

GRYPHON GOLD CORP

Form SB-2

June 07, 2007

As filed with the Securities and Exchange Commission on June 7, 2007

Registration Statement No. 333-_____

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM SB-2

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

GRYPHON GOLD CORPORATION

(Name of small business issuer in its charter)

Nevada

State or jurisdiction of
incorporation or organization

1041

(Primary Standard Industrial
Classification Code Number)

92-0185596

(I.R.S. Employer Identification No.)

810-1130 West Pender Street

Vancouver, British Columbia Canada V6E 4A4

604-261-2229

(Address and telephone number of principal executive offices)

(same as principal executive offices)

(Address and telephone number of principal place of business)

Dorsey & Whitney LLP

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(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of proposed sale to the public: From time to time after the effective date of this registration statement.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box.

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per unit	Proposed maximum aggregate offering price	Amount of registration fee
Common Stock to be offered for resale by selling shareholders	5,000,000	\$0.78⁽¹⁾	\$3,000,000	\$120
Common Stock acquirable upon exercise of warrants to be offered for resale by selling stockholders ⁽²⁾	5,000,000	\$1.28⁽²⁾	\$6,400,000	\$197
Common Stock acquirable upon exercise of warrants to be offered for resale by selling shareholders ⁽³⁾	85,050	\$0.85⁽³⁾	\$72,293	\$3
TOTAL	10,085,050	--	\$10,372,293	\$320

- (1) Estimated pursuant to Rule 457(c) under the Securities Act of 1933, as amended, solely for purposes of calculating amount of registration fee, based on the average of the high and low sales prices Cdn\$0.83 of the of the Registrant's common stock on June 6, 2007, as quoted on the Toronto Stock Exchange. Based on a Cdn\$ to US\$ conversion rate of Cdn\$1.0586/US\$1 as of June 6, 2007, based on the noon buying rates in New York City for cable transfers payable in Canadian Dollars and certified for customs purposes by the Federal Reserve Bank of New York.
- (2) Consisting of 5,000,000 shares of Common Stock issuable upon exercise of Series E warrants granted February 9, 2007. Estimated pursuant to Rule 457(g) under the Securities Act of 1933, as amended, solely for purposes of calculating amount of registration fee, based on an exercise price of Cdn\$1.35 per share, the highest exercise price for the warrants over the term of the warrants. Based on a Cdn\$ to US\$ conversion rate of Cdn\$1.0586/US\$1 as of June 6, 2007, based on the noon buying rates in New York City for cable transfers payable in Canadian Dollars and certified for customs purposes by the Federal Reserve Bank of New York.
- (3) Consisting of 85,050 shares of Common Stock issuable upon exercise of Series F Brokers' Warrants granted February 9, 2007. Estimated pursuant to Rule 457(g) under the Securities Act of 1933, as amended, solely for purposes of calculating amount of registration fee, based on an exercise price of Cdn\$0.90 per share, the highest exercise price for the warrants over the term of the warrants. Based on a Cdn\$ to US\$ conversion rate of Cdn\$1.0586/US\$1 as of June 6, 2007, based on the noon buying rates in New York City for cable transfers payable in Canadian Dollars and certified for customs purposes by the Federal Reserve Bank of New York.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information contained in this prospectus is not complete and may be changed. The Selling Security Holders may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these shares, and the Selling Security Holders are not soliciting an offer to buy these shares in any state where the offer or sale is not permitted

PRELIMINARY PROSPECTUS

Subject To Completion: Dated June 7, 2007

Gryphon Gold Corporation

10,085,050 SHARES OF COMMON STOCK

This prospectus relates to the sale, transfer or distribution of up to 10,085,050 shares of the common stock, par value \$0.001 per share, of Gryphon Gold Corporation by the selling shareholders described herein. The price at which the selling shareholders may sell the shares will be determined by the prevailing market price for the shares or in negotiated transactions. The shares of common stock registered for sale:

5,000,000 shares of common stock held by selling shareholders;

5,000,000 shares of common stock acquirable upon exercise of Series E Warrants at Cdn\$1.10 to Cdn\$1.35 per share held by selling shareholders; and

85,050 shares of common stock acquirable upon the exercise of Series F Brokers Warrants, issued in connection with the placement of the Series E Warrants, at Cdn\$0.90 per share held by selling shareholders.

We will not receive any proceeds from the sale or distribution of the common stock by the selling shareholders. We may receive proceeds from the exercise of the warrants, if any, and will use the proceeds from any exercise for general working capital purposes.

Our common stock is quoted on the Toronto Stock Exchange (TSX) under the symbol GGN . On June 6, 2007, the closing sale price for our common stock was Cdn\$0.82 on the TSX. As of June 6, 2007 the Cdn\$ to US\$ conversion rate was Cdn\$1.0586/US\$1, based on the noon buying rates in New York City for cable transfers payable in Canadian Dollars and certified for customs purposes by the Federal Reserve Bank of New York.

Investing in our common stock involves risks. See Risk Factors and Uncertainties beginning on page 7.

These securities have not been approved or disapproved by the SEC or any state securities commission nor has the SEC or any state securities commission passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

THE DATE OF THIS PROSPECTUS IS JUNE 7, 2007

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SUMMARY INFORMATION

This summary does not contain all of the information you should consider before buying shares of our common stock. You should read the entire prospectus carefully, especially the Risk Factors and Uncertainties section and our consolidated financial statements and the related notes appearing at the end of this prospectus, before deciding to invest in shares of our common stock.

Financial Information And Accounting Principles

In this prospectus all references to \$ or dollars mean the U.S. dollar, and unless otherwise indicated all currency amounts in this prospectus are stated in U.S. dollars. All references to Cdn\$ refer to the Canadian dollar. All financial statements have been prepared in accordance with accounting principles generally accepted in the United States and are reported in U.S. dollars.

Exchange Rate Information

The following table sets forth, for each of the years indicated, the year end exchange rate, the average closing rate and the high and low closing exchange rates of one Canadian dollar in exchange for U.S. currency based on the noon buying rates in New York City for cable transfers payable in Canadian Dollars and certified for customs purposes by the Federal Reserve Bank of New York. On June 6, 2007, the closing rate was Cdn\$1.00 equals United States \$0.9446. For the purposes of this prospectus, U.S. dollars were converted into Canadian dollars at the rate of Cdn\$1.00 = US\$0.9446, rounded to the nearest thousand dollars, as applicable.

	Calendar Year Ended		Fiscal Year Ended	
	December 31		March 31	
	2006	2005	2007	2006
High	0.9100	0.8751	0.9100	0.8850
Low	0.8528	0.7853	0.8437	0.7853
Average	0.8818	0.8254	0.8787	0.8368
Year End	0.8582	0.8598	0.8673	0.8562

Metric Conversion Table

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

Metric Unit	U.S. Measure	U.S. Measure	Metric Unit
1 hectare	2.471 acres	1 acre	0.4047 hectares
1 metre	3.2881 feet	1 foot	0.3048 metres

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1 kilometre	0.621 miles	1 mile	1.609 kilometres
1 gram	0.032 troy oz.	1 troy ounce	31.1 grams
1 kilogram	2.205 pounds	1 pound	0.4541 kilograms
1 tonne	1.102 short tons	1 short ton	0.907 tonnes
1 gram/tonne	0.029 troy ozs./ton	1 troy ounce/ton	34.28 grams/tonne

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The Offering

This is an offering of up to 10,085,050 shares of our common stock by certain selling shareholders.

<i>Shares Offered By the Selling Shareholders</i>	10,085,050 shares of common stock, \$0.001 par value per share, including: 5,000,000 shares of common stock held by selling shareholders; 5,000,000 shares of common stock acquirable upon exercise of Series E Warrants at Cdn\$1.10 to Cdn\$1.35 per share; and 85,050 shares of common stock acquirable upon the exercise of Series F Brokers Warrants, issued in connection with the placement of the Series E Warrants, at Cdn\$0.90 per share.
<i>Offering Price</i>	Determined at the time of sale by the selling shareholders
<i>Common Stock Outstanding as of June 1, 2007</i>	47,495,241 shares
<i>Use of Proceeds</i>	We will not receive any of the proceeds of the shares offered by the selling shareholders. We may receive proceeds from the exercise of warrants, if any, and will use any such proceeds for general working capital purposes.
<i>Dividend Policy</i>	We currently intend to retain any future earnings to fund the development and growth of our business. Therefore, we do not currently anticipate paying cash dividends.
<i>Toronto Stock Exchange Symbol</i>	GGN
The number of shares of our common stock that will be outstanding immediately after this offering includes 47,495,241 shares of common stock outstanding as of June 1, 2007. This calculation excludes:	
<ul style="list-style-type: none"> 4,790,000 shares of common stock issuable upon vested exercise of options outstanding as of June 1, 2007; 141,008 shares of common stock issuable upon exercise of pre-IPO warrants at an exercise price of \$0.65; 64,500 shares of common stock acquirable upon exercise of Series D Warrants at Cdn\$1.82 per share; 5,000,000 shares of common stock acquirable upon exercise of Series E Warrants at Cdn\$1.10 for a period up to 12 months after the issuance date and thereafter at Cdn\$1.35 until expiry. 85,050 shares of common stock acquirable upon exercise of Series F Warrants at Cdn\$0.90 for a period of up to 12 months after the issuance date; and 717,000 shares of common stock available for future grant under our Omnibus Incentive Plan as of June 1, 2007. 	

Summary of Our Business

Gryphon Gold Corporation was formed under the laws of the State of Nevada on April 24, 2003.

Our principal business office, which also serves as our administrative and financing office is located in Canada at Suite 810, 1130 West Pender Street, Vancouver, British Columbia, Canada V6E 4A4, and our telephone number there is 604-261-2229.

We own 100% of the issued and outstanding shares of our operating subsidiary, Borealis Mining Company. We have no other subsidiary. Borealis Mining Company was formed under the laws of the State of Nevada on June 5, 2003.

We were established as a private company in April 2003 by, Albert Matter and Allen Gordon, to acquire and develop gold properties in the United States. Our objective is to establish a producing gold company through the development and extraction of gold deposits.

In July 2003, through our wholly-owned subsidiary Borealis Mining, we acquired from Golden Phoenix an option to earn up to a 70% joint venture interest in the mining lease for the Borealis Property, which we refer to as the July 2003 Option and Joint Venture Agreement, by making qualified development expenditures on that property.

During 2004, we completed drilling, technical and engineering work necessary to prepare a Plan of Operation in respect of the development of an open pit, heap leach mine on the Borealis Property. We submitted the Plan of Operation to the U.S. Forest Service on August 27, 2004, and we continue to work on satisfying all the requirements of the various approval agencies and completing all necessary reviews, including the approval of the Nevada Division of Environmental Protection. The U.S. Forest Service approved our Plan of Operation on June 26, 2006 and Nevada Division of Environmental Protection has approved and granted our operating permits.

In 2005, Borealis Mining entered into a purchase agreement with Golden Phoenix which gave Borealis Mining the right to purchase the interest of Golden Phoenix in the Borealis Property for \$1,400,000. Golden Phoenix transferred its interest in the Borealis Property to Borealis Mining on January 28, 2005. Borealis Mining paid \$400,000 of the purchase price to Golden Phoenix upon closing of the purchase, and four additional quarterly payments of \$250,000 were made to Golden Phoenix. With the final payment of \$250,000 on January 24, 2006, Borealis Mining completed all the required payments under the purchase agreement and now has 100% control of the Borealis Property.

As sole shareholder of Borealis Mining, we control all of the lease rights to a portion of the Borealis Property, subject to advance royalty, production royalty, and other payment obligations imposed by the lease. Our acquisition of the interest of Golden Phoenix in the Borealis Property terminated the July 2003 Option and Joint Venture Agreement.

In addition to our leasehold interest to a portion of the Borealis Property, we also own through Borealis Mining numerous unpatented mining claims that make up the balance of the Borealis Property, and all of the documentation and samples from years of exploration and development programs carried out by the previous operators of the Borealis Property, totaling thousands of pages of data including, but not limited to,

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geophysical surveys, mineralogical studies and metallurgical testing reports.

Technical work continues towards exploration with a goal of increasing total resources to support the permitting and preparing the feasibility study on the redevelopment of the Borealis Mine. As a part of the exploration work, the Company continued with engineering and field work, including extensive drill testing of near surface oxide mineralization, to further define potential gold resources. In addition, the Company is in the process of completing a 72-hole exploration program to further define deeper sulfide gold mineralization within the limits of the area on our property which were previously disturbed by mining activity and in areas further to the north and west of the previously mined areas.

On December 22, 2005, we completed our initial public offering of 6.9 million units for gross proceeds of approximately \$ 5.0 million with net proceeds of \$2,794,557 after deducting costs of \$2,241,940. The units were

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sold at a price of Cdn\$0.85 each and consisted of one common share and one Class A warrant. Each Class A warrant is exercisable for a period of 12 months at a price of Cdn\$1.15. The common shares are listed on the Toronto Stock Exchange under the symbol GGN. The offering was underwritten by a syndicate of Canadian underwriters which included Desjardins Securities, CIBC World Markets, Bolder Investment Partners and Orion Securities. The units were offered for sale pursuant to a prospectus filed in four Canadian provinces (British Columbia, Alberta, Manitoba and Ontario). The units were also registered in a registration statement filed with the United States Securities and Exchange Commission. The proceeds of the offering were used principally for the advancement of the Company's feasibility study for its Borealis Property and its exploration program on the Borealis Property, as well as for working capital.

On March 24, 2006, we closed the private placement of 5,475,000 units for sale at Cdn\$1.25 to a limited number of accredited investors in Canada and the United States. Each unit consisted of one common share and one half of one Series B purchase warrant. The Series B warrants are exercisable until March 23, 2007 at a price of Cdn\$1.65. The private offering raised gross proceeds of Cdn\$6.8 million. We paid qualified registered dealers a 7% cash commission and issued compensation Series C warrants to acquire 280,500 common shares at price of Cdn\$1.40 until March 23, 2007 on a portion of the private placement. The shares, warrants and underlying shares were not qualified by prospectus and have not been registered under U.S. securities laws and are subject to resale restrictions. The Company granted registration rights to the investors in this private placement and used commercially reasonable efforts to prepare and file with the SEC, within 120 days of closing, a registration statement under the Securities Act and has caused such statement to be declared effective and remain effective. The proceeds of this offering have been and will be applied to fund the continuation of our exploration and development program on the Borealis Property.

On June 10, 2006, we completed private placements to an officer and employee of 129,000 units for gross proceeds of Cdn\$174,150. The units were sold at a price of Cdn\$1.35 each and consist of one common share and one-half of one purchase warrant. Each warrant is exercisable until June 10, 2007 at a price of Cdn\$1.82.

On November 30, 2006, our board of directors concluded that we would not proceed with near term construction and production financing of the Borealis heap leach mine. The feed for the proposed mine was remnants from the previously mined open pits, and heap and dump material associated with the historical mining operations. The decision not to proceed was made due to the impact of certain technical corrections to the previously announced Feasibility Study and related NI 43-101 Technical Report, dated August 15, 2006. The technical corrections reduced the anticipated quantity of recoverable gold and silver over the project life, and resulted in a marginal projected return on investment. In light of the decision not to proceed with development of a mine, in December 2006, we closed our Denver office and terminated operations and engineering staff, including our Chief Operating Officer Mr. Allen Gordon and Mr. Matt Bender, our Vice President of Borealis Project Development. Mr. Steven Craig, our Vice President of Exploration, was relocated to Nevada. As of December 1, 2006, our Chief Financial Officer, Mr. Michael Longinotti commenced working on a part-time basis. Under this agreement, his time spent in the office was reduced by 50% along with his salary.

In December 2006, we completed the geophysical survey, which commenced in September 2006. The positive geophysical results obtained from induced polarization (IP) surveys identified multiple chargeability and resistivity anomalies coincident with aeromagnetic lows which extended several kilometers (km) to the north and northwest of the Graben sulphide deposit. The IP surveys identified two new mineralized exploration targets located under the pediments 3.0 km (Central Pediments) and 5.3 km (Western Pediment) northwest of the Graben sulphide deposit.

On January 11, 2007, we announced the results of the revised CIM compliant resource estimate in accordance with NI 43-101 which had been compiled by Mr. Alan C. Noble, P.E. of Ore Reserves Engineering. The results of the report were independently reviewed by AMEC to ensure the methodology and assumptions used in the calculations were consistent with industry standards. The resource estimate includes the results of exploration drilling through February 28, 2006.

In January 2007 we retained AMEC to complete a mineral resource estimate covering the entire property that will include drilling results completed through mid- 2007 in the Graben area and will provide a current estimate of the mineral resource in the Central Borealis area

including the areas of previous production.

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On February 9, 2007 we completed a private placement of 5.0 million units at a price of Cdn\$0.90 per unit for gross proceeds of Cdn\$4.5 million. Each unit consisted of one common share and one full purchase warrant. The two year warrants are exercisable at a price of Cdn\$1.10 if exercised within twelve months of the closing and at a price of Cdn\$1.35 if exercised after the First Anniversary but prior to expiry. We paid qualified registered dealers a 7% cash commission in the amount of Cdn\$77,175 and issued compensation options to acquire 85,050 common shares (at a price of Cdn\$0.90 per share for a period of 12 months from closing) in respect of the 1.225 million units placed by them. The shares, warrants and underlying shares were not qualified by prospectus and have not been registered under U.S. securities laws and are subject to resale restrictions. The Company has granted registration rights to the investors in this private placement and will use commercially reasonable efforts to prepare and file with the SEC, within 120 days of closing, a registration statement under the Securities Act and to cause such statement to be declared effective. The proceeds of this offering will be applied to fund the continuation of our exploration and development program on the Borealis Property.

On March 15, 2007, we entered into a Advisory Services Agreement with Roman Friedrich & Company Ltd. (RFC) Under the terms of the Advisory Services Agreement, commencing March 15, 2007, in exchange for RFC's financial advisory services, we agreed to compensate RFC by paying a retainer fee of Cdn\$7,500 per month and issuing 7,500 common shares per month, payable on each monthly anniversary. As of June 7, 2007, we have issued 15,000 shares to RFC.

During the remainder of fiscal 2007 and into fiscal 2008, we plan to continue extension drilling, focused on the expansion of the Graben deposit and exploration drilling for a new gold deposit within the two newly identified potentially gold-bearing hydrothermal systems in the pediments. This 72-hole, \$4.5 million budgeted drilling program consists of a series of Graben deposit expansion drilling and extension drilling north and west of the successful G3 - G13 fence of holes. The drilling of the Graben deposit will alternate with follow up exploration drilling in the Central and Western Pediments where 10 holes have intersected two distinct hydrothermal systems hidden beneath the pediments.

Corporate Strengths

We believe that we have the following business strengths that will enable us to achieve our objectives:

Our management team has significant mining industry experience ranging from exploration to mine development and operation.

As the Borealis Property was the site of surface mining operations from 1981 to 1990, we believe the process to receive permits and start operations on previously mined operations is less difficult than getting permits for a previously undisturbed area. The USDA Forest Service and the Nevada Bureau of Mining Regulation and Reclamation have both approved the Plan of Operations and Reclamation Plan, allowing us to proceed with the development of a heap leach mine assuming sufficient oxide resources are found and additional financing is available. We have also received approvals for surface exploration and water wells and have successfully progressed through the required agency and public review process for those permits.

Our land position is extensive, controlled by 859 unpatented mining claims covering approximately 17,200 acres. We believe many surface showings of gold mineralization on the property may provide opportunities for discovery of gold deposits. Our property has multiple types of gold deposits including oxidized material, partial oxidized material, and predominantly sulfide material; which we believe may allow us flexibility in our future plans for mine development and expansion, assuming additional financing is available.

We cannot be certain that any mineral deposits will be discovered in sufficient quantities and grade to justify commercial operations. We have no proven or probable reserves. Whether a mineral deposit will be commercially viable depends on a number of factors, including the particular attributes of the deposit; metal prices, which are highly cyclical; the cost to extract and process the mineralized material; and government regulations and permitting requirements. We may be unable to upgrade our mineralized material to proven and probable reserves in sufficient

quantities to justify commercial operations and we may not be able to raise sufficient capital to develop the Borealis Property.

We have specifically focused our activities on Nevada, which was rated the highest jurisdiction in the world for mining investment attractiveness by an independent survey. Mining is an integral part of Nevada's economy. In 2004, the mining industry increased Nevada's output by \$5.89 billion including both direct and indirect impacts, up from \$5.35 billion in 2002. Nevada ranks third in the world in gold production, after South Africa and Australia. Located in the State of Nevada are well known geological trends such as the Carlin Trend, Battle Mountain, Getchell Trend and the Walker Lane Trend. The Borealis Property is also located along the Aurora-Bodie trend which crosses the principal Walker Lane Trend as shown in the illustration below. Borealis, Bodie, Aurora, and other historical producing districts, are aligned along this northeast-southwest belt of significant gold deposits.

Selected Financial Data

The selected financial information presented below as of and for the periods indicated is derived from our financial statements contained elsewhere in this prospectus and should be read in conjunction with those financial statements.

INCOME STATEMENT DATA	Year Ended			
	March 31			
	2006		2005	
Revenue	\$	NIL	\$	NIL
Operating Expenses	\$	5,770,506	\$	2,535,066
Net (Loss)	\$	(5,602,336)	\$	(2,525,420)
(Loss) per Common share*	\$	(0.19)	\$	(0.17)
Weighted Average Number of Common Shares Outstanding*		29,350,317		15,287,736

INCOME STATEMENT DATA	Nine Months Ended			
	December 31			
	(Unaudited)			
	2006		2005	
Revenue	\$	NIL	\$	NIL
Operating Expenses	\$	6,734,678	\$	3,301,884
Net (Loss)	\$	(6,491,678)	\$	(3,188,834)
(Loss) per Common share*	\$	(0.16)	\$	(0.12)
Weighted Average Number of Common Shares Outstanding*		40,518,405		27,453,037

* Basic and diluted.

BALANCE SHEET DATA	At March 31, 2006	At March 31, 2005
Working Capital (Deficiency)	\$	