

**DAWSON GOLD CORP.
(FORMERLY ULDAMAN CAPITAL CORP.)**

Financial Statements

April 30, 2010

AUDITORS' REPORT

To the Shareholders of Dawson Gold Corp. (formerly Uldaman Capital Corp.)

We have audited the balance sheets of Dawson Gold Corp. (formerly Uldaman Capital Corp.) as at April 30, 2010 and 2009 and the statements of loss, comprehensive loss and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 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.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
Chartered Accountants

Vancouver, Canada
August 20, 2010

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DAWSON GOLD CORP.
(FORMERLY ULDAMAN CAPITAL CORP.)

Balance Sheets

As at April 30

	2010	2009
ASSETS		
Current		
Cash	\$ 119,537	\$ 57,770
Receivables	4,151	1,230
Prepays	833	-
	<u>124,521</u>	<u>59,000</u>
Advances (notes 4 and 7)	31,362	-
	<u>\$ 155,883</u>	<u>\$ 59,000</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 68,091	\$ 21,089
Due to related parties (note 4)	4,725	4,725
	<u>72,816</u>	<u>25,814</u>
Shareholders' equity		
Share capital (note 3)	660,393	394,399
Subscriptions receivable (note 3)	(15,500)	-
Contributed surplus (note 3)	62,010	55,502
Deficit	(623,836)	(416,715)
	<u>83,067</u>	<u>33,186</u>
	<u>\$ 155,883</u>	<u>\$ 59,000</u>

Nature of operations and going concern (note 1)

Commitments (note 7)

Approved on behalf of the Board:

"Paul Gray" Director

"Bijay Singh" Director

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

DAWSON GOLD CORP.
(FORMERLY ULDAMAN CAPITAL CORP.)
Statements of Loss, Comprehensive Loss and Deficit
For the years ended April 30

	2010	2009
Expenses:		
Bank charges and interest	\$ 1,550	\$ 452
Consulting	1,817	5,492
Office and administration (note 4)	35,386	21,740
Professional fees (note 4)	70,414	35,507
Property evaluation and investigation (note 1)	-	97,431
Regulatory and transfer agent	20,848	12,553
Rent (note 4)	30,000	27,500
Stock-based compensation (note 3)	6,508	-
Travel and promotion	40,987	33,326
Loss before other items	(207,510)	(234,001)
Other items:		
Exchange gain	389	-
Interest and other income	-	1,483
Net loss and comprehensive loss	(207,121)	(232,518)
Deficit, beginning of year	(416,715)	(184,197)
Deficit, end of year	\$ (623,836)	\$ (416,715)
Weighted average number of common shares		
outstanding - basic and diluted	4,454,037	2,010,130
Loss per common share - basic and diluted	\$ (0.05)	\$ (0.12)

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

DAWSON GOLD CORP.

(FORMERLY ULDAMAN CAPITAL CORP.)

Statements of Cash Flows

For the years ended April 30

	2010	2009
Cash provided by (used in):		
Operating activities:		
Net loss for the year	\$ (207,121)	\$ (232,518)
Item not involving cash		
Stock-based compensation	6,508	-
Change in non-cash operating working capital items:		
Receivables	(2,921)	(373)
Prepays	(833)	-
Accounts payable and accrued liabilities	47,002	9,319
Due to related parties	-	4,725
Net cash used in operating activities	(157,365)	(218,847)
Financing activities:		
Proceeds from share issuances, net	265,994	3,319
Subscriptions receivable	(15,500)	-
Advances	(31,362)	-
Net cash provided by financing activities	219,132	3,319
Change in cash	61,767	(215,528)
Cash, beginning of year	57,770	273,298
Cash, end of year	\$ 119,537	\$ 57,770

Supplemental disclosure cash flow information:

There were no non-cash transactions for the year ended April 30, 2010.

During the year ended April 30, 2009, the Company reallocated \$2,163 from contributed surplus to share capital (note 3).

Cash paid for interest	\$ -	\$ -
Cash paid for income taxes	\$ -	\$ -

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

DAWSON GOLD CORP. (FORMERLY ULDAMAN CAPITAL CORP.)

Notes to Financial Statements

April 30, 2010

1. Nature of operations and going concern

The Company was incorporated by a Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act in British Columbia on January 16, 2006. The Company is a Capital Pool Company as its principal business is the identification and evaluation of companies, assets or businesses with a view to completing a Qualifying Transaction in accordance with Policy 2.4 of the TSX Venture Exchange ("Exchange"). At April 30, 2010, the Company, as a result of not being able to complete its Qualifying Transaction on a timely basis, started trading on the NEX Board.

On July 18, 2008, the Company entered into a letter of intent with Khyber Capital Corp. ("Khyber"), a private oil and gas exploration company, to acquire all of the issued and outstanding shares of Khyber. The Transaction was to constitute the Company's Qualifying Transaction, however on March 23, 2009, the Company announced that it would not be proceeding with its letter of intent with Khyber. As a result, \$97,431 of acquisition costs related to the Qualifying Transaction was expensed to property evaluation and investigation costs.

On January 25, 2010, as amended and restated on May 26, 2010 and amended on June 30, 2010, the Company entered into an Amalgamation Agreement (the "Agreement") with Dawson Exploration Corp. ("Dawson") and 0851045 B.C. Ltd. ("0851045"), both of which are private British Columbia companies. The transaction, which will be completed by way of share exchange, will result in a reverse takeover of the Company. See Note 7.

Subsequent to April 30, 2010, the Company changed its name to Dawson Gold Corp. (the "Company") and, effective August 10, 2010, commenced trading on the NEX Board. The Company also consolidated its share capital on a 1:2 basis. All common share balances and per share amounts in these financial statements have been updated to reflect the share consolidation.

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation for the foreseeable future. The continuing operations of the Company are dependent upon its ability to identify, evaluate and negotiate a Qualifying Transaction and ultimately to generate profitable operations in the future. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. Further discussion of liquidity risk has been disclosed in notes 5 and 6.

Management is also aware that material uncertainties exist, related to current economic conditions, which could adversely affect the Company's ability to continue to finance its activities. Management's plan includes continuing to pursue additional sources of financing through equity offerings, and reducing overhead costs. As a result of the implementation, management expects that the Company will have sufficient capital to fund operations for the upcoming fiscal year. These financial statements do not include any adjustments relating to the recoverability and classification of record asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

	2010	2009
Deficit	\$(623,836)	\$ (416,715)
Working capital	51,705	33,186

DAWSON GOLD CORP. (FORMERLY ULDAMAN CAPITAL CORP.)

Notes to Financial Statements

April 30, 2010

2. Significant Accounting Policies

Basis of presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and are prepared in Canadian dollars.

Use of estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates. Significant areas requiring the use of management estimates relate to determination of expected tax rates for future income tax recoveries, the fair values of financial instruments and stock-based payments and, management's assessment of going concern.

Future income taxes

Future income taxes are recorded using the asset and liability method whereby future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Future tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment or enactment occurs. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

Loss per share

Basic and diluted loss per common share is calculated using the weighted average number of common shares outstanding during the period. The Company uses the treasury stock method to calculate the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. Existing stock options and share purchase warrants have not been included in the computation of diluted loss per share as to do so would be anti-dilutive. Accordingly, basic and diluted loss per share is the same for the periods presented.

Financial instruments

The Company adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Sections 3855, "Financial Instruments – Recognition and Measurement". Section 3855 prescribes when a financial instrument is to be recognized on the balance sheet and at what amount. Under Section 3855, financial instruments must be classified into one of five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are measured at the balance sheet date at fair value except for loans and receivables, held-to maturity investments and other financial liabilities which are measured at amortized cost.

DAWSON GOLD CORP. (FORMERLY ULDAMAN CAPITAL CORP.)

Notes to Financial Statements

April 30, 2010

2. Significant Accounting Policies (continued)

Financial instruments (continued)

The Company's financial instruments consist of cash, receivables, advances, accounts payable and due to related parties. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency, or credit risks arising from these financial instruments. The Company has made the following classifications for the financial instruments:

- (i) Cash - held-for-trading; measured at fair value;
- (ii) Receivables and advances - loans and receivables; measured at amortized costs;
- (iii) Accounts payable and due to related parties - other financial liabilities; recorded at amortized cost.

The Company does not use any hedging instruments.

Stock-based compensation

The Company has adopted the accounting standards issued by the CICA Handbook Section 3870, "Stock-based compensation and other stock-based payments", which requires the fair-value based method for measuring compensation costs. The Company determines the fair value of stock options or warrants granted to directors, officers, employees, and consultants using Black-Scholes option pricing model or an alternative valuation method when deemed to be more reliable. Stock-based compensation is accrued and charged to operations, with an offsetting credit to contributed surplus, on a straight-line basis over the vesting periods. If and when the stock options are exercised, the applicable amounts of contributed surplus are transferred to share capital.

Comprehensive income

The Company adopted CICA Handbook Section 1530, "Comprehensive Income". Section 1530 establishes standards for the reporting and presenting of comprehensive income which is defined as the change in equity from transaction and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income that are excluded from net loss. At April 30, 2010 and 2009, the Company had no significant items that caused other comprehensive loss to be different than net loss.

Accounting changes

The Company adopted CICA Handbook Section 1506, "Accounting Changes," establishes criteria for change in accounting policies, accounting treatment and disclosure regarding changes in accounting policies, estimates and correction errors. In particular, this section allows for voluntary changes in accounting policies only when they result in the financial statements providing reliable and more relevant information. This section requires changes in accounting policies to be applied retrospectively unless doing so is impracticable.

Credit risk and the fair value of financial assets and financial liabilities

The Company adopted the CICA approved the Emerging Issues Committee Abstract ("EIC") 173, "Credit Risk and the Fair Value of Financial Assets and Liabilities". This guidance clarified that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities including derivative instruments. The implementation of the recommendations of this new section has not had any impact on the Company's financial statements.

DAWSON GOLD CORP. (FORMERLY ULDAMAN CAPITAL CORP.)

Notes to Financial Statements

April 30, 2010

2. Significant Accounting Policies (continued)

New accounting standards not yet adopted

International financial reporting standards ("IFRS")

In 2008, the Canadian Accounting Standards Board confirmed that publicly accountable enterprises will be required to adopt IFRS for fiscal years beginning on or after January 1, 2011, with earlier adoption permitted. Accordingly, the conversion to IFRS will be applicable to the Company's reporting no later than in the first quarter of 2011, with restatement of comparative information presented. The conversion to IFRS will impact the Company's accounting policies, information technology and data systems, internal control over financing reporting, and disclosure controls and procedures. The transition may also impact business activities, such as foreign currency activities, certain contractual arrangements, capital requirements and compensation arrangements. The Company is currently evaluating the future impact of IFRS on its financial statements and will continue to invest in training and additional resources to ensure a timely conversion.

"Business combinations" – Section 1582, "Consolidated Financial Statements" – Section 1601 and "Non-Controlling Interests" – Section 1602

In January 2009, the CICA issued Handbook Sections 1582, "Business Combinations", 1601 "Consolidated Financial Statements" and 1602 "Non-Controlling Interests" which replace CICA Handbook Sections 1581 "Business Combinations" and 1600 "Consolidated Financial Statements". Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under IFRS. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. These sections are applicable for the Company's interim and annual financial statements for its fiscal year beginning on or after January 1, 2011. Early adoption of these Sections is permitted and all three Sections must be adopted concurrently.

3. Share capital

a. Authorized

Unlimited number of common shares without par value

b. Issued and fully paid

	Number of shares	Amount
Balance, April 30, 2008	2,002,501 \$	388,917
Option exercised	11,064	3,319
Fair value of stock options exercised	-	2,163
Balance, April 30, 2009	2,013,565	394,399
Private Placement - September 9, 2009	3,952,500	237,150
Private Placement - September 18, 2009	510,000	35,700
Cancelled	(400,000)	-
Share issuance costs	-	(6,856)
Rounding adjustment	(2)	-
Balance, April 30, 2010	6,076,063 \$	660,393

Subsequent to April 30, 2010, the Company consolidated its share capital on a 1:2 basis. All common share balances and per share amounts in these financial statements have been updated to reflect the share consolidation.

DAWSON GOLD CORP. (FORMERLY ULDAMAN CAPITAL CORP.)

Notes to Financial Statements

April 30, 2010

3. Share capital (continued)

b. Issued and fully paid (continued)

2009

During the year ended April 30, 2009, 11,064 post-consolidated agent options were exercised for a total proceed of \$3,319. Consequently, \$2,163 was reallocated from contributed surplus to share capital.

2010

During the year ended April 30, 2010, The Company completed the following share capital transactions:

- a) The Company closed a non-brokered private placement raising \$237,150. The private placement consisted of 3,952,500 post-consolidated common shares issued at a price of \$0.06 per share.
- b) The Company closed a non-brokered private placement raising \$35,700. The private placement consisted of 510,000 post-consolidated common shares issued at a price of \$0.07 per share.

The Company paid share issuance costs of \$6,856 in relation to these private placements. As at April 30, 2010, recorded in subscriptions receivables is \$15,500 relating to the above private placements.

Escrow

During the year ended April 30, 2010, 400,000 post-consolidated common shares, which were previously held in escrow by the directors, were cancelled as a result of the Company's failure to complete a Qualifying Transaction on a timely basis.

As at April 30, 2010, 774,999 common shares were held in escrow.

c. Stock options

The Company adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the common shares to be outstanding at Closing. Such options will be exercisable for a period of up to 5 years from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any individual director or officer will not exceed 5% of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed two 2% of the issued and outstanding common shares. Options may be exercised no later than 90 days following cessation of the optionee's position with the Company, provided that if the cessation of office, directorship, or technical consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option.

DAWSON GOLD CORP. (FORMERLY ULDAMAN CAPITAL CORP.)

Notes to Financial Statements

April 30, 2010

3. Share capital (continued)

c. Stock options (continued)

The Company had the following stock option transactions during the years ended April 30, 2009 and 2010:

	Options outstanding and exercisable	Weighted average exercise price	Weighted average life
Balance, April 2008	275,000	\$ 0.30	3.38
Exercised	(11,063)	-	-
Expired	(63,937)	-	-
Cancelled	(100,000)	-	-
Balance, April 30, 2009	100,000	0.30	2.08
Granted	100,000	0.20	-
Balance, April 30, 2010	200,000	\$ 0.25	2.93

During the year ended April 30, 2010, the Company granted to directors the option to purchase 100,000 post-consolidated common shares at a price of \$0.20 per common share, exercisable for a period of 5 years from the date of grant. The fair value calculated using the Black-Scholes option-pricing model was \$6,508, which was expensed as stock-based compensation. The Black-Scholes option pricing is based on a risk free interest rate of 2.58%, expected volatility of 179%, expected dividend rate of 0% and expected life of 5 years.

As at April 30, 2010, the following incentive stock options are outstanding and exercisable:

	Number of options	Exercise price	Expiry date
Granted - October 26, 2006	100,000	\$ 0.30	October 26, 2011
Granted - September 11, 2009	100,000	\$ 0.20	September 11, 2014
	200,000		

d. Contributed surplus

Balance, April 31, 2008	\$	57,665
Stock options exercised		(2,163)
Balance, April 31, 2009		55,502
Fair value of options granted		6,508
Balance, April 30, 2010	\$	62,010

DAWSON GOLD CORP. (FORMERLY ULDAMAN CAPITAL CORP.)

Notes to Financial Statements

April 30, 2010

4. Related party transactions

During the years ended April 30, 2009 and 2010, the Company incurred the following amounts through transactions with a company having directors in common:

	2010	2009
Expenses paid or accrued to a company with common directors:		
Professional fees	\$ -	\$ 5,000
Office and administration	24,000	18,543
Rent	30,000	27,500
	\$ 54,000	\$ 51,043

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

To April 30, 2010, the Company has made non-refundable advances totalling \$31,362 (2009 - \$Nil) to 0851045, a company related by a director in common with which the Company is in the process of completing a Transaction (Note 7). This amount is unsecured and non-interest bearing.

As at April 30, 2010, \$4,725 (2009 - \$4,725) is due to a company with common directors. This balance is unsecured, non-interest bearing and has no fixed terms of repayment.

5. Capital management

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. As at April 30, 2010, the Company's shareholder's equity was \$83,067 and it had current liabilities of \$72,816. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet payments of its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels. The capital for the Company was primarily generated from the issuance of common shares. There has been no change to the Company's capital management from the previous year and the Company is not effected by external capital requirements.

6. Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company considers the fluctuations of financial markets and seeks to minimize potential adverse effects on financial performance.

The Company is exposed in varying degree to a variety of financial instrument related risks, which include credit risk, interest rate risk, liquidity risk, and market risk. The Board approves and monitors the risk management process.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank account, whose balance at April 30, 2010 was \$119,537. The bank account is held with a major bank in Canada. The Company's secondary exposure to credit risk is on its receivables. This risk is minimal as receivables consist primarily of refundable government sales taxes.

DAWSON GOLD CORP. (FORMERLY ULDAMAN CAPITAL CORP.)

Notes to Financial Statements

April 30, 2010

6. Financial and risk management (continued)

Currency Risk

The Company operates in Canada and is therefore not exposed to foreign exchange risk arising from transactions denominated in a foreign currency.

Interest rate risk

Interest rate risk is the risk that an investment's value will change due to a change in the level of interest rates. The Company is not affected by interest rate risk.

Liquidity and Funding risks

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. Funding risk is the risk that market conditions will impact the Company's ability to raise capital through equity markets under acceptable terms and conditions. Under current market conditions, both liquidity and funding risks are assessed as high.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risk: currency risk, interest rate risk and price risk. The Company is not subject to currency risk as its functional currency is the Canadian dollar and a majority of the Company's transactions are in Canada. The Company does not use any form of derivative or hedging instruments to reduce its foreign currency risk. The Company is not affected by price risk.

7. Commitments

Pursuant to the Amalgamation (Note 1), 0851045 and Dawson will amalgamate to form Dawson Exploration Corp. ("Dawson Exploration"). Each of Dawson's issued and outstanding common shares and each of 0851045's issued and outstanding common shares will be converted into one common share of the Company. The shares of Dawson Exploration will then be transferred to the Company.

Dawson Exploration will become the Company's wholly-owned subsidiary and the Company will become the parent of Dawson Exploration. However, following the guidance provided in Emerging Issue Committee Abstract No.10. "Reverse Takeover Accounting", Dawson Exploration will be deemed to be the acquirer for accounting purposes.

The Company and 0851045 are each required to complete a private placement. The Company's private placement will be comprised of a financing of up to 8,000,000 units at \$0.15 per unit for total proceeds of \$1,200,000. Each unit will consist of one common share and one share purchase warrant, with each warrant exercisable to acquire an additional share at \$0.25, exercisable for a period of 12 months from the closing dates and at a price of \$0.35 for the 6 months thereafter.

0851045 will complete a private placement of up to 4,666,666 units at a price of \$0.15 per unit for total proceeds of \$700,000. Each unit will consist of one common share and one share purchase warrant exercisable into an additional common share of 0851045 at a price of \$0.25 per share, exercisable for a period of 12 months from the closing date and a price of \$0.35 for the 6 months thereafter. Finder's fees of up to 8% cash, shares or warrants will be payable in connection with the private placement.

DAWSON GOLD CORP. (FORMERLY ULDAMAN CAPITAL CORP.)

Notes to Financial Statements

April 30, 2010

7. Commitments (continued)

Pursuant to a finder's fee agreement, 0851045 will be obligated, upon closing of the Amalgamation to issue 400,000 common shares which will be satisfied by the payment of 400,000 common shares of the Company. The Company will also be obligated to issue 1,000,000 common shares, upon closing on the Amalgamation, to Northern Freegold Resources Ltd., pursuant to a mineral property option agreement entered into by 0851045.

The Amalgamation is subject to approval by the Exchange.

To April 30, 2010, the Company has made \$31,362 in non-refundable advances to 0851045 (Note 4). On August 10, 2010, the Company entered into a loan agreement whereby the Company advanced to lend 0851045 a sum of \$50,000 (the "Loan"). The Loan is secured by a first position general security interest on 0851045's assets, bears interest at a rate of 2% per annum and is payable by August 13, 2011. Upon completion of the Amalgamation, the terms of the Loan Agreement will terminate.

8. Income taxes

The actual income tax provisions differ from the expected amounts calculated by applying the Canadian combined federal and provincial corporate income tax rates to the Company's loss before income taxes. The components of these differences are as follows:

	2010	2009
Loss for the year	(207,121)	(232,518)
Corporate tax rate	30%	30.0%
Potential income tax recovery based upon reported loss	(62,136)	(69,756)
Non deductible items	2,074	767
Share issuance costs	(5,921)	(5,510)
Change in tax rate	46,757	(1,556)
Change in valuation allowance	19,226	76,055
Income tax provision	\$ -	\$ -

The significant components of the Company's future tax assets and liabilities are as follows:

	2010	2009
Non-capital losses	\$ 140,310	\$ 115,108
Share issuance costs	5,963	11,938
	146,273	127,046
Valuations allowance	(146,273)	(127,046)
Net future income tax assets	\$ -	\$ -

The Company has non-capital losses of approximately \$562,000 which may be available to offset future income tax purposes which commence expiring in 2030. Due to the uncertainty of realization of these loss carry-forwards, the benefit is not reflected in the financial statements as the Company has provided a full valuation allowance for the potential future tax assets resulting from those loss carry-forwards.