FINANCIAL REVIEW

Fiscal Year Ended December 31, 2011

RACKLA METALS INC.

Financial Statements

For the period from incorporation on September 20, 2011

to December 31, 2011

(Expressed in Canadian Dollars)

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Independent Auditor's Report

To the shareholders of
Rackla Metals Inc.

We have audited the accompanying financial statements of Rackla Metals Inc. which comprises the statement of financial position as at December 31, 2011, and the statements of comprehensive loss, changes in equity and cash flows for the period from incorporation on September 20, 2011 to December 31, 2011 and related notes which includes 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 statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these statements based on our audit. We conducted our audit in accordance with International Financial Reporting Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the statements present fairly, in all material respects, the financial position of Rackla Metals Inc. as at December 31, 2011 and its financial performance and its cash flows for the period from incorporation on September 20, 2011 to December 31, 2011 in accordance with International Financial Reporting Standards.

(signed) "BDO Canada LLP"

Chartered Accountants

Vancouver, Canada
April 27, 2012

RACKLA METALS INC.
(An Exploration Stage Company)
STATEMENT OF FINANCIAL POSITION
For the period ended December 31, 2011
(Expressed in Canadian Dollars)

		December 31, 2011
ASSETS		
Current assets		
Cash (Note 5)	$	999,514
Available-for-sale investments (Note 6)		603,500
Taxes receivable		1,622
Total current assets		1,604,636
Non-current assets		
Equipment (Note 7)		15,122
Exploration and evaluation assets (Note 8)		4,516,717
TOTAL ASSETS	$	6,136,475
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	$	36,779
Due to related party (Note 12)		23,947
Total liabilities		60,726
Shareholders' equity		
Share capital (Note 9)		6,163,395
Deficit		(31,396)
Accumulated other comprehensive loss		(56,250)
Total shareholders' equity		6,075,749
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$	6,136,475

APPROVED BY THE BOARD OF DIRECTORS AND AUTHORIZED FOR ISSUE ON APRIL 27, 2012:

“Simon Ridgway”, Director
Simon Ridgway

“William Katzin”, Director
William Katzin

See accompanying notes to the financial statements

RACKLA METALS INC.
(An Exploration Stage Company)
STATEMENT OF COMPREHENSIVE LOSS
For the period from incorporation on September 20, 2011 to December 31, 2011
(Expressed in Canadian Dollars)

		For the period from incorporation on September 20, 2011 to December 31, 2011
GENERAL AND ADMINISTRATIVE EXPENSES		
Amortization	$	160
Legal and audit fees		22,000
Office and administrative (Note 12)		4,182
Public relations (Note 12)		3,000
Salaries and wages (Note 12)		1,699
Travel and accommodation (Note 12)		355
Net loss for the period	$	(31,396)
Other comprehensive loss		
Fair value losses on available-for-sale investments		(56,250)
Total Comprehensive loss	$	(87,646)
Basic and diluted loss per share		$(0.004)
Weighted average number of common shares outstanding		8,132,897

See accompanying notes to the financial statements

RACKLA METALS INC.
(An Exploration Stage Company)
STATEMENT OF CHANGES IN EQUITY
For the period from incorporation on September 20, 2011 to December 31, 2011
(Expressed in Canadian Dollars)

	Number of common shares	Share capital	Accumulated other comprehensive income (loss)	Deficit	Total
Shares issued upon incorporation on September 20, 2011	1	$ 1	$ -	$ -	$ 1
Loss for the period	-	-	-	(31,396)	(31,396)
Shares issued on spin-out transaction (Note 9)	36,067,625	6,176,467	-	-	6,176,467
Share issuance costs	-	(13,073)	-	-	(13,073)
Available-for-sale investments	-	-	(56,250)	-	(56,250)
Balance, December 31, 2011	36,067,626	$ 6,163,395	$ (56,250)	$ (31,396)	$ 6,075,749

See accompanying notes to the financial statements

RACKLA METALS INC.
(An Exploration Stage Company)
STATEMENT OF CASH FLOWS
For the period from incorporation on September 20, 2011 to December 31, 2011
(Expressed in Canadian Dollars)

		For the period from incorporation on September 20, 2011 to December 31, 2011
Cash provided by (used in):		
OPERATING ACTIVITIES		
Loss for the period	$	(31,396)
Item not involving cash:		
Amortization		160
		(31,236)
Changes in non-cash working capital items:		
Taxes receivable		(1,622)
Due to related parties		8,665
Accounts payable and accrued liabilities		36,779
		12,586
FINANCING ACTIVITIES		
Proceeds on issuance of common shares		1,000,001
Share issuance costs		(13,073)
		986,928
Increase in cash		999,514
Cash - beginning of period		-
Cash - end of period	$	999,514

See accompanying notes to the financial statements

1. CORPORATE INFORMATION

The Company is pursuing opportunities related to exploration of mineral resource properties principally in the Yukon Territory, Canada. The Company was incorporated in the Province of British Columbia on September 20, 2011, and is listed on the TSX Venture Exchange ("TSX-V"), having the symbol RAK.V.

The address of the Company's corporate office and principal place of business is #650, 200 Burrard Street, Vancouver, BC, Canada V6C 3L6.

2. BASIS OF PREPARATION

The Company was incorporated on September 20, 2011. Pursuant to a plan of arrangement (the "Arrangement") with Radius Gold Inc. ("Radius") which was completed on December 8, 2011, Radius' interest in the Scarlet property, Sixty Mile area properties, Ten Mile Creek property, Rivier property, and other staked Yukon properties (collectively, the "Projects") were transferred into the Company, together with $1.0 million in cash, and marketable securities consisting of 750,000 common shares of Solomon Resources Limited ("Solomon") and 600,000 common shares of Wesgold Minerals Inc. ("Wesgold") for consideration as disclosed in Note 9.

Under the Arrangement, each Radius shareholder received one common share and one full warrant in the Company for every three Radius shares held. Each warrant entitles the holder to purchase one common share of the Company at $0.30 for a period of 18 months from the date of listing of the Company on the TSX-V. Upon the completion of the spin-out transaction, Radius held 19.9% of the issued shares and warrants of the Company.

These financial statements have been authorized for issue by the Board of Directors on April 27, 2012.

Statement of Compliance

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). IFRS has been applied since incorporation on September 20, 2011.

Basis of Measurement

These financial statements have been prepared on the historical cost basis as modified by the revaluation of available for sale financial assets. The presentation and functional currency of the Company is the Canadian dollar.

The preparation of financial statements in compliance with IFRS requires management to make 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 of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Nature of Operations

These financial statements have been presented on the basis that the Company will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. Realization values may be substantially different from the carrying values shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. At December 31, 2011, the Company had no revenue producing operations and accumulated losses of $31,396 since inception. However, the Company has sufficient cash resources and a working capital surplus of $1.5 million to meet its obligations for at least the next twelve months from the end of the reporting year. The Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently throughout the period.

(a) Loss Per Share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

(b) Income Taxes

Income tax on profit or loss for the period presented 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 or other comprehensive income, in which case the income tax is recognized in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is provided 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 the initial recognition of assets or liabilities in a transaction that is not a business combination and affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, on a non-discounted basis using tax rates at the end of the reporting period applicable to the period of expected realization.

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.

(c) Foreign Currency Translation

The functional currency of the Company is the Canadian dollar. Amounts recorded in foreign currency are translated into Canadian dollars as follows:

(i) Monetary assets and liabilities, at the exchange rate in effect as at the balance sheet date;
(ii) Non-monetary assets and liabilities, at the exchange rates prevailing at the time of the acquisition of the assets or assumption of the liabilities; and
(iii) Revenues and expenses at the exchange rates on the date of the transactions.

The effects of translation are credited or charged to the statement of comprehensive loss/income as foreign exchange gain or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

(d) Equipment and Amortization

Recognition and Measurement

On initial recognition, equipment is valued at cost, being the purchase price and directly attributable cost of acquisition required to bring the asset to the location and condition necessary to be capable of operating in a manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

Equipment is subsequently measured at cost less accumulated amortization, less any accumulated impairment losses.

When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

Subsequent Costs

The cost of replacing part of an item of equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of day-to-day servicing of equipment are recognized in profit or loss as incurred.

Major Maintenance and Repairs

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Gains and Losses

Gains and losses on disposal of an item of equipment are determined by comparing the proceeds from disposal with the carrying amount, that are recognized net within other income in profit or loss.

Amortization

Amortization is recognized in profit or loss and equipment is amortized over their estimated useful lives using the following methods:

Leasehold improvements	8 years straight-line

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

(e) Exploration and Evaluation Assets and Expenditures

Acquisition costs for mineral property interests, net of recoveries, are capitalized on a property-by-property basis. Acquisition costs may include cash consideration, the value of common shares issued based on fair values, and the fair value of share purchase warrants and options issued based on amounts determined using the Black-Scholes option pricing model, for mineral property interests pursuant to the terms of the agreement.

Exploration expenditures, net of recoveries, are charged to operations as incurred. After a property is determined by management to be commercially feasible, development expenditures on the property are capitalized.

When there is little prospect of further work on a property being carried out by the Company or its optionee, when a property is abandoned or when the capitalized costs are no longer considered recoverable, the related property costs are written down to management's estimate of their net recoverable amount. Acquisition assets are also tested for impairment before the assets are transferred to development properties. The costs related to a property from which there is production, together with the costs of production equipment, will be depleted and amortized using the unit-of-production method.

Mineral property interests acquired under an option agreement where payments are made at the sole discretion of the Company are capitalized at the time of payment. The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash recognized in net income.

(f) Provisions

Rehabilitation Provision

The Company recognizes statutory, contractual or other legal obligations related to environmental disturbances caused by exploration and evaluation activities when such obligations are incurred, if a reliable estimate of fair value can be made. These obligations are measured initially at fair value and the resulting costs capitalized to the carrying value of the related mineral property. In subsequent periods, the liability is adjusted for any changes in the amount or timing and for the discounting of the underlying future cash flows. The capitalized asset retirement cost is amortized to operations over the life of the asset.

At December 31, 2011, there are no exploration and evaluation rehabilitation costs.

Other Provisions

Provisions are recognized where a legal or constructive obligation has been incurred as a result of past events, where it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. If material, provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in any provision due to passage of time is recognized as accretion expense.

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

(g) Share Capital

Common shares and warrants are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

(h) Share-based Payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive loss/income over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statements of comprehensive loss/income over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss/income over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss/income. Options or warrants granted related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognized the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

(i) Impairment of Non-Financial Assets

Impairment tests on non-financial assets, including exploration and evaluation assets are undertaken whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

An impairment loss is charged to profit or loss, except to the extent it reverses gains previously recognized in other comprehensive loss/income.

(j) Financial Instruments

Financial Assets

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Loans and Receivables

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Available-For-Sale Investments

Non-derivative financial assets that do not meet the definition of loans and receivables are classified as available-for-sale and comprise principally the Company's strategic investments in entities not qualifying as subsidiaries or associates. Available-for-sale investments are carried at fair value with changes in fair value recognized in other comprehensive loss/income. Where there is a significant or prolonged decline in the fair value of an available-for-sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously recognized in other comprehensive loss/income, is recognized in profit or loss. If there is no quoted market price in an active market and fair value cannot be readily determined, available-for-sale investments are carried at cost.

On sale or impairment, the cumulative amount recognized in other comprehensive loss/income is reclassified from accumulated other comprehensive loss/income to profit or loss.

Impairment on Financial Assets

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

(j) Financial Instruments *(cont'd)*

Financial Liabilities

Financial liabilities are classified as other financial liabilities, based on the purpose for which the liability was incurred, and comprise of accounts payables and accrued liabilities and amounts due to related party. These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemptions, as well as any interest or coupon payable while the liability is outstanding.

Accounts payable and other payables represent liabilities for goods and services provided to the Company prior to the end of the period which are unpaid.

(k) Segment Reporting

The Company operates in a single reportable operating segment.

(l) Standards, Amendments and Interpretations Not Yet Effective

The following new standards and interpretations have been issued by the IASB but are not yet effective:

IFRS 9 Financial Instruments

IFRS 9 is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2015. The Company is in the process of evaluating the impact of the new standard.

IFRS 13 Fair Value Measurement

IFRS 13 defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies when other IFRSs require or permit fair value measurements. It does not introduce any new requirements to measure an asset or a liability at fair value, change what is measured at fair value in IFRSs or address how to present changes in fair value. The new requirements are effective for annual periods beginning on or after January 1, 2013, with earlier application permitted. Management has yet to assess the impact that IFRS 13 is likely to have on the Company's financial statements.

No additional new standards, amendments and interpretations have been early adopted in these financial statements and there are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

(a) The carrying value of Level 2 investment in marketable securities and the recoverability of the carrying value which are included in the statement of financial position;

(b) The carrying value of the investment in exploration and evaluation costs and the recoverability of the carrying value which are included in the statement of financial position; and

(c) The fair value of the exploration and evaluation costs determined through the Arrangement.

The financial statements were prepared on a historical cost basis except for financial instruments, which are classified as available-for-sale and measured at fair value.

5. CASH

Cash at banks earn variable interest depending on the amount that the bank's prime rate exceeds a certain rate.

6. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments are recorded at fair market value and consist of common shares in three other companies and therefore have no fixed maturity date or coupon rate.

As part of the spin-out Arrangement completed on December 8, 2011, Radius assigned to the Company marketable securities consisting of 600,000 common shares in Wesgold, a public company with common directors and officers, and 750,000 common shares in Solomon, a public company. Subsequent to the spin-out transaction, the Company received 200,000 common shares from Voyager Gold Corp. ("Voyager"), a private company with a common director, as an option payment pursuant to the Rivier Property option agreement. The private company shares were initially measured at fair value of $11,000, which is the Company's deemed cost. This transaction accounts for the $11,000 acquisition costs recovery in Rivier.

As at December 31, 2011, the carrying amount for the available-for-sale investments was $603,500. An unrealized loss of $56,250 was recorded in other comprehensive income during the period ended December 31, 2011.

(Expressed in Canadian Dollars)

7. EQUIPMENT

		Leasehold improvements
Cost		
Balance on incorporation, September 20, 2011	$	-
Additions		15,282
Disposals		-
Balance, December 31, 2011	$	15,282
Accumulated amortization		
Balance on incorporation, September 20, 2011	$	-
Additions		160
Disposals		-
Balance, December 31, 2011	$	160
Carrying amounts		
At incorporation on September 20, 2011	$	-
At December 31, 2011	$	15,122

(Expressed in Canadian Dollars)

8. EXPLORATION AND EVALUATION ASSETS

The Company has capitalized the following acquisition costs of its mineral property interests as at December 31, 2011:

	Ten Mile Creek	Scarlet	Sixty Mile	Rivier	Face	Newt	Iola	Total
September 20, 2011	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Acquired on spin-out transaction (Note 9)	15,406	886,745	3,209,664	83,275	90,785	221,332	20,510	4,527,717
Acquisition costs recovered	-	-	-	(11,000)	-	-	-	(11,000)
December 31, 2011	$ 15,406	$ 886,745	$ 3,209,664	$ 72,275	$ 90,785	$ 221,332	$ 20,510	$ 4,516,717

i) Scarlet Property – Yukon Territory

The Scarlet Property consists of 728 claims as at December 31, 2011 which are located in the Mayo Mining District, Yukon. The property is divided into two claim blocks; Scarlet East which consists of 230 claims; and Scarlet West which consists of 498 claims.

Subsequent to December 31, 2011, the Company granted to Strategic Metals Ltd. ("Strategic") the option to acquire an undivided 60% interest in the Scarlet East claim block. Strategic can exercise the option by making $5.0 million in exploration expenditures on the property as follows:

a) $500,000 on or before December 31, 2013;
b) an additional $1,000,000 on or before December 31, 2014;
c) an additional $1,500,000 on or before December 31, 2015; and
d) an additional $2,000,000 on or before December 31, 2016.

Strategic is also required to complete not less than 1,000 metres of drilling on or before December 31, 2012. Upon exercising the option, Strategic and the Company will respectively hold 60% and 40% interests in the Scarlet East claim block.

ii) Sixty Mile Area – Yukon Territory & Alaska

The Sixty Mile Property straddles the Yukon/Alaska border and consists of 945 claims as at December 31, 2011. 670 claims were acquired by Radius by staking or purchase from third parties, of which 640 claims are located in the Yukon and 30 claims in Alaska.

In 2009 and 2010, Radius entered into agreements with various landowners whereby it had the option to acquire a 100% interest in 275 of the Yukon claims in consideration of cash payments totaling $837,300 and the issuance of a total of $688,000 worth of shares of Radius, over a four-year period. Up to December 8, 2011, the date of the spin-out transaction, Radius had made option payments totaling $368,800 cash and issued 332,021 shares with a fair value of $192,000, and Radius completed its earn-in to acquire 18 of the optioned claims.

As part of the Arrangement (Note 2), Radius assigned all of its rights to the Sixty Mile Property to the Company. After completing the cash payments and share issuances pursuant to the option agreements, the Company must pay annual advance royalty payments totaling $204,000 to the property owners until such time as commercial production on the applicable property is achieved, at which time the property owner(s), as applicable, shall be entitled to NSR royalties ranging from 2.5% to 3.0%.

(Expressed in Canadian Dollars)

8. EXPLORATION AND EVALUATION ASSETS *(cont'd)*

iii) Rivier Property – Yukon Territory

The Rivier Property consists of 116 claims located in the Watson Lake Mining District, Yukon.

On April 22, 2010 Roger Hulstein ("Hulstein") staked 100 of the claims (the "Hulstein Claims") comprising the Rivier Property. In accordance with an Agreement between Radius and Hulstein dated July 18, 2010, Radius was granted the option (the "Hulstein Option") to earn a 100% interest in the Hulstein Claims. On September 10, 2010, Radius acquired the other 16 Rivier claims by staking (the "Staked Claims"). Subsequently, as part of the Arrangement, Radius assigned all of its rights and obligations in the Hulstein Option and the Staked Claims to the Company. In order to exercise the Hulstein Option, the Company must pay to the property owner a total of $175,000 cash and issue a total of 200,000 shares over four years according to the following schedule:

a) $25,000 cash and 25,000 common shares upon signing (cash paid and shares issued by Radius);
b) $10,000 cash and 25,000 common shares on or before July 18, 2011(cash paid and shares issued by Radius);
c) $20,000 cash and 50,000 common shares on or before July 18, 2012;
d) $40,000 cash and 50,000 common shares on or before July 18, 2013; and
e) $80,000 cash and 50,000 common shares on or before July 18, 2014.

Pursuant to an agreement dated September 1, 2011, Radius granted to Voyager the option (the "Rivier Option") to acquire a 60% interest in the Property. The Rivier Option was subsequently assigned to the Company as part of the Arrangement (Note 2).

In order to keep the Rivier Option in good standing, Voyager must, over a three year period, pay $200,000 cash to the Company, issue a total of 1,000,000 common shares of Voyager to the Company and incur an aggregate of $1,000,000 in exploration expenditures on the Property, as follows:

Due date	Cash	Shares	Expenditures
Upon completion of the Assignment from Radius (shares received December 9, 2011)	$ -	200,000	$ -
By December 31, 2011	-	-	100,000
On public listing of Voyager	-	200,000	-
By November 30, 2012	50,000	200,000	200,000
By November 30, 2013	50,000	200,000	300,000
By November 30, 2014	100,000	200,000	400,000
	$ 200,000	1,000,000	$ 1,000,000

The 200,000 Voyager shares received have a fair value of $11,000.

The Company must keep the Hulstein Option in good standing as long as the Rivier Option remains outstanding. Assuming the Hulstein Option and the Rivier Option are exercised, a joint venture will be formed to further develop the Property on the basis of Voyager 60% / the Company 40%. Pursuant to the Hulstein Option, the Company's and Voyager's ownership will be subject to a 3 % Net Smelter Return royalty ("NSR"). An advance royalty payment of $20,000 is to be paid to Hulstein annually beginning on July 18, 2015 until the Property is deemed to be in production. The Company and Voyager may jointly elect to reduce the NSR to 2% by making a onetime payment to Hulstein of $1 million.

8. EXPLORATION AND EVALUATION ASSETS *(cont'd)*

iv) Ten Mile Creek Property – Yukon Territory

The Ten Mile Creek Property, Yukon is comprised of 323 claims, of which 269 claims were acquired by Radius in April 2009 by staking, and 54 claims (the "Optioned Claims") were optioned to Radius in June 2009. Radius had the option to earn a 100% interest in the Optioned Claims in consideration of conducting an initial sampling program of $70,000 (completed by Radius) and cash and share payments to the property owner according to the following schedule:

a) $25,000 on signing of the agreement (paid by Radius);
b) $50,000 on or before May 31, 2010 (paid by Radius);
c) $75,000 on or before May 31, 2011 (paid by Radius);
d) $75,000 on or before May 31, 2012;
e) $75,000 on or before May 31, 2013; and
f) either $100,000 or issue 400,000 shares, on or before May 31, 2013, the method of such payment at the discretion of the property owner.

As part of the Arrangement (Note 2), Radius assigned all of its rights to the Ten Mile Property to the Company. In addition to the above-noted cash payments and share issuances required to keep the option in good standing, commencing on May 31, 2014 and on May 31 each year thereafter, the Company must pay $10,000 to the property owner until such time as commercial production of the Property is achieved, at which time the $10,000 payments shall cease and the property owner shall be entitled to a 1.0% NSR royalty. As well, an underlying 1.5% NSR royalty is payable to Teck Resources Limited. The Company has the right at any time to reduce the property owner's NSR to 0.5% by paying $500,000, or to 0.25% by paying $1.0 million.

In September 2009, Radius granted to Solomon the option (the "Solomon Option") to acquire a 51% interest in the Ten Mile Creek Property. The Solomon Option was subsequently assigned to the Company as part of the Arrangement. Solomon can earn its interest in the Property by spending $2.5 million on exploration and making staged cash and share payments of $500,000 cash and 1 million shares of Solomon over three years according to the following schedule:

a) 500,000 shares upon TSX Venture Exchange ("TSX-V") approval of the transaction (received by Radius and subsequently assigned to the Company);
b) $100,000 cash and 100,000 common shares by May 21, 2010 (received by Radius and shares subsequently assigned to the Company), and spending $350,000 during the 2010 exploration season ;
c) $150,000 cash and 150,000 common shares by May 21, 2011 (received by Radius and shares subsequently assigned to the Company), and spending $650,000 during the 2011 exploration season ; and
d) $250,000 cash and 250,000 common shares by May 21, 2012, and spending $1,500,000 during the 2012 exploration season.

Upon completion of the earn-in, a 51/49 joint venture will be formed between Solomon and the Company.

8. EXPLORATION AND EVALUATION ASSETS *(cont'd)*

v) Snowcap Property – Yukon Territory

In 2009, Radius staked 198 claims in the Whitehorse Mining District, Yukon known as the Snowcap Property. By an agreement dated November 8, 2009, as amended, Radius granted to Wesgold the option to acquire a 60% interest in the Property in consideration of issuing to Radius an aggregate of 1,000,000 Wesgold common shares and incurring exploration expenditures of $1,000,000, over a four-year period. Prior to terminating the option agreement in September 2011, Wesgold had issued 600,000 common shares to Radius which were then assigned to the Company as part of the Arrangement. On December 30, 2011, the Company disposed of the Snowcap claims to an unrelated third party for a nominal amount of $1.

vi) Face Property – Yukon Territory

The Face Property is comprised of 270 claims in the Dawson Mining District, Yukon which were staked by Radius and subsequently assigned to the Company as part of the Arrangement (Note 2). Subsequent to December 31, 2011, the Company has expanded the Face Property by staking an additional 431 claims.

vii) Newt Property – Yukon Territory

The Newt Property is comprised of 462 claims in the Dawson Mining District, Yukon which were staked by Radius and subsequently assigned to the Company as part of the Arrangement (Note 2).

viii) Iola Property – Yukon Territory

The Iola Property is comprised of 80 claims in the Whitehorse Mining District, Yukon which were staked by Radius and subsequently assigned to the Company as part of the Arrangement (Note 2).

(Expressed in Canadian Dollars)

9. SHARE CAPITAL AND RESERVES

(a) Common Shares

The Company is authorized to issue an unlimited number of common shares without par value.

From the date of incorporation on September 20, 2011 to December 31, 2011, the following common share issuances were incurred:

(i) On September 20, 2011, the Company issued 1 incorporator's common share for $1.00.

(ii) On December 8, 2011, the Company issued as consideration for the Arrangement, 36,067,625 common shares and 36,067,625 share purchase warrants. The fair value of the assets received from the Arrangement of $6,176,467 was fully attributed to the common shares issued. Share capital was reduced by share issuance costs totaling $13,073. Included in the $6.176 million of assets received was $4,527,717 relating to evaluation and exploration assets which were prorated to the mineral property interests acquired based on level of exploration activity on those interests (Note 8). This arrangement was a non-cash transaction.

(b) Share Purchase Warrants

The following is a summary of changes in warrants for the period of September 20, 2011 to December 31, 2011:

	Number of warrants	Weighted average exercise price
Balance, at incorporation on September 20, 2011	-	-
Issued	36,067,625	$0.30
Balance, December 31, 2011	36,067,625	$0.30

As at December 31, 2011, the following share purchase warrants were outstanding:

Expiry Date	Number of warrants	Exercise price
June 7, 2013	36,067,625	$0.30

(c) Nature and Purpose of Equity and Reserves

The reserves recorded in equity on the Company's statement of financial position include 'Deficit' and 'Accumulated Other Comprehensive Loss/Income'.

Deficit is used to record the Company's change in deficit from earnings from period to period.

Accumulated other comprehensive loss/income comprises an available-for-sale reserve. This reserve is used to recognize fair value changes on available-for-sale investments.

(Expressed in Canadian Dollars)

10. SHARE-BASED PAYMENTS

Amounts Capitalized Arising from Share-based Payment Transactions

Total expenses arising from share-based payment transactions that were capitalized during the period as part of exploration and evaluation assets were $4,516,717.

11. INCOME TAXES

The difference between tax expense for the year and the expected income taxes based on the statutory tax rate arises as follows:

	December 31, 2011
Profit/(loss) before income taxes	$ (31,396)
Tax charge/(recovery) based on the statutory rate of 26.5%	(8,000)
Non-taxable portion of capital losses	(7,000)
Share issue costs	(3,000)
Change in unrecognized deferred tax assets	18,000
Total income tax expense / (recovery)	$ -

No deferred tax asset has been recognized in respect of the following losses and temporary differences as it is not considered probable that sufficient future taxable profit will allow the deferred tax asset to be recovered:

	December 31, 2011
Loss carry forwards	8,000
Available-for-sale investments	7,000
Share issue costs	3,000
Unrecognized tax assets	(18,000)
	$ -

As at December 31, 2011, the Company has estimated non-capital losses of $34,000 for Canadian income tax purposes that may be carried forward to reduce taxable income derived in future years, until it expires in 2031.

12. RELATED PARTY TRANSACTIONS

Balances and transactions with related parties not disclosed elsewhere in these financial statements are as follows:

a) During the period ended December 31, 2011, the Company incurred $8,665 in office and administration, public relations, salary and wages and travel and accommodations paid on behalf of Radius. In addition, $15,282 of leasehold improvement costs was paid, on behalf of the Company, by Radius. (see Note 7). Radius is reimbursed by the Company for these shared costs and other business related expenses paid by Radius on behalf of the Company.

b) There is no key management compensation for services specific to the Company.

c) The amount of $23,947 due to related party as of December 31, 2011 is due to Radius. The balance is unsecured, due on demand and does not bear interest.

d) The spin-out Arrangement is a related party transaction as Radius has common directors and officers and has retained 19.9% interest in the Company.

These transactions are in the normal course of operations and are measured at its approximate fair value, which is the amount of consideration established and agreed to by the related parties.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

General Objectives, Policies and Processes

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board of Directors receive periodic reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(cont'd)*

a) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices affecting the Company are comprised of the following types of risk: interest rate risk and equity price risk.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash held with chartered Canadian financial institutions. The Company considers this risk to be immaterial.

Equity Price Risk

Equity price risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company's marketable securities are exposed to significant equity price risk due to the potentially volatile and speculative nature of the businesses in which the marketable securities are held. The marketable securities held in Wesgold, Solomon, and Voyager are monitored by Management with decisions on sale taken at Board level. A 10% decrease in fair value of the shares would result in a $60,350 decrease in equity.

b) Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash. The Company limits exposure to credit risk by maintaining its cash with chartered Canadian financial institutions. The Company does not have cash or marketable securities that are invested in asset based commercial paper.

c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipated investing and financing activities. At December 31, 2011, the Company had cash of $999,514 available to apply against short-term business requirements and current liabilities of $60,726. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Determination of Fair value

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. All financial instruments at December 31, 2011 are carried at amortized cost, apart from the available-for-sale investments of $603,500 which are carried at fair value. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The Statement of Financial Position carrying amounts for cash, accounts payables and accrued liabilities, and due to related parties approximates fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(cont'd)*

The Company has made the following designations of its financial instruments: cash as loans and receivables and accounts payable and accrued liabilities and due to related parties as other financial liabilities.

Fair Value Hierarchy

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2	Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3	Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The marketable securities investments for Wesgold and Solomon are based on quoted prices and are therefore considered to be Level 1.

The available-for-sale investment in Voyager was recorded at fair value when it was received and is carried at cost due to Voyager being a private company with no quoted market prices available. This investment is considered to be Level 2 on initial recognition and carried at cost thereafter.

14. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to advance its mineral properties. The Company's defines its capital as cash, common shares and share purchase warrants. In order to facilitate the management of its capital requirements, the Company prepares periodic budgets that are updated as necessary. The Company manages its capital structure and makes adjustments to it to effectively support the acquisition and exploration of mineral properties. The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for general administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. As at December 31, 2011, the Company is not subject to any externally imposed capital requirements. The Company expects its current capital resources to be sufficient to carry out its planned exploration programs and operating costs for the next twelve months.

15. SEGMENTED REPORTING

The Company is organized into business units based on mineral properties and has one reportable operating segment, being that of acquisition and exploration and evaluation activities.

RACKLA METALS INC.
(the “Company”)

MANAGEMENT’S DISCUSSION AND ANALYSIS
Report for period from incorporation on September 20, 2011 to December 31, 2011

General

This Management’s Discussion and Analysis (“MD&A”) supplements, but does not form part of, the audited financial statements of the Company for the period ended December 31, 2011. The following information, prepared as of April 27, 2012, should be read in conjunction with the December 31, 2011 financial statements. The Company reports its financial position, results of operations and cash flows in accordance with International Financial Reporting Standards (“IFRS”). All amounts are expressed in Canadian dollars unless otherwise indicated.

Additional information relevant to the Company’s activities can be found on SEDAR at www.sedar.com.

Business of the Company

The Company was incorporated in September 2011 pursuant to a spin-out transaction (the “Spin-Out”) with Radius Gold Inc. (“Radius”) to create two strategically positioned companies, one focused on Latin America and the other focused on the Yukon. The Spin-Out was completed on December 8, 2011, and Radius’s interests in the Scarlet property, Sixty Mile area properties, Ten Mile Creek property, Rivier property, and other staked Yukon properties were transferred to the Company, together with $1.0 million in cash, and marketable securities consisting of 750,000 common shares of Solomon Resources Limited (“Solomon”) and 600,000 common shares of Wesgold Minerals Inc. (“Wesgold”).

As a result of the Spin-Out, Radius shareholder received one common share and one full warrant in the Company for every three Radius shares held and Radius also received common shares and warrants to hold a 19.9% ownership interest in the Company. Each warrant entitles the holder to purchase one common share of the Company at $0.30 for a period of 18 months.

The current status of the Company’s properties is described below:

Scarlet Property, Rackla Belt Area

The Company owns 728 claims in the Rackla Belt area, of which 230 claims comprise the Scarlet East property and 498 claims for the Scarlet West property. The Scarlet East property covers what is believed to be the eastern extension of the belt of rocks that host ATAC Resources’ Osiris and Conrad discoveries northeast of Keno City.

Mineralization in the Rackla belt shares many of the characteristics of Carlin-type gold deposits, including similar alteration assemblages and association with the low-temperature arsenic sulphides, realgar and orpiment. In the eastern part of the belt, host rocks are two 150- to 250-metre-thick limestone debris flow and turbidite units, referred to by Atac Resources as the Osiris and Isis horizons, and occur within basinal silty mudstones. Preliminary mapping over the Scarlet East property has identified similar carbonate stratigraphy and fold patterns.

The Company conducted an exploration program in the 2011 summer season to target both claim blocks with geochemical surveys (stream sediment, soil and rock sampling), airborne geophysics (magnetic and radiometrics) and geological mapping.

First pass geological mapping of the property was undertaken and ridge-and-spur soil samples and stream sediment samples were collected at the Scarlet East property. Results from this program were disclosed in Radius’s news releases of July 13 and 26, 2011. Based upon soil results anomalous in Au-As-Hg-Sb-Tl in an area of orange-weathering limestone, a full soil sampling grid based on 50 x 50 or 50 x 100 m sampling was undertaken on the Scarlet East property in August 2011. In total, over 8,700 soils were collected. Rock prospecting resulted in 164 rock samples, and a stream sediment survey resulted in 239 samples. Management is of the view that strongly anomalous values in all the major elements were confirmed in the soil sampling program.

In April 2012, the Company signed a binding letter of intent with Strategic Metals Ltd. (Strategic”) granting Strategic the option to acquire an undivided 60% interest in the Scarlet East claim block. Strategic can exercise the option by making $5,000,000 in exploration expenditures on the property as follows:

- $500,000 on or before December 31, 2013;
- an additional $1,000,000 on or before December 31, 2014;
- an additional $1,500,000 on or before December 31, 2015; and
- an additional $2,000,000 on or before December 31, 2016.

Strategic is also required to complete not less than 1,000 meters of drilling on or before December 31, 2012.

A much more limited program of soils was undertaken later in the season on the Scarlet West property. Although the property was initially staked for its potential to host lode gold deposits, work and research by Radius in 2011 identified its potential to also host significant high grade Pb-Zn replacement or Mississippi Valley Type deposits.

Sixty Mile Property

The Sixty Mile Property consists of 945 claims, of which 670 claims are owned outright and the balance are under option from third parties. The Property is a large land position covering the headwaters and drainage areas of the prolific Sixty Mile Gold Camp of the Yukon Territory which reportedly produced over 500,000 oz of gold from the creeks that drain the Company's holdings. The hard rock source for this placer gold has never been determined. The regional geology, geochemical signature and structural setting have similarities to the setting of International Tower Hill's (TSX-V: ITH.V) major Livengood gold discovery in Alaska, a multi-million ounce gold discovery driven by the search for the source of placer gold in that area.

During 2011, a diamond drill program was completed consisting of 20 holes (5,273 metres). Sixteen holes tested the Graben Fault Zone in the Sixty Mile River Valley and four tested the Thrust Fault Zone. Significant gold bearing intervals are tabulated below.

Zone	Hole ID	From (m)	To (m)	Length (m)	Au (g/t)
Graben	DDH11-08	193.50	194.50	1.00	19.00
Graben	DDH11-10	249.00	250.50	1.50	132.90
Graben	DDH11-14	32.00	33.00	1.00	5.17
Thrust	DDH11-15	193.00	196.50	3.50	1.50
Thrust	DDH11-15	233.17	251.05	17.88	0.44
Thrust	including	234.00	238.00	4.00	1.02
Thrust	DDH11-18	88.00	193.30	105.30	0.51
Thrust	including	141.93	166.00	24.07	1.57
Thrust	DDH11-19	224.50	228.60	4.10	1.84
Thrust	DDH11-20	182.98	185.65	2.67	1.06
Thrust	DDH11-20	201.78	202.75	0.97	1.79
Thrust	DDH11-20	272.00	273.03	1.03	1.40

The Thrust Fault Zone

In 2010 Radius identified orogenic gold mineralization within a package of northeast trending brittle siliclastic metasediments cut by thrust faults (the "Thrust Fault Zone"). This area is likely one of the sources for the extensive placer gold deposits that has been mined from the creeks that cut this unit. The host units are extensive, and there are multiple beds of quartzite hosting cross cutting, gold bearing veins. In 2010 four core holes drill tested this unit and anomalous gold was encountered over down hole widths of up to 79m. Holes DDH11-15, 18, 19 & 20 tested the Thrust Fault Zone.

Drill hole DDH11-15 targeted mineralization down dip of mineralization intersected in the upper portions of 2010 drill holes DDH10-1, 2 and 3. Sample results from hole 15 are similar to those received in 2010 including a 4.0 meter section (from 234.00 – 238.00 m) that graded 1023 ppb gold. Drill hole DDH11-18 targeted a brittle quartz rich unit intersected in DDH10-3 that returned 160 ppb gold over 79.27 m. The drilling direction of DDH11-18 was close to right angles to that of DDH10-03 as the purpose of hole 18 was to intersect the quartz veins at a high angle compared to the low angles observed in drill core in 2010. Best results from DDH11-18 include 1.5 g/t Au over 24 meters (from 141.78 m – 166.00 m), where visible gold in quartz veins was observed, within a broader 105.30 m interval that graded 507 ppb (from 88.00 – 193.30 m).

Drill hole DDH11-19, located approximately 950 m northwest of DDH11-15, 18 and DDH10-1, 2 & 3, targeted resistivity and induced polarization (IP) anomalies. The best result was 1837 ppb over 4.10 m (from 224.50 m – 228.60 m) from a quartz veined quartz rich schist unit.

Drill hole DDH11-20, targeted the thrust fault zone where it crosses a ridge, approximately 2.1 km to the northeast of DDH11-19. Like DDH11-19, hole 20 targeted resistivity and IP anomalies. Best values included three narrow (0.97 m to 2.67 m) intervals of >1 g/t Au from a fault zone and sericite altered and silicified schist.
In April 2012, the Company received a report detailing the results of the geophysics (IP and EM) that was carried out over the area of the Thrust Fault Zone that was drill tested by Radius in 2011. This is currently being interpreted and incorporated into an exploration model. Although additional drilling of this zone is not currently planned, the object of building an exploration model is to develop drill targets with gold grades similar or better than what was intersected in DDH11-18.

The Graben Fault Zone

The Graben Fault Zone is one of two bedrock gold discoveries zones identified by Radius. It is located on the edge of the Sixty Mile river valley where highly altered Carmacks volcanic rocks are in fault contact with much older gneissic rocks of the Fifty Mile Batholith and schist units of the Yukon Tanana Terrane. The volcanics are strongly altered over an 8km long strike length, and largely buried beneath placer gold-bearing river gravels, presenting a significant challenge for drill targeting. The initial exploration program comprised of grid-based auger drilling to test the top of bedrock. Clays in the bedrock sample were then identified by short wave infrared spectroscopy, and a Controlled Source Audio Frequency Magneto-telluric (CSAMT) geophysical survey was also used to identify resistivity highs and lows for drill targeting.

Holes DDH11-08 and -09 tested the historic per occurrence (see Radius's news release dated June 6, 2011) which lies within a zone of illite alteration that extends towards the east where holes DDH11-10 and 14 tested fault structures. DDH11-08 intersected strongly bleached and sericite altered Carmacks Group andesite crosscut by narrow dolomite pyrite veins that contained 19.0 g/t Au from 193.5 m to 194.5 m.

Drill hole DDH11-10 intersected 132 g/t Au over 1.5m. This hole was drilled 1.4km east northeast of hole DDH11-08. The interval consisted of bleached, hematized and sericite altered quartz feldspar biotite schist cross cut by minor quartz/pyrite veins. The large scale of the alteration system which can be traced over an 8km strike length, required that the 2011 drilling was very widely spaced in order to drill test several targets. While many of the holes returned disappointing results, especially the follow-up holes at the Toni occurrence, the high grade intercepts in holes DDH11-08 and -10 are potentially related to an alteration zone that can be traced for a distance of 2 km, requiring further follow up work. DDH11-14, collared approximately 400 m east of DDH11-10, intersected a 1.0 m interval of propylitic altered andesite with limonitic zones that graded 5172 ppb gold.

In 2010, Radius drilled two holes at the Toni occurrence testing the volcanic rocks proximal to the fault zone. Both holes returned highly anomalous gold values over plus-50-metre intervals with narrower intervals of potentially ore-grade material (see Radius's news release dated Nov. 16, 2010). The initial 2011 drill holes (DDH11-01, 02, 03 and 06) targeted down dip and along strike of last year's hole DDH10-06 at the Toni occurrence, and while these holes returned erratic anomalous gold values with some narrow >1g/t Au intervals, the drilling did not identify potential for a bulk-tonnage gold target at Toni.

Holes DDH11-04, 05, 07, 11, 12 and 13 tested potential silica bodies outlined by the geophysical program. Several of the holes intersected broad zones of anomalous base metal values. For example, holes DDH11-03, 04 and 05 intersected a high level porphyritic granitoid with quartz stockwork veining containing chalcopyrite and minor molybdenite, but none of these geophysical anomalies proved to have merit as gold targets. DDH11-09, 16 and 17 did not return any significant gold values.

Management is currently awaiting a geophysical report with the results and conclusions of the CSAMT (Controlled Source Audio Frequency Magnetotelluric) survey that was carried out over the Garben Zone in 2011. Once the report is received, the results will be used to help evaluate the Graben Zone for additional epithermal gold targets. Pending the report and identifying new drill targets no additional drilling is planned on this target. A major mining company has expressed an interest in the copper potential of the prophyritic granitoid intersected in DDH11-03, 04 and 05 and is evaluating the data.

<u>Face Property</u>

The Face property comprises 701 contiguous claims in western Yukon, 8km due east of Eagle, Alaska. The initial 94 claims were staked in September 2010 and are centred on a government regional silt survey Au anomaly, located over carbonate rocks analogous to the Atac Resources' Rackla belt, and with a similar spatial relationship to the Dawson thrust. In September 2011, an additional 176 claims were staked.

A first pass reconnaissance ridge-and-spur soil sampling and stream sampling survey was undertaken in the summer of 2011 with 155 soils and 31 stream sediments collected on the western half of the property. Results define a roughly east-west striking zone with coincident Au-Ag-Tl-Hg-Sb-As-Pb-Cu anomalies, in both soils and stream sediments. Based upon these results, the claim block was extended in August 2011.

A magnetic airborne survey was carried out in late November 2011. The high resolution magnetic data, collected on lines flown at 200 m line spacing, highlights geological rock units and will aid in geological mapping and understanding the structural setting of the property in 2012. A greatly expanded soil grid survey is also planned for the summer of 2012 to further delineate and extend the anomalous zones and to identify potential drill targets.

An additional 431 claims were staked in April 2012 to the northeast of the Face claims. These claims cover prospective stratigraphy and stream drainages with anomalous gold+/-arsenic +/- antimony+/-mercury values in stream sediment samples reported by the Geological Survey of Canada.

Newt Claims

The Newt claims, consisting of two separate blocks totalling 462 claims, lie southwest of Dawson City close to the Yukon-Alaska border. The claims were staked to cover a conceptual epithermal gold target in a similar structural setting to the Sixty Mile River valley target. Some 779 soils on ridge-and-spur traverses, 31 silts and 11 rock samples were collected in September 2011. Results returned low values for gold (<7 ppb) and aside from some low level lead in soil anomalies (between 21- 52 ppm) pathfinder elements also returned low level values. Stream sediment sampling was not effective due to meandering boddy creeks and soil sample values may have been compromised by excessive amounts of overburden. There are no plans to explore the property in 2012.

Iola Claims

In late October 2011, Radius staked 80 claims (1,670 Ha) over a silver - base metal target, the Yukon Minfile, Iola occurrence. It is located approximately 115 kilometres northeast of Whitehorse and is about 15 km from the South Canol Road. It is an early stage property and planned work in 2012 will consist of a soil sample survey, prospecting and geological mapping.

Ten Mile Creek Property

The Ten Mile Creek property is under option by Solomon which has identified a number of gold in bedrock and soil anomalies. Solomon was granted an option by Radius to earn a 51% interest in the property. The property comprises 323 mineral claims located approximately 30 kilometres north-northwest of the White Gold Property of Kinross Gold Corp. and 60 kilometres north of the Coffee Gold Project of Kaminak Gold Corp.

The 2011 exploration program included expanded soil geochemical grids, airborne geophysics and geological mapping that demonstrated that the Jual Vein System is the surface expression of an extensive structurally controlled gold system that dominates the northernmost portion of the property and extends over an area 2700 meters by 3880 meters in size (see Solomon's September 19, 2011 news release). Previous work on this zone returned trench results of 1.6 grams/tonne (g/t) gold over 25 meters (including 11.1 g/t gold over three meters) and 1.0 g/t gold over 19 meters (including 8.5 g/t over 1.5 meters). Within this vein system are at least two discrete gold in soil geochemical anomalies, the Skukum and Jack London anomalies that have gold values up to 1436 ppb and 787 ppb respectively.

In addition Solomon has identified another gold in soil anomaly, the Klondike Kate Zone, located approximately four kilometers east of the Skukum Zone, that measures about 1950 m by 800 m with gold values up to 698 ppb.

Solomon carried out an airborne geophysical survey over the property this summer and have designed a comprehensive 3,000-metre diamond drilling and reverse circulation drilling program to be conducted in the 2012 field season.

Rivier Property

In early September 2011, Voyager Gold Corp. ("Voyager"), a private BC company, whereby Voyager was granted the option to earn a 60% interest in the 116 claim Rivier property located 90 km southeast of Ross River, Yukon. The Rivier claims cover an ultramafic body shedding anomalous gold values into stream sediments and soil.

Voyager completed a program of geological mapping and geochemical sampling followed by an airborne geophysical (magnetic and radiometrics) survey. Two zones of anomalous gold in soil, ranging from background to over 2,000 ppb Au, were identified. Voyager intends to continue with exploration work in 2012 to identify the source of the anomalous gold values with an initial program of trenching and 500m of diamond drilling.

Snowcap Gold Project

In 2009, Wesgold was granted the option to earn a 60% interest in the Company's 100% owned Snowcap project in central Yukon , in consideration of issuing a total of 1,000,000 Wesgold common shares and incurring exploration expenditures of $1,000,000, over a four-year period. Wesgold conducted a work program in 2010, and in September 2011, terminated its option on the project in order to focus its exploration efforts on properties located in Colombia. Pursuant to the Spin-Out, the Company owns 600,000 Wesgold shares. In December 2011, the Company transferred the Snowcap claims to a third party for a nominal amount.

Qualified Person: Roger Hulstein, B.Sc., a member of the Association of Professional Engineers and Geoscientists of British Columbia, is the Company's Qualified Person as defined by National Instrument 43-101, and is responsible for the accuracy of the technical information in this MD&A.

Selected Financial Information

The following table provides financial results for the period from incorporation on September 20, 2011 to December 31, 2011:

	$
General and administrative expenses	31,396
Net loss	31,396
Basic and diluted loss per share	0.004
Total assets	6,136,475
Total liabilities	60,726
Shareholders' equity	6,075,749

The amount of total assets as of December 31, 2011 is due to the Spin-Out transaction completed on December 8, 2011. In addition to the $1.0 million in cash and available-for-sale investments with a December 31, 2011 value of $603,500 received by the Company, the fair value of the mineral properties transferred to the Company was deemed to be $4,527,717. This amount was capitalized as exploration and evaluation assets.

Results of Operations

The Company was incorporated on September 20, 2011 and, as such, there are no comparative figures presented herein and the Company's first quarter consists of the financial results for the period from incorporated on September 20, 2011 to December 31, 2011.

For the period from incorporation on September 20, 2011 to December 31, 2011, the Company had not yet incurred exploration expenditures. During this period, the Company incurred general and administrative expenses of $31,396. The most significant cost impacting this period was $22,000 in legal and accounting fees. Other significant costs were $4,182 in office and administration and $3,000 in public relations.

Future Accounting Changes

The following new standards and interpretations have been issued by the IASB but are not yet effective:

IFRS 9 Financial Instruments

IFRS 9 is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2015. The Company is in the process of evaluating the impact of the new standard.

IFRS 13 Fair Value Measurement

IFRS 13 defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies when other IFRSs require or permit fair value measurements. It does not introduce any new requirements to measure an asset or a liability at fair value, change what is measured at fair value in IFRSs or address how to present changes in fair value. The new requirements are effective for annual periods beginning on or after January 1, 2013, with earlier application permitted. Management has yet to assess the impact that IFRS 13 is likely to have on the Company's financial statements.

No additional new standards, amendments and interpretations have been early adopted in these financial statements and there are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

Liquidity and Capital Resources

The Company is in the exploration stage and therefore has no cash flow from operations. The principal source of funds since incorporation has been the $1.0 million received upon completion of the Spin-Out transaction.

As at December 31, 2011, current assets were $1,604,636 of which $999,514 was cash and $603,500 were available-for-sale investments. Current liabilities were $60,726, resulting in a working capital position of $1,543,910. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

The Company expects its current capital resources to be sufficient to carry out its general and administrative operating costs for the next twelve months but will need to raise additional capital resources in order to fulfil planned mineral property acquisition and exploration activities for the next twelve months. Actual funding requirements may vary from those planned due to a number of factors, including the progress of property acquisition and exploration activity. Management believes it will be able to raise equity capital as required, but recognizes the uncertainty attached thereto.

Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to advance its mineral properties. In order to facilitate the management of its capital requirements, the Company prepares periodic budgets that are updated as necessary. The Company manages its capital structure and makes adjustments to it to effectively support the acquisition and exploration of mineral properties. The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for general administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

As at December 31, 2011, the Company is not subject to any externally imposed capital requirements.

Financial Instruments and Risk Management

The Company is exposed through its operations to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

General Objectives, Policies and Processes:

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board of Directors receive periodic reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

a) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices affecting the Company are comprised of the following types of risk: interest rate risk and equity price risk.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash held with chartered Canadian financial institutions. The Company considers this risk to be immaterial.

Equity Price Risk

Equity price risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company's marketable securities are exposed to significant equity price risk due to the potentially volatile and speculative nature of the businesses in which the marketable securities are held. The marketable securities held in Wesgold, Solomon, and Voyager are monitored by Management with decisions on sale taken at Board level. A 10% decrease in fair value of the shares would result in a $60,350 decrease in equity.

b) Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash and marketable securities. The Company limits exposure to credit risk by maintaining its cash with chartered Canadian financial institutions. The Company does not have cash or available-for-sale investments that are invested in asset based commercial paper.

c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipated investing and financing activities.

Determination of Fair Value:

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. All financial instruments at December 31, 2011 are carried at amortized cost, apart from the available-for-sale investments of $603,500 which are carried at fair value. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The Statement of Financial Position carrying amounts for cash, accounts payables and accrued liabilities, and due to related parties approximates fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

The Company has made the following designations of its financial instruments: cash as loans and receivables and accounts payable and accrued liabilities and due to related parties as other financial liabilities.

Fair Value Hierarchy:

Financial instruments that are measured subsequent to initial recognition at fair value are categorized in Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2	Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3	Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The marketable securities investments for Wesgold and Solomon are based on quoted prices and are therefore considered to be Level 1.

The available-for-sale investment in Voyager was recorded at fair value when it was received and is carried at cost due to Voyager being a private company and no quoted prices available. This investment is considered to be Level 2 on initial recognition and carried at cost thereafter.

Related Party Transactions

Balances and transactions with related parties not disclosed elsewhere in this document are as follows:

a) During the period ended December 31, 2011, the Company incurred $8,665 in office, administration and personnel costs and $15,282 in leasehold improvement costs to Radius. Radius is reimbursed by the Company for these shared costs and other business related expenses paid by Radius on behalf of the Company. There is no key management compensation for services specific to the Company, as these costs are covered by the office, administration and personnel recharges from Radius, as shown above.

b) As of December 31, 2011, an amount of $23,947 was due to Radius. The balance is unsecured, due on demand and does not bear interest.

Other Data

Additional information related to the Company is available for viewing at www.sedar.com.

Share Position and Outstanding Warrants and Options

As at April 27, 2012, the Company had 36,067,626 common shares issued and outstanding and the following share purchase warrants are currently outstanding:

No. of Warrants	Exercise Price	Expiry Date
36,067,625	$0.30	June 7, 2013

Critical Accounting Estimates and Judgments

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

(a) The carrying value of Level 2 investment in marketable securities and the recoverability of the carrying value which are included in the statement of financial position;

(b) The carrying value of the investment in exploration and evaluation costs and the recoverability of the carrying value which are included in the statement of financial position; and

(c) The fair value of the exploration and evaluation costs determined through the Spin-Out.

Forward Looking Information

Certain statements contained in this MD&A and elsewhere constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance of achievements of the Company to materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth below.

Risks and Uncertainties

The business of mineral exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. The Company does not currently hold any properties with a known commercial deposit. Operations, status of mineral property rights, title to properties, and recoverability of amounts shown for mineral properties can be affected by changing economic, regulatory and political situations. Other risks facing the mineral exploration industry include competition, environmental and insurance risks, fluctuations in metal prices, share price volatility, and uncertainty of additional financing.