

Janus Resources, Inc.  
Form 10-K  
March 29, 2012

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 10-K**

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2011

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 000-30156

**JANUS RESOURCES, INC.**

(Formerly Entheos Technologies, Inc.)

(Exact name of registrant as specified in its charter)

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Nevada 98-0170247  
(State or other jurisdiction of incorporation) (I.R.S. Employer Identification No.)

10180 – 101 Street, Suite 3400, Edmonton, AB, Canada T5J3S4  
(Address of principal executive offices) (Zip Code)

800-755-5815

(Registrant's telephone number, including area code)

**430 Park Avenue, Suite 702, New York, NY 10022**

(Former address if changed since last report)

Securities registered pursuant to Section 12(b) of the Act: **None**

Securities registered pursuant to Section 12(g) of the Act:

**Common Stock, \$0.00001 par value per share**

(Title of Class)

**Over The Counter Bulletin Board (OTCQB)**

(Name of exchange on which registered)

Indicate by check mark if registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes " No x

Indicate by check mark if registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

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Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data file required to be submitted and posted pursuant to Rule 405 of Regulations S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ☒ No ☐ N/A ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. Check one:

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes ☐ No ☒

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant as of the last business day of the registrant's most recently completed second fiscal quarter, based upon the closing sale price of the registrant's common stock on March 26, 2011 as reported on the OTCQB was \$16,630,161. Common shares held by each officer and director and by each person who owns 5% or more of the outstanding common shares have been excluded in that such persons may be deemed affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of March 26, 2012, there were 63,075,122 shares of the registrant's Common Stock outstanding.

Documents incorporated by reference: None.

**JANUS RESOURCES, INC.**

**(Formerly Entheos Technologies, Inc.)**

**FORM 10-K**

**For The Fiscal Year Ended December 31, 2011**

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## **PART I**

### ***Item 1. Business***

#### **Forward-Looking Statements**

Except for the historical information presented in this document, the matters discussed in this Form 10-K for the fiscal year ending December 31, 2011, contain forward-looking statements. Such forward-looking statements include statements regarding, among other things, (a) our projected sales and profitability, (b) our growth strategies, (c) anticipated trends in our industry, (d) our future financing plans, and (e) our anticipated needs for working capital. Forward-looking statements, which involve assumptions and describe our future plans, strategies, and expectations, are generally identifiable by use of the words “may,” “will,” “should,” “could,” “might,” “expect,” “anticipate,” “estimate,” “believe,” “intend,” or “project” or the negative of these words or other variations on these words or comparable terminology. This information may involve known and unknown risks, uncertainties, and other factors that may cause our actual results, performance, or achievements to be materially different from the future results, performance, or achievements expressed or implied by any forward-looking statements. These statements may be found under “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Business,” “Properties,” as well as in this report generally.

The safe harbor provisions of Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended, apply to forward-looking statements made by the Company. The reader is cautioned that no statements contained in this Form 10-K should be construed as a guarantee or assurance of future performance or results. Actual events or results may differ materially from those discussed in forward-looking statements as a result of various factors, including, without limitation, the risks described in this report and matters described in this report generally. In light of these risks and uncertainties, there can be no assurance that the forward-looking statements contained in this filing will in fact occur. These forward-looking statements are based on current expectations, and the Company assumes no obligation to update this information. Readers are urged to carefully review and consider the various disclosures made by the Company in this Form 10-K and in the Company’s other reports filed with the Securities and Exchange Commission that attempt to advise interested parties of the risks and factors that may affect the Company’s business.

#### **The Company**

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Janus Resources, Inc. (formerly Entheos Technologies, Inc.) (“Janus” “the Company” “we” “us” and “our”) was incorporated under the laws of the State of Nevada and has an authorized capital of 200,000,000 shares of \$0.00001 par value common stock, of which 63,075,122 shares are outstanding and 10,000,000 shares of \$0.0001 par value preferred stock, of which none are outstanding.

Effective January 5, 2011, the Company changed its name from “Entheos Technologies, Inc.” to “Janus Resources, Inc.” so as to more fully reflect the Company’s operations. In conjunction with the name change, our stock symbol on the OTCQB was changed from “ETHT” to “JANI”.

Our principal executive offices are located at 10180 – 101 Street, Suite 3400, Edmonton, AB, Canada T5J3S4. Our telephone number is (800) 755-5815.

As we are a smaller reporting company, certain disclosures otherwise required to be made in a Form 10-K are not required to be made by us.

### **Our Principal Products and Their Markets**

We are a junior natural resources exploration company. Our strategy is to concentrate our investigations into: (i) existing operations where an infrastructure already exists; (ii) properties presently being developed and/or in advanced stages of exploration which have potential for additional discoveries; and (iii) grass-roots exploration opportunities.

We are currently concentrating our mineral property exploration activities in Canada and our oil and gas property exploration activities in the United States of America (the “USA”). We are also examining data relating to the potential acquisition of other mineral exploration properties.

Our mineral property is in the exploration stage only and is without a known body of mineral reserves. Development of the property will follow only if satisfactory exploration results are obtained. Mineral exploration and development involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. There is no assurance that our mineral exploration and development activities will result in any discoveries of commercially viable bodies of mineralization reserves. The long-term profitability of our operations will be, in part, directly related to the cost and success of our exploration programs, which may be affected by a number of factors. **Please refer to “Item 1A Risk Factors”.**



## Description of Business

Janus Resources, Inc. is in the business of location, acquisition, exploration and, if warranted, development of both mineral exploration properties and oil and gas properties.

### *Mineral Properties*

#### Foster Township, Sudbury, Ontario, Canada – Fostung Tungsten Property

On June 8, 2011, pursuant to an asset purchase agreement, the Company paid CAD \$500,000 in cash for the acquisition of EMC Metals Corp's. 100% leasehold interest in two mining leases known as the Fostung tungsten property. The Fostung tungsten property consists of two contiguous claim blocks of 30 claims totaling 485 hectares. The nine claims covered by Mining Lease 108592 ("Lease One") expire on October 31, 2031. The twenty one claims covered by Mining Lease 105604 ("Lease Two") which originally expired on March 31, 2011 are in the (a) process of being renewed and extended three years to 2014 by the Ministry of Northern Development, Mines and Forestry ("MNDMF"). The Company has performed the necessary assessment work and applied to the MNDMF to extend the expiry of Lease Two to October 2032. The Fostung property is located in Foster Township, Sudbury Mining Division, Ontario, Canada. It is approximately 8 kilometers southeast of the town of Espanola and 70 kilometers west-southwest of the town of Sudbury. An excellent all-weather gravel road extends from Espanola, crossing the property and providing access to the west bay of Lake Panache.

A production bonus in the amount of CAD \$500,000 is payable to Breakwater Resources Ltd. by the Company within thirty business days following the commencement of commercial production from the property. A 1% net smelter return royalty on the property is also payable to Breakwater Resources Ltd. by the Company. No capitalized costs have been amortized as of December 31, 2011. The Company did not incur any impairment of these capitalized costs through December 31, 2011.

The Fostung property also consists of four unpatented mining claims, located in Foster Township in the Sudbury Mining Division, Ontario, Canada, comprised of 26 claim units, were recorded in the name of Fostung Resources Ltd. on June 7, 2011. Two of the four mining claim blocks consisting of two contiguous claims are located to the (b) north east of the structural trend in the two contiguous claim blocks of 30 claims referred to in (a) above. Two of the four mining claim blocks consisting of two contiguous claims are located to the south west of the structural trend in the two contiguous claim blocks of 30 claims referred to in (a) above. Each of the four claims has an expiration date of June 7, 2013. The aggregate amount of work required to renew the four claims is CAD \$10,400.

Accessibility, Climate, Local Resources, Infrastructure and Physiography of the Fostung property

## Access

The Fostung Property is easily accessible by an all-year gravel road from Espanola to the western bay of Panache Lake (Stryhas and More, 2007). The property can also be accessed by a gravel road to Lake Hannah and Stratton.

## Climate, Vegetation and Physiography

The climate is typical of the Northern Ontario with cold winters and hot, humid summers (Stryhas and More, 2007). The average, annual daily temperature is 4°C, the monthly average is -13.6°C for January and 19°C for July. The property is located on rugged, rolling terrain, with the hills oriented east-northeast (Stryhas and More, 2007).

## Regional Geology

The Fostung Property is located in sediments of the Huronian Supergroup of the Southern Province, which is underlain by granite and gneisses of the Archean basement to the north and bounded by the Grenville Province to the southeast. The Huronian Supergroup is subdivided into Elliot Lake, Hough Lake, Quirke Lake and Cobalt Group.

The sedimentary rocks have been metamorphosed and folded during Penokean Orogeny and faulted during and after metamorphism and folding. The sedimentary rocks are intruded by the Nipissing diabase and later Keewenawan-type diabase dikes with a northwesterly trend.

## Property Geology

### Sedimentary rocks

The Fostung Property is underlain by the Bruce, Espanola and Serpent formations of the Quirke Lake Group. The Bruce Formation is composed of conglomerate, greywacke, quartzite and siltstone with slightly dolomitic beds in the upper part. The Espanola Formation is the host of the majority of the mineralization on the Fostung Property. It is subdivided into a Limestone Member, Greywacke Member, Calcareous Siltstone Member, Sandstone Member and Siltstone Member, from bottom to top (Card, 1978). The skarn mineralization occurs in the Calcareous Siltstone Member. The lower Limestone Member has not been found in the Fostung Property. The Greywacke Member also carries minor mineralization. The Serpent Formation is composed of sandstone, siltstone, argillite and minor carbonates. Skarn mineralization has not been found in the Serpent Formation.

### Intrusive rocks

The metasedimentary rocks on the Fostung Property are intruded by Nipissing diabase and later northwest trending diabase dikes. The Breccia Hill is an elongated body of approximately 400 m by 200 m composed of an albitite core surrounded by a large zone of well-developed quartz stockwork and quartz-flooded breccias. The albitite is interpreted as an altered biotite granite pluton. A number of narrow granodiorite to granite dikes have been intersected in drill holes. Skarn mineralization is spatially associated with these dikes, but they appear not to be the direct cause of mineralization (Ginn and Beecham, 1986).

## Alteration

Metasedimentary rocks have been metamorphosed and metasomatized over a 5.5 km by 0.5 km area along the Base Line Fault. The carbonate-bearing layers have been converted to calc-silicate assemblages. Pale green skarns are composed of quartz, feldspar, tremolite, diopsidic clinopyroxene, epidote, clinozoisite and minor calcite. Dark green skarns are composed of actinolite, quartz, feldspar and chlorite. Pale green skarns are later locally replaced by garnet-hedenbergite beds, which carry most of the scheelite mineralization.

## Structure

Metasedimentary rocks on the Fostung Property are folded and faulted during several deformational events affecting the area. Fold axes have a northeasterly trend. The Fostung skarns are located on the northwest limb of the St. Leonard anticline, located south of the skarns, and the southeast limb of the Elizabeth Lake syncline, located north of the skarns. The major fault trends on the Fostung Property include northeast, west-northwest, east-southeast and east. The Base Line Fault is a major northeast trending fault, with a 50° strike and 85° dip.

## *Oil and Gas Properties*

The Company pursues oil and gas prospects in partnership with oil and gas companies with exploration, development and production expertise. The Company's interests consist of non-operating, minority working interests in properties in La Salle County, Fayette County, Lee County and Frio County, Texas.

The leases for these properties are maintained and operated by Leexus Oil LLC and Millennium Petro-Physics; there are no obligations to further explore or develop lands in the lease areas to maintain the leases. The operators of the leases are not affiliated with Janus or any of its directors or major shareholders. We are not aware of any relationships or affiliations between or among any of our leasehold partners and the lease operators.

### *Strategy*

Our general business strategy is to acquire mineral properties and oil and gas properties either directly or through the acquisition of operating entities. Our continued operations and the recoverability of property costs are dependent upon the existence of commercially viable bodies of mineralization reserves and oil and gas reserves, our ability to obtain necessary financing to complete our planned exploration programs, and future, if warranted, development and profitable production.

We plan to grow our oil and gas operations by acquiring minority, non-operating, working interests in both currently producing wells and also by participating in workover and/or re-entry projects on previously producing proved assets or wells. These assets will be pursued to offset the natural decline in our current production as well as provide growth in our asset portfolio over time. Assets for acquisition will be identified through our operators, managements' contacts in the industry as well as through the Petroleum Listing Service ("PLS").

Assets will be evaluated by management as well as by third party independent consulting engineers and geologists, having experience in the geographical areas in which the prospects are located, engaged by us on an as needed basis. The industry professionals to be utilized by us will be contractors and will be compensated as such utilizing finder's fee agreements and consulting agreements.

### *Acquisition of Oil & Gas Properties*

The following table sets forth a summary of our current oil and gas interests:

	Acquisition	Interest		Month		
	Date	Working	Net Revenue	Production Started	Gross / Net Acreage	Formation
Unproven Properties:						
Cooke #6	9/1/2008	21.75%	16.3125%	Dec-07	40 / 8.7	Escondido
Onnie Ray #1	9/12/2008	20.00%	15.00%	Oct-08	80 / 16	Austin Chalk
Stahl #1	9/12/2008	20.00%	15.00%	Oct-08	20 / 4	Austin Chalk
Pearce #1	10/31/2008	20.00%	15.00%	Dec-08	360 / 72	Austin Chalk
Haile #1	9/12/2008	20.00%	15.00%	-	100 / 20	Austin Chalk

Capitalized costs associated with the property are as follows:

	December 31,		Change
	2011	2010	(\$)
Unproven Properties	\$530,539	\$535,176	\$(4,637)
Impairment of properties	(511,847)	(508,583)	(3,264)
Oil and gas properties, net	\$18,692	\$26,593	\$(7,901)

### *Geologic Background*

#### Escondido Formation

The Escondido formation, where Cooke #6 is located, is a regional producer spanning several counties in South Texas. There are many Escondido oil and gas fields which have produced anywhere from 600,000 to 3,100,000 barrels of oil and the gas fields have produced up to 18 BCF of gas. However, this is no assurance that Cooke #6 will produce or continue to produce any oil and gas.

#### Austin Chalk Formation

Giddings is a main producing field of the Austin Chalk formation consisting of fractured carbonate, which is where our Onnie Ray #1 and Stahl #1 wells are located. This formation covers central Texas, parts of Mexico and northwest Louisiana. The Austin Chalk in central Texas has been and continues to be explored and developed for its oil and gas potential by companies such as Anadarko Petroleum Corporation, Chesapeake Energy Corporation, and Exxon Mobil Corporation. In March 2011, Leexus Oil LLC, the operator, who also owns a working interest in the Onnie Ray #1H well provided us with a plan for the re-completion of the well. We have decided not to participate in the proposed re-completion of the Onnie Ray #1H well. This decision may delay our cost recovery from this well even if the recompletion results in increased production.

Haile #1 and Pearce #1 wells are located within the Pearsall Austin Chalk field which is south west of the Giddings field and is also a significant historic producer. The Pearsall field has been and continues to be explored and developed much like the Giddings fields to the North.

At the time of acquisition, the Reeves #1H (Haile) well was not supported by actual production nor were there defined engineering reserve studies. The well was being re-completed to a zone that was previously productive. Once the recompletion efforts were final and the well did not support production, an exploratory drilling program was started in early 2009 to complete a new unproven upper zone. The new upper zone recompletion also resulted in no oil or gas production and the well was shut-in August 2009. Management has impaired the well to the extent of anticipated salvage value of the equipment. In January 2011, Leexus Oil LLC, the operator who also owns a working interest in the well provided us with a plan for the re-completion of the well. We have decided not to participate in the proposed re-completion of the Reeves #1H (Haile) well.

*The foregoing is not necessarily indicative of the commercial viability of our properties and activities.*

#### *Production and Reserve Estimate Status*

Neither the Company, nor the Company's partners, Leexus Oil LLC and Millennium Petro-Physics (collectively, the "Partners"), have conducted any reserve studies and after further assessment of the matter, neither the Company nor the Partners believe it to be commercially reasonable, based on production to date, to undertake the expense of conducting a reserve study. Additionally, the Company maintains only a minority working interest in each of the properties, which are actively maintained by the Partners; accordingly, the Company is not in a position to unilaterally conduct reserve studies on these properties and no reserve studies have been provided to the Company by the Partners.

#### **Marketing of Production**

##### *Sale of Crude Oil and Natural Gas*

Our production consists of natural gas and crude that is marketed by the well site Operators. We sell our crude oil and condensate production at or near the well-site, although in some cases it is gathered by us or others and delivered to a central point of sale. Our crude oil and condensate production is transported by truck or by pipeline and is typically committed to arrangements having a term of one year or less. We have not engaged in crude oil hedging or trading

activities. We have not engaged in natural gas hedging or futures trading, nor do we have any long term contracts to sell our production.

Sales of crude oil totaled \$25,605 and \$29,960 for the years ended December 31, 2011 and 2010, respectively, which represents 78% and 75% of our total oil and gas revenues for the years ended December 31, 2011 and 2010, respectively. Sales of natural gas totaled \$7,182 and \$9,886 for the years ended December 31, 2011 and 2010, respectively.

#### *Price Considerations*

Crude oil prices are established in a highly liquid, international market, with average crude oil prices that we receive generally fluctuating with changes in the futures price established on the NYMEX for West Texas Intermediate Crude Oil ("NYMEX-WTI"). The average crude oil price per Bbl received by us in fiscal 2011 and 2010 was \$88.07 and \$67.13, respectively.

Natural gas and natural gas liquids prices in the geographical areas in which we operate are closely tied to established price indices which are heavily influenced by national and regional supply and demand factors and the futures price per MMBtu for natural gas delivered at Henry Hub, Louisiana established on the NYMEX ("NYMEX-Henry Hub"). At times, these indices correlate closely with the NYMEX-Henry Hub price, but often there are significant variances between the NYMEX-Henry Hub price and the indices used to price our natural gas. Average natural gas prices received by us in each of our operating areas generally fluctuate with changes in these established indices. The average natural gas price per Mcf received by us in fiscal 2011 and 2010 was \$9.99 and \$8.35, respectively.



## **Governmental Regulations**

Our operations are periodically affected in varying degrees by political developments and U.S. federal, state, and local laws and regulations. In particular, natural gas and crude oil production and related operations are, or have been, subject to price controls, taxes and other laws and regulations relating to the industry. Failure to comply with such laws and regulations can result in substantial penalties. The regulatory burden on the industry increases our cost of doing business and affects our profitability. Although we believe we substantially comply with all applicable laws and regulations, such laws and regulations are frequently amended or reinterpreted so we are unable to predict the future cost or impact of complying with such laws and regulations.

## **Environmental Matters**

Our mineral, natural gas and crude oil exploration, development and production operations are subject to stringent Canadian and U.S. federal, state and local laws governing the discharge of materials into the environment or otherwise relating to environmental protection. Numerous governmental agencies, such as the U.S. Environmental Protection Agency ("EPA"), issue regulations to implement and enforce such laws, and compliance is often difficult and costly. Failure to comply may result in substantial costs and expenses, including possible civil and criminal penalties. These laws and regulations may:

- require the acquisition of a permit before drilling commences;
- restrict the types, quantities and concentrations of various substances that can be released into the environment in connection with drilling, production and processing activities;
- limit or prohibit drilling activities on certain lands lying within wilderness, wetlands, frontier and other protected areas;
- require remedial action to prevent pollution from former operations such as plugging abandoned wells; and
- impose substantial liabilities for pollution resulting from operations.

In addition, these laws, rules and regulations may restrict the rate of natural gas and crude oil production below the rate that would otherwise exist. The regulatory burden on the industry increases the cost of doing business and consequently affects our profitability. Changes in environmental laws and regulations occur frequently, and any changes that result in more stringent and costly waste handling, disposal or clean-up requirements could adversely affect our financial position, results of operations and cash flows. While we believe that we substantially comply with current applicable environmental laws and regulations, and we have not experienced any materially adverse effect from compliance with these environmental requirements, we cannot assure you that this will continue in the future.

The U.S. Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA”), also known as the “Superfund” law, imposes liability, without regard to fault or the legality of the original conduct, on certain classes of persons who are considered to be responsible for the release of a “hazardous substance” into the environment. These persons include the present or past owners or operators of the disposal site or sites where the release occurred and the companies that transported or arranged for the disposal of the hazardous substances at the site where the release occurred. Under CERCLA, such persons may be subject to joint and several liability for the costs of cleaning up the hazardous substances that have been released into the environment, for damages to natural resources and for the costs of certain health studies. It is not uncommon for neighboring landowners and other third parties to file claims for personal injury and property damages allegedly caused by the release of hazardous substances or other pollutants into the environment. Furthermore, although petroleum, including natural gas and crude oil, is exempt from CERCLA, at least two courts have ruled that certain wastes associated with the production of crude oil may be classified as “hazardous substances” under CERCLA and thus such wastes may become subject to liability and regulation under CERCLA. State initiatives to further regulate the disposal of crude oil and natural gas wastes are also pending in certain states, and these various initiatives could have an adverse impact on us.

Stricter standards in environmental legislation may be imposed on the industry in the future. For instance, legislation has been proposed in the U.S. Congress from time to time that would reclassify certain exploration and production wastes as “hazardous wastes” and make the reclassified wastes subject to more stringent handling, disposal and clean-up restrictions. Compliance with environmental requirements generally could have a materially adverse effect upon our financial position, results of operations and cash flows. Although we have not experienced any materially adverse effect from compliance with environmental requirements, we cannot assure you that this will continue in the future.

The U.S. Federal Water Pollution Control Act (“FWPCA”) imposes restrictions and strict controls regarding the discharge of produced waters and other petroleum wastes into navigable waters. Permits must be obtained to discharge pollutants into state and federal waters. The FWPCA and analogous state laws provide for civil, criminal and administrative penalties for any unauthorized discharges of crude oil and other hazardous substances in reportable quantities and may impose substantial potential liability for the costs of removal, remediation and damages. Federal effluent limitations guidelines prohibit the discharge of produced water and sand, and some other substances related to the natural gas and crude oil industry, into coastal waters. Although the costs to comply with zero discharge mandated under federal or state law may be significant, the entire industry will experience similar costs and we believe that these costs will not have a materially adverse impact on our financial condition and results of operations. Some oil and gas exploration and production facilities are required to obtain permits for their storm water discharges. Costs may be incurred in connection with treatment of wastewater or developing storm water pollution prevention plans.

The U.S. Resource Conservation and Recovery Act (“RCRA”), generally does not regulate most wastes generated by the exploration and production of natural gas and crude oil. RCRA specifically excludes from the definition of hazardous waste “drilling fluids, produced waters, and other wastes associated with the exploration, development, or production of crude oil, natural gas or geothermal energy.” However, these wastes may be regulated by the EPA or state agencies as solid waste. Moreover, ordinary industrial wastes, such as paint wastes, waste solvents, laboratory wastes and waste compressor oils, are regulated as hazardous wastes. Although the costs of managing solid hazardous waste may be significant, we do not expect to experience more burdensome costs than would be borne by similarly situated companies in the industry.

In addition, the U.S. Oil Pollution Act (“OPA”) requires owners and operators of facilities that could be the source of an oil spill into “waters of the United States,” a term defined to include rivers, creeks, wetlands and coastal waters, to adopt and implement plans and procedures to prevent any spill of oil into any waters of the United States. OPA also requires affected facility owners and operators to demonstrate that they have at least \$35 million in financial resources to pay for the costs of cleaning up an oil spill and compensating any parties damaged by an oil spill. Substantial civil and criminal fines and penalties can be imposed for violations of OPA and other environmental statutes.

## **Competition**

The oil and gas industry is highly competitive. We compete with major oil companies, large and small independent companies, and individuals for the acquisition of leases and properties. Most competitors have financial and other resources which substantially exceed ours. Resources of our competitors may allow them to pay more for desirable leases and to evaluate, bid for and purchase a greater number of properties or prospects than us. Our ability to replace and expand our reserves is dependent on our ability to select and acquire producing properties and prospects for future drilling.

## **Operations**

Oil and gas properties are customarily operated under the terms of a joint operating agreement, which provides for reimbursement of the operator's direct expenses and monthly per well supervision fees. Per well supervision fees vary widely depending on the geographic location and producing formation of the well, whether the well produces oil or gas and other factors. We are not the operator of our wells, which are operated by the Partners. The Partners charge the Company, without mark-up, for the Company's working interest portion of the direct operating costs and overhead costs (which are comprised of administrative, supervision, office services and warehousing costs) that the operators incur with respect to our wells.

## **Employees**

We currently have two part-time contractors providing services to the Company. We have no employees. All of our activities are conducted through contracting geologists, engineers, operators and other oil and gas professionals.

## **GLOSSARY OF CERTAIN OIL AND GAS TERMS**

The following is a description of the meanings of some of the natural gas and oil industry terms used in this filing:

**“Bbl”** means a barrel or barrels of oil.

**“BOE”** means barrels of oil equivalent.

**“Btu”** means British thermal unit, which means the quantity of heat required to raise the temperature of one pound of water by one degree Fahrenheit.

**“Completion”** means the installation of permanent equipment for the production of natural gas or oil.

**“Condensate”** means hydrocarbons naturally occurring in the gaseous phase in a reservoir that condense to become a liquid at the surface due to the change in pressure and temperature.

**“Crude”** means unrefined liquid petroleum.

**“Gross acres”** or **“gross wells”** refer to the total acres or wells, as the case may be, in which a working interest is owned.

**“Mcf”** means thousand cubic feet of natural gas. The Company has assumed that 1Mcf = 1 MMBtu for our calculations.

**“MMBtu”** means one million Btus.

**“Net acreage”** means the sum of the fractional working interest owned in gross acres or wells, as the case may be.

**“Operator”** refers to the individual or company responsible for the exploration, development and production of an oil or gas well or lease.

**“Proved reserves”** or **“reserves”** are those quantities of oil and gas reserves, which, by analysis of geosciences and engineering data, can be estimated with reasonable certainty to be economically producible—from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulations—prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation.

**“Proved developed reserves”** or **“PDP”**s means reserves that can be expected to be recovered through existing wells with existing equipment and operating methods. Additional oil and gas expected to be obtained through the application of

fluid injection or other improved recovery techniques for supplementing the natural forces and mechanisms of primary recovery can be included as “proved developed reserves” only after testing by a pilot project, or after the operation of an installed program has confirmed through production response that increased recovery will be achieved.

**“Proved developed non-producing reserves” or “PDNPs”** are those quantities of oil and gas reserves that are developed behind pipe in an existing well bore, from a shut-in well bore or that can be recovered through improved recovery only after the necessary equipment has been installed, or when the costs to do so are relatively minor. Shut-in reserves are expected to be recovered from (1) completion intervals which are open at the time of the estimate but which have not started producing, (2) wells that were shut-in for market conditions or pipeline connections, or (3) wells not capable of production for mechanical reasons. Behind-pipe reserves are expected to be recovered from zones in existing wells that will require additional completion work or future recompletion prior to the start of production.

**“Proved undeveloped reserves” or “PUDs”** are those quantities of oil and gas reserves that are expected to be recovered from new wells on undrilled acreage or from existing wells where a relatively major expenditure is required for development. Reserves on undrilled acreage are limited to those drilling units offsetting productive units that are reasonably certain of production when drilled. Proved reserves for other undrilled units are claimed only where it can be demonstrated with certainty that there is continuity of production from the existing productive formation. Estimates for proved undeveloped reserves are not attributed to any acreage for which an application of fluid injection or other improved recovery technique is contemplated, unless such techniques have been proven effective by actual tests in the area and in the same reservoir.

**“Proven properties”** refers to properties containing proved reserves.

**“Recompletion”** means the completion for production of an existing well bore in another formation from that in which the well has been previously completed.

**“Shut-in”** means a well which is capable of producing but is not presently producing.

**“Unproven properties”** refers to properties containing no proved reserves.

**“Working interest”** refers to the operating interest that gives the owner the right to drill, produce and conduct operating activities on the property and receive a share of production.

**“Workover”** means operations on a producing well to restore or increase production.

## **GLOSSARY OF CERTAIN MINERAL EXPLORATION TERMS**

The following is a description of the meanings of some mineral exploration terms used in this filing:

**“Net Smelter Return” or “NSR”** royalties are based on the value of production or net proceeds received by the operator from a smelter or refinery. These proceeds are usually subject to deductions or charges for transportation, insurance, smelting and refining costs as set out in the royalty agreement. For gold royalties, the deductions are generally minimal while for base metal projects, the deductions can be much more substantial. This type of royalty provides cash flow that is free of any operating or capital costs and environmental liabilities. A smaller percentage NSR in a project can effectively equate to the economic value of a larger percentage profit or working interest in the same project.

### ***Item 1A. Risk Factors***

#### **Risks Specific to Our Company**

***We have a history of losses which may continue, which may negatively impact our ability to achieve our business objectives.***

We have very limited history with respect to our acquisition and development of oil and gas properties. In the years ended December 31, 2011 and 2010 we recorded operating losses of \$792,599 and \$387,005 respectively. We cannot assure you that we can achieve or sustain profitability on a quarterly or annual basis in the future. Our operations are subject to the risks and competition inherent in the establishment of a business enterprise. There can be no assurance that our future operations will be profitable. Revenues and profits, if any, will depend upon various factors, including whether we will be able to continue expansion of our revenue. We may not achieve our business objectives and the failure to achieve such goals would have an adverse impact on us.

***Since we are in the early stage of development and have a limited operating history, it may be difficult for you to assess our business and future prospects.***

We have only a limited history of revenues from oil and natural gas operations and have limited tangible assets. We have yet to generate positive earnings and there can be no assurance that we will ever operate profitably. With this limited operating history our company must be considered in the exploration stage. Our success is significantly dependent on a successful acquisition, drilling, completion and production program. Our operations will be subject to all the risks inherent in the establishment of a developing enterprise and the uncertainties arising from the absence of a significant operating history. We may be unable to locate recoverable reserves or operate on a profitable basis. We are in the exploration stage and potential investors should be aware of the difficulties normally encountered by enterprises in the exploration stage. If our business plan is not successful, and we are not able to operate profitably, investors may lose some or all of their investment in our company.

**Our directors may face conflicts of interest in connection with our participation in certain ventures because they are directors of other mineral mineralized material companies.**

Messrs. Sierchio and Jenkins, who in addition to Mr. Cooper, serve as directors, may also be a director of other companies and, if those other companies participate in ventures in which we may participate, our directors may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. It is possible that due to our directors' conflicting interests, we may be precluded from participating in certain projects that we might otherwise have participated in, or we may obtain less favorable terms on certain projects than we might have obtained if our directors were not also directors of other participating companies. In an effort to balance their conflicting interests, our directors may approve terms equally favorable to all of their companies as opposed to negotiating terms more favorable to us but adverse to their other companies. Additionally, it is possible that we may not be afforded certain opportunities to participate in particular projects because those projects are assigned to our directors' other companies for which the directors may deem the projects to have a greater benefit.



**Our future performance is dependent on our ability to retain key personnel, loss of which would adversely affect our success and growth.**

Our performance is substantially dependent on performance of our senior management. In particular, our success depends on the continued efforts of Mr. Cooper. The loss of his services could have a material adverse effect on our business, results of operations and financial condition as our potential future revenues would most likely dramatically decline and our costs of operations would rise. We do not have employment agreements in place with any of our officers or our key employees, nor do we have key person insurance covering our employees.

**The value and transferability of our shares may be adversely impacted by the limited trading market for our shares.**

There is only a limited trading market for our common stock on the OTCQB. This may make it more difficult for you to sell your stock if you so desire.

**Our common stock is a penny stock and because "penny stock" rules will apply, you may find it difficult to sell the shares of our common stock.**

Our common stock is a "penny stock" as that term is defined under Rule 3a51-1 of the Securities Exchange Act of 1934. Generally, a "penny stock" is a common stock that is not listed on a national securities exchange and trades for less than \$5.00 a share. Prices often are not available to buyers and sellers and the market may be very limited. Penny stocks in start-up companies are among the riskiest equity investments. Broker-dealers who sell penny stocks must provide purchasers of these stocks with a standardized risk-disclosure document prepared by the Securities and Exchange Commission. The document provides information about penny stocks and the nature and level of risks involved in investing in the penny stock market. A broker must also give a purchaser, orally or in writing, bid and offer quotations and information regarding broker and salesperson compensation, make a written determination that the penny stock is a suitable investment for the purchaser, and obtain the purchaser's written agreement to the purchase. Consequently, the rule may affect the ability of broker-dealers to sell our securities and also may affect the ability of purchasers of our stock to sell their shares in the secondary market. It may also cause fewer broker dealers to make a market in our stock.

Many brokers choose not to participate in penny stock transactions. Because of the penny stock rules, there is less trading activity in penny stock and you are likely to have difficulty selling your shares.

In addition to the "penny stock" rules promulgated by the Securities and Exchange Commission, Financial Industry Regulatory Authority (the "FINRA") has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low-priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, FINRA believes that there is a high probability that speculative low priced securities will not be suitable for at least some customers. FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit your ability to buy and sell our stock and have an adverse effect on the market for our shares.

**Future sales of shares by us may reduce the value of our stock.**

If required, we will seek to raise additional capital through the sale of our common stock. Future sales of shares by us could cause the market price of our common stock to decline and may result in further dilution of the value of the shares owned by our stockholders.

**Risks Associated with Oil and Gas Exploration, Development and Operations**

*As our properties are in the exploration stage, there can be no assurance that we will establish commercial discoveries on our properties.*

Exploration for economic reserves of oil and gas is subject to a number of risk factors. Few wells that are ultimately reworked are capable of producing commercially viable quantities of oil and or gas for any extended period of time. If the wells in which we have an interest do not produce commercially viable amounts of oil or gas or cease to produce such quantities after being reworked we may need to curtail or cease our operations.

***The potential profitability of our oil and gas ventures depends upon factors beyond our control.***

The potential profitability of oil and gas properties is dependent upon many factors beyond our control. For instance, world prices and markets for oil and gas are unpredictable, highly volatile, potentially subject to governmental fixing, pegging, controls, or any combination of these and other factors, and respond to changes in domestic, international, political, social, and economic environments. Additionally, due to worldwide economic uncertainty, the availability and cost of funds for production and other expenses have become increasingly difficult, if not impossible, to project. In addition, adverse weather conditions can also hinder drilling operations. These changes and events may materially affect our financial performance. These factors cannot be accurately predicted and the combination of these factors may result in our company not receiving an adequate return on invested capital.

***We may fail to fully identify problems with any properties we acquire.***

Although we conduct a review of properties we acquire which we believe is consistent with industry practices, we can give no assurance that we have identified or will identify all existing or potential problems associated with such properties or that we will be able to mitigate any problems we do identify.

***The oil and gas industry is highly competitive and there is no assurance that we will be successful in acquiring oil and gas interests or leases.***

The oil and gas industry is intensely competitive. We compete with numerous individuals and companies, including many major oil and gas companies, which may have substantially greater technical, financial and operational resources and staffs. Accordingly, there is a high degree of competition for desirable oil and gas leases, suitable properties for drilling operations and necessary drilling equipment, as well as for access to funds. We cannot predict if the necessary funds can be raised or that any projected work will be completed or additional oil and gas interests acquired.

***Oil and gas operations are subject to comprehensive regulation which may cause substantial delays or require capital outlays in excess of those anticipated causing an adverse effect on our company.***

Oil and gas operations are subject to federal, state, and local laws relating to the protection of the environment, including laws regulating removal of natural resources from the ground and the discharge of materials into the environment. Oil and gas operations are also subject to federal, state, and local laws and regulations which seek to maintain health and safety standards by regulating the design and use of drilling methods and equipment. Various permits from government bodies are required for drilling operations to be conducted; no assurance can be given that

such permits will be received. Environmental standards imposed by federal, provincial, or local authorities may be changed and any such changes may have material adverse effects on our activities. Moreover, compliance with such laws may cause substantial delays or require capital outlays in excess of those anticipated, thus causing an adverse effect on us. Additionally, we may be subject to liability for pollution or other environmental damages. To date we have not been required to spend any material amount on compliance with environmental regulations.

However, we may be required to do so in future and this may affect our ability to expand or maintain our operations.

***Exploration and production activities are subject to certain environmental regulations which may prevent or delay the commencement or continuance of our operations.***

In general, our exploration, development and production activities are subject to certain federal, state and local laws and regulations relating to environmental quality and pollution control. Such laws and regulations increase the costs of these activities and may prevent or delay the commencement or continuance of a given operation. Compliance with these laws and regulations has not had a material effect on our operations or financial condition to date. Specifically, we are subject to legislation regarding emissions into the environment, water discharges and storage and disposition of hazardous wastes. In addition, legislation has been enacted which requires well and facility sites to be abandoned and reclaimed to the satisfaction of state authorities. However, such laws and regulations are frequently changed and we are unable to predict the ultimate cost of compliance. Generally, environmental requirements do not appear to affect us any differently or to any greater or lesser extent than other companies in the industry. We believe that our operations comply, in all material respects, with all applicable environmental regulations. Our operating partners maintain insurance coverage customary to the industry; however, we are not fully insured against all possible environmental risks.

***Exploratory drilling involves many risks and we may become liable for pollution or other liabilities which may have an adverse effect on our financial position.***

Drilling operations generally involve a high degree of risk. Hazards such as unusual or unexpected geological formations, power outages, labor disruptions, blow-outs, sour gas leakage, fire, inability to obtain suitable or adequate machinery, equipment or labor, and other risks are involved. We may become subject to liability for pollution or hazards against which we cannot adequately insure or which we may elect not to insure. Incurring any such liability may have a material adverse effect on our financial position and operations.

### **Risks Associated with Mineral Exploration and Development**

The search for valuable minerals as a business is extremely risky. We can provide investors with no assurance that the exploration of any of the properties in which we have or may acquire an interest will uncover commercially viable bodies of mineralization. It is likely that such properties will not contain any reserves and, in all likelihood, any funds spent on exploration will probably be lost. In addition, problems such as unusual or unexpected geological formations or other variable conditions are involved in exploration and, often result in unsuccessful exploration efforts.

In addition, due to our limited capital and mineralized materials, we are limited in the amount of exploration work we can do. As a result, our already low probability of successfully locating commercially viable bodies of mineralization will be reduced significantly further. Therefore, we may not find a commercial mineable ore deposit prior to exhausting our funds. Furthermore, exploration costs may be higher than anticipated, in which case, the risk of utilizing all of our funds prior to locating any ore deposits shall be greatly increased. Factors that could cause exploration costs to increase are: adverse conditions, difficult terrain and shortages of qualified personnel.

***Because we do not have any revenues from mining operations, we expect to incur operating losses for the foreseeable future.***

Prior to completing exploration on our mineral properties, we anticipate that we will incur increased operating expenses without realizing any revenues. We therefore expect to incur significant losses into the foreseeable future. If we are unable to generate financing to continue the exploration of our mineral properties, we will fail and you will lose your entire investment in this offering.

***None of the mineralized material properties in which we have an interest or the right to earn an interest have any known reserves.***

We currently have an interest or the right to earn an interest in one (1) property, which does not have any reserves. Based on our exploration activities through the date of this document, we do not have sufficient information upon which to assess the ultimate success of our exploration efforts. If we do not establish mineral reserves we may be required to curtail or suspend our operations, in which case the market value of our common stock may decline and you may lose all or a portion of your investment.

We have only completed the initial stages of exploration of our property, and thus have no way to evaluate whether we will be able to operate the mineral exploration and development side of our business successfully. To date, we have been involved primarily in acquiring interests in properties and in conducting preliminary exploration of our property.

***We are subject to all the risks inherent to mineral exploration, which may have an adverse effect on our business operations.***

Potential investors should be aware of the difficulties normally encountered by mineral exploration companies and the high rate of failure of such enterprises. The likelihood of success must be considered in light of the problems, expenses, difficulties, complications and delays encountered in connection with the exploration of the mineral properties that we plan to undertake. These potential problems include, but are not limited to, unanticipated problems relating to exploration and additional costs and expenses that may exceed current estimates. If we are unsuccessful in addressing these risks, our business will likely fail and you will lose your entire investment.

We are subject to the numerous risks and hazards inherent to the mining industry and resource exploration including, without limitation, the following:

- interruptions caused by adverse weather conditions; and
- unforeseen limited sources of supplies resulting in
- shortages of materials, equipment and availability of experienced manpower.

The prices and availability of such equipment, facilities, supplies and manpower may change and have an adverse effect on our operations, causing us to suspend operations or cease our activities completely.

***It is possible that our title for the mineral properties in which we have an interest will be challenged by third parties.***

We have not obtained title insurance for our property. It is possible that the title to the property in which we have our interest will be challenged or impugned. If such claims are successful, we may lose our interest in such property.

***Our failure to compete with our competitors in mineral exploration for financing, acquiring mining claims, and for qualified managerial and technical employees will cause our business operations to slow down or be suspended.***

Our competition includes large established mineral exploration companies with substantial capabilities and with greater financial and technical mineralized materials than we have. As a result of this competition, we may be unable to acquire additional attractive mining claims or financing on terms we consider acceptable. We may also compete with other mineral exploration companies in the recruitment and retention of qualified managerial and technical employees. If we are unable to successfully compete for financing or for qualified employees, our exploration programs may be slowed down or suspended.

***Compliance with environmental regulations applicable to our operations may adversely affect our capital liquidity.***

All phases of our operations in Canada, where our property is located, will be subject to environmental regulations. Environmental legislation in Canada is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. It is possible that future changes in environmental regulation will adversely affect our operations as compliance will be more burdensome and costly.

Because we have not allocated any money for reclamation of any of our mining claims, we may be subject to fines if a mining claim is not restored to its original condition upon termination of our activities.

***Item 1B. Unresolved Staff Comments***

None.

***Item 2. Properties***

We do not own any properties other than (i) a 100% leasehold interest in six mining leases known as the Fostung tungsten property acquired in June 2011 (see Description of Business) and (ii) oil and gas properties acquired during 2008 (see Description of Business). Our corporate offices are located at 10180 – 101 Street, Suite 3400, Edmonton, AB, Canada, T5J3S4.

***Item 3. Legal proceedings***

We are currently not a party to any material pending legal proceedings or government actions, including any bankruptcy, receivership, or similar proceedings. In addition, management is not aware of any known litigation or liabilities involving the operators of our properties that could affect our operations. Should any liabilities incur in the future, they will be accrued based on management's best estimate of the potential loss. As such, there is no adverse effect on our financial position, results of operations or cash flow at this time. Furthermore, we do not believe that there are any proceedings to which any of our directors, officers, or affiliates, any owner of record of the beneficially or more than five percent of our common stock, or any associate of any such director, officer, affiliate, or security holder is a party adverse or has a material interest adverse to us.



**Item 4. Mine Safety Disclosures**

Not applicable

**PART II**

**Item 5. Market for Registrant's Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities**

**Market Information**

Effective January 5, 2011, the Company changed its name from "Entheos Technologies, Inc." to "Janus Resources, Inc." In conjunction with the name change, the Company's stock symbol on the OTCQB was changed from "ETHT" to "JANI". Please refer to "RISK FACTORS."

The following table sets forth the high and low bid prices for the Common Stock for the calendar quarters indicated as reported by the OTCQB for the last two years. These prices represent quotations between dealers without adjustment for retail mark-up, markdown or commission and may not represent actual transactions.

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2012 – High	\$0.55 <sup>(1)</sup>	\$	\$	\$
2012 - Low	\$0.28 <sup>(1)</sup>	\$	\$	\$
2011 – High	\$1.50	\$ 0.91	\$ 0.80	\$ 0.73
2011 – Low	\$0.55	\$ 0.63	\$ 0.64	\$ 0.40
2010 – High	\$0.80	\$ 0.80	\$ 0.40	\$ 0.75
2010 – Low	\$0.60	\$ 0.30	\$ 0.25	\$ 0.25

(1) The high and low bid prices for our Common Stock for the First Quarter of 2012 were for the period January 1, 2012 to March 26, 2012. The closing price on March 26, 2012, was \$0.50.

As of March 26, 2012, there were approximately 327 stockholders of record.

### **Transfer Agent**

The transfer agent of our common stock is Worldwide Stock Transfer, LLC, having an office at 433 Hackensack Avenue, Level L. Hackensack, NJ, USA 07601.

### **Penny Stock**

The Securities and Exchange Commission has adopted rules that regulate broker-dealer practices in connection with transactions in penny stocks. Our stock is currently a “penny stock.” Penny stocks are generally equity securities with a price of less than \$5.00, other than securities registered on certain national securities exchanges or quoted on the NASDAQ system, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or system. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from those rules, deliver a standardized risk disclosure document prepared by the Commission, which: (a) contains a description of the nature and level of risk in the market for penny stocks in both public offerings and secondary trading; (b) contains a description of the broker’s or dealer’s duties to the customer and of the rights and remedies available to the customer with respect to a violation to such duties or other requirements of Securities’ laws; (c) contains a brief, clear, narrative description of a dealer market, including bid and ask prices for penny stocks and significance of the spread between the bid and ask price; (d) contains a toll-free telephone number for inquiries on disciplinary actions; (e) defines significant terms in the disclosure document or in the conduct of trading in penny stocks; and (f) contains such other information and is in such form as the Commission shall require by rule or regulation. The broker-dealer also must provide to the customer, prior to effecting any transaction in a penny stock, (a) bid and offer quotations for the penny stock; (b) the compensation of the broker-dealer and its salesperson in the transaction; (c) the number of shares to which such bid and ask prices apply, or other comparable information relating to the depth and liquidity of the market for such stock; and (d) monthly account statements showing the market value of each penny stock held in the customer’s account. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from those rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser’s written acknowledgment of the receipt of a risk disclosure statement, a written agreement to transactions involving penny stocks, and a signed and dated copy of a written suitability statement.

These disclosure requirements may have the effect of reducing the trading activity in the secondary market for our stock if it becomes subject to these penny stock rules.

## **Rule 144**

There were 63,075,122 shares of our common stock issued and outstanding at March 26, 2012, of which 50,004,300 shares are deemed "restricted securities," within the meaning of Rule 144. Absent registration under the Securities Act, the sale of such shares is subject to Rule 144, as promulgated under the Securities Act.

In general, under Rule 144, subject to the satisfaction of certain other conditions, a person deemed to be one of our affiliates, who has beneficially owned restricted shares of our common stock for at least one year is permitted to sell in a brokerage transaction, within any three-month period, a number of shares that does not exceed the greater of 1% of the total number of outstanding shares of the same class, or, if our common stock is quoted on a stock exchange, the average weekly trading volume during the four calendar weeks preceding the sale, if greater.

Rule 144 also permits a person who presently is not and who has not been an affiliate of ours for at least three months immediately preceding the sale and who has beneficially owned the shares of common stock for at least nine months to sell such shares without restriction other than the requirement that there be current public information as set forth in Rule 144. To the extent that Rule 144 is otherwise available, this provision is currently applicable to all of the restricted shares. If a non-affiliate has held the shares for more than one year, such person may make unlimited sales pursuant to Rule 144 without restriction.

The possibility that substantial amounts of our common stock may be sold under Rule 144 into the public market may adversely affect prevailing market prices for the common stock and could impair our ability to raise capital in the future through the sale of equity securities. Please refer to “**RISK FACTORS.**”

## **Dividend Policy**

We have not paid any dividends on our common stock and our board of directors presently intends to continue a policy of retaining earnings, if any, for use in our operations. The declaration and payment of dividends in the future, of which there can be no assurance, will be determined by the board of directors in light of conditions then existing, including earnings, financial condition, capital requirements and other factors. The Nevada Revised Statutes prohibit us from declaring dividends where, if after giving effect to the distribution of the dividend:

· we would not be able to pay our debts as they become due in the usual course of business; or  
· our total assets would be less than the sum of our total liabilities plus the amount that would be needed to satisfy the rights of stockholders who have preferential rights superior to those receiving the distribution.

Except as set forth above, there are no restrictions that currently materially limit our ability to pay dividends or which we reasonably believe are likely to limit materially the future payment of dividends on common stock.

**Securities Authorized for Issuance Under Equity Compensation Plans**

Plan Category	Number of Securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	0	n/a	120,000,000
Equity compensation plans not approved by security holders	0	n/a	0
Total	0	n/a	120,000,000

**Item 6. Selected Financial Data**

Not applicable to smaller reporting companies.

**Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations****Discussion and Analysis**

*The following discussion and analysis is based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States, and should be read in conjunction with our financial statements and related notes. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. Management bases its estimates on historical experience and on*

*various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. In addition, the following discussion and analysis contains forward-looking statements that involve risks and uncertainties, including, but not limited to, those discussed in “ **Forward Looking Statements**,” and elsewhere in this Form 10-K.*

## Results of Operations

Year Ended December 31, 2011 (Fiscal 2011) versus Year Ended December 31, 2010 (Fiscal 2010)

**Revenues-** Sales of crude oil totaled \$25,605 and \$29,960 for the years ended December 31, 2011 and 2010, respectively, which represents 78% and 75% of our total oil and gas revenues for the years ended December 31, 2011 and 2010, respectively. Sales of natural gas totaled \$7,182 and \$9,886 for the years ended December 31, 2011 and 2010, respectively. Total oil and gas revenues decreased 18% in 2011 compared to 2010 due to the natural decline of the wells. Average daily production on an equivalent basis was 1.1 BOE in 2011 compared to 1.8 BOE in 2010. Oil remained the primary portion of our revenue mix at 78% in 2011 compared to 75% in 2010.

Oil production during 2011 totaled 291 (2010 – 446) barrels and generated revenues of \$25,605 (2010 - \$29,960). The 35% decline in production was offset by a 31% increase in the average price per barrel.

Gas production during 2011 totaled 719 (2010 – 1,184) Mcf and generated \$7,182 (2010 - \$9,886) in revenue. The 39% decline in production was offset by a 20% increase in average gas prices.

**Lease Operating Expenses -** Lease operating expenses for 2011 decreased 15% to \$21,236 (2010 - \$24,988) due to decreased production.

**Impairment of Oil and Gas Properties -** Depreciation, depletion, amortization and impairment of oil and gas properties decreased 96% to \$3,264 (2010 - \$79,245) in 2011 due to the carrying value of our wells approaching salvage value and was determined using a systematic and rational method. We recorded an impairment loss (included in depreciation, depletion, amortization and impairment) of \$0 (2010 - \$33,150) for the year ended December 31, 2011, in order to state the carrying cost at the lower of fair market value or carrying costs.

**Project Research and Development** - For the year ended December 31, 2011 we recorded project research and development expenses of \$36,851 (2010 - \$0).

**Expenses** – Our general and administrative expenses consist primarily of personnel costs, legal costs, investor relations costs, stock based compensation costs, accounting costs and other professional and administrative costs. For the year ended December 31, 2011 we recorded General and Administrative expenses of \$536,090 (2010 - \$322,618) respectively. This amount includes, professional fees - accounting of \$76,233 (2010 - \$103,845); legal \$64,092 (2010 - \$44,187); public relations, filing, transfer and regulatory fees of \$43,044 (2010 - \$17,414); management, director and consulting fees of \$94,000, \$48,000 and \$101,845 (2010 - \$35,000, \$20,000 and \$48,527) respectively.

**Exploration Expenditures** – Exploration expenses on the Fostung property are charged to operations as they are incurred. For the year ended December 31, 2011 we recorded exploration expenses of \$227,944 (2010 - \$0) respectively.

**Change in Fair Value of Warrant Liability** - As a result of adjusting the warrant liability to fair value, we recorded a non-cash gain of \$2,744,200 (non-cash loss 2,434,985 in 2010) and \$2,503,841 (non-cash loss of \$1,444,636 in 2010) relating to the Series A and Series B Warrants, respectively, for the year ended December 31, 2011. The change in fair value is in part due to the extension of the warrant terms to December 31, 2011 for both Series from January 28, 2011 and July 28, 2011 for the Series A and Series B, respectively. A total of 0 (2010 - 12,900,000) shares of the Company's common stock have been reserved for issuance upon exercise of warrants outstanding as of December 31, 2011.

The following table is a roll forward of the fair value of the warrant liability related to the common stock warrants using the Black-Scholes assumptions as of December 31, 2011 and 2010 (Level 3 inputs):

	Series A Warrants	Series B Warrants	Total
Balance as of January 1, 2010	\$309,215	\$1,059,205	\$1,368,420
Change in fair value	2,434,985	1,444,636	3,879,621
Balance as of December 31, 2010	2,744,200	2,503,841	5,248,041
Change in fair value	(2,744,200)	(2,503,841)	(5,248,041)
Balance as of December 31, 2011	\$-	\$-	\$-

## Our Oil and Gas Interests

We utilize the full cost method of accounting for our oil and gas activities. In accordance with the full cost method of accounting, all costs associated with acquisition, exploration, and development of oil and gas reserves, including directly related overhead costs and related asset retirement costs, are capitalized. Net capitalized costs associated with oil and gas properties as of December 31, 2011 and 2010 is summarized as follows:

	December 31,		Change
	2011	2010	(\$)
Unproven Properties	\$530,539	\$535,176	\$(4,637)
Impairment of properties	(511,847)	(508,583)	(3,264)
Oil and gas properties, net	\$18,692	\$26,593	\$(7,901)

Capital expenditures totaled \$599 (2010 - \$9,303) for the year ended December 31, 2011.

At the time of acquisition, Haile #1 was being recompleted to a zone that was previously productive. Once the recompletion efforts were final and the well did not support production, an exploratory drilling program was started in early 2009 to complete a new unproven upper zone. The new upper zone completion also resulted in no oil or gas production and the well was shut-in during August 2009. In accordance with our accounting policies, we assessed this well, at December 31, 2009, to determine whether the well was recorded at the lower of cost or fair market value. Upon completion of our assessment, we impaired the well to the extent of anticipated salvage value of the equipment and recorded an asset retirement obligation to accrue for estimated closure costs. In January 2011, Leexus Oil LLC, the operator who also owns a working interest in the well provided to us with a plan for the re-completion of the well. We have decided not to participate in the proposed re-completion of the Reeves #1H (Haile) well.



In March 2011, Leexus Oil LLC, the operator, who also owns a working interest in the Onnie Ray #1H well provided us with a plan for the re-completion of the well. We have decided not to participate in the proposed re-completion of the Onnie Ray #1H well.

#### Results of Operations - Year to date December 31, 2011

	2011	Year Ended December 31, 2010	change	% change	
Production:					
Oil (Bbls)	290.75	446.30	(155.6 )	(35	%)
Gas (Mcf)	718.65	1,184.10	(465.5 )	(39	%)
Total production (BOE)	410.53	643.65	(233.1 )	(36	%)
Number of days	365	365			
Average daily production (BOE)	1.12	1.76	(0.6 )	(35	%)
% oil of production	71	% 69	% 0.02	3	%
Average sales price:					
Oil (per Bbl)	\$88.07	\$67.13	\$20.94	31	%
Gas (per Mcf)	\$9.99	\$8.35	\$1.64	20	%
Total production (per BOE)	\$79.87	\$61.91	\$17.96	29	%
Oil and gas revenues:					
Oil revenue	\$25,605	\$29,960	\$(4,355 )	(15	%)
Gas revenue	\$7,182	\$9,886	\$(2,704 )	(27	%)
Total	\$32,787	\$39,846	\$(7,059 )	(18	%)
Lease operating expenses	\$21,237	\$24,988	\$(3,751 )	(15	%)
Additional per BOE data:					
Sales price	\$79.87	\$61.91	\$17.96	29	%
Lease operating expenses	\$51.73	\$38.82	\$12.91	33	%
Operating Margin per BOE	\$28.13	\$23.08	\$5.05	22	%

#### Mineral Property Interests

(a) On June 8, 2011, pursuant to an asset purchase agreement, the Company paid \$519,750 (CAD \$500,000) in cash for the acquisition of EMC Metals Corp's. 100% leasehold interest in two mining leases known as the Fostung tungsten property. The Fostung tungsten property consists of two contiguous claim blocks of 30 claims totaling 485 hectares. The nine claims covered by Mining Lease One expire on October 31, 2031. The twenty one claims covered by Mining Lease Two which originally expired on March 31, 2011 are in the process of being renewed and extended three years to 2014 by the MNDMF. The Company has performed the necessary assessment work and applied to the MNDMF to extend the expiry of Lease Two to October 2032. The Fostung property is located in Foster Township, Sudbury Mining Division, Ontario, Canada. It is approximately 8 kilometers southeast of the town of Espanola and 70 kilometers west-southwest of the town of Sudbury. An excellent all-weather gravel road

extends from Espanola, crossing the property and providing access to the west bay of Lake Panache.

A production bonus in the amount of CAD \$500,000 is payable to Breakwater Resources Ltd. by the Company within thirty business days following the commencement of commercial production from the property. A 1% net smelter return royalty on the property is also payable to Breakwater Resources Ltd. by the Company. No capitalized costs have been amortized as of December 31, 2011. The Company did not incur any impairment of these capitalized costs through December 31, 2011.

The Fostung property also consists of four unpatented mining claims, located in Foster Township in the Sudbury Mining Division, Ontario, Canada, comprised of 26 claim units, were recorded in the name of Fostung Resources Ltd. on June 7, 2011. Two of the four mining claim blocks consisting of two contiguous claims are located to the (b) north east of the structural trend in the two contiguous claim blocks of 30 claims referred to in (a) above. Two of the four mining claim blocks consisting of two contiguous claims are located to the south west of the structural trend in the two contiguous claim blocks of 30 claims referred to in (a) above. Each of the four claims has an expiration date of June 7, 2013. The aggregate amount of work required to renew the four claims is CAD \$10,400.

### **Liquidity and Capital Resources**

The Company currently finances its activities primarily by the private placement of securities. There is no assurance that equity funding will be accessible to the Company at the times and in the amounts required to fund the Company's activities. There are many conditions beyond the Company's control which have a direct bearing on the level of investor interest in the purchase of Company securities. The Company may also attempt to generate additional working capital through the operation, development, sale or possible joint venture development of its properties; however, there is no assurance that any such activity will generate funds that will be available for operations. Debt financing has not been used to fund the Company's property acquisitions and exploration activities, and the Company has no current plans to use debt financing. The Company does not have "standby" credit facilities, or off-balance sheet arrangements and it does not use hedges or other financial derivatives. The Company has no agreements or understandings with any person as to additional financing.

At December 31, 2011, we had cash of \$787,771 (December 31, 2010 - \$2,052,305) and working capital of \$728,592 (working capital deficiency December 31, 2010 - \$3,215,795). Total liabilities as of December 31, 2011 were \$129,009 (December 31, 2010 - \$5,323,273).

Our general business strategy is to acquire mineral properties and oil and gas properties either directly or through the acquisition of operating entities. Our consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America and applicable to a going concern which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. As discussed in Note 1 to the consolidated financial statements, we have incurred recurring operating losses since inception and used cash of \$747,458 from operating activities in 2011. We require additional funds to meet our obligations and maintain our operations. We have sufficient working capital to (i) pay our administrative and general operating expenses through December 31, 2012, and (ii) to conduct our preliminary exploration programs. Without sufficient cash flow from operations, we may need to obtain additional funds (presumably through equity offerings and/or debt borrowing) in order, if warranted, to implement additional exploration programs on our properties. While we may attempt to generate additional working capital through the operation, development, sale or possible joint venture development of our properties, there is no assurance that any such activity will generate funds that will be available for operations. Failure to obtain such additional financing may result in a reduction of our interest in certain properties or an actual foreclosure of our interest. We have no agreements or understandings with any person as to such additional financing.

Our mineral exploration properties have not commenced commercial production.

## Cash Flow

**Operating activities:** We used cash of \$747,458 for the year ended December 31, 2011 (2010 - \$348,162). The following is a breakdown of the cash and non-cash items used for operating activities, aside from the net losses in each period: Impairment and depreciation of \$3,264 (2010 \$79,245); Stock-based compensation expense \$0 (2010 compensation benefit \$(36,138)); Accretion of asset retirement obligation of \$2,758 (2010 - \$2,558); a non-cash gain in fair value of warrant liability of \$5,248,041 (non-cash loss in 2010 - \$3,879,621); gain on disposal of oil & gas assets of \$2,140 (2010 - \$0); changes in accounts receivable resulted in a decrease in cash of \$11,899 (2010 - increase in cash of \$6,144); changes in accounts payable and accrued expenses (including related party) resulted in an increase in cash of \$51,018 (2010 - decrease of \$12,966).

**Investing Activities:** During the year ended December 31, 2011, \$519,750 was spent acquiring the Fostung property in Ontario Canada (year ended December 31, 2010 - \$0). During the year ended December 31, 2011 additions to capitalized costs of oil and gas properties were \$599 (2010 - \$9,303) and proceeds from the sale of oil and gas assets were \$7,377 (2010 - \$0).

**Financing Activities:** We intend to finance our activities by raising capital through the equity markets. There were no financing activities during 2011 and 2010.

## **Dividends**

The Company has neither declared nor paid any dividends on its Common stock. We intend to retain our earnings to finance growth and expand our operations and do not anticipate paying any dividends on our common stock in the foreseeable future.

## **Asset-Backed Commercial Paper**

The Company has no asset-backed commercial paper.

## **Fair Value of Financial Instruments and Risks**

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair value.

The carrying value of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, accounts payable – related parties, and warrant liability approximate their fair value because of the short-term nature of these instruments.

Management is of the opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments.

The Company operates both inside and outside of the United States of America and is exposed to foreign currency risk due to the fluctuation between the Canadian dollar, in which the Company's wholly owned subsidiary Fostung Resources operates in, and the U.S. dollar.

## Share Capital

At March 26, 2012, we had:

- Authorized share capital of 10,000,000 (December 31, 2011 – 10,000,000) preferred shares with par value of \$0.0001 each.
- Authorized share capital of 200,000,000 (December 31, 2011, – 200,000,000) common shares with par value of \$0.00001 each.
- 63,075,122 common shares were issued and outstanding (December 31, 2011, – 63,075,122, December 31, 2010 – 63,075,122).
- 0 Series A warrants (December 31, 2011, – 0, December 31, 2010 – 6,450,000). The Series A warrants are exercisable at \$0.60 per share, with expiry date of December 31, 2011.
- 0 Series B warrants (December 31, 2011, – 0, December 31, 2010 – 6,450,000). The Series B warrants are exercisable at \$0.75 per share, with expiry date of December 31, 2011.
- 0 stock options outstanding under our incentive stock option plan. A total of 120,000,000 shares of the Company's common stock have been reserved for award under the stock option plan, of which 120,000,000 were available for future issuance as of March 26, 2012, December 31, 2011 and 2010.

## Market Risk Disclosures

We have not entered into derivative contracts either to hedge existing risks or for speculative purposes during the years ended December 31, 2011 and 2010, and the subsequent period to March 26, 2012.

## Off-balance Sheet Arrangements and Contractual Obligations

We do not have any off-balance sheet arrangements or contractual obligations at December 31, 2011, and the subsequent period to March 26, 2012, that are likely to have or are reasonably likely to have a material current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that have not been disclosed in our consolidated financial statements.

## Critical Accounting Policies

### *Accounting Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Our accounting policies are described in Note 2 to our December 31, 2011, consolidated financial statements. Significant areas requiring the use of management estimates include, the determination of impairment of mineral properties and oil and gas properties; useful lives for depreciation and amortization of property, plant and equipment; valuation allowances for future income tax assets; fair value of non-cash stock-based compensation; reclamation and environmental obligations are critical accounting policies that are subject to estimates and assumptions regarding future activities are significant reporting areas impacted by management's judgments and estimates. Management's judgments and estimates in these areas are based on information available from both internal and external sources, including engineers, geologists, consultants and historical experience in similar matters. Actual results could differ from the estimates as additional information becomes known.

The more significant reporting areas impacted by management's judgments and estimates are accruals related to oil and gas sales and expenses; estimates used in the impairment of oil and gas properties; and the estimated future timing and cost of asset retirement obligations. The carrying values of oil and gas properties are particularly susceptible to change in the near term. Changes in the future estimated oil and gas reserves or the estimated future cash flows attributable to the reserves that are utilized for impairment analysis could have a significant impact on the future results of operations.

### *Mineral properties*

The Company has concluded that mineral rights meet the definition of tangible assets. Accordingly, the Company accounts for its mineral properties on a cost basis whereby all direct costs, net of pre-production revenue, relative to the acquisition of the properties are capitalized. All sales and option proceeds received are first credited against the costs of the related property, with any excess credited to earnings. Once commercial production has commenced, the net costs of the applicable property will be charged to operations using the unit-of-production method based on estimated proven and probable recoverable reserves. The net costs related to abandoned properties are charged to operations.

Costs of exploring, carrying and retaining unproven properties are charged to operations as incurred until such time that proven reserves are discovered. From that time forward, the Company will capitalize all costs to the extent that future cash flow from mineral reserves equals or exceeds the costs deferred. The deferred costs will be amortized over

the recoverable reserves when a property reaches commercial production. As at December 31, 2011 and 2010, the Company did not have proven reserves. Exploration activities conducted jointly with others are reflected at the Company's proportionate interest in such activities.

*Full Cost Method of Accounting for Oil and Gas Properties*

The Company has elected to utilize the full cost method of accounting for its oil and gas activities. In accordance with the full cost method of accounting, all costs associated with acquisition, exploration, and development of oil and gas reserves, including directly related overhead costs and related asset retirement costs, are capitalized.

All capitalized costs of oil and gas properties, including the estimated future costs to develop proved reserves, are amortized on the unit-of-production method using estimates of proved reserves once proved reserves are determined to exist. The Company has not yet obtained reserve reports. Management is assessing production data to determine the feasibility of obtaining reserves studies. At December 31, 2011, there were no capitalized costs subject to amortization.

Oil and gas properties without estimated proved reserves are not amortized until proved reserves associated with the properties can be determined or until impairment occurs. As a result of management's impairment analysis, the Company recorded an impairment loss of \$3,264 and \$79,245 during 2011 and 2010, respectively. The impairment is similar to amortization and therefore is not added to the costs of properties being amortized.



Sales of oil and gas properties are accounted for as adjustments of capitalized costs with no gain or loss recognized, unless such adjustments would significantly alter the relationship between capitalized costs and proved reserves of oil and gas, in which case the gain or loss is recognized in income. The Company has not sold any oil and gas properties.

#### *Full Cost Ceiling Test*

At the end of each quarterly reporting period, the unamortized costs of oil and gas properties are subject to a “ceiling test” which basically limits capitalized costs to the sum of the estimated future net revenues from proved reserves, discounted at 10% per annum to present value, based on current economic and operating conditions, adjusted for related income tax effects.

#### *Asset Retirement Obligation*

The Company accounts for its future asset retirement obligations by recording the fair value of the liability during the period in which it was incurred. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset. The increase in carrying value of a property associated with the capitalization of an asset retirement obligation is included in proven oil and gas properties in the balance sheets. The Company’s asset retirement obligation consists of costs related to the plugging of wells, removal of facilities and equipment and site restoration on its oil and gas properties. The asset retirement liability is allocated to operating expense using a systematic and rational method. Asset retirement obligations amounted to \$55,316 and \$52,558 at December 31, 2011 and 2010, respectively.

#### *Warrant Liability Derivative*

The Company evaluates financial instruments for freestanding or embedded derivatives. As part of the July 2008 financing, the Company issued warrants that did not meet the specific conditions for equity classification. The Company is required to classify the fair value of the warrants issued as a liability, with subsequent changes in fair value to be recorded as income (loss) on change in fair value of warrant liability. The fair value of warrants will continue to be classified as a liability until the warrants are exercised, expire or are amended in a way that would no longer require classification as a liability.

#### *Oil and Gas Revenues*

The Company recognizes oil and gas revenues when oil and gas production is sold to a purchaser at a fixed or determinable price, when delivery has occurred and title has transferred, and if collectability of the revenue is probable. Delivery occurs and title is transferred when production has been delivered to a purchaser's pipeline or truck. As a result of the numerous requirements necessary to gather information from purchasers or various measurement locations, calculate volumes produced, perform field and wellhead allocations, distribute and disburse funds to various working interest partners and royalty owners, the collection of revenues from oil and gas production may take up to 45 days following the month of production. Therefore, the Company may make accruals for revenues and accounts receivable based on estimates of its share of production. Since the settlement process may take 30 to 60 days following the month of actual production, its financial results may include estimates of production and revenues for the related time period. The Company will record any differences between the actual amounts ultimately received and the original estimates in the period they become finalized.

### **Related Party Transactions**

Our proposed business raises potential conflicts of interests between certain of our officers and directors and us. Certain of our directors are directors of other mineral resource companies and, to the extent that such other companies may participate in ventures in which we may participate, our directors may have a conflict of interest in negotiating and concluding terms regarding the extent of such participation. In the event that such a conflict of interest arises at a meeting of our directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In appropriate cases, we will establish a special committee of independent directors to review a matter in which several directors, or management, may have a conflict. From time to time, several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, involvement in a greater number of programs and reduction of the financial exposure with respect to any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment.

In determining whether we will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the potential benefits to us, the degree of risk to which we may be exposed and our financial position at that time. Other than as indicated, we have no other procedures or mechanisms to deal with conflicts of interest. We are not aware of the existence of any conflict of interest as described herein.

Other than as disclosed below, during the years ended December 31, 2011 and 2010 and the subsequent period to March 26, 2012, none of our current directors, officers or principal shareholders, nor any family member of the foregoing, nor, to the best of our information and belief, any of our former directors, senior officers or principal shareholders, nor any family member of such former directors, officers or principal shareholders, has or had any material interest, direct or indirect, in any transaction, or in any proposed transaction which has materially affected or will materially affect us.

During the year ended December 31, 2011, management fees of \$94,000 (year ended December 31, 2010 - \$35,000) were paid to officers of the Company. Accounts payable to Mr. Cacace amounted to \$36,000 at December 31, 2011. The transactions were recorded at the exchange amount, being the value established and agreed to by the related parties.

During the year ended December 31, 2011, directors fees of \$48,000 (year ended December 31, 2010 - \$20,000) were paid to non-officer directors of the Company. Accounts payable to Mr. Sierchio amounted to \$2,000 at December 31, 2011. The transactions were recorded at the exchange amount, being the value established and agreed to by the related parties.

During the year ended December 31, 2011, legal fees of \$47,312 (year ended December 31, 2010 - \$44,188) were paid or are due to our attorney, Mr. Sierchio, who was appointed to our board effective August 26, 2010. Accounts payable to Mr. Sierchio for legal fees amounted to \$7,850 at December 31, 2011.

## **CURRENT OUTLOOK**

### **General Economic Conditions**

Current problems in credit markets and deteriorating global economic conditions have led to a slowdown of growth. The slowdown of growth is a major concern, as one of the biggest risks to a full recovery for the metals industry would be a weak and/or slow demand resurgence in critical end markets. Prices for raw materials continue to climb and/or remain near record highs. It is difficult in these conditions to forecast metal prices and demand trends for products that we would produce if we had current mining operations. Credit market conditions have also increased the

cost of obtaining capital and limited the availability of funds. Accordingly, management is reviewing the effects of the current conditions on our business.

It is anticipated that for the foreseeable future, we will rely on the equity markets to meet our financing need. We will also consider entering into joint venture arrangements to advance our projects.

### **Capital and Exploration Expenditures**

We are reviewing our capital and exploration spending in light of current market conditions. As a result of our review, we may curtail a portion of our capital and exploration expenditures during 2012.

We are currently concentrating our mineral exploration activities in Canada and our oil and gas operations in the U.S., and examining data relating to the potential acquisition or joint venturing of additional mineral and oil and gas properties in either the exploration or development stage.

### **Plans for Next Twelve Months**

The following Plan of Operation contains forward-looking statements that involve risks and uncertainties, as described below. Our actual results could differ materially from those anticipated in these forward-looking statements.

During the next 12 months we intend to raise additional funds through equity offerings and/or debt borrowing to meet our administrative/general operating expenses and to conduct work on our exploration properties. There is, of course, no assurance that we will be able to do so and we do not have any agreements or arrangements with respect to any such financing.

Our mineral exploration properties have not commenced commercial production and we have no history of earnings or cash flow from our operations. While we may attempt to generate additional working capital through the operation, development, sale or possible joint venture development of its property, there is no assurance that any such activity will generate funds that will be available for operations.

We will concentrate our mineral exploration activities on the Fostung Tungsten property in Canada and examine data relating to the potential acquisition or joint venturing of additional mineral properties in either the exploration or development stage. Additional employees will be hired on a consulting basis as required by the exploration properties.

Our exploration work program for the remainder of 2012 will focus on the Fostung property. The work will entail drilling, channel sampling, geophysical surveying, geochemical surveying and ground magnetic surveys

### **Recent Accounting Pronouncements**

See “Note 2. Accounting Policies” in the Notes to Consolidated Financial Statements in this Form 10-K.

### ***Item 7A. Quantitative and Qualitative Disclosures About Market Risk***

Not applicable to smaller reporting companies.

### ***Item 8. Financial Statements and Supplementary Data***

### **INDEX TO FINANCIAL STATEMENTS**

Our audited consolidated financial statements are stated in United States dollars (US\$) and are prepared in accordance with United States Generally Accepted Accounting Principles.

The following audited consolidated financial statements are filed as part of this annual report:

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors

Janus Resources, Inc.

New York, New York

We have audited the accompanying consolidated balance sheets of Janus Resources, Inc. and Subsidiaries ("the Company") as of December 31, 2011 and 2010, and the related consolidated statements of operations, stockholders' equity (deficit) and comprehensive income (loss), and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company has determined that it is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Janus Resources, Inc. and Subsidiaries as of December 31, 2011 and 2010, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

/S/ PETERSON SULLIVAN LLP

Seattle, Washington

March 29, 2012

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**JANUS RESOURCES, INC.**

(formerly Entheos Technologies, Inc.)

**CONSOLIDATED BALANCE SHEETS**

December 31, 2011 and 2010

(Expressed in U.S. Dollars)

	2011	2010
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$787,771	\$2,052,305
Accounts receivable	14,514	2,615
Total current assets	802,285	2,054,920
Oil and gas properties		
Unproven properties	530,539	535,176
Accumulated depreciation, depletion, amortization and impairment	(511,847 )	(508,583 )
Oil and gas properties, net	18,692	26,593
Mineral properties	519,750	-
Total assets	\$1,340,727	\$2,081,513
<b>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$27,843	\$9,404
Accounts payable - related parties	45,850	13,270
Warrant liability	-	5,248,041
Total current liabilities	73,693	5,270,715
Long-term liabilities		
Asset retirement obligation	55,316	52,558
Total liabilities	129,009	5,323,273
<b>STOCKHOLDERS' EQUITY (DEFICIT)</b>		
Preferred stock: \$0.0001 par value: Authorized: 10,000,000 shares		
Issued and outstanding: nil	-	-
Common stock: \$0.00001 par value: Authorized: 200,000,000 shares		
Issued and outstanding: 63,075,122 shares (2010: 63,075,122)	631	631
Additional paid-in capital	5,462,236	5,462,236
Accumulated deficit	(4,247,045)	(8,704,627)
Accumulated other comprehensive income (loss)	(4,104 )	-

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Total stockholders' equity (deficit)	1,211,718	(3,241,760)
Total liabilities and stockholders' equity (deficit)	\$1,340,727	\$2,081,513

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

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JANUS RESOURCES, INC.  
(Formerly Entheos Technologies, Inc.)

CONSOLIDATED STATEMENTS OF OPERATIONS  
(Expressed in U.S. Dollars)

	Year ended December 31	
	2011	2010
Revenue		
Oil and gas sales	\$32,787	\$39,846
Expenses		
Lease operating expenses	21,237	24,988
Exploration costs	227,944	-
Project research and development	36,851	-
General and administrative expenses	536,090	322,618
Impairment and depreciation	3,264	79,245
Total operating expenses	825,386	426,851
Operating Loss	(792,599 )	(387,005 )
Other income / (expense)		
Change in fair value of warrant liability	5,248,041	(3,879,621 )
Gain on disposal of assets	2,140	-
	5,250,181	(3,879,621 )
Net income (loss)		
attributable to common stockholders	\$4,457,582	\$(4,266,626 )
Earnings per share - basic		
Income (loss) per common share	\$0.07	\$(0.07 )
Weighted average shares outstanding	63,075,122	63,075,122
Earnings per share - diluted		
Income (loss) per common share	\$0.07	\$(0.07 )
Weighted average shares and dilutive potential common shares outstanding	63,075,122	63,075,122

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

JANUS RESOURCES, INC.  
(Formerly Entheos Technologies, Inc.)

CONSOLIDATED STATEMENTS OF  
STOCKHOLDERS' EQUITY (DEFICIT)  
AND COMPREHENSIVE INCOME  
(LOSS)

For the years ended  
December 31, 2011 and  
2010  
(Expressed in U.S. Dollars)

	Common Stock Shares	Amount	Additional paid-in capital	Comprehensive income	Accumulated earnings (deficit)	Accumulated other comprehensive income (loss)	Total stockholders' equity (deficit)
Balance, December 31, 2009	63,075,122	\$ 631	\$5,498,374	\$ (4,438,001 )	\$ (4,438,001 )	\$ -	\$ 1,061,004
Stock-based compensation	-	-	(36,138 )	-	-	-	(36,138 )
Net loss, December 31, 2010	-	-	-	(4,266,626 )	(4,266,626 )	-	(4,266,626 )
Balance, December 31, 2010	63,075,122	631	5,462,236	\$ (4,266,626 )	(8,704,627 )	-	(3,241,760 )
Comprehensive income:							
Net income, December 31, 2011	-	-	-	\$ 4,457,582	4,457,582	-	4,457,582
Foreign currency translation adjustment	-	-	-	(4,104 )	-	(4,104 )	(4,104 )
Total comprehensive income				\$ 4,453,478			
Balance, December 31, 2011	63,075,122	\$ 631	\$5,462,236		\$ (4,247,045 )	\$ (4,104 )	\$ 1,211,718

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

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JANUS  
RESOURCES,  
INC.  
(formerly  
Entheos  
Technologies,  
Inc.)

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2011 and 2010

(Expressed in U.S. Dollars)

	2011	2010
Cash flows from operating activities		
Net income (loss)	\$4,457,582	\$(4,266,626)
Adjustments to reconcile net income (loss) to net cash flows from operating activities:		
Impairment and depreciation	3,264	79,245
Stock-based compensation	-	(36,138 )
Accretion of asset retirement obligation	2,758	2,558
Change in fair value of warrant liability	(5,248,041 )	3,879,621
Gain on disposal of assets	(2,140 )	-
Changes in operating assets and liabilities:		
Accounts receivable	(11,899 )	6,144
Accounts payable & accrued liabilities including related party payables	51,018	(12,966 )
Net cash flows from operating activities	(747,458 )	(348,162 )
Cash flows from investing activities		
Acquisition of oil and gas properties	(599 )	(9,303 )
Proceeds from sale of assets	7,377	-
Acquisition of mineral properties	(519,750 )	-
Net cash flows from investing activities	(512,972 )	(9,303 )
Effect of exchange rate changes on cash and cash equivalents	(4,104 )	-
Decrease in cash and cash equivalents	(1,264,534 )	(357,465 )
Cash and cash equivalents, beginning of period	2,052,305	2,409,770
Cash and cash equivalents, end of period	\$787,771	\$2,052,305
Supplemental disclosure of cash flow information:		
Interest paid in cash	\$-	\$-
Income tax paid in cash	\$-	\$-

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

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**JANUS RESOURCES, INC.**

(Formerly Entheos Technologies, Inc.)

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 1. Organization and Nature of Operations**

Janus Resources, Inc. (formerly Entheos Technologies, Inc.) (the “Company”, “we”, “us”, and “our”) is in the business of location, acquisition, exploration and, if warranted, development of both mineral exploration properties and oil and gas properties. The Company pursues oil and gas prospects in partnership with oil and gas companies with exploration, development and production expertise. Currently, its interests consist of non-operating, minority working interests in oil and gas properties. On June 8, 2011, the Company completed the acquisition of the Fostung tungsten property, located in Foster Township, Sudbury, Ontario, Canada.

The Company’s general business strategy is to acquire mineral properties and oil and gas properties either directly or through the acquisition of operating entities. Its continued operations and the recoverability of property costs are dependent upon the existence of economically recoverable mineral and oil and gas reserves, the confirmation of its interest in the underlying properties, its ability to obtain necessary financing to complete development, and future profitable production.

Incorporated under the laws of the State of Nevada, the Company has an authorized capital of 200,000,000 shares of \$0.00001 par value common stock, of which 63,075,122 shares are outstanding as of December 31, 2011.

Effective January 5, 2011, the Company changed its name from “Entheos Technologies, Inc.” to “Janus Resources, Inc.” so as to more fully reflect the Company’s operations.

The Company has recently incurred net operating losses and operating cash flow deficits. The Company’s accumulated deficit is \$4,247,045 at December 31, 2011. It may continue to incur losses from operations and operating cash flow deficits in the future. Management believes that the Company’s cash and cash equivalent balances, anticipated cash flows from operations and other external sources of credit will be sufficient to meet its cash requirements through December 2012 if not further. The future of the Company after December 2012 will depend in large part on its ability to successfully generate cash flows from operations and raise capital from external sources to fund operations.



## **Note 2. Accounting Policies**

### *Basis of Presentation and Principles of Accounting*

In preparing the accompanying financial statements, the Company has evaluated information about subsequent events that became available to them through the date the financial statements were issued. This information relates to events, transactions or changes in circumstances that would require us to adjust the amounts reported in the financial statements or to disclose information about those events, transactions or changes in circumstances.

### *Principles of Consolidation*

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and include the accounts of the Company and its wholly-owned subsidiaries, Fostung Resources, Limited (“Fostung”) and Entheos Energy, Inc. (“Entheos”). Collectively, they are referred to herein as "the Company". All significant intercompany transactions and balances have been eliminated. Fostung was formed on incorporated on May 10, 2011 in Ontario Canada. Entheos was incorporated under the laws of the State of Nevada on October 5, 2000.

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The Company accounts for its undivided interest in oil and gas properties using the proportionate consolidation method, whereby its share of assets, liabilities, revenues and expenses are included in its financial statements.

#### *Applicable Accounting Guidance*

Any reference in these notes to applicable accounting guidance is meant to refer to the authoritative non-governmental United States GAAP as found in the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC").

#### *Accounting Estimates*

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates include the determination of impairment of mineral properties, oil and gas properties and equipment, useful lives for amortization, valuation allowances for future income tax assets, fair value of non-cash stock-based compensation, common stock warrants and reclamation and environmental obligations. Actual results, as determined by future events, may differ from these estimates. Management's judgments and estimates in these areas are based on information available from both internal and external sources, including engineers, geologists, consultants and historical experience in similar matters. The more significant reporting areas impacted by management's judgments and estimates are accruals related to oil and gas sales and expenses; estimates used in the impairment of oil and gas properties; and the estimated future timing and cost of asset retirement obligations.

The carrying values of oil and gas properties are particularly susceptible to change in the near term. Changes in the future estimated oil and gas reserves or the estimated future cash flows attributable to the reserves that are utilized for impairment analysis could have a significant impact on the future results of operations.

#### *Cash and Cash Equivalents*

The Company considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents. The Company did not have any cash equivalents at December 31, 2011 and 2010.

*Mineral Properties*

The Company has concluded that mineral rights meet the definition of tangible assets. Accordingly, the Company accounts for its mineral properties on a cost basis whereby all direct costs, net of pre-production revenue, relative to the acquisition of the properties are capitalized. All sales and option proceeds received are first credited against the costs of the related property, with any excess credited to earnings. Once commercial production has commenced, the net costs of the applicable property will be charged to operations using the unit-of-production method based on estimated proven and probable recoverable reserves. The net costs related to abandoned properties are charged to operations.

Costs of exploring, carrying and retaining unproven properties are charged to operations as incurred until such time that proven reserves are discovered. From that time forward, the Company will capitalize all costs to the extent that future cash flow from mineral reserves equals or exceeds the costs deferred. The deferred costs will be amortized over the recoverable reserves when a property reaches commercial production. As at December 31, 2011 and 2010, the Company did not have proven reserves. Exploration activities conducted jointly with others are reflected at the Company's proportionate interest in such activities.

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### *Full Cost Method of Accounting for Oil and Gas Properties*

The Company has elected to utilize the full cost method of accounting for its oil and gas activities. In accordance with the full cost method of accounting, all costs associated with acquisition, exploration, and development of oil and gas reserves, including directly related overhead costs and related asset retirement costs are capitalized.

All capitalized costs of oil and gas properties, including the estimated future costs to develop proved reserves, are amortized on the unit-of-production method using estimates of proved reserves once proved reserves are determined to exist. The Company has not yet obtained reserve reports. Management is assessing production data to determine the feasibility of obtaining reserves studies. At December 31, 2011 and 2010, there were no capitalized costs subject to amortization.

Oil and gas properties without estimated proved reserves are not amortized until proved reserves associated with the properties can be determined or until impairment occurs. As a result of management's impairment analysis, the Company recorded an impairment loss of \$3,264 and \$79,245 during 2011 and 2010, respectively. The impairment is similar to amortization and therefore is not added to the costs of properties being amortized. See "Note 6. Fair Value Measurement" for further information.

Sales of oil and gas properties are accounted for as adjustments of capitalized costs with no gain or loss recognized, unless such adjustments would significantly alter the relationship between capitalized costs and proved reserves of oil and gas, in which case the gain or loss is recognized in income. The Company has not sold any oil and gas properties.

### *Asset Retirement Obligation*

The Company records the fair value of the liability for closure and removal costs associated with the legal obligations upon retirement or removal of any tangible long-lived assets by recording the fair value of the liability during the period in which it was incurred. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset. The increase in carrying value of a property associated with the capitalization of an asset retirement obligation is included in proven oil and gas properties in the balance sheets. The Company's asset retirement obligation consists of costs related to the plugging of wells, removal of facilities and equipment and site restoration on its oil and gas properties. The asset retirement liability is allocated to operating expense using a systematic and rational method. Asset retirement obligations amounted to \$55,316 and \$52,558 at December 31, 2011 and 2010, respectively.

*Impairment of Long-Lived Assets*

The Company reviews and evaluates its long-lived assets for impairment at each balance sheet date and documents such impairment testing. The tests include an evaluation of the assets and events or changes in circumstances that would indicate that the related carrying amounts may not be recoverable.

Oil and gas properties are subject to a “ceiling test” which basically limits capitalized costs to the sum of the estimated future net revenues from proved reserves, discounted at 10% per annum to present value, based on current economic and operating conditions, adjusted for related income tax effects.

Mineral properties in the exploration stage are monitored for impairment based on factors such as the Company's continued right to explore the area, exploration reports, assays, technical reports, drill results and the Company's continued plans to fund exploration programs on the property, whether sufficient work has been performed to indicate that the carrying amount of the mineral property cost carried forward as an asset will not be fully recovered, even though a viable mine has been discovered.

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The tests for long-lived assets in the exploration, development or producing stage that would have a value beyond proven and probable reserves would be monitored for impairment based on factors such as current market value of the mineral property and results of exploration, future asset utilization, business climate, mineral prices and future undiscounted cash flows expected to result from the use of the related assets. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the estimated future net undiscounted cash flows expected to be generated by the asset, including evaluating its reserves beyond proven and probable amounts.

The Company's policy is to record an impairment loss in the period when it is determined that the carrying amount of the asset may not be recoverable either due to impairment or by abandonment of the property. The impairment loss is calculated as the amount by which the carrying amount of the asset exceeds its fair value. While the Company incurred losses from operations, these losses have not been in excess of planned expenditures on the specific mineral properties in order to ultimately realize their value.

#### *Warrant Liability Derivative*

The Company evaluates financial instruments for freestanding or embedded derivatives. As part of the July 2008 financing, the Company issued warrants that did not meet the specific conditions for equity classification. The Company is required to classify the fair value of the warrants issued as a liability, with subsequent changes in fair value to be recorded as income (loss) on change in fair value of warrant liability. The fair value of the warrants were classified as a liability until the warrants expired on December 31, 2011.

#### *Stock-Based Compensation*

The Company has a stock option plan.

The Company measures and records in the consolidated financial statements the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award, recognized over the period during which an employee is required to provide services in exchange for such award. Estimates of forfeitures of unvested instruments at the grant date are considered in determining the total compensation to be recognized. Stock based payments to non-employees are measured at the fair value of consideration received or equity instruments issued, whichever is more reliable and are periodically re-measured until counter party performance is complete.

The offset to the recorded stock based compensation cost is to additional paid-in capital. Consideration received on the exercise of stock options is recorded as share capital and the related additional paid-in capital is transferred to

share capital.

The Company uses the Black-Scholes pricing model to determine the fair value of stock-based compensation awards on the date of grant. The Black-Scholes pricing model requires management to make assumptions regarding the option lives, expected volatility, and risk free interest rates. See “Note 8. Stock Options” for additional information on the Company’s stock-based compensation plans.

#### *Oil and Gas Revenues*

The Company recognizes oil and gas revenues when oil and gas production is sold to a purchaser at a fixed or determinable price, when delivery has occurred and title has transferred, and if collectability of the revenue is probable. Delivery occurs and title is transferred when production has been delivered to a purchaser’s pipeline or truck. As a result of the numerous requirements necessary to gather information from purchasers or various measurement locations, calculate volumes produced, perform field and wellhead allocations, distribute and disburse funds to various working interest partners and royalty owners, the collection of revenues from oil and gas production may take up to 45 days following the month of production. Therefore, the Company may make accruals for revenues and accounts receivable based on estimates of its share of production. Since the settlement process may take 30 to 60 days following the month of actual production, its financial results may include estimates of production and revenues for the related time period. The Company will record any differences between the actual amounts ultimately received and the original estimates in the period they become finalized.

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### *Income Taxes*

The Company recognizes income taxes on an accrual basis based on tax position taken or expected to be taken in our tax returns. A tax position is defined as a position in a previously filed tax return or a position expected to be taken in a future tax filing that is reflected in measuring current or deferred income tax assets and liabilities. Tax positions are recognized only when it is more likely than not (i.e., likelihood of greater than 50%), based on technical merits, that the position would be sustained upon examination by taxing authorities. Tax positions that meet the more likely than not threshold are measured using a probability-weighted approach as the largest amount of tax benefit that is greater than 50% likely of being realized upon settlement. Income taxes are accounted for using an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in our financial statements or tax returns. A valuation allowance is established to reduce deferred tax assets if all, or some portion, of such assets will more than likely not be realized. Should they occur, our policy is to classify interest and penalties related to tax positions as interest expense. Since our inception, no such interest or penalties have been incurred.

### *Earnings (Loss) Per Share*

The computation of basic net income (loss) per common share is based on the weighted average number of shares that were outstanding during the year. The computation of diluted net income (loss) per common share is based on the weighted average number of shares used in the basic net income (loss) per share calculation plus the number of common shares that would be issued assuming the exercise of all potentially dilutive common shares outstanding using the treasury stock method for shares subject to stock options and warrants. At December 31, 2011, the total number of potentially dilutive shares of common stock excluded from basic net loss per share was 0 (December 31, 2010 – 12,900,000). See “Note 3. Earnings (Loss) Per Share” for further discussion.

### *Foreign Currency Translation*

Transactions and account balances originally stated in currencies other than the U.S dollar have been translated into U.S. dollars as follows:

Revenue and expense items are translated at the average exchange rate for the period in which they are incurred.

Non-monetary assets and liabilities at the rate of exchange in effect on the dates the assets were acquired or the liabilities were incurred.



Monetary assets and liabilities at the exchange rate at the balance sheet date.

Exchange gains and losses are recorded in operations in the period in which they occur, except for exchange gains and losses related to translation of monetary assets and liabilities associated with mineral properties, which are deferred and included in mineral properties.

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### *Related Party Transactions*

A related party is generally defined as (i) any person who holds 10% or more of the Company's securities and their immediate families, (ii) the Company's management, (iii) someone who directly or indirectly controls, is controlled by or is under common control with the Company, or (iv) anyone who can significantly influence the financial and operating decisions of the Company. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. See "Note 9. Related Party Transactions" for further discussion.

### *Concentration of Risk*

Financial instruments that subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents, and accounts receivable. The Company occasionally has cash deposits in excess of federally insured limits. The Company has not experienced any losses related to these balances, and management believes its credit risk to be minimal. Accounts receivable are with the operators of the oil wells in which the Company participates. Given the close working relationship between the operators and the Company, management believes its credit risk is minimal.

### *Fair Values of Financial Instruments*

The Company measures certain financial assets and liabilities at fair value based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. The carrying amounts of cash and cash equivalents, accounts receivable, and accounts payable approximate fair value due to the short-term nature of maturity of the instruments. See Note 6 for further discussion on fair value of financial instruments.

### *Recently Issued Accounting Standards Updates*

Accounting Standards Update No. 2011-04: Fair value measurements update 2011-04

In May 2011, the FASB issued an update to the authoritative guidance related to fair value measurements as a result of the FASB and the IASB working together to develop common requirements for measuring fair value and for

disclosing information about fair value measurements in accordance with U.S. generally accepted accounting principles ("GAAP") and International Financial Reporting Standards ("IFRS"). The amendments will add new disclosures, with a particular focus on Level 3 measurements. The objective of these amendments is to improve the comparability of fair value measurements presented and disclosed in financial statements prepared in accordance with U.S. GAAP and IFRS. The amendments in this update are to be applied prospectively. The amendments are effective during interim and annual periods beginning after December 15, 2011. Early application is not permitted. The Company does not expect this guidance to have a material impact on its consolidated financial statements.

#### Accounting Standards Update No. 2011-05: Presentation of Comprehensive Income 2011-05

In June 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2011-05, "Presentation of Comprehensive Income" (ASU 2011-05). Under ASU 2011-05, an entity has the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. Under both options, an entity will be required to present each component of net income along with total net income, each component of other comprehensive income along with a total for other comprehensive income, and a total amount for comprehensive income. In December 2011, the FASB issued ASU 2011-12, "Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items

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out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05" (ASU 2011-12), which deferred the requirement to present on the face of the financial statements reclassification adjustments for items that are reclassified from other comprehensive income to net income while the FASB further deliberates this aspect of the proposal. The amendments contained in ASU 2011-05 do not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income. The amendments also do not affect how earnings per share is calculated or presented. ASU 2011-05, as amended by ASU 2011-12, is effective for us on January 1, 2012. The Company does not expect this guidance to have a material impact on its consolidated financial statements.

### **Note 3. Earnings (Loss) Per Share (EPS)**

Dilutive common stock equivalents include 0 warrants for 2011 and 12,900,000 warrants for 2010 which are not included in the computation of diluted earnings per share for 2010 because to do so would be anti-dilutive. All share and per share information are adjusted retroactively to reflect stock splits and changes in par value, when applicable.

Following is the computation of basic and diluted net income (loss) per share for the years ended December 31, 2011 and 2010:

	December 31,	
	2011	2010
Numerator - net income (loss)	\$4,457,582	\$(4,266,626 )
Denominator - weighted average number of common shares outstanding	63,075,122	63,075,122
Basic and diluted net income (loss) per common share	\$0.07	\$(0.07 )

### **Note 4. Oil and Gas Properties**

The aggregate amount of capitalized costs relating to crude oil and natural gas producing activities and the aggregate amount of related accumulated depreciation, depletion and amortization at December 31, 2011 and 2010 were:

	December 31,
	2011          2010

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			Change (\$)
Unproven Properties	\$530,539	\$535,176	\$(4,637)
Impairment of properties	(511,847)	(508,583)	(3,264)
Oil and gas properties, net	\$18,692	\$26,593	\$(7,901)

The Company has not obtained reserve studies with estimated proved reserves. Management is assessing production data to determine the feasibility of obtaining reserves studies. Therefore, at December 31, 2011 and 2010, there were no proved properties subject to amortization.

Properties which are not being amortized are assessed quarterly, on a property-by-property basis, to determine whether they are recorded at the lower of cost or fair market value. As a result of this analysis and lack of reserve studies, the Company recorded an impairment loss of \$3,264 and \$79,245 for the years ended December 31, 2011 and 2010, respectively. The impairment recognized was to bring the carrying costs of the wells to their anticipated salvage value since most of the wells are approaching end of life unless additional capital investments are made. The impairment is similar to amortization and therefore is not added to the cost of properties being amortized.

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Costs incurred in oil and gas property acquisition, exploration and development activities for the years ended December 31, 2011 and 2010 were:

	Costs Incurred for Oil & Gas Properties For the year ended December 31,	
	2011	2010
Beginning balance, net	\$26,593	\$96,535
Unproven properties:		
Acquisition costs	-	1,405
Exploration Costs	(5,249 )	6,588
Development costs	612	1310
Impairment and depreciation	(3,264 )	(79,245 )
Ending balance, net	\$18,692	\$26,593

The table below shows the results of operation for the Company's oil and gas producing activities for the years ended December 31, 2011 and 2010. All production is within the continental United States.

	For the year ended December 31,	
	2011	2010
Revenue		
Oil	\$25,605	\$29,960
Gas	7,182	9,886
	32,787	39,846
Expenses		
Production	19,176	24,988
Production taxes	2,061	721
Impairment	3,264	79,245
	24,501	104,954
Results of operations	\$8,286	\$(65,108 )

#### Asset Retirement Obligation

The following table summarizes the activity for the Company's asset retirement obligations:

	For the year ended December 31,	
	2011	2010
Asset retirement obligations, beginning of period	\$52,558	\$50,000
Accretion expense	2,758	2,558
Change in estimated obligations	-	-
Asset retirement obligations, end of period	55,316	52,558
Less: current portion	-	-
Long-term asset retirement obligations, end of period	\$55,316	\$52,558

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## Note 5. Mineral Properties and Exploration Expenses

### *Foster Township, Sudbury, Ontario, Canada – Fostung Tungsten Property*

- a) On June 8, 2011, pursuant to an asset purchase agreement, the Company paid CAD \$500,000 in cash for the acquisition of EMC Metals Corp's. 100% leasehold interest in two mining leases known as the Fostung tungsten property. The Fostung tungsten property consists of two contiguous claim blocks of 30 claims totaling 485 hectares. The nine claims covered by Mining Lease 108592 ("Lease One") expire on October 31, 2031. The twenty one claims covered by Mining Lease 105604 ("Lease Two") which originally expired on March 31, 2011 are in the process of being renewed and extended three years to 2014 by the Ministry of Northern Development, Mines and Forestry ("MNDMF"). The Company has performed the necessary assessment work and applied to the MNDMF to extend the expiry of Lease Two to October 2032. The Fostung property is located in Foster Township, Sudbury Mining Division, Ontario, Canada. It is approximately 8 kilometers southeast of the town of Espanola and 70 kilometers west-southwest of the town of Sudbury. An excellent all-weather gravel road extends from Espanola, crossing the property and providing access to the west bay of Lake Panache.

A production bonus in the amount of CAD \$500,000 is payable to Breakwater Resources Ltd. by the Company within thirty business days following the commencement of commercial production from the property. A 1% net smelter return royalty on the property is also payable to Breakwater Resources Ltd. by the Company. No capitalized costs have been amortized as of December 31, 2011. The Company did not incur any impairment of these capitalized costs through December 31, 2011.

The Fostung property also consists of four unpatented mining claims, located in Foster Township in the Sudbury Mining Division, Ontario, Canada, comprised of 26 claim units, were recorded in the name of Fostung Resources Ltd. on June 7, 2011. Two of the four mining claim blocks consisting of two contiguous claims are located to the north east of the structural trend in the two contiguous claim blocks of 30 claims referred to in (a) above. Two of the four mining claim blocks consisting of two contiguous claims are located to the south west of the structural trend in the two contiguous claim blocks of 30 claims referred to in (a) above. Each of the four claims has an expiration date of June 7, 2013. The aggregate amount of work required to renew the four claims is CAD \$10,400.

## Note 6. Fair Value Measurement

Fair value is defined within the accounting rules as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The rules established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. As presented in the tables below, this hierarchy consists of three broad levels:



Level 1: Valuations consist of unadjusted quoted prices in active markets for identical assets and liabilities and has the highest priority;

Level 2: Valuations rely on quoted prices in markets that are not active or observable inputs over the full term of the asset or liability;

Level 3: Valuations are based on prices or third party or internal valuation models that require inputs that are significant to the fair value measurement and are less observable and thus have the lowest priority.

#### Assets and Liabilities Measured at Fair Value on a Recurring Basis

Certain assets and liabilities are reported at fair value on a recurring basis in the Company's Balance Sheet. The following methods and assumptions were used to estimate the fair values:

*Warrant Liability.* Warrant liability derivatives are valued at each quarter-end using the Black-Scholes option pricing model and are affected by changes in inputs to that model including the Company's stock price, expected stock price volatility, the contractual term, and the risk-free interest rate. These unobservable inputs reflect the Company's own assumptions that market participants would use in pricing the liability. Given the unobservable nature of the inputs, the measurement of fair value is deemed to use Level 3 inputs. The changes in value are recognized as other income (expense) in the statements of operations. A reconciliation of the beginning and ending balances and changes in the warrant liability is included in Note 7.

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The following table presents the Company's financial assets and liabilities, which were accounted for at fair value on a recurring basis as of December 31, 2010, by level within the fair value hierarchy (none as of December 31, 2011):

	December 31, 2010			
	Level 1	Level 2	Level 3	Total
<b>LIABILITIES</b>				
Warrant liability (Note 7)	\$-	\$ -	\$5,248,041	\$5,248,041

#### Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

Certain assets and liabilities are reported at fair value on a nonrecurring basis in the Company's Balance Sheet. The following methods and assumptions were used to estimate the fair values:

*Oil and Gas Properties.* Oil and gas properties which are not being amortized are assessed quarterly, on a property-by-property basis, to determine whether they are recorded at the lower of cost or fair market value. In determining whether such costs should be impaired, the Company evaluates historical experience, current drilling results, lease expiration dates, current oil and gas industry conditions, international economic conditions, capital availability, and available geological and geophysical information. Given the unobservable nature of the inputs, the measurement of fair value is deemed to use Level 3 inputs. The impairment is included in operating costs. See Note 4 for a summary of changes in capitalized costs of oil and gas properties.

*Asset Retirement Obligation.* The Company estimates asset retirement obligations pursuant to the provisions of FASB ASC Topic 410, "Asset Retirement and Environmental Obligations." The income valuation technique is utilized by the Company to determine the fair value of the liability at the point of inception by taking into account 1) the cost of abandoning oil and gas wells, which is based on the Company's historical experience for similar work, or estimates from independent third-parties; 2) the economic lives of its properties, which is based on estimates by management; 3) the inflation rate; and 4) the credit adjusted risk-free rate, which takes into account the Company's credit risk and the time value of money. Given the unobservable nature of the inputs, the initial measurement of the asset retirement obligation liability is deemed to use Level 3 inputs. See Note 4 for a summary of changes in the Company's ARO liability.

The following table presents the Company's financial assets and liabilities, which were accounted for at fair value on a non-recurring basis as of December 31, 2011, by level within the fair value hierarchy.

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December 31, 2011  
Level 1 Level 2 Level 3 Total

ASSETS

Oil and gas properties, net	\$-	\$ -	\$18,692	\$18,692
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LIABILITIES

Asset retirement obligation (Note 4)	\$-	\$ -	\$55,316	\$55,316
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The following table presents the Company's financial assets and liabilities, which were accounted for at fair value on a non-recurring basis as of December 31, 2010, by level within the fair value hierarchy.

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	December 31, 2010			
	Level 1	Level 2	Level 3	Total
<b>ASSETS</b>				
Oil and gas properties, net	\$-	\$ -	\$26,593	\$26,593
<b>LIABILITIES</b>				
Asset retirement obligation (Note 4)	\$-	\$ -	\$52,558	\$52,558

### **Note 7. Stockholders' Equity**

On July 28, 2008, the Company completed a self-directed private placement of 6,450,000 units at a price of \$0.50 per unit or \$3,225,000 in the aggregate. Each unit consists of one share of the Company's common stock, one Series A stock purchase warrant ("Series A warrant") to purchase one share of common stock at \$0.60 per share for a period of 18 months from the date of issuance and one Series B stock purchase warrant ("Series B warrant") to purchase one share of common stock at \$0.75 per share for a period of 24 months from the date of issuance (refer to the "Warrants" section below for a discussion of the extension of the expiration date of the warrants).

In the event that during the period when the warrants are outstanding, if the Company issues common stock or common stock equivalents at a price per share which is less than the warrant exercise price, \$0.60 per share for Series A warrants and \$0.75 per share for Series B warrants, then the exercise price for the warrants shall be reduced to equal the share price of the new issuance and the number of warrant shares issuable shall be increased such that the aggregate exercise price payable shall be equal to the aggregate exercise price prior to such adjustment according to the Securities Purchase Agreement (the "Dilutive Issuance").

#### Warrants

Each of the Company's warrants outstanding entitles the holder to purchase one share of the Company's common stock for each warrant share held. No warrants were exercised prior to December 31, 2011, when they expired.

On December 14, 2009, the Company extended the expiration date of the 6,450,000 Series A warrants from January 28, 2010 to July 28, 2010 and extended the expiration date of the 6,450,000 Series B warrants from July 28, 2010 to January 28, 2011. The exercise price of the warrants was not changed.

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On January 27, 2010, the Company extended the expiration date of 6,450,000 Series A warrants again from July 28, 2010 to December 28, 2010 and extended the expiration date of the 6,450,000 Series B warrants again from January 28, 2011 to July 28, 2011. The exercise price of the warrants was not changed.

On August 27, 2010, the Company extended the expiration date of the 6,450,000 Series A warrants and the 6,450,000 Series B warrants to December 31, 2011. The exercise price of the warrants was not changed.

The potential of a Dilutive Issuance to the warrants' exercise price and number of underlying shares of common stock may result in a settlement amount that does not equal the difference between the fair value of a fixed number of the Company's common stock and a fixed exercise price. Accordingly, the warrants are not considered indexed to the Company's stock and, therefore, are accounted for as a derivative pursuant to ASC 815-40 *Contracts in an Entity's Own Equity* which became effective January 1, 2009. Upon the adoption of this guidance, the Company recognized a one-time decrease to opening accumulated deficit of \$1,624,513.

During the period the warrants were outstanding, the Company did not sell any shares of common stock or common stock equivalents that would result in an adjustment to the exercise price or number of shares of common stock underlying the warrants outstanding and the warrants expired on December 31, 2011.

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At December 31, 2010, the Company valued the warrant liability using a Black-Scholes model (Level 3 inputs) containing the following assumptions:

	Series A Warrants	Series B Warrants
Warrants outstanding and exercisable at December 31, 2010	6,450,000	6,450,000
Exercise price	\$0.60	\$0.75
Black-Scholes option pricing model assumptions:		
Risk-free interest rate	0.29%	0.29%
Expected term (in years)	1.0	1.0
Expected volatility	146.90%	146.90%
Dividend per share	\$0	\$0
Expiration date	December 31, 2011	December 31, 2011

The following table is a roll forward of the fair value of the warrant liability related to the common stock warrants using the Black-Scholes assumptions as of December 31, 2011 and 2010 (Level 3 inputs):

	Series A Warrants	Series B Warrants	Total
Balance as of January 1, 2010	\$309,215	\$1,059,205	\$1,368,420
Change in fair value	2,434,985	1,444,636	3,879,621
Balance as of December 31, 2010	2,744,200	2,503,841	5,248,041
Change in fair value	(2,744,200)	(2,503,841)	(5,248,041)
Balance as of December 31, 2011	\$-	\$-	\$-

As a result of adjusting the warrant liability to fair value, we recorded a non-cash gain of \$2,744,200 (non-cash loss \$2,434,985 in 2010) and \$2,503,841 (non-cash loss of \$1,444,636 in 2010) relating to the Series A and Series B Warrants, respectively, for the year ended December 31, 2011.

A total of 0 (2010 - 12,900,000) shares of the Company's common stock have been reserved for issuance upon exercise of warrants outstanding as of December 31, 2011.

## Note 8. Stock Options

The Company has an active stock option plan that provides shares available for option grants to employees, directors and others. A total of 120,000,000 shares of the Company's common stock have been reserved for award under the stock option plan, of which 120,000,000 were available for future issuance as of December 31, 2011. Options granted under the Company's option plan generally vest over five years or as otherwise determined by the Board of Directors, have exercise prices equal to the fair market value of the common stock on the date of grant, and expire no later than ten years after the date of grant.

During the years ended December 31, 2011 and 2010, the Company did not grant any stock option awards.

On August 27, 2010, Mr. Derek Cooper resigned from the positions of President, Chief Executive Officer, Chief Financial Officer and Director of the Company. At the time of his separation, certain of Mr. Cooper's outstanding stock options were fully vested and exercisable. The unvested stock options were immediately cancelled and the stock compensation expense of \$16,710 that the Company had recognized in relation to these unvested options was reversed to general and administrative expenses during the year ended December 31, 2010.

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On August 26, 2010, Messrs. Jeet Sidhu and Christian Hudson resigned as members of the Board of Directors. At the time of their separation, certain of their outstanding stock options were fully vested and exercisable. The unvested stock options were immediately cancelled and the stock compensation expense of \$33,419 that the Company had recognized in relation to these unvested options was reversed to general and administrative expenses during the year ended December 31, 2010.

Stock option activity during the years ended December 31, 2011 and 2010 is summarized as follows:

	Number of options	Weighted average exercise price	Remaining contractual term (years)	Aggregate intrinsic value
Outstanding at December 31, 2009	150,000	1.00		
Forfeited	(150,000)	1.00		
Outstanding at December 31, 2010	-			\$ -
Granted	-			
Outstanding at December 31, 2011	-			\$ -
Available for grant at December 31, 2011	120,000,000			

A summary of the Company's unvested stock options and changes during the years ended December 31, 2010 is as follows:

	Number of options	Weighted Average Grant Date Fair Value
Unvested, December 31, 2009	120,000	0.73
Forfeited	(120,000)	0.73
Unvested December 31, 2011 and 2010	-	

During the years ended December 31, 2011 and 2010, stock-based compensation expense (benefit) of \$0 and (\$36,138) was recognized as general and administrative expenses. As of December 31, 2011, the Company had no unrecognized compensation cost related to unvested stock options as there were no stock options outstanding.



The Company does not repurchase shares to fulfill the requirements of options that are exercised. Further, the Company issues new shares when options are exercised.

## **Note 9. Related Party Transactions**

### ***Executive Management***

On August 27, 2010, Mr. Derek Cooper resigned from the positions of President, Chief Executive Officer, Chief Financial Officer and Director of the Company. The Company incurred \$20,000 in fees paid to Mr. Cooper for the year ended December 31, 2010. At the time of his separation, certain of Mr. Cooper's outstanding stock options were fully vested and exercisable. The unvested stock options were immediately cancelled and the stock compensation expense of \$16,710 that the Company had recognized in relation to these unvested options was reversed to general and administrative expenses. For the year ended December 31, 2010, the Company incurred (\$12,047), as stock compensation expense (benefit) related to options granted to Mr. Cooper.

Immediately upon Mr. Cooper's resignation, the Company appointed Mr. Antonino Cacace to the Board of Directors and the positions of President, Chief Executive Officer and Chief Financial Officer. The Company has agreed to pay Mr. Cacace a monthly management fee of \$3,000 for his services. For the years ended December 31, 2011 and 2010, the Company incurred \$94,000 and \$15,000, respectively, in management fees paid to Mr. Cacace. Accounts payable to Mr. Cacace amounted to \$36,000 at December 31, 2011.

### ***Director Fees***

On August 26, 2010, Messrs. Jeet Sidhu and Christian Hudson resigned as members of the Board of Directors. The Company incurred nil in board fees for these non-employee directors for the year ended December 31, 2010. At the time of their separation, certain of their outstanding stock options were fully vested and exercisable. The unvested stock options were immediately cancelled and the stock compensation expense of \$33,419 that the Company had recognized in relation to these unvested options was reversed to general and administrative expenses. For the year ended December 31, 2010, the Company recorded (\$24,091), as stock compensation expense (benefit) related to options granted to these non-employee directors (refer to “Note 8 Stock Options”).

In order to fill the vacancies created by the resignations of Messrs. Jeet Sidhu and Christian Hudson, the Company appointed Messrs. David Jenkins and Joseph Sierchio to the Board of Directors. The Company has agreed to pay Messrs. Jenkins and Sierchio a monthly fee of \$2,000 each for their services. For the years ended December 31, 2011 and 2010, the Company has incurred \$48,000 and \$20,000 in management fees paid to Messrs. Jenkins and Sierchio. Accounts payable to Mr. Sierchio amounted to \$2,000 at December 31, 2011.

### ***Legal Fees***

Legal fees expensed for the years ended December 31, 2011 and 2010, totaled \$47,312 and \$44,188, respectively, were paid or are due to our attorney, Mr. Sierchio, who was appointed to our board effective August 26, 2010. Accounts payable to Mr. Sierchio for legal fees amounted to \$7,850 at December 31, 2011.

### **Note 10. Income Taxes**

There is no current or deferred tax expense for 2011 and 2010, due to the Company’s loss position. Realization of the future tax benefits related to the deferred tax assets is dependent on many factors, including the Company’s ability to generate taxable income within the net operating loss carryforward period. Management has considered these factors in reaching its conclusion as to the valuation allowance for financial reporting purposes and has recorded a full valuation allowance against the deferred tax asset. The income tax effect, utilizing a 34% income tax rate, of temporary differences comprising the deferred tax assets and deferred tax liabilities is a result of the following at December 31:

	2011	2010
Deferred tax assets:		

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Net operating loss carryforwards	\$1,768,000	\$1,499,000
Oil and gas properties	109,000	112,000
	1,877,000	1,611,000
Valuation allowance	(1,877,000)	(1,611,000)
Net deferred tax assets	\$-	\$-

The 2011 increase in the valuation allowance was \$266,000 (2010: \$124,000).

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The Company has available net operating loss carryforwards of approximately \$5,200,000 for tax purposes to offset future taxable income which expires commencing 2012 through to the year 2031. Pursuant to the Tax Reform Act of 1986, annual utilization of the Company's net operating loss carryforwards may be limited if a cumulative change in ownership of more than 50% is deemed to occur within any three-year period. The tax years 2008 through 2011 remain open to examination by federal agencies and other jurisdictions in which it operates.

A reconciliation between the statutory federal income tax rate (34%) and the effective rate of income tax expense for the years ended December 31 follows:

	2011	2010
Statutory federal income tax rate	34 %	(34 %)
Non-taxable losses (gains)	(40 %)	31 %
Valuation allowance	6 %	3 %
	0 %	0 %

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***Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures***

None.

***Item 9A. Controls and Procedures***

**Evaluation of Disclosure Controls and Procedures**

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as of the end of the period covered by this annual report. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded as of December 31, 2011 that our disclosure controls and procedures were effective such that the information required to be disclosed in our United States Securities and Exchange Commission (the “SEC”) reports is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Based on the evaluation, management, after evaluating the effectiveness of our “disclosure controls and procedures” (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), have concluded that, as of December 31, 2011, our disclosure controls and procedures were effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles.

**Evaluation of and Report on Internal Control over Financial Reporting**

Management is responsible for establishing and maintaining adequate internal control over our financial reporting. Management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the

effectiveness of our internal control over financial reporting as of December 31, 2011 based on the criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations.

Based on this evaluation, management concluded that, as of December 31, 2011, our internal control over financial reporting was effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles.

### **Changes in Internal Control over Financial Reporting**

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

There were no changes in the Company's internal controls over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act), or in factors that could materially affect internal controls, during the quarter ended December 31, 2011, or subsequent to the date that management completed their evaluation, that materially affected, or are reasonably likely to materially affect, our internal control over financing reporting.

### ***Item 9B. Other Information***

None.

**PART III*****Item 10. Directors, Executive Officers and Corporate Governance*****Directors and Executive Officers**

The following table and text set forth the names and ages of all directors and executive officers of our company as of March 26, 2012. All of the directors will serve until the next annual meeting of stockholders and until their successors are elected and qualified, or until their earlier death, retirement, resignation or removal. There are no family relationships between or among the directors, executive officers or persons nominated or charged by our company to become directors or executive officers. Executive officers serve at the discretion of the Board of Directors, and are appointed to serve by the Board of Directors. Also provided herein are brief descriptions of the business experience of each director and executive officer during the past five years and an indication of directorships held by each director in other companies subject to the reporting requirements under the Federal securities laws.

Name	Age	Position	Director / Officer Since
Derek Cooper	36	President, Chief Executive Officer, Chief Financial Officer, and Director	January 2012
David Jenkins	57	Director	August 2010
Joseph Sierchio	60	Director, and Secretary	August 2010

Set forth below are the names of all directors and executive officers, all positions and offices with us held by each person, the period during which each has served as such, the principal occupations and employment of such persons during at least the last five years, and other director positions held currently or during the last five years:

**Mr. Derek Cooper**

Since 2003, Mr. Cooper has provided various engineering services to mining, energy and utilities companies. Mr. Cooper is an engineer registered in the Province of Alberta. Mr. Cooper earned his B.Sc. in 2001 and his B.A.Sc. in 2005. Mr. Cooper currently serves on the board of directors for NDB Energy, Inc., where he has held this position

since January 2005. Previously, Mr. Cooper served on the board of directors for Phytomedical Technologies, Inc. from September 2003 to September 2006.

### **Mr. David Jenkins**

Since November 9, 2001, Mr. Jenkins has been the sole stockholder and president of J2 Capital Partners LLC, a management consulting firm specializing in early stage investment and management consultation to companies in the resource industry. Additionally, since June 5, 2006, Mr. Jenkins has served as the President, Chief Executive Officer and a Director of Minerva Minerals Limited, a public company engaged in the business of locating, acquiring, exploring and developing mineral properties. Mr. Jenkins was invited to join the Board of Directors due to his experience with public companies in the matters relating to management, administration, financial reporting, legal compliance and business development.

### **Mr. Joseph Sierchio**

Since 1975, Mr. Sierchio has practiced corporate and securities law in New York City, representing and offering counsel to domestic and foreign corporations, investors, entrepreneurs, and public and private companies in the United States, Canada, United Kingdom, Germany, Italy, Switzerland, Australia, and Hong Kong. Mr. Sierchio is admitted in all New York state courts and federal courts in the Eastern, Northern, and Southern Districts of the State of New York as well as the federal Court of Appeals for the Second Circuit. Mr. Sierchio earned his Doctor of Law degree at Cornell University Law School in 1974, and a Bachelor of Arts degree, with Highest Distinction in Economics, from Rutgers College at Rutgers University, in 1971. Mr. Sierchio is also a member of Sierchio & Company, LLP. Mr. Sierchio serves as a director of a number of privately held and public companies, including, HepaLife Technologies, Inc. and New Energy Technologies, Inc. and Ceres Ventures, Inc. Mr. Sierchio was invited to join the Board of Directors due to his extensive experience representing public companies with respect to finance, contract, governance and compliance matters and general business development.



## **Certain Relationships**

There are no family relationships among or between any of our officers and directors.

Our proposed business raises potential conflicts of interests between certain of our officers and directors and us. Certain of our directors are directors of other mineral resource companies and, to the extent that such other companies may participate in ventures in which we may participate, our directors may have a conflict of interest in negotiating and concluding terms regarding the extent of such participation. In the event that such a conflict of interest arises at a meeting of our directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In appropriate cases, we will establish a special committee of independent directors to review a matter in which several directors, or management, may have a conflict. From time to time, several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, involvement in a greater number of programs and reduction of the financial exposure with respect to any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment.

In determining whether we will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the potential benefits to us, the degree of risk to which we may be exposed and its financial position at that time. Other than as indicated, we have no other procedures or mechanisms to deal with conflicts of interest. We are not aware of the existence of any conflict of interest as described herein.

## **Consideration of Director Nominees**

### **Director Qualifications**

We believe that our Board, to the extent that our limited resources permit, should encompass a diverse range of talent, skill and expertise sufficient to provide sound and prudent guidance with respect to the Company's operations and interests. Each director also is expected to: exhibit high standards of integrity, commitment and independence of thought and judgment; use his or her skills and experiences to provide independent oversight to our business; participate in a constructive and collegial manner; be willing to devote sufficient time to carrying out their duties and responsibilities effectively; devote the time and effort necessary to learn our business; and, represent the long-term interests of all shareholders.

The Board has determined that the Board of Directors as a whole must have the right diversity, mix of characteristics and skills for the optimal functioning of the Board in its oversight of our affairs. The Board believes it should be comprised of persons with skills in areas such as: finance; real estate; banking; strategic planning; human resources and diversity; leadership of business organizations; and legal matters. The Board may also consider in its assessment of the Board's diversity, in its broadest sense, reflecting, but not limited to, age, geography, gender and ethnicity.

In addition to the targeted skill areas, the Board looks for a strong record of achievement in key knowledge areas that it believes are critical for directors to add value to the Board, including:

**Strategy**—knowledge of our business model, the formulation of corporate strategies, knowledge of key competitors and markets;

**Leadership**—skills in coaching and working with senior executives and the ability to assist the Chief Executive Officer;

**Organizational Issues**—understanding of strategy implementation, change management processes, group effectiveness and organizational design;

**Relationships**—understanding how to interact with investors, accountants, attorneys, management companies, analysts, and communities in which we operate;

**Functional**—understanding of finance matters, financial statements and auditing procedures, technical expertise, legal issues, information technology and marketing; and

**Ethics**—the ability to identify and raise key ethical issues concerning our activities and those of senior management as they affect the business community and society.

## **The Board and Board Meetings**

Our Board of Directors consists of three members. Directors serve for a term of one year and stand for election at our annual meeting of stockholders. Pursuant to our Bylaws, any vacancy occurring in the Board of Directors, including a vacancy created by an increase in the number of directors, may be filled by the stockholders or by the affirmative vote of a majority of the remaining directors though less than a quorum of the Board of Directors. A director elected to fill a vacancy shall hold office only until the next election of directors by the stockholders. If there are no remaining directors, the vacancy shall be filled by the stockholders.

At a meeting of stockholders, any director or the entire Board of Directors may be removed, with or without cause, provided the notice of the meeting states that one of the purposes of the meeting is the removal of the director. A director may be removed only if the number of votes cast to remove him exceeds the number of votes cast against removal.

Our Board of Directors and management are committed to responsible corporate governance to ensure that the Company is managed for the long-term benefit of its shareholders. To that end, the Board of Directors and management periodically review and update, as appropriate, our corporate governance policies and practices. In doing so, the Board and management review published guidelines and recommendations of institutional shareholder organizations and current best practices of similarly situated public companies. The Board of Directors and management also regularly evaluate and, when appropriate, will revise our corporate governance policies and practices in accordance with the requirements of the Sarbanes-Oxley Act of 2002 and the rules and listing standards issued by the SEC.

During the year ended December 31, 2011, the Board held a total of four (4) meetings. All members of the Board attended all meetings of the Board.

## **Directors' and Officers' Liability Insurance**

We do not currently maintain directors' and officers' liability insurance coverage. We are currently reviewing insurance policies and anticipate obtaining coverage for our board of directors and officers.

## **Board Committees and Corporate Governance**

*Audit Committee*

The Board does not currently have a standing Audit Committee. The full Board performs the principal functions of the Audit Committee. The full Board monitors our financial reporting process and internal control system and appoints our independent registered public accounting firm.

*Compensation Committee*

The Board does not currently have a standing Compensation Committee. The full Board establishes overall compensation policies for us and reviews recommendations submitted by our management.

*Nominating Committee*

The Board does not currently have a standing Nominating Committee. All nominating functions are handled directly by the full Board of Directors, which the Board believes is the most effective and efficient approach, based on the size of the Board and our current and anticipated operations and needs. As outlined above in selecting a qualified nominee, the Board considers such factors as it deems appropriate which may include: the current composition of the Board; the range of talents of the nominee that would best complement those already represented on the Board; the extent to which the nominee would diversify the Board; the nominee's standards of integrity, commitment and independence of thought and judgment; and the need for specialized expertise.

**Legal Proceedings**

During the past ten years none of our directors, executive officers, promoters or control persons has been:

the subject of any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

convicted in a criminal proceeding or is subject to a pending criminal proceeding (excluding traffic violations and other minor offenses);

subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities;

found by a court of competent jurisdiction (in a civil action), the Commission or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law;

the subject of any Federal or State judicial or administrative order, judgment, decree, or finding, not subsequently reversed, suspended or vacated, relating to an alleged violation of:

(i) Any Federal or State securities or commodities law or regulation; or

Any law or regulation respecting financial institutions or insurance companies including, but not limited to, a

(ii) temporary or permanent injunction, order of disgorgement or restitution, civil money penalty or temporary or permanent cease-and-desist order, or removal or prohibition order; or

(iii) Any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity.

any federal or state judicial or administrative proceedings based on violations of federal or state securities, commodities, banking or insurance laws and regulations, or any settlement to such actions (excluding settlements between private parties); and

any disciplinary sanctions or orders imposed by a stock, commodities or derivatives exchange or other self-regulatory organization.

### **Compliance with Section 16(a) of the Exchange Act**

Pursuant to Section 16(a) of the Exchange Act of 1934, our executive officers and directors in addition to any person who owns more than 10% of our common stock are required to report their ownership of our common stock and changes to such ownership with the SEC. Based on a review of such reports and information provided to us, we believe that during the most recent fiscal year our executive officers and directors have complied with applicable filing requirements under Section 16(a). Based solely upon a review of the copies of the forms furnished to us, we believe that during fiscal 2011, the Section 16(a) filing requirements applicable to our directors and executive officers were satisfied.

### **Code of Ethics**

We have adopted a Code of Ethics that applies to all of the Company's officers, directors and employees, including its Chief Financial Officer and Chief Executive Officer, which complies with the requirements of the Sarbanes-Oxley Act of 2002 and applicable Financial Industry Regulatory Authority ("FINRA") listing standards. Accordingly, the Code of Ethics is designed to deter wrongdoing, and to promote, among other things, honest and ethical conduct, full, timely, accurate and clear public disclosures, compliance with all applicable laws, rules and regulations, the prompt internal

reporting of violations of the Code of Ethics, and accountability.

## **Corporate Governance**

We have adopted Corporate Governance Guidelines applicable to its Board of Directors.

### **Board Leadership Structure**

We currently have only one executive officer and three directors. Our Board of Directors has reviewed the Company's current Board leadership structure — which consists of a President, Chief Executive Officer, a Chief Financial Officer and no Chairman of the Board — in light of the composition of the Board, the Company's size, the nature of the Company's business, the regulatory framework under which the Company operates, the Company's stockholder base, the Company's peer group and other relevant factors, and has determined that this structure is currently the most appropriate Board leadership structure for our company. Nevertheless, the Board intends to carefully evaluate from time to time whether our Chief Executive Officer and Chairman positions should be combined based on what the Board believes is best for us and our stockholders.

### **Board Role in Risk Oversight**

Risk is inherent in every business, and how well a business manages risk can ultimately determine its success. We face a number of risks, including strategic risks, enterprise risks, financial risks, and regulatory risks. While our management is responsible for day to day management of various risks we face, the Board of Directors, as a whole, is responsible for evaluating our exposure to risk and to satisfy itself that the risk management processes designed and implemented by management are adequate and functioning as designed. The Board reviews and discusses policies with respect to risk assessment and risk management. The Board also has oversight responsibility with respect to the integrity of the Company's financial reporting process and systems of internal control regarding finance and accounting, as well as its financial statements

## **Director Independence**

Our securities are not listed on a U.S. securities exchange and, therefore, is not subject to the corporate governance requirements of any such exchange, including those related to the independence of directors. However, at this time, after considering all of the relevant facts and circumstances, the Company's Board of Directors has determined that each of Messrs. Jenkins and Sierchio are independent from the Company's management and qualify as "independent director" under the standards of independence under the applicable FINRA listing standards. This means that, in the judgment of the Board of Directors, neither of these two directors is (1) an officer or employee of the Company or its subsidiaries or (2) has any direct or indirect relationship with the Company that would interfere with the exercise of his independent judgment in carrying out the responsibilities of a director. Upon the Company's listing on any national securities exchange or any inter-dealer quotation system, it will elect such independent directors as is necessary under the rules of any such securities exchange.

## **Communications with the Board of Directors**

Stockholders who wish to communicate with the Board of Directors may do so by addressing their correspondence to the Board of Directors at Janus Resource, Inc. 10180 – 101 Street, Suite 3400, Edmonton, AB, Canada, T5J 3S4.

The Board of Directors has approved a process pursuant to which the President review and forward correspondence to the appropriate director or group of directors for response.

## **Compensation of Directors**

Our Board of Directors determines the non-employee directors' compensation for serving on the Board and its committees. In establishing director compensation, the Board is guided by the following goals:

- Compensation should consist of a combination of cash and equity awards that are designed to fairly pay the directors for work required for a company of our size and scope;
- Compensation should align the directors' interests with the long-term interests of stockholders; and
- Compensation should assist with attracting and retaining qualified directors.

We do not pay director compensation to directors who are also employees. All non-employee directors are paid a director's fee. Directors are entitled to participate in, and have been issued options under, our Stock Plan (no options are currently outstanding). We also reimburse directors for any actual expenses incurred to attend meetings of the

Board.

We reimburse our directors for reasonable travel and other out-of-pocket expenses incurred in connection with attendance at meetings of our board of directors. We do not pay director compensation to directors who are also employees. All non-employee directors are paid a director's fee. Our board of directors may award special remuneration to any director undertaking any special services on our behalf other than services ordinarily required of a director. Directors are entitled to participate in, and have been issued options under, our Stock Plan (no options are currently outstanding). We also reimburse directors for any actual expenses incurred to attend meetings of the Board.

On August 26, 2010, the Company appointed Messrs. David Jenkins and Joseph Sierchio to the Board of Directors in order to fill the vacancies created by the resignations of Messrs. Jeet Sidhu and Christian Hudson. The Company has agreed to pay Messrs. Jenkins and Sierchio a monthly fee of \$2,000 each for their services.



The following table reports all compensation we paid to non-employee directors during the last three fiscal years.

Name		Fees earned or paid in cash (1)	Stock awards Aggregate Grant Date Fair Value	Option awards Aggregate Grant Date Fair Value	Non-equity incentive plan compensation	Nonqualified deferred compensation earnings	All other compensation (2)	Total
David Jenkins	2011	24,000	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ 24,000
	2010	10,000	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ 10,000
	2009	Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil
Joseph Sierchio	2011	24,000	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ 24,000
	2010	10,000	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ 10,000
	2009	Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil
Jeet Sidhu	2011	Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil
	2010	Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ (12,045)	\$ (12,045)
	2009	20,000	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ 14,820	\$ 34,820
Christian Hudson	2011	Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil
	2010	Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ (12,044)	\$ (12,044)
	2009	Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ 14,820	\$ 14,820

(1) The amounts in this column represent the monthly compensation. Mr. Sidhu resigned August 26, 2010 and Mr. Jenkins and Sierchio were appointed on August 26, 2010.

(2) The amounts in this column represent stock-based compensation expense granted to Mr. Sidhu and Mr. Hudson (50,000 stock options each) for stock options granted on September 12, 2008. The exercise price per share is \$1.00; the options vest at the rate of 10,000 per annum in arrears commencing September 12, 2009. For the years ended December 31, 2010 and 2009, the Company recorded \$24,089 and \$29,640, respectively, as stock compensation expense (benefit) related to options granted to these non-employee directors. The Options terminated upon Mr. Hudson's and Mr. Sidhu's resignation on August 26, 2010.

***Item 11. Executive Compensation***

The responsibility for establishing, administering and interpreting our policies governing the compensation and benefits for our executive officers lies with our Board of Directors. In this connection the Board has not retained the services of any compensation consultants.

The goals of our executive compensation program are to attract, motivate and retain individuals with the skills and qualities necessary to support and develop our business within the framework of our small size and available resources. In 2009, we designed our executive compensation program to achieve the following objectives:

- attract and retain executives experienced in developing and delivering products such as our own;
- motivate and reward executives whose experience and skills are critical to our success;
- reward performance; and
- align the interests of our executive officers and stockholders by motivating executive officers to increase stockholder value.

The following table and descriptive materials set forth information concerning compensation earned for services rendered to the Company by: the President; the Chief Executive Officer (the “CEO”); the Chief Financial Officer (the “CFO”); and the three other most highly-compensated executive officers other than the CEO and CFO who were serving as executive officers of the Company during the last three fiscal years (the “Named Executive Officers”).

Name and principal position (a)	Year	Salary/ consulting fee (c)	Bonus (d)	Stock awards (e)	Option awards (f)	Non-equityNon-qualified		All other compensation (i)	Total (j)
	December 31, (b)					incentive plan compensation (g)	deferred compensation (h)		
Antonino Cacace	2011	94,000	Nil	Nil	Nil	Nil	Nil	Nil	94,000
President, CEO and	2010	15,000	Nil	Nil	Nil	Nil	Nil	Nil	15,000
Director	2009	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Derek Cooper	2011	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
President, CEO and	2010	20,000	Nil	Nil	Nil	Nil	Nil	(12,047)	7,953
Director	2009	30,000	Nil	Nil	Nil	Nil	Nil	14,474	44,474

(1) Management consulting fee represents fees paid to the President, Chief Executive Officer, and Chief Financial Officer of the Company. Effective August 27, 2010, Mr. Cacace's annual salary to serve as a member of our Board of Directors and to serve as our President and Chief Executive Officer and Chief financial Officer is \$36,000 annually, payable in monthly installments of approximately \$3,000. There was no written agreement between us and Mr. Cacace regarding this arrangement. Mr. Cacace did not devote his full time and attention to our affairs; we did not have any agreement with Mr. Cacace regarding his agreement to serve as an officer. He is, in fact, an independent contractor, and not an employee. On January 12, 2012, Mr. Cacace resigned from the positions of President, Chief Executive Officer, Chief Financial Officer and Director of the Company. He was paid \$58,000 in severance. On January 12, 2012, Mr. Derek Cooper was appointed to the positions of President, Chief Executive Officer, Chief Financial Officer and Director of the Company.

(2) On August 27, 2010, Mr. Cooper resigned from the positions of President, Chief Executive Officer, Chief Financial Officer and Director of the Company. At the time of his separation, certain of Mr. Cooper's outstanding stock options were fully vested and exercisable. The unvested stock options were immediately cancelled and the stock compensation expense of \$16,710 that the Company had recognized in relation to these unvested options was reversed to general and administrative expenses. For the years ended December 31, 2010 and 2009, the Company incurred (\$12,047) and \$14,474, respectively, as stock compensation expense (benefit) related to options granted to Mr. Cooper.

None of our officers or directors is a party to an employment agreement with us. Our entire Board of Directors sets the current year compensation levels of each of the above named Executive Officers.

### **Options/SAR Grants Table**

The Company has an active stock option plan that provides shares available for option grants to employees, directors and others. A total of 120,000,000 shares of the Company's common stock have been reserved for award under the stock option plan, of which 120,000,000 were available for future issuance as of December 31, 2011. Options granted under the Company's option plan generally vest over five years or as otherwise determined by the Board of Directors, have exercise prices equal to the fair market value of the common stock on the date of grant, and expire no later than ten years after the date of grant.

During the years ended December 31, 2011 and 2010, the Company did not grant any stock option awards.

On August 27, 2010, Mr. Derek Cooper resigned from the positions of President, Chief Executive Officer, Chief Financial Officer and Director of the Company. At the time of his separation, certain of Mr. Cooper's outstanding stock options were fully vested and exercisable. The unvested stock options were immediately cancelled and the stock compensation expense of \$16,710 that the Company had recognized in relation to these unvested options was reversed to general and administrative expenses during the year ended December 31, 2010.

On August 26, 2010, Messrs. Jeet Sidhu and Christian Hudson resigned as members of the Board of Directors. At the time of their separation, certain of their outstanding stock options were fully vested and exercisable. The unvested stock options were immediately cancelled and the stock compensation expense of \$33,419 that the Company had recognized in relation to these unvested options was reversed to general and administrative expenses during the year ended December 31, 2010.



Stock option activity during the years ended December 31, 2011 and 2010 is summarized as follows:

	<b>Number of options</b>	<b>Weighted average exercise price</b>	<b>Remaining contractual term (years)</b>	<b>Aggregate intrinsic value</b>
Outstanding at December 31, 2009	150,000	1.00		
Forfeited	(150,000)	1.00		
Outstanding at December 31, 2010	-			\$-
Granted	-			
Outstanding at December 31, 2011	-			\$-
Available for grant at December 31, 2011	120,000,000			

A summary of the Company's unvested stock options and changes during the years ended December 31, 2011 is as follows:

	<b>Number of options</b>	<b>Weighted Average Grant Date Fair Value</b>
Unvested, December 31, 2009	120,000	0.73
Forfeited	(120,000)	0.73
Unvested December 31, 2011 and 2010	-	

During the years ended December 31, 2011 and 2010, stock-based compensation expense (benefit) of \$0 and (\$36,138) was recognized as general and administrative expenses. As of December 31, 2011 and 2010, the Company had no unrecognized compensation cost related to unvested stock options as there were no stock options outstanding.

The Company does not repurchase shares to fulfill the requirements of options that are exercised. Further, the Company issues new shares when options are exercised.

#### **Aggregated Option/SAR Exercises and Fiscal Year-End Option/SAR Value Table**

At December 31, 2011 we had 0 (December 31, 2010 – 0) stock purchase options outstanding.

At no time during the last completed fiscal year did we, while a reporting company pursuant to Section 13(a) of 15(d) of the Exchange Act, adjust or amend the exercise price of the stock options or SARs previously awarded to any of the named executive officers, whether through amendment, cancellation or replacement grants, or any other means.

### **Long-Term Incentive Plans**

There are no arrangements or plans in which we provide pension, retirement or similar benefits for directors or executive officers, except that our directors and executive officers may receive stock options at the discretion of our board of directors. We do not have any material bonus or profit sharing plans pursuant to which cash or non-cash compensation is or may be paid to our directors or executive officers, except that stock options may be granted at the discretion of our board of directors.

We have no plans or arrangements in respect of remuneration received or that may be received by our executive officers to compensate such officers in the event of termination of employment (as a result of resignation, retirement, change of control) or a change of responsibilities following a change of control, where the value of such compensation exceeds \$60,000 per executive officer.

## **Employment Contracts**

None of our officers or directors is a party to an employment agreement with us. Our entire Board of Directors sets the current year compensation levels of each of the above named Executive Officers.

There are no arrangements or plans in which we provide pension, retirement or similar benefits for directors or executive officers. Our directors and executive officers may receive stock options at the discretion of our board of directors. We do not have any material bonus or profit sharing plans pursuant to which cash or non-cash compensation is or may be paid to our directors or executive officers, except that stock options may be granted at the discretion of our board of directors.

We have no plans or arrangements in respect of remuneration received or that may be received by our executive officers to compensate such officers in the event of termination of employment (as a result of resignation, retirement, change of control) or a change of responsibilities following a change of control, where the value of such compensation exceeds \$60,000 per executive officer.

## **Change of Control Agreements**

There are no understandings or agreements known by management at this time which would result in a change in control.

We do not have any change-of-control or severance agreements with any of its executive officers or directors. In the event of the termination of employment of the Named Executive Officers any and all unexercised stock options shall expire and no longer be exercisable after a specified time following the date of the termination.

## ***Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholders Matters***



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The following table sets forth information with respect to the beneficial ownership of our common stock as of March 26, 2012 and December 31, 2011, by each person (or group of affiliated persons) who is known by us to beneficially own 5% or more of our common stock; our directors; our named executive officers; and our directors and executive officers as a group. As at March 26, 2012, 63,075,122 shares of our common stock were issued and outstanding.

The percentages of common stock beneficially owned are reported on the basis of regulations of the Securities and Exchange Commission governing the determination of beneficial ownership of securities. Under the rules of the Securities and Exchange Commission, a person is deemed to be a beneficial owner of a security if that person has or shares voting power, which includes the power to vote or to direct the voting of the security, or investment power, which includes the power to dispose of or to direct the disposition of the security. Except as indicated in the footnotes to this table, each beneficial owner named in the table below has sole voting and sole investment power with respect to all shares beneficially owned and each person's address is c/o our principal office address (unless otherwise indicated) at 10180 – 101 Street, Suite 3400, Edmonton, AB, Canada, T5J3S4.

Name of Beneficial Owner	Common Stock Beneficially Owned	Percentage of Common Stock	
Kalen Capital Corporation <sup>1</sup> 1628 West 1st Avenue, Suite 216 Vancouver, BC V6J 1G1	25,314,800	40.1	%
Antonino Cacace <sup>2</sup>	500,000	*	
Derek Cooper <sup>2</sup>	-Nil-	*	
David Jenkins	3,500,000	5.5	%
Joseph Sierchio	500,000	*	
All directors and executive officers as a group (three persons)	4,500,000	7.1	%

\* Less than 1%

(<sup>1</sup>) Kalen Capital Corporation. is a private corporation, the sole shareholder of which is Harmel S. Rayat; Mr. Rayat was our former Chief Executive Officer, Chief Financial Officer, Secretary and director. Mr. Rayat resigned from his positions with us on September 12, 2008.

(<sup>2</sup>) On January 12, 2012, Mr. Cacace resigned from the positions of President, Chief Executive Officer, Chief Financial Officer and Director of the Company and Mr. Derek Cooper was appointed to the positions of President, Chief Executive Officer, Chief Financial Officer and Director of the Company.

***Item 13. Certain Relationships and Related Transactions, and Director Independence***

Our proposed business raises potential conflicts of interests between certain of our officers and directors and us. Certain of our directors are directors of other mineral resource companies and, to the extent that such other companies may participate in ventures in which we may participate, our directors may have a conflict of interest in negotiating and concluding terms regarding the extent of such participation. In the event that such a conflict of interest arises at a meeting of our directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In appropriate cases, we will establish a special committee of independent directors to review a matter in which several directors, or management, may have a conflict. From time to time, several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, involvement in a greater number of programs and reduction of the financial exposure with respect to any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment.

In determining whether we will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the potential benefits to us, the degree of risk to which we may be exposed and its financial position at that time. Other than as indicated, we have no other procedures or mechanisms to deal with conflicts of interest. We are not aware of the existence of any conflict of interest as described herein.

**Transactions with Related Persons**

Other than as disclosed below, during the fiscal years ended December 31, 2011 and 2010, none of our current directors, officers or principal shareholders, nor any family member of the foregoing, nor, to the best of our information and belief, any of our former directors, senior officers or principal shareholders, nor any family member of such former directors, officers or principal shareholders, has or had any material interest, direct or indirect, in any transaction, or in any proposed transaction which has materially affected or will materially affect us.

There have been no transactions or proposed transactions with officers and directors during the last two years to which we are a party except as follows:

During the year ended December 31, 2011, management consulting fees of \$94,000 (year ended December 31, 2010 - \$35,000) were paid or are due to officers of the Company. The transactions were recorded at the exchange amount, being the value established and agreed to by the related parties. Accounts payable to Mr. Cacace amounted to \$36,000

at December 31, 2011.

During the year ended December 31, 2011, directors fees of \$48,000 (year ended December 31, 2010 - \$20,000) were paid to non-officer directors of the Company. The transactions were recorded at the exchange amount, being the value established and agreed to by the related parties. Accounts payable to Mr. Sierchio amounted to \$2,000 at December 31, 2011.

During the year ended December 31, 2011, legal fees of \$47,312 (year ended December 31, 2010 - \$44,188) were paid or are due to our attorney, Mr. Sierchio, who was appointed to our board effective August 26, 2010. Accounts payable to Mr. Sierchio for legal fees amounted to \$7,850 at December 31, 2011.

***Item 14. Principal Accounting Fees and Services***

The firm of Peterson Sullivan LLP currently serves as the Company's independent registered public accounting firm. The Board of Directors of the Company, in its discretion, may direct the appointment of different public accountants at any time during the year, if the Board believes that a change would be in the best interests of the stockholders. The Board of Directors has considered the audit fees, audit-related fees, tax fees and other fees paid to our accountants, as disclosed below, and had determined that the payment of such fees is compatible with maintaining the independence of the accountants.

**Audit Fees:**

The aggregate fees billed and expected to be billed for professional services by Peterson Sullivan LLP for the audit of our annual consolidated financial statements and review of consolidated financial statements included in our Form 10-Q (17 CFR 249.308b) or services that were normally provided by the accountant in connection with statutory and regulatory filings or engagements for the 2011 fiscal year are \$26,247 (2010 - \$36,317).

**Audit-Related Fees:**

The aggregate fees billed to us for assurance and related services by Peterson Sullivan LLP that are reasonably related to the performance of the audit or review of our consolidated financial statements and are not reported under audit fees for fiscal 2011 were \$0 (2010 - \$0).

**Tax Fees:**

The aggregate fees billed to us for professional services by Peterson Sullivan LLP for tax compliance for fiscal 2011 were \$2,403 (2010 - \$4,477).

**All Other Fees:**

The aggregate fees billed to us for products and services provided by Peterson Sullivan LLP, other than reported under Audit Fees, Audit-Related Fees and Tax Fees for fiscal 2011 were \$0 (2010 - \$0).

The Audit Committee feels that the services rendered by Peterson Sullivan LLP were compatible with maintaining the principal accountant's independence.

**PART IV**

***Item 15. Exhibits, Financial Statement Schedules***

The following documents are filed as a part of this Form 10-K:

### 1. Financial Statements

The following financial statements are included in Part II, Item 8 of this Form 10-K:

- Report of Independent Registered Public Accounting Firm
- Consolidated Balance Sheets as of December 31, 2011 and 2010
- Consolidated Statements of Operations for the years ended December 31, 2011 and 2010
- Consolidated Statements of Stockholders' Equity (Deficit) and Comprehensive Income (Loss) for the years ended December 31, 2011 and 2010
- Consolidated Statements of Cash Flows for the years ended December 31, 2011 and 2010
- Notes to Consolidated Financial Statements

### 2. Financial Statement Schedules

Financial statement schedules are omitted because they are not required or are not applicable, or the required information is provided in the consolidated financial statements or notes described in Item 15(a)(1) above.

### 3. Exhibits

The Exhibits listed in the Exhibit Index, which appears immediately following the signature page, are incorporated herein by reference, and are filed as part of this Form 10-K.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Janus Resources, Inc.

/s/ Derek Cooper

Name: Derek Cooper

Title: President and Chief Executive Officer, Principal Executive Officer, Chief Financial Officer, Principal Financial Officer, Principal Accounting Officer and Director

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in capacities and on the dates indicated.

Signature	Title	Date
/s/ Derek Cooper Derek Cooper	President, Chief Executive Officer, Principal Executive Officer, Chief Financial Officer, Principal Financial Officer, Principal Accounting Officer, and Director	March 29, 2012
/s/ David Jenkins David Jenkins	Director	March 29, 2012
/s/ Joseph Sierchio Joseph Sierchio	Director	March 29 2012



## Exhibit Index

Exhibit No.	Description of Exhibit
3.1-1	Articles of Incorporation, as amended, of the Company, incorporated by reference and included in the Company's Registration Statement on Form 10-SB 12g file on May 11, 1999, SEC file number 000-30156-99616992.
3.1-2	Articles of Incorporation, as amended, of the Company incorporated by reference and included in the Company's Form 8-K file on January 10, 2011, SEC file number 000-30156-11520181.
3.2	By-laws of the Company incorporated by reference and included in the Company's Registration Statement on Form 10-SB 12g file on May 11, 1999, SEC file number 000-30156-99616992.
10.1	Subscription Agreement, Series A Warrant Agreement, Series B Warrant Agreement, and Registration Rights Agreement for 6,450,000 unit private placement on July 28, 2008, incorporated by reference and included in the Company's Form 8-K file on August 1, 2008, SEC file number 000-30156-08984771.
10.2	Participation Agreement dated September 9, 2008 with respect to the Stahl #1 Well located Fayette County, Texas, incorporated by reference and included in the Company's Form 8-K file on October 24, 2008, SEC file number 000-30156-081140820.
10.3	Participation Agreement dated September 9, 2008 with respect to the Onnie Ray #1 Well located Lee County, Texas, incorporated by reference and included in the Company's Form 8-K file on October 24, 2008, SEC file number 000-30156-081140820.
10.4	Participation Agreement dated September 9, 2008 with respect to the Haile #1 Well located Frio. County, Texas, incorporated by reference and included in the Company's Form 8-K file on October 24, 2008, SEC file number 000-30156-081140820.
10.5	2001 Incentive Stock Option Plan, incorporated by reference and included in the Company's Form S-8 file on October 3, 2003, SEC file number 333-109499-03927730.
14.1	Code of Ethics, incorporated by reference and included in the Company's Form 10-K file on April 15, 2009, SEC file number 000-30156-09750383.
23.1 *	Consent of Independent Registered Public Accounting Firm *
31.1*	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a).*



32.1\* Certification by the Chief Executive Officer pursuant to 18 U.S.C. 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.\*

\* Filed here within.

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