

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 20-F**

- REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934  
OR  
 ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended May 31, 2012  
OR  
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
OR  
 SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number: 000-31076

**Teryl Resources Corp.**

*(Exact name of Registrant as specified in its charter)*

**British Columbia, Canada**

*(Jurisdiction of incorporation or organization)*

**240-11780 Hammersmith Way, Richmond, British Columbia V7A 5E9, Canada**

*(Address of principal executive offices)*

**John Robertson, President, jr@ihiway.com**

**240-11780 Hammersmith Way, Richmond, British Columbia V7A 5E9, Canada**

**Phone: 604-278-5996 Fax 604-278-3409**

*(Name, Telephone, E-Mail and/or Facsimile number and Address of Company Contact Person)*

Securities registered or to be registered pursuant to Section 12(b) of the Act.

**Title of each class**

None

**Name of each exchange on which registered**

None

Securities registered or to be registered pursuant to Section 12(g) of the Act. **Common Shares, no par value**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act. **None**

Indicate the number of outstanding shares of each of the issuer's classes of capital or common shares as of the close of the period covered by the annual report:

**72,678,605 common shares outstanding at May 31, 2012**

Indicate by check mark if the registrant is a well-known seasoned issuer.  Yes  No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the *Securities Exchange Act of 1934*.  Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the *Securities Exchange Act of 1934* during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  Yes  No

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).  Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer.

Large accelerated filer  Accelerated filer  Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP  International Financial Reporting Standards as issued  Other   
By the International Accounting Standards Board

If this is an annual report, indicate by check mark whether the registrant is a shell company as defined in Rule 12b-2 of the Exchange Act. [ ] Yes [X] No

Unless otherwise indicated, all references herein are expressed in Canadian dollars and United States currency is stated as "US\$"

**THIS SUBMISSION SHOULD BE CONSIDERED IN CONJUNCTION WITH PREVIOUSLY FILED FORMS 20-F AND 6-K. THE AUDITED FINANCIAL STATEMENTS AND NOTES THERETO ATTACHED ARE AN INTEGRAL PART OF THIS SUBMISSION.**

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#### GLOSSARY OF TERMS

<b>BCBCA</b>	<i>Business Corporations Act</i> (British Columbia)
<b>Board</b>	Board of Directors of our company
<b>Exchange Act</b>	<i>Securities Exchange Act of 1934</i>
<b>GAAP</b>	Canadian Generally Accepted Accounting Principles
<b>IFRS</b>	International Financial Reporting Standards
<b>OTC BB</b>	Over-the-Counter Bulletin Board in the United States
<b>SEC</b>	Securities and Exchange Commission
<b>TSX.V</b>	TSX Venture Exchange

#### GLOSSARY OF MINING TERMS

<b>Alluvial</b>	A term used to identify particular types of, or minerals found associated with, deposits made by flowing water, such as alluvial gold.
<b>Amphibolite</b>	Crystalloblastic rock consisting mainly of amphibole and plagioclase with little or no quartz. As the content of quartz increases, the rock grades into hornblende plagioclase gneiss.
<b>Assay</b>	A precise and accurate analysis of the metal contents in an ore or rock sample.
<b>Au</b>	Gold

<b><i>Dynamothermal metamorphism</i></b>	A form of regional metamorphism that acts on rocks caught between two converging plates and is initially caused by directed pressure from the plates, which causes some of the rocks to rise and others to sink, sometimes by tens of kilometers. The rocks that fall then experience further dynamothermal metamorphism, this time caused by heat from the Earth's interior and lithostatic pressure from overlying rocks Eclogite: A coarse-grained, deep-seated ultramafic rock, consisting essentially of garnet (almandine-pyrope) and pyroxene (omphacite). Rutile, kyanite, and quartz are typically present.
<b><i>Felsic</i></b>	A mnemonic adjective derived from (fe) for feldspar, (l) for lenad or feldspathoid, and (s) for silica, and applied to light-colored rocks containing an abundance of one or all of these constituents.
<b><i>Fracture</i></b>	The general term to include any kind of discontinuity in a body of rock if produced by mechanical process such as shear stress or tensile stress.
<b><i>Gpt</i></b>	Grams per metric tonne.
<b><i>Gold deposit</i></b>	Means a mineral deposit mineralized with gold.
<b><i>Granitic</i></b>	Pertaining to or composed of granite.
<b><i>Greenschis</i></b>	Schistose metamorphic rock whose green color is due to the presence of chlorite, epidote, or actinolite.
<b><i>Intrusive</i></b>	Cuts across (is intrusive into).
<b><i>Limonitically</i></b>	Consisting of or resembling limonite.
<b><i>Lithologies</i></b>	The character of a rock described in terms of its structure, color, mineral composition, grain size, and arrangement of its component parts; all those visible features that in the aggregate impart individuality to the rock.
<b><i>Lithophile</i></b>	Said of an element that is concentrated in the silicate rather than in the metal or sulfide phases of meteorites. Such elements concentrate in the Earth's silicate crust in Goldschmidt's tripartite division of elements in the solid Earth.
<b><i>Mafic</i></b>	Pertaining to or composed dominantly of the ferromagnesian rock-forming silicates; said of some igneous rocks and their constituent minerals.
<b><i>Mineral claim or mining claim</i></b>	The portion of mining ground held under law by a claimant
<b><i>Measured resource</i></b>	That part of a mineral resource for which quantity, grade or quality, densities, shape, physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.
<b><i>Mineralization</i></b>	Implication that the rocks contain sulphide minerals and that these could be related to ore.
<b><i>opt</i></b>	Troy ounces per short ton.
<b><i>Ore</i></b>	A naturally occurring rock or material from which economic minerals can be extracted at a profit.
<b><i>Ounce or oz</i></b>	A troy ounce or 20 pennyweights or 480 grains or 31.103 grams.
<b><i>Petrographic</i></b>	Pertaining to the study of rocks.

<b>Placer</b>	A place where gold is obtained by washing; an alluvial or glacial deposit, as of sand or gravel, containing particles of gold or other valuable minerals including gemstones.
<b>Pluton</b>	A body of medium- to coarse-grained igneous rock that formed beneath the surface by crystallization of a magma.
<b>Prospect</b>	An area prospective for economic minerals based on geological, geophysical, geochemical and other criteria.
<b>Protoliths</b>	Refers to the precursor rock of a given lithology.
<b>Proven reserve</b>	The economically mineable part of a measured resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.
<b>Reserve</b>	That part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination.
<b>Reverse circulation or RC drill</b>	A large machine that produces a continuous chip sample of the rock or material being drilled.
<b>Ton</b>	Short ton (2,000 pounds).
<b>Tonne</b>	Metric tonne (2,204.6 pounds).
<b>Trenching</b>	The surface excavation of a linear trench to expose mineralization for sampling.
<b>Vein</b>	A tabular body of rock typically of narrow thickness and often mineralized occupying a fault, shear, fissure or fracture crosscutting another pre-existing rock.

For ease of reference, the following conversion factors are provided:

1 mile	= 1.609 kilometers	2,204 pounds	= 1 tonne
1 yard	= 0.9144 meter	2,000 pounds/1 short ton	= 0.907 tonne
1 acre	= 0.405 hectare	1 troy ounce	= 31.103 grams

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. Selected Financial Data

This data has been derived from our audited financial statements, which have been prepared in accordance with accounting principles generally accepted in Canadian GAAP and reconciled for material measurement differences to U.S. GAAP. Set forth in the following table are selected financial data with respect to our financial condition and results of operation for the years ended May 31, 2012, 2011, 2010, 2009, and 2008.

The selected financial and operating information as at May 31, 2012, 2011, 2010, 2009, and 2008 should be read in conjunction with the audited consolidated financial statements and notes thereto included elsewhere herein and in conjunction with Item 5 - "Operating and Financial Review and Prospects". The selected financial data as at and for these periods have been extracted from, and are qualified by reference to the audited consolidated financial statements included herein at Item 17.

	Fiscal Years ended May 31,				
	2012	2011	2010	2009	2008
	(IFRS)	(IFRS)	(GAAP)	(GAAP)	(GAAP)
	\$	\$	\$	\$	\$
Revenues	-	-	-	-	-
Total Assets	2,548,094	2,256,177	3,270,104	3,374,985	3,486,056
Net Assets	2,430,319	2,140,515	3,078,492	2,957,465	3,286,622
Net Loss	(766,330)	(534,184)	(1,419,726)	(454,573)	(1,142,796)
Net Loss per Share	(0.01)	(0.01)	(0.02)	(0.01)	(0.03)
Share capital	14,045,753	14,004,922	13,456,263	12,030,233	12,031,827
Weighted average number of shares outstanding	72,486,938	69,973,962	60,736,673	49,587,528	44,538,405

	<b>Fiscal Years ended May 31,</b>				
	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
	<b>(IFRS)</b>	<b>(IFRS)</b>	<b>(GAAP)</b>	<b>(GAAP)</b>	<b>(GAAP)</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cash provided used in operating activities	(426,696)	(401,943)	(950,964)	(307,533)	(527,720)
Cash provided by financing activities	52,647	512,555	1,422,285	127,263	1,003,597
Cash provided by (used in) investing activities	2,468,924	(218,846)	(358,812)	(15,857)	(263,530)

### **Exchange Rates**

Unless otherwise indicated, all monetary references herein are denominated in Canadian Dollars. References to “\$” or “Dollars” are to Canadian Dollars and references to “US\$” are to United States Dollars.

The following table sets forth, for the periods indicated, the exchange rates based on the noon buying rate with the Federal Reserve Bank of New York for cable transfers in Canadian dollars. Such rates are the number of Canadian dollars per one (1) US dollar.

	<b>Year Ended May 31,</b>					
	<b>2012</b>		<b>2011</b>		<b>2010</b>	
	<b>\$</b>		<b>\$</b>		<b>\$</b>	
Average for Period	0.9997		1.0072		1.0629	
		1.1574				1.0141

The high and low exchange rates for each month during the previous six months are as follows:

	<b>Month Ended</b>					
	<b>August</b>	<b>July</b>	<b>June</b>	<b>May</b>	<b>April</b>	<b>March</b>
	<b>2012</b>	<b>2012</b>	<b>2012</b>	<b>2012</b>	<b>2012</b>	<b>2012</b>
High for Period	\$ 1.0052	\$ 1.0212	\$ 1.0416	\$ 1.0298	\$ 1.0034	\$ 1.0006
Low for Period	\$ 0.9873	\$ 1.0034	\$ 1.0187	\$ 0.9835	\$ 0.9810	\$ 0.9871

On May 31, 2012, the exchange rate was \$1.0267 for US\$1.00. As of September 27, 2012, the exchange rate was CAD\$0.9824 for US\$1.00.

### **B. Capitalization and Indebtedness**

Not applicable.

### **C. Reasons for the Offer and Use of Proceeds**

Not applicable.

### **D. Risk Factors**

The following risk factors should be carefully considered in evaluating our business because such factors currently may have a significant impact on our business, operating results and financial condition.



## **Risk Factors Related to Our Business**

*An investment in our securities is highly speculative and involves a high degree of risk and should only be made by investors who can afford to lose their entire investment.*

Prior to making an investment decision, investors should consider the investment risks set forth below, which are in addition to the usual risks associated with an investment in a business at an early stage of development. Our directors consider the risks set forth below to be the most significant to potential investors in our company, but not all of the risks associated with an investment in securities of our company. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the directors are currently unaware or which they consider not to be material in connection with our business, actually occur, our assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of our securities could decline and investors may lose all or part of their investment.

### *Additional Capital Requirements*

We have and may continue to have capital requirements in excess of our currently available resources. In the event our plans change, our assumptions change or prove inaccurate or our capital resources in addition to projected cash flow, if any, prove to be insufficient to fund operations, we could be required to seek additional financing sooner than currently anticipated. To the extent that any such financing involves the sale of our equity securities, the interests of our then existing shareholders could be substantially diluted. There can be no assurance that such financing will be available to us on terms acceptable to us, if at all.

*We may not be able to secure the financing necessary to explore, develop and produce our mineral properties.*

The development of our properties depends on our ability to obtain additional required financing or obtaining joint venture partners. As noted in our audited consolidated financial statements for the year ended May 31, 2012, we have incurred operating losses of \$766,330 for the year ended May 31, 2012 and have an accumulated deficit of \$12,234,099 at May 31, 2012. Our ability to continue as a going concern is dependent on the attainment of profitable operations to meet our liabilities as they become payable and satisfy working capital and operating needs.

*Issuance of additional shares would dilute the interests of existing shareholders.*

We are authorized to issue 100,000,000 common shares and 5,000,000 preferred shares. On May 31, 2012, we had 72,678,605 common shares issued and outstanding and no preferred shares issued. Our Board has the power to issue additional shares and may in the future issue shares to acquire products, equipment or properties, or for other corporate purposes. Any additional issuance by us from our authorized but unissued share capital would have the effect of diluting the interest of existing shareholders.

*We expect to incur losses for the foreseeable future.*

We expect to incur losses for the foreseeable future and cannot be certain when or if we will achieve profitability. Failure to become and remain profitable will adversely affect the value of our Common Shares and our ability to raise capital and continue operations.

*Our business may be affected by such matters as changes in general economic conditions, changes in laws, regulations, and other factors.*

From time to time, our business may be affected by such matters as changes in general economic conditions, changes in laws and regulations, taxes, tax laws, prices and costs, and other factors of a general nature which may have an adverse effect on our business.

*Certain of our directors and officers are also directors and/or officers and/or shareholders of potential competitors, giving rise to potential conflicts of interest.*

Several of our directors and officers are also directors, officers or shareholders of other companies. In particular, Mr. Robertson, Ms. Moroney, Ms. El-Khatib, Ms. Robertson and Ms. Jane He are directors and/or officers of Linux Gold Corp., a public natural resource exploration company that shares office space and administrative staff with our company. We entered into an agreement with Linux Gold Corp. whereby we could earn up to 50% of the Fish Creek mineral claims. Some of our directors and officers are engaged and will continue to be engaged in the search for additional business opportunities on behalf of other corporations, and situations may arise where these directors and officers will be in direct competition with us. Such associations may give rise to conflicts of interest from time to time. Such a conflict poses the risk that we may enter into a transaction on terms which could place us in a worse position than if no conflict existed. Conflicts, if any, will be dealt with in accordance with the relevant provisions of the BCBCA. Our Board has resolved that any transaction involving a related party is required to be reviewed and approved by our Audit Committee. Our directors are required by law to act honestly and in good faith with a view to our best interests and to disclose any interest which they may have in any project or opportunity in respect of which we are proposing to enter into a transaction.

*Loss of any directors or officers.*

The loss of any directors or officers would adversely affect our results. We are wholly dependent at present upon the personal efforts and abilities of our officers and directors, who exercise control over our day-to-day affairs. The loss of any director or officer could cause significant delays in our carrying on business or hinder our ability to continue carrying on our business.

*Officers and directors may be indemnified against certain securities liabilities.*

Under the BCBCA we can indemnify any director, officer, agent and/or employee as to those liabilities and on those terms and conditions as are specified in the BCBCA. Further, we may purchase and maintain insurance on behalf of any such persons whether or not we have the power to indemnify such person against the liability insured. The foregoing could result in substantial expenditures by us and prevent any recovery from such officers, directors, agents and employees for losses incurred by us as a result of their actions. We have been advised that in the opinion of the SEC, indemnification is against public policy as expressed in the U.S. Securities Act, and is, therefore, unenforceable.

*Enforcement of Civil Liabilities*

As Canadian citizens and residents, our directors and officers may not be subject to U.S. legal proceedings, a result of which is that recovery on judgments issued by U.S. courts may be difficult or impossible. While reciprocal enforcement of judgment legislation exists between Canada and the U.S., our insiders may have defenses available to avoid, in Canada, the effect of U.S. judgments under Canadian law, making enforcement difficult or impossible. Our management may not have any personal assets available in the U.S. to satisfy judgments of U.S. courts. Therefore, our shareholders in the United States may have to avail themselves of remedies under Canadian corporate and securities laws for perceived oppression, breach of fiduciary duty and like legal complaints. Canadian law may not provide for remedies equivalent to those available under U.S. law. A judgment of a U.S. court predicated solely upon such civil liabilities would probably be enforceable in Canada by a Canadian court if the U.S. court in which the judgment was obtained had jurisdiction, as determined by the Canadian court, in the matter. There is substantial doubt whether an original action could be brought successfully in Canada against any of such persons or our company predicated solely upon such civil liabilities based on U.S. federal securities laws.

*Our mineral resources competitors have greater financial and technical measures and we may not be able to acquire additional attractive mineral properties on acceptable terms.*

Significant and increasing competition exists for mineral opportunities in Canada and the United States. There are a number of large established mineral companies with substantial capabilities and greater financial and technical resources than us. We may be unable to acquire additional attractive mineral properties on terms we consider acceptable. Accordingly, our exploration programs may not yield any new reserves or result in any commercial mineral operations.

*We face strong competition from larger oil and gas companies, which could harm our business and ability to operate profitably.*

The oil and gas exploration and production business is highly competitive. Many of our competitors have substantially larger financial resources, staffs and facilities. Our competitors in the United States include numerous major oil and gas exploration and production companies, especially major oil and gas companies such as BP Amoco, Exxon/Mobil, Texaco/Shell and Conoco/Phillips. These major oil and gas companies are often better positioned to obtain the rights to exploratory acreage for which we may compete. If we are unable to adequately address our competition, including, but not limited to, finding ways to secure profitable oil and gas producing properties, our ability to earn revenues will suffer.

*As a "foreign issuer", we are exempt from the Section 14 proxy rules and Section 16 of the Securities Act, which may result in shareholders having less complete and timely data.*

The submission of proxy and annual meeting of shareholder information (prepared to Canadian standards) on Form 6-K may result in shareholders having less complete and timely data. The exemption from Section 16 rules regarding sales of common shares by insiders may result in shareholders having less data.

#### *Recent Disruptions in International Credit Markets and Other Financial Systems and Deterioration of Global Economic Conditions*

Since 2007, the U.S. credit markets experienced serious disruption due to a deterioration in residential property values, defaults and delinquencies in the residential mortgage market and a decline in the value and credit quality of mortgage-backed securities. Other adverse events include delinquencies in non-mortgage consumer credit and a general decline in consumer confidence. These conditions worsened in 2008 and continued in 2009, contributing to reduced confidence in credit and financial markets around the world and the collapse of, and governmental intervention in, major financial institutions. Asset price volatility and solvency concerns have increased, and there has been less liquidity, a widening of credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. Notwithstanding various government actions, concerns about the general condition of the capital markets, financial instruments and financial institutions persist, and stock markets have declined substantially.

These market disruptions have had a significant material adverse impact on companies in many sectors of the economy and have limited access to capital and credit. These disruptions could, among other things, make it more difficult for us to obtain, or increase our cost of obtaining, financing for our operations. Failure to raise capital when needed or on reasonable terms may have a material adverse effect on our business, financial condition and results of operations.

Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. If these factors continue, our operations could be adversely impacted and the trading price of our common shares may be adversely affected.

We are also exposed to liquidity risks in meeting our operating and capital expenditure requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact our ability to obtain loans and other credit facilities in the future and on favourable terms. If these increased levels of volatility and market turmoil continue, our operations could be adversely impacted and the trading price of the common shares could be adversely affected.

#### **Risk Factors Related to the Natural Resource Industry**

*We face risks related to the exploration and potential development of our properties.*

The exploration and development of mineral deposits involves significant risks. It is impossible to ensure that the current and future exploration programs and/or feasibility studies on our existing mineral properties will establish reserves, or whether any of our exploration stage properties can be brought into production. Few properties that are explored are ultimately developed into producing mines. At present, none of our properties have defined ore bodies with reserves and resources, and our proposed exploration programs are an exploratory search for ore. Whether an ore body will become commercially viable depends on many factors, including: the characteristics of the deposit, such as size, grade and proximity to infrastructure; metal prices, which cannot be predicted and which have been highly volatile in the past; mining, processing and transportation costs; and the willingness of lenders and investors to provide project financing; labour costs and possible labour strikes; and governmental regulations, including, without limitation, regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting materials, foreign exchange, environmental protection, employment, worker safety, transportation, and reclamation and closure obligations.

We are also subject to the risks normally encountered in the mining industry, such as: unusual or unexpected geological formations; natural disasters; power outages and water shortages; cave-ins, land slides, and other similar mining hazards; inability to obtain suitable or adequate machinery, equipment, or labour; and other known and unknown risks involved in the operation of mines and the conduct of exploration.

Substantial expenditures are required to establish reserves through drilling, to develop metallurgical processes to extract metal from ore and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Depending on the price of minerals, we may determine that it is impractical to commence, or, if commenced, continue exploration into commercial production. Such a decision would negatively affect our profits and may affect the value of our equity securities.

*We have no current mining operations and if we ever commence mining operations we face certain risks, any of which could result in our ceasing operations.*

We have no current mining operations and no revenue from mining operations. If we ever commence actual mining operations, such operations would face the risk of changing circumstances, including but not limited to: failure of production to achieve metal recovery levels indicated by pre-production testing of drill core and bulk samples; estimates of reserves being adversely affected by encountering unexpected or unusual geological formations; production costs being adversely affected by unforeseen factors such as substantial adverse changes in exchange rates or changes in environmental protection requirements, breakdowns and other technical difficulties, slides, cave-ins or other natural disasters, work interruptions or labor strikes; the grade of ore actually mined being lower than that indicated by drilling results; persistently lower market prices of the products mined than those used to determine the feasibility of mining a mineral occurrence; adverse changes in interest rates that may apply to project development debt. In addition, we have no experience in developing mining properties into production and its ability to do so will be dependent upon securing the services of appropriately experienced personnel or entering into agreements with other major mining companies which can provide such expertise.

*Our estimates of any mineral deposits on our properties may not change.*

Our estimates of any mineral deposits on our properties may not change. We have prepared all figures with respect to the size and grade of mineralized deposits included herein, or, in some instances have been prepared, reviewed or verified by independent mining experts, these amounts are estimates only and any identified mineralized deposit may not ever qualify as a commercially viable mineable ore body that can be legally and economically exploited.

*The prices of precious and base minerals and metals fluctuate widely and may not produce enough revenue to cover our costs.*

Even if commercial quantities of mineral deposits are discovered, a profitable market may not exist for the sale of the metals produced. Our long-term viability and profitability depend, in large part, upon the market price of metals which have experienced significant movement over short periods of time, and are affected by numerous factors beyond our control, including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods. The supply and demand for metals is affected by various factors, including political events, economic conditions and production costs in major producing regions. The price of any minerals produced from our properties may not be sufficient such that any such deposits can be mined at a profit.

*The seasonality in Alaska can be extreme and can cause interruptions or delays in our activities.*

Certain of our properties are located in Alaska. The weather during the colder seasons in these areas can be extreme and can cause interruptions or delays in our activities. As a result, our activities in these regions are seasonal and the preferred time for work is limited to the spring and summer when costs are more reasonable and access to the properties is easier.

*Our properties may be subject to unregistered agreements, transfers, or claims and title may be adversely affected.*

Our title opinions do not validate that we have good and marketable title to all of our properties. We follow the usual industry practice in obtaining title opinions with respect to our lands. No examination has been made of the ground to determine if any of our mineral claims have been staked or assessment work carried out. Our properties may be subject to unregistered agreements, transfers or claims and title and may be adversely affected by such undetected defects. If title is disputed, we may have to defend our ownership through the courts, and we cannot guarantee that a favourable judgment will be obtained. In the event of an adverse judgment with respect to any of our mineral properties, we could lose our property rights and may be required to cease our exploration and development activities on that property.

*Mineral operations are subject to government and regulatory approvals.*

Our operations require the procurement of numerous permits and compliance with an extensive number of codes and regulations. Mining, exploration and exploitation permits are required. Failure to comply with regulatory requirements could result in permits being withdrawn or suspended which could significantly delay our mineral exploration activities.

*We are subject to extensive and changing environmental legislation, regulation and actions.*

We are subject to extensive and changing environmental legislation, regulation and actions in connection with our operations and properties. We cannot predict what environmental legislation, regulation or policy will be enacted or adopted in the future or how future laws and regulations will be administered or interpreted. The recent trend in environmental legislation and regulation, generally, is toward stricter standards and this trend is likely to continue in the future. This recent trend includes, without limitation, laws and regulations relating to air and water quality, mine reclamation, waste handling and disposal, the protection of certain species and the preservation of certain lands. These regulations may require the acquisition of permits or other authorizations for certain activities. These laws and regulations may also limit or prohibit activities on certain lands. Compliance with more stringent laws and regulations, as well as potentially more vigorous enforcement policies or stricter interpretation of existing laws, may necessitate significant capital outlays, may materially affect our results of operations and business, or may cause material changes or delays in our intended activities.

Our operations may require additional analysis in the future including environmental and social impact and other related studies. We may not be able to obtain or maintain all necessary permits that may be required to continue our operation or our exploration of our properties or, if feasible, to commence development, construction or operation of mining facilities at such properties on terms which enable operations to be conducted at economically justifiable costs.

### **Uncertainties and Risks Relating to Our Common Shares**

*The Market Price of our Common Shares May Be Subject to Wide Price Fluctuations*

The market price of our common shares may be subject to wide fluctuations in response to many factors, including variations in our operating results, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in our business prospects, general economic conditions, changes in mineral reserve or resource estimates, results of exploration, changes in results of mining operations, legislative changes and other events and factors outside of our control. In addition, stock markets from time to time have experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for our common shares.

We are unable to predict whether substantial amounts of common shares will be sold in the open market. Any sales of substantial amounts of common shares in the public market or the perception that such sales might occur, could materially and adversely affect the market price of our common shares.

Investors in our common shares that are U.S. taxpayers should be aware that we may be a passive foreign investment company. under Section 1297(a) of the U.S. Internal Revenue Code (a "PFIC"). If we are or become a PFIC, generally any gain recognized on the sale of our common shares and any excess distributions (as specifically defined) paid on our common shares must be ratably allocated to each day in a U.S. taxpayer's holding period for our common shares. The amount of any such gain or excess distribution allocated to prior years of such U.S. taxpayer's holding period for our common shares generally will be subject to U.S. federal income tax at the highest tax applicable to ordinary income in each such prior year, and the U.S. taxpayer will be required to pay interest on the resulting tax liability for each such prior year, calculated as if such tax liability had been due in each such prior year.

Alternatively, a U.S. taxpayer that makes a qualified electing fund (a "QEF") election with respect to their investment generally will be subject to U.S. federal income tax on such U.S. taxpayer's pro rata share of our net capital gain and ordinary earnings, (as specifically defined and calculated under U.S. federal income tax rules), regardless of whether such amounts are actually distributed by us. U.S. taxpayers should be aware, however, that there can be no assurance that we will satisfy record keeping requirements under the QEF rules or that we will supply U.S. taxpayers with required information under the QEF rules, in the event that we are a PFIC and a U.S. taxpayer wishes to make a QEF election. As a second alternative, a U.S. taxpayer may make a market-to-market election. If we are a PFIC and our common shares are marketable stock (as specifically defined). A U.S. taxpayer that makes a market-to-market election generally will include in gross income, for each taxable year in which we are a PFIC, an amount equal to the excess, if any, of (a) the fair market value of our common shares as of the close of such taxable year over (b) such U.S. taxpayer's adjusted tax basis in our common shares.

*Our common shares are considered penny stocks and are subject to the Penny Stock Rules*

Since our common shares are not listed on a national stock exchange or quoted on the NASDAQ Market within the United States, trading in common shares on the OTCBB is subject, to the extent the market price for the common shares is less than \$5.00 per share, to a number of regulations known as the "penny stock rules". The penny stock rules require a broker-dealer to deliver a standardized risk disclosure document prepared by the SEC, to provide the customer with additional information including current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction, monthly account statements showing the market value of each penny stock held in the customer's account, and to make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. To the extent these requirements may be applicable they will reduce the level of trading activity in the secondary market for our common shares and may severely and adversely affect the ability of broker-dealers to sell our common shares.

*Our directors, officers and their related companies collectively own approximately 9.09% of our common shares and, if they act together, may have the ability to act, or prevent corporate actions, to the detriment of other shareholders.*

A limited number of shareholders collectively own a majority of our common shares and may act, or prevent corporate actions, to the detriment of other shareholders. These principal shareholders, including members of our board of directors, officers and entities affiliated with members of our directors and officers, will own more than 11.77% of our outstanding common shares on a diluted basis. Accordingly, these shareholders may, if they act together, exercise significant influence over all matters requiring shareholder approval, including the election of a majority of the directors and the determination of significant corporate actions. This concentration could also have the effect of delaying or preventing a change in control that could be otherwise beneficial to our shareholders.

*No Dividends*

The payment of dividends on our common shares is within the discretion of the Board and will depend upon our future earnings, our capital requirements, our financial condition, and other relevant factors. We do not currently intend to declare any dividends on our shares for the foreseeable future.

#### **ITEM 4. INFORMATION ON THE COMPANY**

##### **A. History and Development of the Company**

Our company was incorporated in British Columbia, Canada, by registration of our memorandum and articles under the *British Columbia Company Act* (since replaced by the *BCBCA*) on May 23, 1980, under the name "*Candy Mountain Gold Corporation*". We changed our name to "*Teryl Resources Corp.*" effective February 28, 1984.

Our corporate offices and our registered and records offices are located at Suite 240 - 11780 Hammersmith Way, Richmond, BC V7A 5E9, Canada. Our telephone number is 604-278-5996. Since our inception and during the three fiscal years ending May 31, 2012, our principal business has been the acquisition, exploration and development of natural resource properties, and the acquisition, drilling and development of oil and gas property interests. We currently have mineral property interests in Alaska and British Columbia. All of our mineral properties are in the exploration stage. We are in the exploration stage and equity financing is required to continue exploration work on our mineral claims and oil and gas interests. As a result of the uncertainty that is typical for an explorative company there is doubt about our ability to continue as going concern as ultimate success will be based on securing adequate equity financing and/or the determination of economically recoverable mineral reserves on its mineral property claims or recoveries on our oil and gas interests.

## **B. Business Overview**

### **Mineral and Exploration Properties**

We are an exploration stage company and there is no assurance that a commercially viable mineral deposit exists on any of our properties. Further exploration will be required before a final evaluation as to the economic and legal feasibility is determined.

If we complete our current exploration programs and if we are successful in identifying a mineral deposit, we will have to spend substantial funds on further drilling and engineering studies before we will know if we have a commercially viable mineral deposit or reserve on any of our properties.

Our main exploration and development work over the last several years took place on the Gil claims, a gold prospect located in the Fairbanks Mining District, Alaska which we sold during the year ended May 31, 2012.

#### *Gil Venture Claims, Fairbanks Mining District, Alaska*

We owned a 20% interest in 237 claims located in the Gilmore dome area of Fairbanks district of Alaska, known as the Gil Venture mineral property.

Effective December 21, 2011 we executed the Asset Sale and Purchase Agreement to sell all of our 20% interest in the Gil Venture property to Fairbanks Gold Mining, Inc. ("Fairbanks"). Fairbanks granted to the Company a production royalty equal to 1% of net smelter returns on all production from the property up to US\$15,000,000, after which the royalty is equal to 0.5% of the net smelter returns on all production from the property. On December 19, 2011 Fairbanks paid the Company US\$2,500,000 as an advance payment of the production royalty. An additional advance payment of royalty of US\$1,500,000 will be paid to the Company upon commencement of commercial production from a mine constructed on the property.

#### *West Ridge Claims, Fairbanks Mining District, Alaska*

We earned a 100% in the West Ridge mineral claims subject to a 1% net smelter return to the State of Alaska.

The West Ridge Property comprises approximately 5,200 acres and is a road accessible gold prospect located in the Fairbanks Mining District of Alaska. Creeks in the area such as Dome, Fox, Steamboat, and Flume creeks have been mined extensively for placer gold in the past. Limited past gold exploration in the 1990's through 2003 indicate shear and intrusive hosted gold mineralization at the Old Glory Prospect, Black Dome Prospect, East Anomaly, West Anomaly and the Moose Creek Anomaly within the West Ridge Property. The True North Mine of Fairbanks, a wholly owned subsidiary of Kinross Gold Corporation via a 100% ownership of the True North Venture, is located approximately 3.5 kilometres (two miles) to the northeast of the West Ridge Property.

During the year ended May 31, 2012 we expended \$21,066 (2011 - \$8,165) in exploration expenditures on the West Ridge property.

#### *Fish Creek Claims, Fairbanks Mining District, Alaska*

In March 2002, we acquired from Linux Gold Corp., a company with common directors, an option to earn a 50% interest in the thirty Fish Creek claims, located in the Fairbanks Mining District in Alaska, by expending \$500,000 US within three years and the issuance of 200,000 common shares, which shares were issued in December 2002. An additional 100,000 shares were issued in February 2007 in payment for an extension of the date on which expenditures were required to be completed to March 5, 2007, which date was further extended with amended agreements. On December 1, 2011 the Company and Linux further amended the agreement to include the following terms:

- Linux applies \$75,000 owed by the Linux to the Company towards the above stated minimum exploration budget of US\$500,000;
- The Company has an option to pay the expenditures for the Fish Creek property in cash in lieu of the exploration costs to the Company; and
- The term of the agreement is extended to March 5, 2013.

During May, 2012 the Company and Linux agreed to apply the balance owed by Linux of \$7,517 and make additional cash payment of \$60,000 towards the minimum exploration budget of \$500,000.

Linux Gold Corp. will retain a 5% net royalty interest until we pay \$2,000,000 US and/or back in for a 25% working interest prior to commencement of production. During the year ended May 31, 2010, we wrote off our cumulative exploration and development expenditures of \$111,947 entirely, since the claims were not explored. We did not incur exploration and development expenditures on Fish Creek Claims during the year ended May 31, 2011. During the year ended May 31, 2012 we incurred \$142,517 as cash payment in lieu of exploration and geological consulting work on the property of \$2,139. We continue to maintain the option agreement and have submitted a permit application for placer and lode exploration on Fish Creek Property.

#### Silverknife Claims, Liard Mining Division, British Columbia

Pursuant to agreements between Reg Technologies Inc. ("Reg"), SMR Investments Ltd. ("SMR"), Rapitan Resources Inc. ("Rapitan"), and Chevron Minerals Ltd. ("Chevron"), the Company acquired a 30% working interest in the Silverknife mineral claims, situated in the Liard Mining Division in the Province of British Columbia, subject to a 10% Net Profit Royalty ("NPR") to Rapitan and a 1% Net Smelter Returns to SMR. On December 21, 2010 the Company purchased the 10% NPR in the Silverknife property from Rapitan for consideration of 200,000 common shares of the Company issued at a fair value of \$32,000 on January 25, 2011.

On April 20, 2012 the Company and Minewest Silver and Gold Inc. ("Minewest"), a former 100% owned subsidiary of Reg Tech to which Reg Tech spun off 100% of its interest in the Silverknife claims, entered into an Exploration, Development and Mine Operating Agreement (the "Exploration Agreement") until the completion of mining and environmental restoration on the Property with initial participation interests of 70% and 30% for Minewest and the Company respectively. The Exploration Agreement was approved by the TSX Venture Exchange on September 7, 2012.

Under the terms of the Exploration Agreement, the initial participating interest (a "Participating Interest") of each of Minewest and the Company in the Joint Venture will be equal to their respective current interests. The operations of the Joint Venture will be managed by a manager (the "Manager") with Minewest acting as the initial Manager of the Joint Venture and remaining as such for as long as its Participating Interest is 50% or more. The Exploration Agreement also provides for a management committee (the "Management Committee") comprised of one member from the minority interest, currently Teryl, and two members from the majority interest holder, currently Minewest, the purpose of which will be to determine the overall policies, objectives, procedures, methods and actions under the Agreement.

The Exploration Agreement provides for an initial 2012 exploration program in the amount of approximately \$360,000, which program to be approved by the Company and Minewest. Future exploration programs are subject to approval by the Management Committee. Participants of the Joint Venture must fund all exploration programs in amounts proportionate with their Participating Interest and failure to do so will decrease a participant's Participating Interest on a pro-rata basis. If a Participating Interest decreases to less than 10%, the relevant participant will be deemed to have assigned and conveyed its Participating Interest to the other participant.

The Agreement also contains a customary preemptive right pursuant to which a participant intending to transfer all or part of its Participating Interest must provide the other participant with notice and the option to purchase such interest.



### Fortitude Project, Kahiltna Terrane, Anchorage, Alaska

On August 17, 2010 we entered into a Letter of Agreement with Mark C. Farrar, J. Karnes, Robert W. Karnes and Donald Plancich (the “Vendors”) whereby we were granted an option to acquire a 50% interest in eleven mineral claims located approximately 130 kilometers northwest of Anchorage, Alaska, known as the Fortitude Project. The claim block is in the Kahiltna Terrane area near the Kiska Metals Corp./ Kennecott Exploration Inc. Whistler gold-copper deposit.

The letter agreement includes an option agreement (the “Option Agreement”) to acquire a 50% interest in eleven mineral claims (the “Fortitude Project”). Consideration for the option is as follows:

- issue 50,000 common shares upon approval of the option agreement by the TSX.V (the “Approval Date”) (issued on November 2, 2010, at a fair value of \$7,500);
- issue an additional 50,000 common shares on the first anniversary of the Approval Date;
- issue an additional 100,000 common shares and pay a US\$10,000 cash payment on the second anniversary of the Approval Date; and
- contribute \$50,000 US for exploration expenditures in the first year and \$100,000 US in exploration expenditures in the second year.

As at May 31, 2011, the Company planned to terminate the Option Agreement with the Vendors. Accordingly, property cost of \$7,500 and exploration costs of \$34,261 were written off. The Option Agreement was officially terminated on October 4, 2011.

### **Oil and Gas Properties**

#### Fayette and Burleson Counties, Texas

We own a 6.5% working interest (4.680% net revenue interest) in the Peters No. 1 Well, in Fayette County, Texas, and a 7.5% working interest (5.79375% net revenue interest) in each of the C-S #1, Jancik #2 and Herrmann #4 wells, located in Burleson County, Texas. During the fiscal year ended May 31, 2012, revenues of \$24,423 were recorded from the Texas properties compared to revenues of \$32,968 for the fiscal year ended May 31, 2011. The carrying cost of these wells has been completely depleted.

#### Knox and Laurel Counties, Kentucky

We entered into agreements with IAS Energy, Inc., a company with common directors, to purchase 40% interests (subject to 40% net revenue interests to others), in the Ken Lee #1 natural gas well for \$103,045 (\$92,500 US), in the Elvis Farris #2 natural gas well for \$104,461 (\$92,500 US), and in the Clarence Bright #1 natural gas well for \$104,673 (\$92,500 US). All three wells are located in Knox and Laurel Counties, Kentucky. During the year ended May 31, 2009 we wrote off the carrying costs of the wells to \$Nil since the wells have no proven economic reserves.

## **Description of the Markets in Which We Compete**

We do not have a market in which we compete, as we operate in an extractive industry. However, the mining industry in which we operate is highly competitive due to significant and increasing competition for exploration opportunities. Many of our oil and gas exploration and production competitors business have substantially larger financial resources, staffs and facilities.

## **Competition**

Significant and increasing competition exists for mining exploration opportunities available in North America and elsewhere in the world. Competitors include well-capitalized mining companies, independent mining companies and other companies having financial and other resources far greater than ours.

We compete with a number of other companies, including major oil companies and other independent operators which are more experienced and which have greater financial resources. Such companies may be able to pay more for prospective oil and gas properties. Additionally, such companies may be able to evaluate, bid for and purchase a greater number of properties and prospects than our financial and human resources permit. We do not hold a significant competitive position in the mining or oil and gas industries.

## **Seasonality**

Due to the northern climate, exploration work in some areas of Alaska can be limited due to excessive snow cover and cold temperatures. In general, surface sampling work is limited to May through September and surface drilling from March through November.

## **Sources and Availability of Raw Materials**

We do not have a reliance on raw materials, as we operate in an extractive industry.

## **Marketing Strategy**

We do not have any plans for a marketing strategy at this time.

## **Dependency upon Patents/Licenses/Contracts/Processes**

Not applicable.

## **Material Effects of Government Regulation**

### *Mineral Exploration*

Exploration and development activities require permits from various foreign, federal, state and local governmental authorities. To the best of our knowledge, we are operating in compliance with all applicable environmental regulations.

Our current and anticipated future operations, including further exploration activities, require permits from various state and other governmental agencies. Such operations are subject to various laws governing land use, the protection of the environment, production, exports, taxes, labor standards, occupational health, waste disposal, toxic substances, well safety and other matters. Unfavorable amendments to current laws, regulations and permits governing operations and activities of oil and gas and resource exploration companies, or more stringent implementation thereof, could have a materially adverse impact on us and cause increases in capital expenditures which could result in our ceasing operations. We have had no material costs related to compliance and/or permits in recent years, and anticipate no material costs in the next year.

Our oil and gas operations are subject to various types of regulation at the federal, state and local levels. Such regulation includes the requirement for permits for the drilling of wells; maintaining bonding requirements in order to drill or operate wells; implementing spill prevention plans; submitting notification and receiving permits relating to the presence, use and release of certain materials incidental to oil and gas operations; and regulating the location of wells, the method of drilling and casing wells, the use, transportation, storage and disposal of fluids and materials used in connection with drilling and production activities, surface usage and the restoration of properties upon which wells have been drilled, the plugging and abandoning of wells and the transporting of production. Our operations are also subject to various conservation matters, including the regulation of the size of drilling and spacing units or pro-ration units, the number of wells which may be drilled in a unit, and the unitization or pooling of oil and gas properties. In this regard, some states allow the forced pooling or integration of tracts to facilitate exploration while other states rely on voluntary pooling of lands and leases, which may make it more difficult to develop oil and gas properties. In addition, state conservation laws establish maximum rates of production from oil and gas wells, generally limit the venting or flaring of gas, and impose certain requirements regarding the ratable purchase of production.

We believe that our operations comply in all material respects with applicable laws and regulations and that the existence and enforcement of such laws and regulations have no more restrictive an effect on our operations than on other similar companies in the energy industry. We do not anticipate any material capital expenditures to comply with federal and state environmental requirements.

### **Plan of Operations**

#### *Source of Funds for Fiscal 2013*

We had a working capital of \$2,044,468 at May 31, 2012, compared to working capital of \$42,452 at May 31, 2011.

Our primary source of funds since incorporation has been through the issuance of equity securities. We have been successful in the past in acquiring capital through the issuance of shares of our common stock and through advances from related parties. Although we intend to continue utilizing these sources, there is no assurance that these sources and methods would continue to be available in the future.

In accordance with the Asset Purchase and Sale Agreement effective December 21, 2011 the Company sold all of its 20% interest in the Gil Venture property to Fairbanks. Fairbanks granted to the Company a production royalty equal to 1% of net smelter returns on all production from the property up to US\$15,000,000, after which the royalty is equal to 0.5% of the net smelter returns on all production from the property. On December 19, 2011 Fairbanks paid the Company US\$2,500,000 as an advance payment of the production royalty. An additional advance payment of royalty of US\$1,500,000 will be paid to the Company upon commencement of commercial production from a mine constructed on the property. The timing and amounts of additional royalty payments are not certain as at the date of this report.

At the present time, and in our present circumstances, there exists doubt as to our ability to continue as a going concern, since there is no ongoing source of revenues and profits capable of sustaining our operating overhead. Over the longer term, we will need to either begin to derive revenues from our existing resource-based assets, or find and enter into a business which holds the prospects of ensuring that we can continue as a going concern. Management is aware of such need and is both researching new business opportunities and assessing potential financing possibilities for funding our existing resource property obligations and also any new business which may be entered into or acquired.

#### *Use of Funds for Fiscal 2013*

During the year ended May 31, 2013 we estimate that we will expend approximately \$450,000 on general and administrative expenses and approximately \$600,000 on property exploration and development expenses.

#### *Anticipated Changes to Facilities/Employees*

We anticipate there will not be any changes to either facilities or employees in the near future.

### **C. Organizational Structure**

We hold a 100% interest in Teryl, Inc., a private Delaware corporation, incorporated on November 17, 1988, and registered to do business in the USA. Teryl, Inc. holds the Alaska mineral property interests and Texas and Kentucky oil and gas well interests.

## **D. Property, Plants and Equipment**

Our properties are in the exploration stage and a substantial amount of capital will have to be spent on each property before we will know if they contain commercially viable mineral deposits. Our material properties are located in Alaska. Our properties are without known reserves and the work being done by us is exploratory in nature.

Our executive offices are located in rented premises in a commercial business park located in Richmond, British Columbia, Canada, a suburb of Vancouver. The space is shared with several other companies which share common management. The annual rent for our portion of this 2,200 square foot space paid during 2012 was \$16,779 (2011 - \$14,515). We have occupied these facilities since November 1, 2006. These facilities are believed to be adequate for meeting our needs for the immediate future. If required in the future, we do not anticipate that we will have any difficulty in obtaining additional space at favorable rates. There are no current plans to purchase or otherwise acquire any properties in the near future.

### **Mineral Properties**

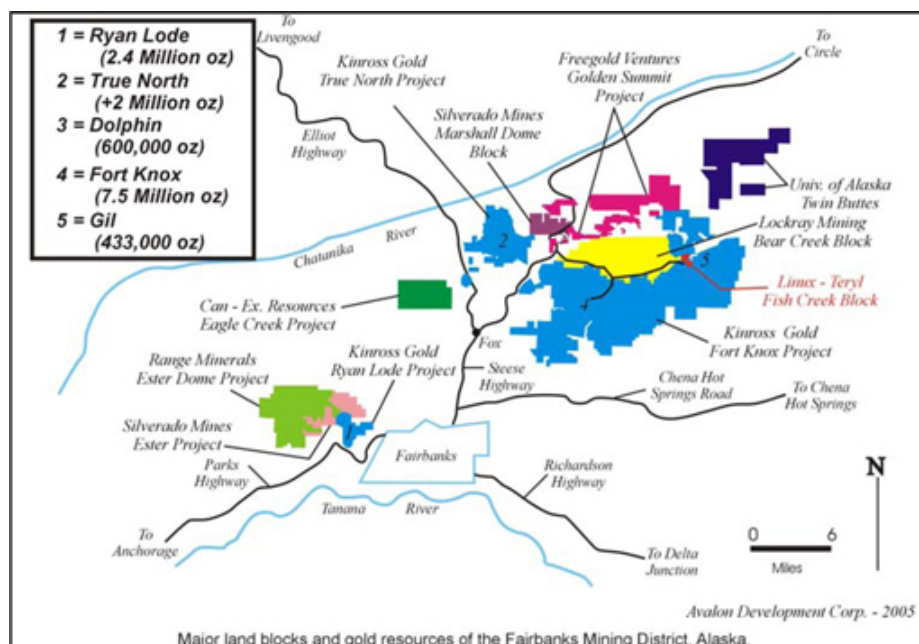
The following are descriptions of our material mineral properties.

#### *Fish Creek Claims*

The Fish Creek Claims are 30 mining claims comprising 1,032 acres, known as the Fish Creek Prospect, located 25 miles north of Fairbanks in the Fairbanks Mining District in Alaska. The claims are legally maintained by recording an affidavit of annual labor for a minimum expenditure of \$100 per claim (\$3,000 total) and by paying annual rental to the State of Alaska in the amount of \$130 per claim (\$3,900 total). All mechanized exploration activity must be permitted by the Alaska Division of Mining, Alaska Department of Fish and Game, and the U.S. Corps of Engineers. Water can be withdrawn from Fish Creek to support exploration activities with oversight from the Alaska Department of Conservation. Currently, we are permitted to conduct exploration by drilling. To the best of our knowledge, we are operating in compliance with all applicable environmental regulations. There currently are no unusual social, political or environmental encumbrances to mining on the project. We currently hold a valid exploration permit on the project. Additional permits for future work will be acquired from the Division of Mining, Alaska Department of Fish and Game, and the U.S. Corps of Engineers on an as-needed basis.

The Fish Creek project is located in an important mining district with permissive land status and excellent road access to the property. Currently, there are only primitive trails developed within the property to access exploration sites. The project is located within metamorphic and plutonic host rocks that are similar in composition and age to rock units that contain commercially viable mineralization elsewhere in the Fairbanks Mining District. The property is also located on a drainage that was mined extensively for alluvial gold in the past both upstream and downstream of the Fish Creek project. Limited exploration conducted between 1992 and 2003 did not reveal significant bedrock exposures of mineralization, however, very widely spaced placer drilling over a large area of the property conducted in 1996 indicated the presence of placer gold in the alluvial deposits. More extensive and closer spaced placer gold drilling conducted in 2004 confirmed the presence of significant concentrations of placer gold on the claims.

The following map shows the location of and access to the property.



There currently are no resources or reserves on the Fish Creek property that comply with the Canadian Institute of Mining and Metallurgy (CIM) Standards on Mineral Resources and Reserves Definitions and Guidelines adopted by CIM Council on August 20, 2000.

Additional work on the Fish Creek property will be based on results from the previous drilling programs. Each successive phase of exploration is dependent on generation of encouraging results from the previous programs and the increasing potential for delineation of commercially viable resources on the project.

As we announced on December 7, 2011, Furgo Airborne Survey, Inc. has identified six main gold targets on the site and Linux is considering a low-cost placer mining operation. An exploration program is planned for fiscal 2013.

We have submitted a permit application for placer and lode exploration on Fish Creek Property.

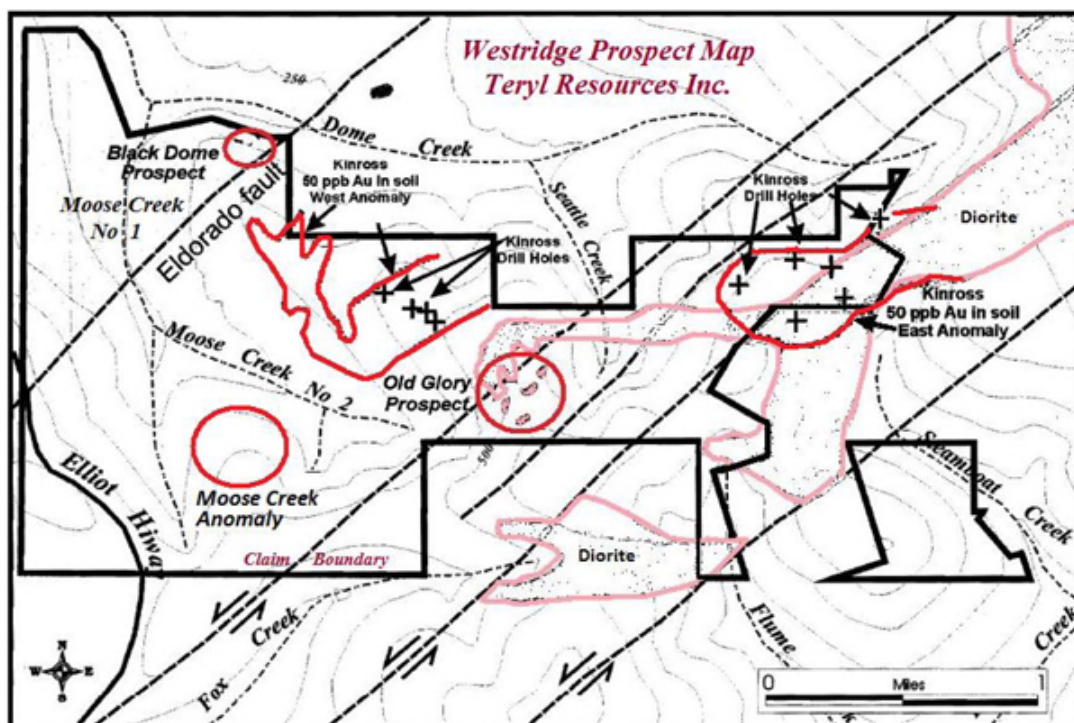
#### West Ridge Claims

The West Ridge Property is made up of 53 state mining claims north of Fairbanks, Alaska, a distance of 22 miles by road. The West Ridge property adjoins KGC's True North gold deposit and lies approximately eight miles northwest of the producing Fort Knox gold mine.

As we announced on March 2, 2012, we applied for an exploration program permit to drill five targets on the Westridge property. The 2012 Westridge Exploration Program is designed to test both the placer and lode targets located within the claim block. Previous lode exploration has identified 5 targets within the Westridge Area. Current lode targets include:

1. Old Glory Prospect - This prospect is a shear and intrusive hosted anomaly located along a northeast-southwest fault. The >50ppb gold-in-soil anomaly is 90 metres x 90 metres punctuated by a 1,155 ppb gold-in-soil sample. Three trenches and two drill holes have tested the prospect. The best drill intercept consisted of 10 metres of 1.6 g/t Au from 121 to 131 metres. The anomaly remains open in all directions and has not been thoroughly tested.
2. Black Dome Prospect - This prospect is located along the same fault that forms the southern boundary of the True North Deposit. Gold mineralization consists of carbon-rich, Fe-stained schist and eclogite similar to the True North Deposit. Past exploration has been limited.
3. West Anomaly - The West anomaly covers an area of approximately 1,220 metres (4,000 feet) NW-SE by 914 metres (3,000 feet) NE-SW and is defined by coincident gold and arsenic-in-soils results. Drilling consisted of 5 drill holes totaling 1,650 feet with gold intersections reported at values up to 6 metres (20 feet) of gold grading 0.93 g/t Au.

4. East Anomaly - The East anomaly extends along a general northeast trend for 2,230 metres (7,000 feet) and represents values from trace up to 1.64 ppm Au in soil Drill results from 5 holes are not currently available.
5. Moose Creek Anomaly - This anomaly is on trend with the West Anomaly and has not been drill tested.



Mineral exploration is proposed to consist of up to 610 metres (2,000 feet) of shallow core drilling utilizing a narrow diameter AQ core drill to initially test lode targets on the Old Glory Prospect and Moose Creek Anomaly. On positive results, a larger scale reverse circulation drill program will be conducted.

The total cost to complete all two phases of exploration (610 metres lode and 180 metres placer) is estimated to be \$200,000. This estimate is subject to a quote pending for drilling services and includes a 10% contingency for each phase.

On June 20, 2012 we announce that gold exploration work programs were to commence and Metalogeny, Inc. of Fairbanks, Alaska had been contracted to conduct the mineral exploration work for the Company.

The proposed initial work programs included:

1. Locating and surveying historic drill holes on the ground within the claim block.
2. A reconnaissance drilling program via a small diameter winkie drill rig.
3. Preparing the project for subsequent advanced exploration drilling, including fixing the access road and locating useable water sources.
4. Conducting a general reconnaissance of the placer potential on Moose Creek.
5. Securing a NQ diamond drill or a reverse circulation drill to test for lode gold potential.
6. A total of 760 metres (2,500 feet) of drilling is planned for this season.

Dave Adams, a CPG geologist who had previously worked on the property, participates in the initial exploration phase and works in conjunction with geologist Tara Hutchison to locate the proposed drill sites on the property.

Drilling on the West Ridge Property started in July, 2012.

## *The Silverknife Property*

The Silverknife Property lies on the northeastern flank of the Cassiar Mountains. The terrain of the area is moderately mountainous, with rounded peaks and ridges separated by broad U-shaped valleys. Property elevations range from 1,050 m ASL to 1,660 m ASL. Roughly 20% of the property is above tree line, which is at approximately 1,450 m ASL.

The Silverknife Property is contiguous to Silvercorp's Silvertip silver-lead-zinc deposit which lies less than one (1) km from the Property boundary. Silvercorp has been active in the past two (2) years exploring and re-evaluating the Silvertip Property towards the initiation of mining operations. Recently, Silvercorp opened up a 50 man camp on the Silvertip Property and has announced plans to apply for a Provincial Small Mine Permit for an underground mining operation with a capacity of under 75,000 tonnes per year and all ancillary dewatering and related permits. Exploration diamond drilling from 10,000-20,000 meters is currently underway on the Silvertip Property.

The Silverknife mineral claims have been held continuously since they were staked in 1983 and were held in trust by Reg Tech through a series of Property agreements.

The Silverknife Property was worked extensively from 1984 through 1988 including geochemical soil sampling, VLF-EM surveys, Induced Polarization surveys and diamond drilling (totaling over 4,400 meters).

These projects located geochemical and geophysical anomalies considered high priority exploration targets as well as generated drill assay results from trace up to 4.2 meters of 29.3 oz/ton silver, 16.5 percent lead and 7.1 percent zinc (Hole 85-21). Sphalerite, galena and pyrite within these mineralized sections are associated with ran coloured siderite which has been interpreted as associated with the higher grade intersection.

On March 22, 2012, we announced that a one year extension has been submitted to the Ministry of Energy and Mines located in Smithers, BC. The original permit was granted on June 21, 2011. We intended to drill on the Silverknife Property in summer 2012, but the plan is delayed due to access road condition.

The 43-101 report completed by Paul D. Gray P.Geo., recommended \$360,000 work program consisting of the following:

### Phase 1:

1. Phase IA: Systematic and Detailed Silverknife Camp Data Compilation and Digitization
2. Phase IB: Core Recovery Program
3. Phase IC: Ground Based Survey/Prospecting/Geological Survey Program
4. Phase ID: Detailed Geophysical Survey
5. Phase IE: Diamond Drilling of Discovery Zone
6. Phase IE: Technical Report Update

## **ITEM 4A. UNRESOLVED STAFF COMMENTS**

Not applicable.

## **ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS**

The following discussion of our financial condition, changes in financial condition and results of operations as at May 31, 2012, 2011 and 2010 should be read in conjunction with our audited consolidated financial statements and related notes included herein. Unless expressly stated otherwise, all references to dollar amounts in this section are Canadian dollars.

### **A. Operating Results**

A comparison of the results of operations for the fiscal years ended May 31, 2012, 2011 and 2010 are as follows:

*Year Ended May 31, 2012 as compared to Year Ended May 31, 2011 (IFRS)*

We incurred a net loss of \$766,330 during the year ended May 31, 2012, compared to a net loss of \$534,184 during the year ended May 31, 2011.

The significant increase in loss was due to loss on sale of mineral property of \$376,928 in 2012, compared to \$Nil in 2011.

During 2011, we wrote off mineral property acquisition cost of \$7,500 on our Kahiltna Terrane claims, exploration costs of \$11,554 on our Gold Hill claims and \$34,261 on our Kahiltna Terrane claims. During 2012 we did not record any property impairment.

During 2012 we recorded interest income of \$3,286 compared to \$Nil in 2011.

Other expenses that changed from 2011 to 2012 are as follows:

- In 2011, we recorded interest expense of \$18,582 on the two convertible debentures issued in 2010; we did not record such interest expense during 2012 because the convertible debentures were repaid on the first day of the year;
- In 2011, we incurred geological consulting fees of \$1,172 that were not applicable to any specific property; in 2012 we did not incur such geological consulting fees;
- Consulting, management and directors' fees were recorded at \$139,344 in 2011 and \$139,899 in 2012, consistent between the two years.
- Professional fees increased from \$44,489 in 2011 to \$52,908 in 2012, largely due to increased legal fees incurred on mineral property exploration contracts;
- Secretarial and employee benefits increased from \$29,467 in 2011 to \$33,852 in 2012 due to our expanded operations in 2012;
- Publicity, promotion and investor relations costs increased slightly from \$126,119 in 2011 to \$127,511 as we had more current report disseminations in 2012;
- Travel, auto and entertainment decreased from \$19,551 in 2011 to \$8,789 in 2012, due to our continuing effort to utilize more efficient communication channels.
- Stock-based compensation decreased from \$63,775 in 2011 to \$1,897 in 2012 as we granted more stock options in 2011.

*Year Ended May 31, 2011 as compared to Year Ended May 31, 2010 (GAAP)*

We incurred a net loss of \$530,566 during the year ended May 31, 2011, compared to a net loss of \$1,419,726 during the year ended May 31, 2010.

The significant decrease in loss was due to an exploration expenditures write-off of \$45,815 in 2011, compared to \$773,438 in 2010. During 2010, we wrote off \$111,947 in cumulative exploration and development expenditures in our Fish Creek Property located in Fairbanks, Alaska, and cumulative exploration and development costs of \$661,491 in our West Ridge property located in Dome Creek, Alaska, because the two claims were not explored during 2010. During 2011, we wrote off exploration costs of \$11,554 on our Gold Hill claims and \$34,261 on our Kahiltna Terrane claims, both incurred during 2011.

Other expenses that changed from 2010 to 2011 are as follows:

- In 2010, we recorded interest expense of \$18,582 on the two convertible debentures issued in 2010; we did not record interest expense during 2011 because the convertible debentures were repaid on the first day of the year;
  - In 2010, we incurred geological consulting fees of \$41,915, which decreased to \$1,172 in 2011 because most of the work needed for our properties was completed in 2010;
  - Consulting, management and directors' fees increased slightly from \$133,359 in 2010 to \$139,344 due to a severance payment made to the former CFO ;
  - Professional fees decreased from \$59,726 in 2010 to \$44,489 in 2011; and secretarial and employee benefits decreased from \$41,925 in 2010 to \$29,467 in 2011 due to our successful effort in streamlining our operations;
  - Publicity, promotion and investor relations costs decreased from \$228,196 in 2010 to \$126,119 in 2011, and travel, auto and entertainment decreased from \$30,972 in 2010 to \$19,551 in 2011, due to our continuing effort to utilize more efficient investor awareness programs and communication methods.
- Stock-based compensation increased from \$22,477 in 2010 to \$63,775 in 2011 largely due to options granted to an investor relation consultant that fully vested during the year. All options vest 25% upon exercising of the prior 25%.



## **B. Liquidity and Capital Resources**

As of May 31, 2012, we had a cash position of \$2,059,482, compared to \$19,371 as at May 31, 2011, representing an increase of \$2,040,111. As of May 31, 2012, we had a working capital of \$2,044,468, compared to a working capital of \$42,452 as at May 31, 2011.

During the year ended May 31, 2012 we used \$426,696 in operations compared to \$401,943 during the year ended May 31, 2011.

During the year ended May 31, 2012 we generated \$2,468,924 from our investing activities compared to \$218,846 used in investing activities.

During the year ended May 31, 2012, we issued the following equity securities for cash:

On September 30, 2011, the Company issued 575,000 units of capital stock pursuant to a private placement at \$0.10 per unit. Each unit consists of one common share and one share purchase warrant exercisable into the Company's common stock at \$0.15 per share expiring September 30, 2012. In connection with the private placement finders' fee of \$2,100 was paid and 10,000 broker warrants were issued which are exercisable into the Company's common stock at \$0.15 per share expiring September 30, 2012.

During the year ended May 31, 2011, we issued the following equity securities for cash:

On June 6, 2010 the Company issued 1,047,500 common shares for warrants exercised at \$0.10 per share for gross proceeds of \$104,750.

On December 17, 2010, the Company issued 1,983,326 units of capital stock pursuant to a private placement at \$0.15 per unit. Each unit consists of one common share and one share purchase warrant exercisable into the Company's common stock at \$0.20 per share expiring December 17, 2011. Finders' fee of \$11,570 was paid in connection with this private placement.

On January 19, 2011, the Company issued 1,359,333 units of capital stock pursuant to a private placement at \$0.15 per unit. Each unit consists of one common share and one share purchase warrant exercisable into the Company's common stock at \$0.20 per share expiring January 19, 2012. In connection with the private placement finders' fee of \$6,993 was paid and 39,000 broker warrants were issued which are exercisable into the Company's common stock at \$0.20 per share expiring January 19, 2012.

On July 4, 2012 we received the approval from the TSX-V on a normal course issuer bid ("NCIB") to purchase up to 10% of the issued and outstanding common shares of the Company on the open market. As of the date of this report, the Company purchased 1,073,000 shares of the Company for gross purchase of \$78,680 at prices between \$0.055 to \$0.085 per share.

All of our mineral properties are at the early exploration stages. We do not expect to generate significant revenues in the near future and may continue to rely upon the sale of equity securities to raise capital at reasonable share prices. Fluctuations in our share price may affect our ability to obtain future financing and the rate of dilution to existing shareholders.

We have no funding commitments or arrangements for additional financing at this time and there is no assurance that we will be able to obtain any additional financing on terms acceptable to us, if at all. Any additional funds raised will be used for general and administrative expenses, to carry out exploration programs on our mineral properties, and for the acquisition of a property or properties, as applicable. The quantity of funds to be raised and the terms of any equity financing that may be undertaken will be negotiated by management as opportunities to raise funds arise.

For fiscal 2013, we estimate that we will require approximately \$450,000 to fund our general and administrative expenses for the next twelve months. We will also require \$200,000 to complete the proposed exploration program on the West Ridge mineral property, \$150,000 to complete our exploration program on our Silverknife mineral property and \$250,000 to complete our exploration program on our Fish Creek property. The quantity of funds to be raised and the terms of any equity financing that may be undertaken will be negotiated by management as opportunities to raise funds arise.

**C. Research and Development, Patents and Licenses, Etc.**

Not applicable.

**D. Trend Information**

Not applicable.

**E. Off Balance Sheet Arrangements**

We do not utilize off-balance sheet arrangements.

**F. Tabular Disclosure of Contractual Obligations**

We did not have any contractual obligations as at May 31, 2012.

**G. Safe Harbor**

This annual report includes "forward-looking statements" within the meaning of the *Private Securities Litigation Reform Act of 1995*. Such forward-looking statements may include capital and operating costs, prices of silver and gold and other known and unknown risks. These and other factors and uncertainties may cause material differences from future results as expressed or implied by these forward looking statements. These risks, uncertainties and other factors include but are not limited to the risks involved in the exploration and development of a mining and oil and gas business.

All statements, other than statements of historical facts, included in this annual report that address activities, events or developments which we expect or anticipate will or may occur in the future are forward-looking statements. The words "believe", "intend", "expect", "anticipate", "project", "estimate", "predict" and similar expressions are also intended to identify forward-looking statements.

Our estimated or anticipated future results or other non-historical facts are forward-looking and reflect our current perspective of existing trends and information. These statements involve risks and uncertainties that cannot be predicted or quantified, and consequently actual results may differ materially from those expressed or implied by such forward-looking statements. Such risks and uncertainties include, among others, the success of our exploration and development activities, environmental and other regulatory requirements, foreign exchange issues, mineral deposit estimates and mineral prices, competition by other mining or oil and gas companies, financing risks, mineral title issues, insider conflicts of interest, political stability issues, and other risks and uncertainties detailed in this report and from time to time in our other SEC filings.

Consequently, all of the forward-looking statements made in this annual report are qualified by these cautionary statements. We cannot assure you that the actual results or developments anticipated by us will be realized or, even if substantially realized, that they will have the expected effect on us or our business or operations.

Forward-looking statements are based on expectations, estimates and projections at the time the statements are made that involve a number of risks and uncertainties which could cause actual results or events to differ materially from those presently anticipated

Forward-looking statements are subject to a variety of risks and uncertainties in addition to the risks referred to in "Risk Factors" under Item 3.D above.

**ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES**

**A. Directors and Senior Management**

As of May 31, 2012, our Board consisted of five directors, of whom two are independent non-executive directors. The following table provides certain information about the members of our Board and our executive officers as of September 28, 2012.

<u>Name</u>	<u>Position with the Company</u>	<u>Age</u>	<u>Date of First Election or Appointment</u>
John G. Robertson	President, CEO, Chairman and Director	71	October 25, 1982
Suzan El-Khatib	Director	28	April 29, 2011
Susanne Robertson	Director	66	September 12, 1990
Thomas Robertson	Director	52	January 4, 2010
Donna Moroney	Director	52	April 29, 2011
Jane He	CFO and Corporate Secretary	50	February 25, 2011

Senior management serve at the pleasure of the Board. Each director holds office until the next annual meeting of shareholders unless his or her office is earlier vacated in accordance with the Articles and/or the BCBCA, or unless he or she becomes disqualified to act as a director.

**John Robertson** has been President, CEO, Chairman of the Board, Corporate Secretary and a director of Linux Gold Corp. (“Linux”) since March 1979. Linux is a British Columbia mineral exploration company quoted on the OTC BB. He has been the Chairman, President and Chief Executive Officer of REGI U.S., Inc. (“REGI”), an Oregon corporation since July 1992. REGI is an Oregon corporation engaged in the development of a rotary engine/ compressor (“Rand Cam Engine”) and is quoted on the OTC BB. Since October 1984, Mr. Robertson has been President and a director of Reg Technologies Inc. (“Reg”), a British Columbia corporation listed on the TSX.V, and quoted on the OTC BC, that has financed the research on the Rand Cam Engine since 1986. He has been the President, CEO and a director of IAS Energy, Inc. (“IAS”) since its formation in December 1994. IAS is a U.S. public company engaged in the acquisition and exploration of oil and gas interests in North America. Since June 1997, Mr. Robertson has been President, CEO and a director of Information Highway.com, Inc., an inactive reporting Florida corporation. Since May 1977, Mr. Robertson has been President and a director of SMR Investments Ltd. (“SMR”), a private British Columbia corporation engaged in management of public companies. Mr. Robertson is also the President and a director of the following private companies: JGR Petroleum, Inc. (since July 1991), Access Information Services, Ltd. (since September 1993), 394754 B.C. Ltd., dba SOVO Computer Centre (since October 1990), Pavlik Travel Services Ltd. (since November 2000), International Diamond Syndicate Ltd. (since May 1993), KLR Enterprises Inc. (since 1999), Rainbow Networks Inc. (since 2000), Rand Energy Group Inc. (since 1993), 540330 B.C Ltd. (since April 1997), Airstream Communications, Inc. (since June 2000) and Minewest Silver and Gold Inc., a reporting issuer in BC (since 2010). Mr. Robertson is a citizen and resident of Canada. Mr. Robertson allocates a minimum of 20% of his time to our ongoing operations. On a project related basis, he may allocate up to 80% of his time to our business as required.

**Susanne Robertson** has been a principal of SMR Investments, Ltd. since 1979. She has been a director of Linux since 2001, and a director of Reg since 1984. Ms. Robertson is a citizen and resident of Canada.

**Thomas Robertson** has been an investor relations consultant with Molycor Gold Corp., a TSX.V issuer, since January 2005; previously he was a corporate development and investor relations consultant with several TSX.V issuers, being Strike Zone Minerals (2004), Auterra Ventures Inc. (2004), and Toba Industries (2003/2004). He was also an investor relations consultant with two OTC BB companies, being Tital Consolidated Inc. (2003/2004), Timber Resources International Inc. (2003).

**Suzan El-Khatib** - Ms. El-Khatib has been a director since April, 2011. Ms. El-Khatib began her career at Bull, Housser Tupper LLP and moved on to a boutique firm before joining Wiebe Douvelos Wittmann LLP. She advises and acts for both individual and corporate clients on a broad variety of matters including corporate governance and commercial litigation. Ms. El-Khatib has experience as a corporate solicitor and as a litigator, appearing at all levels of court. She is a current member of the Law Society of British Columbia, the Canadian Bar Association, and the Trial Lawyers Association of British Columbia. Ms. El-Khatib has been a director of Linux Gold Corp. since April, 2011 and a director of Reg Technologies Inc. since April, 2011.

**Jane He** has been the CFO since February 25, 2011. She has more than ten years’ experience in fund accounting in the financial industry. Ms. He has been the CFO of Minewest Silver and Gold Inc. since October, 2010 and the CFO of Teryl Resources Corp. since February, 2011. She is in charge of daily business transactions and accounting for the company.

**Donna M. Moroney** has been a director of the Company since April 2011. She is the President of Equity Corporate Services Inc., a company providing regulatory and corporate compliance services for public companies within Canada and the United States. Ms. Moroney also serves as a senior officer for various public companies: Corporate Secretary of United Silver Corp. (TSX: USC) since March 2011; Corporate Secretary of Legumex Walker Inc. (TSX: LWP) since June 2011; Corporate Secretary of CBM Asia Development Corp. (TSX.V – TCF) since December 2009; Assistant Corporate Secretary of Equity Financial Holdings Inc. (TSX- EQI) since May 2009; Chief Financial Officer and Corporate Secretary of Ravenscrest Resources Inc. (CNSX: RVT) since April 2007; and Chief Financial Officer and Corporate Secretary of Greenshield Explorations Limited (NEX: GRX.H ) since August 2006; and has been a director of Linux Gold Corp. since April, 2011.

There are no family relationships between the directors and senior officers, other than John Robertson and Susanne Robertson, who are married, and Thomas Robertson who is the son of John Robertson.

## B. Compensation

### *Compensation Discussion & Analysis*

Given our current size and stage of development, our Board has not appointed a formal compensation committee, however it is board policy that management directors are required to abstain from voting in respect of their own compensation thereby providing the independent members of the Board with considerable input as to executive compensation. The Board’s compensation philosophy is aimed at attracting and retaining quality and experienced people with established records in managing and maintaining public companies which is critical to our success. These key persons create the framework for future success and later will share in any success of our company. Such a reward system supports our commitment to delivering strong performance for our shareholders. At the present time we do not have a compensation program in place for our executive officers or directors, as is evidenced by the Summary Compensation Table below.

The Board reviews on an annual basis the corporate goals and objectives relevant to executive compensation, and determines if a compensation package should be implemented. The Board also takes into consideration our overall performance, shareholder returns, the value of similar incentive awards to executive officers at comparable companies and the awards given to executive officers in past years. There are currently no plans to implement a compensation package for fiscal 2013.

### *Summary Compensation Table*

The following table sets out certain information respecting the compensation paid to the CEO and CFO and the three most highly compensated executive officers, other than the CEO and CFO, for the year ended May 31, 2012 whose total compensation was more than \$150,000. These individuals are referred to collectively as the “NEOs”.

Name and Principal Position	Year ended May 31	Salary (\$)	Salary awards (\$)	Option based awards (\$)	Non-equity incentive plan compensation		Pension value (\$)	All other compensation (\$)	Total Compensation (\$)
					Annual incentive plan (\$)	Long-term incentive plan (\$)			
John G. Robertson, <sup>(1)</sup> Chief Executive Officer	2012	19,000	Nil	Nil	Nil	Nil	Nil	30,000	49,000
	2011	12,000	Nil	Nil	Nil	Nil	Nil	30,000	42,200
	2010	12,000	Nil	Nil	Nil	Nil	Nil	30,000	42,200
Jane He, Chief Financial Officer	2012	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2011	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2010	NA	NA	NA	NA	NA	NA	NA	NA

(1) Mr. Robertson received \$19,000 as a director of the Company and SMR Investments Ltd, a private company controlled by Mr. Robertson was paid \$30,000 during the year ended May 31, 2012 for management services.

### *Option-based Awards*

Our executive officers, as well as directors, employees and consultants, are eligible to participate in our stock option plan to receive grants of stock options. Individual stock options are granted by the Board as a whole and the size of the options is dependent on, among other things, each officer’s level of responsibility, authority and importance to our company and the degree to which such officer’s long term contribution to our company will be crucial to our long-term success.

Stock options are normally granted by the Board when an executive officer first joins our company based on his or her level of responsibility within our company. Additional grants may be made periodically to ensure that the number of options granted to any particular officer is commensurate with the officer's level of ongoing responsibility within our company. The Board also evaluates the number of options an officer has been granted, the exercise price of the options and the term remaining on those options when considering further grants. Options are usually priced at the closing trading price of our shares on the business day immediately preceding the date of grant and the current policy of the Board is that options expire five years from the date of grant.

We have a formalized stock option plan for the granting of incentive stock options to the officers, employees, consultants and directors.

*Option/SAR Grants During The Most Recently Completed Financial Year*

The following table sets out all stock option-based awards granted to the executive officers and outstanding as of May 31, 2012.

Name	Option-based Awards			Stock-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)*
Thomas Robertson	50,000	0.20	April 19, 2015	0.00	37,500	1,847
Jane He	Nil	NA	NA	NA	NA	NA

\* Calculation using Black Scholes model upon grant

*Pension Plan Benefits*

We do not have any pension, retirement or deferred compensation plans, including defined contribution plans.

*Termination and Change of Control Benefits*

We have not entered into any compensatory plans, contracts or arrangements with any of our NEOs whereby such officers are entitled to receive compensation as a result of the resignation, retirement or any other termination of employment of the NEO or from a change in control or a change in the NEO's responsibilities following a change in control.

*Employment Contracts*

Pursuant to a management agreement dated May 1, 1996, we engaged SMR Investments Ltd. to provide general management services at a monthly compensation of \$2,500. SMR is a private company which is controlled by Susanne Robertson, a director and the spouse of John Robertson, our President. Mr. Robertson is also a director and officer of SMR. The agreement may be terminated at any time by the mutual consent of the parties.

*Compensation of Directors*

The following table sets forth all compensation provided to the directors during the year ended May 31, 2012, in their capacity as directors.

We do not pay our directors a fee for their services as such. Directors are entitled to be reimbursed for reasonable expenditures incurred in performing their duties as directors, and we may, from time to time, grant incentive stock options to purchase common shares to our directors.

The following disclosure excludes John G. Robertson's compensation in his capacity as a director, as he is an executive officer whose compensation is disclosed above under "Summary Compensation Table".

<b>Name</b>	<b>Fees Earned (\$)</b>	<b>Share-Based Awards (\$)</b>	<b>Option-Based Awards (\$)</b>	<b>Non-Equity Incentive Plan Compensation (\$)</b>	<b>Pension Value (\$)</b>	<b>All Other Compensation (\$)</b>	<b>Total (\$)</b>
<b>Susanne Robertson</b>	Nil	Nil	Nil	Nil	Nil	Nil <sup>(1)</sup>	Nil
<b>Donna Moroney</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Suzan El-Khatib</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Thomas Robertson</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil

(1) Mrs. Robertson is a shareholder of SMR Investments Ltd., which is paid \$2,500 per month for management services provided for the Company by Mr. John Robertson, who is also a shareholder of SMR Investment Ltd. No fees were paid to Mrs. Robertson.

Other than John Robertson, the directors are not compensated for their services in their capacity as directors, although directors are reimbursed for their expenses incurred in connection with their services as directors.

Directors are also entitled to participate in our stock option plan, which is designed to give each option holder an interest in preserving and maximizing shareholder value in the longer term. Individual grants are determined by an assessment of each individual Director's current and expected future performance, level of responsibilities and the importance of his/her position and contribution to our company.

### **C. Board Practices**

Our Board consists of five members, the terms of which expire at the general meeting of shareholders to be held in each year. The information regarding the term each director has served in office in "Item 6.A – Directors and Senior Management" is hereby incorporated by reference in response to this Item 6.C. Directors are elected by a majority of the votes of our common shares present in person or represented by proxy at our annual meeting of shareholders and entitled to vote at such election. Each director will hold office until his or her term expires or until he or she resigns. Executive officers serve at the discretion of the Board. Officers are elected at the annual meeting of the directors held immediately after the annual meeting of shareholders. The directors hold regularly scheduled meetings at which members of management are not in attendance.

None of our directors have entered into service contracts with us or any of our subsidiaries that provide for benefits upon their termination as a director.

We have granted and intend to continue to grant stock options to employees, directors, officers and consultants on terms and conditions established by the Board at the time of the grant and in accordance with our stock option plan and prevailing TSX.V policy. Except as disclosed above under "Compensation of Directors", our directors do not receive any monies for serving in their capacity as Directors and there is currently no arrangement for the payment of any compensation in the future.

We have the following committees of the Board:

#### *Audit Committee*

The Board of directors has determined that it does not have a member that qualifies as an "audit committee financial expert" as defined in Form 20-F of the SEC.

We have been unable to retain the services of a person who qualifies as an "audit committee financial expert". Until we appoint such a person, we believe that the members of our Board of Directors are collectively capable of analyzing and evaluating our financial statements and understanding internal controls and procedures for financial reporting.

### **D. Employees**

We do not presently have any employees.

### **E. Share Ownership**

The following table sets forth the common share ownership of each of our officers and directors as at September 28, 2012. Each person has sole voting and investment power with respect to the shares of common stock shown, and all ownership is of record and beneficial.

Name	Number of Common Shares Owned	Positions	Percentage of Outstanding Common Shares <sup>(1)</sup>
John G. Robertson <sup>(2)</sup>	2,777,514	President, CEO and Director	3.82%
Suzan El-Khatib	Nil	Director	0.00%
Donna Moroney	Nil	Director	0.00%
Susanne Robertson <sup>(3)</sup>	3,824,150	Director	5.72%
Thomas Robertson <sup>(4)</sup>	Nil	Director	0.00%
Jane He	Nil	CFO	0.00%
<b>ALL DIRECTORS AND SENIOR OFFICERS AS A GROUP (6 persons)</b>	<b>6,601,664</b>		<b>9.09%</b>

(1) on diluted issued and outstanding share capital of 72,628,605 common shares as of September 28, 2012.

(2) Included in John Robertson's shareholdings are: (i) 445,450 shares registered in the name of Access Information Services, a private British Columbia corporation controlled by the Robertson Family Trust; (ii) 50,000 shares registered in the name of KLR Petroleum Inc., a private British Columbia corporation controlled by John Robertson. Mr. Robertson is one of three trustees of the Robertson Family Trust, which acts by the majority vote of the three trustees. Mr. Robertson disclaims beneficial ownership of the shares owned or controlled by the Robertson Family Trust.

(3) Included in Ms. Robertson's shareholdings are: 2,891,550 shares registered in the name of SMR Investments Ltd., a private British Columbia corporation controlled by Ms. Robertson.

The following table sets forth the stock purchase option ownership of each of our officers and directors as at September 28, 2012. Each person has sole voting and investment power with respect to the shares of common stock shown, and all ownership is of record and beneficial.

Name	Number of Options Owned	Positions	Percentage of Outstanding Common Shares <sup>(1)</sup>
John G. Robertson <sup>(2)</sup>	1,000,000	President, CEO and Director	1.38%
Suzan El-Khatib <sup>(2)</sup>	150,000	Director	0.21%
Donna Moroney <sup>(2)</sup>	150,000	Director	0.21%
Susanne Robertson <sup>(2)</sup>	500,000	Director	0.69%
Thomas Robertson <sup>(3)</sup>	50,000	Director	0.07%
Jane He <sup>(2)</sup>	100,000	CFO	0.14%
<b>ALL DIRECTORS AND SENIOR OFFICERS AS A GROUP (6 persons)</b>	<b>1,950,000</b>		<b>2.68%</b>

(1) Diluted issued and outstanding share capital as of September 28, 2012 was 72,628,605 common shares

(2) Incentive stock option to purchase common shares at a price of \$0.10 per share, exercisable on or before June 21, 2017.

(3) Incentive stock option to purchase common shares at a price of \$0.10 per share, exercisable on or before April 19, 2015.

#### Stock Option Plan

Our Stock Option Plan (the "Plan") was approved by our shareholders at our annual meeting held on April 29, 2011. Pursuant to the Plan we may grant up to 10% of our issued and outstanding shares for issuance to directors, officers, employees and consultants at prices set in accordance with the policies of the TSX.V. As of the date of this registration statement, there are 2,775,000 options outstanding, at exercise prices ranging between \$0.10 and \$0.19 per share which expire on dates ranging between April 24, 2012 and April 19, 2015.

The purpose of the Plan is to provide incentive to employees, officers, directors, management company employee and consultants who provide services to us and reduce the cash compensation we would otherwise have to pay.

The Plan is administered by the Board or, if the Board so elects, by a committee appointed by the Board. The Plan provides that options will be issued pursuant to option agreements (“*Option Agreements*”). No optionee under the Plan shall be granted an option which exceeds the maximum number permitted by the TSX.V. Options issued pursuant to the Plan will have an exercise price determined by the Board provided that it is not less than the price permitted by the TSX.V, or, if our shares are no longer listed on the TSX.V, then such other exchange or quotation system on which our shares are listed or quoted for trading.

Options granted under the plan shall, unless sooner terminated, expire on a date to be determined by the Board which will not be later than 5 years from the day the option is granted or 90 days from the date the optionee ceases to be a director, officer, consultant, employee or a management company employee, unless such optionee was engaged in investor relations activities in which case, only within 30 days after the cessation of his services to us.

In the event of death of an optionee, options held by such optionee will expire the earlier of 5 years from the date of grant or one year from the date of such death.

## Item 7. Major SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

### A. Major Shareholders

#### *Holdings by Major Shareholders*

The following table sets forth the shareholdings of those persons who own of record or are known to us to own beneficially, directly or indirectly, or exercise control or direction over, more than 5% of our issued and outstanding common shares as at the date of this annual report:

<b>Identity of Person or Group</b>	<b>Type of Ownership</b>	<b>Amount Owned</b>	<b>Percent of Class <sup>(1)</sup></b>
Susanne Robertson	Direct/Indirect	4,324,150 <sup>(2)</sup>	5.95%

(1) *Based on diluted issued and outstanding share capital of 72,628,605 common shares at September 28, 2012.*

(2) *Included in Ms. Robertson’s shareholdings are: 2,891,550 shares registered in the name of SMR Investments Ltd., a private British Columbia corporation controlled by Ms. Robertson. and 500,000 stock purchase options granted to Ms. Robertson.*

#### *Canadian Share Ownership*

The following table indicates the approximate number of Canadian record holders of common shares and the portion and percentage of common shares held in Canada as at September 28, 2012:

<b>Total Number of Holders</b>	<b>Number of Canadian Holders</b>	<b>Number of Common Shares Held in Canada</b>	<b>Percentage of Common Shares Held in Canada</b>
221	73	61,063,550	84.02%

(1) *Based on issued and outstanding share capital of 72,628,605 common shares as of September 28, 2012.*

#### *U.S. share Ownership*

The following table indicates the approximate number of record holders of common shares with United States addresses and the portion and percentage of common shares held in the United States as at September 28, 2012:

<b>Total Number of Holders</b>	<b>Number of U.S. Holders</b>	<b>Number of Common Shares Held in the U.S.</b>	<b>Percentage of Common Shares Held in the U.S.</b>
221	146	11,604,805	15.97%

(2) *Based on issued and outstanding share capital of 72,628,605 common shares as of September 28, 2012.*

The computation of the number and percentage of common shares held in the United States is based upon the number of common shares held by record holders with United States addresses and by trusts, estates or accounts with United States addresses as disclosed to us following inquiry to all record holders known to us to be trustees, executors, guardians, custodians or other fiduciaries holding common shares for one or more trusts, estates or accounts. United States residents may beneficially own common shares held of record by non-United States residents.



## Control of the Corporation

We are a publicly owned Canadian company, the shares of which are owned by Canadian residents, U.S. residents and other foreign residents. To the best of our knowledge, we are not directly or indirectly owned or controlled by another corporation, any foreign governments or any other natural or legal person, jointly or severally.

### Change in Control Arrangements

We are not aware of any arrangements the operation of which may at a subsequent date result in a change of control of our company.

## B. Related Party Transactions

Other than as disclosed in Item 6.B – “*Directors, Senior Management and Employees – Compensation*” and the transactions set forth below, there are no related party transactions or proposed transactions involving any insider, or associate or affiliate of an insider, that have occurred during our two most recently completed fiscal.

During the year ended May 31, 2012 and May 31, 2011, we entered into the following transactions with related parties:

- SMR Investments Ltd. (“SMR”) is a private company controlled by an officer. Under a management contract with SMR, we agreed to pay \$2,500 per month for management services. We were charged management fees by SMR of \$30,000 during the year ended May 31, 2012 (2011 - \$30,000). As of May 31, 2012, \$Nil (May 31, 2010 - \$8,776) was payable to SMR.
- During the year ended May 31, 2012, director’s fees of \$19,000 (2011 - \$12,000) were paid to our President.
- Fees of \$11,495 (2011 - \$6,493) were paid to KLR Petroleum Ltd. (which is controlled by our President) for administration of our payroll and benefit plan.

Related party transactions occurred in the normal course of operations and are measured at agreed to amounts, which is the amount of consideration established and agreed to by the parties.

Related party transactions not disclosed elsewhere in these financial statements are as follows:

At May 31, 2012, the following advances to/from related parties, other than the note receivable from REGI US, Inc. are unsecured, non-interest bearing and have no fixed terms of repayment. Unless otherwise indicated, the companies are controlled by the President and CEO or are companies where he is the President and CEO:

Advances to related parties:

	May 31, 2012	May 31, 2011
	\$	\$
IAS Energy, Inc.	-	24,821
Linux Gold, Inc.	-	74,946
REGI US, Inc. *	25,224	28,600
	<u>25,224</u>	<u>128,367</u>

Advances from related parties:

	May 31, 2012	May 31, 2011
	\$	\$
Minewest Silver and Gold Corp.	4,458	-
Linux Gold Corp.	49,433	-
Reg Technologies Inc.	-	7,213
SMR Investments Ltd.	-	8,776
	<u>53,891</u>	<u>15,989</u>

\*During the year ended May 31, 2012 REGI US, Inc. repaid \$3,916 to the Company and converted the balance of \$24,684 into a promissory note owed to the Company at annual interest rate of 6%, for which the Company recorded interest income of \$540 on the promissory note during the year ended May 31, 2012. The note matured on April 18, 2012 and was extended to an expiry date of December 31, 2012.

During the year ended May 31, 2012, Linux and the Company revised the Fish Creek property option agreement whereby the Company applied \$142,517 of the balance owed by Linux as cash payment in lieu of exploration work required by the option agreement, in consideration of which Linux extended the option agreement for an additional year.

### C. Interests of Experts and Counsel

Not applicable.

## Item 8. FINANCIAL INFORMATION

### A. Consolidated Statements and Other Financial Information

Included are our audited financial statements, consisting of consolidated statements of financial position as at May 31, 2012 and 2011, consolidated statements of operations and comprehensive loss, consolidated statements of cash flows and consolidated statements of change in equity for each of the years ended May 31, 2012 and 2011 along with related notes and Auditor's Report and Comments by Auditors. See Item 17 – "Financial Statements".

#### *Legal Proceedings*

There are no material legal or arbitration proceedings to which we were a party or in respect of which our property is subject. Our management has no knowledge of any legal proceedings in which we may be involved or that are contemplated by governmental authorities or otherwise.

#### *Dividend Policy*

No dividends have been paid on any class of our shares since the date of our incorporation and we are not contemplating that any dividends will be paid in the immediate or foreseeable future.

### B. Significant Changes

The following changes occurred subsequent to May 31, 2012:

- On July 4, 2012 the Company received the approval from the TSX-V on a normal course issuer bid ("NCIB") to purchase up to 10% of the issued and outstanding common shares of the Company on the open market. As of the date of this report, the Company purchased 1,073,000 shares of the Company for gross purchase of \$78,680 at prices between \$0.055 to \$0.085 per share.
- On July 10, 2012 the Company received the approval from the TSX-V on re-pricing 300,000 options from exercise prices between \$0.185 and \$0.24 to exercise price of \$0.10.
- On June 21, 2012 the Company granted 2,125,000 options exercisable into the Company's common shares at \$0.10 per share until June 21, 2017.

**ITEM 9. THE OFFER AND LISTING****A. Offer and Listing Details**

We currently trade on the TSX.V under the trading symbol “*TRC-V*”. There are currently no restrictions on the transferability of these shares under Canadian securities laws. In addition, there has been a U.S. market in our shares on the OTC BB under the symbol *TRYLF.OB*. There is also a U.S. market in our shares on the Pink Sheets. We are not specifically aware of prices and other trading details for any shares which have or may have traded on the Pink Sheets. The ranges of the low and high sales prices for our shares traded on the TSX.V and OTC BB for the periods indicated are as follows.

The following summarizes the reported high and low prices for our shares on the TSX.V and the OTC BB for the periods indicated:

Monthly Stock Prices	TSX.V <sup>(1)</sup>		OTC BB <sup>(2)</sup>	
	High Cdn\$	Low Cdn\$	High US\$	Low US\$
August 2012	0.08	0.06	0.08	0.06
July 2012	0.07	0.05	0.07	0.05
June 2012	0.05	0.05	0.05	0.04
May 2012	0.06	0.05	0.07	0.04
April 2012	0.08	0.05	0.08	0.05
March 2012	0.08	0.06	0.08	0.06

(1) Stock price information provided by TSX.V.

(2) Stock price information provided by OTC BB. The quotations reflect inter-dealer prices, without retail mark-up, markdown or commission and may not represent actual transactions.

Quarterly Stock Prices	TSX.V <sup>(1)</sup>		OTC BB <sup>(2)</sup>	
	High Cdn\$	Low Cdn\$	High US\$	Low US\$
<b>Fiscal 2012</b>				
Fourth Quarter	0.08	0.05	0.08	0.04
Third Quarter	0.10	0.06	0.11	0.05
Second Quarter	0.13	0.06	0.12	0.05
First Quarter	0.13	0.07	0.13	0.08
<b>Fiscal 2011</b>				
Fourth Quarter	0.18	0.10	0.18	0.09
Third Quarter <sup>(1)</sup>	0.19	0.14	0.18	0.14
Second Quarter	0.18	0.14	0.18	0.14
First Quarter	0.20	0.17	0.20	0.15

(1) Stock price information provided by TSX.V.

(2) Stock price information provided by OTC BB. The quotations reflect inter-dealer prices, without retail mark-up, markdown or commission and may not represent actual transactions.

Annual Stock Prices	TSX.V <sup>(1)</sup>		OTC BB <sup>(2)</sup>	
	High Cdn\$	Low Cdn\$	High US\$	Low US\$
Fiscal 2012	0.13	0.05	0.13	0.04
Fiscal 2011	0.20	0.10	0.20	0.09
Fiscal 2010	0.39	0.12	0.35	0.04
Fiscal 2009	0.17	0.02	0.16	0.12
Fiscal 2008	0.275	0.13	0.23	0.11

(1) Stock price information provided by TSX.V.

(2) Stock price information provided by OTC BB. The quotations reflect inter-dealer prices, without retail mark-up, markdown or commission and may not represent actual transactions.

The closing price of our common shares on the TSX.V on May 31, 2012 was Cdn\$0.05 and on the OTC BB it was US\$0.05.

**B. Plan of Distribution**

Not applicable.

**C. Markets**

Our common shares trade on the TSX.V under the symbol TRC-V. There are currently no restrictions on the transferability of these shares under Canadian securities laws. In addition there has been a U.S. market in our shares on the OTCBB under the symbol TRYLF.OB. Additionally, there has been a U.S. market in our shares on the Pink Sheets.

**D. Selling Shareholders**

Not applicable.

**E. Dilution**

Not applicable.

**F. Expenses of the Issue**

Not applicable.

**Item 10. ADDITIONAL INFORMATION**

**A. Share Capital**

Not applicable.

**B. Memorandum and Articles of Association**

*Securities Register*

We maintain at Computer share Investor Services Inc. ("*transfer agent*") a securities register in which we record the securities issued by us in registered form, showing with respect to each class or series of securities:

- (a) the names, alphabetically arranged and the latest known address of each person who is or has been a security holder;
- (b) the number of securities held by each security holder; and
- (c) the date and particulars of the issue and transfer of each security.

The transfer agent keeps information relating to a security holder that is entered in the securities register for at least seven years after the security holder ceases to be a security holder.

*Registration*

We were incorporated pursuant to the *British Columbia Company Act* (the predecessor statute to the BCBCA) by memorandum and articles filed with the British Columbia Registrar of Companies on May 23, 1980. There are no restrictions on the type of business which may be carried out by us in our memorandum and articles and our objectives and purposes are not set out in our memorandum and articles.

### Approval and Voting

A director or senior officer who holds a disclosable interest (as that term is used in the BCBCA) in a contract or transaction into which we have entered or propose to enter is:

- liable to account to us for any profit that accrues to the director or senior officer under or as a result of the contract or transaction only if and to the extent provided in the BCBCA.
- not entitled to vote on any directors' resolution to approve that contract or transaction, unless all the directors have a disclosable interest in that contract or transaction, in which case any or all of those directors may vote on such resolution.
- and who is present at the meeting of directors at which the contract or transaction is considered for approval may be counted in the quorum at the meeting whether or not the director votes on any or all of the resolutions considered at the meeting.

A director or senior officer who holds any office or possesses any property, right or interest that could result, directly or indirectly, in the creation of a duty or interest that materially conflicts with that individual's duty or interest as a director or senior officer, must disclose the nature and extent of the conflict as required by the BCBCA.

### Remuneration and Expenses

The directors are entitled to the remuneration for acting as directors, if any, as the directors may from time to time determine. If the directors so decide, the remuneration of the directors, if any, will be determined by the Board. That remuneration may be in addition to any salary or other remuneration paid to any officer or employee as such, who is also a director.

### Borrowing

If authorized by the Board, we may:

- (1) borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that we consider appropriate;
- (2) issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation or any other person and at such discounts or premiums and on such other terms as we consider appropriate;
- (3) guarantee the repayment of money by any other person or the performance of any obligation of any other person; and
- (4) mortgage, charge, whether by way of specific or floating charge, grant a security interest in, or give other security on, the whole or any part of our present and future assets and undertaking.

Any bonds, debentures or other debt obligations may be issued at a discount, premium or otherwise, and with any special privileges as to redemption, surrender, drawings, allotment of or conversion into or exchange for shares or other securities, attending and voting at our general meetings, appointment of directors or otherwise and may by their terms be assignable free from any equities between us and the person to whom they were issued or any subsequent holder thereof, all as the Board may determine.

### Qualification

A director is not required to hold a share in our capital as qualification for his or her office but must be qualified as required by the BCBCA to become, act or continue to act as a director.

The BCBCA states that

(1) A person must not become or act as a director of a company unless that person is an individual who is qualified to do so.

(2) An individual is not qualified to become or act as a director of a company if that individual is

- (a) under the age of 18 years,
- (b) found by a court, in Canada or elsewhere, to be incapable of managing the individual's own affairs,
- (c) an undischarged bankrupt, or
- (d) convicted in or out of British Columbia of an offence in connection with the promotion, formation or management of a corporation or unincorporated business, or of an offence involving fraud, unless
  - (i) the court orders otherwise,
  - (ii) 5 years have elapsed since the last to occur of
    - (A) the expiration of the period set for suspension of the passing of sentence without a sentence having been passed,
    - (B) the imposition of a fine,
    - (C) the conclusion of the term of any imprisonment, and
    - (D) the conclusion of the term of any probation imposed, or
  - (iii) a pardon was granted or issued under the Criminal Records Act (Canada).

(3) A director who ceases to be qualified to act as a director of a company must promptly resign.

#### *Description of Securities*

##### Common Shares

We are authorized to issue 100,000,000 common shares without par value of which, as at September 28, 2012, 72,628,605 common shares are issued and outstanding as fully paid and non-assessable. As at September 28, 2012, we had 2,775,000 common shares reserved under our stock option plan. These options are exercisable at prices ranging between \$0.10 and \$0.19 per share, expiring on dates ranging from August 26, 2013 to June 21, 2017. As at September 28, 2012, we had 585,000 common shares reserved under share purchase warrants. These warrants are exercisable at a price of \$0.15 per share, expiring on September 30, 2012.

The holders of the common share are entitled to vote at all meetings of shareholders, except meetings at which only holders of a specified class of shares are entitled to vote, and on every poll taken at every such meeting, or adjourned meeting, every holder of common shares shall be entitled to one vote in respect of each common share held.

## Preferred Shares

We are authorized to issue 5,000,000 preferred shares with no par value, which, as at September 28, 2012, no preferred shares are issued and outstanding. The Preferred Shares have attached thereto a right to receive dividends as determined by the Board. Pursuant to the special rights and restrictions attached to the shares, we may, by directors' resolution or ordinary resolution, in each case as determined by the Board: (a) determine the maximum number of shares of any of those series of preferred shares that we are authorized to issue, determine that there is no such maximum number or alter any determination made in relation to a maximum number of those shares; (b) create an identifying name by which the shares of any of those series of preferred shares may be identified or alter any identifying name created for those shares; and (c) attach special rights or restrictions to the shares of any of those series of preferred shares or alter any special rights or restrictions attached to those shares, subject to the special rights and restrictions attached to the series of preferred shares by our Articles. Where these alterations, determinations or authorizations are to be made in relation to a series of preferred shares of which there are issued shares, such alteration must be made by special resolution of our shareholders and a separate special resolution of the holders of that series.

## Annual and Extraordinary General Meetings

Unless an annual general meeting is deferred or waived in accordance with the BCBCA, we must hold an annual general meeting at least once in each calendar year and not more than 15 months after the last annual meeting date at such time and place as may be determined by the Directors. The Board may call an extraordinary general meeting at any time. Notice of such meetings must be accompanied by an information circular describing the proposed business to be dealt with and making disclosures as prescribed by statute. A shareholder or shareholders having in the aggregate 5% of our issued shares may requisition a meeting and the Board is required to hold such meeting within four months of such requisition. Admission to such meetings is open to registered shareholders and their duly appointed proxies. Others may be admitted subject to the consent of the Chairman of the meeting.

## Notice of Meetings

We must send notice of the date, time and location of any meeting of shareholders, in the manner provided in our Articles, or in such other manner, if any, as may be prescribed by directors' resolution (whether previous notice of the resolution has been given or not), to each shareholder entitled to attend the meeting, to each Director and to our auditor, unless our Articles otherwise provide, at least the following number of days before the meeting:

- (1) if and for so long as we are a public company, 21 days;
- (2) otherwise, 10 days.

## *Dividend Rights*

The dividend entitlement of a common shareholder of record is fixed at the time of declaration by the Board. A vested dividend entitlement does not lapse, but unclaimed dividends are subject to a statutory six year contract debts limitation. Each common share is entitled to one vote on the election of each director. There are no cumulative voting rights, in consequence of which a simple majority of votes at the annual meeting can elect all of our directors. Each common share carries with it the right to share equally with every other common share in dividends declared and in any distribution of our surplus assets after payment to creditors on any winding up, liquidation or dissolution. There are no sinking fund provisions. All common shares must be fully paid prior to issue and are thereafter subject to no further capital calls by us. There exists no discriminatory provision affecting any existing or prospective holder of common shares as a result of such shareholder owning a substantial number of shares.

## *Rights of Shareholders*

Under the BCBCA, the rights of shareholders may be changed only by the shareholders passing a special resolution approved by 2/3 of the votes cast at a general meeting of shareholders, the notice of which is accompanied by an information circular describing the proposed action and its effect on the shareholders. Shareholders representing 10% of our common shares who vote against such a resolution may apply to the Court to set aside the resolution and the Court may set aside, affirm or affirm and order us to purchase the shares of any shareholder at a price determined by the Court.

## Limitations

Our memorandum and articles contain no limitations on the rights of non-resident or foreign shareholders to hold or exercise rights on our shares. There is no limitation at law upon the right of a non-resident to hold shares in a Canadian company. There are no provisions in our memorandum and articles that would have an effect of delaying, deferring or preventing a change in control and that would operate only with respect to a merger, acquisition or corporate restructuring involving us or any of our subsidiaries.

There is no provision in our articles setting a threshold or requiring or governing disclosure of shareholder ownership above any level. Securities Acts, regulations and the policies and rules thereunder in the Provinces of Alberta and British Columbia, where we are a reporting company, require any person holding or having control of more than 10% of our issued shares to file insider returns disclosing such share holdings.

## C. Material Contracts

During the year ended May 31, 2012 and subsequent to that date we entered into the following material contracts:

On April 20, 2012 the Company and Minewest Silver and Gold Inc. 70% owner of the Silverknife claims, entered into an Exploration, Development and Mine Operating Agreement until the completion of mining and environmental restoration on the Property with initial participation interests of 70% and 30% for Minewest and the Company respectively. The Exploration Agreement was approved by the TSX Venture Exchange on September 7, 2012.

## D. Exchange Controls

There are no governmental laws, decrees or regulations in Canada relating to restrictions on the export or import of capital, or affecting the remittance of interest, dividends or other payments to non-resident holders of our common stock. See "*Taxation*" below.

The *Investment Canada Act* requires a non-Canadian making an investment which would result in the acquisition of control of a Canadian business, the gross value of the assets of which exceed certain threshold levels or the business activity of which is related to Canada's cultural heritage or national identity, to either notify, or file an application for review with, Investment Canada, the federal agency created by the *Investment Canada Act*.

The notification procedure involves a brief statement of information about the investment on a prescribed form, which is required to be filed with Investment Canada by the investor at any time up to 30 days following implementation of the investment. It is intended that investments requiring only notification will proceed without government intervention unless the investment is in a specific type of business activity related to Canada's cultural heritage and national identity.

If an investment is reviewable under the Act, an application for review in the form prescribed is normally required to be filed with Investment Canada prior to the investment taking place and the investment may not be implemented until the review has been completed and the Minister responsible for Investment Canada is satisfied that the investment is likely to be of net benefit to Canada. If the Minister is not satisfied that the investment is likely to be of net benefit to Canada, the non-Canadian must not implement the investment or, if the investment has been implemented, must divest himself of control of the business that is the subject of the investment.

## E. Taxation

### *Canadian Federal Income Tax Consequences*

The following is a general discussion of all material Canadian federal income tax consequences, under current law, generally applicable to a holder of one or more Common Shares (a "*Holder*") who for the purposes of the *Income Tax Act* (Canada) (the "*Canadian Tax Act*") is a non-resident of Canada, holds his Common Shares as capital property and deals at arm's length with our company and is restricted to such circumstances.

The following summary describes the principal Canadian federal income tax considerations generally applicable to a holder of the Common Shares who, for purposes of the *Canadian Tax Act* and the Convention between Canada and the United States of America with Respect to Taxes on Income and on Capital (the "*Convention*") and at all relevant times, is resident in the United States and was not and is not resident in Canada, deals at arm's length and is not affiliated with our company, holds the Common Shares as capital property, does not use or hold and is not deemed to use or hold the Common Shares in or in the course of carrying on business in Canada and is not a non-resident insurer and who otherwise qualifies for the full benefit of the Convention (a "*United States Holder*").



This summary is based on the current provisions of the Convention, the Canadian Tax Act and the regulations thereunder, and specific proposals to amend the Canadian Tax Act and the regulations announced by the Minister of Finance (Canada) prior to the date hereof and our understanding of the administrative practices published in writing by the Canada Revenue Agency prior to the date hereof. On September 21, 2007, the Minister of Finance (Canada) and the United States Secretary of the Treasury signed the fifth protocol to the Convention (the "*Protocol*") which includes amendments to many of the provisions of the Convention, including significant amendments to the limitation on benefits provision and treatment of fiscally transparent entities such as some United States limited liability companies. The Protocol was ratified by the United States government in December 2008 (it was ratified by the Canadian government in 2007) and came into force in 2010. United States Holders are urged to consult their own tax advisors to determine the impact of the Protocol and their entitlement to relief under the Convention based on their particular circumstances.

This summary does not take into account or anticipate any other changes in the governing law, whether by judicial, governmental or legislative decision or action, nor does it take into account the tax legislation or considerations of any province, territory or non-Canadian (including U.S.) jurisdiction, which legislation or considerations may differ significantly from those described herein.

For the purposes of the Canadian Tax Act, the Canadian tax results of a United States Holder are to be determined using Canadian currency based on the relevant exchange rate applicable thereto.

Prospective purchasers and holders of Common Shares should consult their own tax advisors with respect to their individual circumstances.

#### *Dividends*

Generally, dividends paid by Canadian corporations to non-resident shareholders are subject to a withholding tax of 25% of the gross amount of such dividends. Pursuant to the Convention, the withholding tax rate on the gross amount of dividends paid to United States Holders may be reduced to 15% or, in the case of a United States Holder that is a U.S. corporation which beneficially owns at least 10% of the voting stock of the Canadian corporation paying the dividends, to 5% of the gross amount of such dividends.

Under the Convention, dividends paid to certain religious, scientific, charitable and other similar tax-exempt organizations and certain organizations that are resident in, and exempt from tax in, the United States are exempt from Canadian non-resident withholding tax, including any withholding tax levied in respect of dividends received on the shares.

#### *Disposition of Common Shares*

In general, a United States Holder will not be subject to Canadian income tax on capital gains arising on the disposition of the Common Shares, unless such shares are "taxable Canadian property" within the meaning of the Canadian Tax Act and no relief is afforded under the Convention. Generally, the Common Shares would be taxable Canadian property of a United States Holder if at any time during the sixty month period immediately preceding a disposition by the United States Holder of such shares, not less than 25% of the issued shares of any class or series of a class of shares of our company belonged to the United States Holder, to persons with whom the United States Holder did not deal at arm's length (within the meaning of the Canadian Tax Act), or to the United States Holder and persons with whom the non-resident did not deal at arm's length (within the meaning of the Canadian Tax Act). Even if the Common Shares are "taxable Canadian property" under the Canada Tax Act, under the Convention, a capital gain realized by a United States Holder will not be subject to Canadian tax unless the value of the Common Shares is derived principally from real property (as defined in the Convention) situated in Canada. We do not believe the value of our Common Shares is derived principally from real property situated in Canada.

#### *U.S. Federal Income Tax Consequences*

The following is a summary of the anticipated material U.S. federal income tax consequences to a U.S. Holder (as defined below) arising from and relating to the acquisition, ownership, and disposition of Common Shares.

Each U.S. Holder is encouraged to consult his own financial advisor, legal counsel, or accountant regarding the U.S. federal, U.S. state and local, and foreign tax consequences of the acquisition, ownership, and disposition of Common Shares.

*Authorities*

This summary is based on the *Internal Revenue Code of 1986*, as amended (the "*Code*"), Treasury Regulations (whether final, temporary, or proposed), published rulings of the Internal Revenue Service ("*IRS*"), published administrative positions of the IRS, and U.S. court decisions that are applicable and, in each case, as in effect and available, as of the date of this Registration Statement. Any of the authorities on which this summary is based could be changed in a material and adverse manner at any time, and any such change could be applied on a retroactive basis. This summary does not discuss the potential effects, whether adverse or beneficial, of any proposed legislation that, if enacted, could be applied on a retroactive basis.

*U.S. Holders*

For purposes of this summary, a "*U.S. Holder*" is a beneficial owner of Common Shares that, for U.S. federal income tax purposes, is (a) an individual who is a citizen or resident of the U.S., (b) a corporation, or any other entity classified as a corporation for U.S. federal income tax purposes, that is created or organized in or under the laws of the U.S. or any state in the U.S., including the District of Columbia, (c) an estate if the income of such estate is subject to U.S. federal income tax regardless of the source of such income, or (d) a trust subject to the primary supervision of a court within the U.S. and control of a U.S. fiduciary as described Section 7701(a)(30) of the Code. If a partnership or other "pass-through" entity treated as a partnership for U.S. federal income tax purposes holds Common Shares, the U.S. federal income tax treatment of the partners or owners of such partnership or other pass-through entity generally will depend on the status of such partners or owners and the activities of such partnership or pass-through entity.

*Persons Not Covered*

This summary does not address the U.S. federal income tax consequences to persons (including persons who are U.S. Holders) subject to special provisions of U.S. federal income tax law, including (i) persons who are tax-exempt organizations, qualified retirement plans, individual retirement accounts and other tax-deferred accounts, financial institutions, insurance companies, real estate investment trusts, regulated investment companies, or brokers, dealers or traders in securities, (ii) persons who have a "functional currency" other than the U.S. dollar, (iii) persons subject to the alternative minimum tax, (xi) persons who own their Common Shares as part of a straddle, hedging, conversion transaction, constructive sale or other arrangement involving more than one position, (iv) persons who acquired their Common Shares through the exercise of employee stock options or otherwise as compensation for services, (v) persons that own an interest in an entity that owns Common Shares, (vi) persons who own, exercise or dispose of any options, warrants or other rights to acquire Common Shares, (vii) persons who are partners or owners of partnerships or other pass-through entities or (viii) persons who own their Common Shares other than as a capital asset within the meaning of Section 1221 of the Code.

*Distributions Made by the Corporation to U.S. Holders*

General Rules. U.S. Holders receiving distributions (including constructive distributions) with respect to Common Shares issued by us are required to include in gross income as a dividend for U.S. federal income tax purposes the gross amount of such distributions (without reduction for any Canadian income tax withheld from such distributions), equal to the U.S. dollar value of such distributions on the date of receipt (based on the exchange rate on such date), to the extent that we have current or accumulated earnings and profits. To the extent that distributions from us exceed our current and accumulated earnings and profits, such distributions will be treated first as a return of capital, to the extent of the U.S. Holder's adjusted basis in the shares, and thereafter as gain from the sale or exchange of the shares. (See more detailed discussion at "Disposition of Shares" below). Any Canadian tax withheld from a distribution by us may be credited, subject to certain limitations, against the U.S. Holder's U.S. federal income tax liability or, alternatively, may be deducted in computing the U.S. Holder's U.S. federal taxable income by those who itemize deductions. (See more detailed discussion at "*Foreign Tax Credit*" below).

**Currency Gain or Loss.** In the case of foreign currency received as a distribution that is not converted by the recipient into U.S. dollars on the date of receipt, a U.S. Holder will have a tax basis in the foreign currency equal to its U.S. dollar value on the date of receipt. Generally any gain or loss recognized upon a subsequent sale or other disposition of the foreign currency, including the exchange for U.S. dollars, will be ordinary income or loss. However, an individual whose realized gain does not exceed \$200 will not recognize that gain, to the extent that there are no expenses associated with the transaction that meet the requirements for deductibility as a trade or business expense (other than travel expenses in connection with a business trip) or as an expense for the production of income.

**Dividend may be Eligible for Reduced Tax Rate.** For taxable years beginning after September 30, 2002 and before January 1, 2009, dividends received by U.S. Holders that are individuals, estates or trusts from “qualified foreign corporations,” as defined in Section 1(h)(11) of the Code, generally are taxed at the same preferential tax rates applicable to long-term capital gains. Although not free from doubt, it appears that we would be a “qualified foreign corporation,” as defined in Section 1(h)(11) of the Code pursuant to the U.S. Canada income tax treaty if we are not a Passive Foreign Investment Company (“PFIC”). A corporation that is properly described as a PFIC, Foreign Personal Holding Company (defined below), or a Foreign Investment Company (defined below) for its taxable year during which it pays a dividend, or for its immediately preceding taxable year, will not be treated as a “qualifying foreign corporation” and dividends received by U.S. Holders that are individuals, estates or trusts generally will be subject to U.S. federal income tax at ordinary income tax rates (and not at the preferential tax rates applicable to long-term capital gains).

**Dividends not Eligible for Dividends Received Deduction.** Dividends paid by us generally will not be eligible for the “dividends received deduction” allowed to corporate shareholders receiving dividends from certain U.S. corporations. Under certain circumstances, a U.S. Holder that is a corporation and that owns shares representing at least 10% of the total voting power and the total value of shares issued by us may be entitled to a 70% deduction of the “U.S. source” portion of dividends received from us (unless we qualify as a “Foreign Personal Holding Company” or a “PFIC” as defined below). The availability of the dividends received deduction is subject to several complex limitations that are beyond the scope of this discussion, and U.S. Holders of shares issued by us should consult their own financial advisor, legal counsel or accountant regarding the dividends received deduction.

**Dividend Paid to Shareholder who Made QEF Election may be Exempt from Tax.** Generally, shareholders are not subject to additional income taxation on distributions made by a PFIC to the extent of the shareholder’s basis in the corporation’s shares if a Qualified Electing Fund (“QEF”) election is in effect. (Please see the QEF election discussion below.) A shareholder’s basis in this situation is usually equal to the cost of purchasing the shares plus the amount of the corporation’s income that was reported on the shareholder’s return pursuant to the QEF election less any prior distributions made by the corporation to the shareholder. Again, these rules are subject to several exceptions that are beyond the scope of this discussion. **U.S. Holders of shares issued by us should consult their own financial advisor, legal counsel or accountant regarding whether dividends paid by us to them will be exempt from federal income tax if a QEF election is made.**

### ***Disposition of Shares***

**General Rule.** A U.S. Holder will recognize gain or loss upon the sale or other taxable disposition of shares issued by us equal to the difference, if any, between (i) the amount of cash plus the fair market value of any property received, and (ii) the shareholder’s tax basis in the shares. This gain or loss will be capital gain or loss if the Common Shares are a capital asset in the hands of the U.S. Holder, which will be long-term capital gain or loss if the shares are held for more than one year.

**Reduced Tax Rate.** Preferential tax rates apply to long-term capital gains of U.S. Holders that are individuals, estates or trusts. There are currently no preferential tax rates for long-term capital gains for a U.S. Holder that is a corporation (other than a corporation subject to Subchapter S of the Code). Deductions for net capital losses are subject to significant limitations. For U.S. Holders that are not corporations, any unused portion of such net capital loss may be carried over to be used in later tax years until such net capital loss is thereby exhausted. For U.S. Holders that are corporations (other than corporations subject to Subchapter S of the Code), an unused net capital loss may be carried back three years and carried forward five years from the loss year to be offset against capital gains until such net capital loss is thereby exhausted. Sales of PFIC stock are not eligible for the reduced long-term capital gains rates that are usually applicable to sales of stock unless the shareholder made a QEF election regarding such shares.

***General Discussion.*** It is highly likely that we will be classified as a passive foreign investment company (“*PFIC*”) from time to time for U.S. federal income tax purposes. A non-U.S. corporation is classified as a PFIC whenever it satisfies either the asset test or the income test. This determination is not binding on U.S. Holders or the IRS and there can be no assurance that the IRS will not challenge this determination. A U.S. Holder who holds stock in a foreign corporation during any year in which such corporation qualifies as a PFIC is subject to numerous special U.S. federal income taxation rules and may elect to be taxed under two alternative tax regimes. The following is a discussion of these three sets of special rules applied to U.S. Holders of shares issued by us. In addition, special rules apply if a foreign corporation qualifies as both a PFIC and a “controlled foreign corporation” (as defined below) and a U.S. Holder owns, actually or constructively, 10 % or more of the total combined voting power of all classes of stock entitled to vote of such foreign corporation (See more detailed discussion at “Controlled Foreign Corporation” below).

***Definition of PFIC.*** Section 1297 of the Code defines a PFIC as a corporation that is not formed in the U.S. and, for any taxable year, either (a) 75% or more of its gross income is “*passive income*” or (b) the average percentage, by fair market value (or, if the corporation is not publicly traded and either is a controlled foreign corporation or makes an election, by adjusted tax basis), of its assets that produce or are held for the production of “*passive income*” is 50% or more. “*Passive income*” includes, for example, dividends, interest, certain rents and royalties, certain gains from the sale of stock and securities, and certain gains from commodities transactions. However, gains resulting from commodities transactions are generally excluded from the definition of passive income if “substantially all” of a merchant’s, producer’s or handler’s business is as an active merchant, producer or handler of such commodities. For purposes of the PFIC income test and the assets test, if a foreign corporation owns (directly or indirectly) at least 25% by value of the stock of another corporation, such foreign corporation shall be treated as if it (a) held a proportionate share of the assets of such other corporation, and (b) received directly its proportionate share of the income of such other corporation. Also, for purposes of such PFIC tests, passive income does not include any interest, dividends, rents or royalties that are received or accrued from a “related” person to the extent such amount is properly allocable to the income of such related person which is not passive income. For these purposes, a person is related with respect to a foreign corporation if such person “controls” the foreign corporation or is controlled by the foreign corporation or by the same persons that control the foreign corporation. For these purposes, “*control*” means ownership, directly or indirectly, of stock possessing more than 50% of the total voting power of all classes of stock entitled to vote or of the total value of stock of a corporation

***Generally Applicable PFIC Rules.*** If a U.S. Holder does not make a timely election to be taxed in conformity with the Mark-to-Market rules or the QEF rules during a year in which it holds (or is deemed to have held) shares issued by us while we are a PFIC (a “*Non-Electing U.S. Holder*”), then special taxation rules under Section 1291 of the Code will apply to (i) gains realized on the disposition (or deemed to be realized by reasons of a pledge) of his Common Shares and (ii) certain “excess distributions” (generally, distributions received in the current taxable year that are in excess of 125% of the average distributions received during the three preceding years or, if shorter, the U.S. Holder’s holding period) by us.

A Non-Electing U.S. Holder generally would be required to pro rate all gains realized on the disposition of his Common Shares and all excess distributions on his Common Shares over the entire holding period for the Common Shares. All gains or excess distributions allocated to prior years of the U.S. Holder would be taxed at the highest tax rate for each such prior year applicable to ordinary income. The Non-Electing U.S. Holder also would be liable for interest on the foregoing tax liability for each such prior year calculated as if such liability had been due with respect to each such prior year. A Non-Electing U.S. Holder that is not a corporation must treat this interest charge as “*personal interest*” which, as discussed above, is wholly non-deductible. The balance of the gain or the excess distribution will be treated as ordinary income in the year of the disposition or distribution, and no interest charge will be incurred with respect to such balance.

If we are a PFIC for any taxable year during which a Non-Electing U.S. Holder holds shares issued by us, then we will continue to be treated as a PFIC with respect to such Common Shares, even if we cease meeting the definition of a PFIC. A Non-Electing U.S. Holder may terminate this deemed PFIC status by electing to recognize gain (which will be taxed under the rules discussed above for Non-Electing U.S. Holders) as if such Common Shares had been sold on the last day of the last taxable year for which it was a PFIC.

**Market-to-Market Election.** U.S. Holders who hold, actually or constructively, marketable stock (as specifically defined in the Treasury Regulations) of a foreign corporation that qualifies as a PFIC may annually elect to mark such stock to the market (a “*market-to-market election*”). If such an election is made, such U.S. Holder will generally not be subject to the special taxation rules of Section 1291 discussed above. However, if the mark-to-market election is made by a Non-Electing U.S. Holder after the beginning of the holding period for the PFIC stock, then the Section 1291 rules will apply to certain dispositions of, distributions on and other amounts taxable with respect to our Common Shares. A U.S. Holder who makes the mark-to-market election will include in income for the taxable year for which the election was made an amount equal to the excess, if any, of the fair market value of our Common Shares as of the close of such tax year over such U.S. Holder’s adjusted basis in such Common Shares. In addition, the U.S. Holder is allowed a deduction for the lesser of (i) the excess, if any, of such U.S. Holder’s adjusted tax basis in the Common Shares over the fair market value of such shares as of the close of the tax year, or (ii) the excess, if any, of (A) the mark-to-market gains for our shares included by such U.S. Holder for prior tax years, including any amount which would have been included for any prior tax year but for the Section 1291 interest on tax deferral rules discussed above with respect to Non-Electing U.S. Holders, over (B) the mark-to-market losses for shares that were allowed as deductions for prior tax years. A U.S. Holder’s adjusted tax basis in his shares will be adjusted to reflect the amount included in or deducted from income as a result of a mark-to-market election. A mark-to-market election applies to the taxable year in which the election is made and to each subsequent taxable year, unless the shares cease to be marketable, as specifically defined, or the IRS consents to revocation of the election.

**QEF Election.** A U.S. Holder who makes a timely QEF election (an “*Electing U.S. Holder*”) regarding his shares issued by us will be subject, under Section 1293 of the Code, to current U.S. federal income tax for any taxable year in which we qualify as a PFIC on his pro rata share of our (i) “net capital gain” (the excess of net long-term capital gain over net short-term capital loss), which will be taxed as long-term capital gain to the Electing U.S. Holder and (ii) “ordinary earnings” (the excess of earnings and profits over net capital gain), which will be taxed as ordinary income to the Electing U.S. Holder, in each case, for the shareholder’s taxable year in which (or with which) our taxable year ends, regardless of whether such amounts are actually distributed.

The effective QEF election also allows the Electing U.S. Holder to (i) generally treat any gain realized on the disposition of his Common Shares (or deemed to be realized on the pledge of his shares) as capital gain; (ii) treat his share of our net capital gain, if any, as long-term capital gain instead of ordinary income; and (iii) either avoid interest charges resulting from PFIC status altogether, or make an annual election, subject to certain limitations, to defer payment of current taxes on his share of our annual realized net capital gain and ordinary earnings subject, however, to an interest charge. If the Electing U.S. Holder is not a corporation, such an interest charge would be treated as “personal interest” that is not deductible.

The procedure a U.S. Holder must comply with in making an effective QEF election, and the U.S. federal income tax consequences of the QEF election, will depend on whether the year of the election is the first year in the U.S. Holder’s holding period in which we are a PFIC. If the U.S. Holder makes a QEF election in such first year, *i.e.*, a timely QEF election, then the U.S. Holder may make the QEF election by simply filing the appropriate QEF election documents at the time the U.S. Holder files his tax return for such first year. However, if we qualified as a PFIC in a prior year, then in addition to filing the QEF election documents, the U.S. Holder must elect to recognize (i) under the rules of Section 1291 of the Code (discussed herein), any gain that he would otherwise recognize if the U.S. Holder sold his stock on the qualification date or (ii) if we are a controlled foreign corporation, the U.S. Holder’s pro rata share of our earnings and profits as of the qualification date. The qualification date is the first day of our first tax year in which we qualified as a QEF with respect to such U.S. Holder. The elections to recognize such gain or earnings and profits can only be made if such U.S. Holder’s holding period for the shares includes the qualification date. By electing to recognize such gain or earnings and profits, the U.S. Holder will be deemed to have made a timely QEF election. **U.S. Holders are urged to consult a tax advisor regarding the availability of and procedure for electing to recognize gain or earnings and profits under the foregoing rules.** In addition to the above rules, under very limited circumstances, a U.S. Holder may make a retroactive QEF election if such U.S. Holder failed to file the QEF election documents in a timely manner.

A QEF election, once made with respect to our company, applies to the tax year for which it was made and to all subsequent tax years, unless the election is invalidated or terminated, or the IRS consents to revocation of the election. If a QEF election is made by a U.S. Holder and we cease to qualify as a PFIC in a subsequent tax year, the QEF election will remain in effect, although not applicable, during those tax years in which we do not qualify as a PFIC. Therefore, if we again qualify as a PFIC in a subsequent tax year, the QEF election will be effective and the U.S. Holder will be subject to the rules described above for Electing U.S. Holders in such tax year and any subsequent tax years in which we qualify as a PFIC. In addition, the QEF election remains in effect, although not applicable, with respect to an Electing U.S. Holder even after such U.S. Holder disposes of all of his or its direct and indirect interest in our shares. Therefore, if such U.S. Holder reacquires an interest in our company, that U.S. Holder will be subject to the rules described above for Electing U.S. Holders for each tax year in which we qualify as a PFIC.

Generally, shareholders do not make a QEF election unless they have sufficient information to determine their proportionate shares of a corporation's net capital gain and ordinary earnings. We have not calculated these amounts for any shareholder and do not anticipate making these calculations in the foreseeable future. **Therefore, U.S. Holders of our Common Shares should consult their own financial advisor, legal counsel or accountant regarding the QEF election before making this election.**

**Other PFIC Rules.** Under Section 1291(f) of the Code, the IRS has issued Proposed Treasury Regulations that, subject to certain exceptions, would treat as taxable certain transfers of PFIC stock by Non-Electing U.S. Holders that are generally not otherwise taxed, such as gifts, exchanges pursuant to corporate reorganizations, and transfers at death. Generally, in such cases the basis of shares in the hands of the transferee and the basis of any property received in the exchange for those shares would be increased by the amount of gain recognized. However, the specific U.S. federal income tax consequences to the U.S. Holder and the transferee may vary based on the manner in which the Common Shares are transferred.

Certain special, generally adverse, rules will apply with respect to shares issued by us while we are a PFIC whether or not it is treated as a QEF. For example under Section 1298(b)(6) of the Code, a U.S. Holder who uses PFIC stock as security for a loan (including a margin loan) will, except as may be provided in regulations, be treated as having made a taxable disposition of such shares.

**The PFIC rules are very complicated, and U.S. Holders should consult their own financial advisor, legal counsel or accountant regarding the PFIC rules, including the advisability of and procedure for making a QEF election or a mark-to-market election, and how these rules may impact their U.S. federal income tax situation.**

### ***Foreign Tax Credit***

A U.S. Holder who pays (or has withheld from distributions) Canadian or other foreign income tax with respect to the ownership of shares issued by us may be entitled, at the option of the U.S. Holder, to either receive a deduction or a tax credit for U.S. federal income tax purposes with respect to such foreign tax paid or withheld. Generally, it will be more advantageous to claim a credit because a credit reduces U.S. federal income taxes on a dollar-for-dollar basis, while a deduction merely reduces the taxpayer's income subject to U.S. federal income tax. This election is made on a year-by-year basis and applies to all foreign taxes paid by (or withheld from distributions to) the U.S. Holder during that year.

There are significant and complex limitations that apply to the foreign tax credit, among which is the general limitation that the credit cannot exceed the proportionate share of the U.S. Holder's U.S. income tax liability that the U.S. Holder's "foreign source" income bears to his or its worldwide taxable income. In applying this limitation, the various items of income and deduction must be classified as either "foreign source" or "U.S. source." Complex rules govern this classification process. In addition, this limitation is calculated separately with respect to specific classes of income such as "passive income," "high withholding tax interest," "financial services income," "shipping income," and certain other classifications of income. Dividends distributed by us will generally constitute "foreign source" income, and will be classified as "passive income" or, in the case of certain U.S. Holders, "financial services income" for these purposes.

In addition, U.S. Holders that are corporations and that own 10% or more of our voting stock may be entitled to an "indirect" foreign tax credit under Section 902 of the Code with respect to the payment of dividends by us under certain circumstances and subject to complex rules and limitations. **The availability of the foreign tax credit and the application of the limitations with respect to the foreign tax credit are fact specific, and each U.S. Holder of Common Shares issued by us should consult their own financial advisor, legal counsel or accountant regarding the foreign tax credit rules.**

### ***Information Reporting; Backup Withholding***

Certain information reporting and backup withholding rules may apply with respect to certain payments related to shares issued by us. In particular, a payor or middleman within the U.S., or in certain cases outside the U.S., will be required to withhold 28% (which rate is scheduled for periodic adjustment) of any payments to a U.S. Holder regarding dividends paid by us, or proceeds from the sale of, such Common Shares within the U.S., if a U.S. Holder fails to furnish its correct taxpayer identification number (generally on Form W-9) or otherwise fails to comply with, or establish an exemption from, the backup withholding tax requirements. Any amounts withheld under the U.S. backup withholding tax rules will be allowed as a refund or a credit against the U.S. Holder's U.S. federal income tax liability, provided the required information is furnished to the IRS. **U.S. Holders should consult their own financial advisor, legal counsel or accountant regarding the information reporting and backup withholding rules applicable to our shares.**

## ***Other Considerations for U.S. Holders***

In the following circumstances, the above sections of this discussion may not describe the U.S. federal income tax consequences to U.S. Holders resulting from the ownership and disposition of shares issued by a foreign corporation.

***Foreign Personal Holding Company.*** If at any time during a taxable year (a) more than 50% of the total voting power or the total value of outstanding shares issued by us is owned, directly or indirectly, by five or fewer individuals who are citizens or residents of the U.S. and (b) 60% (or 50% in certain cases) or more of our gross income for such year is “foreign personal holding company income” as defined in Section 553 of the Code (e.g., dividends, interest, royalties, certain gains from the sale of stock and securities, and certain gains from commodities transactions), we may be treated as a “Foreign Personal Holding Company” (“FPHC”) In that event, U.S. Holders of our Common Shares would be required to include in gross income for such year their allocable portions of such “foreign personal holding company income” to the extent we do not actually distribute such income.

We do not believe that we currently qualify as a FPHC. However, there can be no assurance that we will not be considered a FPHC for the current or any future taxable year.

***Foreign Investment Company.*** If (a) 50% or more of the total voting power or the total value of our outstanding shares is owned, directly or indirectly, by citizens or residents of the U.S., U.S. partnerships or corporations, or U.S. estates or trusts (as defined by the Code Section 7701(a)(30)), and (b) we are found to be engaged primarily in the business of investing, reinvesting, or trading in securities, commodities, or any interest therein, we may be treated as a “Foreign Investment Company” (“FIC”) as defined in Section 1246 of the Code, causing all or part of any gain realized by a U.S. Holder selling or exchanging our Common Shares to be treated as ordinary income rather than capital gain.

We do not believe that we currently qualify as a FIC. However, there can be no assurance that we will not be considered a FIC for the current or any future taxable year.

***Controlled Foreign Corporation.*** If more than 50% of the total voting power or the total value of our outstanding shares is owned, directly or indirectly, by citizens or residents of the U.S., U.S. partnerships or corporations, or U.S. estates or trusts (as defined by the Code Section 7701(a)(30)), each of which own, directly or indirectly, 10% or more of the total voting power of our outstanding shares (each a “10% Shareholder”), we could be treated as a “Controlled Foreign Corporation” (“CFC”) under Section 957 of the Code.

The classification of our company as a CFC would affect many complex results, including that 10% Shareholders would generally (i) be treated as having received a current distribution of our “Subpart F income” and (ii) would also be subject to current U.S. federal income tax on their pro rata shares of our earnings invested in “U.S. property.” The foreign tax credit may reduce the U.S. federal income tax on these amounts for such 10% Shareholders (See more detailed discussion at “Foreign Tax Credit” above). In addition, under Section 1248 of the Code, gain from the sale or other taxable disposition of our Common Shares by a U.S. Holder that is or was a 10% Shareholder at any time during the five-year period ending with the sale is treated as a dividend to the extent of our earnings and profits attributable to the Common Shares sold or exchanged.

If we are classified as both a PFIC and a CFC, we generally will not be treated as a PFIC with respect to 10% Shareholders. This rule generally will be effective for taxable years of 10% Shareholders beginning after 1997 and for its taxable years ending with or within such taxable years of 10% Shareholders.

We do not believe that we currently qualify as a CFC. However, there can be no assurance that we will not be considered a CFC for the current or any future taxable year.

**The FPHC, FIC and CFC rules are very complicated, and U.S. Holders should consult their own financial advisor, legal counsel or accountant regarding the FPHC, FIC and CFC rules and how these rules may impact their U.S. federal income tax situation.**

## **F. Dividends and Paying Agents**

Not applicable.

## **G. Statements by Experts**

Not applicable.

## **H. Documents on Display**

We have filed with the SEC this Annual Report on Form 20-F, including exhibits, under the Exchange Act with respect to our common shares.

Our registration statement may be inspected and copied, including exhibits and schedules, and the reports and other information as filed with the SEC in accordance with the Exchange Act at the public reference facilities maintained by the SEC at Judiciary Plaza, 100 F Street NE, Washington, D.C. 20549. Copies of such material may also be obtained from the Public Reference Section of the SEC at 100 F Street NE, Washington, D.C. 20549, at prescribed rates. Information may be obtained regarding the Washington D.C. Public Reference Room by calling the SEC at 1-800-SEC-0330 or by contacting the SEC over the Internet at its website at <http://www.sec.gov>.

## **I. Subsidiary Information**

Not applicable.

### **Item 11. quantitative and qualitative disclosures about market risk**

Not applicable.

### **Item 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES**

Not applicable.

## **PART II**

### **Item 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES**

There have been no defaults, dividends arrearages or delinquencies.

### **Item 14. MATERIAL MODIFICATION TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS**

There have been no material modifications to our common shares.

### **ITEM 15. CONTROLS AND PROCEDURES**

#### **A. Disclosure Controls and Procedures**

As at the end of the period covered by this Form 20-F Annual Report, our management, with the participation of our Chief Executive officer and our Chief Financial Officer, performed an evaluation of the effectiveness of our disclosure controls and procedures that are designed to ensure that the material financial and non-financial information required to be disclosed by Rules 13a-15 and 15d-15 of the Exchange Act and filed with the SEC is recorded, processed, summarized and timely reported. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in our reports that we file or submit under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding our required disclosure.



Management, including our CEO and CFO, does not expect that our disclosure controls and procedures or internal controls and procedures will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Management, including the CEO and CFO, directly supervises the preparation of all of the financial reports prepared by us and is directly involved in our financial record keeping and reporting. All accounting records and financial reports prepared by us are reviewed for accuracy by the CEO and CFO.

After evaluation of our disclosure controls and procedures as of the year end covered by this report, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective as a result of weaknesses in the design of internal control over financial reporting.

## **B. Management's Annual Report on Internal Control over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over the financial reporting of our company. Internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act is a process designed by, or under the supervision of, our Chief Executive Officer and Chief Financial Officer, and affected by our Board, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP, and includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures are being made only in accordance with the authorizations of management and our Board; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

Management has concluded, based on their evaluation, that as of May 31, 2012, weaknesses existed in the design of internal control over financial reporting caused by a lack of adequate segregation of duties and ineffective risk management. These weaknesses have the potential to result in material misstatements in our financial statements, and should also be considered a weakness in our disclosure controls and procedures. As a result of limited staffing due to the size of our business certain staff members carry out multiple responsibilities independently. To remediate such weakness, we plan to appoint additional qualified personnel to address inadequate segregation of duties and ineffective risk management, and adopt sufficient written policies and procedures for accounting and financial reporting. These remediation efforts are largely dependent upon securing additional financing to cover the costs of implementing the changes required. Because of the material weakness described, management believes that, as of May 31, 2012, our company's internal control over financial report was not effective as of the Evaluation Date.

The Audit Committee has been provided information on the deficiency. Together, the Audit Committee, the Board and management continue to work to mitigate the risk of a material misstatement in our financial statements. Management will continue to identify certain areas where it can improve process controls and will incorporate these changes into the control over the financial reporting going forward.

## **C. Attestation Report of the Registered Public Accounting Firm**

This annual report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to temporary rules of the SEC that permit us to provide only management's report in this annual report.

## **D. Changes in Internal Control Over Financial Reporting**

During the period covered by this report, there has been no change in our internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

### **ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT**

We do not currently have a financial expert on our audit committee. We rely upon the services of a chartered accountant in Vancouver, BC, Canada, to prepare our consolidated financial statements.

Our audit committee is comprised of seasoned business professionals, whereby the members have over 25 years of experience in the investment business and are board members of several corporations. We believe that the audit committee has adequate resources available to it when financial expertise and advice are necessary.

### **ITEM 16B. CODE OF ETHICS**

We have not yet adopted a written “*code of ethics*” that meets the new United States’ Sarbanes-Oxley standards. The Board believes that its existing standards and procedures are adequate for its purposes. We believe that our management structure and corporate culture effectively deter wrongdoing and promote honest and ethical conduct, full, fair and accurate, timely, and understandable disclosure in reports and documents, compliance with applicable governmental laws, rules and regulations, prompt internal reporting of unethical conduct and accountability for adherence to the conduct standards. We have no employees and our officers are also directors, thus eliminating any split between our management and the directors who are responsible to safeguard shareholder interests. As a result, we believe that the activities of our officers, employees and other agents can be easily monitored by our directors, thus eliminating the need for a formal written code of ethics.

### **ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

ACAL Group, Chartered Accountants (“ACAL”) audited our financial statements for the years ended May 31, 2012 and May 31, 2011.

ACAL were paid or accrued the corresponding fees for the fiscal years ended May 31, 2012 and May 31, 2011, respectively.

#### *Audit Fees*

Fees billed by ACAL for professional services for the year ended May 31, 2012 were \$19,000 and for the year ended May 31, 2011 were \$18,000. Such fees were for the audit of our annual financial statements and for services in connection with statutory and regulatory filings for such fiscal years.

#### *Audit Related Fees*

Fees billed for audit related fees by ACAL for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and not reported under audit fees totaled \$Nil for ACAL for the years ended May 31, 2012 and 2011.

#### *Tax Fees*

Fees for tax services, including tax compliance, tax advice and tax planning work billed by ACAL for the years ended May 31, 2012 and 2011 were \$Nil.

#### *All Other Fees*

All other fees billed by ACAL during the fiscal years ended May 31, 2012 and 2011 were \$Nil for compilation reports on the pro forma financial statements.

The audit services provided to us by ACAL in the fiscal years ended May 31, 2012 and May 31, 2011 were pre-approved by our audit committee. Prior to engaging ACAL, as the case may be, to perform audit and review services, our audit committee reviewed the services to be provided and the fee to be paid by us for such service and assessed the impact of the service on each of the auditor's independence.

It is our policy for our Audit Committee to pre-approve all audit and audit-related fees prior to commencement of the services. The percentage of audit related fees pre-approved by our Audit Committee during fiscal 2012 was 100%.

There were no hours expended on ACAL's engagement to audit our financial statements for the most recent fiscal year that were attributed to work performed by persons other than ACAL's full-time, permanent employees.

**ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES**

Not applicable.

**ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS**

No purchases of shares or any other units of any class of our equity securities have been made by or on our behalf, or any affiliated purchaser.

**ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT**

Not applicable.

**ITEM 16G. CORPORATE GOVERNANCE**

Not applicable.

**PART III**

**Item 17. Financial Statements**

The consolidated financial statements have been prepared in accordance with Canadian GAAP and are presented in Canadian dollars. There are material measurement differences between United States and Canadian GAAP. A reconciliation of the financial statements to United States GAAP is set forth in Note 16 to the consolidated financial statements.

Consolidated Financial Statements for the Year Ended May 31, 2012 and 2011

Auditors' Report dated September 27, 2012.  
Consolidated Statements of Financial Position  
Consolidated Statements of Operations and Comprehensive Loss  
Consolidated Statements of Cash Flows  
Consolidated Statements of Change in Equity  
Notes to the Consolidated Financial Statements

**TERYL RESOURCES CORP.**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED MAY 31, 2012 AND 2011  
(Stated in Canadian Dollars)



## INDEPENDENT AUDITORS' REPORT

To: the Shareholders of  
Teryl Resources Corp.

We have audited the accompanying consolidated financial statements of Teryl Resources Corp. (the "Company"), which comprise the consolidated statements of financial position as at May 31, 2012 and May 31, 2011 and June 1, 2010, and the consolidated statements of operations and comprehensive loss, consolidated statements of cash flows and consolidated statements of changes in equity for the years ended May 31, 2012 and May 31, 2011, 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 consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

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. 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 consolidated financial statements present fairly, in all material respects, the financial position of the Company as at May 31, 2012 and May 31, 2011 and June 1, 2010, and its financial performance and its cash flows for the years ended May 31, 2012 and May 31, 2011 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

### Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that the Company has incurred losses to date. This condition, along with other matters as set forth in Note 1, indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

**"ACAL Group"**  
Chartered Accountants

Vancouver, British Columbia  
September 27, 2012

**TERYL RESOURCES CORP.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(Stated in Canadian Dollars)

	<u>May 31, 2012</u> \$	<u>May 31, 2011</u> \$ (Note 18)	<u>June 1, 2010</u> \$ (Note 18)
<b>Assets</b>			
<b>Current</b>			
Cash and cash equivalent	2,059,482	19,371	257,650
Amounts receivable and prepaid expenses	77,537	10,376	37,397
Advances to related parties (Note 10)	-	128,367	126,093
Promissory note receivable – related party (Note 10)	25,224	-	-
	<u>2,162,243</u>	<u>158,114</u>	<u>421,140</u>
<b>Investments</b> (Note 6)	-	-	837
<b>Reclamation Bonds</b>	8,778	5,478	5,478
<b>Equipment</b> (Note 7)	5,054	4,892	7,941
<b>Mineral Property Interests</b> (Note 9)	176,643	196,550	173,419
<b>Deferred Exploration Expenditures</b> (Note 9)	195,376	1,891,143	1,718,663
	<u>2,548,094</u>	<u>2,256,177</u>	<u>2,327,478</u>
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable	24,500	77,673	49,939
Accrued liabilities	39,384	22,000	57,455
Due to related parties (Note 10)	53,891	15,989	25,488
Convertible loan (Note 11)	-	-	60,000
	<u>117,775</u>	<u>115,662</u>	<u>192,882</u>
<b>SHAREHOLDERS' EQUITY</b>			
<b>Share Capital</b> (Note 12)			
Authorized:			
100,000,000 common shares, voting, no par value			
5,000,000 preferred shares, non-voting, \$1 par value			
Issued and outstanding:			
72,678,605 and 72,103,605 common shares on May 31, 2012 and 2011, respectively (June 1, 2010 – 67,463,446)			
	14,045,753	14,004,922	13,456,263
<b>Share Subscriptions Received</b>	-	-	10,000
<b>Reserves</b>	701,825	688,112	550,941
<b>Accumulated Other Comprehensive Loss</b>	(83,160)	(1,084,750)	(949,023)
<b>Deficit</b>	(12,234,099)	(11,467,769)	(10,933,585)
	<u>2,430,319</u>	<u>2,140,515</u>	<u>2,134,596</u>
	<u>2,548,094</u>	<u>2,256,177</u>	<u>2,327,478</u>

**Going Concern** (Note 1) and **Subsequent Events** (Note 19)

Approved on behalf of the Board of Directors:

“John Robertson” Director

“Suzan El-Khatib” Director

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

**TERYL RESOURCES CORP.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**  
(Stated in Canadian Dollars)

	<b>Year Ended May 31, 2012 \$</b>	<b>Year Ended May 31, 2011 \$ (Note 18)</b>
<b>General and Administrative Expenses</b>		
Amortization of equipment	1,139	1,497
Filing and regulatory fees	20,279	23,280
Foreign exchange (gain) loss	(23,735)	3,146
Geological consulting	-	1,172
Consulting, Management and directors' fees (Note 14)	139,899	139,344
Office and sundry	21,374	17,820
Office rent and utilities (Note 14)	16,779	14,515
Professional fees	52,908	44,489
Publicity, promotion and investor relations	127,511	126,119
Secretarial and employee benefits (Note 14)	33,852	29,467
Stock-based compensation (Note 12)	1,897	63,775
Telephone	6,080	8,901
Transfer agent fees	5,148	6,147
Travel, auto and entertainment	8,789	19,551
<b>Operating Loss</b>	<b>(411,920)</b>	<b>(499,223)</b>
<b>Other Income (Expenses)</b>		
Miscellaneous income	19,232	22,876
Interest income	3,286	-
Interest expense	-	(1,645)
Gain on sale of equipment	-	1,147
Loss on sale of mineral property	(376,928)	-
Available for sale investments written off	-	(4,024)
Mineral Property written off	-	(7,500)
Exploration expenditures written off	-	(45,815)
	<b>(354,410)</b>	<b>(34,961)</b>
<b>Net Loss for the Year</b>	<b>(766,330)</b>	<b>(534,184)</b>
Translation of foreign operation (Note 3)	1,001,590	(138,914)
Available-for-sale investments	-	3,187
<b>Comprehensive Income (Loss) for the Year</b>	<b>235,260</b>	<b>(669,911)</b>
<b>Loss per Share – Basic and Diluted</b>	<b>(0.01)</b>	<b>(0.01)</b>
<b>Weighted Average Number of Common Shares Outstanding, Basic and Diluted</b>	<b>72,486,938</b>	<b>69,973,962</b>

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

**TERYL RESOURCES CORP.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Stated in Canadian Dollars)

	<b>Year Ended May 31, 2012 \$</b>	<b>Year Ended May 31, 2011 \$ (Note 18)</b>
<b>Cash flows from operating activities</b>		
Net loss for the year	(766,330)	(534,184)
<b>Items not affecting cash</b>		
Amortization of equipment	1,139	1,497
Exploration expenditures written off	-	45,815
Mineral properties written off	-	7,500
Available for sale investment written off	-	4,024
Gain on sale of equipment	-	(1,147)
Interest income on related party promissory note	(540)	-
Loss on sale of mineral property	376,928	-
Stock-based compensation	1,897	63,775
<b>Changes in non-cash working capital items</b>		
Amounts receivable and prepaid expenses	(15,161)	27,021
Accounts payable and accrued liabilities	(23,697)	(4,471)
Advances from (to) related parties	(932)	(11,773)
	<u>(426,696)</u>	<u>(401,943)</u>
<b>Cash flows from (used) in investing activities</b>		
Deposit paid	(55,300)	-
Mineral property and deferred exploration expenditures	(45,975)	(221,545)
Proceed on sale of mineral property interest	2,571,500	-
Sale (purchase) of equipment	(1,301)	2,699
	<u>2,468,924</u>	<u>(218,846)</u>
<b>Cash flows from (used in) financing activities</b>		
Convertible loan proceeds (repayment)	-	(60,000)
Share capital issued for cash	57,500	596,149
Share issuance costs	(4,853)	(23,594)
	<u>52,647</u>	<u>512,555</u>
<b>Effect of exchange rate changes on cash</b>		
	<u>(54,764)</u>	<u>(130,045)</u>
<b>Increase (decrease) in cash</b>	<b>2,040,111</b>	<b>(238,279)</b>
<b>Cash, beginning of year</b>	<b>19,371</b>	<b>257,650</b>
<b>Cash, end of year</b>	<b><u>2,059,482</u></b>	<b><u>19,371</u></b>
<b>Supplemental Disclosures</b>		
Interest paid	-	200
Income taxes paid	-	-
<b>Non-cash Transactions</b>		
Shares issued for mineral properties	-	39,500

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



**TERYL RESOURCES CORP.**  
**CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY**  
(Stated in Canadian Dollars)

	Share Capital		Share Subscriptions		Accumulated Other Comprehensive		Total
	Number	Amount \$	Received \$	Reserves \$	Loss \$	Deficit \$	
Balance, June 1, 2010 (Note 18)	67,463,446	13,456,263	10,000	550,941	(949,023)	(10,933,585)	2,134,596
Shares issued for property	250,000	39,499	-	-	-	-	39,499
Shares issued for cash upon:							
Private placements	3,342,659	367,672	-	110,133	-	-	477,805
Exercise of warrants	1,047,500	141,488	(10,000)	(36,738)	-	-	94,750
Stock-based compensation	-	-	-	38,107	-	-	38,107
Warrants extension	-	-	-	25,669	-	-	25,669
Available-for-sale investments written off	-	-	-	-	3,187	-	3,187
Net loss for the year	-	-	-	-	-	(534,184)	(534,184)
Translation of foreign operation	-	-	-	-	(138,914)	-	(138,914)
Balance, May 31, 2011 (Note 18)	72,103,605	14,004,922	-	688,112	(1,084,750)	(11,467,769)	2,140,515
Shares issued for cash, net of share issue cost	575,000	41,033	-	11,614	-	-	52,647
Fair value of broker warrants	-	(202)	-	202	-	-	-
Stock based compensation	-	-	-	1,897	-	-	1,897
Net loss for the year	-	-	-	-	-	(766,330)	(766,330)
Translation of foreign operation	-	-	-	-	1,001,590	-	1,001,590
Balance, May 31, 2012	72,678,605	14,045,753	-	701,825	(83,160)	(12,234,099)	2,430,319

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

**1. NATURE OF OPERATIONS AND GOING CONCERN**

Teryl Resources Corp. (the “Company”) is a public company incorporated in British Columbia on May 23, 1980 and changed to its current name on February 28, 1984. Its shares are listed on the TSX Venture Exchange (“TSX.V”). The Company is in the business of acquiring mineral properties and carries out exploration work. It also acquires oil and gas property interests and participates in drilling wells. The Company’s registered office is located at #240 – 11780, Hammersmith Way, Richmond, BC, V7A 5E9.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Several adverse conditions cast substantial doubt on the validity of this assumption. The Company continues to incur operating losses, has limited financial resources, limited sources of operating cash flow, and no assurances that sufficient funding, including adequate financing, will be available to conduct further exploration and development of its mineral property projects.

The Company’s ability to continue as a going concern is dependent upon its ability to obtain the financing necessary to complete its mineral projects by issuance of share capital or through joint ventures, and to realize future profitable production or proceeds from the disposition of its natural resource interests. The Company has incurred an accumulated deficit of \$12,234,099 (2011 - \$11,467,769) as at May 31, 2012 and has incurred a loss of \$766,330 in the year ended May 31, 2012 (2011 – \$534,184). These consolidated financial statements do not include adjustments that would be necessary should it be determined that the Company may be unable to continue as a going concern.

If the going concern assumption was not appropriate for these consolidated financial statements, adjustments would be necessary in the carrying values of assets, liabilities, reported income and expenses and the balance sheet classifications used. Such adjustments could be material.

**2. STATEMENT OF COMPLIANCE**

These consolidated financial statements of the Company and its subsidiaries, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”). As these consolidated financial statements represent the Company’s initial presentation of its annual operating results and year-end financial position under IFRS, they were prepared in accordance with IFRS 1 (First time Adoption of IFRS). The first date at which IFRS was applied was June 1, 2010. The policies set out below were consistently applied to all the periods presented unless otherwise noted below.

The Company’s consolidated financial statements were previously prepared in accordance with Canadian GAAP. Canadian GAAP differs in certain respects from IFRS. In preparing these consolidated financial statements, management has amended certain accounting, valuation and consolidation methods previously applied in the Canadian GAAP financial statements to comply with IFRS. The comparative figures for 2011 were restated to reflect these adjustments. Note 18 contains reconciliations and descriptions of the effect of the transition from Canadian GAAP to IFRS on equity, earnings and comprehensive income along with line-by-line reconciliations of the consolidated statement of financial position as at May 31, 2011 and June 1, 2010, and the consolidated statement of operations and comprehensive income for the year ended May 31, 2011. Subject to the transition elections, the Company has consistently applied the same accounting policies in the opening IFRS statement of financial position at June 1, 2010 and throughout the periods presented, as if these policies had always been in effect.

These consolidated financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on September 27, 2012.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### Basis of preparation

These consolidated financial statements were prepared on a going concern basis, under the historical cost convention, except for the revaluation of certain financial instruments.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

#### Basis of consolidation and presentation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Argon Investment Corporation (inactive) and Teryl, Inc. Teryl, Inc. was incorporated on November 17, 1988 in the state of Delaware and registered to do business in the USA, to hold and operate the Alaska mineral property interests, the Texas oil and gas well interests and the Arizona mineral property interests.

All inter-company transactions are eliminated upon consolidation.

#### Cash equivalents

Cash equivalents consist of highly liquid investments that are readily convertible to cash with original maturities of three months or less when purchased.

#### Equipment

The Company records its office and automotive equipment at cost and depreciates them on the following basis:

Office equipment	Declining-balance basis at 20%
Automotive equipment	Declining-balance basis at 30%
Computer equipment purchased after May 31, 2010	50% per annum over two years

#### Foreign currency translation

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and each of its subsidiaries is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the year end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the operations of the year.

The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- Income and expenses are translated at average exchange rates for the period; and
- Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the consolidated statement of comprehensive income and are recognized in the profit or loss in the period in which the operation is disposed.

**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Share - based compensation

The Company's share option plan allows Company employees, directors, officers and consultants to acquire shares of the Company. The fair value of options granted is recognized as share-based compensation expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

Fair value is measured at grant date, and each tranche is recognized using the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. In situations where equity instruments are issued to consultants and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Income taxes

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

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to 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 balance sheet date.

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 deferred tax asset will be recovered, it provides a valuation allowance against that excess.

Loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the year. The Company uses the treasury stock method for calculating diluted loss per share. Under this method the dilutive effect on loss 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. However, diluted loss per share is not presented where the effects of various conversions and exercise of options and warrants would be anti-dilutive. Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Financial instruments

*Initial recognition and measurement*

Financial assets and liabilities are initially recognized at fair value. Financial assets are classified at initial recognition as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. The Company does not use any hedging instruments. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 - inputs that are not based on observable market data.

At May 31, 2012, all of the financial instruments measured at fair value are included in Level 1.

*Subsequent measurement*

The subsequent measurement of financial assets depends on their classification. Financial assets at fair value through profit or loss includes financial assets held-for-trading which represent assets that are acquired for the purpose of selling or repurchasing in the near term. These financial assets are initially recorded in the statement of financial position at fair value with changes in fair value recognized in the operations of the year.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement at fair value, such financial assets are subsequently measured at amortized cost using the effective interest rate method, less impairment. Any amortization of the effective interest rate method and any impairment is recognized in the operations of the year.

Held-to-maturity investments represent assets to be held until a specific time period and are initially measured at fair value, including transaction costs. After initial measurement at fair value, such financial assets are subsequently measured at amortized cost using the effective interest rate method, less impairment. Any amortization of the effective interest rate method and any impairment is recognized in the operations of the year.

Available-for-sale financial assets are investments in equity instruments that are measured at fair value with gains and losses, net of applicable taxes, included in other comprehensive income until the asset is removed from the consolidated statement of financial position. Once this occurs, the resultant gains or losses are recognized in comprehensive loss. Any permanent impairment of available-for-sale financial assets is also included in the operations of the year.

Financial liabilities are initially recorded at fair value and are designated as fair value through profit or loss or other financial liabilities. Derivative financial liabilities are classified as fair value through profit or loss and are initially recorded in the consolidated statement of financial position at fair value with changes in fair value recognized in finance income or finance cost in the operations of the year. Non-derivative financial liabilities are recorded at amortized cost using the effective interest rate method. Any amortization of the effective interest rate method is recognized in the operations of the year.

Financial assets, others than those at fair value through profit and loss are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. The amount of impairment loss is recognized in the operations of the year. Any subsequent reversals of impairment is also recognized in the operations of the year, except for those related to available-for-sale financial assets.

**3. SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Mineral property or exploration and evaluation

The Company follows the practice of capitalizing all costs relating to the acquisition of, exploration and development of mineral claims and crediting all proceeds received for farm-out arrangements or recovery of costs against the cost of the related claims. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling and sampling. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable reserves. The aggregate costs related to abandoned mineral claims are charged to operations at the time of any abandonment or when it has been determined that there is evidence of a permanent impairment. An impairment charge relating to a mineral property is subsequently reversed when new exploration results or actual or potential proceeds on sale or farm-out of the property result in a revised estimate of the recoverable amount but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

The Company recognizes in income the costs recovered on mineral properties when the amounts received or receivable are in excess of the carrying amount.

Upon transfer of "Exploration and evaluation costs" into "Mine Development", all subsequent expenditure on the construction, installation or completion of infrastructure facilities is capitalized within "Mine development". After production starts, all assets included in "Mine development" are transferred to "Producing Mines".

All capitalized exploration and evaluation expenditure is monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration expenditure is not expected to be recovered, it is charged to the results of operations. Exploration areas where reserves have been discovered, but require major capital expenditure before production can begin, are continually evaluated to ensure that commercial quantities of reserves exist or to ensure that additional exploration work is underway as planned.

Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

*Rehabilitation Provisions:*

Provision related to asset retirement obligation, dismantling, decommissioning and site disturbance remediation is made for the estimated cost and capitalized in the relevant asset category. Such provision is measured at the present value of management's best estimate of expenditure required to settle the present obligation at the Consolidated Statement of Financial Position date. Subsequent to the initial measurement, the obligation is adjusted at the end of each reporting period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as finance costs in the Consolidated Statement of Operations whereas increases/decreases due to changes in the estimated future cash flows are capitalized. Actual costs incurred upon settlement of the obligation are charged against the provision to the extent the provision is established.

*Other Provisions:*

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date

The Company had no provisions as at May 31, 2012.

**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Revenue recognition

Revenue associated with the sales of oil and gas are recorded when title passes to the customer. Revenues from oil and gas production from properties in which the Company has an interest with other producers are recognized on the basis of the Company's net working interest.

Impairment of assets

The carrying amount of the Company's assets (which includes the exploration and evaluation asset) are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the operations of the year.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years. Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Accounting for Oil and Gas Well Interests

(i) Recognition and measurement

Oil and gas properties/exploration and evaluation expenditures

Pre-license costs are expensed in the statement of comprehensive loss as incurred.

Oil and gas properties costs, including the costs of acquiring licenses, initially are capitalized as oil and gas properties. The costs are accumulated in cost centers by well, field or exploration area pending determination of technical feasibility and commercial viability.

Oil and gas properties are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

The technical feasibility and commercial viability of extracting oil & gas resource is considered to be determinable when proved and/or probable reserves are determined to exist. A review of each exploration license or field is carried out, at least annually, to ascertain whether proved and/or probable reserves have been discovered. Upon determination of proved and/or probable reserves, oil and gas properties attributable to those reserves are first tested for impairment and then reclassified from oil and gas properties to PP&E or expensed in income or loss to the extent of any impairment.

Development and production costs

Items of PP&E, which include crude oil and natural gas development and production assets, are measured at cost less accumulated depletion and depreciation and accumulated impairment losses. Development and production assets are grouped into CGU's for impairment testing. The cost of PP&E at June 1, 2010, the date of transition to IFRS, was determined by reference to the IFRS 1 exemption and related allocation methodology whereby the Company elected to use the historical cost under previous GAAP as the deemed cost for petroleum and natural gas assets. When significant parts of an item of PP&E, including oil and natural gas interests, have different useful lives, they are accounted for as separate items (major components). Gains and losses on disposal of an item of PP&E, including crude oil and natural gas interests, are determined by comparing the proceeds from disposal with the carrying amount of PP&E and are recognized in income or loss.

**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Accounting for Oil and Gas Well Interests (Continued)

(ii) Depletion

Development and production oil assets are measured at cost less accumulated depletion and depreciation and accumulated impairment losses. The net carrying value of development or production assets is depleted using the unit of production method by reference to the ratio of production in the year to the related proven reserves, taking into account estimated future development costs necessary to bring those reserves into production. Future development costs are estimated taking into account the level of development required to produce the reserves.

(iii) Derecognition

The carrying amount of an item of oil and gas properties is derecognized when no future economic benefits are expected from its use or upon sale to a third party. The gain or loss arising from derecognition is included in income or loss and is measured as the difference between the net proceeds, if any, and the carrying amount of the asset.

(iv) Major maintenance

Ongoing costs to maintain properties are generally expensed as incurred. The costs of material replacement, turnarounds and major inspections are capitalized provided it is probable that future economic benefits in excess of cost will be realized and such benefits are expected to extend beyond the current operating period.

New standards and interpretations

**New accounting standards issued but not yet effective** - Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the International Financial Reporting Interpretations Committee (“IFRIC”) that are mandatory for accounting periods beginning after January 1, 2011, or later periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

**New accounting standards effective June 1, 2012**

**Amendments to IFRS 7 *Financial Instruments: Disclosures*** - In October 2010, the IASB issued amendments to IFRS 7 that improve the disclosure requirements in relation to transferred financial assets. The amendments are effective for annual periods beginning on or after July 1, 2011, with early adoption permitted. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.

**IAS 12 *Income taxes*** - In December 2010, the IASB issued an amendment to IAS 12 that provides a practical solution to determining the recovery of investment properties as it relates to the accounting for deferred income taxes. This amendment is effective for annual periods beginning on or after July 1, 2011, with early adoption permitted. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.



**3. SIGNIFICANT ACCOUNTING POLICIES** (Continued)

New standards and interpretations (Cont'd)

**New accounting standards effective May 1, 2013**

**IFRS 10 Consolidated Financial Statements** - IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 *Consolidation - Special Purpose Entities* and parts of IAS 27 *Consolidated and Separate Financial Statements*.

**IFRS 11 Joint Arrangements** - IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities - Non-monetary Contributions by Venturers*.

**IFRS 12 Disclosure of Interests in Other Entities** - IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

**IFRS 13 Fair Value Measurement** - IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

**Amendments to other standards** - In addition, there have been other amendments to existing standards, including IAS 27 *Separate Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*. IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 to IFRS 13.

Each of the new standards, IFRS 10 to 13, IFRIC 20 and the amendments to other standards, is effective for the Company beginning on May 1, 2013 with early adoption permitted. The Company has not yet begun the process of assessing the impact that the new standards will have on its consolidated financial statements or whether to early adopt any of the new requirements.

**3. SIGNIFICANT ACCOUNTING POLICIES** (Continued)

New standards and interpretations (Cont'd)

**Amendments to IAS 1 *Presentation of Financial Statements*** - The IASB has amended IAS 1 to require entities to separate items presented in other comprehensive income ("OCI") into two groups, based on whether or not items may be reclassified into profit or loss in the future. Entities that choose to present OCI items before tax will be required to show the amount of tax related to the two groups separately.

**IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*** - IFRIC 20 addresses the accounting for overburden waste removal (stripping) costs in the production phase of a surface mine. Stripping activity may result in two types of benefits: i) inventory produced and ii) improved access to ore that will be mined in the future. Stripping costs associated with inventory production should be accounted for as a current production cost in accordance with IAS 2 Inventories, and those associated with improved access to ore should be accounted for as an addition to, or enhancement of, an existing asset.

**IFRS 9 *Financial Instruments*** - IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: Amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at the fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, others gains and losses (including impairments) associated with such instruments remain in accumulated other comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, *Financial Instruments – Recognition and Measurement*, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

IFRS 9 is effective for annual periods beginning on or after January 2015 with early adoption permitted. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its consolidated financial statements or whether to early adopt any of the new requirements.

**4. SIGNIFICANT ACCOUNTING JUDGMENT AND ESTIMATES**

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the year.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

**4. SIGNIFICANT ACCOUNTING JUDGMENT AND ESTIMATES (Continued)**

Determination of functional currency

The Company determines the functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions with the reporting entity.

Valuation of share-based payments

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

Depreciation for equipment

Depreciation expense is allocated based on assumed asset lives. Should the asset life or depreciation rates differ from the initial estimate, an adjustment would be made in the operations of the year.

Economic recoverability and probability of future economic benefits of mineral properties

Management has determined that mineral property and deferred exploration costs incurred which were capitalized have future economic benefits and are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geological and metallurgic information, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.

**5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

*Foreign exchange risk*

The Company is primarily exposed to currency fluctuations relative to the Canadian dollar through expenditures that are denominated in US dollars. Also, the Company is exposed to the impact of currency fluctuations on its monetary assets and liabilities.

The operating results and the financial position of the Company are reported in Canadian dollars. Fluctuations in exchange rates will, consequently, have an impact upon the reported operations of the Company and may affect the value of the Company's assets and liabilities.

The Company currently does not enter into financial instruments to manage foreign exchange risk.

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**5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT** (Continued)

*Foreign exchange risk (Continued)*

The Company is exposed to foreign currency risk through the following financial assets and liabilities that are denominated in United States dollars:

May 31, 2012	Cash	Accounts payable
	439,318	2,831

At May 31, 2012 with other variables unchanged, a +/-10% change in exchange rates would increase/decrease pre-tax loss by approximately +/- \$43,648.

*Interest rate and credit risk*

The Company has no significant concentrations of credit risk arising from operations. The Company's current policy is to invest any significant excess cash in investment-grade short-term deposit certificates issued by reputable financial institutions with which it keeps its bank accounts and management believes the risk of loss to be remote. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

Receivables consist of goods and services tax due from the Federal Government. Management believes that the credit risk concentration with respect to receivables is remote.

*Liquidity Risk*

The Company has no recent history of profitable operations and its present business is at an early stage. As such, the Company is subject to many risks common to such enterprises, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources, and the lack of revenues. The Company has no investments in asset backed commercial paper.

In order to finance the Company's exploration programs and to cover administrative and overhead expenses, the Company raises money through equity sales, from the exercise of convertible securities, loans from related parties and from the sale of investments. There can be no such assurance that it will be able to obtain adequate financing in the future or that the terms of any financing will be favourable. Many factors influence the Company's ability to raise funds, including the state of the resource market and commodities prices, the climate for mineral exploration, the Company's track record, and the experience and calibre of its management.

**6. INVESTMENTS**

At May 31, 2011, the Company wrote off its investments in 15,880 common shares of Linux Gold Corp., a company with directors in common as a result of permanent impairment.

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**7. EQUIPMENT**

	May 31 2012 \$	May 31 2011 \$	May 31 2010 \$
Computer, furniture and fixtures – at cost	28,311	27,010	27,010
Less: Accumulated amortization	(23,257)	(22,118)	(20,896)
	<u>5,054</u>	<u>4,892</u>	<u>6,114</u>
Automotive equipment – at cost	-	-	15,531
Less: Accumulated amortization	-	-	(13,704)
	<u>-</u>	<u>-</u>	<u>1,827</u>
	<u><u>5,054</u></u>	<u><u>4,892</u></u>	<u><u>7,941</u></u>

**8. OIL AND GAS WELL INTERESTS**

The Company owns a 6.5% working interest (4.680% net revenue interest) in the Peters No. 1 Well, in Fayette County, Texas, and a 7.5% working interest (5.79375% net revenue interest) in each of the C-S #1, Jancik #2 and Herrmann #4 wells, located in Bureson County, Texas. The carrying cost of these wells has been completely depleted.

The Company entered into agreements with IAS Energy, Inc., a company with common directors, to purchase 40% interests (subject to 40% net revenue interests to others) on May 18, 2006, in the Ken Lee #1 natural gas well for \$103,045 (\$92,500 US), on June 8, 2006, in the Elvis Farris #2 natural gas well for \$104,461 (\$92,500 US) and on July 31, 2006, in the Clarence Bright #1 natural gas well for \$104,673 (\$92,500 US). All three wells are located in Knox and Laurel Counties, Kentucky. The three wells commenced production late in 2006. During the May 31, 2008 year end, the Company wrote off the carrying costs of the wells to \$Nil, since the wells have no proven economic reserves.

**9. MINERAL PROPERTY INTERESTS**

	Balance May 31 2010 \$	Balance May 31 2011 \$	Effect of Exchange Rate Changes \$	Disposed \$	Balance May 31 2012 \$
Property acquisition costs					
Silverknife	1	32,001	-	-	32,001
Fish Creek	49,538	49,538	-	-	49,538
West Ridge	90,710	90,710	4,394	-	95,104
Gil Venture	33,170	24,301	-	(24,301)	-
	<u>173,419</u>	<u>196,550</u>	<u>4,394</u>	<u>(24,301)</u>	<u>176,643</u>

**9. MINERAL PROPERTY INTERESTS** (continued)

**Silverknife, Laird, BC, Canada**

Pursuant to agreements between Reg Technologies Inc. (“Reg Tech”), SMR Investments Ltd. (“SMR”), Rapitan Resources Inc. (“Rapitan”), and Chevron Minerals Ltd. (“Chevron”), the Company acquired a 30% working interest in the Silverknife mineral claims, situated in the Liard Mining Division in the Province of British Columbia, subject to a 10% Net Profit Royalty (“NPR”) to Rapitan and a 1% Net Smelter Returns to SMR. On December 21, 2010 the Company purchased the 10% NPR in the Silverknife property from Rapitan for consideration of 200,000 common shares of the Company issued at a fair value of \$32,000 on January 25, 2011. (Note 12).

On April 20, 2012 the Company and Minewest Silver and Gold Inc. (“Minewest”), a former 100% owned subsidiary of Reg Tech to which Reg Tech spun off 100% of its interest in the Silverknife claims, entered into an Exploration, Development and Mine Operating Agreement (the “Exploration Agreement”) until the completion of mining and environmental restoration on the Property with initial participation interests of 70% and 30% for Minewest and the Company respectively. The Exploration Agreement was approved by the TSX Venture Exchange on September 7, 2012.

**Fish Creek, Fairbanks, Alaska, USA**

The Company and Linux Gold Corp. (“Linux”) entered into an agreement on March 5, 2002, whereby the Company may earn up to a 50% interest in the Fish Creek mineral claims, located in the Fairbanks district of Alaska, USA, by expending \$500,000 US within three years and issuing 200,000 common shares (issued on December 16, 2002 at \$0.08 per share). An additional 100,000 shares were issued on February 14, 2007 at \$0.16 per share in payment of an extension of the expenditure date to March 5, 2007, which was further extended to March 5, 2011. Linux will have a 5% Net Profit Interest until the Company pays \$2,000,000 US. On March 4, 2011 the Company and Linux further amended the agreement to extend the option agreement to March 5, 2012.

On December 1, 2011 the Company and Linux further amended the agreement to include the following terms:

- Linux applies \$75,000 owed by the Linux to the Company towards the above stated minimum exploration budget of US\$500,000;
- The Company has an option to pay the expenditures for the Fish Creek property in cash in lieu of the exploration costs to the Company; and
- The term of the agreement is extended to March 5, 2013.

The Company exercised its option to pay the expenditures in cash in lieu of the exploration costs to Linux. As a result, \$75,000 advanced to Linux by the Company was applied as a recovery of exploration costs for the year ended May 31, 2012.

During May, 2012 the Company and Linux agreed to apply the balance owed by Linux of \$7,517 and make an additional cash payment of \$60,000 towards the minimum exploration budget of \$500,000.

**9. MINERAL PROPERTY INTERESTS (Continued)**

**Kahiltna Terrane Option, Alaska, USA**

On September 1, 2010 the Company signed an option agreement (the "Option Agreement") to acquire a 50% interest in eleven mineral claims located in the Kahiltna Terrane area approximately 130 kilometers northwest of Anchorage, Alaska. Consideration for the option is as follows:

- issue 50,000 common shares upon approval of the option agreement by the TSX.V (the "Approval Date") (issued on November 2, 2010, at a fair value of \$7,500);
- issue an additional 50,000 common shares on the first anniversary of the Approval Date;
- issue an additional 100,000 common shares and pay a US\$10,000 cash payment on the second anniversary of the Approval Date; and
- contribute \$50,000 US for exploration expenditures in the first year and \$100,000 US in exploration expenditures in the second year.

On October 26, 2010 the Company staked and recorded an additional 23 mineral claims in the Kahiltna Terrane.

As at May 31, 2011, the Company planned to terminate the Option Agreement with the Vendors. Accordingly, property cost of \$7,500 and exploration costs of \$34,261 were written off. The Option Agreement was officially terminated on October 4, 2011.

**West Ridge, Dome Creek, Alaska, USA**

Pursuant to various agreements, the Company earned a 100% interest in the West Ridge mineral properties (approximately 5,200 acres) located in the Dome Creek area of the Fairbanks District of Alaska, USA. The Company will continue to maintain the claims and will commence its exploration program.

**Gil Venture, Dome Creek, Alaska, USA**

Pursuant to various agreements, the Company acquired a 20% interest in 237 claims located in the Gilmore Dome area of Fairbanks District of Alaska. On May 31, 1991, the Company, NERCO Exploration Company and Fort Knox Venture entered into an agreement, which granted the Company a 20% participating interest in the claims. Under the agreement, Fort Knox Venture paid the Company cash and funded approved programs, earning them an 80% participating interest in the property, with the Company retaining a 20% participating interest. Fort Knox Venture, through its operator Fairbanks Gold Mining, Inc. ("Fairbanks"), was doing exploration work on this property. During the year ended May 31, 2011 the Company incurred exploration expenditure of \$270,462 on the property.

Effective December 21, 2011 the Company executed the Asset Purchase Agreement to sell all of its remaining 20% interest in the Gil Venture property to Fairbanks. Fairbanks granted to the Company a production royalty equal to 1% of net smelter returns on all production from the property up to US\$15,000,000, after which the royalty is equal to 0.5% of the net smelter returns on all production from the property. On December 19, 2011 Fairbanks paid the Company US\$2,500,000 as an advance payment of the production royalty. An additional advance payment of royalty of US\$1,500,000 will be paid to the Company upon commencement of commercial production from a mine constructed on the property.

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**9. MINERAL PROPERTY INTERESTS (Continued)**

**Deferred Exploration Expenditures**

	May 31, 2012 \$	May 31, 2011 \$
<b>Silverknife Claims</b>		
Staking and recording	2,418	9,672
Geological consulting	2,186	7,213
	<u>4,604</u>	<u>16,885</u>
<b>Fish Creek Claims</b>		
Cash in lieu of exploration work	142,517	-
Geological consulting	2,139	-
	<u>144,656</u>	<u>-</u>
<b>Gil Venture Claims</b>		
Exploration	-	186,425
Geological consulting	-	84,037
Disposition	(2,948,428)	-
	<u>(2,948,428)</u>	<u>270,462</u>
<b>Gold Hill Claims</b>		
Travel, maps, rent and survey	-	11,554
Written off – inactive claims	-	(11,554)
	<u>-</u>	<u>-</u>
<b>Kahiltna Terrane Claims</b>		
Staking and recording	-	9,204
Geological consulting	-	25,057
Written off – inactive claims	-	(34,261)
	<u>-</u>	<u>-</u>
<b>West Ridge Claims</b>		
Staking and recording	21,066	8,165
	<u>21,066</u>	<u>8,165</u>
<b>Exploration expenditures for the year</b>	<b>170,326</b>	<b>341,327</b>
Disposition	(2,948,428)	-
Effect of foreign exchange rate changes	1,082,335	(123,032)
Exploration expenditures written off		
Written off – terminated, abandoned or inactive claims	-	(45,815)
	<u>(1,695,767)</u>	<u>172,480</u>
Exploration expenditures – beginning of year	<u>1,891,143</u>	<u>1,718,663</u>
Exploration expenditures – end of year	<u>195,376</u>	<u>1,891,143</u>



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**10. ADVANCES TO/ FROM RELATED PARTIES**

Amounts due to/ from related parties, other than the note receivable from REGI US, Inc. are unsecured, non-interest bearing and have no fixed terms of repayment. Unless otherwise indicated, the following table represents companies controlled by the President and CEO of the Company or companies where he is the President and CEO.

Advances to related parties:

	<b>May 31, 2012</b>	May 31, 2011	May 31, 2010
	<b>\$</b>	<b>\$</b>	<b>\$</b>
IAS Energy, Inc.	-	24,821	24,821
Linux Gold, Inc. (b)	-	74,946	72,672
REGI US, Inc. (a)	<b>25,224</b>	<b>28,600</b>	<b>28,600</b>
	<b><u>25,224</u></b>	<b><u>128,367</u></b>	<b><u>126,093</u></b>

Advances from related parties:

	<b>May 31, 2012</b>	May 31, 2011	May 31, 2010
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Minewest Silver and Gold Corp.	<b>4,458</b>	-	-
Linux Gold Corp. (b)	<b>49,433</b>	-	-
KLR Petroleum Ltd.	-	-	5,990
Reg Technologies Inc.	-	7,213	14,598
SMR Investments Ltd.	-	8,776	4,900
	<b><u>53,891</u></b>	<b><u>15,989</u></b>	<b><u>25,488</u></b>

(a) During the year ended May 31, 2012 REGI US, Inc. repaid \$3,916 to the Company and converted the balance of \$24,684 into a promissory note owed to the Company at annual interest rate of 6%, for which the Company recorded interest income of \$540 on the promissory note during the year ended May 31, 2012. The note matured on April 18, 2012 and was extended to an expiry date of December 31, 2012.

(b) During the year ended May 31, 2012, Linux and the Company revised the Fish Creek property option agreement whereby the Company applied \$142,517 of the balance owed by Linux as cash payment in lieu of exploration work required by the option agreement, in consideration of which Linux extended the option agreement for an additional year (Note 9).

**11. CONVERTIBLE LOANS**

On July 15, 2009, the Company entered into two promissory note agreements with an external party for \$60,000 and \$31,363 (US\$27,000) to be paid on or before June 30, 2010. The two promissory notes have an interest rate of 8% per annum to be paid monthly commencing on August 15, 2009. The principal amounts are convertible into shares of the Company at \$0.20 per share upon regulatory approval. Due to the short-term nature, the debt component of the convertible loans approximates the principal amount of the loans.

In January, 2010 the Company redeemed the convertible loan of \$31,363 (US\$27,000) with cash payment on the full principal amount of US\$27,000.

On June 1, 2010 the Company redeemed the remaining convertible loan of \$60,000 with full payment on the principal. Total interest of \$200 (2010 - \$5,287) was paid to the lender.

## 12. SHARE CAPITAL

Authorized share capital consists of:

100,000,000 voting common shares with no par value  
5,000,000 non-voting preferred shares with \$1 par value

The Preferred Shares have attached thereto a right to receive dividends as determined by the Directors. The Preferred Shares may be issued in series, with special rights and restrictions therefore being determined by the Directors, subject to regulatory approval. No Preferred Shares have been issued to the date of these consolidated financial statements.

On June 6, 2010 the Company issued 1,047,500 common shares for warrants exercised at \$0.10 per share for gross proceeds of \$104,750.

On November 2, 2010 the Company issued 50,000 common shares to the vendor of the Kahiltna Terrane Option Agreement (Note 9). The shares are valued at \$7,500 based on the trading price of \$0.15 on November 2, 2010, the issuance date of the shares.

On December 17, 2010, the Company issued 1,983,326 units of capital stock pursuant to a private placement at \$0.15 per unit. Each unit consists of one common share and one share purchase warrant exercisable into the Company's common stock at \$0.20 per share expiring December 17, 2011. Finders' fee of \$11,570 was paid in connection with this private placement.

On January 25, 2011 the Company issued 200,000 common shares as consideration for purchasing an additional 10% NPR in the Silverknife property (Note 9). The shares are valued at \$32,000 based on the trading price of \$0.16 on January 25, 2011, the issuance date of the shares.

On January 19, 2011, the Company issued 1,359,333 units of capital stock pursuant to a private placement at \$0.15 per unit. Each unit consists of one common share and one share purchase warrant exercisable into the Company's common stock at \$0.20 per share expiring January 19, 2012. In connection with the private placement finders' fee of \$6,993 was paid and 39,000 broker warrants were issued which are exercisable into the Company's common stock at \$0.20 per share expiring January 19, 2012. The broker warrants were valued at \$1,725 using the Black-Scholes option pricing model, with the assumptions of risk free interest rate - 1.46%, expected life - one year, expected dividend yield - \$ nil and expected stock price volatility - 79.72%.

On September 30, 2011, the Company issued 575,000 units of capital stock pursuant to a private placement at \$0.10 per unit. Each unit consists of one common share and one share purchase warrant exercisable into the Company's common stock at \$0.15 per share expiring September 30, 2012. In connection with the private placement finders' fee of \$2,100 was paid and 10,000 broker warrants were issued which are exercisable into the Company's common stock at \$0.15 per share expiring September 30, 2012. The broker warrants were valued at \$202 using the Black-Scholes option pricing model, with the assumptions of risk free interest rate - 0.83%, expected life - one year, expected dividend yield - \$ nil and expected stock price volatility - 111.84%.

**12. SHARE CAPITAL** (Continued)

**Stock Options**

The Company has a stock option plan to issue up to 10% of the issued common shares to certain directors and employees. All options granted under the plan vest immediately upon grant, but are subject to the following exercise conditions:

- i) Up to 25% of the options may be exercised at any time during the term of the option; such initial exercise is referred to as the “First Exercise”;
- ii) The second 25% of the options may be exercised at any time after 90 days from the date of the First Exercise; such second exercise is referred to as the “Second Exercise”;
- iii) The third 25% of the options may be exercised at any time after 90 days from the date of the Second Exercise; such third exercise is referred to as the “Third Exercise”; and
- iv) The fourth and final 25% of the options may be exercised at any time after 90 days from the date of the Third Exercise.

As the Company believes that it is not probable that any options (other than those granted to investor relations) would vest except the first 25% of the options that vested immediately upon a date of grant, the fair value of the first 25% of the options that vested were charged to the consolidated statements of operations and comprehensive loss.

During the year ended May 31, 2011, the Company granted 250,000 stock options exercisable at \$0.19 per share up to August 26, 2013 with fair value of \$38,107 for the options vested during the period.

During the year ended May 31, 2012, the Company granted 300,000 stock options exercisable at \$0.08 per share up to three months after the termination of the consultant’s service with fair value of \$1,897 for the options vested during the year. Because the options were granted to a consultant performing investor relation activities, 25% of the options vested immediately and the rest were to vest at 25% every three months. The investor relation agreement was terminated after the three month trial period.

The fair value of options granted was estimated on the date of grant using the Black-Scholes option pricing model, with the following weighted-average assumptions:

	<u>2012</u>	<u>2011</u>
Risk-free interest rate	<b>0.91%</b>	1.52%
Expected dividend yield	<b>Nil</b>	Nil
Expected stock price volatility	<b>162%</b>	190%
Forfeiture rate	<b>75%</b>	0%
Expected life (in years)	<b>0.25</b>	3.00

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**12. SHARE CAPITAL (Continued)**

**Stock Options (Continued)**

The following is a summary of the Company's stock option activities during the year ended May 31, 2012:

	<u>Number of Options</u>	<u>Weighted Average Exercise Price \$</u>
Balance – May 31, 2010	2,302,500	0.16
Granted	250,000	0.19
Expired	(65,000)	0.25
Forfeited, unexercised	(87,500)	0.15
Balance – May 31, 2011	2,400,000	0.16
Issued	300,000	0.08
Forfeited, unexercised	(75,000)	0.20
Expired	(1,675,000)	0.15
Balance – May 31, 2012	<u>950,000</u>	<u>0.16</u>

The following share purchase options were outstanding at May 31, 2012:

<u>Expiry Date</u>	<u>Exercise Price \$</u>	<u>Number of Options</u>	<u>Remaining Contractual Life (years)</u>	<u>Number of Options Exercisable</u>
March 10, 2013	0.210	75,000	0.78	18,750
October 30, 2014	0.185	225,000	2.42	56,250
April 19, 2015	0.240	100,000	2.89	25,000
August 26, 2013	0.190	250,000	1.24	250,000
September 15, 2012	0.080	300,000	0.29	75,000
		<u>950,000</u>		<u>425,000</u>

**Warrants**

The following is a summary of the Company's warrant activities during the years ended May 31, 2012 and 2011:

	<u>Number of Warrants</u>	<u>Weighted Average Exercise Price \$</u>
Balance – May 31, 2010	2,694,234	0.17
Issued	3,381,659	0.20
Exercised	(1,047,500)	0.10
Expired	(1,646,734)	0.22
Balance – May 31, 2011	3,381,659	0.20
Issued	585,000	0.15
Expired without exercised	(3,381,659)	0.20
Balance – May 31, 2012	<u>585,000</u>	<u>0.15</u>

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**12. SHARE CAPITAL** (Continued)

**Warrants** (continued)

<u>Expiry Date</u>	<u>Exercise Price \$</u>	<u>Number of Warrants</u>	<u>Remaining Contractual Life (years)</u>
September 30, 2012	0.15	585,000	0.34
		<u>585,000</u>	

During the year ended May 31, 2012, a total of 575,000 warrants and 10,000 broker warrants were issued with fair values of \$11,614 and \$202 respectively. The fair value of warrants issued was estimated on the date of grant using the Black-Scholes option pricing model, with the following weighted-average assumptions:

Risk-free interest rate	0.83%
Expected dividend yield	Nil
Expected stock price volatility	111.84
Expected life (in years)	1.00

**13. INCOME TAXES**

Deferred income taxes reflect the net tax effects of the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's Canadian deferred tax assets as of May 31, 2012 and 2011 are as follows:

	<u>2012 \$</u>	<u>2011 \$</u>
Non-capital loss carry forwards	1,204,000	1,092,000
Equipment & others	17,000	17,000
Resource deductions	347,000	347,000
Share issue costs	11,000	19,000
	<u>1,579,000</u>	<u>1,475,000</u>
Valuation allowance	<u>(1,579,000)</u>	<u>(1,475,000)</u>
	<u>-</u>	<u>-</u>

A reconciliation of the combined Canadian federal and provincial income taxes at statutory rates and the Company's effective income tax expense is as follows:

	<u>2012 \$</u>	<u>2011 \$</u>
Statutory tax rate	25.9%	27.7%
Income tax recovery at statutory rate	(198,479)	(147,969)
Permanent differences and other	83,129	6,758
Change in tax rate for non-Canadian company	7,752	(823)
Effect of change in tax rate	3,685	13,051
Tax benefits not recognized	103,914	128,983
	<u>-</u>	<u>-</u>

The Company has Canadian non-capital losses of approximately \$4,815,000 (2011 - \$4,370,000), which expire over the years 2014 to 2032. The Company also has cumulative exploration expenses in the amount of \$1,655,000 (2011 -\$1,495,000) in Canada and the USA, which can be carried forward indefinitely.

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**14. RELATED PARTY TRANSACTIONS**

Related party transactions occurred in the normal course of operations and are measured at agreed to amounts, which is the amount of consideration established and agreed to by the parties.

Related party transactions not disclosed elsewhere in these financial statements are as follows:

SMR Investments Ltd. ("SMR") is a private company controlled by an officer of the Company. Under a management contract with SMR, the Company agreed to pay up to \$2,500 per month for management services. The Company was charged management fees by SMR of \$30,000 during the year ended May 31, 2012 (2011 - \$30,000). As of May 31, 2012, \$Nil (May 31, 2011 - \$27,125) was payable to SMR by the Company.

During the year ended May 31, 2012, directors fees of \$19,000 (2011 - \$12,000) were paid to the President of the Company. Fees of \$11,495 (2011 - \$6,493) were paid to KLR Petroleum Ltd. (which is controlled by an officer of the Company) for administration of the Company payroll and benefit plan.

**15. TERYL, INC. TRASACTIONS (100% US Subsidiary)**

In 1998, Teryl, Inc. offered a private placement of up to 1,000,000 shares at a price of \$0.23 (\$0.15 US) and subscriptions of \$146,044 (\$96,750 US) were received by November 19, 1999. Since the offering was not fully subscribed, the Company negotiated with the subscribers to replace the Teryl, Inc. shares with shares of the Company. On October 17, 2006, the authorized capital for Teryl, Inc. was reduced to 10,000 common shares, which resulted in a rollback to 1 common share for each 10,000 outstanding. On August 29, 2007, the final six subscribers agreed to a settlement of \$70,000 (\$50,250 US).

**16. SEGMENTED INFORMATION**

The Company's business consists of mineral properties and oil and gas property interests. Details on a geographic basis are as follows:

<b>May 31, 2012</b>	<b>Canada</b>	<b>United States</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Total assets	2,262,481	285,613	2,548,094
Acquisition and exploration costs	113,490	258,529	372,019
Net income (loss)	(413,975)	(352,355)	(766,330)

May 31, 2011	Canada	United States	Total
	\$	\$	\$
Total assets	86,188	2,169,989	2,256,177
Acquisition and exploration costs	48,886	2,038,807	2,089,693
Net income (loss)	(554,766)	20,582	(534,184)

**17. CAPITAL MANAGEMENT**

The capital of the Company consists of the items included in shareholders' equity. The Company manages the capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the Company's assets.

The Company's objectives of capital management are intended to safeguard the entity's ability to continue the Company's development and exploration of its mineral properties and support any expansionary plans.

To effectively manage the entity's capital requirements, the Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its development and exploration objectives.

## 18. TRANSITION TO IFRS

IFRS 1 *First-time Adoption of International Financial Reporting Standards* sets forth guidance for the initial adoption of IFRS. Under IFRS 1 the standards are applied retrospectively at the transitional statement of financial position date with all adjustment to assets and liabilities taken to retained earnings unless certain exemptions are applied.

The Company has applied the following exemptions to its opening statement of financial position dated June 1, 2010:

### *(a) Share-based payment transactions*

IFRS 1 encourages, but does not require, first-time adopters to apply IFRS 2 *Share based Payment* to equity instruments that were granted on or before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002 and vested before the later of the date of transition to IFRS and January 1, 2005. The Company has elected not to apply IFRS 2 to awards that vested prior to June 1, 2010.

### *(b) Functional and presentation currency*

IFRS requires that the functional currency of each entity in the consolidated Group be determined separately in accordance with the indicators as per IAS 21 “The Effects of Changes in Foreign Exchange Rates” and should be measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). Under IFRS, the results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- Income and expenses are translated at average exchange rates for the period; and
- Exchange differences arising on translation of foreign operations are transferred directly to the Group’s foreign currency translation reserve in the statement of comprehensive income and are recognized in the profit or loss in the period in which the operation is disposed.

The functional currency of Teryl, Inc. was determined to be United States dollars, which was translated into its presentation currency, Canadian dollars, at each reporting periods.

### *(c) Business Combination and non-controlling interests*

The Company elected IFRS 1 that allows the application of the requirements of IFRS 3 and IAS 27 prospectively from the transaction date.

### *(d) Carrying value of producing oil and gas properties*

The Company elected to deem amount determined under Canadian GAAP for its interests in producing oil and gas properties as at June 1, 2010 as the carrying value of these assets and adjusted for impairment, if any.

### *(e) Carrying value of undeveloped oil and gas properties*

The Company elected to deem amount determined under Canadian GAAP as at June 1, 2010 for undeveloped oil and gas properties as the carrying value of these assets at June 1, 2010 and adjusted for impairment, if any.



**18. TRANSITION TO IFRS (Cont'd)**

*(f) Estimates*

In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous GAAP, unless there is objective evidence that those estimates were in error. The Company's IFRS estimates as of June 1, 2010 are consistent with its Canadian GAAP estimates for that date.

IFRS employs a conceptual framework that is similar to Canadian GAAP. However, significant differences exist in certain matters of recognition, measurement and disclosure. While the first time adoption of IFRS did not have an impact on the total operating, investing or financing cash flows, it has resulted in changes to the Company's reported financial position and results of operations. In order to allow the users of the financial statements to better understand these changes, the Company's Canadian GAAP consolidated statements of operations and comprehensive income (loss), for the year ended May 31, 2011 have been reconciled to IFRS, with the resulting differences explained. In addition, the consolidated statements of financial position as at June 1, 2010 have been reconciled with the resulting differences explained.

*(g) Equity component of convertible debt*

GAAP allows the proportional or relative value method in calculating the values of the equity and debt components of a convertible. IFRS requires the residual method, whereby the fair value of the liability is calculated first and then the fair value of equity is the residual face value of the instrument after deduction of the value of the liability component.

The Company elected IFRS 1 exemption for not to retrospectively separate the liability and equity components of compound instruments for.

IFRS 1 requires an entity to reconcile equity, comprehensive income and cash flows for prior periods. The changes made to the consolidated statements of financial position and consolidated statements of comprehensive income as shown below have resulted in reclassifications of various amounts on the consolidated statements of cash flows.

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**18. TRANSITION TO IFRS (Cont'd)**

Reconciliation of Statement of Financial Position as at June 1, 2010 – Transition Date:

	<b>June 1, 2010</b>		
	<b>Canadian GAAP \$</b>	<b>IFRS Adjustments \$</b>	<b>IFRS \$</b>
<b>Assets</b>			
<b>Current</b>			
Cash and cash equivalent	257,650		257,650
Amounts receivable and prepaid expenses	37,397		37,397
Advances to related parties	126,093		126,093
	<u>421,140</u>		<u>421,140</u>
<b>Investments</b>	837		837
<b>Reclamation Bonds</b>	5,478		5,478
<b>Equipment</b>	7,941		7,941
<b>Mineral Property Interests (18 (b))</b>	196,855	(23,436)	173,419
<b>Deferred Exploration Expenditures (18 (b))</b>	2,637,853	(919,190)	1,718,663
	<u>3,270,104</u>	<u>(942,626)</u>	<u>2,327,478</u>
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable	107,394	(57,455)	49,939
Accrued liabilities	-	57,455	57,455
Advances from related parties	25,488		25,488
Liability component of convertible loan (18 (g))	58,730	1,270	60,000
	<u>191,612</u>	<u>1,270</u>	<u>192,882</u>
<b>SHAREHOLDERS' EQUITY</b>			
<b>Share Capital</b>			
Issued and outstanding:	13,456,263		13,456,263
<b>Equity component of convertible loan (18 (g))</b>	14,565	(14,565)	-
<b>Share Subscriptions Received</b>	10,000		10,000
<b>Reserves</b>	550,941		550,941
<b>Accumulated Other Comprehensive Loss (18 (b))</b>	(3,187)	(945,836)	(949,023)
<b>Deficit (18 (b) &amp; (g))</b>	(10,950,090)	16,505	(10,933,585)
	<u>3,078,492</u>	<u>(943,896)</u>	<u>2,134,596</u>
	<u>3,270,104</u>	<u>(942,626)</u>	<u>2,327,478</u>

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**18. TRANSITION TO IFRS (Cont'd)**

Reconciliation of Statement of Financial Position as at May 31, 2011:

	May 31, 2011		
	Canadian GAAP \$	IFRS Adjustments \$	IFRS \$
<b>Assets</b>			
<b>Current</b>			
Cash and cash equivalent	19,371		19,371
Amounts receivable and prepaid expenses	10,376		10,376
Advances to related parties	128,367		128,367
	<u>158,114</u>		<u>158,114</u>
<b>Reclamation Bonds</b>	5,478		5,478
<b>Equipment</b>	4,892		4,892
<b>Mineral Property Interests (18 (b))</b>	228,855	(32,305)	196,550
<b>Deferred Exploration Expenditures (18 (b))</b>	2,942,351	(1,051,208)	1,891,143
	<u>3,339,690</u>	<u>(1,083,513)</u>	<u>2,256,177</u>
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable	99,673	(22,000)	77,673
Accrued liabilities	-	22,000	22,000
Advances from related parties	15,989		15,989
	<u>115,662</u>		<u>115,662</u>
<b>SHAREHOLDERS' EQUITY</b>			
<b>Share Capital</b>			
Issued and outstanding:	14,004,922		14,004,922
<b>Reserves (18 (g))</b>	699,762	(11,650)	688,112
<b>Accumulated Other Comprehensive Loss (18 (b))</b>	-	(1,084,750)	(1,084,750)
<b>Deficit (18 (b) &amp; (g))</b>	(11,480,656)	12,887	(11,467,769)
	<u>3,224,028</u>	<u>(1,083,513)</u>	<u>2,140,515</u>
	<u>3,339,690</u>	<u>(1,083,513)</u>	<u>2,256,177</u>

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**18. TRANSITION TO IFRS (Cont'd)**

Reconciliation of Statement of Comprehensive Loss for the Year Ended May 31, 2011:

	Year Ended May 31, 2011		
	Canadian GAAP \$	IFRS Adjustments \$	IFRS \$
<b>General and Administrative Expenses</b>			
Amortization of equipment	1,497		1,497
Filing and regulatory fees	23,280		23,280
Foreign exchange (gain) loss <i>(18 (b))</i>	1,173	1,973	3,146
Geological consulting	1,172		1,172
Consulting, Management and directors' fees	139,344		139,344
Office and sundry	17,820		17,820
Office rent and utilities	14,515		14,515
Professional fees	44,489		44,489
Publicity, promotion and investor relations	126,119		126,119
Secretarial and employee benefits	29,467		29,467
Stock-based compensation	63,775		63,775
Telephone	8,901		8,901
Transfer agent fees	6,147		6,147
Travel, auto and entertainment	19,551		19,551
<b>Operating Loss</b>	<u>(497,250)</u>	<u>(1,973)</u>	<u>(499,223)</u>
<b>Other Income (Expenses)</b>			
Miscellaneous income	22,876		22,876
Interest expense <i>(18 (g))</i>	-	(1,645)	(1,645)
Gain on sale of assets	1,147		1,147
Available for sale investments written off	(4,024)		(4,024)
Mineral Property written off	(7,500)		(7,500)
Exploration expenditures written off	(45,815)		(45,815)
	<u>(33,316)</u>	<u>(1,645)</u>	<u>(34,961)</u>
<b>Net Loss for the Year</b>	(530,566)	(3,618)	(534,184)
Translation of foreign operation <i>(18 (b))</i>	-	(138,914)	(138,914)
Available for sale investments	3,187		3,187
<b>Comprehensive Loss for the Year</b>	<u>(527,379)</u>	<u>(142,532)</u>	<u>(669,911)</u>
<b>Loss per Share – Basic and Diluted</b>	<u>(0.01)</u>		<u>(0.01)</u>
<b>Weighted Average Number of Common Shares Outstanding, Basic and Diluted</b>	<u>69,973,962</u>		<u>69,973,962</u>

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**18. TRANSITION TO IFRS (Cont'd)**

Reconciliation of Statement of Cash Flow for the Year Ended May 31, 2011:

	Year Ended May 31, 2011		
	Canadian GAAP \$	IFRS Adjustments \$	IFRS \$
<b>Cash flows from operating activities</b>			
Net loss for the year	(530,566)	(3,618)	(534,184)
Items not affecting cash			
Amortization of equipment	1,497		1,497
Exploration expenditures written off	45,815		45,815
Mineral properties written off	7,500		7,500
Available for sale investment written off	4,024		4,024
Interest expense (18 (g))	(1,645)	1,645	-
Gain on sale of equipment	(1,147)		(1,147)
Stock-based compensation	63,775		63,775
Changes in non-cash working capital items			
Amounts receivable and prepaid expenses	27,021		27,021
Accounts payable and accrued liabilities	(4,471)		(4,471)
Advances from (to) related parties	(11,773)		(11,773)
	<u>(399,970)</u>	<u>(1,973)</u>	<u>(401,943)</u>
<b>Cash flows used in investing activities</b>			
Deferred exploration expenditures (18 (b))	(353,563)	132,018	(221,545)
Sale of equipment	2,699		2,699
	<u>(350,864)</u>	<u>132,018</u>	<u>(218,846)</u>
<b>Cash flows from (used in) financing activities</b>			
Convertible loan proceeds (repayment)	(60,000)		(60,000)
Share capital issued for cash, net of issuance costs	572,555		572,555
	<u>512,555</u>		<u>512,555</u>
<b>Effect of exchange rate changes on cash (18 (b))</b>	-	(130,045)	(130,045)
<b>Increase (decrease) in cash</b>	(238,279)		(238,279)
<b>Cash, beginning of year</b>	<u>257,650</u>		<u>257,650</u>
<b>Cash, end of year</b>	<u>19,371</u>		<u>19,371</u>
<b>Supplemental Disclosures</b>			
Interest paid	<u>200</u>		<u>200</u>
Income taxes paid	<u>-</u>	<u>-</u>	<u>-</u>
<b>Non-cash Transactions</b>			
Shares issued for mineral properties	<u>39,500</u>	<u>-</u>	<u>39,500</u>

**19. SUBSEQUENT EVENTS**

On July 4, 2012, the Company received the approval from the TSX-V on a normal course issuer bid (“NCIB”) to purchase up to 10% of the issued and outstanding common shares of the Company on the open market. As of the date of this report, the Company purchased 1,073,000 shares of the Company for gross purchase of \$78,680 at prices between \$0.055 to \$0.085 per share.

On July 10, 2012, the Company received the approval from the TSX-V on re-pricing 300,000 options from exercise prices between \$0.185 and \$0.24 to exercise price of \$0.10.

On June 21, 2012, the Company granted 2,125,000 options exercisable into the Company’s common shares at \$0.10 per share until June 21, 2017.

On June 15, 2012, 300,000 options were forfeited due to the termination of the agreement with the consultant.

**Item 18. Financial Statements**

Not applicable.

**Item 19. Exhibits**

<b>Exhibit</b>	<b>Description</b>
1.1 <sup>(1)</sup>	Certificate of Incorporation in the name of Candy Mountain Gold Corporation dated May 23, 1980
1.2 <sup>(1)</sup>	Certificate of Name Change, Special Resolution and Altered Memorandum dated January 20, 1984 to change name to Teryl Resources Corp.
1.3 <sup>(1)</sup>	Special Resolution and Altered Memorandum dated October 25, 1985 increasing authorized capital to 15,000,000 by creating 5,000,000 Preferred Shares with a par value of \$1.00, and amending Articles by adding Special Rights and Restrictions attached to Preferred Shares
1.4 <sup>(1)</sup>	Special Resolution and Altered Memorandum dated November 30, 1988 increasing number of authorized common shares to 30,000,000 common shares
1.5 <sup>(1)</sup>	Special Resolution and Altered Memorandum dated November 30, 1988 canceling existing Articles and replacing with new Articles
1.6 <sup>(1)</sup>	Special Resolution and Altered Memorandum dated November 20, 2000 increasing authorized capital to 100,000,000 common shares
1.7 <sup>(1)</sup>	Special Resolution and Altered Memorandum, Certificate of Name Change dated February 4, 2003 changing the name Teryl Gold Corp.
1.8 <sup>(1)</sup>	Transition Application and Notice of Articles dated September 15, 2004 transitioning from <i>Company Act</i> (British Columbia) to the <i>Business Corporations Act</i> (British Columbia)
1.9 <sup>(1)</sup>	Notice of Alteration effective November 25, 2004 changing name to Teryl Resources Corp.
1.10 <sup>(1)</sup>	Notice of Articles dated November 25, 2004 reflecting Altered Memorandum and Special Resolution dated November 15, 2004 canceling existing Articles and replacing with new Articles
2.1 <sup>(1)</sup>	Specimen copy of common share certificate
4.1 <sup>(1)</sup>	Commitment to provide financing to Teryl Resources Corp. as required for ongoing operations dated February 14, 2000 from John Robertson
4.2 <sup>(1)</sup>	Mining Joint Venture Agreement dated September 23, 2009 between Fairbanks Gold Mining, Inc. and Teryl, Inc.
4.3 <sup>(1)</sup>	Joint Venture Agreement dated March 5, 2002 with Linux Gold Corp. (formerly LinuxWizardry Systems, Inc.)
4.4 <sup>(1)</sup>	Amendment to Joint Venture Agreement dated November 4, 2002 with Linux Gold Corp. (formerly LinuxWizardry Systems, Inc.)
4.5 <sup>(1)</sup>	Extension to Joint Venture Agreement dated March 5, 2005 with Linux Gold Corp.
4.6 <sup>(1)</sup>	Management Agreement dated December 1, 1994 with SMR Investments Ltd.
4.6 <sup>(2)</sup>	Purchase Agreement dated August 18, 2003 with Michael D. Roberts
4.7 <sup>(2)</sup>	West Ridge Property Lease Agreement dated July 2003
4.8 <sup>(3)</sup>	Extension to Joint Venture Agreement dated March 5, 2005 with Linux Gold Corp.
4.9 <sup>(3)</sup>	Upper Fox Creek Development Agreement dated June 23, 2004 with Jean Turner and Ron Way
4.10 <sup>(4)</sup>	Natural Gas Well Interest Agreement dated May 18, 2006 with IAS Energy, Inc.
4.11 <sup>(4)</sup>	Mineral Property Agreement dated June 10, 2006 with Frederic and John Rothermel - Gold Hill Property
4.12 <sup>(5)</sup>	Natural Gas Well Interest Agreement dated April 2, 2008 with IAS Energy, Inc.
4.13 <sup>(6)</sup>	Investor Relations Consulting Agreement dated August 18, 2010 with Torrey Hills Capital Inc.
4.14 <sup>(6)</sup>	Letter of Agreement dated August 17, 2010 with Mark C. Farrar, Christina J. Karnes, Robert W. Karnes and Donald Plancich – Fortitude Project
8.1 <sup>(6)</sup>	List of Subsidiaries
12.1 <sup>(7)</sup>	<b>Section 302 Certification - CEO</b>
12.2 <sup>(7)</sup>	<b>Section 302 Certification - CFO</b>
13.1 <sup>(7)</sup>	<b>Section 906 Certification - CEO</b>
13.2 <sup>(7)</sup>	<b>Section 906 Certification - CFO</b>

- (1) incorporated by reference to Registration Statement on Form 20-F filed January 19, 2007
- (2) incorporated by reference to Annual Report on Form 20-F for the fiscal year-ended May 31, 2004 filed August 3, 2007
- (3) incorporated by reference to Annual Report on Form 20-F for the fiscal year-ended May 31, 2005 filed August 7, 2007
- (4) incorporated by reference to Annual Report on Form 20-F for the fiscal year-ended May 31, 2007 filed October 19, 2007
- (5) incorporated by reference to Annual Report on Form 20-F for the fiscal year-ended May 31, 2008 filed November 28, 2008
- (6) incorporated by reference to Annual Report on Form 20-F for the fiscal year-ended May 31, 2010 filed November 30, 2010
- (7) filed herewith in this annual report on Form 20-F



**SIGNATURE**

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

**TERYL RESOURCES CORP.**

By: /s/ John G. Robertson

John G. Robinson  
President and Direct

DATED: September 28, 2012

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T: **604.683.3850**  
F: **604.688.8479**



**ACAL GROUP**  
**CHARTERED ACCOUNTANTS**  
**PCAOB & CPAB Registrant**

#### **AUDITORS' CONSENT**

We consent to the incorporation of our report dated September 27, 2012, with respect to the consolidated statements of financial position as at May 31, 2012 and May 31, 2011 and June 1, 2010, and the consolidated statements of operations and comprehensive loss, consolidated statements of cash flows and consolidated statements of changes in equity for the years ended May 31, 2012 and May 31, 2011 on the Company's Annual Report Form 20-F dated September 28, 2012.

***“ACAL Group”***  
Chartered Accountants  
Vancouver, British Columbia  
September 28, 2012

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## CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER PURSUANT TO RULE 13A-14 OR 15D-14 OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, **John G. Robertson**, certify that:

1. I have reviewed this annual report on Form 20-F of **Teryl Resources Corp.**;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15 (e) and 15d-15 (e)) and internal control over financial reporting (as defined in Exchange Rules 13a-15(f) and 15d-15(f)) for the company and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: September 28, 2012

/s/ John Robertson

John Robertson,  
Chief Executive Officer

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CERTIFICATION OF THE CHIEF FINANCIAL OFFICER PURSUANT TO RULE 13A-14 OR 15D-14 OF THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, **Jane He**, certify that:

1. I have reviewed this annual report on Form 20-F of **Teryl Resources Corp.**;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15 (e) and 15d-15 (e)) and internal control over financial reporting (as defined in Exchange Rules 13a-15(f) and 15d-15(f)) for the company and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: September 28, 2012

*/s/ Jane He*

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Jane He,  
Chief Financial Officer

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**Certification of Chief Executive Officer pursuant to  
Title 18, United States Code, Section 1350, as adopted pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002**

I, John Robertson, Chief Executive Officer of **Teryl Resources Corp.**, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that, to the best of my knowledge:

1. The Annual Report on Form 20-F of Teryl Resources Corp. for the year ended May 31, 2012 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)); and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Teryl Resources Corp.

Date: September 28, 2012

/s/ John Robertson

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John Robertson,  
Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to Teryl Resources Corp. and will be retained by Teryl Resources Corp. and furnished to the Securities and Exchange Commission or its staff upon request.

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**Certification of Chief Financial Officer pursuant to  
Title 18, United States Code, Section 1350, as adopted pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002**

I, Jane He, Chief Financial Officer of **Teryl Resources Corp.**, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that, to the best of my knowledge:

1. The Annual Report on Form 20-F of Teryl Resources Corp. for the year ended May 31, 2012 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)); and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Teryl Resources Corp.

Date: September 28, 2012

*/s/ Jane He*

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Jane He,  
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Teryl Resources Corp. and will be retained by Teryl Resources Corp. and furnished to the Securities and Exchange Commission or its staff upon request.

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