested during the year ($)**	**Non-equity incentive plan compensation – Value earned during the year ($)**
Danny W. K. Lee	Nil	N/A	N/A
Crae M. Garrett	Nil	N/A	N/A
Featherstone Capital Inc.	Nil	N/A	N/A

Management Contracts

No management functions of the Company are to any substantial degree performed by a person or company other than the directors or officers of the Company.

Non-Arm's Length Party Transaction

The Proposed Acquisition has been deemed by the Exchange to be a Change of Business involving Non-Arm's Length Parties. Therefore, pursuant to the policies of the Exchange, shareholder approval of the Proposed Acquisition must be obtained by a majority of the votes cast by shareholders, excluding those

votes attaching to securities beneficially owned by such Non-Arm's Length Parties. The Company anticipates that the required approval will be obtained by written consent of shareholders.

Legal Proceedings

The Company is not a party to any legal proceedings and it is not aware of any pending or threatened legal proceedings against the Company.

Auditor, Transfer Agent and Registrars

The auditors of the Company are PricewaterhouseCoopers LLP, Chartered Accountants, of Vancouver, British Columbia.

Computershare Trust Company of Canada, at its office located in Vancouver, British Columbia is the transfer agent and registrar for the Common Shares.

Material Contracts

The Company has not entered into any contracts material to investors in the common shares of the Company, other than contracts in the ordinary course of business, except for the Purchase and Sale Agreement dated as of June 20, 2013 between the Company and Calibre.

A copy of the Purchase and Sale Agreement is available for inspection without charge during the ordinary business hours from the date of the Filing Statement and for a period of 30 days thereafter at the head office of the Company located at Suite #1820 - 999 West Hastings Street, Vancouver, British Columbia, V6C 2W2.

INFORMATION CONCERNING THE LEAMINGTON PROPERTY

The Proposed Acquisition consists of the acquisition by the Company of the Leamington Property. Upon completion of the Proposed Acquisition, the Company will be engaged in the business of exploring for, with the ultimate goal of developing and producing precious metals from the Leamington Property.

On June 20, 2013, the Company and Calibre entered into the Purchase and Sale Agreement pursuant to which the Company agreed to acquire a 100% interest in the Leamington Property, subject to a 1.5% net smelter royalty payable to Glencore Xstrata plc, a 0.5% net smelter royalty payable to MFC Bancorp Ltd., and a 0.5% net smelter royalty payable to Calibre. The net smelter royalty payable to Glencore Xstrata plc is subject to a right of first refusal in favour of Rubicon Minerals Corp. The net smelter royalty payable to MFC Bancorp Ltd. may be purchased by Rubicon Minerals Corp. at any time for a one-time payment of $500,000.

Leamington Property

The following information regarding the Leamington Property was derived from a NI 43-101 compliant technical report dated July 4, 2013 entitled "Technical Report and Resource Estimate on the Leamington Property, Newfoundland, Canada" prepared by Todd McCracken, P. Geo. and Paul Daigle, P. Geo., of Tetra Tech Inc., and should be read in conjunction with this Technical Report. The summary contains references to indicate to the reader the materials that have been used to compile the Technical Report. The Technical Report contains a complete list of all references used in this summary and the terms used in this summary have the meaning given to them in the Technical Report, a copy of which will be filed on SEDAR at www.sedar.com prior to the completion of the Proposed Acquisition.

Property Description and Location

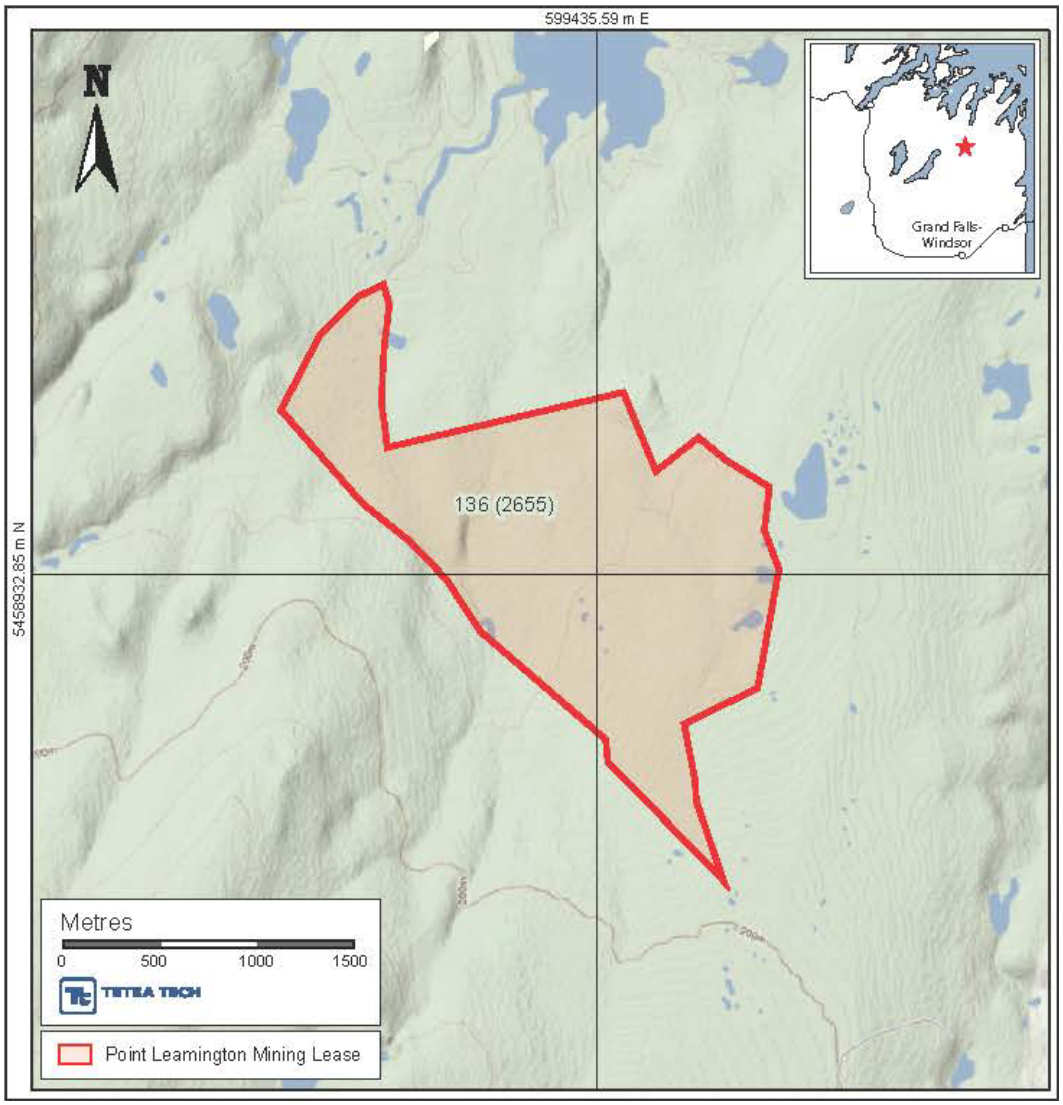
The Leamington Property is located approximately 37 km northwest of the Town of Grand Falls-Windsor, Newfoundland, Canada (see Figure 1).

(**Figure 1 - Location of the Leamington Property**)



The Leamington Property comprised a mining lease covering 263 hectares. The Leamington Property is situated on NTS sheet 2E/5 and is centered on coordinates 554475 east and 5488890 north (see Figure 2). Calibre owns 100% of the rights to the Leamington Property, and the mining lease is in good standing as of June 28, 2013.

(Figure 2 - Location of the mining lease)



On June 20, 2013, the Company entered into the Purchase and Sale Agreement with Calibre to acquire a 100% interest in and to the Leamington Property consisting of a mining lease covering approximately 263 hectares located in the Green Bay District of Newfoundland. The Company will acquire the Leamington Property by issuing an aggregate of 1,000,000 Common Shares to Calibre, and making a payment of $250,000 to Calibre.

Royalties

The Leamington Property is subject to a 1.5% net smelter royalty payable to Glencore Xstrata plc, a 0.5% net smelter royalty payable to MFC Bancorp Ltd., and a 0.5% net smelter royalty payable to Calibre. The net smelter royalty payable to Glencore Xstrata plc is subject to a right of first refusal in favour of Rubicon Minerals Corp. The net smelter royalty payable to MFC Bancorp Ltd. may be purchased by Rubicon Minerals Corp. at any time for a one-time payment of $500,000. The net smelter royalty payable to MFC Bancorp Ltd. may be purchased by Rubicon Minerals Corp. at any time for a one-time payment

of $500,000. The net smelter royalty payable to Calibre may be purchased by the Company at any time for a one-time payment of $1,000,000.

Environmental Liabilities

There are no environmental impacts affecting the Leamington Property at this time.

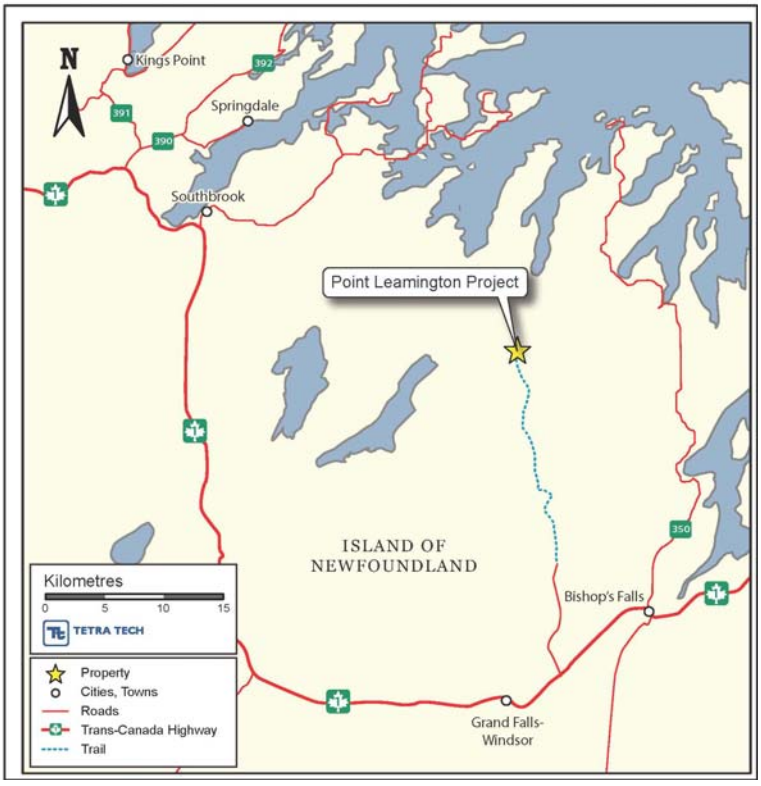
Permits

The surface rights immediately surrounding the Leamington Property are held by the Crown. Work and water use permits necessary to carry out any proposed exploration work in 2013 would need to be obtained from the Newfoundland and Labrador Department of Natural Resources.

Access, Climate, Local Resources, Infrastructure and Physiography

As noted above, the Leamington Property is located approximately 37 km north of Grand Falls-Windsor, Newfoundland. To access the Leamington Property from Grand Falls-Windsor, take the all-weather New Bay Road for approximately 12 km. There is an intersection at the 12 km marker with a large clearing for parking vehicles. From this point the road/trails are not maintained so access by quad or snowmobile is recommended. Continue approximately 16 km on the unapproved road/trail then head northwest across the bog for approximately 2.5 km to the Leamington Property (See Figure 3).

(**Figure 3 - Access to the Leamington Property**)



Grand Falls-Windsor does not host an airport. The closet airport is located in Gander approximately 95 km east on Highway 1. The Gander International Airport is designated an international airport serviced by several domestic carriers with daily flights to other parts of the country with connecting internationals

flights. The airport hosts a 10,500 ft runway capable of supporting large cargo planes. Tidewater access from the Leamington Property is possible at Botwood located approximately 25 km east on the Bay of Exploits; currently this location only services small fishing vessels. The Leamington Property is accessible year round by quads or snowmobiles. Larger equipment access would require some improvements to bridges and roadways.

The climate is typical for a Maritime province, with pleasant summers, cool wet springs and autumns, and snowy, often windy winters. Although most of the ponds freeze over by mid-December the ice is rarely thick enough to support heavy equipment. Summers temperatures can reach +34°C with the average around +23°C. Winter weather is moderate with highs of +3ºC and lows around -34°C with an average of -12°C. Annual precipitation is estimated to be approximately 1,078 mm of which rain accounts for about 85%.

The Town of Grand Falls-Windsor, a modern community with all the amenities for a population of approximately 13,725, was a former pulp and paper mill town. The town is a source of skilled labour. The Town of Springdale, located approximately 107 km west on Highway 1, is a modern community with all the amenities for a population of approximately 2,764. Springdale is the main exploration services center for the region, hosting an analytical laboratory, core box and core rack manufacturers, and several diamond drill companies. Hydroelectricity is available from the provincial grid located approximately 22 km away from the Property.

Topography in the area is dominated by a fairly broad, northeast trending plateau, bordered by major valleys with significant fault scarps. The plateau is rather poorly drained with numerous bogs and ponds. Maximum elevation is close to 160 masl. The entire area has been extensively logged and regrowth has been slow. The main species present are alders, spruce, fir, and birch.

History

Although this part of Newfoundland has been actively explored for more than a century, the area only experienced extensive exploration activity beginning in the early 1970s. This work was conducted mainly by Noranda and other exploration companies. Table 1 summarizes the history on the Leamington Property.

(Table 1 - History of the Leamington Property)

Year	Company	Program
1953	Newmont Mining	• geological mapping
1956	NALCO	• geological mapping and sampling
1967	Phelps Dodge	• airborne and ground electromagnetic (EM) and magnetic survey
1971	Noranda	• optioned the Property from NALCO • 23 diamond drillholes totalling 4,363 m
1972	Noranda	• 11 diamond drillholes totalling 1,128 m
1973	Noranda	• 9 diamond drillholes totalling 2,915 m • metallurgical test completed on the remaining core from three drillholes
1975	Noranda	• resource estimation completed
1977	Noranda	• 1 diamond drillhole totalling 564 m • resource estimation completed

Year	Company	Program
1978	Noranda	• line cutting, electromagnetic survey and geological mapping
1978	Hudson's Bay Oil and Gas	• optioned a portion of the Property from Noranda • geological mapping and sampling
1979	Hudson's Bay Oil and Gas	• geological mapping • 1,985 line km of airborne EM and magnetic survey • soil and stream sediment sampling • dropped option and returned the Property to Noranda
1980	Noranda	• 1 diamond drillhole totalling 569 m
1980	Getty Canadian Metals	• optioned a portion of the Property from Noranda • airborne very-low frequency (VLF), geological mapping and sampling
1981	Getty Canadian Metals	• 30 km line cutting with ground magnetic survey • detailed grid mapping, soil sampling and stream sediment sampling
1982	Getty Canadian Metals	• VLF-EM ground survey • 3 diamond drillholes totalling 351 m • dropped option and returned the Property to Noranda
1983	Noranda	• geochemical survey, EM and magnetic survey

table continues...

1984	Noranda	• basil till sampling and gravity survey • 5 diamond drillholes totalling 1,906 m
1986	Noranda	• 6 diamond drillholes totalling 2,131 m • 4 diamond drillholes for metallurgical testing by Canmet totalling 610 m
1987	Noranda	• 3 diamond drillholes totalling 1,516 m
1988	Noranda	• line cutting and EM survey • 4 diamond drillholes totalling 1,439 m
1989	Noranda	• line cutting, EM survey, lake sediment survey and geological mapping • 1 diamond drillhole totalling 484 m
1997	Noranda	• 2 diamond drillholes totalling 1,265 m
1997	Tri-Origin Exploration	• line cutting, basil till and soil geochemistry, ground geophysics, geological mapping • 9 diamond drillholes totalling 2,128 m
1998	Rubicon Minerals	• acquired the Property from Noranda • geochemical sampling
1999	Rubicon Minerals	• 3 diamond drillholes totalling 1,213 m
1999-2000	Altius Resources	• optioned the Property from Rubicon Minerals • geological mapping and geochemical sampling
2000	Altius Resource	• line cutting, time domain electromagnetic (TDEM) survey • 2 diamond drillholes totalling 759 m • dropped the option on the Property with Rubicon Minerals
2004	TLC Ventures	• optioned the Property from Rubicon Minerals in February • resource estimate completed by Hatch • 5 diamond drillholes totalling 2,402 m

Year	Company	Program
		• metallurgical test
2006-2007	TLC Ventures	• purchased the Property from Rubicon Minerals in December • airborne EM and magnetic survey totalling 2,532 line km
2008	Calibre	• TLC Ventures formerly changes name to Calibre Mining Corp. • geological mapping and geochemical sampling

Three resource estimates have been completed on the Leamington Property and are summarized in Table 2. Historical estimates within Table 2 are considered relevant but not reliable. The authors of the Technical Report have not done sufficient work to classify the historical estimate as a current mineral resource. Calibre is not treating the historical estimates as current resources and the historical estimates should not be relied upon.

(Table 2 - Historical Resource Estimates for the Leamington Property)

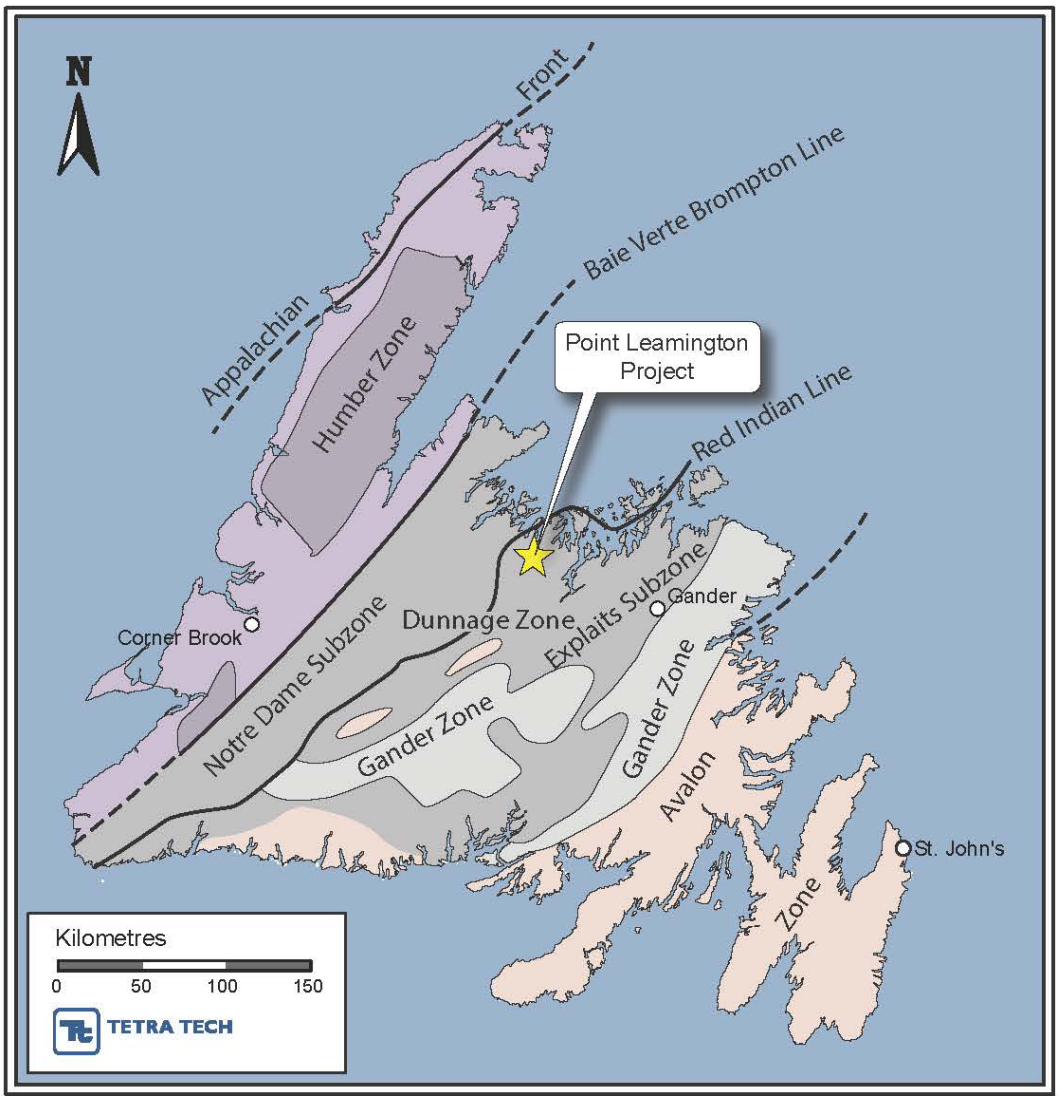
Year	Company	Cut-off	Specific Gravity	Tonnes	Zn (%)	Cu (%)	Au (g/t)	Ag (g/t)	Methodology
1975	Noranda	-	-	12,500,000	1.90	0.48	0.90	20.90	-
1978	Noranda	6% ZnEq	4.00	1,490,566	7.34	0.43	2.25	54.70	Long Section Polygonal
2004	TLC Ventures	2% Zn	3.03 average	3,500,000	3.23	0.28	1.37	25.90	OK

Geological Setting and Mineralization

Regional Geology

The Leamington Property lies within the accreted Cambrian-Ordovician, tectonicstratigraphic Dunnage Zone of the Newfoundland Appalachians (See Figure 4) (Williams 1978). This zone consists of ophiolites and thick sequences of volcanic and sub-volcanic rocks, and their sedimentary equivalents. These rocks are of island arc–back arc affinity (Swinden et al. 1990), and some are of non-arc affinity (MacLachlan 1998, and references therein). The Dunnage Zone is further subdivided into the northwestern Notre Dame and southeastern Exploits subzones which are separated by the structural break known as the Red Indian Line (Williams et al 1988). The Leamington Property lies within the northern part of the Exploits sub-zone.

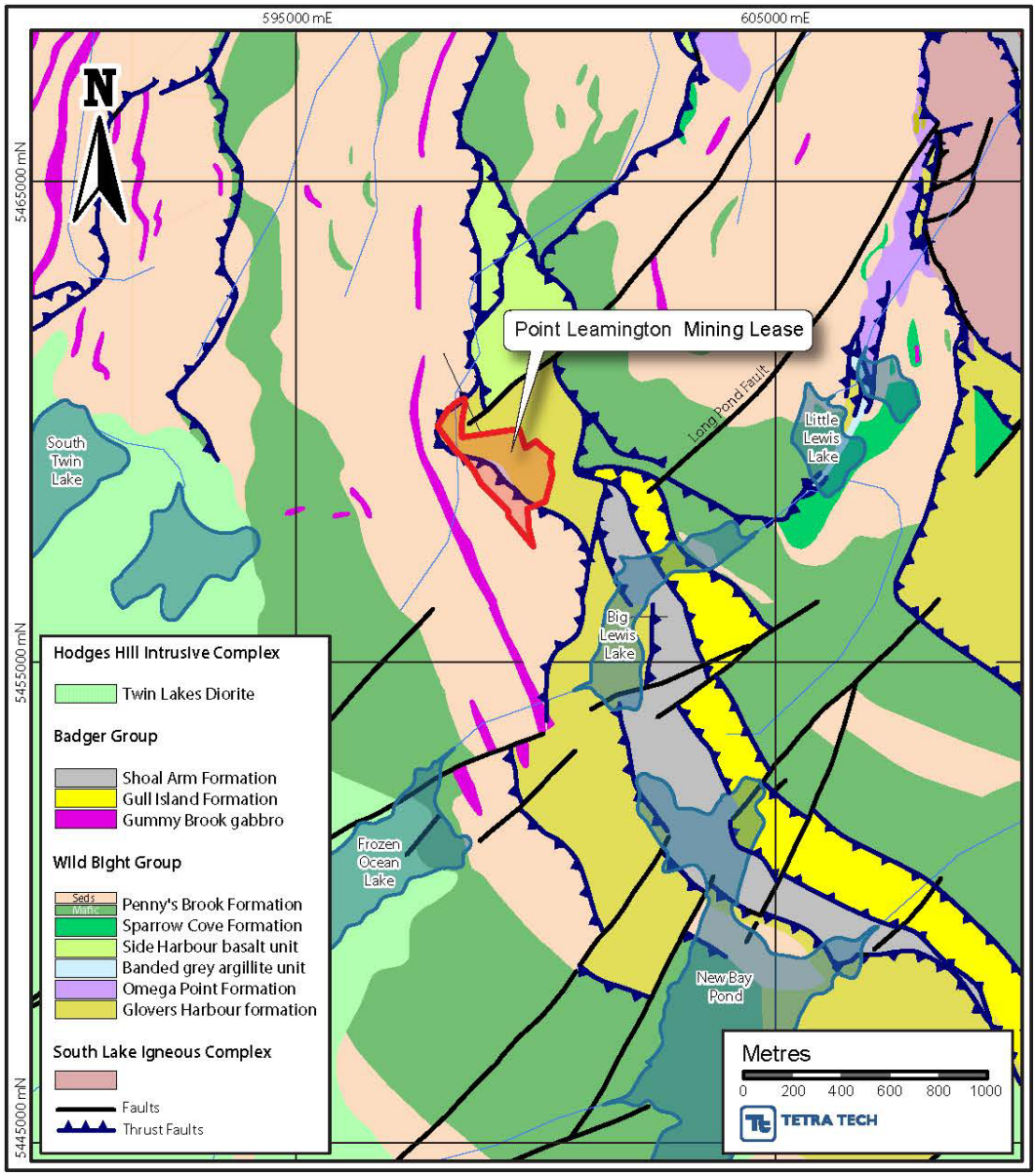
(Figure 4 - Provincial Geology of Newfoundland)



The northern Exploits subzone is subdivided into the Wild Bight Group and the Badger Group (Dean 1977). The Wild Bight group consists of volcanic and sedimentary rocks of early Ordovician to mid-Ordovician age, whereas the Badger Group consists of mid-Ordovician to early Silurian shale-turbidite

sequences (MacLachlan 1998). The Wild Bight Group lies within the broad north-south trending Seal Bay Anticline (O'Brien 2001a). MacLachlan and Dunning (1998) and O'Brien (2001a) have further subdivided the Wild Bight group into a lower Tremadoc-Early Arenig section and an upper Late Arenig-Early Llanvirn section (See Figure 5).

(**Figure 5 - Regional Geology**)



The lower Wild Bight Group consists of a bimodal tholeiitic volcanic suite which forms the Glover's Harbour Formation (MacLachlan et al. 2001). This unit occurs in several geographically separate areas and is always fault-bounded, except for one locality where it is in disconformable contact with the upper Wild Bight Group, Omega Point Formation (O'Brien 2001a). The Glover's Harbour Formation consists of pillowed and brecciated mafic flows with minor chert and argillite, and quartz and plagioclase phyric felsic flows and domes that are interbedded with felsic to intermediate pyroclastic and volcaniclastic

rocks. A second formation in the lower Wild Bight Group, the Seal Bay Brook Formation, may be correlative with the Glovers Harbour Formation. The Seal Bay Brook Formation consists of basalt flows and mixed mafic-felsic volcanic breccia, felsic flows and tuffs.

The upper Wild Bight Group comprises two formations; the Omega Point Formation and the Penny's Brook Formation (MacLachlan et al. 2001). The Omega Point Formation consists of thinly bedded, grey to green greywacke and argillite with additional components of chert, shale, and minor iron formation. The Penny's Brook Formation is made up of thinly to thickly bedded green tuffaceous greywacke and agglomerate, with massive to graded grits and conglomerates and local laminated chert and argillite. Discrete lenses of calc-alkaline pillowed, brecciated, and pyroclastic mafic volcanic rocks are common throughout the formation.

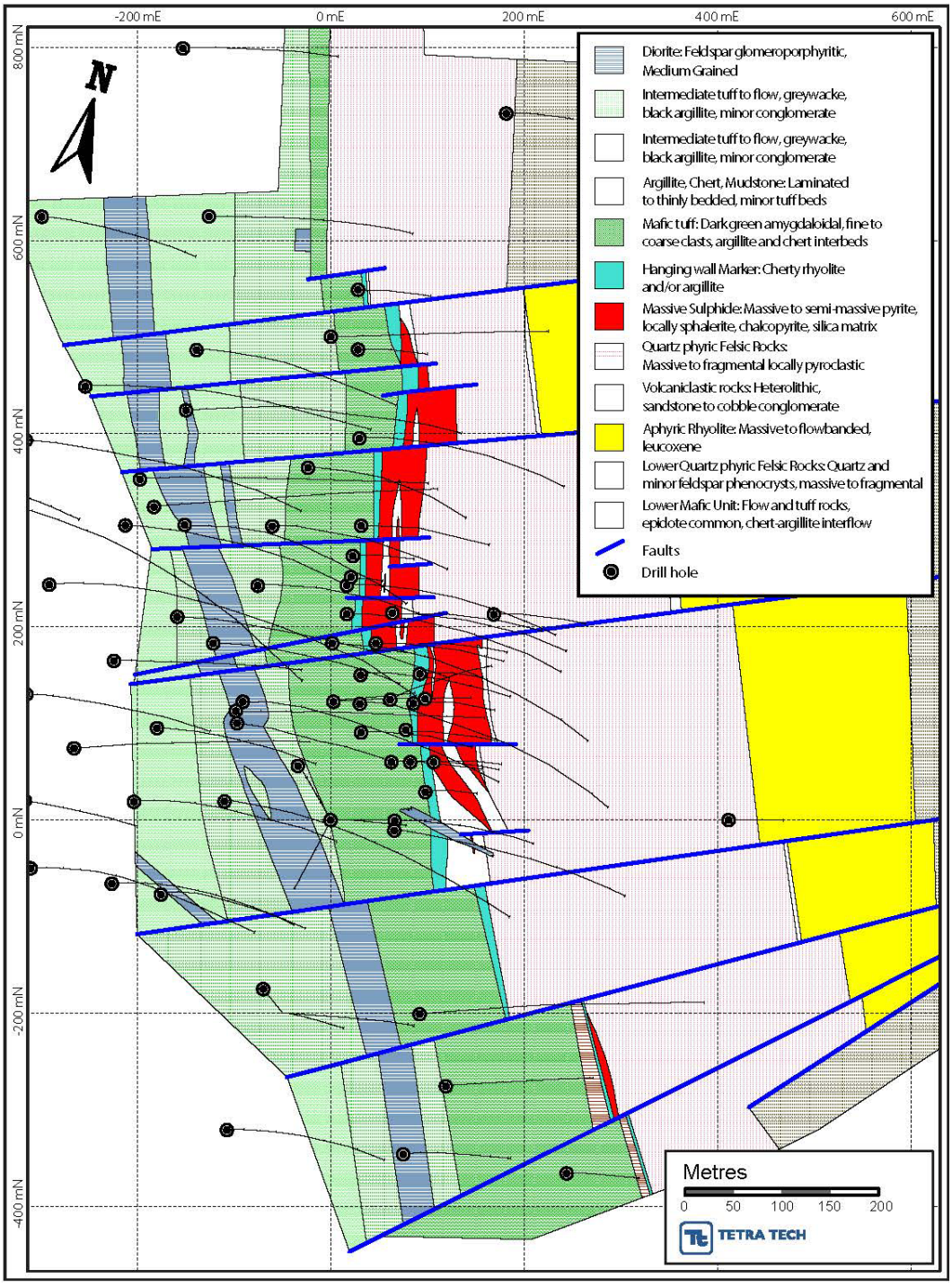
The rocks in the Leamington Property region are disposed in a complex arcuate shaped thrust stack, having regional southwest dip in the west and southeast dip in the east (O'Brien 2001a). Numerous of the thrust faults are localized along rock unit boundaries, suggesting re-activation by later compression of early normal faults that were related to extension and volcanism, particularly those bounding the Glover's Harbour Formation (MacLachlan et al. 2001). Faulting in this early phase (D1) is interpreted to have been oriented northeast-southwest. The main phase of compression, D2, created northeast trending regional folds and faults, locally re-orienting D1 structures. Minor deformation has occurred later.

Several large, northeast trending, primarily dextral faults, such as the Long Pond Fault occur throughout the region. These faults can be seen to offset stratigraphy on the order of hundreds of metres and are particularly evident on airborne magnetic geophysical maps.

Project Geology

The Leamington is hosted within the Glovers Harbour Formation of the Wild Bight Group (See Figure 6, below) (MacLachlan et al. 2001; O'Brien 2001a). This volcanicdominated formation is in fault contact with the overlying Penny's Harbour Formation, which consists of thickly-bedded coarse-grained volcaniclastic rocks, chert, argillite and mafic pillowed flows and pyroclastic units (MacLachlan et al. 2001) in the Point Leamington area. The underlying section is dominated by mafic volcanic rocks, possibly of the Glovers Harbour Formation, but also refractory units (magnetic) of the Seal Bay Brook Formation (MacLachlan et al. 2001). These rocks define a strong magnetic high traceable to Seal Bay in the north and to New Bay Pond in the southeast (Swinden and Jenner 1992).

(Figure 6 - Geology of the Leamington Property & Drillhole Location Map)

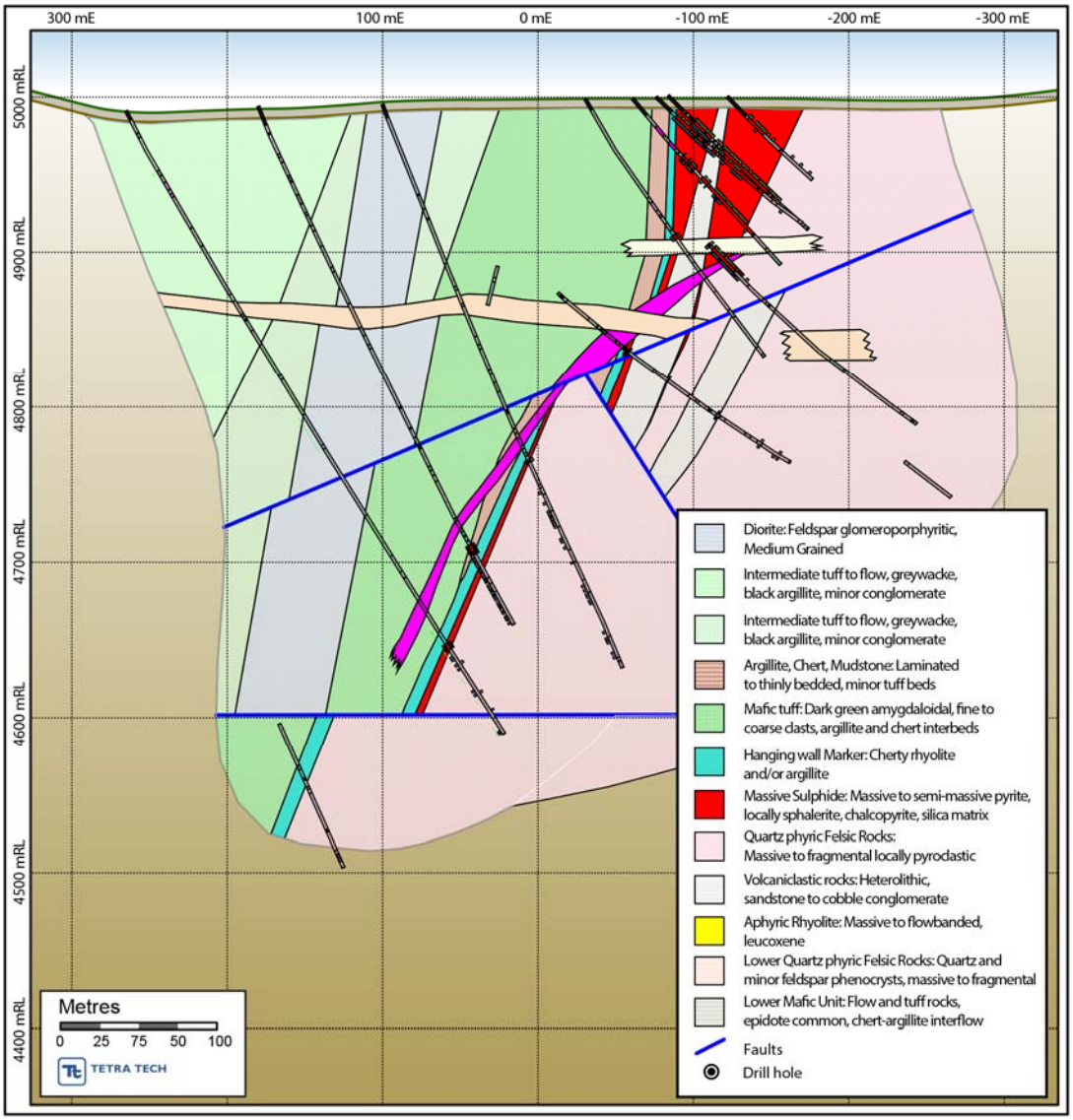


Lithologies

The lithological section on the Leamington Property can be divided into essentially five stratigraphic elements and an intrusive element. The six main subdivisions in the section, roughly ordered from structurally highest to lowest unit, are as follows (See Figure 7): (a) Hanging wall clastic rocks,

intermediate tuffs/flows; (b) Hanging wall mafic pyroclastic rocks and flows; (c) Hanging wall marker, cherty rhyolite-argillite, massive sulphide horizon, volcaniclastic unit; (d) Footwall felsic rocks, consisting of quartz phyric flows and fragmental rocks, aphyric rhyolite, lower phyric felsic and interbedded volcaniclastic units; (e) Lower mafic unit; (f) Intrusive units.

(Figure 7 - Generalized Cross Section)



Hanging Wall Clastic and Intermediate Volcanic Rocks

The clastic rocks include greywacke, black argillite, and conglomerate, mixed with maficintermediate pyroclastic rocks, minor flows. The intermediate volcanics includes tuff and minor amygdaloidal flows, interbedded with finer grained sediment including minor light green chert. Compositions may range from andesite to dacite.

Hanging Wall Mafic Volcanic Rocks

The hanging wall mafic volcanics consists of coarse mafic tuff units, with interlayered flows in the upper half of the section. The pyroclastic layers are predominantly amygdaloidal and locally vitric rocks, consisting of mostly mixed tuff, lapilli tuff, and agglomerate but including some very coarse agglomerate layers. Sections may have very well defined bedding in the tuff layers. Common graded bedding indicates strata are upright. There are highly variable widths of interspersed amygdaloidal mafic flows, which are pillowed, brecciated, and massive. The mafic rocks are commonly chloritic but also contain weak epidote and calcite alteration, and very minimal sulphides.

Interspersed with the mafic rocks are sections of finer mafic tuff, with chert interbeds, and local argillaceous sections, commonly with disseminated to massive pyrite and/or pyrrhotite in beds up to 5 cm thick.

Hanging Wall Marker Units, Massive Sulphide Horizon

This unit is primarily a “cherty rhyolite” to argillite marker unit that may be massive chert or siliceous tuff locally. Jasper and hematite alteration is common, as is sulphidic matrix in brecciated sections. Thickness ranges from a few centimetres to tens of metres and may include interlayers of fine mafic tuff to lapilli tuff. Overall, this unit forms a useful marker horizon as it is widespread and continuous on a property scale but it is not always present even where massive sulphide occurs. The unit normally forms a conformable contact with the massive sulphide but the contact is commonly obscured by dykes. Interspersed with the mafic rocks are sections of finer mafic tuff, with chert interbeds, and local argillaceous sections, commonly with disseminated to massive pyrite and/or pyrrhotite in beds up to 5 cm thick.

The main massive sulphide horizon on the Property has a very consistent stratigraphic position, immediately below, or within a few metres of the hanging wall-footwall contact. There is quite a bit of lateral variation on the horizon though and the Main Zone may, in fact, consist of a series of massive sulphide lenses, interfingering with volcaniclastic lenses, chert layers and footwall felsic flows or pyroclastic units. Earlier workers pointed out the possibility of metal zoning within the deposit, consisting of a lower grade upper portion or lens, and a lower high-grade zinc-gold section (Walker and Collins 1988). These two zones are commonly separated by a volcaniclastic unit but also can be distinguished where the sulphide body consists of one massive lens.

Massive sulphide mineralization of the Leamington Property deposit is described as an upper pyrite-rich zone and a lower zinc-rich zone. The upper pyrite-rich zone consists of 80 to 95% pyrite, with local sections of 5 to 10% sphalerite and minor chalcopyrite. The lower zinc-rich zone consists of 75 to 95% pyrite with sections of 5 to 25% sphalerite and minor chalcopyrite (Plate 3). The sulphides are generally fine to medium grained, with some coarser grained sections in the lower zinc-rich zone. Quartz is the most common gangue mineral associated with the massive sulphide mineralization. The upper and lower zones are commonly separated by a felsic volcaniclastic unit, normally chlorite altered and pyritic. Stringer mineralization associated with the deposit consists mainly of pyrite with minor sphalerite, arsenopyrite, and chalcopyrite.

Foot Wall Felsic Volcanic Rocks

This unit is the uppermost footwall rock encountered in all the holes in the vicinity of the Leamington Property deposit. The section varies from 100 to 250 m true thickness where it has been observed. The rock is a quartz phyric, massive to brecciated to fragmental (pyroclastic?) intermediate or felsic volcanic rock. Fragmental texture is common but it is generally not obvious whether this is a pyroclastic rock or

flow breccia or massive to brecciated dome. The rock has a generally aphanitic matrix and tan to grey colour. Quartz phenocrysts comprise up to 8 or 10% of the rock and are up to 10 mm in diameter, but 2 to 5% content and 2 to 5 mm diameter are most common. The phenocrysts are rounded but do not look like amygdales. There are minor feldspar phenocrysts locally, but these are not common. The rock is characterized by fine grained leucoxene, which is ubiquitous and comprises up to 3% of the rock.

Alteration is variable, but generally consists of weak to strong sericite-chlorite-silica, particularly in spatial association with the Main Zone. Pyrite content increases concomitantly with alteration, up to 20%, locally as disseminations and breccia filling. Quartz and/or chalcedony veining is common, also as breccia filling locally, and contains blebby to disseminated pyrite, sphalerite and chalcopyrite. Alteration is commonly proportional to the amount of fracturing present. Strong bleaching is also present, related to silica-sericite alteration and destruction of chlorite. Hematite and magnetite alteration occur in apparently lesser altered areas, possibly peripheral to the main deposit area.

Within the footwall quartz phyric section there are volcaniclastic interbeds, characterized by clasts of quartz phyric felsic rock, aphyric rhyolite, strongly chlorite altered rock, and quartz vein (Plate 5). However, clasts of massive sulphide are not common and consist of small pyrite-only clasts where present. Both matrix and clast supported volcaniclastic beds occur, commonly with disseminated pyrite in the matrix. Narrow massive pyrite beds occur within these volcaniclastic units in a few localities associated with relatively strong sericite and chlorite alteration.

The footwall mafic flow consists of a couple narrow flows, 2 to 5 m wide, that occur in the lower part of the quartz phyric to upper aphyric rhyolite section. It is a grey, fine grained, amygdaloidal, “blobby” pillow breccia with bleached rims on the breccia clasts. Locally the texture looks almost peperitic as the contact intermingles on small scale with adjacent aphyric rhyolite.

Aphyric rhyolite lies below the quartz phyric footwall unit. The rock is massive and fine grained, with a light grey to tan colour, and ubiquitous, finely disseminated leucoxene. This unit is characterized by a general lack of quartz phenocrysts and, only locally, very sparse feldspar phenocrysts. Flow banding and hyaloclastite textures are also common, particularly in the upper portion of the unit. Fracturing is prevalent, with fractures being filled by chlorite and pyrite, and locally forming curvilinear patterns marked by weak chlorite and silica alteration of the host rock (Plate 6). The aphyric rhyolite is commonly a medium to light green colour, possibly due to weak, pervasive chlorite-sericite alteration. True thicknesses observed range from less than 20 m to greater than 150 m. This variability may be, in part, due to faulting.

Alteration in the aphyric rhyolite is mostly chlorite and silica, focused on zones of strong brecciation. Pyrite is very common in altered sections, primarily as disseminations in the host rock and also as breccia and fracture fillings. Arsenopyrite and sphalerite are also common, in breccia matrices and fractures. Strong massive chlorite-pyrite alteration is observed at the upper contact of the aphyric rhyolite in the north half of the deposit area (Plate 7). A zone of intense, texturally destructive silica alteration occurs above the bottom contact of the aphyric rhyolite.

Minor volcaniclastic beds have been noted within the aphyric rhyolite section. These beds are quite variable, ranging from thick bedded sandstone and matrix supported conglomerate to thin, clast supported conglomerate beds. Clast composition is moderately heterolithic with aphyric rhyolite, quartz phyric rhyolite, massive chlorite and very minor pyrite and pyrite-arsenopyrite sulphidic (although not massive sulphide) clasts. Clasts and matrix are commonly sericite and silica altered, with disseminated pyrite concentrated in the matrix.

Below the aphyric rhyolite there is another quartz and feldspar phyric felsic unit. This unit is quite variable in appearance, locally with coarse quartz phenocrysts and ghost-like feldspar phenocrysts. The unit is generally massive but also appears to be fragmental. This rock is seen in drillholes below the north half of the main deposit and has a maximum thickness of 32 m. Sericite-chlorite alteration is weak to moderate overall but stringer chlorite-pyrite-chalcopyrite alteration and mineralization was observed.

Lower Mafic Unit

The lowermost volcanic unit observed on the Leamington Property is the Lower Mafic unit. This unit varies from calcite and chlorite amygdaloidal, fine to medium grained massive and brecciated flows to pyroclastic units. The rock is a dark green colour with feldspar prevalent in the groundmass of the massive flows and moderate chlorite-epidote alteration. Argillite and chert, and locally massive pyrite, occur as interflow beds and in pillow interstices. This rock is commonly in fault contact with the overlying units and may lie below a thrust fault.

Intrusive Units

The intrusive units on the Leamington Property are primarily dykes and they are abundant throughout the section. Earlier dykes show some concordance with stratigraphy, especially the hanging wall diorite. These dykes are also commonly pervasively altered by carbonate, chlorite, and epidote. Some apparently later dykes show much steeper dip and cross-cut strike, such as the red feldspar porphyry dyke and the magnetic feldspar porphyry dykes. These later dykes are less altered and deformed as well. Hematization and calcite alteration are common. Veining within these later dykes tends to be more quartz or quartz-calcite, and is rarely mineralized.

The diorite unit, occurring in the hanging wall section, has a feldspar glomeroporphyritic to medium grained ophitic texture (diabasic?) with randomly oriented feldspar laths. It is generally weakly sausseritized with chlorite alteration common. The diorite is a thick, anastomosing unit that is sub-parallel to stratigraphy, striking roughly grid north south and it is observed throughout the strike range of the deposit. The diorite dyke is cut by fine grained, weakly porphyritic mafic dykes and chloritic to serpentinized mafic to ultramafic dykes.

The ultramafic dykes are generally fine grained and have strong chlorite-serpentine alteration, with thick, serpentinized fracture envelopes. Massive dykes commonly have a “pseudo-cumulate” texture in their core, which consists of ovoids with serpentinized rims, possibly a weak shear texture. These dykes are generally strongly magnetic and have moderate to strong pervasive carbonate alteration.

As well, mafic-ultramafic dyke complexes are very common, consisting of intermingling dykes, with chloritic phenocrysts in fine grained mafic sections and serpentinized sections as well. These complexes are commonly weakly magnetic in specific sections.

These mafic dykes are fine grained, medium to dark green, weakly altered and have chloritic and locally feldspar phenocrysts. They are generally not magnetic. They do cross-cut the diorite unit and may or may not be equivalent to the mafic part of the maficultramafic complex dykes.

This unit is fine grained, light to medium green, commonly with pervasive calcite alteration, and sporadic hematite and magnetite content. This unit was primarily noted on Section 200S, in drill holes PL04-073 and PL04-074. These dykes seem to be relatively late in the overall sequence. Some of these dykes may be related to the red feldspar porphyry felsic dyke.

The red, feldspar porphyry felsic dykes have darkly coloured, magnetic chill margins with scattered feldspar phenocrysts, that give way to light reddish coloured fine grained feldspar porphyritic and glomeroporphyritic central portions. Minor mafic phenocrysts are present and leucoxene is common throughout the groundmass of the dyke. The dyke commonly contains scattered sericite and/or chlorite altered xenoliths and possibly weak potassium feldspar alteration in the groundmass locally. These dykes are apparently quite late in the overall geological sequence and generally strike at high angle to the overall stratigraphic section.

This set of generally narrow dykes have a light yellowish grey to pale yellow colour and are fine grained with tiny quartz and feldspar phenocrysts or amygdales. Leucoxene is disseminated throughout the dykes. Pervasive calcite alteration is commonly present. The dykes are associated with brittle faulting resulting in broken core. They are seen to cut the red feldspar porphyritic dykes making this dyke set one of the youngest units in the geological section.

Alteration

Significant zones of chlorite-sericite-pyrite alteration occur below the Main Zone of the Leamington Property deposit. Particularly, there is an extensive zone of strong footwall alteration at the upper levels of the deposit centred on the Central fault. Significant chlorite-sericite footwall alteration also occurs below the wedges of mineralization from Section 025N to 100N. Similar alteration is found within the footwall stratigraphy in the north part of the deposit, around Section 350N, and is highlighted by a 2 to 3 m wide section of massive chlorite-pyrite alteration in PL-055 at the upper contact of the aphyric rhyolite.

Hematization was noted in several localities around the Main and South Zone deposits. There is a prevalence of hematization of the footwall and hanging wall rocks at the north end of the deposit. This includes some magnetite in these zones. The hematite tends to be pervasively distributed in the footwall but may occur in pillow or agglomerate interstices in the hanging wall mafic rock section. Hematite also occurs in various stratigraphic units overlying the deposit, more or less covering the overall strike. To the south, hematite occurs locally in quartz phyric units below the South Zone.

Structure

The deposit section is upright and west facing, striking about 160°, and dipping an average of 70° west. The dips are apparently flatter near the South Zone, where hole to hole projection of identifiable units gives as little as a 45° dip. The rocks observed in drill core on the Leamington Property are generally not obviously deformed. There is very little evidence of folding in the rocks other than some possible drag folds on shears. Faults are apparent on most sections where simple dip projections between drillholes are too incongruous. Evidence of reverse or thrust faulting (O'Brien 2001a) is minimal at this time but may simply be due to lack of recognition. The reverse faults would likely be west dipping, sub-parallel to the stratigraphy, and as such are difficult to pick out on sections or plans.

Several subvertical to north dipping faults, roughly perpendicular to the strike of the deposit, offset the stratigraphy in a sinistral sense from tens to as much as 100 m. The main faults of this type in the immediate vicinity of the deposit are called the North, Central and South faults, although there are numerous other similar faults throughout the strike length of the deposit and beyond. In plan, these faults apparently offset stratigraphy in both sinistral and dextral sense whereas the true offset may be more vertical than horizontal. The large number of faults creates a bewildering array of jogs in the deposit and considerably complicates the interpretation of the massive sulphide body as a continuous zone or a series of lenses.

Interpretation of the drill sections has led to the recognition of flat lying faults within the local stratigraphy. The main fault of this type has been called the 4600 Fault, referring to its approximate elevation. The 4600 Fault lies below the length of the deposit, and generally offsets stratigraphy in a top side east manner on the order of 75 to 150 m. The lack of detailed drillhole information at this level means it is commonly not possible to see repetition of units across the fault, which would allow exact determination of the offset. The fault gives the appearance of thickening of units in section, such as the aphyric rhyolite as previously interpreted on sections 050S, 350N, and 450N. A similar flat fault may be present at about the 4800 to 4850 Level. The flat faults appear to be quite late and may even post-date the numerous steep, grid east-west faults, that cut the deposit. A connection to the regional thrust faulting prevalent in the area is likely.

Mineralization

Stringer mineralization is common in the footwall rocks, particularly immediately below the massive sulphide zones. Pyrite commonly occurs up to 15 or 20% as disseminations and fracture fillings, in chalcedony and quartz veinlets, and lenses and small masses. Sphalerite is common in pyrite stringers, chalcedony veinlets and breccia matrix in the footwall but rarely exceeds a trace amount. Chalcopyrite is less common and is primarily restricted to veinlets with quartz and pyrite. Arsenopyrite is nearly as common as sphalerite but tends to be concentrated in narrow zones, particularly in shears and sulphidic breccias. Sulphide mineralization occurs variably throughout the footwall felsic section, as far down as the Lower Mafic unit.

Sulphide mineralization is not common in the hanging wall rocks to the main zone. Disseminated pyrite and, locally, arsenopyrite occur in shear zones associated with quartz-carbonate veining. Minor disseminated to massive pyrite and/or pyrrhotite mineralization occurs in argillite-chert-tuff sections. Strong arsenopyrite mineralization also occurs in these units in a few locations. Arsenopyrite also occurs in quartz-pyrite shears cross cutting the hanging wall diorite.

Deposit Types

The Leamington Property is a Noranda-type VMS hosted by Cambrian-Ordovician metavolcanic and metasedimentary rocks of the Wild Bight Group. The style of mineralization, alteration, host rock and tectonism most closely resembles other VMS deposits throughout the world. This deposit type is referred to as type G06 by the British Columbia Ministry of Energy, Mines and Petroleum Resources Deposit Profiles. Examples of this deposit type include Myra Falls, British Columbia, Kidd Creek, Ontario, Buchans, Newfoundland, Bathurst, New Brunswick, and Kuroko, Japan.

The deposit type is characterized by the following geologic elements:

Geological Setting

Island arc; typically in a local extensional setting or rift environment within, or perhaps behind, an oceanic or continental margin arc Marine volcanism; commonly during a period of more felsic volcanism in an andesite (or basalt) dominated succession; locally associated with fine-grained marine sediments; also associated with faults or prominent fractures.

Host Rock Types

Submarine volcanic arc rocks: rhyolite, dacite associated with andesite or basalt; less commonly, in mafic alkaline arc successions; associated epiclastic deposits and minor shale or sandstone; commonly in close

proximity to felsic intrusive rocks. Ore horizon grades laterally and vertically into thin chert or sediment layers called informally “exhalites”.

Deposit Forms

Concordant massive to banded sulphide lens which is typically metres to tens of metres thick and tens to hundreds of metres in horizontal dimension; sometimes there is a peripheral apron of "clastic" massive sulphides.

Ore Mineralogy

Upper massive zone: pyrite, sphalerite, galena, chalcopyrite, pyrrhotite, tetrahedritetennantite, bornite, arsenopyrite. Lower massive zone: pyrite, chalcopyrite, sphalerite, pyrrhotite, magnetite.

Alteration

Footwall alteration pipes are commonly zoned from the core with quartz, sericite or chlorite to an outer zone of clay minerals, albite and carbonate (siderite or ankerite).

Exploration

The Company has not conducted any exploration work on the Leamington Property, and Calibre has not conducted any exploration work on the Leamington Property since 2008.

Drilling

Neither Calibre nor the Company have conducted any diamond drilling on the Leamington Property. The historical diamond drilling completed by previous operators is summarized in this section.

Historical Diamond Drill Summary

Six companies are known to have drilled on the Leamington Property (See Table 3, below). Only three of the companies drilled in the current resource area and the details of the programs are shown in Figure 6, above.

(**Table 3 - History Drill Hole Summary**)

Company	Date Range	Number of Holes	Total Meters	Core Size	Used in Resource Estimation
Noranda	1971-1997	71	20967	AQ/NQ	X
Getty Canadian Mines	1982	3	351	?	
Tri-Origin	1997	9	2121	NQ	
Rubicon	1999	3	1213	NQ	X
Altius	2000	2	759	?	
TLC Ventures	2004	5	2402	NQ	X

Noranda's Historical Drilling

Noranda drilled 71 inclined core holes totaling 20,967m the Leamington Property between 1971 and 1997. The borehole series was PL-001 to PL-066, PL-066A and L-1 to L-4. Holes Pl-001 to PL-045 were drilled AQ sized and all remaining holes were drilled NQ.

The records are incomplete as to which drilling companies completed the work. The drill records prior to 1980 do not contain any details of the methodology used during the program. The drilling was completed Petro Drilling of Springdale, Newfoundland from 1980 to 1987 and Lantech Drilling of Dieppe, New Brunswick in 1997.

Multiple downhole surveys were completed, yet methodology for the surveys was not well documented. From 1980 to 1987 the downhole surveys were completed using a tropari, while in 1997 a pajari was used.

Core logging was completed manually as typed logs, which were then converted to scanned .pdf files.

Rubicon Minerals' Historical Drilling

Rubicon Minerals drilled three inclined NQ core holes on the Leamington Property totalling 1,213 m. The borehole series was PL-067 to PL-069. Drilling was completed by Logan Drilling of Springdale, Newfoundland. Multiple downhole surveys were completed, yet methodology for the surveys was not documented (Singh and Gray 2000).

Core logging was completed in LAGGER software.

TLC Ventures' Historical Drilling

TLC Ventures drilled five inclined NQ core holes on the Leamington Property totalling 2,402 m. The borehole series was PL-073 to PL-077. Drilling was completed by Petro Drilling of Springdale, Newfoundland.

Downhole surveys were completed using a FlexIT survey tool (Jones 2005).

QP Opinion

It is Tetra Tech Inc's opinion that the drilling and logging procedures were acceptable to meet industry standards at the time the work was completed and that the information can be used for geological and resource modeling.

Sample Preparation, Analysis and Security

Neither Calibre nor the Company have completed any sampling on the Leamington Property.

Prior Owners

The available information on sampling methods, sample preparation and analytical procedures used by past operators is summarized below:

Core Sampling - Noranda

There was no documentation as to the sampling procedures used by Noranda.

Core Sampling - Rubicon Minerals

There was no documentation as to the sampling procedures used by Rubicon Minerals.

Core Sampling - TLC Ventures

All drill core was logged and samples set and sawn on site. The 2004 core is dead stacked on the Leamington Property at the 2004 camp site.

Core samples were taken from mineralized and altered zones by splitting the core along its length using a diamond blade core saw. One half of the core was submitted to an analytical lab for analysis and the other returned to the core box for archiving.

Sample Preparation, Analytical Procedures and Security - Noranda

There are no records about sample preparation or security for the diamond drill program.

Prior to 1984, there is no documentation as to the analytical procedure used by Noranda. All samples in 1984 and again in 1997 were submitted to the Noranda Assay Laboratory in Bathurst, New Brunswick. There is no documentation as to the analytical procedure completed at the Noranda facility. In 1986 and 1987, samples were submitted for preparation to the Chemex Preparation facility in Pasadena, Newfoundland and the pulp were shipped to ALS in North Vancouver for analysis.

Sample Preparation, Analytical Procedures and Security - Rubicon Minerals

There are no records about sample preparation or security for the diamond drill program (Singh and Gray 2000). Fire assay (FA) with atomic absorption (AA) finish for gold and silver and inductively coupled plasma (ICP) for base metals was completed by Eastern Analytical of Springdale, Newfoundland. ALS Chemex of North Vancouver was used for check analysis.

Eastern Analytical is not a certificated analytical facility, nor was it certified during the time this program was run. ALS Chemex, was a certified laboratory at the time this program was completed. It has changed its name to ALS Ltd.

Sample Preparation, Analytical Procedures and Security - TLC Ventures

All samples were submitted to Eastern Analytical of Springdale, Newfoundland. Eastern Analytical is not a certificated analytical facility, nor was it certified during the time this program was run.

The following documents the procedure used for analysis at Eastern Analytical: (a) Samples are organized and labelled when they enter the lab; (b) Samples were placed in drying ovens until completely dry; (c) Dry samples are crushed in a Rhino Jaw Crusher to approximately 75% -10 mesh; (d) The sample is rifle split until approximately 250 to 300 g of material remains; (e) The course reject is bagged and stored; (f) The 250 to 300 g split is then pulverized using a ring mill to approximately 98% -150 mesh; (g) A 30 g sample is weighed into an earthen crucible containing lead oxide fluxes; (h) Silver nitrate is then added and the sample is fused in a FA oven to obtain a liquid which is poured into a mold and let cool. The lead button is then separated from the slag and cupelled in a fire assay oven which obtains a silver bead

containing the gold; (i) The bead is dissolved in acid and then diluted with deionized water prior to AA analysis; and (j) A second 0.5 g sample is digested with 2 ml nitric acid in a 95°C water bath for a half hour, after which 1 ml hydrogen chloride is added and the samples is returned to the water bath for an additional half hour. After cooling, samples are diluted to 10 ml with deionized water, stirred and let stand for 1 hour to allow precipitate to settle then analyzed by ICP.

QA/QC Program

Neither Calibre nor the Company have a QA/QC program in place as they have not conducted any sampling on the Leamington Property.

Review of historic work indicates that TLC Ventures were the only operators on the Leamington Property to conduct a limited QA/QC program with the insertion of blanks and duplicate samples. Tetra Tech has not reviewed the results of the TLC Ventures QA/QC program.

QP Opinion

It is Tetra Tech's opinion that the sample preparation and analytical procedures in place by Rubicon Minerals and TLC Ventures meet acceptable industry standards and that the information can be used for geological and resource modelling.

Although the Noranda procedures are not well documented, it is Tetra Tech's opinion that the results are reliable to be used for geological and resource modeling.

Data Verification

Tetra Tech carried out an internal validation of the diamond drillhole file against the original drillhole logs and assay certificates for both the Leamington Property datasets.

The validation of the data files was completed on 18 of the 97 boreholes in the dataset or approximately 18%. Data verification was completed on collar coordinates, end-of-hole depth, down-the-hole survey measurements, and "from" and "to" intervals (Table 4).

(**Table 4 - Database Validation Summary**)

Analysis	Total No.	Verified	Verification Rate (%)	Error Rate (%)	Comments
Collar	98	18	18	11	two possible depth errors
Survey	438	140	32	3.67	one dip error, and three azimuth errors, however all three azimuth errors was due to an incorrect interval
Lithology	2,901	197	7	0.39	one missing interval
Assay	3,920	512	13	0	-

The two collar errors or 11% error rate detected in the header files were due to minor end of hole depths in the digital files compared to the logs. A total of four survey records or 4% indicated errors of which 3 were due to incorrect interval.

All assay data validated with no errors relative to the assay certificates. All assays entered in the database as being below detection limit with a "<" sign were converted to half the detection limit and were not considered to be errors in the data.

Tetra Tech imported the drillhole data into the Datamine program, which has a routine that checks for duplicate intervals, overlapping intervals, and intervals beyond the end-of-hole. The errors identified in the routine were checked against the original logs and corrected.

Tetra Tech visually observed the diamond drill setups on surface. Manual GPS validation was completed using a Garmin GPSMAP® 60Cx handheld device. Coordinates were collected using NAD27 summarizes the findings. Locating drill collars proved difficult as not all the collars are well marked. Figure 8 to Figure 10 are examples of the conditions of the collars located on the Leamington Property during the site visit.

(**Figure 8 - Example of Drill Collar on Leamington Property**)



(**Figure 9 - Example of Drill Collar on Leamington Property**)



(**Figure 10 - Example of Drill Collar on Leamington Property**)



A total of thirteen drill collars or 13% of the dataset were located in the field during the site visit. Table 5 summarizes the validation of the GPS reading compared to the digital file. There is a substantial shift of the data that is required to be explained. The conversion from grid co-ordinates to UTM completed in needs to be reviewed. It is strongly recommended to re-survey the drill collars using a differential GPS.

(**Table 5 - Leamington Property Drill Collar Validation**)

	Calibre Data			Tetra Tech Data			
	Easting	Northing	Elevation	Easting	Northing	Elevation	Delta
L-1	599493	5458886	173	599478	5458865	176	78
L-2	599326	5458883	172	559400	5458891	184	103
PL-003	599409	5458723	173	599487	5458735	174	78
PL-007	599213	5459180	154	599261	5459182	156	48
PL-036	598975	5458845	157	598980	5458900	160	126
PL-048	599055	5459062	156	599146	5459065	155	91
PL-051	599134	5458738	156	599224	5458741	168	90
PL-055	599199	5459045	160	599283	5459051	164	84
PL-057	599053	5458558	161	599008	5458597	159	59
PL-058	599142	5458571	169	599274	5458596	175	134
PL-060	599014	5459262	150	599099	5459256	145	85
PL04-073	599362	5458495	171	599360	5458446	173	48
PL04-077	599056	5458690	162	599083	5458727	156	46

Check samples were not collected in order to validate the assay results. A selection of the drill core was reviewed in St. John's at the Department of Natural Resources Core Library. Intervals, unit descriptions, and assays observed in the drill core were compared to the drill logs. No significant issues were observed. Figure 11 to Figure 13 display the condition of the drill core.

Todd McCracken, P.Geo. visited the site from March 26 to 28, 2013, inclusive.

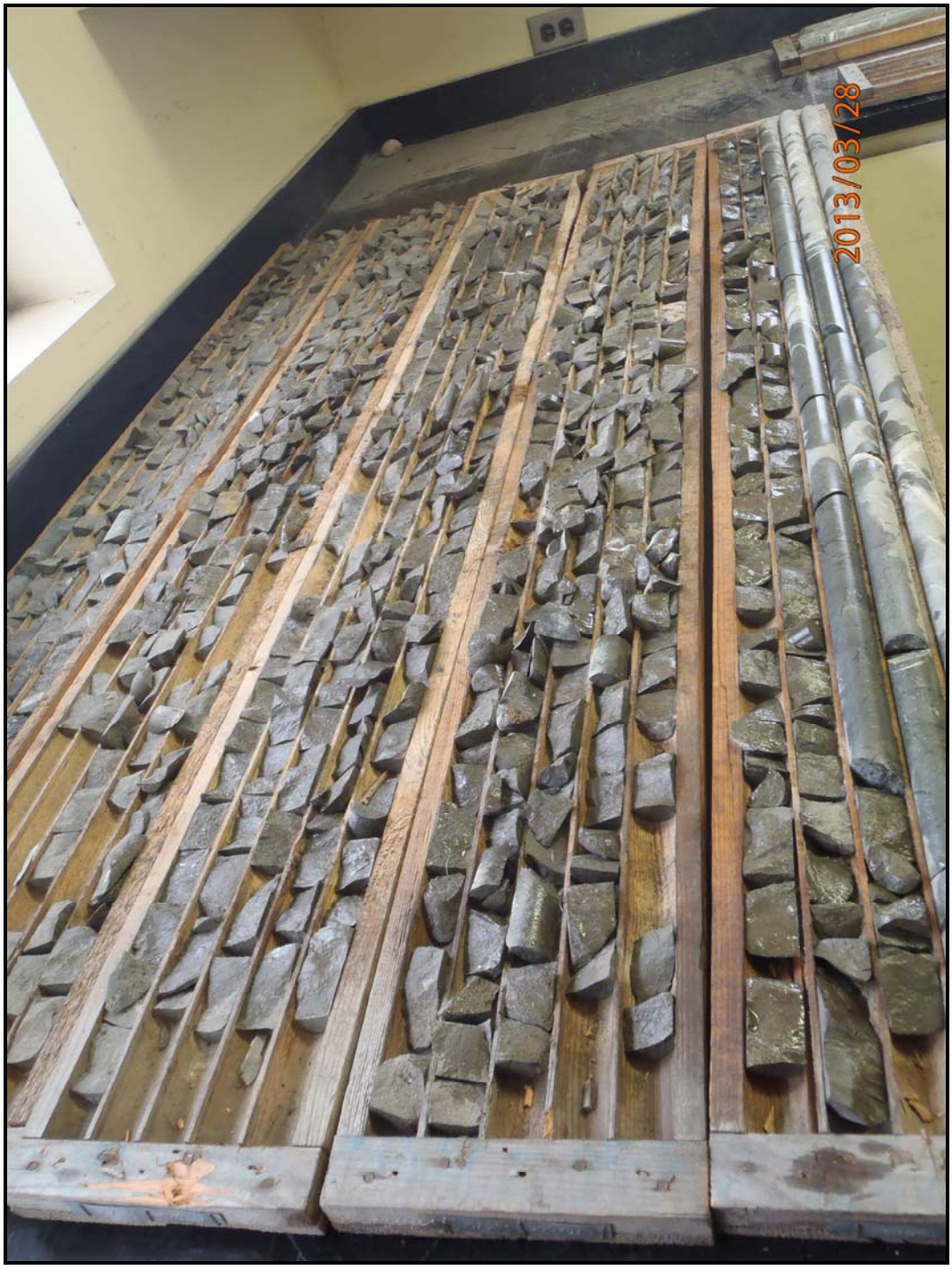
(**Figure 11 - TLC Ventures Drill Core - Leamington Property**)



(**Figure 12 - Noranda Drill Core - Leamington Property**)



(**Figure 13 - Noranda Drill Core - Leamington Property**)



QP Opinion

The Leamington Property data set is deemed to be valid and is currently acceptable for the use in resource estimation at an Inferred Resource category.

Mineral Processing and Metallurgical Testing

Neither Calibre nor the Company have completed any metallurgical testing on the Leamington Property. Historical test work completed by other companies has not been reviewed by Tetra Tech.

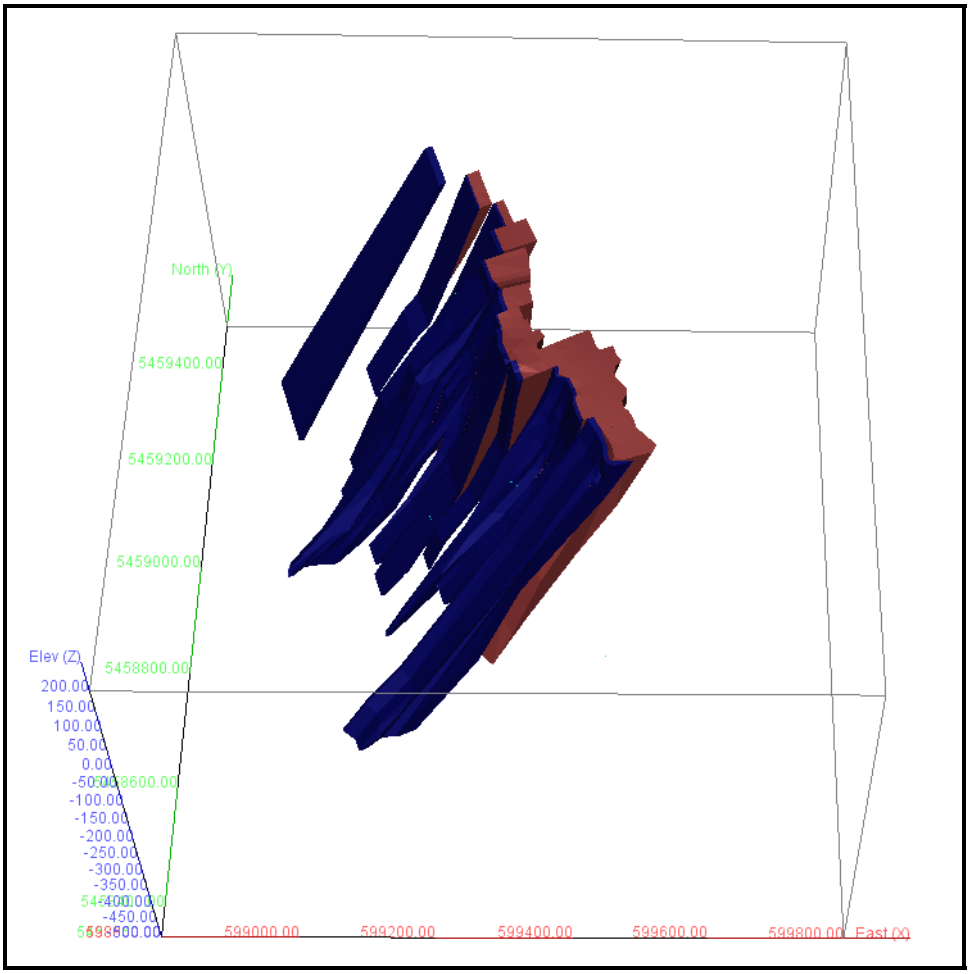
Mineral Resource Estimates

This section discloses a new resource estimate for the Leamington Property volcanic massive sulphide (VMS) deposit, prepared in accordance with the Canadian Institute for Mining, Metallurgy and Petroleum (CIM) Best Practices and disclosed in accordance with NI 43-101. The effective date of this resource estimate is June 17, 2013.

This resource estimate has been prepared using interpreted mineralized and nonmineralized domains and includes the country rock and overburden domains. The Point Leamington deposit is shown in Figure 14, below.

A cut-off grade of 4% ZnEq was chosen for the Leamington Property deposit as comparable to similar VMS deposits in eastern Canada. Tetra Tech considers this ZnEq% cut-off to be reasonable for this deposit.

(**Figure 14 - Mineralized Envelopes**)



Database

Calibre supplied all of the digital data for the resource estimate. This data was compiled from assay analyses and other drill programs that have been conducted on the Leamington Property since 1971. The data was verified and imported into Gemcom GEMS™ version 6.5 Resource Evaluation Edition.

The entire drillhole dataset included the header, survey, assay, and lithology files for 91 drillholes totalling 27,632 m of diamond drill core drilling. Table 6 summarizes the number of drillholes and lengths on the Leamington Property. Out of the total number of drilling on the Leamington Property, only 78 drillholes, 24,321 m of drilling, occur within the deposit area and were used in the resource estimate.

(Table 6 - Summary of Drillholes)

Company	Year	No. of Drillholes	Total Lengths (m)
Noranda	1971 - 1973	43	8,559.63
Noranda	1977 – 1997	27	11,839.00
Tri-Origin Exploration	1997	9	2,124.14
Altius	2000	1	518.77
Rubicon	2000	6	2,187.50
Equity	2004	5	2,402.46
Total		**91**	**27,631.50**

Specific Gravity

There have been no previous systematic measurements of densities of the different lithologies that make up the deposit. Average densities for the specific rock types were assigned to the lithological domains. Table 7 summarizes the densities used for the various lithologies and rock type domains.

(Table 7 - Summary of Densities)

Lithology Domain	Rock Code	Density
Massive Sulphides [MS]	400	3.7
Hanging Wall [HW]	510	2.6
Intrusive Dykes [PY]	300	3.0
Country Rock [W]	99	2.8
Overburden [OVB]	9	1.8

Exploratory Data Analysis

Exploratory data analysis is the application of various statistical tools to explain the characteristics of the data set. In this case, the objective is to understand the population distribution of the grade elements through the use of such tools as histograms, descriptive statistics, and probability plots.

Exploratory Data Analysis - Raw Assays

Raw assay statistics for the grades which intersect the deposit are shown in Table 8. Only those values greater than zero were used in the statistical analysis.

(Table 8 - Raw Assay Statistics)

	Zn%	Pb%	Cu%	Au%	Ag%
Massive Sulphides [400]					
Count	1,162	1,162	1,166	1,162	119
Minimum	0.002	0.000	0.003	0.005	0.170
Maximum	34.800	1.790	3.300	7.886	405.600
Mean	1.710	0.146	0.504	0.836	15.603
Standard Deviation	2.759	0.255	0.433	0.909	20.299
Variance	7.614	0.065	0.188	0.827	412.068
Coefficient of Variance	1.614	1.747	0.860	1.088	1.301
Hanging Wall [510]					
Count	55	15	55	62	55
Minimum	0.003	0.000	0.003	0.002	0.200
Maximum	2.970	0.020	1.930	1.029	102.510
Mean	0.285	0.007	0.106	0.228	10.497
Standard Deviation	0.669	0.005	0.277	0.238	17.540
Variance	0.448	0.000	0.077	0.057	307.640
Coefficient of Variance	2.344	0.746	2.614	1.044	1.671
Intrusive Dykes [300]					
Count	62	5	62	67	62
Minimum	0.004	0.001	0.002	0.005	0.200
Maximum	1.780	0.005	0.910	2.949	18.170
Mean	0.205	0.002	0.117	0.284	3.494
Standard Deviation	0.372	0.002	0.176	0.494	3.464
Variance	0.138	0.000	0.031	0.244	11.997
Coefficient of Variance	1.815	1.069	1.510	1.740	0.991

Exploratory Data Analysis - Capping

Cumulative probability plots and descriptive statistics were used to assess the need for capping of the assay grades for the Leamington Property deposit. Typically, a step-change in the profile or a separation of the data points is present if there are different populations in the dataset. High value outliers will show up in the last few percent of a cumulative probability plot (typically in the 97 to 100% range) and the break in the probability distribution may be selected to set a capping level.

Capping of raw data was deemed necessary for the assay data for all elements. Table 9 presents the statistics for the capped grades.

(Table 9 - Summary of Capping Grades)

Metal	Capped Grade	Number of Samples Affected
Zn (%)	10.00	18
Pb (%)	0.73	8
Cu (%)	2.20	12
Au (g/t)	6.20	11
Ag (g/t)	74.00	25

Exploratory Data Analysis - Composites

The raw uncapped data within the Leamington Property deposit was composited on 2 m, 3 m, and 4 m composites. Statistics between the various composite datasets showed little change in the mean but a lowering of the coefficient of variation. The 3 m composites were selected as the most reasonable for the interpolation of the Leamington Property deposit.

In the Geovia GEMS™ project, the table "3M_COMP" was created for composite data. Composites, once calculated, are tagged with their associated rock code and rock type. The composites were then extracted into a point area named "3mcomp". A total of 2,139 composite data points were extracted from the drillhole data. All composite data was used in the interpolation of the Point Leamington deposit. Table 10, below, presents the comparison between the capped data and 3 m capped composite data (no zeroes) for the mineralized massive sulphide and hanging wall domains.

(Table 10 - Statistics for Capped 3m Composite Data)

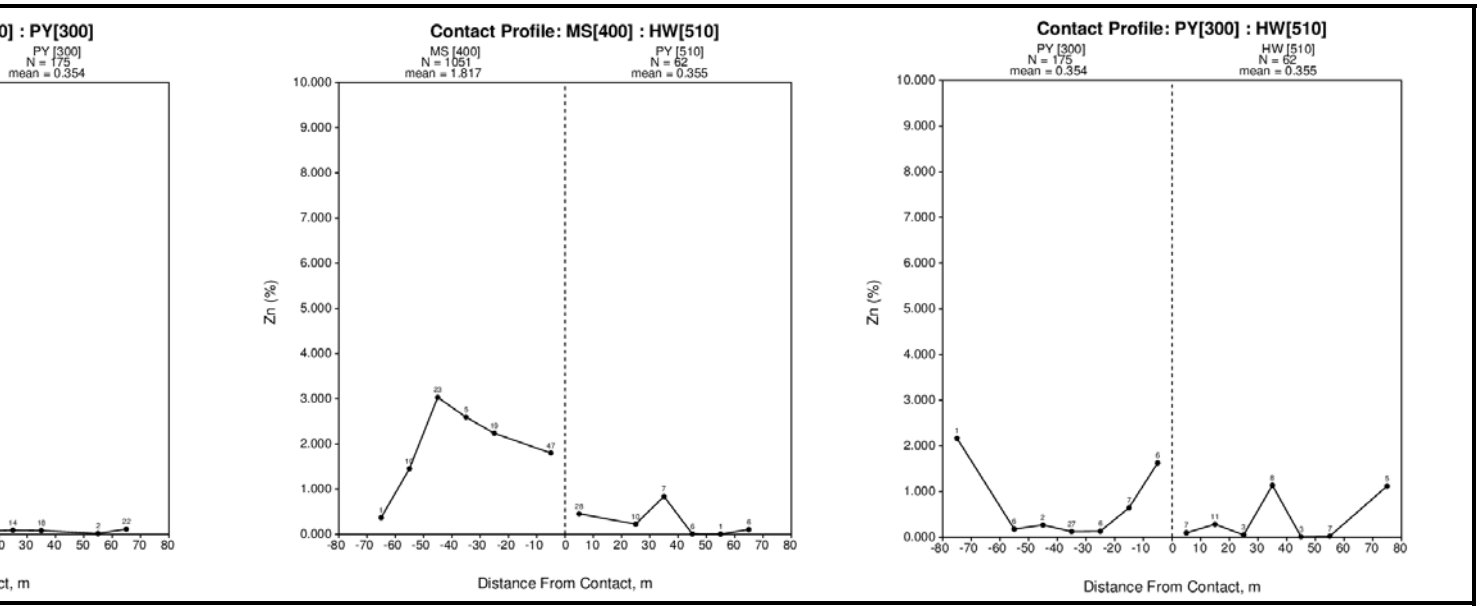
	Zn (%)	Pb (%)	Cu (%)	Au (g/t)	Ag (g/t)
Massive Sulphide [400]					
Count	512	512	48	512	512
Minimum	0.002	0.006	0.000	0.005	0.200
Maximum	9.874	2.110	0.679	6.188	74.000
Mean	1.631	0.545	0.135	0.846	15.471
Variance	3.300	0.147	0.020	0.559	148.996
Standard Deviation	1.817	0.384	0.140	0.748	12.206
Coefficient of Variance	1.114	0.705	1.039	0.884	0.789
Hanging Wall [510]					
Count	44	44	16	44	44
Minimum	0.003	0.003	0.000	0.004	0.200
Maximum	4.971	1.551	0.513	2.601	57.868
Mean	0.643	0.139	0.053	0.352	9.242
Variance	1.135	0.251	0.124	0.434	10.878
Standard Deviation	1.289	0.063	0.015	0.188	118.331
Coefficient of Variance	1.766	1.808	2.355	1.233	1.177

	Zn (%)	Pb (%)	Cu (%)	Au (g/t)	Ag (g/t)
Intrusive Dykes [300]					
Count	105	21	105	105	105
Minimum	0.004	0.000	0.002	0.005	0.200
Maximum	2.301	0.021	0.620	1.714	17.084
Mean	0.299	0.005	0.096	0.259	3.997
Variance	0.180	0.000	0.018	0.074	11.969
Standard Deviation	0.424	0.007	0.134	0.272	3.460
Coefficient of Variance	1.418	1.286	1.391	1.051	0.866

Exploratory Data Analysis - Contact Plots

Contact plots were run over each lithological boundary with the mineralized domains. All contact plots illustrate a hard boundary between the massive sulphides, hanging-wall, and country rock. Figure 15, below, presents the contact plots for each of these domains using Zn% grades.

(Figure 15 - Contact Plots for Lithological Boundaries for Zn% Grades)



Geological Interpretation

The wireframes for the Leamington Property deposit were developed to constrain mineralization to an interpreted massive sulphide body and the constraining hanging wall (cherty volcanics), all of which have been offset by a series of sub-parallel cross-cutting faults along the strike of the deposit.

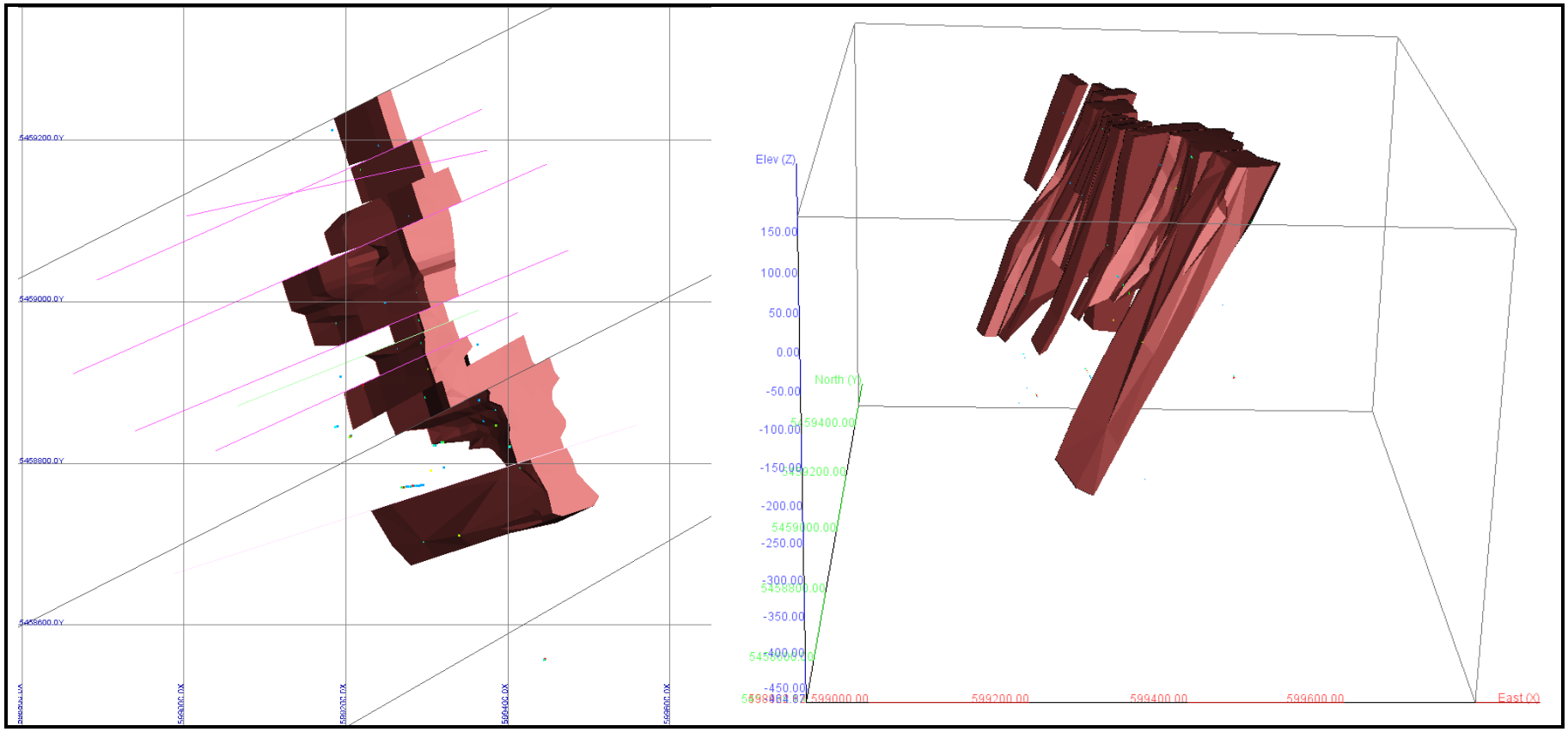
Initially, the interpreted faults were created based on Calibre's previous geological interpretation (Hatch 2008) followed by the creation of 3D polyline rings on 10 m sections to encompass all massive sulphide mineralization in contact with the hanging wall. The interpreted faults modelled as vertical faults due to the limited drilling across these faults.

The 3D rings were tied together by tie lines and grouped between each fault plane. Once the 3D wireframe solid was created, the solid was clipped to the bounding fault planes. In total, a series of 10 massive sulphide and 11 hanging wall wireframes were created and validated.

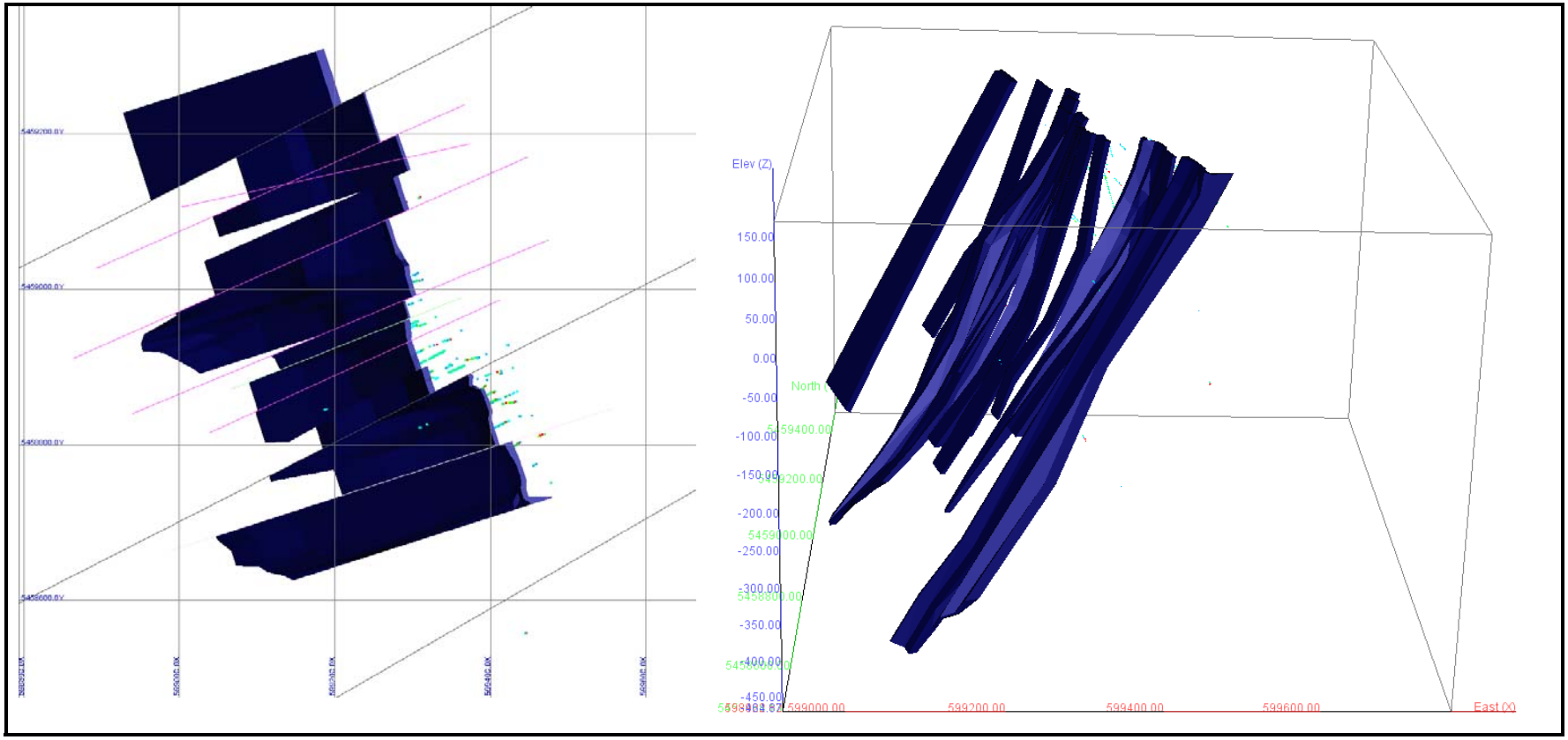
Subsequently, these wireframes were intersected by later stage intrusive dykes. These were modelled separately to be superimposed on the massive sulphide and hanging wall wireframes. These dykes have minor mineralization associated with them; therefore, the median grade was assigned to these wireframes.

Figure 16 to Figure 20, below, illustrate the various 3D wireframes for the lithological domains in plan-view and perspective view.

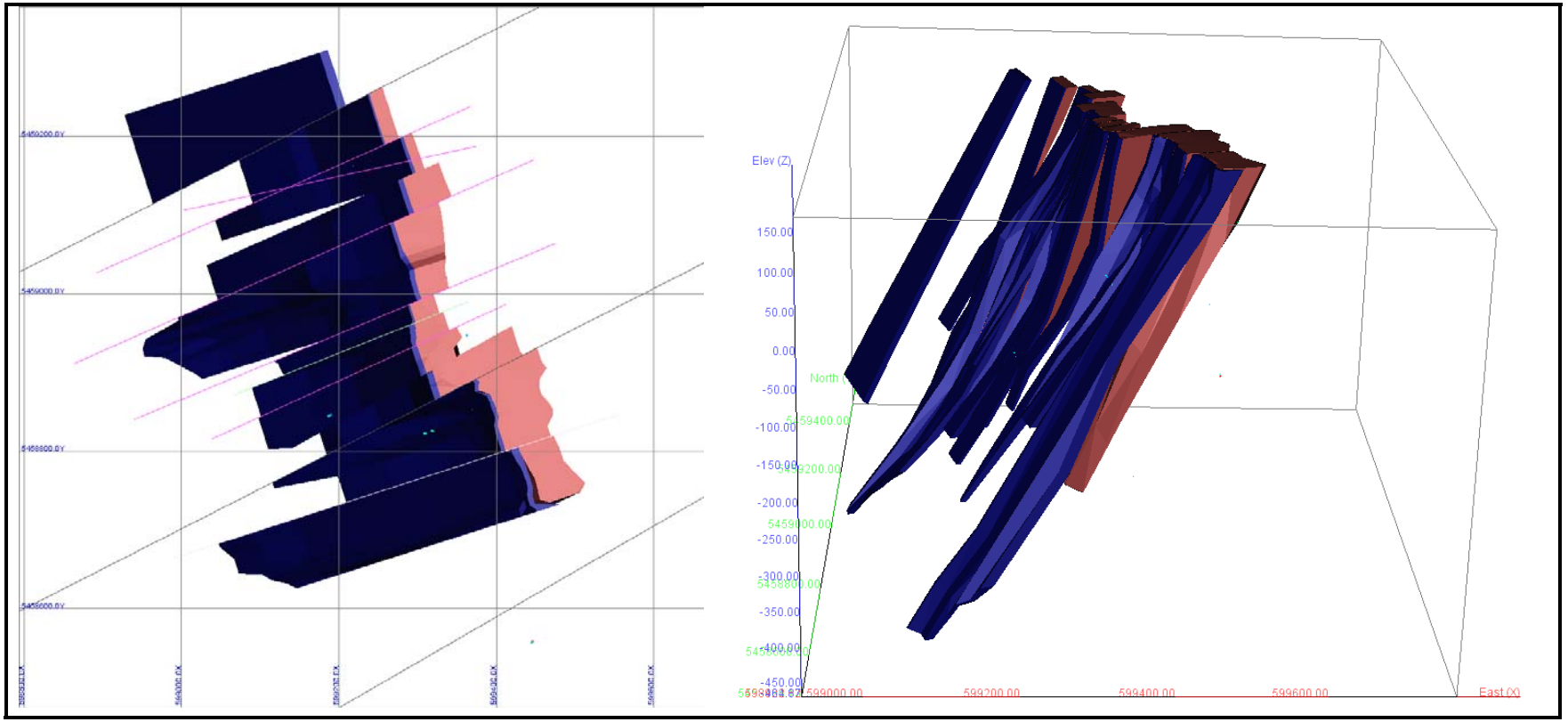
(Figure 16 - Solid Wireframes for the Massive Sulphide Domain; Plan View and Perspective View Looking North)



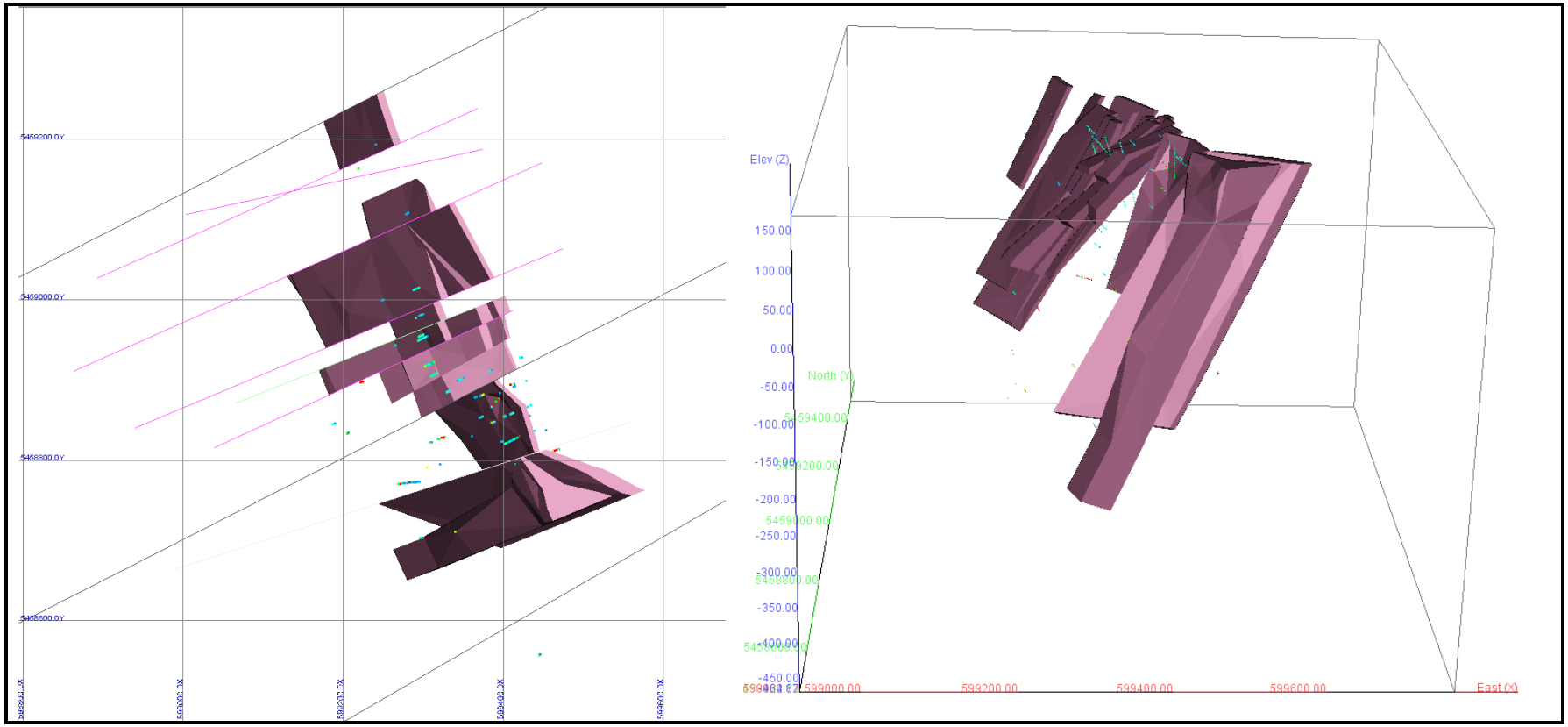
(Figure 17 - Solid Wireframes for the Hanging Wall Domain; Plan View and Perspective View Looking North)



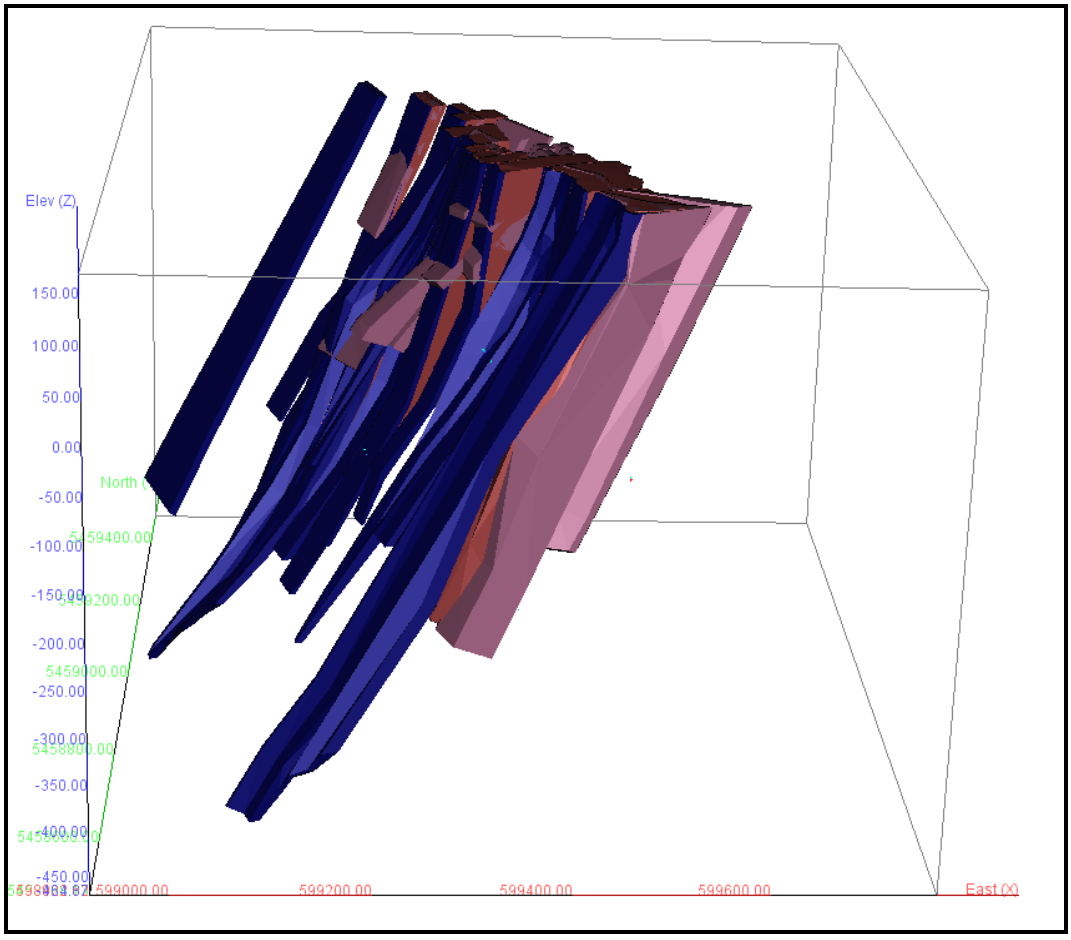
(Figure 18 - Solid Wireframes for the Massive Sulphide and Hanging Wall Domain; Plan View and Perspective View Looking North)



(Figure 19 - Solid Wireframes for the Intrusive Dykes Domain; Plan View and Perspective View Looking North)



(Figure 20 - Solid Wireframes for the Leamington Property; Looking North)



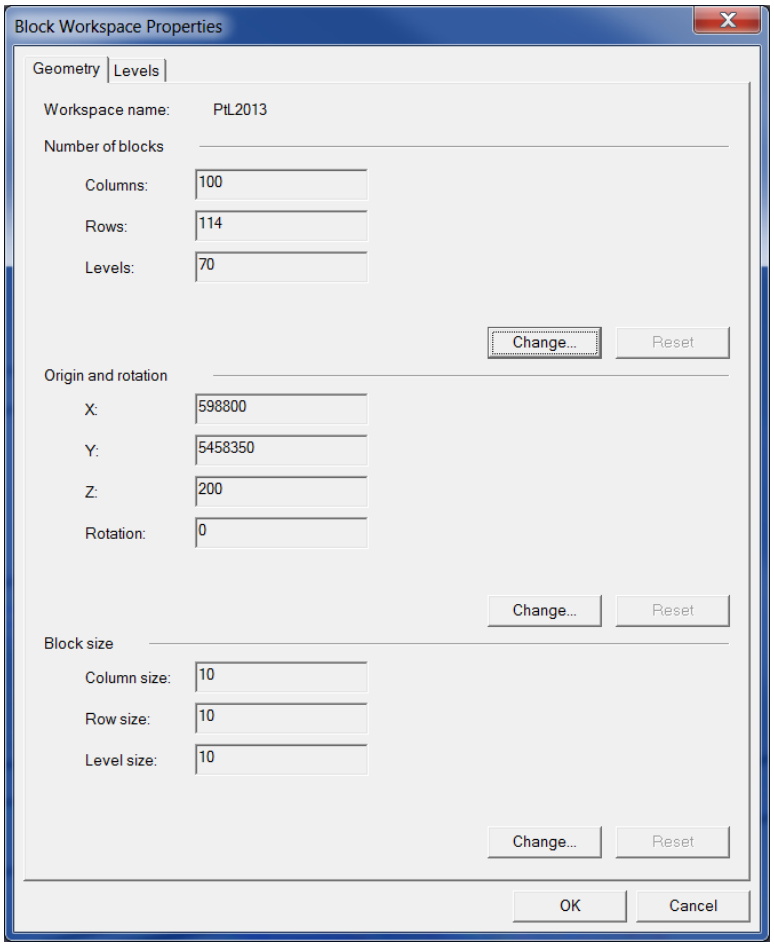
Block Model - Leamington Property

A single block model was created to cover the Leamington Property deposit. Table 11 and Figure 21 show the Gemcom GEMS™ coordinates for the block model origins. A block size of 10 m by 10 m by 10 m was used for block model and resource estimate. The block size is considered reasonable where distances between drillholes vary between 35 and 100 ft. Figure 22 illustrates the block model over the Leamington Property deposit.

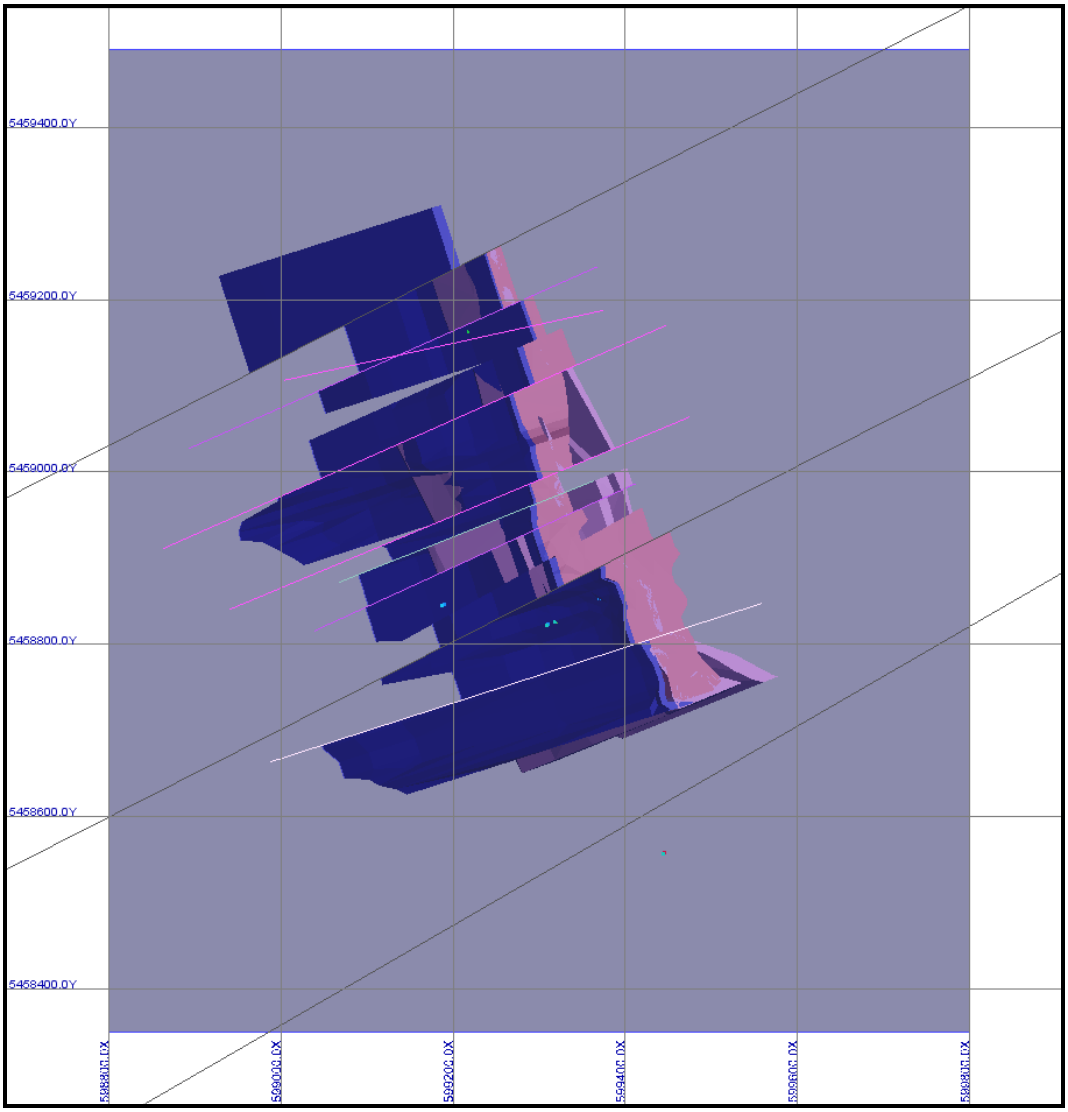
(Table 11 - Block Coordinates for the Leamington Property Block Model)

	Minimum	Maximum	Number
Easting	598800	599800	100 columns
Northing	5458350	5459490	114 rows
Elevation	-500	200	70 levels

(Figure 21 - Block Model Origin for the Leamington Property Block Model)



(Figure 22 - Block Model Area over the Leamington Property Deposit; Plan View)



Variography

Samples used for variography are a function of geological interpretation and sample populations. For the Leamington Property deposit, all composite data within the wireframes were used determining variograms. Variograms were established using the 3 m composite samples within the two main mineralized domains (Massive Sulphides, Hanging Wall).

The variography was generated in Datamine Studio 3. The composite drillhole data was exported from Gemcom GEMS™ as a text file (.csv format) and imported into Datamine. Downhole variograms, using a lag distance equal to the 3 m composite length, were created over both domains.

Experimental variograms were developed on 10 m to 50 m lag distances for four of the five elements. Due to the lack of lead grades but high correlation with zinc, lead was estimated using the zinc variograms. The ranges of the experimental variograms appear to reach the sill at approximately 40 and 160 m.

Experimental variography was subsequently used to calculate best-fit modeled variography. Two spherical structures were used for spatial modelling and orientations for each grade group and were customized to Gemcom GEMS™ requirements.

Table 12 to Table 15 summarizes the variography parameters used for OK interpolation for each domain in the Leamington Property deposit.

(Table 12 - Variography Parameters for Zinc and Lead)

Profile Name	Sill =1	Search Anisotropy	Rotation About Z (°)	Rotation About Y (°)	Rotation About Z (°)	X Range (m)	Y Range (m)	Z Range (m)	Search Type
Domains 200 and 333									
C_0 (nugget)	0.10	-	-	-	-	-	-	-	-
C_1	0.286	Rotation ZYZ	30	-80	10	132	9	8	Spherical
C_2	0.614	Rotation ZYZ	30	-80	10	138	140	39	Spherical

(Table 13 - Variography Parameters for Copper)

Profile Name	Sill =1	Search Anisotropy	Rotation About Z (°)	Rotation About Y (°)	Rotation About Z (°)	X Range (m)	Y Range (m)	Z Range (m)	Search Type
Domains 200 and 333									
C_0 (nugget)	0.05	-	-	-	-	-	-	-	-
C_1	0.307	Rotation ZYZ	90	90	10	29	56	13	Spherical
C_2	0.643	Rotation ZYZ	90	90	10	35	170	51	Spherical

(Table 14 - Variography Parameters for Gold)

Profile Name	Sill =1	Search Anisotropy	Rotation About Z (°)	Rotation About Y (°)	Rotation About Z (°)	X Range (m)	Y Range (m)	Z Range (m)	Search Type
Domain 200 and 333									
C_0 (nugget)	0.05	-	-	-	-	-	-	-	-
C_1	0.146	Rotation ZYZ	30	-80	10	76	26	73	Spherical
C_2	0.804	Rotation ZYZ	30	-80	10	80	216	137	Spherical

(Table 15 - Variography Parameters for Silver)

Profile Name	Sill =1	Search Anisotropy	Rotation About Z (°)	Rotation About Y (°)	Rotation About Z (°)	X Range (m)	Y Range (m)	Z Range (m)	Search Type
Domains 200 and 333									
C_0 (nugget)	0.10	-	-	-	-	-	-	-	-
C_1	0.374	Rotation ZYZ	30	-80	80	121	11	13	Spherical
C_2	0.526	Rotation ZYZ	30	-80	80	184	250	150	Spherical

Interpolation Plan and Spatial Analysis

The interpolation methods used for populating the block model were: OK, inverse distance squared (ID2) and nearest neighbour (NN) on capped composited data. For validation purposes, OK, ID2 and NN interpolation methods were also carried out on uncapped composited data.

For all interpolation methods, a single pass was used. For each domain, a minimum of 3 and a maximum of 24 composite samples were used to interpolate a block for each of the five metals. This allows the grade for each block to be interpolated by using composite assay values from at least one drillhole and a maximum of six drillholes. This was conducted on the hanging wall, massive sulphide and a summary of the interpolation passes are described in Table 16 and Table 17, below.

(Table 16 - Description of Interpolation Passes)

Profile Name	Number of Composite Samples Used	Maximum Samples per Drillhole	Minimum Number of Drillholes
MS_xxOK	Minimum 3; Maximum 24	6	6
MS_xxID	Minimum 3; Maximum 24	6	6
MS_xxNN	Minimum 3; Maximum 24	6	6
HW_xxOK	Minimum 3; Maximum 24	6	6
HW_xxID	Minimum 3; Maximum 24	6	6
HW_xxNN	Minimum 3; Maximum 24	6	6
W_xxOK	Minimum 3; Maximum 24	6	6
W_xxID	Minimum 3; Maximum 24	6	6
W_xxNN	Minimum 3; Maximum 24	6	6

Note: "xx" denotes metal (Ag, Au, Cu, Pb, Zn)

(Table 17 - Search Ellipse Parameters for the Leamington Property Deposits)

Profile Name	Search Anisotropy	Rotation About Z (°)	Rotation About X (°)	Rotation About Z (°)	X Range (m)	Y Range (m)	Z Range (m)	Search Type
ZN	Rotation ZYZ	30	-80	10	100	500	39	Ellipsoidal
PB	Rotation ZYZ	30	-80	10	100	500	39	Ellipsoidal
CU	Rotation ZYZ	90	90	10	100	36	51	Ellipsoidal
AU	Rotation ZYZ	30	-80	10	56	193	94	Ellipsoidal
AG	Rotation ZYZ	30	-80	80	267	108	200	Ellipsoidal

Mineral Resource Estimate

Tetra Tech has estimated a new mineral resource estimate for the Leamington Property deposit in accordance with CIM Best Practices and disclosed in accordance with NI 43-101. The effective date of the Point Leamington mineral resource estimate is June 17, 2013.

The mineral resources for the Leamington Property deposit are classified as Inferred Resources based the confidence in historic drilling, continuity of the grade and lithologies and sample data populations.

The ZnEq% was calculated using a script in the Gemcom GEMS™ block model. The equation used to derive the ZnEq% is as follows: ZnEq%= ((Zn Price * Zn Grade * 22.04622 * Zn Recovery) + (Pb Price * Pb Grade * 22.04622 * Pb Recovery) + (Cu Price* Cu Grade * 22.04622 * Cu Recovery) +(Ag Price * Ag Grade / 31.10348 * Ag Recovery) + (Au Price * Au Grade / 31.10348 * Au Recovery) / Zn Price) / 22.04622

The parameters used in the above formula are listed in Table 18, below.

(Table 18 - Metal Price and Recovery Parameters for ZnEq% Calculation)

Metal	Metal Price (US$)	Assumed Recovery (%)
Zinc	0.94/lb	100
Lead	1.00/lb	100
Copper	3.69/lb	100
Gold	1,380.00/oz	100
Silver	22.73/oz	100

The metal prices listed above were taken from a three-year rolling average. The gold price was taken from the spot price as of June 14, 2013, since the three year trailing average was much higher than current the spot price.

Due to the lack of metallurgical test work, Tetra Tech has assumed 100% for all metals.

The mineral resource estimate for the Leamington Property deposit, at 4.0% ZnEq cut-off, is an Inferred Resource of 14.1 Mt at 1.86 % zinc, 0.02% lead, 0.42% copper, 1.07 g/t gold, 17.12 g/t silver and 6.15% ZnEq. The mineral resource was estimated by the OK interpolation method on capped composite gold grades. No recoveries have been applied to the interpolated estimates.

Table 19 is a summary of the Inferred Resources on the Leamington Property deposit in a range of cut-off grades.

(Table 19 - Summary Table of Inferred Resources)

ZnEq% Cut-off	Density	Tonnes ('000 t)	Zn (%)	Pb (%)	Cu (%)	Au (%)	Ag (%)	ZnEq (%)
3.00	3.46	19,367	1.63	0.02	0.37	0.95	15.42	5.42
4.00	**3.57**	**14,093**	**1.86**	**0.02**	**0.42**	**1.07**	**17.12**	**6.15**
5.00	3.61	9,669	2.11	0.02	0.46	1.22	18.55	6.91
6.00	3.64	6,184	2.36	0.02	0.50	1.41	19.76	7.72
7.00	3.65	3,460	2.69	0.02	0.52	1.68	21.32	8.70
8.00	3.65	2,038	3.02	0.02	0.51	1.94	23.09	9.57

Note: Inaccuracies may occur due to rounding

Model Volume Validation

The block model volumes were validated against the solid wireframe volumes and all differences were found to be within a tolerance of less than 1.00%. The results of the comparisons are shown in Table 20.

(Table 20 - Volume Comparison Between Wireframe Solid Models and Block Models of the Massive Sulphide Domains)

Wireframe	Wireframe Volume (m^3)	Block Model Volume (m^3)	Difference (%)
m2	117,033	116,753	-0.23
m3	59,248	59,292	0.08
m4	441,031	441,176	0.03
m5	1,959,673	1.957,610	-0.11
m6	68,264	68,731	-0.78
m7	298,950	301,064	0.71
m8	736,157	736,873	0.10
m9	668,620	662,301	-0.95
m10	1,022,728	1,024,516	0.18
m11	1,262,329	1,262,908	0.05

It should be noted that the Massive Sulphide domains are intersected by intrusive dykes. Therefore, when the volumes of the dykes are taken into account in the resource estimate, the final volumes of the massive sulphide domains will be less than wireframe volume.

Interpolation Validation

A comparison was made of the estimated metal grades from the three interpolation methods as a further validation of the resource estimation. The comparison between these three values for each metal is shown in Table 21.

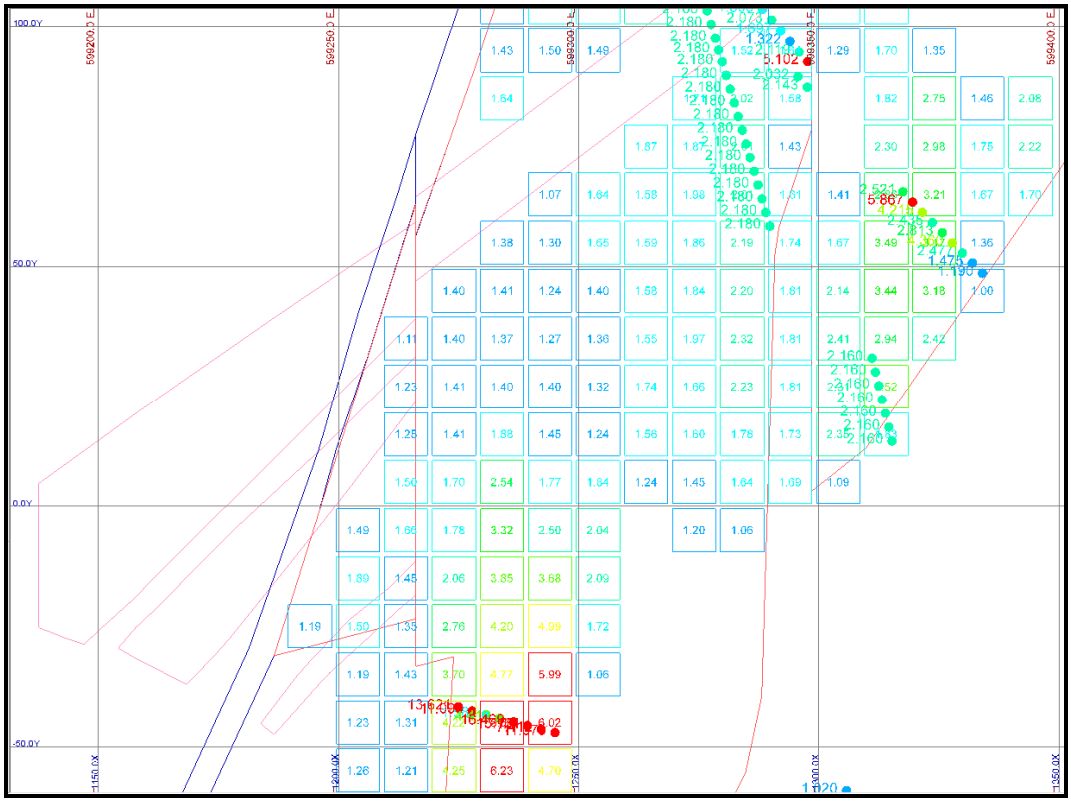
(Table 21 - Comparison of OK, ID^2 and NN Average Grades)

Interpolation Method	Zn (%)	Pb (%)	Cu (%)	Au (g/t)	Ag (g/t)
OK	1.052	0.012	0.269	0.661	10.756
ID^2	1.104	0.015	0.333	0.677	10.541
NN	1.062	0.027	0.305	0.636	10.523

Visual Validation

As further validation, several vertical sections were reviewed in the Leamington Property deposit to determine the relevance of the block model grade compared to the composite point data used in the resource estimation. Tetra Tech found no issues between the block grade and surrounding composite point grades. Figure 23 shows an example of a vertical section through the Leamington Property deposit showing the estimated block grades and the surrounding point grades.

(Figure 23 - Vertical Section 8458920 North; Showing Zn% Grades versus Composite Point Grades)

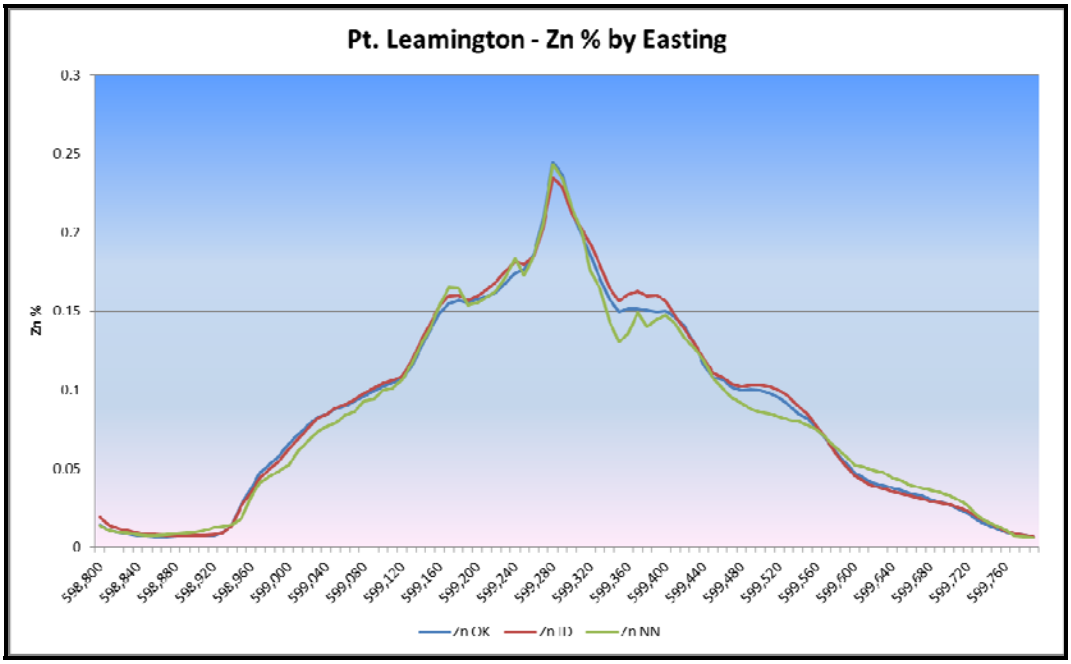


Swath Plots

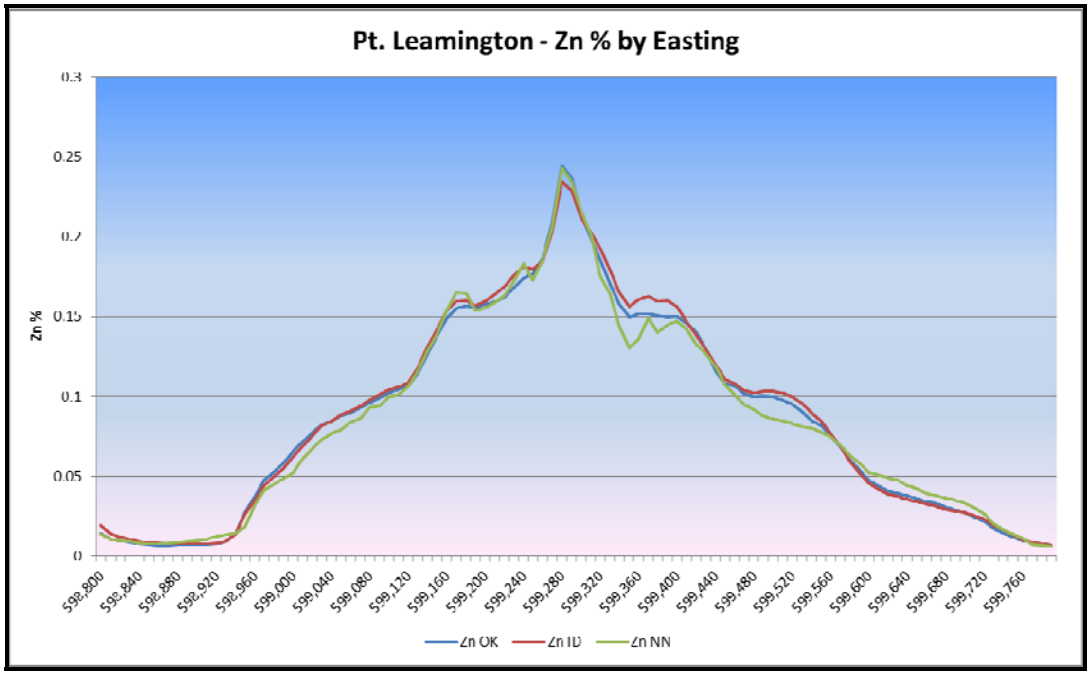
Swath plots were created for each block model gold grades by bench, by column (easting) and by row (northing) and compared to each interpolation method as a visual comparison of the precision of the interpolation methods. Figure 24 to Figure 29 illustrate the swath plots for zinc and silver by easting,

northing, and elevation, respectively. Variations in the NN grades are most notable and illustrate areas where sample populations used for estimation are no longer similar.

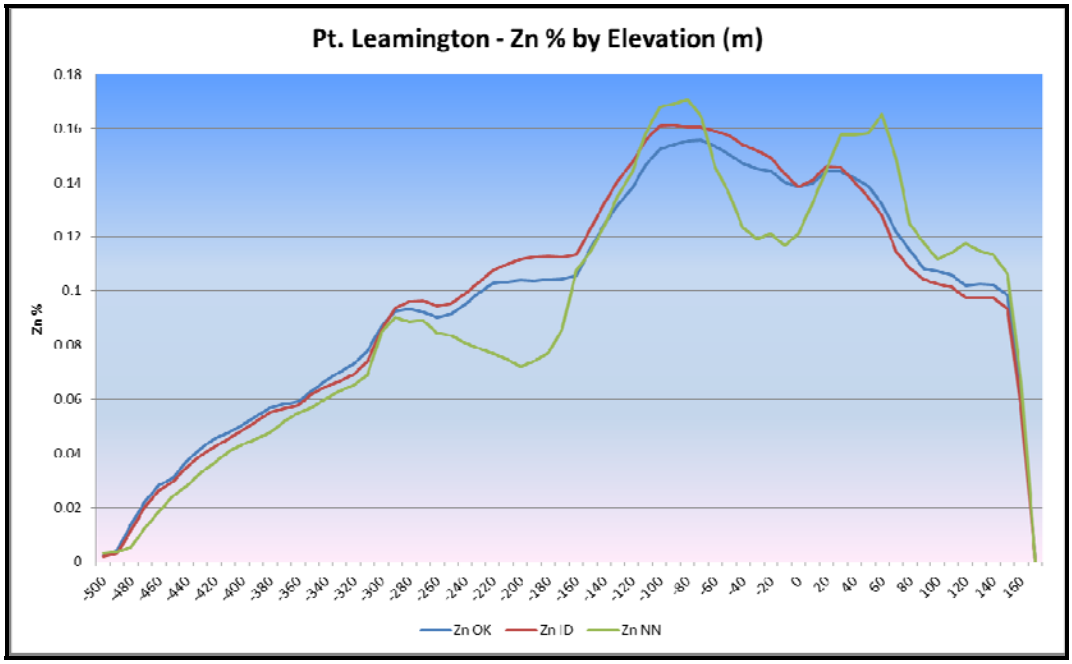
(Figure 24 - Swath Plots for Zinc by Easting)



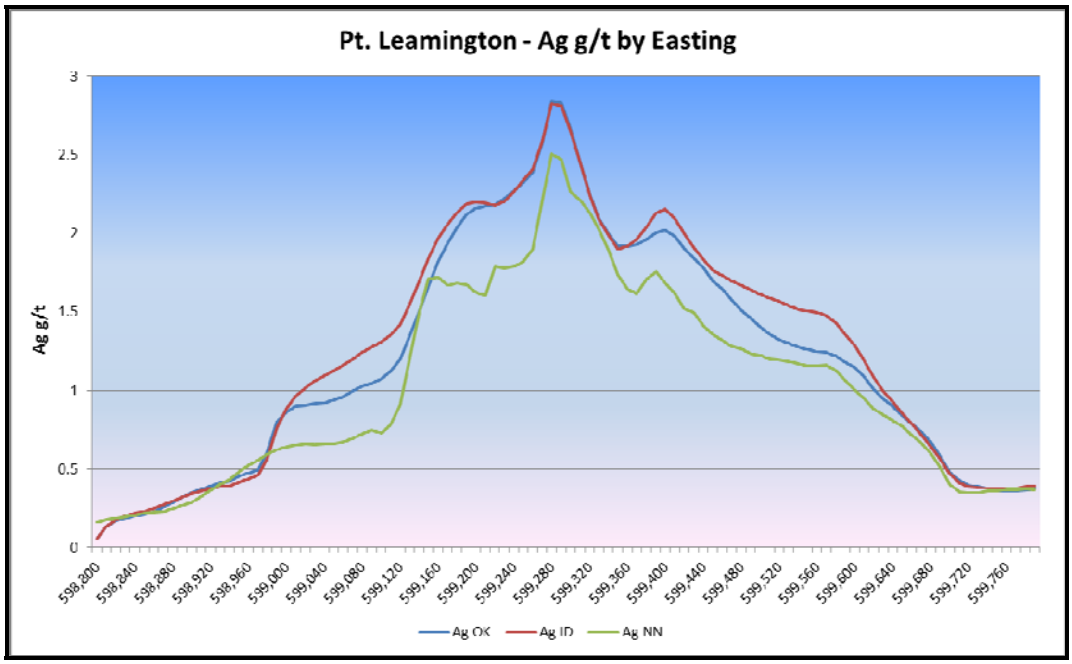
(Figure 25 - Swath Plots for Zinc by Northing)



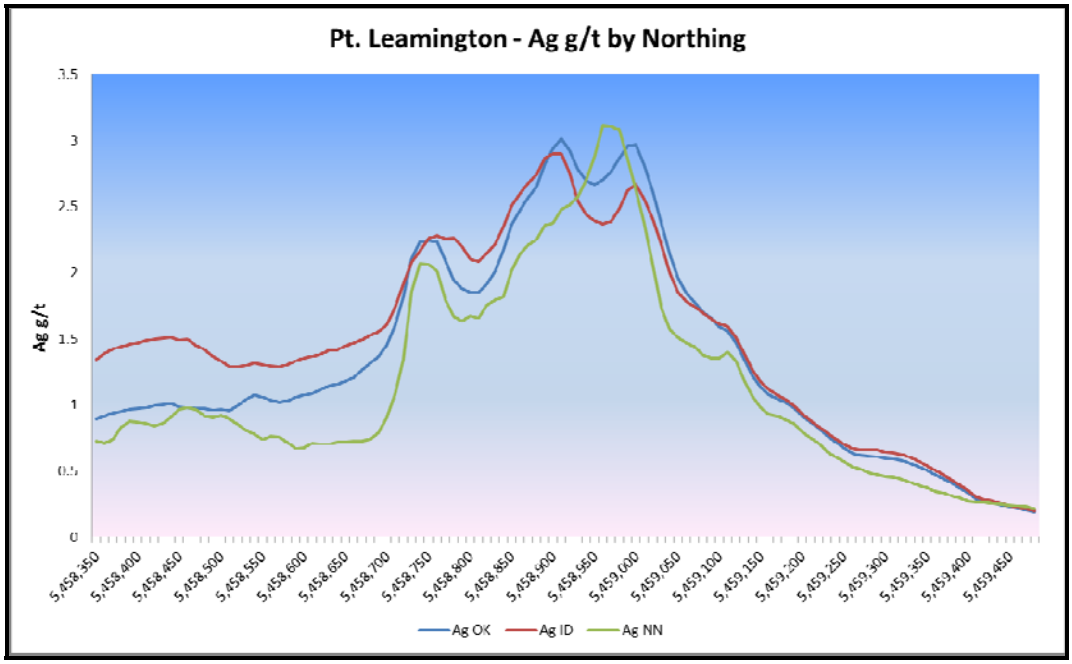
(Figure 26 - Swath Plots for Zinc by Elevation)



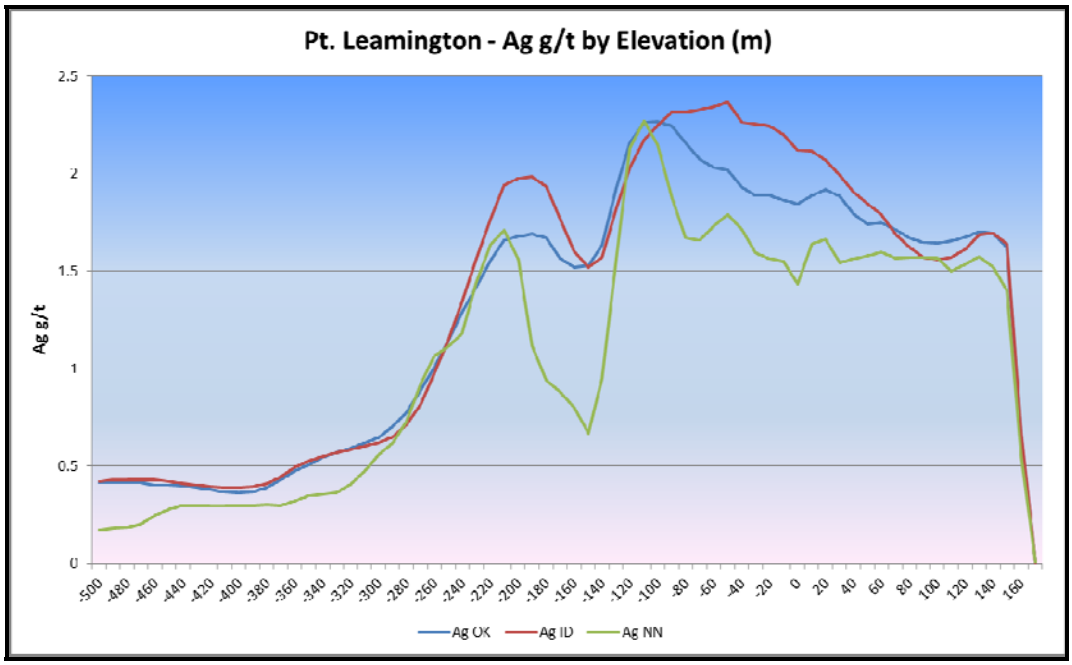
(Figure 27 - Swath Plots for Silver by Easting)



(Figure 28 - Swath Plots for Silver by Northing)



(Figure 29 - Swath Plots for Silver by Elevation)



Adjacent Properties

All the mining licenses surrounding the Leamington Property are currently held by Budgell's Equipment and Rental Ltd., of Triton, Newfoundland. There has been no recorded or published activity on the surrounding claims.

Other Relevant Data and Information

There is no other relevant data or information that is material to this report.

Interpretation and Conclusions

The conclusions for the geology and resource of the Project are summarized below.

- The Company can acquire 100% of the Leamington Property from Calibre;
- The Leamington Property is currently held 100% by Calibre;
- The Leamington Property is analogous to the VMS deposits typical to Canada;
- The Leamington Property is associated with altered felsic to mafic volcanics flows with intercalated sediments. Varying degrees of alteration are typical of a VMS deposit including carbonate, silicification, sericitization and minor chloritization;
- There is a strong understanding of the regional and local geology to support the interpretation of the mineralized zones on the Leamington Property;
- Mineralization is currently defined in in three domains; massive sulphides, footwall volcanics and porphyry dykes;
- Neither the Company nor Calibre have conducted any drilling or sampling on the Leamington Property;
- Drilling and sampling procedures, sample preparation and assay protocols conducted by previous operator are generally conducted in agreement with best practices at the time, yet may not meet current standards;
- Verification of the drillhole collars indicates that there is a potential shift in the dataset that must have occurred when the data was converted from local grid to UTM;
- Verification of the downhole surveys, assays, core, and drillhole logs indicates the data supplied by Calibre is reliable;
- The historic diamond drill programs are not supported by a QA/QC program;
- The mineral models have been constructed in conformance to industry standard practices;
- The geological understanding is sufficient to support the resource estimation;
- The specific gravity value used to determine that tonnage was derived from global numbers typical of the rock types of the deposit;

- The mineral resource estimate for the Leamington Property deposit, at a 4.0% ZnEq cut-off, is an Inferred Resource of 14.1 Mt at 1.86 % zinc, 0.02% lead, 0.42% copper, 1.07 g/t gold, 17.12 g/t silver, and 6.15% ZnEq; and

- The mineral resource was estimated by the OK interpolation method on capped composite gold grades. No recoveries have been applied to the interpolated estimates.

Recommendations

It is Tetra Tech's opinion that additional exploration expenditures are warranted. Two separate exploration programs are proposed. Each can be carried out concurrently and independently of each other. The successful completion of Phase 1 will have an impact on how Phase 2 is conducted.

Phase 1 - Point Leamington Confirmation

Phase 1 is designed to confirm the historic drill data on the Leamington Property by locating all the drill collars using a differential GPS and to diamond drill test selected sections of the deposit to confirm the mineralization. In addition to locating and confirming the historic data a metallurgical test program is proposed. The proposed budget to complete Phase 1 is approximately $400,000 (See Table 22).

(**Table 22 - Phase 1 Exploration Budget**)

Task	Unit Price ($)	Units	Budget ($)
Target Definition (includes permits)			20,000
Surveying (differential GPS)	$1,000/d	10 d	10,000
Diamond Drilling	$200/m	1400 m	280,000
Assays	$40/sample	250 samples	10,000
Salaries	$5,000/mo	7 mo	35,000
Logistics (lodging, fuel, food, consumables)	$5,000/mo	3 mo	15,000
Metallurgical Testing			30,000
		Total	**400,000**

Phase 2 - Point Leamington Expansion

Phase 2 is designed to further delineate the resource at the Leamington Property by infilling and stepout reverse circulation and diamond drilling of the deposit. This drilling along with the results from Phase 1 should allow the resource to be expanded and improve the resource classification.

In addition to the drilling, both a surface and downhole electromagnetic survey programs should be conducted to identify additional targets on the Leamington Property. The continuation of the metallurgical testing program is proposed pending the results of the Phase 1 metallurgical test.

The proposed budget to complete Phase 2 is approximately $2.1 million (See Table 23).

(**Table 23 - Phase 2 Exploration Budget**)

Task	Unit Price ($)	Units	Budget ($)
Target Definition (includes permits)	-	-	50,000
Surveying (differential GPS and downhole)	1,000/d	100 days	100,000
Diamond Drilling	200/m	4,000 m	800,000
Reverse Circulation Drilling	80/m	8,000 m	640,000
Assays	40/sample	1,000 samples	40,000
Salaries	5,000/mo	12 months	110,000
Logistics (lodging, fuel, food, consumables)	5,000/mo	6 months	30,000
Geophysical Survey (EM and downhole EM)	-	-	100,000
Metallurgical Testing	-	-	150,000
Technical Studies	-	-	80,000
		Total	2,100,000

Other Recommendations

The following recommendations will assist in moving the Leamington Property forward:

- For future drilling programs, specific gravity measurement for the various rock types and alteration styles should be collected. Approximately 4% to 5% of the database should have a specific gravity measurement. This will allow for a more accurate calculation of the tonnage in any subsequent resource estimate.

- Design and implement a proper QA/QC program with any future drilling program;

- Locate all historical drill collars using a reliable survey method, such as a differential GPS;

- Consider conducting metallurgical tests using drill core or course rejects to determine the global recoveries of the resource;

- Eastern Analytical is currently not an accredited laboratory. Consider submitting 1% to 2% of the course rejects or pulps for check analysis to a third party accredited laboratory as part of the QA/QC program or send all samples to an accredited laboratory.

INFORMATION CONCERNING THE RESULTING ISSUER

Corporate Structure

The corporate structure of the Company as set out under "*Information Concerning the Company*" will not change following completion of the Proposed Acquisition.

The head office of the Resulting Issuer will be located at #1820 - 999 West Hastings Street, Vancouver, British Columbia V6C 2W2 and the registered and records office of the Resulting Issuer will be located at 2600 – 1066 West Hastings Street, Vancouver, British Columbia V6E 3X1. The Resulting Issuer will continue to be incorporated under the BCA.

Narrative Description of the Business

Upon completion of the Proposed Acquisition, the Resulting Issuer will be a junior natural resource company engaged in the exploration and development of mineral properties. The Resulting Issuer's primary mineral interest will be the Leamington Property.

Stated Business Objectives

The Resulting Issuer expects to use its available working capital to finance exploration and development of the Leamington Property and for general working capital. The Resulting Issuer's immediate short-term objectives will be to complete the recommended exploration program on the Leamington Property pursuant to the Technical Report.

The Resulting Issuer's long-term objectives will be to:

- determine if an economic mineral deposit exists on the Leamington Property;
- find one or more economic mineral deposits and bring them to commercial production; and
- deliver a return on capitalization to shareholders.

The Resulting Issuer's board of directors may, in its discretion, approve asset or corporate acquisitions or investments that do not conform to these guidelines based upon the board of director's consideration of the qualitative aspects of the subject properties.

There is no assurance that the Resulting Issuer will be successful in meeting these objectives. Information relating to the risks associated with the business of the Resulting Issuer is contained under "Risk Factors".

Milestones

To reach the foregoing objectives, the Resulting Issuer will target the following milestones. Certain timeframes to reach the different business objectives and milestones may be adjusted depending on the availability of funds.

The following table summarizes each significant event that must occur for the business objectives described above to be accomplished, the time period in which each event is expected to occur and the costs related to each event:

Proposed Use	Expected Completion Date	Funds
To fund remaining costs to complete the Proposed Acquisition[(1)]	On or within five business days of the date of the Final Exchange Bulletin	$116,500
To fund exploration programs on the Leamington Property, including the recommended Phase 1 exploration program[(2)]	Within 12 months of closing, subject to results of the initial drill program	$400,000
Continue further development of the Leamington Property	Ongoing	To be determined by Resulting Issuer

Notes:

(1) See "Principal Purposes of Funds".

(2) See "Information Concerning the Leamington Property".

Exploration and Development

After completion of the Proposed Acquisition, the Resulting Issuer intends to focus its operations on the Leamington Property, and to use its available capital to continue to pursue the related exploration program. A further description of the Phase 1 exploration program is provided under "Information Concerning the Leamington Property".

Neither Calibre nor the Company have completed reserve estimates on the Leamington Property, and the recommended exploration program is exploratory in nature.

Description of Securities

Upon completion of the Proposed Acquisition, the Resulting Issuer will continue to have an authorized share capital consisting of an unlimited number of common shares without par value. Upon the issuance of 23,333,334 Common Shares in connection with the Private Placement, and 1,000,000 Common Shares in connection with the Proposed Acquisition, a total of 51,190,374 Common Shares will be issued and outstanding. See "Information Concerning the Company – Description of the Securities".

Pro forma Consolidated Capitalization

The *pro forma* capitalization of the Resulting Issuer following completion of the Proposed Acquisition and the Private Placement will be as shown in the following table:

Designation of Security	Amount authorized	Amount outstanding after Completion of the Proposed Acquisition and the Private Placement
Common shares	Unlimited	51,190,374
Warrants	Unlimited	23,333,334
Options	10%	2,700,000

Fully Diluted Share Capital

The following table shows the diluted share capital of the Resulting Issuer following the completion of the Proposed Acquisition:

Securities	Number	Approximate % Outstanding on a Non-Fully Diluted Basis Following Completion of Proposed Acquisition and the Private Placement	Approximate % Outstanding on a Fully Diluted Basis Following Completion of Proposed Acquisition and the Private Placement
Common shares			
Issued prior to the Proposed Acquisition	26,857,040	52.47%	34.78%
Issuable in connection with the Private Placement	23,333,334	45.58%	30.22%
Issuable in connection with the Purchase and Sale Agreement	1,000,000	1.95%	1.29%
Warrants			
Current Warrants	Nil	N/A	N/A
Issuable in connection with the Private Placement	23,333,334	N/A	30.22%
Options			
Current Options	700,000	N/A	0.91%
Issuable to directors, officers, employees and consultants in connection with the Proposed Acquisition	2,000,000	N/A	2.59%
Totals		**100%**	**100%**

Available Funds and Principal Purposes

Funds Available

The estimated funds available to the Resulting Issuer after giving effect to the Proposed Acquisition is $4,298,136, which is based on (i) $798,136, being the estimated consolidated working capital as at August 31, 2013, and (ii) $3,500,000, being the net proceeds of the Private Placement.

A *pro forma* balance sheet of the Resulting Issuer as at June 30, 2013, giving effect to the completion of the Proposed Acquisition, as prepared by the Company's management, is attached to this Filing Statement as Schedule "C".

The Resulting Issuer will spend the funds available to it upon completion of the Proposed Acquisition to further the Resulting Issuer's stated business objectives. There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary in order for the Resulting Issuer to achieve its

stated business objectives. See "Information Concerning the Resulting Issuer - Stated Business Objectives".

Principal Purposes of Funds

The following table sets out the principal purposes, using approximate amounts, for which the Resulting Issuer currently intends to use its available working capital on completion of the Proposed Acquisition.

Item	Approximate Amount
Estimated Additional Costs for the Completion of the Proposed Acquisition	$116,500
Payment to Calibre pursuant to the Purchase and Sale Agreement	$250,000
General and Administrative Expenses (for the next 12 months)	$1,015,876
Phase 1 exploration program for the Leamington Property, as recommended by the Technical Report	$400,000
Maintenance costs in respect of the Leamington Property	$21,000
Equipment costs (computers, office furniture)	$25,000
Unallocated	$2,469,760
Total	**$4,298,136**

General and Administrative Expenses

The general and administrative expenses for the next 12 months are estimated as follows:

Item	Approximate Amount
Accounting and Audit fees	$40,000
Consulting fees	$12,000
Insurance	$24,000
Legal fees	$12,000
Management fees and salaries	$644,996
Office and administration	$66,280
Rent	$60,000
Transfer agent and filing fees	$30,600
Travel, conferences, project generation	$126,000
Total	**$1,015,876**

Dividends

The Resulting Issuer is not expected to pay dividends for the foreseeable future. There are no restrictions on the ability of the Resulting Issuer to pay dividends, other than laws of general application relating to insolvency.

Principal Securityholders

To the knowledge of the directors and executive officers of the Company, the following persons are anticipated to own of record or beneficially, directly or indirectly, or exercise control or direction over, directly or indirectly, 10% or more of the issued and outstanding common shares of the Resulting Issuer after giving effect to the Proposed Acquisition and the Resulting Issuer:

Name and Municipality of Residence	Number of Common Shares	Percentage of Issued Common Shares
Douglas B. Forster	6,332,667	12.37%
Blayne Johnson	6,332,667	12.37%
Lukas Lundin	6,334,667	12.36%
Randall Oliphant	6,048,170	11.82%

Directors, Officers and Promoters

The names, municipalities of residence, the number of voting securities beneficially owned, directly or indirectly, or over which each exercises control or direction, following the successful completion of the Proposed Acquisition, and the offices to be held by each in the Resulting Issuer and the principal occupation of the proposed directors and senior officers of the Resulting Issuer during the past five years are as follows:

Name of Director, Officer or Promoter and Municipality of Residence	Offices to be Held [(2)]	Principal Occupation During Past 5 years	Number of Common Shares Beneficially Owned or Controlled following the Completion of the Proposed Acquisition	Percentage of Common Shares Beneficially Owned or Controlled following the Completion of the Proposed Acquisition[(1)]
Douglas B. Forster British Columbia, Canada	President, Chief Executive Officer and Director	Director, Potash One Inc. from 2008 to 2011; Director, Calibre Mining Corp. from 2003 to present; Director, Edgewater Exploration Ltd. from 2011 to present; Director, Pinecrest Resources Ltd. from 2010 to present; President and Chief Executive Officer, Featherstone Capital Inc. from 2005 to present; President and Chief Executive Officer, Quarry Capital Corp. from 1994 to present.	6,332,667	12.37%

Name of Director, Officer or Promoter and Municipality of Residence	Offices to be Held [2]	Principal Occupation During Past 5 years	Number of Common Shares Beneficially Owned or Controlled following the Completion of the Proposed Acquisition	Percentage of Common Shares Beneficially Owned or Controlled following the Completion of the Proposed Acquisition[1]
Blayne Johnson British Columbia, Canada	Executive Vice President and Director	Chairman of Featherstone Capital Inc. from 2005 to present	6,332,667	12.37%
Lukas Lundin Switzerland	Director	Businessman/mining executive; director and officer of a number of publicly traded resource-based companies, including, Lundin Mining Corporation, Lundin Petroleum SA, Denison Mines Corp., Lucara Diamond Corp., Sirocco Mining Inc. and Fortress Minerals Corp.	6,334,667	12.36%
Randall Oliphant Ontario, Canada	Director	Executive Chairman of New Gold Inc., from 2009 to present; Chairman Western Goldfields Inc. from 2006 to 2009	6,048,170	11.82%
Douglas Hurst British Columbia, Canada	Director	Chairman of Selkirk Power Company from 2007 to present; Director of WPC Commodities from 2007 to present	1,666,667	3.26%
Edward Farrauto British Columbia, Canada	Director	Certified General Accountant; President, Sail View Capital Ltd. from February 1994 to present.	2,042,640	3.99%
Paulo Santos British Columbia, Canada	CFO and Corporate Secretary	Chief Financial Officer of Calibre from February 2010 to present; From October 2007 to February 2010 corporate controller and consultant to Calibre; From October 2004 to September 2007 Manager of Audit and Assurance at BDO Dunwoody LLP.	133,333	0.26%

Notes:

(1) Based on the aggregate number of issued and outstanding Common Shares after the completion of the Proposed Acquisition and the Private Placement.

(2) The directors of the Resulting Issuer are elected annually and hold office until the next annual general meeting of the shareholders or until their successors are elected or appointed.

(3) Member of the Audit Committee.

(4) Member of the Compensation Committee.

Biographies of Directors and Management

The following sets out details respecting the proposed management of the Resulting Issuer:

Douglas B. Forster– President, Chief Executive Officer and Director

Mr. Forster has been associated with the mining industry for over 30 years as a geologist, senior executive, director and company founder. He holds a B.Sc. (1981) in geology and a M.Sc. (1984) in economic geology from the University of British Columbia, Canada. Mr. Forster has extensive experience in resource project development, mergers and acquisitions, equity finance and public company management and has founded numerous companies listed on North American Stock Exchanges. Mr. Forster was a founder of Terrane Metals Corp. that was acquired by Thompson Creek Metals Co. Inc. in 2010 for $700 million and a director of Potash One Inc. that was acquired by K+S Aktiengesellschaft in 2011 for $434 million. He is a registered member of the Association of Professional Engineers and Geoscientists of British Columbia. Mr. Forster sits on the board of a number of publicly traded companies and is currently President and CEO of Featherstone Capital Inc. a private, natural resource investment company.

Blayne Johnson - Executive Vice President and Director

Mr. Johnson has been involved in the investment community for the past 27 years. As a Vice President of First Marathon Securities he played a key role in providing institutional financing to junior resource companies. During his tenure at the firm, First Marathon participated in over $5 billion of equity financings for natural resource companies. His work at First Marathon involved equity and debt financings as well as mergers and acquisitions. Since 1996 he has managed his own investment and real estate portfolios and has been as active investor in the mining sector. He is currently Chairman of Featherstone Capital Inc.

Lukas Lundin - Director

Mr. Lundin graduated from the New Mexico Institute of Mining and Technology (Engineering). Throughout his career he has been responsible for various resource discoveries, including the multi-million ounce Veladero gold deposit in Argentina that was subject to a $300 million takeover by Homestake in 1999. Mr. Lundin has also led numerous companies through very profitable business acquisitions and mergers including the $7.1 billion sale of Red Back Mining Inc. in 2010. Mr. Lundin sits on the board of a number of publicly traded companies and is currently Chairman of Lundin Mining Corporation, a base metal producer, and Denison Mines Corp, a uranium exploration and development company.

Randall Oliphant - Director

Randall Oliphant is Executive Chairman of New Gold. Mr. Oliphant is on the Advisory Board of Metalmark Capital LLC (formerly Morgan Stanley Capital Partners), and serves on the boards of WesternZagros Resources Ltd. and Franco-Nevada Corporation. Since 2003, Mr. Oliphant has served on the boards of a number of public and private companies and not-for-profit organizations. From 1999 to 2003, he was the President and Chief Executive Officer of Barrick Gold Corporation. From 2006 to 2009, he was Chairman of Western Goldfields Inc. Until the spring of 2011 he was also President and Chief Executive Officer of Silver Bear Resources Inc. Mr. Oliphant is a Chartered Accountant.

Douglas Hurst - Director

Mr. Hurst has over 25 years' experience in the mining/resource sector having acted as geologist, mining analyst and senior executive since 1987. Mr. Hurst holds a Bachelor of Science in geology from McMaster University (1986). During the 1990's Mr. Hurst was a mining analyst with McDermid St. Lawrence and Sprott Securities and later as a contract analyst with Pacific International and Octagon

Capital. From 1995 to 2003, Mr. Hurst was a mining consultant offering corporate, evaluation and financing services to the mining sector. Mr. Hurst was a founding Executive/Director with International Royalty Corporation which was sold to Royal Gold Inc. in 2010 in a transaction valued at approximately $700 million. Doug currently serves as the Chairman of Selkirk Power Company Ltd., a private hydro development company.

Edward Farrauto - Director

Mr. Farrauto is a Certified General Accountant and has 20 years' experience as a senior financial officer in private and public companies. His experience encompasses financial and regulatory compliance and public company management. Mr. Farrauto has been directly responsible for overseeing private placement financings, prospectus filings, reverse takeovers and merger and acquisition transactions. He has extensive experience with U.S. filings including SEC clearance and reporting issuers.

Paulo Santos - Chief Financial Officer and Corporate Secretary

Mr. Santos is a Chartered Accountant with over 10 years' experience in accounting, auditing and regulatory compliance. Mr. Santos has worked in public practice as an auditor, focusing his area of interest in public companies in the junior resource and technology sectors. He is currently CFO of Calibre Mining Corp. where he previously held the position of corporate controller.

Corporate Cease Trade Orders or Bankruptcies

Except as disclosed below, no director or proposed director of the Company is, or within the ten years prior to the date of this Filing Statement has been, a director or executive officer of any company, including the Company, that while that person was acting in that capacity:

(a) was the subject of a cease trade order or similar order or an order that denied the company access to any exemption under securities legislation for a period of more than 30 consecutive days; or

(b) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Edward C. Farrauto was the Chief Financial Officer of Deloro Minerals Ltd. (now called Deloro Resources Ltd.) ("**Deloro**") from April, 2003 until December 2, 2003. On November 25, 2003, the British Columbia Securities Commission issued a cease trade order against Deloro for failure to file comparative financial statements for the interim period ending June 30, 2003. Deloro filed such financial statements on December 18, 2003 and trading in the securities of Deloro was reinstated on February 10, 2004.

Penalties or Sanctions

None of the proposed directors, officers, promoters or Control Persons of the Resulting Issuer have been subject to any penalties or sanctions imposed by a Court or by a securities regulatory authority relating to securities legislation, has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable security holder making a decision about the Proposed Acquisition.

Personal Bankruptcies

None of the proposed directors, officers, promoters or Control Persons of the Resulting Issuer or a personal holding company of such persons have, during the past ten years, been declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under bankruptcy or insolvency legislation or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his assets.

Conflicts of Interest

There are potential conflicts of interest to which the directors, officers, Insiders, promoters and Control Persons of the Resulting Issuer may be subject in connection with the operations of the Resulting Issuer. All of the directors, officers, Insiders and promoters are engaged in and will continue to be engaged in corporations or businesses which may be in competition with the business of the Resulting Issuer. Accordingly, situations may arise where the directors, officers, Insiders and promoters will be in direct competition with the Resulting Issuer. Conflicts, if any, will be subject to the procedures and remedies as provided under applicable regulatory agencies. See also "Risk Factors".

Other Reporting Issuer Experience

The following table sets out the other proposed directors, officers and promoter(s) of the Resulting Issuer that are, or have been within the last five years, directors, officers or promoters of other issuers that are or were reporting issuers in any Canadian jurisdiction:

Name of Director, Officer or Promoter	Name of Reporting Issuer	Name of Exchange or Market	Position	Term
Douglas B. Forster	Potash One Inc.	TSX	Director	October 2008 to March 2011
	Calibre Mining Corp.	TSXV	Director	December 2003 to present
	Edgewater Exploration Ltd.	TSXV	Director	March 2011 to present
	Pinecrest Resources Ltd.	TSXV	Director	June 2010 to present
Blayne Johnson	Edgewater Exploration Ltd.	TSXV	Director	October 2010 to present
	Calibre Mining Corp.	TSXV	Director	May 2005 to present
	Pinecrest Resources Ltd.	TSXV	Director	May 2012 to present
Douglas Hurst	International Royalty Corporation	TSX	Director	February 2005 to February 2010
	Invenio Resources Corp.	TSX	Director	December 2003 to present
Lukas Lundin	Denison Mines Corp.	TSX	Chairman Director	March 1998 to present May 1997 to present
	Fortress Minerals Corp.	NEX	President/Director	May 2008 to present
	Lucara Diamond Corp.	TSX	President Chairman Director	August 2007 to July 2009 July 2009 to present April 2007 to present
	Lundin Mining Corporation	TSX	Chairman Director	October 2006 to present September 1994 to present
	Lundin Petroleum AB	TSX	Director	2001 to present
	NGEx Resources Inc. (formerly, Canadian Gold Hunter Corp.)	TSX	Chairman Director	September 2002 to present October 1995 to present
	Sirocco Mining Inc. (formerly, Atacama Minerals Corp.)	TSX-V	Chairman Director	June 2006 to present August 1996 to present

Name of Director, Officer or Promoter	Name of Reporting Issuer	Name of Exchange or Market	Position	Term
	Kinross Gold Corporation	TSX	Director	November 2010 to May 2011
	Pearl Exploration and Production Ltd. (now, BlackPearl Resources Inc.)	TSX	Director	December 2006 to May 2009
	Tanganyika Oil Company Ltd. (no longer a reporting issuer)	N/A	Chairman Director	November 1998 to December 2008 October 1994 to December 2008
Randall Oliphant	New Gold Inc.	TSX, NYSE	Executive Chairman, Director	June 2009 to present
	Western Goldfields Inc.	TSX	Chairman, Director	February 2006 to June 2009
	Silver Bear Resources Inc.	TSX	President, CEO Chairman, Director	December 2004 to June 2011 June 2011 to May 2013
	WesternZagros Resources Ltd.	TSXV	Director	October 2007 to present
	Franco-Nevada Corporation	TSX, NYSE	Director	November 2007 to present
Paulo Santos	Calibre Mining Corp.	TSXV	CFO	February 2010 to present
Edward Farrauto	Edgewater Exploration	TSXV	CFO Director	June 2007 to present June 2007 to Mar. 2011
	Pinecrest Resources Ltd.	TSXV	Director, CEO	January 2010 to present
	Terrane Metals Corp.	TSXV	Director, CFO	July 2006 to October 2011
	Gainey Capital Corp.	TSXV	Director	February 2011 to present
	Mammoth Resources Corp.	TSXV	Director, CEO	January 2011 to May 2012
	MBAC Fertilizer	TSX	Director, CFO	May 2009 to Dec 2009

Anticipated Executive Compensation

Named Executive Officers

Upon completion of the Proposed Acquisition, the Company will have three Named Executive Officers, being Douglas B. Forster, the President and Chief Executive Officer, Blayne Johnson, the Executive Vice President and Paulo Santos, the Chief Financial Officer and Corporate Secretary.

"Named Executive Officer" ("**NEO**") means: (a) each Chief Executive Officer, (b) each Chief Financial Officer, (c) each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the Chief Executive Officer and Chief Financial Officer, at the end of the most recently completed financial year whose total compensation was, individually, more than $150,000; and (d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the company, nor acting in a similar capacity, at the end of that financial year.

Compensation Discussion & Analysis

The compensation of the Company's NEOs is determined by the Board.

The Board's compensation program is designed to provide competitive levels of compensation, a significant portion of which is dependent upon individual and corporate performance and contribution to increasing shareholder value. The Board recognizes the need to provide a total compensation package that will attract and retain qualified and experienced executives as well as align the compensation level of each executive to that executive's level of responsibility. In general, a NEO's compensation is comprised of stock option grants.

The objectives and reasons for this system of compensation are generally to allow the Company to remain competitive compared to its peers in attracting experienced personnel. Stock option grants are designed to reward the NEOs for success on a similar basis as the shareholders of the Company, but these rewards are highly dependent upon the volatile stock market, much of which is beyond the control of the NEOs.

Option-based Awards

The purpose of the Stock Option Plan is to advance the interest of the Company by encouraging the directors, officers and consultants of the Company, to acquire shares in the Company, thereby increasing their proprietary interest in the Company, encouraging them to remain associated with the Company and furnishing them with additional incentive in their efforts on behalf of the Company in the conduct of its affairs.

The Stock Option Plan is administered by the board of directors and provides that the options will be issued pursuant to option certificates.

Summary Compensation Table

Set out below is a summary of anticipated compensation to be paid to the NEOs:

Summary Compensation Table

Name and principal position	Year	Salary ($)	Share-based awards ($)	Option-based awards ($)	Non-equity incentive plan compensation ($)		Pension value ($)	All other compensation ($)	Total compensation ($)
					Annual incentive plans	Long-term incentive plans			
Douglas B. Forster, President and Chief Executive Officer	2013[1]	250,000	Nil	42,049 [2]	Nil	Nil	Nil	Nil	292,049
Blayne Johnson, Executive Vice President	2013[1]	225,000	Nil	42,049 [3]	Nil	Nil	Nil	Nil	267,049

					Non-equity incentive plan compensation ($)				
Paulo Santos, Chief Financial Officer	2013[(1)]	48,000	Nil	14,016[(4)]	Nil	Nil	Nil	Nil	62,016

Notes:

(1) Anticipated compensation for the 12 months following completion of the Proposed Acquisition.

(2) Upon completion of the Proposed Acquisition, the Resulting Issuer proposes to grant, at an exercise price of $0.20 per share, options to purchase 300,000 Common Shares to Douglas B. Forster. The fair value of the granted options was determined using the Black-Scholes option pricing model. For the purpose of the calculation, the following weighted average assumptions were used: 100% volatility, 1.22% per annum risk-free interest rate; and no dividend yield. The value assigned to each option is $0.14 per share.

(3) Upon completion of the Proposed Acquisition, the Resulting Issuer proposes to grant, at an exercise price of $0.20 per share, options to purchase 300,000 Common Shares to Blayne Johnson. The fair value of the granted options was determined using the Black-Scholes option pricing model. For the purpose of the calculation, the following weighted average assumptions were used: 100% volatility, 1.22% per annum risk-free interest rate; and no dividend yield. The value assigned to each option is $0.14 per share.

(4) Upon completion of the Proposed Acquisition, the Resulting Issuer proposes to grant, at an exercise price of $0.20 per share, options to purchase 100,000 Common Shares to Paulo Santos. The fair value of the granted options was determined using the Black-Scholes option pricing model. For the purpose of the calculation, the following weighted average assumptions were used: 100% volatility, 1.22% per annum risk-free interest rate; and no dividend yield. The value assigned to each option is $0.14 per share.

Narrative Discussion

It is anticipated that following the completion of the Proposed Acquisition, the Resulting Issuer will enter into a consulting agreement with each of Douglas B. Forster, Blayne Johnson and Paulo Santos in order to secure their services as President and Chief Executive Officer, Executive Vice President Business Development and Chief Financial Officer, respectively. Mr. Forster will be entitled to a monthly consulting fee of $20,833 per month, Mr. Johnson will be entitled to a monthly consulting fee of $18,750 per month and Mr. Santos will be entitled to a monthly consulting fee of $4,000 per month. In addition, each of Mr. Forster, Mr. Johnson and Mr. Santos will receive stock options.

Incentive Plan Awards

The following table sets forth the incentive plan awards to be granted to the NEOs upon completion of the Proposed Acquisition:

Share-Based Awards and Option-Based Awards

	Option-based Awards				Share-based Awards	
Name	**Number of securities underlying unexercised options (#)**	**Option exercise price ($)**	**Option expiration date**	**Value of unexercised in-the-money options ($)[1]**	**Number of shares or units of shares that have not vested (#)**	**Market or payout value of share-based awards that have not vested ($)**
Douglas B. Forster	300,000	$0.20	5 years from completion of the Proposed Acquisition	Nil	N/A	N/A
Blayne Johnson	300,000	$0.20	5 years from completion of the Proposed Acquisition	Nil	N/A	N/A
Paulo Santos	100,000	$0.20	5 years from completion of the Proposed Acquisition	Nil	N/A	N/A

Note:

(1) The value of unexercised "in the money options" as at the financial year end is the difference between the market value of the securities on June 14, 2013 (the last trading day before announcement of the Proposed Acquisition) and the exercise price of the options.

The following table sets forth details of the anticipated value vested or earned for all incentive plan awards upon completion of the Proposed Acquisition by each NEO:

Value Vested or Earned for Incentive Plan Awards

Name	**Option-based awards – Value vested upon Completion of the Proposed Acquisition ($)[1]**	**Share-based awards – Value vested upon Completion of the Proposed Acquisition ($)**	**Non-equity incentive plan compensation – Value earned upon Completion of the Proposed Acquisition ($)**
Douglas B. Forster	42,049[2]	N/A	N/A
Blayne Johnson	42,049 [2]	N/A	N/A
Paulo Santos	42,049 [2]	N/A	N/A

Notes:

(1) The vesting date of these options will be the date of completion of the Proposed Acquisition.

(2) See "Anticipated Executive Compensation - Summary Compensation Table".

Narrative Discussion

The Company adopted the Stock Option Plan to advance the interests of the Company by encouraging the directors, officers, employees and consultants of the Company, and of its subsidiaries and affiliates, if any, to acquire Common Shares in the share capital of the Company, thereby increasing their proprietary interest in the Company, encouraging them to remain associated with the Company and furnishing them with additional incentive in their efforts on behalf of the Company in the conduct of its affairs.

Upon completion of the Proposed Acquisition an aggregate of 2,000,000 stock options will be granted by the Company. An aggregate of 700,000 stock options are currently outstanding.

There are no pension plan benefits or deferred compensation of any sort.

Termination and Change of Control Benefits

The Company has no employment contracts with its NEOs. It is anticipated that the Company will enter into consulting agreements with each of the NEOs.

At the end of the most recently completed financial year, the Company had no compensatory plan, contract or arrangement where a NEO was entitled to receive more than $100,000 from the Company (including periodic payments or instalments) to compensate such executive officer in the event of resignation, retirement or other termination of the NEO's employment with the Company, a change of control of the Company or its subsidiaries, or a change in responsibilities of the NEO following a change in control.

Director Compensation

Other than compensation paid to the NEOs, and except as noted below, no compensation will be paid to directors in their capacity as directors of the Company or its subsidiaries, in their capacity as members of a committee of the Board or of a committee of the board of directors of its subsidiaries, or as consultants or experts.

The following table sets forth the details of compensation to be provided to the directors, other than the NEOs upon completion of the Proposed Acquisition:

Director Compensation Table

Name[(1)]	Fees Earned ($)	Share-based Awards	Option-based Awards ($)	Non-Equity Incentive Plan Compensation ($)	Pension Value ($)	All Other Compensation ($)	Total ($)
Lukas Lundin	Nil	N/A	42,049[(2)]	N/A	N/A	N/A	42,049
Randall Oliphant	Nil	N/A	42,049 [(3)]	N/A	N/A	N/A	42,049
Douglas Hurst	24,000	N/A	42,049 [(4)]	N/A	N/A	N/A	24,000
Edward Farrauto	24,000	N/A	42,049 [(5)]	N/A	N/A	N/A	24,000

Notes:

(1) Mrsrs. Forster and Johnson do not appear on this table as they will be NEOs of the Resulting Issuer.

(2) Upon completion of the Proposed Acquisition, the Resulting Issuer proposes to grant, at an exercise price of $0.20 per share, options to purchase 300,000 Common Shares to Lukas Lundin. The fair value of the granted options was determined using the Black-Scholes option pricing model. For the purpose of the calculation, the following weighted average assumptions were used: 100% volatility, 1.22% per annum risk-free interest rate; and no dividend yield. The value assigned to each option is $0.14 per share.

(3) Upon completion of the Proposed Acquisition, the Resulting Issuer proposes to grant, at an exercise price of $0.20 per share, options to purchase 300,000 Common Shares to Randall Oliphant. The fair value of the granted options was determined using the Black-Scholes option pricing model. For the purpose of the calculation, the following weighted average assumptions were used: 100% volatility, 1.22% per annum risk-free interest rate; and no dividend yield. The value assigned to each option is $0.14 per share.

(4) Upon completion of the Proposed Acquisition, the Resulting Issuer proposes to grant, at an exercise price of $0.20 per share, options to purchase 300,000 Common Shares to Douglas Hurst. The fair value of the granted options was determined using the Black-Scholes option pricing model. For the purpose of the calculation, the following weighted average assumptions were used: 100% volatility, 1.22% per annum risk-free interest rate; and no dividend yield. The value assigned to each option is $0.14 per share.

(5) Upon completion of the Proposed Acquisition, the Resulting Issuer proposes to grant, at an exercise price of $0.20 per share, options to purchase 300,000 Common Shares to Edward Farrauto. The fair value of the granted options was determined using the Black-Scholes option pricing model. For the purpose of the calculation, the following weighted average assumptions were used: 100% volatility, 1.22% per annum risk-free interest rate; and no dividend yield. The value assigned to each option is $0.14 per share.

Share-Based Awards and Option-Based Awards

The following table sets forth the incentive plan awards to be granted to the directors of the Company upon completion of the Proposed Acquisition:

Share-Based Awards and Option-Based Awards

	Option-based Awards				**Share-based Awards**	
Name	**Number of securities underlying unexercised options (#)**	**Option exercise price ($)**	**Option expiration date**	**Value of unexercised in-the-money options ($)[1]**	**Number of shares or units of shares that have not vested (#)**	**Market or payout value of share-based awards that have not vested ($)**
Douglas B. Forster	300,000	$0.20	5 years from completion of the Proposed Acquisition	Nil	N/A	N/A
Blayne Johnson	300,000	$0.20	5 years from completion of the Proposed Acquisition	Nil	N/A	N/A
Lukas Lundin	300,000	$0.20	5 years from completion of the Proposed Acquisition	Nil	N/A	N/A
Randall Oliphant	300,000	$0.20	5 years from completion of the Proposed Acquisition	Nil	N/A	N/A
Doug Hurst	300,000	$0.20	5 years from completion of the Proposed Acquisition	Nil	N/A	N/A

	Option-based Awards				Share-based Awards	
Name	**Number of securities underlying unexercised options (#)**	**Option exercise price ($)**	**Option expiration date**	**Value of unexercised in-the-money options ($)[1]**	**Number of shares or units of shares that have not vested (#)**	**Market or payout value of share-based awards that have not vested ($)**
Edward Farrauto	300,000	$0.20	5 years from completion of the Proposed Acquisition	Nil	N/A	N/A

Note:

(1) The value of unexercised "in the money options" as at the financial year end is the difference between the market value of the securities on June 14, 2013 (the last trading day before announcement of the Proposed Acquisition) and the exercise price of the options.

Value Vested or Earned for Incentive Plan Awards

Name	**Option-based awards – Value vested upon Completion of the Proposed Acquisition ($)[1]**	**Share-based awards – Value vested upon Completion of the Proposed Acquisition ($)**	**Non-equity incentive plan compensation – Value earned upon Completion of the Proposed Acquisition ($)**
Douglas B. Forster	42,049[2]	N/A	N/A
Blayne Johnson	42,049[2]	N/A	N/A
Lukas Lundin	42,049[2]	N/A	N/A
Randall Oliphant	42,049[2]	N/A	N/A
Doug Hurst	42,049[2]	N/A	N/A
Edward Farrauto	42,049[2]	N/A	N/A

Note:

(1) The vesting date of these options will be the date of completion of the Proposed Acquisition.

(2) See "Anticipated Executive Compensation - Director Compensation Table".

Equity Compensation Plan Information

The following table sets out those securities of the Company which have been authorized for issuance under equity compensation plans upon completion of the Proposed Acquisition:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by the securityholders	2,700,000	$0.22	2,671,408
Equity compensation plans not approved by the securityholders	Nil	Nil	Nil
Total	**2,700,000**	**$0.22**	**2,671,408**

Indebtedness of Directors and Officers

No director, officer or other officer of the Company or person who acted in such capacity in the last financial year of the Company or proposed director or officer of the Resulting Issuer, or any Associate of any such director or officer is, or has been, at any time since the beginning of the most recently completed financial year of the Company, indebted to the Company nor is, or at any time since the incorporation of the Company has, any indebtedness of any such person been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company.

Investor Relations Arrangements

The Company has not entered into any written or oral agreement or understanding with any person to provide any promotional or investor relations services for the Company or its securities. Following the completion of the Proposed Acquisition, the Resulting Issuer may enter into investor relations arrangements.

Options to Purchase Securities

The table below sets forth the options that will be held by optionees upon completion of the Proposed Acquisition:

Name of Optionee	Position	Securities Under Options/SARs Granted (#) upon Completion of the Proposed Acquisition	Exercise Price	Expiry Date
Danny Lee	Former Director	200,000	$0.10	January 11, 2016[(1)]
Crae Garrett	Former Director	200,000	$0.10	January 11, 2016[(1)]
Featherstone Capital	Consultant	300,000	$0.47	March 1, 2016
Edward Farrauto	Director	300,000	$0.20	5 years from completion of the Proposed Acquisition

Name of Optionee	Position	Securities Under Options/SARs Granted (#) upon Completion of the Proposed Acquisition	Exercise Price	Expiry Date
Douglas Hurst	Director	300,000	$0.20	5 years from completion of the Proposed Acquisition
Paulo Santos	CFO	100,000	$0.20	5 years from completion of the Proposed Acquisition
Ryan King	Consultant	100,000	$0.20	5 years from completion of the Proposed Acquisition
Douglas B. Forster	CEO, President, Director	300,000	$0.20	5 years from completion of the Proposed Acquisition
Blayne Johnson	Executive Vice President, Director	300,000	$0.20	5 years from completion of the Proposed Acquisition
Lukas Lundin	Director	300,000	$0.20	5 years from completion of the Proposed Acquisition
Randall Oliphant	Director	300,000	$0.20	5 years from completion of the Proposed Acquisition
Total:		**2,700,000**		

Note:

(1) These stock options will expire 90 days following completion of the Proposed Acquisition.

Stock Option Plan

The shareholders of the Company approved the Stock Option Plan on May 15, 2012. See "Executive Compensation – Narrative Discussion" for a summary of the terms of the stock option plan.

Escrowed Securities

As at the date of this Filing Statement, no securities of the Company are held in escrow. Pursuant to Exchange Policies, all securities held by Principals of the Resulting Issuer will be subject to escrow following completion of the Proposed Acquisition.

According to the Exchange Policies, 10% of those securities of the Company acquired by Principals of the Resulting Issuer within one year before the date the Exchange issued conditional approval of the Proposed Acquisition will be released from escrow on the issuance of the Final Exchange Bulletin (the "**Initial Release**") and an additional 15% will be released on the dates 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release (the "**Value Security Escrow**").

According to the Exchange Policies, 25% of those securities of the Company acquired by Principals of the Resulting Issuer prior to one year before the date the Exchange issued conditional approval of the

Proposed Acquisition will be released from escrow on the Initial Release, and an additional 25% will be released on the dates 6 months, 12 months, 18 months following the Initial Release (the "**Accelerated Escrow**").

The table below sets out the number of securities expected to be subject to escrow:

Name and Municipality of Residence of Shareholder	Number of Escrowed Securities Subject to Value Security Escrow	Number of Escrowed Securities subject to Accelerated Escrow	Percentage of Common Shares of Resulting Issuer Subject to Escrow After Giving Effect to the Proposed Acquisition
Douglas B. Forster British Columbia	Nil	4,666,000	9.11%
Blayne Johnson British Columbia	Nil	4,666,000	9.11%
Edward Farrauto British Columbia	Nil	1,542,640	3.01%
Lukas Lundin Switzerland	Nil	4,668,000	9.12%
Randall Oliphant Ontario	Nil	4,048,170	7.91%

Auditors, Transfer Agent and Registrar

The auditors of the Resulting Issuer will continue to be PricewaterhouseCoopers LLP, Chartered Accountants, of Vancouver, British Columbia.

Computershare Trust Company of Canada, at its office located in Vancouver, British Columbia, will continue to be the transfer agent and registrar for the Resulting Issuer's Common Shares.

GENERAL MATTERS

Sponsorship

The Exchange provided the Company with an exemption from the requirement to obtain a sponsor in connection with the Proposed Acquisition.

Experts

The Company retained Todd McCracken, P. Geo. and Paul Daigle, P. Geo., of Tetra Tech Inc., to prepare the Technical Report. The Technical Report dated July 4, 2013, has been delivered to the Company. The contents of the Technical Report are summarized under the heading "*Information Concerning the Acquisition of Significant Assets*".

To the knowledge of the Company, Todd McCracken, P. Geo., Paul Daigle, P. Geo., and Tetra Tech Inc., do not have a direct or indirect interest in the Leamington Property or in the properties of any Associate or Affiliate of the Company nor will he receive any such interest. To the knowledge of management of the Company, Todd McCracken, P. Geo., Paul Daigle, P. Geo. and Tetra Tech Inc., do not have beneficial ownership, direct or indirect, in the securities of the Company or in the securities of any Associated or Affiliated corporations.

PricewaterhouseCoopers LLP, Chartered Accountants, prepared the Auditor's Report for the Company for the years ended December 31, 2012. PricewaterhouseCoopers LLP, Chartered Accountants, are independent in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

Other Material Facts

To the best of the knowledge of management of the Company, there are no other material facts concerning the Company or the Proposed Acquisition.

Board Approval

The Board has approved the contents of this Filing Statement.

CERTIFICATE OF THE ISSUER

The foregoing document constitutes full, true and plain disclosure of all material facts relating to the securities of Raystar Capital Ltd. assuming completion of the Proposed Acquisition.

"*Edward C. Farrauto*"
Edward C. Farrauto
President, Chief Executive Officer and Chief Financial Officer

ON BEHALF OF THE BOARD

"*Douglas B. Forster*"
Douglas B. Forster
Director

"*Blayne Johnson*"
Blayne Johnson
Director

SCHEDULE "A"

RAYSTAR CAPITAL LTD.

FINANCIAL STATEMENTS

See attached.

Raystar Capital Ltd.

CONDENSED INTERIM FINANCIAL STATEMENTS

For the Three and Six Months Ended June 30, 2013 and 2012

(Expressed in Canadian Dollars - Unaudited)

Raystar Capital Ltd.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars - Unaudited)

	June 30, 2013	December 31, 2012
ASSETS		
Current assets		
Cash	$ 846,996	$ 927,029
Trade and other receivables	2,031	2,799
	849,027	929,828
Non-current		
Deferred costs	13,000	-
	$ 862,027	$ 929,828
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Trade and other payables	$ 27,200	$ 17,599
Shareholders' equity		
Share capital	$ 3,454,125	$ 3,454,125
Share-based payments reserve	146,798	146,798
Accumulated deficit	(2,766,096)	(2,688,694)
	$ 834,827	$ 912,229
	$ 862,027	$ 929,828

On behalf of the Board:

"Edward Farrauto" Director *"Douglas B. Forster"* Director

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

Raystar Capital Ltd.
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars - Unaudited)
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2013 AND 2012

	Common shares		Share-based payments reserve	Warrants reserves	Accumulated deficit	Total
	Number	Amount				
Balance – January 1, 2012	19,857,040	$ 2,544,325	$ 146,798	$ 209,800	$ (2,567,718)	$ 333,205
Issued upon exercise of warrants (Note 4(b))	7,000,000	909,800	-	(209,800)	-	700,000
Net loss for the period	-	-	-	-	(67,596)	(67,596)
Balance – June 30, 2012	26,857,040	$ 3,454,125	$ 146,798	$ -	$ (2,635,314)	$ 965,609
Balance – January 1, 2013	26,857,040	$ 3,454,125	$ 146,798	$ -	$ (2,688,694)	$ 912,229
Net loss for the period	-	-	-	-	(77,402)	(77,402)
Balance – June 30, 2013	26,857,040	$ 3,454,125	$ 146,798	$ -	$ (2,766,096)	$ (834,827)

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

Raystar Capital Ltd.
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian Dollars - Unaudited)

	Three Months Ended June 30, 2013	Three Months Ended June 30, 2012	Six Months Ended June 30, 2013	Six Months Ended June 30, 2012
EXPENSES				
Accounting and audit fees	$ 10,300	$ 4,800	$ 15,100	$ 9,300
Consultants (Note 3)	25,500	21,000	48,000	42,000
Legal	3,621	4,517	8,982	11,272
Office	32	33	93	92
Shareholder relations	-	458	1,454	969
Transfer agent and regulatory fees	3,061	5,575	6,358	6,612
	$ (42,514)	$ (36,383)	$ (79,987)	$ (70,245)
OTHER INCOME				
Interest income	1,451	1,687	2,585	2,649
Loss and comprehensive loss for the period	$ (41,063)	$ (34,696)	$ (77,402)	$ (67,596)
Loss per share – basic and diluted	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Weighted average number of shares outstanding: Basic and diluted	26,857,040	26,857,040	26,857,040	26,357,040

The accompanying notes are an integral part of these condensed interim financial statements

Raystar Capital Ltd.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars - Unaudited)

	Three Months Ended June 30, 2013	Three Months Ended June 30, 2012	Six Months Ended June 30, 2013	Six Months Ended June 30, 2012
CASH PROVIDED BY (USED IN):				
Cash flows from operating activities:				
Loss for the period	$ (41,063)	$ (34,696)	$ (77,402)	$ (67,596)
Changes in non-cash working capital:				
Trade and other receivables	3,666	1,193	768	(1,403)
Prepaid expenses	-	-	-	(1,250)
Trade and other payables	9,824	1,350	(3,399)	(8,016)
	(27,573)	(32,153)	(80,033)	(78,265)
Cash flows from financing activities:				
Shares issued on warrant exercises (Note 4(b))	-	-	-	700,000
	-	-	-	700,000
(Decrease) Increase in cash	(27,573)	(32,153)	(80,033)	621,735
Cash – beginning of period	874,569	1,001,982	927,029	348,094
Cash – end of period	$ 846,996	$ 969,829	$ 846,996	$ 969,829
Supplemental Disclosure of Non-Cash Financing and Investing Activities				
Deferred costs included in accounts payable	$ 13,000	$ -	$ 13,000	$ -

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

1. NATURE OF OPERATIONS

Raystar Capital Ltd. ("Raystar" or the "Company") was incorporated by a Certificate of Incorporation issued pursuant to the provisions of the *Business Corporations Act* (British Columbia) on May 27, 1998. The address of the Company is Suite 1820 – 999 West Hastings Street, Vancouver, British Columbia, V6C 2W2. The Company is currently designated as an Inactive Issuer on the TSX Venture Exchange (TSX-V: RYA).

On June 20, 2013, the Company entered into a Purchase and Sale Agreement dated June 20, 2013 with Calibre Mining Corp. (TSX-V: CXB) to purchase a 100% interest in the Point Leamington Zn-Au-Ag-Cu-Pb massive sulphide deposit located in the north-central Newfoundland, Canada. The purchase of the project (the "Transaction") will form the basis for the Company's reactivation from the NEX Board of the TSX Venture Exchange (the "Exchange") to Tier 2 on the Exchange. Completion of the Transaction is subject to a number of conditions, including, without limitation, completion of a private placement (as discussed in Note 7) and receipt of all regulatory approvals, including approval of the Exchange.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation and statement of compliance

These unaudited condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC. The policies applied in these unaudited condensed interim financial statements are based on IFRS issued and outstanding as of August 23, 2013, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim financial statements as compared with the most recent annual audited financial statements as at and for the year ended December 31, 2012, except as noted below. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending December 31, 2013 could result in restatement of these unaudited condensed interim financial statements.

Use of estimates, assumptions, and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Critical estimates and assumptions are made in particular with regard to the assumptions used in calculating the fair value of warrants and share-based payments.

The Company uses the fair-value method of accounting for share-based payments related to incentive stock options and compensation warrants granted, modified or settled. Under this method, compensation cost attributable to options is measured at fair value at the grant date and expensed over the vesting period. In determining the fair value, the Company makes estimates of the expected volatility of the stock, the expected life of the options or warrants, and an estimated risk-free interest rate. Changes to these estimates could result in the fair value of the options and warrants being less than or greater than the amount recorded.

2. SIGNIFICANT ACCOUNTING POLICIES - *continued*

New standards, amendments and interpretations effective for the first time from January 1, 2013

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting periods beginning before or on January 1, 2013.

The following new standards, amendments and interpretations that have been adopted in these condensed interim financial statements have had no material effect on the Company's financial statements and disclosures.

- IFRS 13: *Fair Value Measurement*, aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.

- Amendments to IAS 1: *Presentation of Financial Statements* revised the presentation of other comprehensive income ("OCI"). Separate subtotals are required for items which may subsequently be recycled through profit or loss and items that will not be recycled through profit and loss.

In addition, the following new or amended standards and interpretations that are mandatory for 2013 annual periods have not had a material impact on the Company:

- IFRS 7: *Financial Instruments: Disclosures*: Amendments – Offsetting Financial Assets and Financial Liabilities
- IFRS 10: *Consolidated Financial Statements*
- IFRS 11: *Joint Arrangements*
- IFRS 12: *Disclosures of Interests in Other Entities*
- IAS 19: *Employee Benefits* (Amendments)
- IAS 27: *Consolidated and Separate Financial Statements*
- IFRIC 20: *Stripping Costs in the Production Phases of a Surface Mine*
- Annual Improvements to IFRSs (2009 – 2011 Cycle)

Standards, amendments and interpretations not yet effective

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are not mandatory for accounting periods beginning on or after January 1, 2013 or later periods. They have not been early adopted in these interim financial statements and they may affect the Company in the period of initial application. In all cases the Company intends to apply these standards from application date as indicated below:

- IFRS 9: *Financial Instruments* ("IFRS 9") is part of the IASB's wider project to replace IAS 39: *Financial Instruments: Recognition and Measurement.* IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2015. The Company has not yet made an assessment of the impact of the amendments.

There are no other IFRSs or IFRIC Interpretations that are not yet effective that would be expected to have a material impact on the Company.

3. RELATED PARTY TRANSACTIONS

During the six months ended June 30, 2013, the Company paid $42,000 (2012 - $42,000) for consulting services provided by Featherstone Capital Inc. ("Featherstone"). Featherstone is a company with directors in common, which provides corporate development and financial advisory services. The Company has agreed to pay Featherstone a retainer of $7,000 per month plus expenses under the agreement. The Company may terminate the agreement by providing Featherstone with a thirty (30) day written notice.

On January 13, 2012, 4,666,000 common share purchase warrants were exercised by directors of the Company. The warrants were exercised at a price of $0.10 per share.

4. SHARE CAPITAL

The authorized share capital of the Company is comprised of an unlimited number of common shares without par value.

a) Stock Options

A summary of the Company's stock options at June 30, 2013 is presented below:

Exercise price	December 31, 2012	Granted	Exercised	June 30, 2013	Expiry date	Remaining contractual life in years	Number of options vested
$0.10	400,000	-	-	400,000	January 11, 2016	2.53	400,000
$0.47	300,000	-	-	300,000	March 1, 2016	2.67	300,000
	700,000	-	-	700,000			700,000
	$0.26	-	-	$0.26	Weighted average exercise price		

b) Warrants

During the six months ended June 30, 2012, the Company received $700,000 from the exercise of 7,000,000 common share purchase warrants. The warrants had an exercise price of $0.10 per share. In connection with this exercise, the Company transferred $209,800 from warrants reserve to share capital, being the original allocation of the fair value of the warrants. There were no share purchase warrants outstanding as at June 30, 2013 or 2012.

5. CAPITAL MANAGEMENT

The Company's objectives in managing its capital resources are to safeguard the entity's ability to continue as a going concern and maximize returns to shareholders in the context of the market. The Company satisfies its capital requirements through careful management of its cash resources and by utilizing equity issues, as necessary, based on the prevailing economic conditions of both the industry and the capital markets and the underlying risks characteristics of the related assets. The Company's principal source of capital is from the issuance of common shares. To meet the objectives, management monitors the Company's ongoing capital requirements against net working capital and assesses additional capital requirements on a case by case basis. The Company is not subject to any externally imposed capital requirements. The capital structure of the Company consists of equity attributable to common shareholders, comprising of issued capital, share-based payments reserve, and accumulated deficit.

6. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Financial Instruments by Category

The following provides the carrying and fair values of each classification of financial instruments as at June 30, 2013:

		Loans and receivables		Other financial liabilities
Financial assets				
Cash	$	846,996	$	-
Trade and other receivables	$	2,031	$	-
Financial liabilities				
Trade and other payables	$	-	$	27,200

The following provides the carrying and fair values of each classification of financial instrument as at December 31, 2012:

		Loans and receivables		Other financial liabilities
Financial assets				
Cash	$	927,029	$	-
Trade and other receivables	$	2,799	$	-
Financial liabilities				
Trade and other payables	$	-	$	17,599

(b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. One of management's goals is to maintain an optimal level of liquidity through the management of the Company's assets, liabilities, and cash flows. The Company's cash is held as cash deposits which are available on demand to fund the Company's short-term financial obligations.

(c) Credit Risk

The Company's credit risk is primarily attributable to its cash and trade and other receivables. The risk exposure is limited to their carrying values at the balance sheet date. Cash is held as cash deposits with counterparties that carry investment grade ratings as assessed by external rating agencies. The Company does not invest in asset-backed deposits or investments. Trade and other receivables consist of input tax credits reimbursable to the Company.

(d) Concentration Risk

Concentration risk exists in cash because significant balances are maintained with one financial institution. The risk is mitigated because the cash is maintained with a large Canadian financial institution.

(e) Market Risks

The significant market risk to which the Company is exposed is interest rate risk. The Company's interest rate risk arises primarily from the interest earned on cash. Deposits are invested on a short-term basis to enable adequate liquidity for payment of operational and capital expenditures. The Company's other financial assets and liabilities are not subject to interest rate risk since they do not bear interest.

6. FAIR VALUE OF FINANCIAL INSTRUMENTS - *continued*

(f) Fair Value Hierarchy

The fair value of financial instruments that are measured subsequent to initial recognition at their fair value, is measured within a "fair value hierarchy" which has the following levels:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than quotes prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Inputs for the asset or liability that are not based on observable market data.

Fair values of assets and liabilities approximate amounts at which these items could be exchanged in transactions between knowledgeable parties. Fair value is based on available public market information or, when such information is not available, estimated using present value techniques and assumptions concerning the amount and timing of future cash flows and discount rates which factor in the appropriate credit risk. The calculation of estimated fair value is based on market conditions at the specific point in time and in the respective geographic locations and may not be reflective of future fair values.

Trade and other receivables and accounts payable and accrued liabilities approximate their fair values due to their short term to maturity.

7. POINT LEAMINGTON TRANSACTION

As discussed in Note 1, pursuant to a Purchase and Sale Agreement dated June 20, 2013, the Company has agreed to purchase a 100% interest in the Point Leamington Zn-Au-Ag-Cu-Pb massive sulphide deposit (the "Project") located in north-central Newfoundland, Canada from Calibre Mining Corp. ("Calibre"). As consideration for the Project, the Company has agreed to issue 1,000,000 of its common shares and pay $250,000 to Calibre on closing of the Transaction. Calibre also will retain a 0.5% net smelter return royalty on production from the Project, which can be purchased by the Company at any time after closing for $1,000,000. Calibre is considered a related party to the Company, as there is an officer and directors in common.

The Project is comprised of a mining lease covering 263 hectares, which contains the Point Leamington Zn-Au-Ag-Cu-Pb massive sulphide deposit. The Project is located 70 km northwest of Gander and 37 km north of the town of Grand Falls in Newfoundland. Tetra Tech Inc. ("Tetra Tech") of Sudbury, Ontario, Canada has completed the Point Leamington Inferred Resource Estimate at a cut-off grade of 4.0% ZnEq, of 14,100,000 tonnes grading 1.86% Zn, 0.42% Cu, 0.02% Pb, 1.07 g/t Au, and 17.12 g/t Ag (6.15% ZnEq) containing 577 million lb. zinc, 130 million lb. copper, 6.2 million lb. lead, 484,000 oz. Au, and 7,755,000 oz. Ag.

Concurrently with the Transaction, the Company will undertake to close a non-brokered private placement (the "Private Placement") of 23,333,334 units (the "Units") at a price of $0.15 per Unit for gross proceeds of $3,500,000. Each Unit will consist of one common share and one transferable share purchase warrant (the "Warrants"). Each full Warrant is exercisable for a period of two years at a price of $0.30. There is no finder's fee payable in connection with the Private Placement. The Company intends to use the proceeds of the Private Placement to advance the Point Leamington Project and for general working capital purposes. All securities issued in the Private Placement will be subject to statutory hold period expiring four months and one day after closing of the Private Placement. Completion of the Private Placement is subject to a number of conditions, including, without limitation, receipt of all regulatory approvals, including approval of the Exchange. Upon completion of the Transaction and the Private Placement, the Company will have 51,190,374 common shares issued and outstanding and a working capital position of approximately $4,000,000, assuming no option is exercised.

7. POINT LEAMINGTON TRANSACTION - *continued*

The Company has also announced, once the Transaction is completed, the Company proposes to change its name to Newmarket Gold Inc. In addition, concurrent with the closing of the Transaction, the Company will grant up to 2,000,000 stock options to new directors, officers, and employees of the Company at an exercise price of $0.20 per share, or such greater price as may be required by the Exchange, with an expiry date of five years.

Raystar Capital Ltd.

FINANCIAL STATEMENTS

(Expressed in Canadian Funds)

December 31, 2012

February 13, 2013

Independent Auditor's Report

To the Shareholders of Raystar Capital Ltd.

We have audited the accompanying financial statements of Raystar Capital Ltd., which comprise the statements of financial position as at December 31, 2012, and December 31, 2011, and the statements of changes in shareholders' equity loss and comprehensive loss and cash flows for the years ended December 31, 2012 and December 31, 2011, and the related notes, which comprise 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, 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.

Auditor's 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 the auditor's 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, the auditor considers 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 in 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 Raystar Capital Ltd. as at December 31, 2012, and December 31, 2011, and its financial performance and its cash flows for the years ended December 31, 2012 and December 31, 2011 in accordance with International Financial Reporting Standards.

(signed) "PricewaterhouseCoopers LLP"

Chartered Accountants

PricewaterhouseCoopers LLP Chartered Accountants
PricewaterhouseCoopers Place, 250 Howe Street, Suite 700, Vancouver, British Columbia, Canada V6C 3S7
T: 604 806 7000, F: 604 806 7806, www.pwc.com/ca

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Raystar Capital Ltd.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Funds)
AS AT DECEMBER 31

	2012	2011
ASSETS		
Current assets		
Cash	$ 927,029	$ 348,094
Trade and other receivables	2,799	2,915
	$ 929,828	$ 351,009
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Trade and other payables	$ 17,599	$ 17,804
Shareholders' equity		
Share capital	$ 3,454,125	$ 2,544,325
Share-based payments reserve (Note 4(b))	146,798	146,798
Warrants reserve (Note 4(c))	-	209,800
Accumulated deficit	(2,688,694)	(2,567,718)
	$ 912,229	$ 333,205
	$ 929,828	$ 351,009

Nature of Operations and Basis of Presentation (Note 1)

On behalf of the Board:

"Edward Farrauto" Director *"Danny Lee"* Director

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

Raystar Capital Ltd.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Funds)
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	Common shares					
	Number	Amount	Share-based payments reserve	Warrants reserves	Accumulated deficit	Total
Balance – January 1, 2011	12,857,040	$ 2,270,692	$ -	$ -	$ (2,314,947)	$ (44,255)
Issued for cash (Note 4(a))	7,000,000	273,633	-	209,800	-	483,433
Share-based compensation (Note 4(b))	-	-	146,798	-	-	146,798
Net loss for the year	-	-	-	-	(252,771)	(252,771)
Balance – December 31, 2011	19,857,040	$ 2,544,325	$ 146,798	$ 209,800	$ (2,567,718)	$ 333,205
Balance – January 1, 2012	19,857,040	$ 2,544,325	$ 146,798	$ 209,800	$ (2,567,718)	$ 333,205
Issued upon exercise of warrants (Note 4(c))	7,000,000	909,800	-	(209,800)	-	700,000
Net loss for the year	-	-	-	-	(120,976)	(120,976)
Balance – December 31, 2012	26,857,040	$ 3,454,125	$ 146,798	$ -	$ (2,688,694)	912,229

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

Raystar Capital Ltd.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Funds)
FOR THE YEARS ENDED DECEMBER 31

	2012	2011
EXPENSES		
Accounting and audit fees	$ 17,800	$ 16,800
Consultants (Note 3)	84,000	70,000
Legal	11,802	7,048
Office	140	126
Shareholder relations	969	1,122
Share-based compensation (Note 4(b))	-	146,798
Transfer agent and regulatory fees	11,718	12,690
	126,429	254,584
OTHER INCOME		
Interest income	(5,453)	(1,813)
Loss and comprehensive loss for the year	$ 120,976	$ 252,771
Loss per share – basic and diluted	$ 0.00	$ 0.01
Weighted average number of shares outstanding:		
Basic and diluted	26,626,903	19,339,232

The accompanying notes are an integral part of these financial statements

Raystar Capital Ltd.
STATEMENTS OF CASH FLOWS
(Expressed in Canadian Funds)
FOR THE YEARS ENDED DECEMBER 31

		2012		2011
CASH PROVIDED BY (USED IN):				
Cash flows from operating activities:				
Loss for the year	$	(120,976)	$	(252,771)
Non-cash item:				
Share-based compensation		-		146,798
Changes in non-cash working capital:				
Trade and other receivables		116		(2,818)
Trade and other payables		(204)		2,595
	$	(121,065)	$	(106,196)
Cash flows from financing activities:				
Due to related party (Note 3)	$	-	$	(30,000)
Shares issued on warrant exercise (Note 4(c))		700,000		-
Shares issued for cash, net of share issuance costs (Note 4(a))		-		483,433
	$	700,000	$	453,433
Increase in cash	$	578,935	$	347,237
Cash – beginning of year		348,094		857
Cash – end of year	$	927,029	$	348,094

There were no non-cash financing or investing activities during the years ending December 31, 2012 and 2011.

1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION

Raystar Capital Ltd. ("Raystar" or the "Company") was incorporated by a Certificate of Incorporation issued pursuant to the provisions of the *Business Corporations* Act (British Columbia) on May 27, 1998. The address of the Company is Suite 1820 – 999 West Hastings Street, Vancouver, British Columbia, V6C 2W2. The Company is currently designated as an Inactive Issuer on the TSX Venture Exchange (TSX-V: RYA). The Company is currently searching for a project to vend into the Company.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") which include International Accounting Standards and Interpretations issued by the International Accounting Standards Board ("IASB"). The Board of Directors approved the statements for issue on February 13, 2013.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These financial statements have been prepared in accordance with IFRS which include International Accounting Standards and Interpretations ("IFRIC" and "SIC") issued by the IASB as at December 31, 2012.

Basis of measurement

The financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial assets and financial liabilities to fair value.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less.

Share-based payments

The Company grants stock options to certain directors, employees, and consultants of the Company. Each tranche is considered a separate award with its own vesting year and grant date fair value. Fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. Compensation expense is recognized immediately upon vesting by increasing the share-based payments reserve based on the number of awards vested.

Share capital

The Company records proceeds from share issuances net of issue costs and any tax effects. The Company records proceeds from the exercise of stock options and warrants as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company. Share capital issued for non-monetary consideration is recorded at an amount equal to the fair value of the shares issued when the fair value of the non-monetary consideration is not determinable. The proceeds from the issue of units is allocated between common shares and common share purchase warrants on a pro-rata basis on a relative fair value basis, wherein, the fair value of the common shares is based on the market close on the date the units are issued; and the fair value of the common share purchase warrants is determined using the Black-Scholes pricing model.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The following temporary differences do not result in deferred tax assets or liabilities: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the date of the statement of financial position.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a future tax asset will be recovered, the deferred tax asset is reduced.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Use of judgements and estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reported years. Actual results could differ from those estimates.

Significant areas where management's estimates are applied in these financial statements include the valuation of warrants and options, which are based upon expected useful lives and other relevant assumptions. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future years could be significant.

Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

Financial instruments

Financial assets

Financial assets are classified into one of four categories:

- Fair value through profit or loss ("FVTPL");
- Held-to-Maturity ("HTM");
- Loans and receivables; and
- Available for sale ("AFS").

Financial assets at fair value through profit or loss ("FVTPL")

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management strategy. Attributable transaction costs are recognized in profit or loss when incurred. FVTPL are measured at fair value, and changes are recognized in the statement of loss and comprehensive loss.

Held to maturity ("HTM")

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized costs using the effective interest method. If there is objective evidence that the asset is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of loss and comprehensive loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. Such assets are initially recognized at fair value plus any direct attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. The Company classified its financial assets which consisted of cash and cash equivalents and trade and other receivables as loans and receivables.

Available for sale ("AFS")

Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statement of loss and comprehensive loss.

Financial liabilities

Financial liabilities are classified into one of two categories:

- Fair value through profit or loss; and
- Other financial liabilities

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

Fair value through profit or loss

This category comprises of derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried on the balance sheet at fair value with the changes in fair value recognized in the statement of loss and comprehensive loss.

Other financial liabilities

This category includes trade and other payables which are recognized at amortized cost.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted.

For all financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the statement of comprehensive loss. If, in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the statement of loss and comprehensive loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Comprehensive income/loss

Comprehensive income/loss is the change in the Company's shareholders' equity that results from transactions and other events from other than the Company's shareholders and includes items that would not normally be included in net earnings, such as unrealized gains and losses on available-for-sale investments. Certain gains and losses are recorded as part of net earnings to be presented in other "comprehensive income" until it is considered appropriate to recognize into net earnings.

Accounting standards issued but not yet effective

IASB issued the following pronouncements that are effective for the Company's fiscal years beginning January 1, 2013, or later and may affect the Company's future financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

NEW STANDARDS NOT YET ADOPTED

- IFRS 9, Financial Instruments
- IFRS 10, Consolidated Financial Statements
- IFRS 11, Joint Arrangements
- IFRS 12, Disclosure of Interests in Other Entities
- IFRS 13, Fair Value Measurement
- IAS 32, Financial Instruments Presentation
- IFRIC 20, Stripping Costs in the Production Phase of a Surface Mine

These new and revised accounting standards have not yet been adopted by the Company, and the Company has not yet completed the process of assessing the impact that they will have on its financial statements.

3. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2012, the Company paid $84,000 (2011 - $70,000) for consulting services provided by Featherstone Capital Inc., a company with directors in common. On January 13, 2012, 4,666,000 common share purchase warrants were exercised by directors of the Company (Note 4(c)). The warrants were exercised at a price of $0.10 per share.

During the prior year, the Company settled outstanding debt of $30,000 to a creditor of the Company, who is also an officer of the Company. The amounts previously borrowed by the Company to meet working capital requirements were non-interest bearing, unsecured, and due on demand.

4. SHARE CAPITAL

The authorized share capital of the Company is comprised of an unlimited number of common shares without par value.

a) Share Issuances

During 2011, the Company completed a non-brokered private placement of 7,000,000 units at a price of $0.07 per unit for total gross proceeds of $490,000. Each unit consisted of one common share and one common share purchase warrant. Each common share purchase warrant entitled the holder to purchase one common share in Raystar for a price of $0.10 per share until January 27, 2012 (Note 4(c)). There was no commission or finder's fee paid on the financing. The Company allocated $209,800 of the net proceeds to the fair value of the warrants issued in connection with this financing, with the remaining $273,633 allocated to share capital. The fair value of the warrants was determined using the Black-Scholes pricing model with a risk free rate of 1.62%, a volatility factor of 94% and an expected life on the warrants of 1 year.

b) Stock Options

A summary of the Company's stock options at December 31, 2012 is presented below:

Exercise price	December 31, 2011	Granted	Exercised	December 31, 2012	Expiry date	Remaining contractual life in years	Number of options vested
$0.10	400,000	-	-	400,000	January 11, 2016	3.03	400,000
$0.47	300,000	-	-	300,000	March 1, 2016	3.17	300,000
	700,000	-	-	700,000			700,000
	$0.26	-	-	$0.26	Weighted average exercise price		

4. SHARE CAPITAL (cont'd.)

During 2011, the Company granted 700,000 stock options to directors and a non-arm's length consultant of the Company. The stock options granted are exercisable at a range of $0.10 to $0.47 per common share for a year of five years from the grant date. The total fair value of the stock options compensation granted was $146,798 which was expensed in 2011. There were no stock options granted during the year ending December 31, 2012.

c) Warrants

During the year ending December 31, 2012, the Company received $700,000 from the exercise of 7,000,000 common share purchase warrants by its warrant holders. The warrants were exercised at a price of $0.10 per share. There were no share purchase warrants outstanding as at December 31, 2012.

5. CAPITAL MANAGEMENT

The Company's objectives in managing its capital resources are to safeguard the entity's ability to continue as a going concern and maximize returns to shareholders in the context of the market. The Company satisfies its capital requirements through careful management of its cash resources and by utilizing equity issues, as necessary, based on the prevailing economic conditions of both the industry and the capital markets and the underlying risks characteristics of the related assets. The Company's principal source of capital is from the issuance of common shares. To meet the objectives, management monitors the Company's ongoing capital requirements against net working capital and assesses additional capital requirements on a case by case basis. The Company is not subject to any externally imposed capital requirements. The capital structure of the Company consists of equity attributable to common shareholders, comprising of issued capital, share-based payments reserve, and accumulated deficit.

6. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Financial Instruments by Category

The following provides the carrying and fair values of each classification of financial instrument as at December 31, 2012:

		Loans and receivables		Other financial liabilities
Financial assets				
Cash	$	927,029	$	-
Trade and other receivables	$	2,799	$	-
Financial liabilities				
Trade and other payables	$	-	$	17,599

The following provides the carrying and fair values of each classification of financial instrument as at December 31, 2011:

		Loans and receivables		Other financial liabilities
Financial assets				
Cash	$	348,094	$	-
Trade and other receivables	$	2,915	$	-
Financial liabilities				
Trade and other payables	$	-	$	17,804

6. FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd.)

(b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. One of management's goals is to maintain an optimal level of liquidity through the management of the Company's assets, liabilities, and cash flows. The Company's cash are held as cash deposits which are available on demand to fund the Company's short-term financial obligations.

(c) Credit Risk

The Company's credit risk is primarily attributable to its cash and trade and other receivables. The risk exposure is limited to their carrying values at the balance sheet date. Cash is held as cash deposits with counterparties that carry investment grade ratings as assessed by external rating agencies. The Company does not invest in asset-backed deposits or investments. Trade and other receivables consist of input tax credits reimbursable to the Company.

(d) Concentration Risk

Concentration risk exists in cash because significant balances are maintained with one financial institution. The risk is mitigated because the cash is maintained with a large Canadian financial institution.

(e) Market Risks

The significant market risk to which the Company is exposed is interest rate risk. The Company's interest rate risk arises primarily from the interest earned on cash. Deposits are invested on a short-term basis to enable adequate liquidity for payment of operational and capital expenditures. The Company's other financial assets and liabilities are not subject to interest rate risk since they do not bear interest.

7. INCOME TAXES

The Company has incurred non-capital losses for income tax purposes of approximately $440,445. They may be carried forward and used to reduce taxable income of future years. These losses are subject to expire between 2014 and 2032.

The Company has also incurred capital losses of $1,324,000. These losses can be carried forward indefinitely and used to reduce capital gains of future years. Significant components of the Company's future tax assets and liabilities, after applying enacted corporate income tax rates, are as follows:

	2012	2011
Future income tax assets		
Non-capital losses	$ 110,111	$ 84,562
Capital losses	165,500	165,500
Share issuance costs	985	1,313
	276,596	251,376
Less: Unrecognized deferred tax assets	(276,596)	(251,376)
	$ -	$ -

The Company's income tax provision differs from the taxes that would be obtained by applying the statutory tax rate of 25.00% (2011 - 26.50%) and is reconciled as follows:

	2012	2011
Loss for the year before income taxes	$ (120,976)	$ (252,771)
Statutory Canadian corporate tax rate	25.00%	26.50%
Expected income tax recovery	(30,244)	(66,984)
Share-based compensation	-	38,901
Other permanent differences	5,023	(5,001)
Change in future income tax rate	-	30,450
Change in unrecognized tax benefit	25,221	2,634
Income tax expense	$ -	$ -

Raystar Capital Ltd.

FINANCIAL STATEMENTS

(Expressed in Canadian Funds)

For the Years Ended December 31, 2011 and 2010

February 23, 2012

Independent Auditor's Report

To the Shareholders of Raystar Capital Ltd.

We have audited the accompanying financial statements of Raystar Capital Ltd., which comprise the balance sheets as at December 31, 2011, December 31, 2010 and January 1, 2010 and the statements of changes in shareholders' equity (deficiency), loss and comprehensive loss and cash flows for the years ended December 31, 2011 and December 31, 2010, and the related notes, which comprise 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, 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.

Auditor's 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 the auditor's 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, the auditor considers 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 in 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 Raystar Capital Ltd. as at December 31, 2011, December 31, 2010 and January 1, 2010 and its financial performance and its cash flows for the years ended December 31, 2011 and December 31, 2010 in accordance with International Financial Reporting Standards.

(signed) "PricewaterhouseCoopers LLP"

Chartered Accountants

PricewaterhouseCoopers LLP Chartered Accountants
PricewaterhouseCoopers Place, 250 Howe Street, Suite 700, Vancouver, British Columbia, Canada V6C 3S7
T: 604 806 7000, F: 604 806 7806, www.pwc.com/ca

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Raystar Capital Ltd.
BALANCE SHEETS
(Expressed in Canadian Funds)

	December 31, 2011	December 31, 2010 (Note 3)	January 1, 2010 (Note 3)
ASSETS			
Current assets			
Cash and cash equivalents	$ 348,094	$ 857	$ 10,160
Trade and other receivables	2,915	97	111
	$ 351,009	$ 954	$ 10,271
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)			
Current liabilities			
Trade and other payables	$ 17,804	$ 15,209	$ 20,683
Due to related party (Note 4)	-	30,000	125,000
	$ 17,804	$ 45,209	$ 145,683
Shareholders' equity (deficiency)			
Share capital	$ 2,544,325	$ 2,270,692	$ 2,145,692
Share-based payments reserve (Note 5(b))	146,798	-	-
Warrants reserve (Note 5(a))	209,800	-	-
Accumulated deficit	(2,567,718)	(2,314,947)	(2,281,104)
	$ 333,205	$ (44,255)	$ (135,412)
	$ 351,009	$ 954	$ 10,271

Nature of Operations and Basis of Presentation (Note 1)
Commitments (Note 9)
Subsequent Event (Note 11)

On behalf of the Board:

"Edward Farrauto" Director *"Danny Lee"* Director

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

Raystar Capital Ltd.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(Expressed in Canadian Funds)
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	Common shares					
	Number	Amount	Share-based payments reserve	Warrants reserves	Accumulated deficit	Total
Balance – January 1, 2011	12,857,040	$ 2,270,692	$ -	$ -	$ (2,314,947)	$ (44,255)
Issued for cash (Note 5(a))	7,000,000	273,633	-	209,800	-	483,433
Share-based compensation (Note 5(b))	-	-	146,798	-	-	146,798
Net loss for the year	-	-	-	-	(252,771)	(252,771)
Balance – December 31, 2011	19,857,040	$ 2,544,325	$ 146,798	$ 209,800	$ (2,567,718)	$ 333,205
Balance – January 1, 2010	10,584,313	$ 2,145,692	$ -	$ -	$ (2,281,104)	$ (135,412)
Issued for debt	2,272,727	125,000	-	-	-	125,000
Net loss for the year	-	-	-	-	(33,843)	(33,843)
Balance – December 31, 2010	12,857,040	$ 2,270,692	$ -	$ -	$ (2,314,947)	$ (44,255)

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

Raystar Capital Ltd.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Funds)
FOR THE YEARS ENDED DECEMBER 31

		2011		2010
EXPENSES				
Accounting and audit fees	$	16,800	$	16,961
Consultants (Notes 4 and 9)		70,000		-
Legal		7,048		7,181
Office		126		234
Shareholder relations		1,122		1,623
Share-based compensation (Note 5(b))		146,798		-
Transfer agent and regulatory fees		12,690		7,844
	$	254,584	$	33,843
OTHER INCOME				
Interest income	$	1,813	$	-
Loss and comprehensive loss for the year	$	252,771	$	33,843
Loss per share – basic and diluted	$	0.01	$	0.00
Weighted average number of shares outstanding:				
Basic and diluted		19,339,232		12,116,069

The accompanying notes are an integral part of these financial statements

Raystar Capital Ltd.
STATEMENTS OF CASH FLOWS
(Expressed in Canadian Funds)
FOR THE YEARS ENDED DECEMBER 31

		2011		2010
CASH PROVIDED BY (USED IN):				
Cash flows from operating activities:				
Loss for the year	$	(252,771)	$	(33,843)
Non-cash item:				
Share-based compensation		146,798		-
Changes in non-cash working capital:				
Trade and other receivables		(2,818)		14
Trade and other payables		2,595		(5,474)
	$	(106,196)	$	(39,303)
Cash flows from financing activities:				
Advances from (payments to) related party (Note 4)	$	(30,000)	$	30,000
Shares issued for cash, net of share issuance costs (Note 5(a))		483,433		-
	$	453,433	$	30,000
Increase (decrease) in cash and cash equivalents	$	347,237	$	(9,303)
Cash and cash equivalents – beginning of year		857		10,160
Cash and cash equivalents – end of year	$	348,094	$	857
Supplemental disclosure on non-cash financing activities				
Debt settlement by issuing shares	$	-	$	125,000

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

1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION

Raystar Capital Ltd. ("Raystar" or the "Company") was incorporated by a Certificate of Incorporation issued pursuant to the provisions of the *Business Corporations* Act (British Columbia) on May 27, 1998. The address of the Company is Suite 1820 – 999 West Hastings Street, Vancouver, British Columbia. The Company is designated, at this time, as an Inactive Issuer on the TSX Venture Exchange.

The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles as set out in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards ("IFRS"), and require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, the Company has commenced reporting on this basis in these financial statements. In these financial statements, the term "Canadian GAAP" refers to Canadian GAAP before the adoption of IFRS. The first date at which IFRS was applied was January 1, 2010 ("Transition Date").

These financial statements have been prepared in accordance with IFRS applicable to the preparation of financial statements including IFRS 1. Subject to certain transition elections disclosed in Note 3, the Company has consistently applied the same accounting policies in its opening IFRS balance sheet as at January 1, 2010 and throughout all years presented, as if these policies had always been in effect. Note 3 discloses the impact of the transition to IFRS on the Company's reported balance sheets, statements of operations and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Company's financial statements for the year ended December 31, 2010.

The policies applied in these financial statements are based on IFRS issued and outstanding as of February 23, 2012, the date the Board of Directors approved the financial statements. The financial statements should be read in conjunction with the Company's Canadian GAAP annual financial statements for the year ended December 31, 2010. Throughout these financial statements, additional disclosures relating to the year ended December 31, 2010 are provided in accordance with IFRS where material to an understanding of these financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") which include International Accounting Standards and Interpretations ("IFRIC" and "SIC") issued by the International Accounting Standards Board. The impact of the transition from Canadian Generally Accepted Accounting Principles ("GAAP") to IFRS is explained in Note 3. IFRS 1 *First-Time Adoption of IFRS* has been applied.

Basis of measurement

The financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial assets and financial liabilities to fair value.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less.

Share-based payments

The Company grants stock options to certain directors, employees, and consultants of the Company. Each tranche is considered a separate award with its own vesting year and grant date fair value. Fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. Compensation expense is recognized immediately upon vesting by increasing the share-based payments reserve based on the number of awards vested.

Share capital

The Company records proceeds from share issuances net of issue costs and any tax effects. The Company records proceeds from the exercise of stock options and warrants as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company. Share capital issued for non-monetary consideration is recorded at an amount equal to the fair value of the shares issued when the fair value of the non-monetary consideration is not determinable. The proceeds from the issue of units is allocated between common shares and common share purchase warrants on a pro-rata basis on a relative fair value basis, wherein, the fair value of the common shares is based on the market close on the date the units are issued; and the fair value of the common share purchase warrants is determined using the Black-Scholes pricing model.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The following temporary differences do not result in deferred tax assets or liabilities: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the date of the statement of financial position.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance against that excess.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Use of judgements and estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reported years. Actual results could differ from those estimates.

Significant areas where management judgment is applied in these financial statements include the valuation of warrants and options, which are based upon expected useful lives and other relevant assumptions. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future years could be significant.

Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Financial instruments

Financial assets

Financial assets are classified into one of four categories:

- Fair value through profit or loss ("FVTPL");
- Held-to-Maturity ("HTM");
- Loans and receivables; and
- Available for sale ("AFS").

Financial assets at fair value through profit or loss ("FVTPL")

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management strategy. Attributable transaction costs are recognized in profit or loss when incurred. FVTPL are measured at fair value, and changes are recognized in the statement of loss and comprehensive loss.

Held to maturity ("HTM")

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized costs using the effective interest method. If there is objective evidence that the asset is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of loss and comprehensive loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. Such assets are initially recognized at fair value plus any direct attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. The Company classified its financial assets which consisted of cash and cash equivalents and trade and other receivables as loans and receivables.

Available for sale ("AFS")

Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statement of loss and comprehensive loss.

Financial liabilities

Financial liabilities are classified into one of two categories:

- Fair value through profit or loss; and
- Other financial liabilities

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Fair value through profit or loss

This category comprises of derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried on the balance sheet at fair value with the changes in fair value recognized in the statement of loss and comprehensive loss.

Other financial liabilities

This category includes trade and other payables and due to related party, which are recognized at amortized cost.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting year. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted.

For all financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the statement of comprehensive loss. If, in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the statement of loss and comprehensive loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Comprehensive income/loss

Comprehensive income/loss is the change in the Company's shareholders' equity that results from transactions and other events from other than the Company's shareholders and includes items that would not normally be included in net earnings, such as unrealized gains and losses on available-for-sale investments. Certain gains and losses are recorded as part of net earnings to be presented in other "comprehensive income" until it is considered appropriate to recognize into net earnings.

Accounting standards issued but not yet effective

Amendments to IFRS 7 "Financial Instruments: Disclosures"

This amendment increases the disclosure required regarding the transfer of financial assets, especially if there is a disproportionate amount of transfer transactions that take place around the end of a reporting period. This amendment is effective for annual periods beginning on or after July 1, 2011.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

New standard IFRS 9 "Financial Instruments"

This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". This new standard is effective for annual periods beginning on or after January 1, 2015. The Company is currently evaluating the impact the final standard is expected to have on its financial statements.

IFRS 10 "Consolidated Financial Statements"

IFRS 10 *Consolidated Financial Statements* establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. This standard (i) requires a parent entity (an entity that controls one or more other entities) to present consolidated financial statements; (ii) defines the principle of control, and establishes control as the basis for consolidation; (iii) sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee; and (iv) sets out the accounting requirements for the preparation of consolidated financial statements. IFRS 10 supersedes IAS 27 *Consolidated and Separate Financial Statements* and SIC-12 *Consolidation- Special Purpose Entities* and is effective for annual periods beginning on or after January 1, 2013, with early application permitted. The Company is currently evaluating the impact the final standard is expected to have on its financial statements.

IFRS 11 "Joint Arrangements"

IFRS 11 *Joint Arrangements* establishes the core principle that a party to a joint arrangement determines the type of joint arrangement in which it is involved by assessing its rights and obligations and accounts for those rights and obligations in accordance with that type of joint arrangement. This standard is effective for annual periods beginning on or after January 1, 2013, with early application permitted. The Company is currently evaluating the impact the final standard is expected to have on its financial statements.

IFRS 12 "Disclosure of Involvements with Other Entities"

IFRS 12 *Disclosure of Involvement with other Entities* requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows. This standard is effective for annual periods beginning on or after January 1, 2013, with early application permitted. The Company is currently evaluating the impact the final standard is expected to have on its financial statements.

IFRS 13 "Fair Value Measurement"

IFRS 13 *Fair Value Measurement* defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except for: share- based payment transactions within the scope of IFRS 2 *Share-based Payment*; leasing transactions within the scope of IAS 17 *Leases*; measurements that have some similarities to fair value but that are not fair value, such as net realizable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets.* This standard is effective for annual periods beginning on or after January 1, 2013, with early application permitted. The Company is currently evaluating the impact the final standard is expected to have on its financial statements.

3. TRANSITION TO IFRS

These financial statements have been prepared in accordance with IFRS applicable to the preparation of financial statements, including IFRS 1. In accordance with IFRS, the Company has:

- Provided comparative financial information;
- Subject to certain transition elections disclosed within this note, applied the same accounting policies throughout all years presented;
- Retrospectively applied all effective IFRS standards as of December 31, 2009, as required; and
- Applied certain optional exemptions and certain mandatory exceptions as applicable for first time IFRS adopters.

Transition Elections

Set forth below are the transition exceptions to full retrospective application of IFRS applied by the Company on transition:

IFRS Mandatory Exceptions

Estimates – In accordance with the requirements of IFRS 1, hindsight is not used to create or revise estimates. The estimates previously made by the Company under Canadian GAAP were not revised on transition to IFRS except where necessary to reflect any differences in accounting policies.

An explanation of how the transition from previous Canadian GAAP to IFRS has affected the Company's financial position and comprehensive loss is set out in this note.

The accounting policies set in Note 2 have been applied in preparing the financial statements for the year ended December 31, 2011, the comparative information presented in these financial statements for the year ended December 31, 2010, and in the preparation of an opening IFRS balance sheet at January 1, 2010 (the Company's date of transition).

Adjustments on Transition to IFRS

IFRS has many similarities with Canadian GAAP as it is based on a similar conceptual framework. However, there are important differences with regard to recognition, measurement, and disclosure. The transition to IFRS did not have an impact to the comparative information presented in these financial statements for the year ended December 31, 2010, the year ended December 31, 2010, and the opening balance sheet at January 1, 2010.

4. RELATED PARTY TRANSACTIONS

Details of transactions between the Company and its related parties are disclosed below.

Trading Transactions

During the year, the Company entered into the following transactions with a related party:

	Rendering of consulting services	
	December 31, 2011	December 31, 2010
Featherstone Capital Advisors Inc.*	$ 70,000	$ -

*A company with directors in common.

4. RELATED PARTY TRANSACTIONS (Cont'd.)

The following balances were outstanding at the end of the following reporting years:

	Amounts owed to related parties		
	December 31, 2011	December 31, 2010	January 1, 2010
Management personnel	$ -	$ 30,000	$ 125,000

During the year ended December 31, 2011, the Company settled outstanding debt of $30,000 to a creditor of the Company, who is also an officer of the Company. These amounts, previously borrowed by the Company to meet working capital requirements, were non-interest bearing, unsecured, and due on demand.

Key management includes directors of the Company. Compensation awarded to key management includes Featherstone included:

	For the Year Ended December 31, 2011	For the Year Ended December 31, 2010
Share-based payments	$ 146,798	$ -

5. SHARE CAPITAL

a) Share Issuances

On January 27, 2011, the Company completed a non-brokered private placement of 7,000,000 units at a price of $0.07 per unit for total gross proceeds of $490,000. Each unit consisted of one common share and one common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one common share in Raystar for a price of $0.10 per share until January 27, 2012. There was no commission or finder's fee paid on the financing. The Company allocated $209,800 of the net proceeds to the fair value of the warrants issued in connection with this financing, with the remaining $273,633 allocated to share capital. The fair value of the warrants was determined using the Black-Scholes pricing model with a risk free rate of 1.62%, a volatility factor of 94% and an expected life on the warrants of 1 year. During the year ending December 31, 2010, the Company settled outstanding debt to a related party of the Company by converting the outstanding debt into common shares of the Company. The total amount of debt converted was $125,000. A total of 2,272,727 common shares were issued at a deemed price of $0.055 per share in full settlement of the debt.

b) Stock Options

There were no stock options granted or outstanding during 2010. A summary of the Company's stock options at December 31, 2011 is presented below:

Exercise price	December 31, 2010	Granted	Exercised	December 31, 2011	Expiry date	Remaining contractual life in years	Number of options vested
$0.10	-	400,000	-	400,000	January 11, 2016	4.03	400,000
$0.47	-	300,000	-	300,000	March 1, 2016	4.17	300,000
	-	700,000	-	700,000			700,000
	-	$0.26	-	$0.26	Weighted average exercise price		

5. SHARE CAPITAL (Cont'd.)

b) Stock Options (Cont'd.)

During the year ended December 31, 2011, the Company granted 700,000 stock options to directors and a consultant (Note 9) of the Company. The stock options granted are exercisable at a range of $0.10 to $0.47 per common share for a year of five years from the grant date. The total fair value of the stock options compensation during the year was $146,798 which was expensed during the year. The Company used a zero forfeiture rate in valuing the stock options as all stock options vested immediately on the date granted. The fair value of the stock options granted has been estimated at the grant date using the Black-Scholes option pricing model with the following assumptions:

Weighted average risk-free interest rate	2.55%
Weighted average expected option life	5 years
Weighted average expected stock volatility	120%
Weighted average expected dividend yield	Nil

c) Warrants

A summary of the Company's share purchase warrants at December 31, 2011 is presented below:

Exercise price	December 31, 2010	Issued	Exercised	December 31, 2011	Expiry date	Remaining contractual life in years
$0.10	-	7,000,000	-	7,000,000	January 27, 2012	0.07

6. CAPITAL MANAGEMENT

The Company's objectives in managing its capital resources are to safeguard the entity's ability to continue as a going concern and maximize returns to shareholders in the context of the market. The Company satisfies its capital requirements through careful management of its cash resources and by utilizing equity issues, as necessary, based on the prevailing economic conditions of both the industry and the capital markets and the underlying risks characteristics of the related assets. The Company's principal source of capital is from the issuance of common shares. To meet the objectives, management monitors the Company's ongoing capital requirements against net working capital and assesses additional capital requirements on a case by case basis. The Company is not subject to any externally imposed capital requirements. The capital structure of the Company consists of equity attributable to common shareholders, comprising of issued capital, share-based payments reserve, warrants reserve, and accumulated deficit.

7. INACTIVE ISSUER

Effective April 22, 2002, the Company was designated an Inactive Issuer by the TSX Venture Exchange.

8. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Financial Instruments by Category

The following provides the carrying and fair values of each classification of financial instrument as at December 31, 2011:

		Loans and receivables		Other financial liabilities
Financial assets				
Cash and cash equivalents	$	348,094	$	-
Trade and other receivables	$	2,915	$	-
Financial liabilities				
Trade and other payables	$	-	$	17,804

The following provides the carrying and fair values of each classification of financial instrument as at December 31, 2010:

		Loans and receivables		Other financial liabilities
Financial assets				
Cash and cash equivalents	$	857	$	-
Trade and other receivables	$	97	$	-
Financial liabilities				
Trade and other payables	$	-	$	15,209
Due to related party	$	-	$	30,000

The following provides the carrying and fair values of each classification of financial instrument as at January 1, 2010:

		Loans and receivables		Other financial liabilities
Financial assets				
Cash and cash equivalents	$	10,160	$	-
Trade and other receivables	$	111	$	-
Financial liabilities				
Trade and other payables	$	-	$	20,683
Due to related party	$	-	$	125,000

(b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. One of management's goals is to maintain an optimal level of liquidity through the management of the Company's assets, liabilities, and cash flows. The Company's cash and cash equivalents are held as cash deposits which are available on demand to fund the Company's short-term financial obligations.

8. FAIR VALUE OF FINANCIAL INSTRUMENTS (Cont'd.)

(c) Credit Risk

The Company's credit risk is primarily attributable to its cash and cash equivalents and trade and other receivables. The risk exposure is limited to their carrying values at the balance sheet date. Cash and cash equivalents are held as cash deposits with counterparties that carry investment grade ratings as assessed by external rating agencies. The Company does not invest in asset-backed deposits or investments. Trade and other receivables consist of input tax credits reimbursable to the Company.

(d) Concentration Risk

Concentration risk exists in cash and cash equivalents because significant balances are maintained with one financial institution. The risk is mitigated because the cash and cash equivalents are maintained with a prime Canadian financial institution.

(e) Market Risks

The significant market risk to which the Company is exposed is interest rate risk. The Company's interest rate risk arises primarily from the interest earned on cash and cash equivalents. Deposits are invested on a short-term basis to enable adequate liquidity for payment of operational and capital expenditures. The Company's other financial assets and liabilities are not subject to interest rate risk since they do not bear interest.

(f) Fair Value Hierarchy

Level 1 - Quoted prices in active in active markets for identical assets or liabilities.

Level 2 - Inputs other than quotes prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Inputs for the asset or liability that are not based on observable market data.

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at December 31, 2011:

	Level 1	Level 2	Level 3
Cash and cash equivalents	$ -	$ 348,094	$ -

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at December 31, 2010:

	Level 1	Level 2	Level 3
Cash and cash equivalents	$ -	$ 857	$ -

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at January 1, 2010:

	Level 1	Level 2	Level 3
Cash and cash equivalents	$ -	$ 10,160	$ -

9. COMMITMENTS

During the year ended December 31, 2011, the Company engaged Featherstone Capital Advisors Inc. ("Featherstone"), a company with directors in common, to provide corporate development and financial advisory services. The Company has agreed to pay Featherstone a retainer of $7,000 per month plus expenses for a period of twelve months. The Company has also granted Featherstone 300,000 stock options exercisable at $0.47 per share for a period of five years from the date of grant. The total fair value of the stock options granted was $117,217 which was expensed during the year. The fair value of the stock options granted was determined at the grant date using the Black-Scholes option pricing model with a risk free rate of 2.60%, a volatility factor of 120%, and an expected life on the options of 5 years.

10. INCOME TAXES

The Company has incurred non-capital losses for income tax purposes of approximately $338,249. They may be carried forward and used to reduce taxable income of future years. These losses are subject to expire between 2014 and 2031.

The Company has also incurred capital losses of $1,324,000. These losses can be carried forward indefinitely and used to reduce capital gains of future years. Significant components of the Company's future tax assets and liabilities, after applying enacted corporate income tax rates, are as follows:

	2011	2010
Future income tax assets		
Non-capital losses	$ 84,562	$ 59,280
Capital losses	165,500	188,670
UCC in excess of accounting book value	-	792
Share issuance costs	1,313	-
	251,376	248,742
Less: Valuation allowance	(251,376)	(248,742)
	$ -	$ -

The Company's income tax provision differs from the taxes that would be obtained by applying the statutory tax rate of 26.5% (2010 - 28.5%) and is reconciled as follows:

	2011	2010
Loss for the year before income taxes	$ (252,771)	$ (33,843)
Statutory Canadian corporate tax rate	26.50%	28.5%
Expected income tax recovery	(66,984)	(9,645)
Non-capital losses expired	-	5,985
Share-based compensation	38,901	-
Other permanent differences	(5,001)	-
Change in future income tax rate	30,450	1,918
Change in valuation allowance	2,634	1,742
Income tax expense	$ -	$ -

11. SUBSEQUENT EVENT

Subsequent to the year ending December 31, 2011, the Company received $700,000 from the exercise of 7,000,000 common share purchase warrants by its warrant holders. The warrants were acquired at an exercise price of 10 cents per share. Following the exercise of the warrants, the Company has 26,857,040 common shares issued and outstanding.

Raystar Capital Ltd.

FINANCIAL STATEMENTS

(Expressed in Canadian Funds - Audited)

December 31, 2010 and 2009

PricewaterhouseCoopers LLP
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February 4, 2011

Independent Auditor's Report

To the Shareholders of Raystar Capital Ltd.

We have audited the accompanying financial statements of Raystar Capital Ltd., which comprise the balance sheets as at December 31, 2010 and 2009 and the statements of loss, comprehensive loss and deficit, and cash flows for the years then ended, and 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 Canadian generally accepted accounting principles, 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.

Auditor's 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 the auditor's 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, the auditor considers 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 in our audits is sufficient and appropriate to provide a basis for our audit opinion.

"PricewaterhouseCoopers" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership, or, as the context requires, the PricewaterhouseCoopers global network or other member firms of the network, each of which is a separate legal entity.

PRICEWATERHOUSECOOPERS

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Raystar Capital Ltd. as at December 31, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates that the Company has incurred significant operating losses over the past several years, and has a working capital deficiency and a shareholders' deficiency each in the amount of $44,255, and has an accumulated deficit of $2,314,947. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Signed by PricewaterhouseCoopers LLP

Chartered Accountants

Raystar Capital Ltd.
BALANCE SHEETS
(Expressed in Canadian Funds - Audited)
AS AT DECEMBER 31

	2010	2009
ASSETS		
Current assets		
Cash	$ 857	$ 10,160
GST receivable	97	111
	$ 954	$ 10,271
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	$ 15,209	$ 20,683
Due to related party (Notes 4 and 5)	30,000	125,000
	45,209	145,683
Shareholders' Deficiency		
Share capital (Note 5)	2,270,692	2,145,692
Deficit	(2,314,947)	(2,281,104)
	(44,255)	(135,412)
	$ 954	$ 10,271

Going Concern (Note 1)
Subsequent Events (Note 10)

On behalf of the Board:

"Edward Farrauto" Director *"Danny Lee"* Director

See accompanying notes

Raystar Capital Ltd.
STATEMENTS OF LOSS, COMPREHENSIVE LOSS AND DEFICIT
(Expressed in Canadian Funds - Audited)
FOR THE YEARS ENDED DECEMBER 31

	2010	2009
General and Administrative Expenses		
Accounting and audit fees	$ 16,961	$ 21,881
Legal	7.181	4,492
Office	234	85
Shareholder relations	1,623	845
Transfer agent and regulatory fees	7,844	11,133
	$ 33,843	$ 38,436
Loss and comprehensive loss for the year	$ 33,843	$ 38,436
Deficit – Beginning of year	2,281,104	2,242,668
Deficit – End of year	$ 2,314,947	$ 2,281,104
Weighted average number of shares outstanding – basic and fully diluted	12,116,069	10,584,313
Loss per share – basic and diluted	$ 0.00	$ 0.00

See accompanying notes

Raystar Capital Ltd.
STATEMENTS OF CASH FLOWS
(Expressed in Canadian Funds - Audited)
FOR THE YEARS ENDED DECEMBER 31

	2010	2009
CASH PROVIDED BY (USED IN):		
Cash flows from operating activities:		
Loss for the year	$ (33,843)	$ (38,436)
Changes in non-cash working capital		
GST receivable	14	(19)
Prepaid expenses		1,250
Accounts payable and accrued liabilities	(5,474)	(31,911)
	$ (39,303)	$ (69,116)
Cash flows from financing activities		
Advances from related party (Note 4)	30,000	78,750
Increase (decrease) in cash and cash equivalents	$ (9,303)	$ 9,634
Cash and cash equivalents – beginning of year	10,160	526
Cash and cash equivalents – end of year	$ 857	$ 10,160

Supplemental cash flow information

Non-cash investing and financing activities		
Debt settlement (Note 5)	$ 125,000	$ -

See accompanying notes

1. GOING CONCERN

Raystar Capital Ltd. (the "Company") is inactive. These financial statements have been prepared on the basis of Canadian generally accepted accounting principles applicable to a going concern which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

The Company has incurred significant operating losses over the past several fiscal years, has a working capital deficiency and shareholders' deficiency of $44,255, an accumulated deficit of $2,314,947 and has been designated an Inactive Issuer on the TSX Venture Exchange (Note 7).

Subsequent to year end the Company completed a non-brokered private placement of 7,000,000 units at a price of $0.07 per unit for total gross proceeds of $490,000 (Note 10). However, the Company's continued existence remains dependent upon its ability to obtain continued support of its related parties (Note 4 and 5). There can be no assurance that management's action will be successful.

These financial statements do not reflect adjustments in the carrying values of the assets and liabilities, the reported expenses, and balance sheet classifications used that would be necessary if the Company were unable to realize its assets and settle liabilities in the normal course of operations. Such adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These financial statements have been prepared in accordance with accounting principles generally accepted in Canada and are presented in Canadian dollars.

Cash and cash equivalents

The Company considers cash and cash equivalents to include amounts held in banks and highly liquid investments with maturities at point of purchase of 90 days or less.

Income taxes

Income taxes are accounted for using the asset and liability method. Future taxes are recognized for the tax consequences of "temporary differences" by applying enacted or substantively enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and tax basis of existing assets and liabilities. The effect on future taxes for a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment. In addition, the method requires the recognition of future tax benefits to the extent that realization of such benefits is more likely than not. A valuation allowance is provided to the extent that it is more likely than not that future income tax assets will not be realized.

Share capital

The Company records proceeds from the exercise of stock options and warrants as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company. Share capital issued for non-monetary consideration is recorded at an amount based on fair market value. The proceeds from the issue of units is allocated between common shares and common share purchase warrants on a relative fair value basis, wherein, the fair value of the common shares is based on the market close on the date the units are issued; and the fair value of the common share purchase warrants is determined using the Black-Scholes pricing model.

2. SIGNIFICANT ACCOUNTING POLICIES – *Continued*

Loss per share

Basic loss per share is computed by dividing loss to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted loss per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share. The dilutive effect of convertible securities is reflected in diluted loss per share by application of the "if converted" method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted loss per share by application of the treasury stock method.

Management's estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reported periods. Actual results could differ from those estimates.

Financial instruments – Recognition and Measurement

CICA section 3855, *Financial Instruments – Recognition and Measurement*, requires all financial instruments within its scope, including derivatives, to be included on a Company's balance sheet and measured either at fair value or, in certain circumstances when fair value may not be considered most relevant, at cost or amortized cost. Unrealized changes in fair value are to be recognized in the statements of operations or comprehensive income.

All financial instruments are classified into one of the following four categories: held for trading, held-to-maturity, loans and receivables, available-for-sale financial assets. Initial and subsequent measurement and recognition of changes in the value of financial instruments depends on their initial classification:

- Held-to-maturity investments, loans and receivables are initially measured at fair value and subsequently measured at amortized cost. Amortization of premiums or discounts and losses due to impairment are included in current period net earnings.

- Available-for-sale financial assets are measured at fair value. Revaluation gains and losses are included in other comprehensive income until the asset is removed from the balance sheet.

- Held for trading financial instruments are measured at fair value. All gains and losses are included in net earnings in the period in which they arise.

- All derivative financial instruments are classified as held for trading financial instruments and are measured at fair value, even when they are part of a hedging relationship. All gains and losses are included in net earnings in the period in which they arise, except for derivative instruments which represent a cash flow hedge, where the gain or loss is recognized in other comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES – *Continued*

Stock-Based Compensation

All stock-based awards made to employees and non-employees are measured and recognized using a fair value based method. For employees, the fair value of the options is measured at the date of the grant. For non-employees, the fair value of the options is measured on the earlier of the date at which the counterparty performance is complete or the date the performance commitment is reached or the date at which the equity instruments are granted if they are fully vested and non-forfeitable. For employees and non-employees, the fair value of the options is accrued and charged to operations, with the offsetting credit to contributed surplus, on a straight-line basis over the vesting period. If and when the stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital.

3. RECENT ACCOUNTING PRONOUNCEMENTS

Accounting Changes

This Section has been amended to exclude from its scope changes in accounting policies upon the complete replacement of an entity's primary basis of accounting. The new standard which was adopted by the Company effective January 1, 2010, did not have an impact on the Company's annual financial statements.

Business Combinations

In January 2009, the CICA issued Handbook Section 1582, "Business Combinations". This Section, which replaced the former Business Combination Section, Section 1581, establishes standards for the accounting for a business combination and provides the Canadian equivalent to International Financial Reporting Standard IFRS 3, "Business Combinations". Section 1582 requires assets and liabilities acquired in a business combination, contingent consideration and certain acquired contingencies to be measured at their fair values as of the date of acquisition. In addition, acquisition-related and restructuring costs are to be recognized separately from the business combination and included in the statement of earnings. The new standard which was adopted by the Company effective January 1, 2010, did not have an impact on the Company's annual financial statements.

Consolidated Financial Statements

In January 2009, the CICA issued Handbook Section 1601, "Consolidated Financial Statements". This Section, together with new Section 1602 ("Non-controlling Interests"), replaces the former Consolidated Financial Statements (Section 1600) and establishes standards for the preparation of consolidated financial statements. The new standard which was adopted by the Company effective January 1, 2010, did not have an impact on the Company's annual financial statements.

Non-controlling Interests

In January 2009, the CICA issued Handbook Section 1602, "Non-controlling Interests", which together with CICA Handbook Section 1601, supersedes the business combinations standard. This section establishes the standards for the accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. A non-controlling interest in a subsidiary will be required to be classified as a separate component of equity under this standard. The new standard which was adopted by the Company effective January 1, 2010, did not have an impact on the Company's annual financial statements.

3. RECENT ACCOUNTING PRONOUNCEMENTS – *Continued*

Comprehensive Revaluation of Assets and Liabilities

This Section has been amended as a result of the issuance of Business Combinations, Section 1582, Consolidated Financial Statements, Section 1601 and Non-Controlling Interests, Section 1602, in January 2009. The amendments apply prospectively to comprehensive revaluations of assets and liabilities occurring in fiscal years beginning on or after January 1, 2011. The new standard which was adopted by the Company effective January 1, 2010, did not have an impact on the Company's annual financial statements.

Equity

This Section has been amended as a result of issuing Section 1602. The amendments apply only to entities that have adopted Section 1602. The new standard which was adopted by the Company effective January 1, 2010, did not have an impact on the Company's annual financial statements.

4. DUE TO RELATED PARTY

As at December 31, 2010, amounts due to a related party consist of $30,000 (December 31, 2009 - $Nil) owing to a company controlled by a director and officer. As at December 31, 2009, amounts due to a related party consisted of $125,000 owing to a company related to a director and officer. These amounts were put into the Company to meet working capital requirements, are non-interest bearing, unsecured and due on demand.

5. SHARE CAPITAL

Authorized – unlimited common shares without par value

Issued and fully paid

	Number of shares		Amount	
	2010	**2009**	**2010**	**2009**
			$	**$**
Issued for cash	7,094,999	7,094,999	1,871,779	1,871,779
Finder's fee	55,557	55,557	26,000	26,000
Issued for debt	5,706,484	3,433,757	372,913	247,913
	12,857,040	10,584,313	$ 2,270,692	$ 2,145,692

As at December 31, 2010 and 2009 there are no options or warrants outstanding.

During the period the Company settled outstanding debt to a related party of the Company by converting the outstanding debt into common shares of the Company. The total amount of debt converted was $125,000. A total of 2,272,727 common shares were issued at a fair value of $0.055 per share in full settlement of the debt.

6. CAPITAL MANAGEMENT

The Company's objectives in managing its capital resources are to safeguard the entity's ability to continue as a going concern and, thereby, maximize returns to shareholders in the context of the market. The Company satisfies its capital requirements through careful management of its cash resources and by utilizing equity issues, as necessary, based on the prevailing economic conditions of both the industry and the capital markets and the underlying risks characteristics of the related assets. The Company's principal source of capital is from the issuance of common shares. To meet the objectives, management monitors the Company's ongoing capital requirements against net working capital and assesses additional capital requirements on a case by case basis. The Company is not subject to any externally imposed capital requirements. The capital structure of the Company consists of equity attributable to common shareholders, comprising of issued capital, contributed surplus, and deficit. Additional information regarding capital management is disclosed in Note 1.

7. INACTIVE ISSUER

Effective 22 April 2002, the Company was designated an Inactive Issuer by the TSX Venture Exchange.

8. INCOME TAXES

The Company has incurred non-capital losses for income tax purposes of approximately $208,000. They may be carried forward and used to reduce taxable income of future years. These losses expire as follows:

	$
2014	26,000
2015	23,000
2026	20,000
2027	40,000
2028	28,000
2029	38,000
2030	33,000
	208,000

The Company has also incurred capital losses of $1,324,000. These losses can be carried forward indefinitely and used to reduce capital gains of future years.

8. INCOME TAXES - – *Continued*

Significant components of the Company's future tax assets and liabilities, after applying enacted corporate income tax rates, are as follows:

	2010	2009
	$	**$**
Future income tax assets		
Non-capital losses	59,280	56,000
Capital losses	188,670	189,000
Undepreciated capital cost in excess of accounting net book value	792	2,000
	248,742	247,000
Less: Valuation allowance	(248,742)	(247,000)
	-	-

The Company's income tax provision differs from the taxes that would be obtained by applying the statutory tax rate of 28.5% (2009 – 28.5%) and is reconciled as follows:

	2010	2009
	$	**$**
Loss for the year before income taxes	(33,843)	(38,436)
Statutory Canadian corporate tax rate	28.5%	28.5%
Expected income tax recovery	(9,645)	(11,000)
Non-capital losses expired	5,985	15,000
Change in future income tax rate	1,918	(4,000)
Change in valuation allowance	1,742	-
Income tax expense	-	-

9. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) *Financial Instruments by Category*

The following provides the carrying and fair values of each classification of financial instrument as at December 31, 2010:

	Loans and receivables	Held for trading	Other financial liabilities
Financial assets			
Cash and cash equivalents	$ -	$ 857	$ -
GST receivable	97	-	-
Financial liabilities			
Accounts payable and accrued liabilities	--	-	15,209
Due to related party		-	30,000

The following provides the carrying and fair values of each classification of financial instrument as at December 31, 2009:

	Loans and receivables	Held for trading	Other financial liabilities
Financial assets			
Cash and cash equivalents	$ -	$ 10,160	$ -
GST receivable	111	-	-
Financial liabilities			
Accounts payable and accrued liabilities	--	-	20,683
Due to related party	--	-	125,000

(a) *Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company ensures there is sufficient capital to meet short-term business requirements. One of management's goals is to maintain an optimal level of liquidity through the active management of the Company's assets, liabilities, and cash flows. The Company's cash and cash equivalents are held as cash deposits which are available on demand to fund the Company's short-term financial obligations. Additional information regarding liquidity risk is disclosed in Note 1.

(b) *Credit Risk*

The Company's credit risk is primarily attributable to its cash and cash equivalents and accounts receivable. The risk exposure is limited to their carrying values at the balance sheet date. Cash and cash equivalents are held as cash deposits with counterparties that carry investment grade ratings as assessed by external rating agencies. The Company does not invest in asset-backed deposits or investments. GST receivable consists of input tax credits reimbursable to the Company.

9. FAIR VALUE OF FINANCIAL INSTRUMENTS – *Continued*

(d) *Concentration Risk*

Concentration risk exists in cash and cash equivalents because significant balances are maintained with one financial institution. The risk is mitigated because the cash and cash equivalents are maintained with a prime Canadian financial institution.

(e) *Market Risks*

The significant market risk to which the Company is exposed is interest rate risk.

Interest Rate Risk

The Company's interest rate risk arises primarily from the interest earned on cash and cash equivalents. Deposits are invested on a short-term basis to enable adequate liquidity for payment of operational and capital expenditures. The Company's other financial assets and liabilities are not subject to interest rate risk since they do not bear interest.

(e) *Fair Value Hierarchy*

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at December 31, 2010:

	Level 1	Level 2	Level 3
Cash and cash equivalents	$ -	$ 857	$ -

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at December 31, 2009:

	Level 1	Level 2	Level 3
Cash and cash equivalents	$ -	$ 10,160	$ -

10. SUBSEQUENT EVENTS

On January 27, 2011, the Company completed a non-brokered private placement of 7,000,000 units at a price of $0.07 per unit for total gross proceeds of $490,000. Each unit consists of one common share and one common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one common share in Raystar for a period of one year from closing at a price of $0.10 per share. There is no commission or finder's fee payable on the financing. The common shares issued are subject to a four month hold period from closing expiring on May 28, 2011. The proceeds of the private placement will be used by the Company for general working capital.

The Company granted 400,000 stock options to directors of the Company. The stock options are exercisable at $0.10 per common share until January 11, 2016.

SCHEDULE "B"

RAYSTAR CAPITAL LTD.

MANAGEMENT'S DISCUSSION & ANALYSIS

See Attached.

Date

This Management Discussion and Analysis ("MD&A") should be read in conjunction with the financial statements of Raystar Capital Ltd. ("Raystar" or the "Company") for the unaudited three and six months ended June 30, 2013 and the audited financial statements for the year ended December 31, 2012. The Company reports its financial position, results of operations, statement of changes in equity, and cash flows in accordance with International Financial Reporting Standards ("IFRS"). Additional information relating to the Company, including the most recent Company filings, can be located on SEDAR at www.sedar.com.

This MD&A is prepared as of August 23, 2013. All dollar figures stated herein are expressed in Canadian dollars, unless otherwise specified.

This discussion includes certain statements that may be deemed "forward-looking statements." All statements in this discussion, other than statements of historical facts, that address events or developments that the Company expects are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward-looking statements.

Business Overview and Overall Performance

Business overview

Raystar Capital Ltd. ("Raystar" or the "Company") was incorporated by a Certificate of Incorporation issued pursuant to the provisions of the *Business Corporations* Act (British Columbia) on May 27, 1998. The address of the Company is Suite 1820 – 999 West Hastings Street, Vancouver, British Columbia, V6C 2W2. The Company is designated as an Inactive Issuer on the TSX Venture Exchange (TSX-V: RYA).

On June 20, 2013, the Company entered into a Purchase and Sale Agreement with Calibre Mining Corp. (TSX-V: CXB) to purchase a 100% interest in the Point Leamington Zn-Au-Ag-Cu massive sulphide deposit located in the north-central Newfoundland, Canada. The purchase of the project (the "Transaction") will form the basis for the Company's reactivation from the NEX Board of the TSX Venture Exchange (the "Exchange") to Tier 2 on the Exchange. Completion of the Transaction is subject to a number of conditions, including, without limitation, completion of a private placement and receipt of all regulatory approvals, including approval of the Exchange. The Transaction is discussed in detail under the heading *Proposed Transactions* within this MD&A.

Overall performance

- For the three months ended June 30, 2013, the Company recorded a net loss of $41,063 or $0.00 loss per share, as compared to a net loss of $34,696 or $0.00 loss per share for the same period in 2012.
- As at June 30, 2013, the Company had total assets of $862,027 consisting primarily of cash of $846,996 and with a working capital balance of $821,827.
- During the year ended December 31, 2012, the Company received $700,000 from the exercise of 7,000,000 common share purchase warrants. The warrants were exercised at a price of $0.10 per share.

Selected Annual Information

The following discussion and analysis of financial conditions and results of operations should be read in conjunction with the Company's financial statements and related costs for the years ended December 31, 2012, 2011, and 2010.

	December 31, 2012	December 31, 2011	December 31, 2010
Total revenues	$Nil	$Nil	$Nil
Comprehensive loss	$120,976	$252,771	$33,843
Loss per share - basic and diluted	$0.00	$0.01	$0.00
Total assets	$929,828	$351,009	$954
Total long-term financial liabilities	$Nil	$Nil	$Nil
Cash dividends declared	$Nil	$Nil	$Nil

Results of Operations

The following discussion and analysis of the Company's financial results of its operations should be read in conjunction with the Company's condensed interim financial statements for the three months ended June 30, 2013.

Three Months Ended June 30, 2013 compared to Three Months Ended June 30, 2012

Accounting and audit fees

During the three months ended June 30, 2013, the Company incurred $10,300 (2012 - $4,800) in accounting and audit fees which are accruals for work related to the Company's year-end audit and review of the three and six months ended June 30, 2013 unaudited financial statements.

Consultants

During the three months ended June 30, 2013, the Company incurred $25,500 (2012 - $21,000) in consultant fees. The consultant fees relate mostly to the Company's agreement with Featherstone Capital Inc. ("Featherstone"), a company with directors in common. Featherstone provides corporate development and financial advisory services to the Company for a monthly fee of $7,000 per month. In addition to Featherstone, on March 1, 2013, the Company engaged an independent consultant to provide accounting and administrative services.

Legal

During the three months ended June 30, 2013, the Company recorded $3,621 (2012 - $4,517) in legal expenses. In the prior period, legal expenses included regulatory work associated with the exercise of warrants at the beginning of 2012.

Transfer agent and regulatory fees

During the three months ended June 30, 2013, the Company recorded transfer agent fees of $3,061 (2012 – $5,575). The costs incurred during each of the periods include charges by the company's transfer agent, Computershare Limited, and fees related to the Company's regulatory filings.

Summary of Quarterly Results

The following information is derived from the Company's unaudited quarterly financial statements for the preceding eight quarters.

	Net loss for the quarter	Loss per share - basic and diluted
June 30, 2013	$ 41,063	$ 0.00
March 31, 2013	$ 36,339	$ 0.00
December 31, 2012	$ 27,419	$ 0.00
September 30, 2012	$ 25,962	$ 0.00
June 30, 2012	$ 34,696	$ 0.00
March 31, 2012	$ 32,899	$ 0.00
December 31, 2011	$ 25,034	$ 0.00
September 30, 2011	$ 28,554	$ 0.00

Liquidity

The Company currently has no operating revenues and relies primarily on equity financing. As at June 30, 2013, the Company had a working capital of $821,827 compared to a working capital of $912,229 as at December 31, 2012. All current liabilities of the Company are of short-term nature.

Capital Resources

The Company's only source of funding has been the issuance of equity securities for cash. Management believes it will be able to raise equity capital as required in the long term, but recognize there will be risks involved that may be beyond their control. The Company has no outstanding debt facility upon which to draw.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Transactions with Related Parties

During the six months ended June 30, 2013, the Company paid $42,000 (2012 - $42,000) for consulting services provided by Featherstone Capital Inc. ("Featherstone"). Featherstone is a company with directors in common, which provides corporate development and financial advisory services. The Company has agreed to pay Featherstone a retainer of $7,000 per month plus expenses under the agreement. The Company may terminate the agreement by providing Featherstone with a thirty (30) day written notice.

On January 13, 2012, 4,666,000 common share purchase warrants were exercised by directors of the Company. The warrants were exercised at a price of $0.10 per share.

Proposed Transactions

Pursuant to a Purchase and Sale Agreement dated June 20, 2013, the Company has agreed to purchase a 100% interest in the Point Leamington Zn-Au-Ag-Cu-Pb massive sulphide deposit (the "Project") located in north-central Newfoundland, Canada from Calibre Mining Corp. ("Calibre"). As consideration for the Project, the Company has agreed to issue 1,000,000 of its common shares and pay $250,000 to Calibre on closing of the Transaction. Calibre also will retain a 0.5% net smelter return royalty on production from the Project, which can be purchased by the Company at any time after closing for $1,000,000. Calibre is considered a related party to the Company, as there is an officer and directors in common.

The purchase of the project (the "Transaction") will form the basis for the Company's reactivation from the NEX Board of the TSX Venture Exchange (the "Exchange") to Tier 2 on the Exchange. Completion of the Transaction is subject to a number of conditions, including, without limitation, completion of a private placement and receipt of all regulatory approvals, including approval of the Exchange.

The Project is comprised of a mining lease covering 263 hectares, which contains the Point Leamington Zn-Au-Ag-Cu massive sulphide deposit. The Project is located 70 km northwest of Gander and 37 km north of the town of Grand Falls in Newfoundland. The Project is situated in a low-lying swampy area and is accessible via snowmobile in winter via an 8 km logging road connecting the Project to Highway #1, or directly via helicopter from Gander. The Project is well located with respect to access to tidewater.

Tetra Tech Inc. ("Tetra Tech") of Sudbury, Ontario, Canada has completed the Point Leamington Inferred Resource Estimate at a cut-off grade of 4.0% ZnEq, of 14,100,000 tonnes grading 1.86% Zn, 0.42% Cu, 0.02% Pb, 1.07 g/t Au, and 17.12 g/t Ag (6.15% ZnEq) containing 577 million lb. zinc, 130 million lb. copper, 6.2 million lb. lead, 484,000 oz. Au, and 7,755,000 oz. Ag as outlined in the table below:

ZnEq %	Tonnage	Zn	Cu	Pb	Au	Ag	ZnEq
Cutoff	t	%	%	%	g/t	g/t	%
4.0	14,100,000	1.86	0.42	0.02	1.07	17.12	6.15

1. CIM definition standards were followed for the resource estimate.
2. The 2013 resource models used Inverse Distance grade estimation within a three-dimensional block model with mineralized zones defined by wireframed solids.
3. A base cutoff grade of 4.0 % ZnEq was used for reporting resources.
4. Densities varied by rock type and ranged from 2.6 for the volcanics to 3.7 for the massive sulphides.
5. Numbers may not add exactly due to rounding.
6. Zinc Equivalent (ZnEq) calculated using $0.94/lb for Zinc, $1.00/lb for Lead, $3.69/lb for Copper, $1380 /oz Au for gold and $22.73/oz Ag for silver and metallurgical recoveries and net smelter returns are assumed to be 100%.
7. Mineral Resources that are not mineral reserves do not have economic viability.
8. The quantity and grade of reported inferred resources in this estimation are uncertain in nature and there has been insufficient exploration to define these inferred resources as an indicated or measured mineral resource and it is uncertain if further exploration will result in upgrading them to an indicated or measured mineral resource category.

The Resource Estimate was prepared by independent qualified person Todd McCracken, P. Geo. of Tetra Tech. The mineral resource estimate is based on the combination of geological modeling, geostatistics and conventional block modeling using the Ordinary Krig methodology of grade interpolation. The mineral resources were estimated using a block model with parent blocks of 10m X 10m X 10m. The geological model including mineralized intercepts was generated by Tetra Tech.

The Tetra Tech Resource Estimate also evaluated the Point Leamington Deposit at a range of cut off grades between 3.0% and 8.0% ZnEq. Results are as follows:

ZnEq %	Tonnage	Zn	Cu	Pb	Au	Ag	ZnEq
Cutoff	**T**	**%**	**%**	**%**	**g/t**	**g/t**	**%**
3	19,367,000	1.63	0.37	0.02	0.95	15.42	5.42
4	**14,093,000**	**1.86**	**0.42**	**0.02**	**1.07**	**17.12**	**6.15**
5	9,669,000	2.11	0.46	0.02	1.22	18.55	6.91
6	6,184,000	2.36	0.50	0.02	1.41	19.76	7.72
7	3,460,000	2.69	0.52	0.02	1.68	21.32	8.70
8	2,038,000	3.02	0.51	0.02	1.95	23.09	9.58

Tetra Tech 's resource estimate for Point Leamington is based on drill core assay results from a total of 77 holes totaling 24,152 metres of drilling completed by Noranda (1971-1997), Rubicon Minerals Corporation (1999-2000) and Calibre (then TLC Ventures Corp. – 2004). Statistical and geostatistical analysis was completed on the total database to assess the characteristics and distribution of zinc, gold, copper lead, and silver values across the deposit. Variograms were generated for zinc, gold, copper and silver and search parameters established for grade interpolation using kriging.

The Point Leamington mineralized zone is a volcanogenic massive sulphide system consisting of a series of massive sulphide bodies and associated sulphide stringer hanging wall zones. The model has also incorporated a set of post mineral faults and porphyry dykes.

A two phase, $2.5 million success contingent work program has been recommended by Tetra Tech. The first phase consists of 1,400 metres of additional diamond drilling, metallurgical testing, and surveying at a cost of $400,000. The second phase, contingent on the success of phase 1, consists of 12,000 metres of additional drilling, metallurgical testing, additional technical studies, and surveying at a cost of $2,100,000. A National Instrument 43-101 technical report has been completed and recently filed by Calibre Mining Corp.

Concurrently with the Transaction, the Company will undertake a non-brokered private placement (the "Private Placement") of 23,333,334 units (the "Units") at a price of $0.15 per Unit for gross proceeds of $3,500,000. Each Unit will consist of one common share and one transferable share purchase warrant (the "Warrants"). Each full Warrant is exercisable for a period of two years at a price of $0.30. There is no finder's fee payable in connection with the Private Placement. The Company intends to use the proceeds of the Private Placement to advance the Point Leamington Project and for general working capital purposes. All securities issued in the Private Placement will be subject to statutory hold period expiring four months and one day after closing of the Private Placement. Completion of the Private Placement is subject to a number of conditions, including, without limitation, receipt of all regulatory approvals, including approval of the Exchange. Upon completion of the Transaction and the Private Placement, the Company will have 51,190,374 common shares issued and outstanding and a working capital position of approximately $4,000,000.

The Company has also announced, once the Transaction is completed, the Company proposes to change its name to Newmarket Gold Inc. In addition, concurrent with the closing of the Transaction, the Company will grant up to 2,000,000 stock options to new directors, officers, and employees of the Company at an exercise price of $0.20 per share, or such greater price as may be required by the Exchange, with an expiry date of five years.

Finally, concurrent with the Transaction, Mr. Edward Farrauto will resign as President, Chief Executive Officer and Chief Financial Officer and Mr. Danny Lee and Mr. Crae Garrett will resign as directors of the Company.

Upon completion of the Transaction, Mr. Douglas Forster, M.Sc., P.Geo. will be appointed President and Chief Executive Officer, Mr. Blayne Johnson will be appointed Executive Vice President, Business Development, and Mr. Paulo Santos, CA will be appointed Chief Financial Officer and Corporate Secretary of the Company. The Board of Directors will be comprised of Messrs. Forster and Johnson as well as Lukas Lundin, Randall Oliphant, Doug Hurst and Edward Farrauto. Biographies of the new management team and Board of Directors are available in the Company's press release announcing the Transaction, which was dated June 21, 2013.

Critical Accounting Estimates

The Company's condensed interim financial statements follow the same accounting policies and methods of their application as the most recent annual financial statements. The condensed interim financial statements should be read in conjunction with the audited financial statements as at December 31, 2012.

Use of estimates, assumptions and judgments

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Critical estimates and assumptions are made in particular with regard to the assumptions used in calculating the fair value of warrants and share-based payments.

The Company uses the fair-value method of accounting for share-based payments related to incentive stock options and compensation warrants granted, modified or settled. Under this method, compensation cost attributable to options is measured at fair value at the grant date and expensed over the vesting period. In determining the fair value, the Company makes estimates of the expected volatility of the stock, the expected life of the options or warrants, and an estimated risk-free interest rate. Changes to these estimates could result in the fair value of the options and warrants being less than or greater than the amount recorded.

Standards, amendments and interpretations not yet effective

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are not mandatory for accounting periods beginning on or after January 1, 2013 or later periods. They have not been early adopted in these interim financial statements and they may affect the Company in the period of initial application. In all cases the Company intends to apply these standards from application date as indicated below:

- IFRS 9: *Financial Instruments* ("IFRS 9") is part of the IASB's wider project to replace IAS 39: *Financial Instruments: Recognition and Measurement.* IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2015. The Company has not yet made an assessment of the impact of the amendments.

There are no other IFRSs or IFRIC Interpretations that are not yet effective that would be expected to have a material impact on the Company.

Change in Accounting Policies including Initial Adoption

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting periods beginning before or on January 1, 2013.

The following new standards, amendments and interpretations that have been adopted in these condensed interim financial statements have had no material effect on the Company's financial statements and disclosures.

- IFRS 13: *Fair Value Measurement*, aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.
- Amendments to IAS 1: *Presentation of Financial Statements* revised the presentation of other comprehensive income ("OCI"). Separate subtotals are required for items which may subsequently be recycled through profit or loss and items that will not be recycled through profit and loss.

In addition, the following new or amended standards and interpretations that are mandatory for 2013 annual periods have not had a material impact on the Company:

- IFRS 7: *Financial Instruments: Disclosures*: Amendments – Offsetting Financial Assets and Financial Liabilities
- IFRS 10: *Consolidated Financial Statements*
- IFRS 11: *Joint Arrangements*
- IFRS 12: *Disclosures of Interests in Other Entities*
- IAS 19: *Employee Benefits* (Amendments)
- IAS 27: *Consolidated and Separate Financial Statements*
- IFRIC 20: *Stripping Costs in the Production Phases of a Surface Mine*
- Annual Improvements to IFRSs (2009 – 2011 Cycle)

Financial Instruments and Other Instruments

The Company's financial instruments consist of cash, trade and other receivables, and trade and other payables. The fair value of all other financial instruments approximates their carrying values due to their short-term maturity or capacity of prompt liquidation. The Company does not use derivative instruments or hedges to manage various risks because the Company's exposure to credit risk, liquidity risk, and market risks is low. Cash is held at a large financial institution.

Other MD&A Requirements

Additional information relating to the Company, including the most recent Company filings, can be located on the SEDAR website at www.sedar.com.

Additional Disclosure for Venture Issuers Without Significant Revenue

As outlined in the above section titled *Results of Operation*.

Disclosure of Outstanding Share Data

The following describes the outstanding share data of the Company as at August 23, 2013:

	Number Outstanding
Common shares	26,857,040
Options to purchase common shares	700,000
Warrants to purchase common shares	-

Additional Disclosure for Reporting Issuers with Significant Equity Investees

Not applicable.

Risk Factors

Conflicts of Interest

The Company's directors and officers may serve as directors or officers, or may be associated with other reporting companies or have significant shareholdings in other companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. If a conflict of interest arises, the Company will follow the provisions of its governing corporate legislation dealing with conflicts of interest. These provisions state that where a director has such a conflict, that director must, at a meeting of the Company's directors, disclose his or her interest and refrain from voting for or against the approval of such participation or such terms unless otherwise permitted. In accordance with the laws of the Province of British Columbia, the directors and officers of the Company are required to act honestly, in good faith and in the best interests of shareholders.

Internal Controls and Disclosure Controls over Financial Reporting

On November 23, 2007, the British Columbia Securities Commission in which the Company is registered exempted Venture Issuers from certifying disclosure controls and procedures, as well as, Internal Controls over Financial Reporting as of December 31, 2007, and thereafter. Since the Company is a Venture Issuer, it is now required to file basic certificates, which it has done for the three and six months ended June 30, 2013. The Company makes no assessment relating to establishment and maintenance of disclosure controls and procedures as defined under National Instrument 52-109 as at June 30, 2013.

1.1 Date

This Management Discussion and Analysis ("MD&A") should be read in conjunction with the financial statements of Raystar Capital Ltd. ("Raystar" or the "Company") for the year ended December 31, 2012. The Company reports its financial position, results of operations, statement of changes in equity, and cash flows in accordance with International Financial Reporting Standards ("IFRS"). Additional information relating to the Company, including the most recent Company filings, can be located on SEDAR at www.sedar.com.

This MD&A is prepared as of February 13, 2013. All dollar figures stated herein are expressed in Canadian dollars, unless otherwise specified.

This discussion includes certain statements that may be deemed "forward-looking statements." All statements in this discussion, other than statements of historical facts, that address events or developments that the Company expects are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward-looking statements.

1.2 Business Overview and Overall Performance

Business overview

Raystar Capital Ltd. ("Raystar" or the "Company") was incorporated by a Certificate of Incorporation issued pursuant to the provisions of the *Business Corporations* Act (British Columbia) on May 27, 1998. The address of the Company is Suite 1820 – 999 West Hastings Street, Vancouver, British Columbia, V6C 2W2. The Company is designated as an Inactive Issuer on the TSX Venture Exchange (TSX-V: RYA). The Company is currently searching for a project to vend into the Company.

Overall performance

- For the year ended December 31, 2012, the Company recorded a net loss of $120,976 or $nil loss per share, as compared to a net loss of $252,771 or $0.01 loss per share for the year ended December 31, 2011.
- As at December 31, 2012, the Company had total assets of $929,828 consisting primarily of cash and a working capital balance of $912,229.
- During the year ending December 31, 2012, the Company received $700,000 from the exercise of 7,000,000 common share purchase warrants by its warrant holders. The warrants were exercised at a price of $0.10 per share.

1.3 Selected Annual Information

The following discussion and analysis of financial conditions and results of operations should be read in conjunction with the Company's financial statements and related costs for the years ended December 31, 2010 to 2012.

	December 31, 2012	December 31, 2011	December 31, 2010
Total revenues	$Nil	$Nil	$Nil
Comprehensive loss	$120,976	$252,771	$33,843
Loss per share - basic and diluted	$0.00	$0.01	$0.00
Total assets	$929,828	$351,009	$954
Total long-term financial liabilities	$Nil	$Nil	$Nil
Cash dividends declared	$Nil	$Nil	$Nil

1.4 Results of Operations

The following discussion and analysis of the Company's financial results of its operations should be read in conjunction with the Company's financial statements and related notes.

Year ended December 31, 2012 compared to year ended December 31, 2011

Consultants

During the year ended December 31, 2012, the Company incurred $84,000 (2011 - $70,000) in consultant fees. The consultant fees relate to the Company's agreement with Featherstone Capital Inc. ("Featherstone"), a company with directors in common. Featherstone provides corporate development and financial advisory services to the Company for a monthly fee of $7,000 per month. Consultant fees during the prior year were lower given that Featherstone was not engaged by the Company until March 1, 2011.

Legal

During the year ended December 31, 2012, the Company recorded $11,802 (2011 - $7,048) in legal expense. The increase in legal expense during the current year was due to the regulatory work associated with the warrants exercised at the beginning of the year (refer to Section 1.2, Business Overview and Overall Performance).

Share-based compensation

During the year ended December 31, 2012, the Company recorded $nil (2011 - $146,798) in share-based compensation expense. During the prior year, the Company granted 700,000 stock options to directors and a non-arm's length consultant of the Company. There were no stock options granted during 2012.

1.5 Summary of Quarterly Results

The following information is derived from the Company's unaudited quarterly financial statements for the preceding eight quarters.

		Net loss for the year		Loss per share - basic and diluted
December 31, 2012	$	27,419	$	0.00
September 30, 2012	$	25,962	$	0.00
June 30, 2012	$	34,696	$	0.00
March 31, 2012	$	32,899	$	0.00
December 31, 2011	$	25,034	$	0.00
September 30, 2011	$	28,554	$	0.00
June 30, 2011	$	36,241	$	0.00
March 31, 2011[(1)]	$	162,942	$	0.01

[(1)]During the three months ended March 31, 2011, the Company recorded a net loss of $162,942. The significant loss during the quarter was due to the share-based compensation expense of $146,798 and consulting expense of $7,000 that were recognized by the Company. The Company granted 700,000 stock options to directors of the Company and Featherstone during the three months ended March 31, 2011.

1.6 Liquidity

The Company currently has no operating revenues and relies primarily on equity financing. As at December 31, 2012, the Company had a working capital of $912,229 compared to a working capital of $333,205 as at December 31, 2011. All current liabilities of the Company are of short-term nature and are payable within 90 days.

1.7 Capital Resources

The Company's only source of funding has been the issuance of equity securities for cash. Management believes it will be able to raise equity capital as required in the long term, but recognize there will be risks involved that may be beyond their control. The Company has no outstanding debt facility upon which to draw.

1.8 Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

1.9 Transactions with Related Parties

During the year ended December 31, 2012, the Company paid $84,000 (2011 - $70,000) for consulting services provided by Featherstone. On January 13, 2012, 4,666,000 common share purchase warrants were exercised by directors of the Company. The warrants were exercised at a price of $0.10 per share.

During the prior year, the Company settled outstanding debt of $30,000 to a creditor of the Company, who is also an officer of the Company. The amounts previously borrowed by the Company to meet working capital requirements were non-interest bearing, unsecured, and due on demand.

1.10 Proposed Transactions

None.

1.11 Critical Accounting Estimates

The Company's significant accounting policies are presented in Note 2 of the financial statements for the year ended December 31, 2012.

Use of estimates, assumptions and judgments

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years. Critical estimates and assumptions are made in particular with regard to the assumptions used in calculating the fair value of warrants and share-based payments.

The Company uses the fair-value method of accounting for share-based payments related to incentive stock options and compensation warrants granted, modified or settled. Under this method, compensation cost attributable to options is measured at fair value at the grant date and expensed over the vesting year. In determining the fair value, the Company makes estimates of the expected volatility of the stock, the expected life of the options or warrants, and an estimated risk-free interest rate. Changes to these estimates could result in the fair value of the options and warrants being less than or greater than the amount recorded.

Accounting standards issued but not yet effective

The International Accounting Standards Board ("IASB") issued the following pronouncements that are effective for the Company's fiscal years beginning January 1, 2013, or later and may affect the Company's future financial statements.

NEW STANDARDS NOT YET ADOPTED

- IFRS 9, Financial Instruments
- IFRS 10, Consolidated Financial Statements
- IFRS 11, Joint Arrangements
- IFRS 12, Disclosure of Interests in Other Entities
- IFRS 13, Fair Value Measurement
- IAS 32, Financial Instruments Presentation
- IFRIC 20, Stripping Costs in the Production Phase of a Surface Mine

These new and revised accounting standards have not yet been adopted by the Company, and the Company has not yet completed the process of assessing the impact that they will have on its financial statements.

1.12 Change in Accounting Policies including Initial Adoption

There were no changes in accounting policies during the year ended December 31, 2012.

1.13 Financial Instruments and Other Instruments

The Company's financial instruments consist of cash, trade and other receivables, and trade and other payables. The fair value of all other financial instruments approximates their carrying values due to their short-term maturity or capacity of prompt liquidation. The Company does not use derivative instruments or hedges to manage various risks because the Company's exposure to credit risk, liquidity risk, and market risks is low. Cash are held through a large financial institution.

1.14 Other MD&A Requirements

Additional information relating to the Company, including the most recent Company filings, can be located on the SEDAR website at www.sedar.com.

1.15.1 Additional Disclosure for Venture Issuers Without Significant Revenue

See results of operations in Section 1.4 above.

1.15.2 Disclosure of Outstanding Share Data

The following describes the outstanding share data of the Company as at February 13, 2013.

	Number Outstanding
Common shares	26,857,040
Options to purchase common shares	700,000
Warrants to purchase common shares	-

1.15.3 Additional Disclosure for Reporting Issuers with Significant Equity Investees

Not applicable.

1.15.4 Risk Factors

Conflicts of Interest

The Company's directors and officers may serve as directors or officers, or may be associated with other reporting companies or have significant shareholdings in other companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. If a conflict of interest arises, the Company will follow the provisions of its governing corporate legislation dealing with conflicts of interest. These provisions state that where a director has such a conflict, that director must, at a meeting of the Company's directors, disclose his or her interest and refrain from voting for or against the approval of such participation or such terms unless otherwise permitted. In accordance with the laws of the Province of British Columbia, the directors and officers of the Company are required to act honestly, in good faith and in the best interests of shareholders.

1.15.5 Internal Controls and Disclosure Controls over Financial Reporting

On November 23, 2007, the British Columbia Securities Commission in which the Company is registered exempted Venture Issuers from certifying disclosure controls and procedures, as well as, Internal Controls over Financial Reporting as of December 31, 2007, and thereafter. Since the Company is a Venture Issuer, it is now required to file basic certificates, which it has done for the year ended December 31, 2012. The Company makes no assessment relating to establishment and maintenance of disclosure controls and procedures as defined under National Instrument 52-109 as at December 31, 2012.

1.1 Date

This Management Discussion and Analysis ("MD&A") should be read in conjunction with the financial statements of Raystar Capital Ltd. ("Raystar" or the "Company") for the year ended December 31, 2011.

The Company reports its financial position, results of operations and cash flows in accordance with International Financial Reporting Standards ("IFRS"). Additional information relating to the Company, including the most recent Company filings, can be located on SEDAR at www.sedar.com.

This MD&A is prepared as of February 23, 2012. All dollar figures stated herein are expressed in Canadian dollars, unless otherwise specified.

This discussion includes certain statements that may be deemed "forward-looking statements." All statements in this discussion, other than statements of historical facts, that address events or developments that the Company expects are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward-looking statements.

1.2 Business Overview and Overall Performance

Business overview

Raystar Capital Ltd. ("Raystar" or the "Company") was incorporated by a Certificate of Incorporation issued pursuant to the provisions of the *Business Corporations* Act (British Columbia) on May 27, 1998. The address of the Company is Suite 1820 – 999 West Hastings Street, Vancouver, British Columbia. The Company is designated as an Inactive Issuer on the TSX Venture Exchange.

Overall performance

- For the year ended December 31, 2011, the Company recorded a net loss of $252,771 or $0.01 loss per share, as compared to a net loss of $33,843 or $Nil loss per share for the year ended December 31, 2010.

- As at December 31, 2011, the Company had total assets of $351,009 consisting primarily of cash and cash equivalents and a working capital balance of $333,205.

- On January 27, 2011, the Company completed a non-brokered private placement of 7,000,000 units at a price of $0.07 per unit for total gross proceeds of $490,000. Each unit consisted of one common share and one common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one common share in Raystar at a price of $0.10 per share until January 27, 2012. Subsequent to the year ending December 31, 2011, the Company received $700,000 from the exercise of 7,000,000 common share purchase warrants by its warrant holders.

- During the year ended December 31, 2011, the Company granted 700,000 stock options to directors and a consultant of the Company. The stock options granted are exercisable at a range of $0.10 to $0.47 per common share for a year of five years from the grant date. The total fair value of the stock options compensation during the year was $146,798 which was expensed during the year.

- During the year ended December 31, 2011, the Company engaged Featherstone Capital Advisors Inc. ("Featherstone"), a company with directors in common, to provide corporate development and financial advisory services. The Company agreed to pay Featherstone a retainer of $7,000 per month plus expenses for a period of twelve months.

- During the year ended December 31, 2011, the Company settled outstanding debt of $30,000 to a creditor of the Company, who is also an officer of the Company.

1.3 Selected Annual Information

The following discussion and analysis of financial conditions and results of operations should be read in conjunction with the Company's financial statements and related costs for the years ended December 31, 2011, 2010, and 2009.

	December 31, 2011	December 31, 2010	December 31, 2009
Total revenues	$Nil	$Nil	$Nil
Loss and comprehensive loss for the year	$252,771	$33,843	$38,436
Loss per share - basic and diluted	$0.01	$0.00	$0.00
Total assets	$351,009	$954	$10,271
Total long-term financial liabilities	-	-	-
Cash dividends declared	-	-	-

1.4 Results of Operations

The following discussion and analysis of the Company's financial results of its operations should be read in conjunction with the Company's financial statements and related notes.

Year ended December 31, 2011 compared to year ended December 31, 2010

Consultants

During the year ended December 31, 2011, the Company incurred $70,000 (2010 - $Nil) in consultant fees. The consultant fees relate to the Company's agreement with Featherstone which is discussed in Section 1.2 of the MD&A. There were no consultants engaged by the Company during the prior year.

Share-based compensation

During the year ended December 31, 2011, the Company recorded $146,798 (2010 - $Nil) in share-based compensation expense. The Company granted 700,000 stock options to directors and a consultant of the Company during the year. The stock options granted are exercisable at a range of $0.10 to $0.47 per common share for a year of five years from the grant date. There were no stock options granted during the prior year.

1.5 Summary of Quarterly Results

The following information is derived from the Company's unaudited quarterly financial statements for the preceding eight quarters.

		Net loss for the period		Loss per share - basic and diluted
December 31, 2011 *(Note 1)*	$	25,034	$	0.00
September 30, 2011*)*	$	28,554	$	0.00
June 30, 2011	$	36,241	$	0.00
March 31, 2011 *(Note 2)*	$	162,942	$	0.01
December 31, 2010	$	2,083	$	0.00
September 30, 2010	$	7,039	$	0.00
June 30, 2010	$	15,910	$	0.00
March 31, 2010	$	8,811	$	0.00

Note 1: Included in the net loss for the three months ending December 31, 2011 is $21,000 (2010 - $Nil) in consultant fees paid to Featherstone Capital Advisors Inc., a company with directors in common. The consultant fees relate to the Company's agreement with Featherstone which is discussed in Section 1.2 of the MD&A.

Note 2: During the three months ended March 31, 2011, the Company incurred a net loss of $162,942. The significant loss during the year ending March 31, 2011 was due to the share-based compensation expense of $146,798 and consulting expense of $7,000 that were recognized by the Company during the year. The Company granted 700,000 stock options to directors of the Company and Featherstone during the three months ended March 31, 2011. The consulting expense of $7,000 relates to Featherstone's monthly remuneration from the Company. These items are discussed in Section 1.2 of the MD&A.

1.6 Liquidity

The Company currently has no operating revenues and relies primarily on equity financing and advances from a related party. As at December 31, 2011, the Company had a working capital $333,205 compared to a working capital deficit of $44,255 as at December 31, 2010.

1.7 Capital Resources

The Company's only source of funding has been the issuance of equity securities for cash. Management believes it will be able to raise equity capital as required in the long term, but recognize there will be risks involved that may be beyond their control. The Company has no outstanding debt facility upon which to draw.

1.8 Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

1.9 Transactions with Related Parties

Details of transactions between the Company and its related parties are disclosed below.

Trading Transactions

During the year, the Company entered into the following transactions with a related party:

	Rendering of consulting services	
	December 31, 2011	December 31, 2010
Featherstone Capital Advisors Inc.*	$ 70,000	$ -

*A company with directors in common.

The following balances were outstanding at the end of the following reporting years:

	Amounts owed to related parties		
	December 31, 2011	December 31, 2010	January 1, 2010
Management personnel	$ -	$ 30,000	$ 125,000

During the year ended December 31, 2011, the Company settled outstanding debt of $30,000 to a creditor of the Company, who is also an officer of the Company. These amounts, previously borrowed by the Company to meet working capital requirements, were non-interest bearing, unsecured, and due on demand.

Key management includes directors of the Company. Compensation awarded to key management includes Featherstone included:

	For the Year Ended December 31, 2011	For the Year Ended December 31, 2010
Share-based payments	$ 146,798	$ -

1.10 Proposed Transactions

None.

1.11 Critical Accounting Estimates

The Company's significant accounting policies are presented in Note 2 of the financial statements for the year ended December 31, 2011.

Share-based payments

The Company grants stock options to certain directors, employees, and consultants of the Company. Each tranche is considered a separate award with its own vesting year and grant date fair value. Fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. Compensation expense is recognized immediately upon vesting by increasing the share-based payments reserve based on the number of awards vested.

Share capital

The Company records proceeds from share issuances net of issue costs and any tax effects. The Company records proceeds from the exercise of stock options and warrants as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company. Share capital issued for non-monetary consideration is recorded at an amount equal to the fair value of the shares issued when the fair value of the non-monetary consideration is not determinable. The proceeds from the issue of units is allocated between common shares and common share purchase warrants on a pro-rata basis on a relative fair value basis, wherein, the fair value of the common shares is based on the market close on the date the units are issued; and the fair value of the common share purchase warrants is determined using the Black-Scholes pricing model.

Use of judgements and estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reported years. Actual results could differ from those estimates.

Significant areas where management judgment is applied in these financial statements include the valuation of warrants and options, which are based upon expected useful lives and other relevant assumptions. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future years could be significant.

1.12 Change in Accounting Policies including Initial Adoption

The Company's significant accounting policies are presented in Note 2 of the financial statements for the year ended December 31, 2011.

1.13 Financial Instruments and Other Instruments

The Company's financial instruments consist of cash and cash equivalents, trade and other receivables, and trade and other payables. The fair value of all other financial instruments approximates their carrying values due to their short-term maturity or capacity of prompt liquidation. The Company does not use derivative instruments or hedges to manage various risks because the Company's exposure to credit risk, liquidity risk, and market risks is low. Cash and cash equivalents are held through a large financial institution. Refer to Note 8 of the financial statements for further information on the Company's financial instruments.

1.14 Other MD&A Requirements

Additional information relating to the Company, including the most recent Company filings, can be located on the SEDAR website at www.sedar.com.

1.15.1 Additional Disclosure for Venture Issuers Without Significant Revenue

See results of operations in Section 1.4 above.

1.15.2 Disclosure of Outstanding Share Data

The following describes the outstanding share data of the Company as at February 23, 2012.

	Number Outstanding
Common shares	26,857,040
Options to purchase common shares	700,000
Warrants to purchase common shares	-

1.15.3 Additional Disclosure for Reporting Issuers with Significant Equity Investees

Not applicable.

1.15.4 Risk Factors

Conflicts of Interest

The Company's directors and officers may serve as directors or officers, or may be associated with other reporting companies or have significant shareholdings in other companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. If a conflict of interest arises, the Company will follow the provisions of its governing corporate legislation dealing with conflicts of interest. These provisions state that where a director has such a conflict, that director must, at a meeting of the Company's directors, disclose his or her interest and refrain from voting for or against the approval of such participation or such terms unless otherwise permitted. In accordance with the laws of the Province of British Columbia, the directors and officers of the Company are required to act honestly, in good faith and in the best interests of shareholders.

1.15.5 Internal Controls and Disclosure Controls over Financial Reporting

On November 23, 2007, the British Columbia Securities Commission in which the Company is registered exempted Venture Issuers from certifying disclosure controls and procedures, as well as, Internal Controls over Financial Reporting as of December 31, 2007, and thereafter. Since the Company is a Venture Issuer, it is now required to file basic certificates, which it has done for the year ended December 31, 2011. The Company makes no assessment relating to establishment and maintenance of disclosure controls and procedures as defined under National Instrument 52-109 as at December 31, 2011.

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1.1 Date

This Management Discussion and Analysis ("MD&A") should be read in conjunction with the audited financial statements of Raystar Capital Ltd. ("Raystar" or the "Company") for the year ended December 31, 2010.

The Company reports its financial position, results of operations and cash flows in accordance with Canadian generally accepted accounting principles. Additional information relating to the Company, including the most recent Company filings, can be located on SEDAR at www.sedar.com.

This MD&A is prepared as of February 4, 2011. All dollar figures stated herein are expressed in Canadian dollars, unless otherwise specified.

This discussion includes certain statements that may be deemed "forward-looking statements." All statements in this discussion, other than statements of historical facts, that address events or developments that the Company expects are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward-looking statements.

1.2 Business Overview and Overall Performance

Business overview

The Company has been designated as an Inactive Issuer effective April 22, 2002 in accordance with Exchange Policy 2.6.

Overall performance

For the year ended December 31, 2010, the Company recorded a net loss of $33,843 or $0.00 per share, as compared to a net loss of $38,436 or $0.00 per share for the year ended December 31, 2009.

As at December 31, 2010, the Company had total assets of $954 compared to $10,271 as at December 31, 2009. These assets for both periods are the carrying values of the Company's cash and cash equivalents and GST receivable.

As at December 31, 2010, the Company had a working capital deficiency of $44,255 compared to working capital deficiency of $135,412 as at December 31, 2009.

During the year ended December 31, 2010, the Company settled outstanding debt to a creditor of the Company, who is also an insider of the Company, to convert outstanding debt into common shares of the Company. The total amount of debt converted was $125,000. A total of 2,272,727 common shares were issued at a fair value of $0.055 per share in full settlement of the debt.

1.3 Selected Annual Information

The following discussion and analysis of financial conditions and results of operations should be read in conjunction with the Company's financial statements and related costs for the years ended December 31, 2010, 2009 and 2008.

	December 31, 2010	December 31, 2009	December 31, 2008
Total revenues	$Nil	$Nil	$Nil
Loss and comprehensive loss for the year	$33,843	$38,436	$27,907
Loss per share basic and diluted	$0.00	$0.00	$0.00
Total assets	$954	$10,271	$1,868
Total long-term financial liabilities	-	-	-
Cash dividends declared	-	-	-

The Company has been designated as an Inactive Issuer effective April 22, 2002 in accordance with Exchange Policy 2.6. The Company's total assets for the past three years have consisted primarily of cash, GST receivable and prepaid expenses. General and administrative expenses account for the use of cash over this time period. Except for a gain in 2008 from the write-off of old liabilities, the Company's losses have been consistent over the past three years.

1.4 Results of Operations

The following discussion and analysis of the Company's financial results of its operations should be read in conjunction with the Company's audited financial statements and related notes.

Year ended December 31, 2010 compared to the year ended December 31, 2009

The Company's general and administrative costs for the year ended December 31, 2010 totalled $33,843 compared to $38,436 in 2009. Overall, general and administration costs are comparable to costs in the prior year.

Subsequent events

The Company completed a non-brokered private placement of 7,000,000 units at a price of $0.07 per unit for total gross proceeds of $490,000. Each unit consists of one common share and one common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one common share in Raystar for a period of one year from closing at a price of $0.10 per share. There is no commission or finder's fee payable on the financing. The common shares issued are subject to a four month hold period from closing expiring on May 28, 2011. The proceeds of the private placement will be used by the Company for general working capital.

The Company granted 400,000 stock options to directors of the Company. The stock options are exercisable at $0.10 per common share until January 11, 2016.

1.5 Summary of Quarterly Results

The following information is derived from the Company's unaudited quarterly financial statements for the past eight quarters.

	Net loss for the period	Earnings (loss) per share basic and diluted
December 31, 2010	$2,083	$0.00
September 30, 2010	$7,039	$0.00
June 30, 2010	$15,910	$0.00
March 31, 2010	$8,811	$0.00
December 31, 2009	$6,159	$0.00
September 30, 2009	$6,942	$0.00
June 30, 2009	$14,725	$0.00
March 31, 2009	$10,610	$0.00

1.6 Liquidity

The Company currently has no operating revenues and relies primarily on equity financing and advances from a related party.

As at December 31, 2010, the Company had working capital deficiency of $44,255 compared to working capital deficiency of $135,412 as at December 31, 2009.

The Company's financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

Several conditions may cast significant doubt on the validity of this assumption. The Company has incurred significant operating losses over the past several fiscal years, is currently unable to self-finance operations, has an accumulated deficit of $2,314,947 and has been designated an Inactive Issuer on the TSX Venture Exchange.

Management is currently searching for a project to vend into the Company. The Company's continued existence through 2010 is dependent upon its ability to obtain additional financing and/or the continued support of a related party. However, there can be no assurance that management's actions will be successful. If the going concern assumption were not appropriate for these interim financial statements, then adjustments would be necessary to the carrying values of assets and liabilities, the reported expenses and the balance sheet classifications used. The adjustments could be material.

1.7 Capital Resources

Historically, the Company's only source of funding has been the issuance of equity securities for cash and, more recently, funding from a related party. There can be no assurance of continued access to significant equity funding or related party funding. Management believes it will be able to raise equity capital as required in the long term, but recognize there will be risks involved that may be beyond their control. The Company has no outstanding debt facility upon which to draw.

1.8 Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

1.9 Transactions with Related Parties

The following is a summary of the related party transactions that occurred to December 31:

	2010	2009
Amounts advanced from a company related to a director and officer	$ Nil	$125,000
Amounts advanced from a company controlled by a director and officer	$ 30,000	$ Nil

The above transactions were recorded at the exchange amount, being the amount agreed upon by the related parties.

During the period ended the Company settled outstanding debt to a creditor of the Company, who is also an insider of the Company, to convert outstanding debt into common shares of the Company. The total amount of debt converted was $125,000. A total of 2,272,727 common shares were issued at a deemed price of $0.055 per share in full settlement of the debt.

1.10 Fourth Quarter

See section 1.5. Expenditures during the fourth quarter were minimal at $2,083 for transfer agent fees and listing fees.

1.11 Proposed Transactions

None

1.12 Critical Accounting Estimates

The Company's significant accounting policies are presented in Note 2 of the audited financial statements for the year ended December 31, 2010. Management does not believe there were any critical accounting estimates used in the preparation of the Company's audited financial statements for the year ended December 31, 2010.

1.13 Change in Accounting Policies including Initial Adoption

International Financial Reporting Standards

In January 2006, the Canadian Accounting Standards Board adopted a strategic plan, which includes the decision to move financial reporting for Canadian publicly accountable enterprises to a single set of globally accepted high-quality standards, namely, IFRS, as issued by the International Accounting Standards Board ("the IASB"). The effective implementation date of the conversion from GAAP to IFRS is January 1, 2011, with an effective transition date of January 1, 2010 for financial statements prepared on a comparative basis.

IFRS 1 governs the first-time adoption of IFRS. In general, accounting policies adopted in accordance with IFRS are to be applied retrospectively. IFRS 1 allows certain exemptions from retrospective application.

The Company is currently listed as an Inactive Issuer and as a result, the Company believes that IFRS will have minimal impact on its current financial position. The Company's financial position is comprised of monetary assets and liabilities and shareholders' equity. The Canadian GAAP guidance on these financial statement items is similar to the guidance under IFRS. Accordingly, the Company's IT accounting and financial reporting systems are not expected to be significantly impacted.

1.14 Financial Instruments and Other Instruments

The Company's financial instruments consist of cash and cash equivalents, GST receivable, and accounts payable and accrued liabilities. Cash and cash equivalents are classified as held for trading financial assets, recognized at fair value, with any unrealized gain or loss recorded in net income. The fair value of all other financial instruments approximates their carrying values, due to their short-term maturity or capacity of prompt liquidation.

The Company does not use derivative instruments or hedges to manage various risks because the Company's exposure to credit risk, liquidity risk, and market risks is relatively low. Cash and cash equivalents are held through large a financial institution.

Refer to Note 9 of the audited financial statements for further information on the Company's financial instruments.

1.15 Other MD&A Requirements

Additional information relating to the Company, including the most recent Company filings, can be located on the SEDAR website at www.sedar.com.

1.15.1 Additional Disclosure for Venture Issuers Without Significant Revenue

See results of operations in Section 1.4 above.

1.15.2 Disclosure of Outstanding Share Data

The following describes the outstanding share data of the Company as at February 4, 2011. For further information and details concerning outstanding share data, options, and warrants, see Note 5 included in the audited financial statements for the year ended December 31, 2010.

	Number Outstanding
Common shares	19,857,040
Options to purchase common shares	400,000
Warrants to purchase common shares	7,000,000

1.15.3 Additional Disclosure for Reporting Issuers with Significant Equity Investees

Not applicable.

1.15.4 Risk Factors

Conflicts of Interest

The Company's directors and officers may serve as directors or officers, or may be associated with other reporting companies or have significant shareholdings in other companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. If a conflict of interest arises, the Company will follow the provisions of its governing corporate legislation dealing with conflicts of interest. These provisions state that where a director has such a conflict, that director must, at a meeting of the Company's directors, disclose his or her interest and refrain from voting for or against the approval of such participation or such terms unless otherwise permitted. In accordance with the laws of the Province of British Columbia, the directors and officers of the Company are required to act honestly, in good faith and in the best interests of shareholders.

1.15.5 Internal Controls and Disclosure Controls over Financial Reporting

On November 23, 2007, the British Columbia Securities Commission in which the Company is registered exempted Venture Issuers from certifying disclosure controls and procedures, as well as, Internal Controls over Financial Reporting as of December 31, 2007, and thereafter. Since the Company is a Venture Issuer, it is now required to file basic certificates, which it has done for the year ended December 31, 2010. The Company makes no assessment relating to establishment and maintenance of disclosure controls and procedures as defined under Multilateral Instrument 52-109 as at December 31, 2010.

SCHEDULE "C"

RAYSTAR CAPITAL LTD.

PRO-FORMA FINANCIAL STATEMENTS

See attached.

Raystar Capital Ltd.

PRO-FORMA FINANCIAL STATEMENTS

As at June 30, 2013

(Expressed in Canadian Dollars - Unaudited)

RAYSTAR CAPITAL LTD.
PRO-FORMA STATEMENT OF FINANCIAL POSITION
(Expressed in Canadian Funds – Unaudited)
AS AT JUNE 30, 2013

	June 30, 2013	Acquisition of Point Leamington Assets	Note	**Pro-forma June 30, 2013**
ASSETS				
Current assets				
Cash	$ 846,996	$ 3,154,750	2(b), (c), (d)	$ **4,001,746**
Trade and other receivables	2,031	-		**2,031**
	849,027	3,154,750		**4,003,777**
Non-current assets				
Deferred costs	13,000	(13,000)	2(d)	**-**
Exploration and evaluation assets	-	440,000	2(a), (b), (d)	**440,000**
	$ 862,027	$ 3,581,750		$ **4,443,777**
LIABILITIES AND EQUITY				
Current liabilities				
Trade and other payables	$ 27,200	$ -		$ **27,200**
Shareholders' equity				
Share capital	3,454,125	2,662,176	2(a), (c)	**6,116,301**
Share-based payments reserve	146,798	-		**146,798**
Warrants reserve	-	919,574	2(c)	**919,574**
Accumulated deficit	(2,766,096)	-		**(2,766,096)**
	834,827	3,581,750		**4,416,577**
	$ 862,027	$ 3,581,750		$ **4,443,777**

1. Proposed acquisition of the Point Leamington Project

Pursuant to a Purchase and Sale Agreement dated June 20, 2013, Raystar Capital Ltd. (the "Company") has agreed to purchase a 100% interest in the Point Leamington Zn-Au-Ag-Cu-Pb massive sulphide deposit (the "Project") (the "Transaction") located in north-central Newfoundland, Canada from Calibre Mining Corp. ("Calibre"). As consideration for the Project, the Company has agreed to issue 1,000,000 of its common shares and pay $250,000 to Calibre on closing of the Transaction. Calibre also will retain a 0.5% net smelter return royalty on production from the Project, which can be purchased by the Company at any time after closing for $1,000,000. Calibre is considered a related party to the Company as there is an officer and directors in common.

The Project is comprised of a mining lease covering 263 hectares, which contains the Point Leamington Zn-Au-Ag-Cu-Pb massive sulphide deposit. The Project is located 70 km northwest of Gander and 37 km north of the town of Grand Falls in Newfoundland. Tetra Tech Inc. ("Tetra Tech") of Sudbury, Ontario, Canada has completed the Point Leamington Inferred Resource Estimate at a cut-off grade of 4.0% ZnEq, of 14,100,000 tonnes grading 1.86% Zn, 0.42% Cu, 0.02% Pb, 1.07 g/t Au, and 17.12 g/t Ag (6.15% ZnEq) containing 577 million lb. zinc, 130 million lb. copper, 6.2 million lb. lead, 484,000 oz. Au, and 7,755,000 oz. Ag.

Concurrently with the Transaction, the Company will undertake a non-brokered private placement (the "Private Placement") of 23,333,334 units (the "Units") at a price of $0.15 per Unit for gross proceeds of $3,500,000. Each Unit will consist of one common share and one transferable share purchase warrant (the "Warrants"). Each Warrant is exercisable for a period of two years at a price of $0.30. There is no finder's fee payable in connection with the Private Placement. The Company intends to use the proceeds of the Private Placement to advance the Point Leamington Project and for general working capital purposes. All securities issued in the Private Placement will be subject to statutory hold period expiring four months and one day after closing of the Private Placement.

Completion of the Transaction and Private Placement is subject to a number of conditions, including, without limitation, receipt of all regulatory approvals, including approval of the Exchange.

These pro-forma financial statements include:

(a) a pro-forma balance sheet of the Company as at June 30, 2013, prepared from the unaudited interim balance sheet of the Company at June 30, 2013, which gives effect to the acquisition of the Point Leamington Project and the assumptions described in Note 2, as if these transactions occurred on June 30, 2013.

These pro-forma financial statements are not necessarily indicative of the financial position of the Company as at the time of the closing or the proposed transaction referred to above, nor of the future operating results of the Company as a result of the proposed transaction.

The pro-forma financial statements should be read in conjunction with the unaudited interim financial statements of the Company for the three and six months ended June 30, 2013, and other public disclosure documents of the Company incorporated by reference, or incorporated within the Information Circular.

2. Pro-forma assumptions

(a) The Company will issue a total of 1,000,000 of its common shares to Calibre at an estimated fair value based on the proposed private placement discussed in Note 2(c).

(b) The Company will also issue a cash payment of $250,000 to Calibre for the acquisition of the Project.

(c) The Company will undertake a non-brokered private placement (the "Private Placement") of 23,333,334 units (the "Units") at a price of $0.15 per Unit for gross proceeds of $3,500,000. Each Unit will consist of one common share and one transferable share purchase warrant (the "Warrants"). Each Warrant is exercisable for a period of two years at a price of $0.30. There is no finder's fee payable in connection with the Private Placement. In connection with this Private Placement, the Company estimates it will incur approximately $28,250 in legal and regulatory fees. The allocation of fair value of the Warrants issued in connection with this Private Placement was $919,574, with corresponding charge to contributed surplus using the relative fair value approach. The fair value of the warrants was determined using the Black-Scholes pricing model with a risk-free rate of 1.22%, volatility factor of 100% and expected life of the warrants of two years.

(d) In conjunction with the completion of this Transaction, the Company estimates to incur total legal, regulatory and related fees of approximately $80,000 (of which $13,000 has been included in deferred costs as at June 30, 2013).

(e) The Company estimates the effective income tax rate applicable to these pro-forma financial statements to be approximately 28%.

3. Share capital

After giving effect to the pro-forma assumptions in Note 2, the issued and fully paid share capital of the Company would be as follows:

	Number of Shares	Share Capital	Share-based Payments Reserve	Warrant Reserves	Accumulated Deficit
Balance – June 30, 2013	26,857,040	$ 3,454,125	$ 146,798	$ -	$ (2,766,096)
Issuance of common shares					
- For project acquisition (Note 2(a))	1,000,000	110,000	-	-	-
- For private placement (Note 2c))	23,333,334	2,552,176	-	919,574	-
Pro-forma Balance – June 30, 2013	**51,190,374**	**$ 6,116,301**	**$ 146,798**	**$ 919,574**	**$ (2,766,096)**