

ACADIAN MINING CORPORATION
(An Exploration Stage Company)

Condensed Consolidated Interim Financial Statements
Periods Ended March 31, 2011 and 2012
(Expressed in Canadian Dollars)

Unaudited – Prepared by Management

Notice of disclosure of non-auditor review of condensed consolidated interim financial statements pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators.

The accompanying condensed consolidated interim financial statements of the Company for the period ended March 31, 2012, have been prepared in accordance with International Financial Reporting Standards and are the responsibility of the Company's management. The Company's independent auditors have not performed an audit or a review of these condensed consolidated interim financial statements.

ACADIAN MINING CORPORATION
(An Exploration Stage Company)
Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

	March 31, 2012	December 31, 2011
ASSETS		
Current		
Cash	\$ 169,455	\$ 799,445
Accounts receivable (note 5)	21,007	21,732
Prepaid expenses and deposits	92,733	99,278
	283,195	920,445
Cash Held for Site Remediation	108,830	108,830
Property, Plant and Equipment (note 6)	752,736	739,070
Mineral Resource Properties (note 7)	5,363,762	5,318,846
	\$ 6,508,523	\$ 7,087,201
LIABILITIES		
Current		
Accounts payable and accrued liabilities (note 8)	\$ 163,433	\$ 185,600
SHAREHOLDERS' EQUITY		
Share Capital (note 9)	68,071,829	68,071,829
Share-based Payments Reserve	6,089,095	6,075,660
Deficit	(67,815,834)	(67,245,888)
	6,345,090	6,901,601
	\$ 6,508,523	\$ 7,087,201

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

ACADIAN MINING CORPORATION
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Condensed Consolidated Interim Statements of Operations and Comprehensive Loss
(Expressed in Canadian Dollars)
Periods Ended March 31
(Unaudited)

	2012	2011
Operating Expenses		
Exploration	\$ 156,551	\$ 180,924
Salaries and benefits	171,335	189,131
Professional fees	21,308	52,515
Office and general	23,847	1,617
Insurance	25,675	11,379
Investor relations	17,700	-
Travel	34,895	46,288
Share-based payments	13,435	27,911
Rent	31,937	-
Filing fees	17,564	40,355
Transfer agent fees	1,754	2,078
Interest and bank charges	968	1,587
Depreciation	25,708	15,588
Operating Loss Before Other Items and Discontinued Operations	(542,677)	(569,373)
Other Items		
Impairment charges on mineral resource properties	27,269	-
Loss from Continuing Operations	(569,946)	(569,373)
Loss from Discontinued Operations (note 10)	-	(201,818)
Net Loss and Comprehensive Loss for Period	\$ (569,946)	\$ (771,191)
Loss Per Share – Basic and Diluted		
Loss per share from continuing operations – basic and diluted	\$ (0.01)	\$ (0.01)
Loss per share from discontinued operations – basic and diluted	-	(0.00)
	\$ (0.01)	\$ (0.01)
Weighted Average Number of Common Shares Outstanding	54,186,662	54,477,992

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

ACADIAN MINING CORPORATION
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Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian Dollars)
Periods Ended March 31
(Unaudited)

	2012	2011
Operating Activities		
Net loss from continuing operations	\$ (569,946)	\$ (569,373)
Share-based payments	13,435	27,911
Depreciation	25,708	15,588
Impairment charge on mineral resource property	27,269	-
Net changes in non-cash working capital items (note 11)	(14,896)	350,738
Cash used in operating activities from continuing operations	(518,430)	(175,136)
Cash used in operating activities from discontinued operations	-	180,208
Cash Provided by (Used in) Operating Activities	(518,430)	5,072
Investing Activities		
Acquisition of property, plant and equipment	(39,375)	-
Acquisition of mineral resource properties	(72,185)	(8,475)
Cash Used in Investing Activities	(111,560)	(8,475)
Financing Activities		
Repayment of guarantee obligation	-	(400,000)
Cash Used in Financing Activities	-	(400,000)
Net Change in Cash for the Period	(629,990)	(403,404)
Cash, Beginning of Period	799,445	477,751
Cash, End of Period	\$ 169,455	\$ 74,347

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ACADIAN MINING CORPORATION
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Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)
Periods Ended March 31
(Unaudited)

	Number of shares	Share \$	Share-based payments reserve \$	Deficit \$	Total \$
January 1, 2011	54,157,251	68,062,712	5,981,867	(67,874,334)	6,170,245
Issued for exploration	29,411	9,117	-	-	9,117
Share-based payments	-	-	27,911	-	27,911
Net loss and comprehensive loss for three months	-	-	-	771,191	771,191
March 31, 2011	54,186,662	68,071,829	6,009,778	(68,645,525)	5,436,082
Share-based payments	-	-	65,882	-	65,882
Net loss and comprehensive loss for nine months	-	-	-	1,399,637	1,399,637
December 31, 2011	54,186,662	68,071,829	6,075,660	(67,245,888)	6,901,601
Share-based payments	-	-	13,435	-	13,435
Net loss and comprehensive loss for three months	-	-	-	(569,946)	(569,946)
March 31, 2012	54,186,662	68,071,829	6,089,095	(67,815,834)	6,345,090

ACADIAN MINING CORPORATION
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Notes to the Condensed Consolidated Interim Financial Statements
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1. NATURE OF OPERATIONS

Acadian Mining Corporation and its subsidiaries (collectively, the “Company”) is an exploration stage mining company. The Company is incorporated in Canada and is based in Nova Scotia, Canada. The Company’s head office is located at 10 Morris Drive, Unit 6, Dartmouth, Nova Scotia, Canada, B3B 1K8.

The Company is a publicly listed company continued under the Canada *Business Companies Act* with limited liability under the laws of Canada. The Company’s shares trade on the Toronto Stock Exchange (“TSX”).

2. BASIS OF PRESENTATION

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”).

The condensed consolidated interim financial statements do not include all of the information required for full annual consolidated financial statements, and should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2011.

(b) Approval of the financial statements

These consolidated condensed interim financial statements were approved and authorized for issue by the Audit Committee and Board of Directors of the Company on May 8, 2012.

(c) Basis of presentation

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue 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 the 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 further periods if the review affects both current and future periods.

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Judgments made by management in the application of IFRS that have a significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the current and following fiscal years are discussed in notes 3(i) and 3(j) to the December 31, 2011 consolidated financial statements.

These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes the Company will continue in operation for the foreseeable future.

As at March 31, 2012, the Company has cash of \$169,455, working capital in the amount of \$119,762, and shareholders' equity in the amount of \$6,345,090. Should the going concern assumption prove not to be appropriate, further adjustments will be required to the carrying amounts and/or classification of the Company's assets and liabilities, and the adjustments are likely to be material. Continuation of the Company as a going concern is dependent upon the continued financial support of the major shareholders, other equity or debt financing or proceeds from the sale of assets. The condensed consolidated interim financial statements do not reflect any adjustments related to conditions that occurred subsequent to March 31, 2012.

3. SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial data is based on accounting principles and practices consistent with those to be used in the preparation of the audited annual consolidated financial statements as at December 31, 2011. The accompanying unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2011.

4. SUBSIDIARIES AND ASSOCIATES

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held	
			March 31, 2012	March 31, 2011
Annapolis Properties Corp.	Exploration	Canada	100%	100%
6179053 Canada Inc.	Exploration	Canada	100%	100%
6927629 Canada Corp.	Holding Company	Canada	100%	100%
ScoZinc Limited ¹	Mining	Nova Scotia	0%	100%

The Company sold 100% of the shares of its wholly owned subsidiary, ScoZinc on May 31, 2011 (note 10).

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5. ACCOUNTS RECEIVABLE

	March 31, 2012	December 31, 2011
HST receivable	\$ 21,007	\$ 7,026
Other receivables	-	14,706
	\$ 21,007	\$ 21,732

6. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Automotive equipment	Office fixtures and computer equipment	Total
	\$	\$	\$	\$	\$
Cost					
Balance at January 1, 2011	405,617	262,970	26,208	351,211	1,046,003
Additions	-	-	-	-	-
Disposals and impairment	-	-	-	-	-
Balance at March 31, 2011	405,617	262,970	26,208	351,211	1,046,003
Additions	-	23,753	75,347	142,606	241,706
Disposals	(220,947)	-	-	-	(220,947)
Balance at December 31, 2011	184,670	286,723	101,555	493,817	1,066,762
Additions	-	-	-	39,375	39,375
Disposals	-	-	-	-	-
Balance at March 31, 2012	184,670	286,723	101,555	533,192	1,106,137
Accumulated Amortization					
Balance at January 1, 2011	-	24,404	15,294	196,242	235,940
Depreciation for the period	-	2,982	819	11,787	15,588
Disposals	-	-	-	-	-
Balance at March 31, 2011	-	27,386	16,113	208,029	251,528
Depreciation for the period	-	9,540	13,758	52,869	76,167
Disposals	-	-	-	-	-
Balance at December 31, 2011	-	36,926	29,871	260,898	327,695
Depreciation for the period	-	3,122	5,376	17,210	25,708
Disposals	-	-	-	-	-
Balance at March 31, 2012	-	43,048	35,247	278,108	353,403
Carrying amounts					
At January 1, 2011	405,617	238,566	10,914	154,969	810,063
At March 31, 2011	405,617	235,584	10,095	143,182	794,476
At December 31, 2011	184,670	249,797	71,684	232,919	739,070
At March 31, 2012	184,670	246,675	66,309	246,673	752,736

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7. MINERAL RESOURCE PROPERTIES

Mineral resource properties owned 100% by the Company, except as described below, and consist of the following:

	Fifteen Mile Stream*	Beaver Dam	Forest Hill	Tangier	Other	Total
	\$	\$	\$	\$	\$	\$
Cost						
Balance at January 1, 2011	2,303,340	585,627	1,352,978	294,077	708,189	5,252,686
Additions					8,475	
Abandonment	-	-	-	-	-	-
Balance at March 31, 2011	2,303,340	585,627	1,352,978	294,077	716,664	5,252,686
Additions	22,313	-	2,433	2,526	38,888	66,160
Abandonment	-	-	-	-	-	-
Balance at December 31, 2011	2,325,653	585,627	1,355,411	296,603	755,552	5,318,846
Additions	5,302	6,583	12	171	60,117	72,185
Abandonment	-	-	-	-	(27,269)	(27,269)
Balance at March 31, 2012	2,330,955	592,210	1,355,423	296,774	788,400	5,363,762

*In April 2010, the Company signed an access agreement to obtain exclusive rights to conduct mineral exploration activities on certain real property in Fifteen Mile Stream, Nova Scotia, by making payments ranging from \$60,000 to \$100,000 per annum to 2019 and issuing common shares ranging from 29,411 to 64,706 per annum to 2013.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2012	December 31, 2011
Trade payables	\$ 96,806	\$ 111,477
Accrued liabilities	66,627	74,123
	\$ 163,433	\$ 185,600

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9. SHARE CAPITAL

There have been no changes in common shares issued or outstanding during the period ended March 31, 2012.

During the year ended December 31, 2011, the Company issued 29,411 common shares as consideration for land access rights at the Fifteen Mile Stream property. The fair value of each common share was \$0.31.

Share-based compensation plan

At the annual and special meeting of shareholders held on June 14, 2007, the shareholders adopted a 10% “rolling” incentive stock option plan (the “Plan”). The purpose of the Plan is to attract and retain directors, officers, employees and service providers to the Company and to motivate them to advance the interests of the Company by affording them the opportunity to acquire an equity interest in the Company through options. Options granted under the Plan have a five-year term. Options are granted at a price no lower than the market price of the common shares at the time of the grant.

The rules of the TSX provide that all unallocated options issuable under a “rolling” stock option plan must be approved by shareholders every three years after institution of the stock option plan. The Plan was approved at the annual and special Shareholders’ Meeting held June 24, 2010.

Share options outstanding prior to November 17, 2010 have been retrospectively adjusted for the share consolidation on the basis of 10 for 1, as discussed above.

A summary of the Company’s options at March 31, 2012 and December 31, 2011 is presented below:

	Options outstanding	Weighted average exercise price
		\$
Balance, January 1, 2011	1,018,000	2.19
Expired	(106,000)	8.34
Granted	300,000	0.45
Balance, December 31, 2011, and March 31, 2012	1,212,000	1.26

There have been no changes in options outstanding during the period ended March 31, 2012.

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During the year ended December 31, 2011:

- (a) On June 23, 2011, the Company granted 100,000 options to the chief financial officer of the Company with an exercise price of \$0.45 per share, expiring June 23, 2016, to be vested one-third on grant date, one-third 12 months from grant date and one-third 24 months from grant date.
- (b) On July 13, 2011, the Company granted an aggregate of 200,000 options to seven employees of the Company with an exercise price of \$0.45 per share, expiring July 13, 2016, to be vested one-third on grant date, one-third 12 months from grant date and one-third 24 months from grant date.

The following table summarizes information about the options outstanding and exercisable at December 31, 2011, and March 31, 2012.

Expiry date	Exercise price	Options outstanding	Options exercisable
April 27, 2012	\$ 11.20	20,000	20,000
June 15, 2012	\$ 10.00	40,000	40,000
September 27, 2012	\$ 10.10	10,000	10,000
February 12, 2013	\$ 7.10	12,000	12,000
June 10, 2013	\$ 5.80	30,000	30,000
June 15, 2015	\$ 0.45	500,000	333,334
August 18, 2015	\$ 0.45	300,000	200,000
June 23, 2016	\$ 0.45	100,000	33,333
July 13, 2016	\$ 0.45	200,000	66,667
		1,212,000	745,334
Weighted average remaining contractual life in years		3.05	2.90

The total calculated fair value of share-based compensation for the periods ended December 31, 2011, and March 31, 2012 would be allocated in the condensed consolidated interim statements of operations and comprehensive loss as salaries and benefits.

Options granted by the Company vest over multiple periods. The Company recognized share-based compensation expense based on vesting terms. As at March 31, 2012, the grant date fair value of options yet to be recognized due to unvested options is \$20,117 (December 31, 2011- \$33,552).

In determining the share-based compensation expense, the fair value of the options issued were estimated using a Black-Scholes option pricing model with the following weighted average assumptions used:

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	2011
Risk-free interest rate	1.50%
Expected dividend yield	0.00%
Expected stock price volatility*	60%
Expected life of options	5 years
Forfeiture rate	0%
Grant date fair value	\$0.11

* Expected stock price volatility is based on the historical volatility of the Company to the extent of the expected life of the option.

10. SALE OF MINING ASSETS AND DISCONTINUED OPERATIONS

On May 31, 2011, the Company sold 100% of the shares of ScoZinc, a wholly owned subsidiary of the Company. ScoZinc held the Company's lead and zinc assets, including Scotia Mine. The Company received consideration of \$10 million.

The following table presents summarized financial information of the net assets of ScoZinc as at May 31, 2011:

	May 31, 2011
Assets	
Cash	\$ 82,990
Accounts receivable	8,106
Prepaid expense	29,700
Cash held for remediation	2,812,500
Property, plant and equipment	6,096,696
Mineral resource properties	56,587
	9,086,579
Liabilities	
Accounts payable and accrued liabilities	152,623
Accrued site remediation	2,600,000
	2,752,623
Net Assets	\$ 6,333,956
Gain on sale of mining assets	
Proceeds	\$ 10,000,000
Net assets	(6,333,956)
Direct selling costs	(197,253)
	\$ 3,468,791

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10. SALE OF MINING ASSETS AND DISCONTINUED OPERATIONS (Continued)

The consolidated statement of operations and comprehensive income (loss) reflects these discontinued operations separately from continuing operations for the three-month period ended March 31, 2011.

	2011
Operating expenses	
Depreciation	\$ 35,649
Insurance	26,160
Office and general	21,425
Professional Fees	10,000
Rent	1,500
Salaries and benefits	56,759
Environmental monitoring	49,678
Travel	647
Total operating expenses	201,818
Loss from discontinued operations	\$ (201,818)

11. SUPPLEMENTAL CASH FLOW INFORMATION

	2012	2011
Continuing operations		
Net changes in non-cash working capital		
Accounts receivable	\$ 725	\$ 42,807
Prepaid expenses and deposits	6,545	12,031
Accounts payable and accrued liabilities	(22,166)	295,900
	\$ (14,896)	\$ 350,738

12. RELATED PARTY TRANSACTIONS

Golden River is the controlling shareholder of the Company. As at March 31, 2012, Golden River owned 52% (2011 - 72%) of the outstanding common shares of the Company. During the quarter, Igneous Capital Limited ("Igneous") acquired 10,783,145 common shares of Acadian from Golden River, which represents 19.9% of the issued and outstanding shares.

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During 2011, the Company had a non-interest-bearing loan with no set terms of repayment for \$2,499,858. This loan was repaid in full during 2011.

Subsequent to quarter end, on May 8, 2012, the Board of Directors of the Company approved a proposed issuance of \$600,000 principal amount of unsecured convertible debentures (the “Debentures”) through a private placement transaction (the “Private Placement”) with its two major shareholders, Golden River and Igneous. Pursuant to the Private Placement, Golden River will purchase up to \$420,000 principal amount of Debentures and Igneous will purchase up to \$180,000 principal amount of Debentures. The Debentures will be unsecured and convertible into Common Shares of the Company at the holder’s option at a price of \$0.12 per Common Share at any time within 12 months from the date of issuance of the Debentures. The Debentures will have an interest rate of 8% per annum accruing daily and compounded monthly in arrears. Such interest will only become payable in the event that the Debenture holders do not elect to convert the Debentures into Common Shares. The Private Placement is subject to the TSX approval.

Also, subsequent to the quarter end, on May 8, 2012 Golden River advanced a shareholder loan in the amount \$140,000 to the Company to be used for operating expenditures. The loan has no set terms of repayment and is non-interest bearing.

The remuneration of directors and other members of key management personnel during the period ended March 31, 2012 and 2011 were as follows:

	2012		2011	
Salaries and directors fees	\$	108,750	\$	102,500
Share-based payments ¹		13,435		27,912
	\$	122,185	\$	130,412

1. Share-based payments are the fair value of options vested to key management personnel.

13. FINANCIAL INSTRUMENTS

The Company has designated its cash as fair value through income or loss; accounts receivable as loans and receivables; and accounts payable and accrued liabilities as other financial liabilities.

Management of capital risk

The Company’s objectives when managing capital are: (i) to ensure sufficient liquidity to support its financial obligations and execute its operating and strategic plans; (ii) to minimize the cost of capital while taking into consideration current and future industry, market, and economic risks and conditions; and (iii) safeguard the Company’s ability to continue as a going concern in order to

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pursue the development of its mining properties and to maintain flexible capital structure, which optimizes the costs of capital at an acceptable rate.

The Company considers capital to include shareholders' equity, which at March 31, 2012 is \$6,345,090.

There are no externally imposed capital requirements. The Company manages the capital structure and makes adjustments to it depending on economic conditions and the rate of anticipated expenditures. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets, or adjust the amount of cash and investments. At the present time, the only capital requirements are to satisfy the current liabilities. There were no changes in the Company's approach to capital management during the year.

Fair value

The carrying amount of financial assets and liabilities carried at amortized cost is a reasonable approximation of fair value.

Credit risk

The Company is exposed to credit risk with respect to its cash and accounts receivable. The credit risk associated with cash is minimal as cash has been placed with a major Canadian financial institution with strong investment-grade ratings by a primary ratings agency. The Company is not exposed to significant credit risk with respect to accounts receivable, as the amount due is from a government agency.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company has cash at March 31, 2012, in the amount of \$169,445, which is sufficient to meet its short-term business requirements. At March 31, 2012, the Company had accounts payable and accrued liabilities of \$163,433 with contractual maturities of 90 days or less.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate, foreign currency and other price risk.

(a) Interest rate risk

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities.

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(b) Foreign currency risk

The Company is not exposed to significant foreign currency risk.

(c) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to other price risk.

14. COMMITMENTS

During 2011, the Company entered into a lease for office premises. The lease began on July 1, 2011 and ends on June 30, 2016, with a right to terminate after June 30, 2013, for a penalty equal to four months' base rent. The Company is committed to pay base rent ranging from \$70,000 to \$74,000 per annum. In addition to the base rent, the Company is committed to pay additional rent, which consists of its proportionate share of realty taxes, operating costs and management fees totaling approximately \$60,000 per annum.

The Company is committed to minimum annual lease payments of \$103,607 on its former office premises until October 2013. Effective September 1, 2010, the Company sublet its former office premises for an amount equal to its cost.