GOLD STANDARD VENTURES CORP.
(formerly Devonshire Resources Ltd.)
(An Exploration Stage Company)

INTERIM FINANCIAL STATEMENTS
(UNAUDITED)
(Expressed in Canadian Dollars)

FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 2010

GOLD STANDARD VENTURES CORP.

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

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

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

Content

GOLD STANDARD VENTURES CORP.
(formerly Devonshire Resources Ltd.)
(An Exploration Stage Company)
Interim Balance Sheets
As at March 31, 2010 (Unaudited) and June 30, 2009
(Expressed in Canadian Dollars)

	March 31, 2010	June 30, 2009 (Audited)
Assets		
Current		
Cash and cash equivalents	$ 32,968	$ 67,397
Amounts receivable (Note 4)	6,537	1,330
Prepaids	9,750	-
	49,255	68,727
Mineral property costs (Note 5)	-	-
	49,255	68,727
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 6)	245,399	159,575
Loan payable (Note 7)	50,000	-
	295,399	159,575
Shareholders' equity		
Capital stock (Note 8)		
Authorized		
Unlimited common shares		
Issued and outstanding		
3,136,069 common shares issued and outstanding	6,625,307	6,172,247
Share subscriptions received in advance	-	215,950
Contributed surplus	846,163	846,163
Warrants	-	213,060
Deficit, accumulated during the exploration stage	(7,717,614)	(7,538,268)
	(246,144)	(90,848)
	$ 49,255	$ 68,727

Nature and Continuance of Operations (Note 1), **Subsequent Events** (Note 13)

On Behalf of the Board:

“Richard Silas”
Richard Silas, Director

“William Schmidt”
William Schmidt, Director

The accompanying notes are an integral part of these financial statements

GOLD STANDARD VENTURES CORP.
(formerly Devonshire Resources Ltd.)
(An Exploration Stage Company)
Interim Statements of Loss and Comprehensive Loss
For the three months and nine months ended March 31, 2010 (Unaudited)
(Expressed in Canadian Dollars)

	Three-month period ended March 31,		Nine-month period ended March 31,	
	2010	2009	**2010**	2009
	$	$	**$**	$
Revenue				
Interest income	**4**	-	**4**	418
Expense				
Bank charges and interest	**389**	214	**1,155**	1,272
Filing fees	**883**	150	**4,088**	5,297
Management fees (Note 9)	**36,000**	15,000	**126,000**	45,000
Office and miscellaneous	**524**	-	**2,256**	2,034
Professional fees (Note 9)	**10,704**	12,585	**29,043**	56,439
Shareholder communications (recovery)	**230**	180	**(1,387)**	540
Transfer agent fees	**6,040**	6,205	**18,195**	9,416
Total general and adminstrative expenses	**54,770**	34,334	**179,350**	119,998
Net loss and comprehensive loss for the period	**(54,766)**	(34,334)	**(179,346)**	(119,580)
Basic and diluted loss per share	**(0.02)**	(0.02)	**(0.06)**	(0.08)
Weighted average number of common shares outstanding	**3,136,069**	1,547,192	**3,136,069**	1,547,192

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GOLD STANDARD VENTURES CORP.
(formerly Devonshire Resources Ltd.)
(An Exploration Stage Company)
Interim Statements of Cash Flows
For the three months and nine months ended March 31, 2010 (Unaudited)
(Expressed in Canadian Dollars)

	Three-month period ended March 31,		Nine-month period ended March 31,	
	2010	2009	**2010**	2009
	$	$	**$**	$
Cash flows used in operating activities				
Net loss for the period	**(54,766)**	(34,334)	**(179,346)**	(119,580)
Changes in operating assets and liabilities				
(Increase) decrease in amounts receivable	**(2,462)**	128	**(5,207)**	15,790
(Increase) decrease in prepaid expenses	**(9,520)**	3,500	**(9,750)**	-
Increase (decrease) in accounts payable and accrued liabilities	**20,191**	30,867	**85,824**	41,913
	(46,557)	161	**(108,479)**	(61,877)
Cash flows used in investing activities				
Acquisition and exploration expenses (Note 5)	-	-	-	(450)
	-	-	-	(450)
Cash flows from financing activities				
Loan payable (Note 7)	**50,000**	-	**50,000**	40,548
Share issued for cash	-	-	**24,050**	-
	50,000	-	**74,050**	40,548
Increase (decrease) in cash and cash equivalents	**3,443**	161	**(34,429)**	(21,779)
Cash and cash equivalents, beginning of period	**29,525**	1,216	**67,397**	23,156
Cash and cash equivalents, end of period	**32,968**	1,377	**32,968**	1,377

The accompanying notes are an integral part of these financial statements

GOLD STANDARD VENTURES CORP.
(formerly Devonshire Resources Ltd.)
(An Exploration Stage Company)
Interim Statements of Changes in Shareholders’ Equity (Unaudited)
(Expressed in Canadian Dollars)

	Number of shares issued	Share capital	Contributed surplus	Warrants	Private placement subscriptions	Deficit accumulated during the exploration stage	Total Shareholders' equity
		$	$	$	$	$	$
Balance at June 30 2007	912,892	5,881,307	794,750	-	-	(1,695,018)	4,981,039
Shares issued - cash ($0.84 per share)	600,000	290,940	-	213,060	-	-	504,000
Shares issued for finders' fee ($0.84							
per share)	34,300	28,812	-	-	-	-	28,812
Share issue costs - shares	-	(28,812)	-	-	-	-	(28,812)
Stock-based compensation	-	-	51,413	-	-	-	51,413
Net loss for the year	-	-	-	-	-	(311,622)	(311,622)
Balance at June 30 2008	1,547,192	6,172,247	846,163	213,060	-	(2,006,640)	5,224,830
Share subscriptions received in advance	-	-	-	-	215,950	-	215,950
Net loss for the year	-	-	-	-	-	(5,531,628)	(5,531,628)
Balance at June 30 2009	1,547,192	6,172,247	846,163	213,060	215,950	(7,538,268)	(90,848)
Shares issued - cash ($0.16 per share)			-	-	-	-	-
(Note 8)	1,334,377	213,500	-	-	-	-	213,500
Shares issued - cash ($0.20 per share)							-
(Note 8)	132,500	26,500	-	-	-	-	26,500
Shares issued for finder's fee ($0.28							-
per share)(Note 8)	122,000	34,160	-	-	-	-	34,160
Share issue costs - shares	-	(34,160)	-	-	-	-	(34,160)
Share subscriptions received in advance	-	-	-	-	(215,950)	-	(215,950)
Warrants expired (Note 8)	-	213,060	-	(213,060)	-	-	-
Net loss for the year	-	-	-	-	-	(179,346)	(179,346)
Balance at March 31 2010	3,136,069	6,625,307	846,163	-	-	(7,717,614)	(246,144)

The accompanying notes are an integral part of these financial statements

1. Nature and Continuance of Operations

Gold Standard Ventures Corp. (the "Company") was incorporated on February 6, 2004 under the Business Corporations Act of British Columbia as TCH Minerals Inc. and changed its name to Ripple Lake Minerals Ltd. on May 13, 2004; to Ripple Lake Diamonds Inc. on July 26, 2004 and to Devonshire Resources Ltd. on August 16, 2007 at which time the Company consolidated its share capital on the basis of one new common share for every ten existing common shares outstanding. The effect of the consolidation was to decrease the number of the Company's common shares issued and outstanding from 36,515,682 to 3,651,568. On November 18, 2009 the Company changed its name to Gold Standard Ventures Corp. and consolidated its share capital on the basis of one new common share for every four existing common shares outstanding. The effect of the consolidation was to decrease the number of the Company's common shares issued and outstanding from 12,544,265 to 3,136,069.

The Company is an exploration stage junior mining company engaged in the identification, acquisition, evaluation and exploration of diamond properties in Ontario and Nunavut, Canada. The Company completed its initial public offering ("IPO") on January 6, 2005 and is listed for trading on the TSX Venture Exchange.

The Company's mineral properties are without a known body of commercial ore. The business of exploring for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Major expenses may be required to establish ore reserves, to develop metallurgical processes, to acquire construction and operating permits and to construct mining and processing facilities. The amounts shown as mineral property costs represent acquisition, holding and deferred exploration costs and do not necessarily represent present or future recoverable values. The recoverability of the amounts shown for mineral property costs is dependent upon the Company obtaining the necessary financing to complete the exploration and development of the properties, the discovery of economically recoverable reserves and future profitable operations.

There can be no assurance that such additional financing will be available on terms acceptable to the Company. Although the Company has taken steps to verify title to mineral properties in which it has an interest in accordance with industry standards for the current state of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

These financial statements have been prepared on the going concern basis, which assumes that the Company will continue operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

At March 31, 2010 the Company had a working capital deficit of $246,144 (March 31, 2009 - $216,814), which may not be sufficient to sustain operations over the next twelve months, and the Company expects to incur further losses from its operations, all of which casts substantial doubt about the Company's ability to continue as a going concern. These financial statements do not include any adjustments to the recoverability or classification of recorded asset amounts or the classification of liabilities that might be necessary should the Company be unable to continue as a going concern and therefore be required to realize on its assets and discharge its liabilities and commitments at amounts different from those reported in the financial statements.

2. Accounting Principles and Use of Estimates

The accompanying unaudited interim financial statements of the Company are prepared in accordance with Canadian generally accepted accounting principles for interim financial statements. These interim financial statements should be read in conjunction with the Company's annual audited financial statements dated June 30, 2009. All material adjustments which, in the opinion of management, are necessary for a fair presentation of the results for the interim periods have been reflected. The results for the nine month period ended March 31, 2010 are stated utilizing the same accounting policies, and the methods of application of those policies are consistent with, those reflected in the Company's most recent annual financial statements, but these interim figures are not necessarily indicative of the results to be expected for the full year.

Recent Accounting Pronouncements

a) Business Combinations, Non-controlling Interest and Consolidated Financial Statements

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 1582 is applicable for the Company's business combinations with acquisition dates on or after January 1, 2011. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. Section 1601 is applicable for the Company's interim and annual consolidated financial statements for its fiscal year beginning January 1, 2011. Early adoption of these Sections is permitted and all three Sections must be adopted concurrently.

The Company does not anticipate the adoption of the above standards will have a significant effect on the Company's financial statements as of March 31, 2010; however, management is evaluating its impact on the merger contemplated in Note 12.

b) International financial reporting standards ("IFRS")

In addition to the above new accounting pronouncements, the Canadian Accounting Standards Board ("AcSB") in 2006 published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with International Financial Reporting Standards ("IFRS") over a five-year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-accountable enterprises to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the years ended June 30, 2011 and 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

3. Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, amounts receivable and accounts payable and accrued liabilities. The carrying value of the financial instruments is approximate fair value due to their short term to maturity. These fair value estimates are subjective in nature and involve uncertainties and matters of significant judgment, and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect these estimates. The Company does not utilize derivative instruments in the management of foreign exchange, commodity price or interest rate market risks.

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risk arising from these financial instruments.

The Company has not, to the date of these financial statements, entered into derivative instruments to offset the impact of foreign currency fluctuations.

4. Amounts Receivable

Amounts receivable are non-interest bearing, unsecured and have settlement dates within one year.

5. Mineral Property Costs

Environmental protection practices

The Company is subject to laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

TCH Diamond Project

The Company has a 100% interest, subject to a 2% net smelter return upon commercial production, in certain mineral claims, representing 129 units or 2,064 hectares, located in the Walsh, Foxtrap Lake and Killala Townships in the Province of Ontario, known as the TCH Diamond Project. During the year ended June 30. 2007, the Company made cash payments totaling $31,000 and issued 4,000 common shares valued at $6,000 under these Options.

The Company has staked an additional 5,411 units or approximately 86,600 hectares in an area that is contiguous to the properties located in the Walsh, Foxtrap Lake and Killala Townships. These additional claims are also 100% owned by the Company and together with the original mineral claims make up the TCH Diamond Project.

As at March 31, 2010, the Company's interest in the TCH Diamond Project now totals approximately 88,664 hectares.

To maintain the above claims in good standing, the Company is required to spend a minimum of $400 per unit on assessment work during the first two years after staking and $400 per unit per year thereafter.

During the year ended June 30, 2009, the Company recorded a provision for the write down of mineral property interest of $2,799,492 related to TCH Diamond Project.

(Expressed in Canadian Dollars)

5. Mineral Property Costs - Continued

Expenditures related to the TCH Diamond Project are summarized as follows:

		For the nine months ended March 31, 2010		For the year ended June 30, 2009 (Audited)
Balance, beginning of period	$	-	$	2,798,992
Geological		-		500
		-		500
Provision for write-down		-		(2,799,492)
Balance, end of period	$	-	$	-

KMD Project

The Company, as a result of a settlement agreement reached on March 13, 2008, has been granted a 100% interest in 15 claims known as the Brown Lake property located in the territory of Nunavut. The Company's interest in the Brown Lake property is subject to a royalty obligation equal to 3% of gross revenue from the sale of diamonds mined from the property. The Company may, at any time within three years, purchase one-third of the 3% royalty for a purchase price of $1,000,000 and may purchase an additional one-third of the royalty for an additional $1,000,000. Additional mineral claims that were originally staked on behalf of the Company in an area that is contiguous to the Brown Lake property are 100% owned by the Company.

As at March 31, 2010, the Company's interest in this area, known as the KMD Project, now totals in excess of 116,000 acres.

During the year ended June 30, 2009, the Company recorded a provision for the write down of mineral property interests of $2,522,672 related to the KMD Project.

(Expressed in Canadian Dollars)

5. Mineral Property Costs – Continued

Expenditures related to the KMD Project are summarized as follows:

	For the nine months ended March 31, 2010	For the year ended June 30, 2009 (Audited)
Balance, beginning of period	$ -	$ 2,522,622
Exploration expenses		
Geological	-	50
	-	50
Provision for write-down	-	(2,522,672)
Balance, end of period	$	$ -

6. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities are non-interest bearing, unsecured and have settlement dates within one year.

Included in the accounts payable and accrued liabilities at March 31, 2010 is $59,224 (June 30, 2009 - $59,224) related to Part XII.6 tax on funds raised by the Company on flow-through share offerings.

7. Loan Payable

The loan payable is a short-term loan bearing no interest and is payable upon demand.

8. Capital Stock

On December 19, 2007, the Company issued 600,000 units at $0.84 per unit. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional common share of the Company at $1.12 per share until December 18, 2009. During the quarter ended December 31, 2009, all of the related share purchase warrants expired.

Pursuant to the issue of 600,000 units on December 19, 2007, the Company issued 34,300 common shares of the Company valued at $28,812 for finder's fees.

On August 21, 2009, the Company closed a private placement for 1,334,377 units at $0.16 per unit. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional common share of the Company at $0.20 per share for a period of one year and $0.40 per share for a further year. The Company also closed a private placement for 132,500 units at $0.20 per unit. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional common share of the Company at $0.28 per share for a period of one year and $0.40 per share for a further year.

(Expressed in Canadian Dollars)

8. Capital Stock - Continued

Pursuant to the issue of the 1,466,875 units, the Company issued 122,000 common shares of the Company valued at $34,160 for finder's fees.

On November 18, 2009, pursuant to a resolution passed by shareholders on October 9, 2009, the Company consolidated its capital on the basis of four existing common shares for one post-consolidated common share. After the consolidation, the Company has 3,136,069 common shares issued and outstanding.

All common shares and per share amounts have been restated to give retroactive effect to the share consolidation.

Stock options

The Company has established a stock option plan in accordance with the policies of the TSX Venture Exchange under which it is authorized to grant share purchase options up to 10% of its outstanding shares. Unless otherwise stated, the options vest when granted. The options are for a maximum term of five years.

During the period ended March 31, 2010, the Company granted nil stock options (March 31, 2009 - Nil).

A summary of stock option activities during the periods ended March 31, 2010 and 2009 are as follows:

	Number of options	Weighted average exercise price $
Outstanding and exercisable at June 30, 2008	38,750	4.60
Outstanding and exercisable at March 31, 2009	38,750	4.60
Outstanding and exercisable at June 30, 2009	38,750	4.60
Expired	(7,500)	(16.00)
Outstanding and exercisable at March 31, 2010	31,250	1.86

Outstanding stock options at March 31, 2010 are as follows:

	Exercise price $	Number of options	Remaining contractual life (years)
Options	10.00	1,250	0.82
	1.52	30,000	2.90
		31,250	

All options prior to November 18, 2009 have been restated to give retroactive effect due to the share consolidation.

(Expressed in Canadian Dollars)

8. Capital Stock - Continued

Warrants

A summary of share warrant activities during the periods ended March 31, 2010 and 2009 are as follows:

	Number of warrants	Weighted average exercise price $
Outstanding and exercisable at June 30, 2008	600,000	1.12
Outstanding and exercisable at March 31, 2009	600,000	1.12
Outstanding and exercisable at June 30, 2009	600,000	1.12
Granted	1,466,875	0.21
Excercised	-	
Expired	(600,000)	(1.12)
Outstanding and exercisable at March 31, 2010	1,466,875	0.21

As at March 31, 2010, the following share purchase warrants were outstanding:

	Exercise price $	Number of options	Remaining contractual life (years)
Warrants	0.20 / 0.40	1,334,375	1.39
	0.28 / 0.40	132,500	1.39
		1,466,875	

All warrants prior to November 18, 2009 have been restated to give retroactive effect due to the share consolidation.

The 1,334,375 warrants have an exercise price of $0.20 per share on or before August 21, 2010 and $0.40 per share on or before August 21, 2011. The 132,500 warrants have an exercise price of $0.28 per share on or before August 21, 2010 and $0.40 per share on or before August 21, 2011.

9. Income Taxes

As at March 31, 2010, the Company had available for deduction against future taxable income, non-capital losses of approximately $2,218,836. The potential income tax benefit of these losses has been offset by a full valuation allowance. These losses, if unutilized will expire at various dates through to the taxation year ending 2030.

Additionally, the Company has approximately $4,500,000 of development expenses and exploration expenditures as at March 31, 2010 which, under certain circumstances, may be utilized to reduce taxable income of future years. The potential income tax benefits of these losses have been offset by a full valuation allowance.

10. Related Party Transactions

During the nine months ended March 31 2010, the Company entered into the following transactions with related parties:

i. Paid or accrued management fees of $Nil (March 31, 2009 - $45,000) to a company controlled by a former director of the Company.

ii. Paid or accrued management fees of $63,000 (March 31, 2009 - $Nil) to a company controlled by a director of the Company.

iii Paid or accrued management fees of $63,000 (March 31, 2009 - $Nil) to a company controlled by an officer of the Company.

iv Paid or accrued professional fees of $3,500 (March 31, 2009 - $34,500) to a company controlled by a former officer of the Company.

The amounts charged to the Company for the services provided have been determined by negotiation among the parties and in certain cases, are covered by signed agreements. It is the position of the management of the Company that these transactions were in the normal course of operations and were measured at the exchange value which represented the amount of consideration established and agreed to by the related parties.

11. Capital Disclosure

The capital structure of the Company consists of equity attributable to common shareholders, comprising of issued capital, contributed surplus, accumulated other comprehensive loss and deficit. The Company's objectives when managing capital are to: (i) preserve capital, (ii) obtain the best available net return, and (iii) maintain liquidity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic condition and the risk characteristics of the underlying assets. 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 cash equivalents and investments.

The Company's policy is to invest its excess cash in highly liquid, fully guaranteed, bank sponsored instruments.

12. Merger with JKR Gold Resources Inc.

On February 17, 2010, the Company announced that by letter agreement dated February 11, 2010 (the 'Letter Agreement") the Company agreed to acquire, pursuant to a statutory plan of arrangement ("Arrangement), 100% of the issued and outstanding shares in the capital stock of JKR Gold Resources Inc. ("JKR") in exchange for common shares of the Company ("GSV Shares"), on a one share for one share basis (the "Transaction").

12. Merger with JKR Gold Resources Inc. - Continued

There are currently 24,784,571 common shares of JKR (the "JKR Shares") issued and outstanding and the Company will issue a total of 24,784,571 GSV Shares to the shareholders of JKR (the "JKR Shareholders") in exchange for the JKR Shares. The GSV Shares will be subject to escrow and/or resale restrictions in accordance with applicable securities legislation and the policies of the TSX Venture Exchange (the "Exchange"). There are also 1,410,000 special warrants of JKR issued and outstanding, which will convert to the same number of special warrants (the "Special Warrants") of the Company. Each Special Warrant entitles the holder to one common share of the Company and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one common share of

the Company at a price of $1.00 for a period of two years from the date of closing the Arrangement. There are 98,700 agent's warrants issued by JKR in connection with JKR's special warrant subscription, which will convert to the same number of GSV Agent Warrants. Each Agent Warrant entitles the holder to purchase one common share of the Company at any time prior to March 17, 2012 at the price of $0.65 per share.

The proposed Transaction will result in a reverse takeover of the Company and is subject to the negotiation and execution of definitive documentation, completion of satisfactory due diligence inspections and approval of the Company's shareholders. The Transaction is also subject to the approval of the JKR Shareholders and the Supreme Court of British Columbia pursuant to the arrangement provisions of the *Business Corporations Act* (British Columbia).

In conjunction with the Transaction, the Company has agreed to carry out a part and parcel, non-brokered private placement (the "Financing") of up to 10,000,000 unit subscription receipts ("Subscription Receipts") at a price of $0.65 per Subscription Receipt (the "Financing Price") for gross proceeds of up to $6,500,000.

Each Subscription Receipt will entitle the holder thereof to acquire, without payment of any additional consideration, one unit (a "Unit") of the Company upon completion of the Transaction (the "Primary Release Condition").

Each Unit will consist of one common share of the Company (a "Common Share") and one transferable share purchase warrant (each whole warrant, a "Warrant") to purchase an additional Common Share at a price of $1.00 for a period of two years from the date of issuance of the Warrants.

The gross proceeds of the Financing (the "Gross Proceeds") will be held in escrow by an arm's length subscription receipt agent to be appointed by the Company pending satisfaction of the Primary Release Condition.

The Subscription Receipts will be subject to a penalty provision which provides that if the Primary Release Condition is not satisfied within 120 days (the "Release Period") following the closing of the Financing (the "Closing Date"), holders of Subscription Receipts will be entitled to receive an additional 0.05 of a Unit for each Subscription Receipt held upon satisfaction of the Primary Release Condition. For each additional 30 day period (or any portion thereof) commencing on the date that is three months following the expiry of the Release Period in which the Company fails to satisfy the Primary Release Condition, holders of Subscription Receipts will thereafter be entitled to receive a further 0.05 of a Unit for each Subscription Receipt held. If the Primary Release Condition is not satisfied on or before 12 months from the Closing Date, the Gross Proceeds, less any Partial Proceeds previously released from escrow upon satisfaction of the Interim Release Condition (as hereinafter described), will be returned to the purchasers of Subscription Receipts on a pro rata basis.

12. Merger with JKR Gold Resources Inc. - Continued

The Subscription Receipts will also provide that, subject to the consent of the Exchange, 25% of the Gross Proceeds (the "Partial Proceeds") will be released from escrow to the Company at such time as the Exchange has granted its conditional acceptance to the Transaction (the "Interim Release Condition"). Concurrent with the release of the Partial Proceeds from escrow, 25% of the Subscription Receipts will be automatically exchanged, without payment of any additional consideration, for Units with the purchasers of Subscription Receipts on a pro rata basis. It is a term of the Letter Agreement that the Company will advance the Partial Proceeds to JKR to fund further exploration of the Railroad and Crescent Valley Prospects and general working capital expenses pending completion of the Transaction. If the Transaction is not completed, the Partial Proceeds will constitute a debt of JKR to the Company.

On March 15, 2010, the Company has entered into a finder's fee agreement (the "Agreement") with respect to the Subscription Receipts financing. It is agreed that the Company will pay the Finder, at closing of the reverse takeover, a fee consisting of the following:

a. a payment equal to 7% of the gross proceeds raised from subscriptions in the Offering from persons introduced to the Company by the Finder, payable in cash; and
b. the issuance of share purchase warrants of the Company (the "Finder's Warrants") to the Finder equal to 7% of the Subscription Receipts subscribed for by persons introduced to the Company by Finder. Each Finder's Warrant will be exercisable to purchase one common share of the Company at $1.00 per share for a period of two years from the date of issuance of the Finder's Warrants.

Upon completion of the Transaction and the Financing (assuming it is fully subscribed for), the Company will have a total of 39,330,640 shares issued and outstanding, of which 3,136,069 shares will be held by the current shareholders of the Company, 10,000,000 shares will be held by new investors under the Financing, 24,784,571 shares will be held by the JKR Shareholders (assuming no shares are acquired pursuant to the Financing) and 1,410,000 shares will be held by the holders of the Company's Special Warrants resulting in a change of control of the Company.

The Letter Agreement also provides that all existing stock options of the Company will be cancelled and that new options will be granted to the directors, officers, employees and consultants of the Company at the Financing Price upon closing of the Transaction.

13. Subsequent Events

On April 1, 2010, the Company issued 4,146,537 units at a price of $0.65 per unit subscription receipt. Each unit subscription receipt entitles the holder to receive one unit upon completion of the acquisition of 100% of the issued and outstanding shares of JKR (the "Arrangement") (Note 13). Each unit will consist of one common share of the Company and one warrant. Each warrant is exercisable to purchase one additional common share of the Company at an exercise price of $1.00 for a period of 24 months from the closing of the Arrangement. The transaction is subject to a Finder's Fee, payable upon the release of funds from escrow, including $174,818 for a 7% commission on 3,831,153 units with total proceeds of $2,490,249 sold by the Finder plus disbursements and 268,181 Finder's Warrants. Each Finder's Warrant is exercisable to purchase one common share of the Company at an exercise price of $1.00 for a period of 24 months from the closing of the Arrangement.

13. Subsequent Events - Continued

On May 21, 2010, the Company issued 930,384 units at a price of $0.65 per unit subscription receipt. Each unit subscription receipt entitles the holder to receive one unit upon completion of the acquisition of 100% of the issued and outstanding shares of JKR (Note13). Each unit will consist of one common share of the Company and one warrant. Each warrant is exercisable to purchase one additional common share of the Company at an exercise price of $1.00 for a period of 24 months from the closing of the Arrangement. The transaction is subject to a Finder's Fee, payable upon the release of funds from escrow, including $2,958 for a 7% commission on 65,000 units with total proceeds of $42,250 sold by the Finder and 4,550 Finder's Warrants. Each Finder's Warrant is exercisable to purchase one common share of the Company at an exercise price of $1.00 for a period of 24 months from the closing of the Arrangement.

The gross proceeds from the First and Second Closings totaling $3,300,000 are being held in escrow by the subscription receipt agent pursuant to a subscription receipt agreement dated April 1, 2010 between the Company and the Agent pending satisfaction of the Primary Release Condition provided that, subject to the consent of the Exchange, 25% of the gross proceeds (the "Partial Proceeds") will be released from escrow to the Company at such time as the exchange has granted its conditional acceptance to the Arrangement.