
Condensed Interim Consolidated Financial Statements

Minsud Resources Corp.

(formerly Rattlesnake Ventures Inc.)

For the Nine Months Ended September 30, 2012

Unaudited

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NOTICE TO READER

The accompanying unaudited condensed interim consolidated financial statements have been prepared by the Corporation's management and the Corporation's independent auditors have not performed a review of these financial statements.

Minsud Resources Corp. (formerly Rattlesnake Ventures Inc.)

Condensed Interim Consolidated Statement of Comprehensive Loss

For the Periods Ended September 30, 2012 and 2011

Unaudited - see Notice to Reader

(All Amounts in Canadian Dollars Unless Otherwise Noted)

	Three Months Ended		Nine Months Ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
Expenses				
General and administrative	\$ 18,655	\$ 14,471	\$ 79,416	\$ 173,148
Marketing and communications	9,208	-	42,259	-
Professional and regulatory fees	90,963	95,488	257,525	227,944
Stock-based compensation (note 10)	43,337	131,323	169,122	305,526
Transaction costs	-	-	-	1,421,458
Less:				
Interest income	(670)	(4,704)	(4,836)	(7,640)
Net Loss for the Period	(161,493)	(236,578)	(543,486)	(2,120,436)
Other Comprehensive Income (Loss)				
Currency translation adjustment	(394,447)	183,447	(610,563)	44,303
Comprehensive Loss for the period	\$ (555,940)	\$ (53,131)	\$ (1,154,049)	\$ (2,076,133)
Loss per Share - basic and diluted	\$ -	\$ (0.01)	\$ (0.01)	\$ (0.08)
Weighted Average Number of Common Shares				
Outstanding - basic and diluted	39,738,266	34,633,000	36,589,398	25,355,868
Net Loss for the Period Attributable to:				
Non-controlling interest Equity shareholders of the Company	\$ (688)	\$ (1,188)	\$ (2,413)	\$ (1,188)
	(160,805)	(235,390)	(541,073)	(2,119,248)
	\$ (161,493)	\$ (236,578)	\$ (543,486)	\$ (2,120,436)
Comprehensive Income (Loss) for the Period Attributable to:				
Non-controlling interest Equity shareholders of the Company	\$ (7,988)	\$ 4,396	\$ (14,398)	\$ 3,783
	(547,952)	(57,527)	(1,139,651)	(2,079,916)
	\$ (555,940)	\$ (53,131)	\$ (1,154,049)	\$ (2,076,133)

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

Minsud Resources Corp. (formerly Rattlesnake Ventures Inc.)

Condensed Interim Consolidated Statement of Financial Position as at September 30, 2012

Unaudited - see Notice to Reader

(All Amounts in Canadian Dollars Unless Otherwise Noted)

	September 30, 2012	December 31, 2011 (Audited)
Assets		
Non-Current Assets		
Advances (note 12)	\$ 59,472	\$ 60,945
Mineral properties (note 6)	5,104,218	3,900,282
Property and equipment (note 5)	73,890	68,975
	<u>5,237,580</u>	<u>4,030,202</u>
Current Assets		
Cash and cash equivalents	1,403,468	2,445,162
Prepaid expenses and deposits	15,708	3,845
Other receivables	144,312	113,621
	<u>1,563,488</u>	<u>2,562,628</u>
	<u>\$ 6,801,068</u>	<u>\$ 6,592,830</u>
Shareholders' Equity		
Issued capital (notes 1 and 7)	\$ 8,769,179	\$ 7,972,902
Contributed surplus (notes 1, 8, 9 and 10)	2,520,016	2,202,020
Cumulative translation reserve	(1,259,058)	(658,676)
Deficit	(3,879,761)	(3,335,398)
Equity attributable to shareholders of the Company	<u>6,150,376</u>	<u>6,180,848</u>
Non-controlling interest (note 1)	97,196	109,717
	<u>6,247,572</u>	<u>6,290,565</u>
Liabilities		
Non-Current Liabilities		
Property acquisition payable (note 6)	<u>275,240</u>	<u>-</u>
Current Liabilities		
Accounts payable and accrued liabilities	169,903	260,868
Current portion of property acquisition payable	68,810	-
Other liabilities	39,543	41,397
	<u>278,256</u>	<u>302,265</u>
	<u>\$ 6,801,068</u>	<u>\$ 6,592,830</u>

Business of the Company and Qualifying Transaction (note 1)

Going Concern (note 2(b))

Commitments (notes 6 and 12)

Subsequent Event (note 13)

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

Approved on behalf of the Board of Directors

Signed "Carlos A. Massa", Director

Signed "Alberto F. Orcoyen", Director

Minsud Resources Corp. (formerly Rattlesnake Ventures Inc.)

Condensed Interim Consolidated Statement of Changes in Equity

For the Nine Months Ended September 30, 2012 and 2011

Unaudited - see Notice to Reader

(All Amounts in Canadian Dollars Unless Otherwise Noted)

	Number of Common Shares	Issued Capital	Contributed Surplus	Currency Translation Reserve	Non- Controlling Interest	Deficit	Total Equity
Balance at January 1, 2012	34,633,000	\$ 7,972,902	\$ 2,202,020	\$ (658,676)	\$ 109,717	\$(3,335,398)	\$ 6,290,565
Private placement proceeds	5,105,266	816,843	153,158	-	-	-	970,001
Share issuance costs	-	(23,635)	(4,432)	-	-	-	(28,067)
Continued vesting of stock options (note 10)	-	-	169,122	-	-	-	169,122
Loss for the period	-	-	-	-	(2,413)	(541,073)	(543,486)
Other comprehensive loss for the period	-	-	-	(598,578)	(11,985)	-	(610,563)
Effects of change in non-controlling interest (note 1)	-	3,069	148	(1,804)	1,877	(3,290)	-
Balance at September 30, 2012	<u>39,738,266</u>	<u>\$ 8,769,179</u>	<u>\$ 2,520,016</u>	<u>\$(1,259,058)</u>	<u>\$ 97,196</u>	<u>\$(3,879,761)</u>	<u>\$ 6,247,572</u>

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

Minsud Resources Corp. (formerly Rattlesnake Ventures Inc.)

Condensed Interim Consolidated Statement of Changes in Equity

For the Nine Months Ended September 30, 2012 and 2011

Unaudited - see Notice to Reader

(All Amounts in Canadian Dollars Unless Otherwise Noted)

	<u>Number of Common Shares</u>	<u>Issued Capital</u>	<u>Contributed Surplus</u>	<u>Currency Translation Reserve</u>	<u>Non- Controlling Interest</u>	<u>Deficit</u>	<u>Total Equity</u>
Balance at January 1, 2011	10,852,000	\$ 3,470,805	\$ 56,843	\$ (550,011)	\$ -	\$(1,016,987)	\$ 1,960,650
Effects of Qualifying Transaction (note 1)							
Non-controlling interest	(542,600)	(173,540)	(2,842)	33,328	85,133	57,921	-
Common shares issued	24,323,600	5,087,410	-	-	-	-	5,087,410
Warrants issued in connection with Qualifying Transaction (note 8)	-	-	1,790,425	-	-	-	1,790,425
Broker Warrants issued in connection with Qualifying Transaction (note 9)	-	-	137,985	-	-	-	137,985
Share issuance costs	-	(438,313)	(207,251)	-	-	-	(645,564)
Stock option grant (note 10)	-	-	305,526	-	-	-	305,526
Loss for the period	-	-	-	-	-	(2,120,436)	(2,120,436)
Other comprehensive loss for the period	-	-	-	39,332	4,971	-	44,303
Effects of change in non-controlling interest (note 1)	-	20,691	1,302	(15,265)	18,612	(25,340)	-
Balance at September 30, 2011	<u>34,633,000</u>	<u>\$ 7,967,053</u>	<u>\$ 2,081,988</u>	<u>\$ (492,616)</u>	<u>\$ 108,716</u>	<u>\$(3,104,842)</u>	<u>\$ 6,560,299</u>

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

Minsud Resources Corp. (formerly Rattlesnake Ventures Inc.)

Condensed Interim Consolidated Statement of Cash Flows

For the Periods Ended September 30, 2012 and 2011

Unaudited - see Notice to Reader

(All Amounts in Canadian Dollars Unless Otherwise Noted)

	Three Months Ended		Nine Months Ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
Cash Provided By (Used In):				
Operating Activities				
Net loss	\$ (161,493)	\$ (236,578)	\$ (543,486)	\$ (2,120,436)
Items not affecting cash:				
Amortization	-	-	-	1,808
Transaction costs	-	-	-	1,421,458
Stock-based compensation	43,337	131,323	169,122	305,526
	(118,156)	(105,255)	(374,364)	(391,644)
Net changes in non-cash working capital:				
Other receivables	(10,857)	(3,951)	(30,691)	(44,748)
Prepaid expenses	(1,020)	815	(11,863)	(2,585)
Accounts payable and accrued liabilities	61,226	(213,435)	13,446	(564,254)
Other liabilities	-	(18,565)	-	5,100
	(68,807)	(340,391)	(403,472)	(998,131)
Financing Activities				
Issuance of share capital	-	-	816,843	-
Issuance of warrants	-	-	153,158	-
Share issuance costs	-	-	(28,067)	-
Cash acquired upon completion of Qualifying Transaction	-	-	-	5,658,434
Due from shareholder	-	-	-	46,774
	-	-	941,934	5,705,208
Investing Activities				
Mineral property expenditures	(576,692)	(565,007)	(1,539,339)	(1,217,506)
Purchase of property and equipment	-	(68,607)	(40,817)	(80,106)
	(576,692)	(633,614)	(1,580,156)	(1,297,612)
Change in Cash and Cash Equivalents	(645,499)	(974,005)	(1,041,694)	3,409,465
Cash and Cash Equivalents				
- Beginning of Period	2,048,967	4,518,250	2,445,162	134,780
Cash and Cash Equivalents				
- End of Period	\$ 1,403,468	\$ 3,544,245	\$ 1,403,468	\$ 3,544,245
Supplemental Cash Flow Information				
Interest received	\$ 670	\$ 4,704	\$ 4,836	\$ 7,640
Significant Non-Cash Transactions Not Disclosed Above				
Broker Warrants issued for private placement commissions	\$ -	\$ -	\$ -	\$ 137,985

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

Minsud Resources Corp. (formerly Rattlesnake Ventures Inc.)

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2012

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(All Amounts in Canadian Dollars Unless Otherwise Noted)

1. Business of the Company and Qualifying Transaction

Minsud Resources Corp. (the "Company") was incorporated under the Ontario Business Corporations Act on October 11, 2007. The registered office is located at 56 Temperance Street, Suite 200, Toronto Ontario. The Company was formerly a "Capital Pool Company" ("CPC"), as that term is defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange"). The Company had secured equity financing in 2008 with which it intended to identify and evaluate potential acquisitions of businesses, and once identified and evaluated, to negotiate an acquisition thereof or participation therein subject to receipt of regulatory and, if required, shareholders' approval (a "Qualifying Transaction").

These consolidated financial statements include the accounts of the Company, its wholly-owned subsidiary, Minsud Argentina Inc. ("MAI"), and MAI's subsidiary Minera Sud Argentina S.A. ("MSA"), and have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS-IASB") as further discussed in Note 2.

On December 24, 2010, the Company entered into a Letter of Intent with Minsud Resources Inc. ("MSR"), as amended on February 2, 2011, that set out the basic terms and conditions pursuant to which it was intended that the Company and MSR would complete a business combination (the "Minsud Transaction"). On April 27, 2011, each of the Company, MSR and MSA entered into a Definitive Transaction Agreement to effect the Minsud Transaction (the "Definitive Agreement"). The Definitive Agreement provided the mechanism to effect the Minsud Transaction. Pursuant to the terms of the Definitive Agreement, on May 10, 2011, the Company acquired all of the issued and outstanding MSR shares by way of a three-cornered amalgamation, which meant the amalgamation of MSR and the Company's wholly-owned subsidiary, 1830835 Ontario Inc., to form Minsud Argentina Inc. ("MAI"). As a result of the amalgamation, all of the MSR shares were exchanged for an equal amount of the Company's shares. In consideration of the issue by the Company of the Company's shares to the former MSR shareholders, MAI issued to the Company one MAI share for each Company share issued to the MSR shareholders. The Company also received one MAI share in exchange for each issued and outstanding share of 1830835 Ontario Inc. held by the Company. As a result of the foregoing, MAI became a wholly-owned subsidiary of the Company. Approval for the amalgamation was obtained from each of the Company and MSR shareholders by way of a written resolution prior to the closing of the Minsud Transaction. Although the Minsud Transaction resulted in MSR becoming a wholly-owned subsidiary of the Company, the Minsud Transaction constituted a reverse take-over of the Company since the former shareholders of MSR, together with the subscribers in the Brokered Private Placement, as discussed below, became owners of a majority of the outstanding shares of the Company. In accordance with the Definitive Agreement, and as approved by the shareholders of the Company, the name of the Company was changed to "Minsud Resources Corp." and the issued and outstanding Company shares were consolidated on a 2 pre-consolidated for 1 post-consolidated basis (the "Consolidation"). Both these changes took effect on the filing of articles of amendment on the date of closing the Minsud Transaction.

Minsud Resources Corp. (formerly Rattlesnake Ventures Inc.)

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2012

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1. Business of the Company and Qualifying Transaction (continued)

Prior to the closing of the Minsud Transaction, all of the 511,000 outstanding stock options of the Company were exercised for proceeds of \$51,100. Upon effecting the Consolidation and after the exercise of all the outstanding stock options of the Company, the Company had 2,810,500 shares outstanding and issued an additional 31,822,500 Company shares in connection with the Definitive Agreement. At the time of the completion of the Minsud Transaction, the fair value of the 2,810,500 issued and outstanding shares of the Company exceeded their stated value by \$450,042. This excess has been expensed as a transaction cost. In total, the Company had 34,633,000 common shares issued and outstanding on a post-Consolidation basis upon the completion of the Minsud Transaction.

The Minsud Transaction is the Qualifying Transaction of the Company pursuant to Policy 2.4 of the Exchange and final approval from the Exchange for the Qualifying transaction was received on May 20, 2011. Minsud is a Tier 2 Mining Issuer pursuant to the requirements of the Exchange. The Minsud Transaction was an arm's length transaction.

MSR was a private company headquartered in Toronto, Ontario, and was incorporated on August 12, 2010 under the Business Corporations Act (Ontario). Prior to the completion of the Minsud Transaction, MSR entered into a definitive agreement with the shareholders of MSA, as a result of which the shareholders of MSA exchanged, prior to the closing date, a sufficient amount of their shares of MSA, which amounted to a total of 10,852,000 shares, for shares of MSR so that after the completion of such exchange, MSR became the owner of 10,309,400 (95%) of the total number of issued and outstanding shares of MSA (the "MSA Swap"). Upon completion of the MSA Swap, the Company entered into a put and call option agreement with respect to the remaining 542,600 shares of MSA (representing 5% of the total number of issued and outstanding shares of MSA) which includes an irrevocable covenant to not divest or encumber such shares. The put and call option agreement allows the remaining 542,600 shares of MSA to be exchanged at the same ratio used for the MSA Swap (790,000 common shares of the Company) at the option of either party. Prior to the closing of the Minsud transaction, MSA was controlled by Compania de Tierras Sud Argentina S.A. ("CTSA") which is a private subsidiary (incorporated in Argentina) wholly-owned by the Benetton family through private Italian holding companies.

The Company issued 18,050,000 of the Company's shares to MSR in exchange for 100% of MSR's issued and outstanding shares. Following the share exchange and the Brokered Private Placement, described further below, approximately 20% of MSR was owned by CTSA at closing. Continuing Company shareholders own approximately 8% of MSR at closing.

The Company was granted by the Exchange an exemption from the sponsorship requirements in connection with the Minsud Transaction. Trading in the Company's common shares was halted or suspended from August 24, 2010 to May 24, 2011 but on May 25, 2011, trading in the Company's shares resumed on the Exchange.

The Company held a Special Meeting of its Shareholders on March 18, 2011 to address matters requiring shareholder approval to advance the Minsud Transaction. All required shareholder approvals requested were obtained.

Minsud Resources Corp. (formerly Rattlesnake Ventures Inc.)

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2012

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(All Amounts in Canadian Dollars Unless Otherwise Noted)

1. Business of the Company and Qualifying Transaction (continued)

The Minsud Transaction was completed contemporaneously with a brokered equity offering (the "Brokered Offering"). Portfolio Strategies Securities Inc. ("PSSI") had executed a preliminary agreement, which was subject to satisfactory due diligence, and on March 4, 2011 a formal agency agreement was completed (the "Agency Agreement") which documented the agreement of PSSI to act as agent for and on behalf of the Company pursuant to the Brokered Offering to raise, on a commercially reasonable efforts basis, gross proceeds of \$5,000,000 from the sale of units (the "Private Placement Units") at a price of not less than \$0.40 per Private Placement Unit. On April 7, 2011, an Amended and Restated Agency Agreement was entered into to increase the gross proceeds to \$5,509,000. Each Private Placement Unit consists of one common share and one non-transferable common share purchase warrant (a "Warrant"), with each Warrant entitling the holder thereof to purchase one additional common share at \$0.60 per common share for a period of 24 months from the date of the Minsud Transaction. PSSI received a cash commission equal to 8% of the gross proceeds received from the sale of the Private Placement Units as well as Broker Warrants to acquire that number of Private Placement Units equal to 8% of the number of Private Placement Units sold under the Brokered Offering. The Agency Agreement contemplated certain adjustments to the commission rate and the number of Broker Warrants to be granted. These Broker Warrants will have a price equal to the price of the Private Placement Units. PSSI also received reimbursement for its reasonable out-of-pocket fees and expenses in connection with the Brokered Offering and a \$25,000 work and success fee.

On March 4, 2011, the Brokered Offering was partially closed with the first tranche of \$3,700,000 received for subscriptions of 9,250,000 Private Placement Units, of which \$1,202,500 was allocated to Warrants. The second tranche of the Brokered Offering closed on April 7, 2011 with \$1,809,000 received for subscriptions of 4,522,500 Private Placement Units, of which \$587,925 was allocated to Warrants. In total, 13,772,500 Private Placements Units were issued pursuant to the Brokered Offering for gross proceeds of \$5,509,000, of which \$3,718,575 was allocated to share capital and \$1,790,425 was allocated to Warrants (see note 8). Both tranches closed in escrow with the funds released to MSR on closing of the Minsud Transaction. Pursuant to the Agency Agreement, the Company paid cash commissions of \$367,960 and issued 919,900 Broker Warrants with a fair value of \$137,985 to PSSI upon the close of the Brokered Offering. Total issuance costs incurred by the Company in connection with the Brokered Offering were \$645,564, of which \$207,251 was allocated to Warrants.

The proceeds from the Brokered Offering will be used by the Company for exploration of the MSA properties and general working capital requirements. Additional amounts were allocated for costs required to complete the Minsud Transaction and for unallocated working capital. There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary in order for the Company to achieve its business objectives.

Upon completion of the transaction, the former shareholders of MSA became the controlling shareholders of the Company. For accounting purposes, MSA is the deemed acquirer and MSR and the Company the deemed acquired companies, and accordingly, MSA's balances are accounted for at cost and MSR and the Company are accounted for at fair value. Since the operations of MSR and the Company do not constitute a business, this transaction has been accounted for as a reverse takeover that is not a business combination. Therefore, the share capital and deficits of MSR and the Company as at May 10, 2011 (the "Acquisition Date") will be eliminated, the consideration transferred by MSR will be allocated to share capital, the transaction costs will be expensed and \$173,540 will be allocated to non-controlling interest.

Minsud Resources Corp. (formerly Rattlesnake Ventures Inc.)

Notes to the Condensed Interim Consolidated Financial Statements

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(All Amounts in Canadian Dollars Unless Otherwise Noted)

1. Business of the Company and Qualifying Transaction (continued)

The Acquisition-Date fair value of the consideration transferred by the Company for its interest in MSR is based on the number of equity interests MSR would have had to issue to give the owners of the Company the same percentage equity interest in the combined entity that results from the transaction described above. The fair value of the number of equity interests calculated in that way is used as the fair value of consideration transferred in exchange for MSR. An adjustment has been booked to adjust the fair market value of the Company's equity interest in MSR accordingly.

The effects of the Qualifying Transaction on the Company's issued capital is as follows:

Issued Capital	Number	Amount
Common shares of MSA outstanding at May 10, 2011	10,852,000	\$ 3,470,805
Issuance of additional shares of MSR to the shareholders of MSA	4,690,600	-
Non-controlling interest (5.0%) of MSA	(542,600)	(173,540)
Common shares of the Company outstanding at May 10, 2011	5,110,000	388,696
Exercise of Company stock options	511,000	51,100
Reduction of Company shares - post consolidation	(2,810,500)	-
Elimination of the Company's share capital at historical cost	-	(439,796)
To record the FMV of shares issued to the Company's shareholders	-	758,835
Common shares of MAI outstanding at May 10, 2011	2,550,000	510,000
Elimination of MAI share capital at historical cost	-	(510,000)
To record the FMV of shares issued to MAI's shareholders	-	510,000
Common shares issued in conjunction with a consulting services agreement	500,000	100,000
Common shares of the Company issued upon completion of Brokered Offering (\$0.40)	13,772,500	3,718,575
Share issuance costs pertaining to the Brokered Offering	-	(345,173)
Share issuance costs pertaining to the fair value of Broker Warrants	-	(93,140)
		<u>(93,140)</u>
Balance at May 10, 2011	<u>34,633,000</u>	<u>\$ 7,946,362</u>

MAI acquired 10,309,400 of the 10,852,000 outstanding common shares of MSA at May 10, 2011, representing a 95% ownership interest in MSA. On May 16, 2011, MAI subscribed for an additional 9,148,000 common shares of MSA for consideration of \$2,169,377. On December 12, 2011, MAI subscribed for an additional 7,740,000 common shares of MSA for consideration of \$1,859,823. On June 18, 2012, MAI subscribed for an additional 4,254,785 common shares of MSA for consideration of \$970,001. As at September 30, 2012, MAI held 31,452,185 of the 31,994,785 outstanding common shares of MSA, representing an ownership interest of 98.30%.

Minsud Resources Corp. (formerly Rattlesnake Ventures Inc.)

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2012

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2. Basis of Presentation and Going Concern

a) Statement of Compliance

The Company's condensed interim consolidated financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting". These condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2011, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These condensed interim consolidated financial statements have been prepared following the same accounting policies used in the preparation of the Company's audited consolidated financial statements for the year ended December 31, 2011, and were approved by the Company's Board of Directors on November 29, 2012.

The comparative figures shown throughout these consolidated financial statements are the historical results of Minera Sud Argentina S.A..

b) Going Concern

The Company has not yet established whether its mineral properties contain resources or reserves that are economically recoverable. The recovery of amounts capitalized as mineral properties is dependent upon the discovery of economically recoverable resources or reserves, the ability of the Company to arrange appropriate financing to complete the development of properties, and upon future profitable production, or alternatively, upon the Company's ability to dispose of its interests on an advantageous basis, all of which are uncertain.

The Company's ability to continue as a going concern is dependent upon, but not limited to, its ability to raise financing necessary to fund its exploration programs, maintain its mineral properties concession rights and exploration agreements with purchase options, discharge its liabilities as they become due and generate positive cash flows from operations.

These financial statements are prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of the business. Accordingly, these financial statements do not give effect to adjustments that may be necessary, should the Company be unable to continue as a going concern. If the going concern assumption is not used then the adjustments required to report the Company's assets and liabilities at liquidation values could be material to these financial statements.

The prices of metals and minerals fluctuate widely and are affected by many factors outside of the Company's control. The prices of metals and minerals and future expectation of such prices have a significant impact on the market sentiment for investment in mining and mineral exploration companies. This in turn may impact the Company's ability to raise equity financing for its long term working capital requirements.

Minsud Resources Corp. (formerly Rattlesnake Ventures Inc.)

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2012

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3. Significant Accounting Policies

The accounting policies are consistent with those of the Company's audited consolidated financial statements for the year ended December 31, 2011.

4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. The most significant judgments, estimates and assumptions include those related to the ability of the Company to continue as a going concern, recoverability of amounts capitalized as mineral properties, determinations as to whether costs are expensed or deferred, evaluation of contingencies and determination of the Company's functional currency.

Management has determined that judgments, estimates and assumptions reflected in these consolidated financial statements are reasonable.

5. Property and Equipment

As at September 30, 2012	Vehicles	Office Equipment	Other	Total
Cost				
Balance, beginning of period	\$ 116,686	\$ 24,429	\$ 3,211	\$ 144,326
Additions	40,689	128	-	40,817
Currency translation adjustments	(16,646)	(2,799)	(367)	(19,812)
Balance, end of period	140,729	21,758	2,844	165,331
Accumulated depreciation				
Balance, beginning of period	(59,509)	(14,677)	(1,165)	(75,351)
Amortization	(22,651)	(3,502)	(339)	(26,492)
Currency translation adjustments	8,333	1,914	155	10,402
Balance, end of period	(73,827)	(16,265)	(1,349)	(91,441)
Net carrying amount as at September 30, 2012	\$ 66,902	\$ 5,493	\$ 1,495	\$ 73,890

Minsud Resources Corp. (formerly Rattlesnake Ventures Inc.)

Notes to the Condensed Interim Consolidated Financial Statements

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5. Property and Equipment (continued)

As at September 30, 2011	Vehicles	Office Equipment	Other	Total
Cost				
Balance, beginning of period	\$ 47,869	\$ 14,921	\$ 1,788	\$ 64,578
Additions	74,381	4,395	1,330	80,106
Currency translation adjustments	(68)	(2)	(20)	(90)
Balance, end of period	122,182	19,314	3,098	144,594
Accumulated depreciation				
Balance, beginning of period	(38,298)	(10,366)	(729)	(49,393)
Amortization	(13,984)	(2,627)	(309)	(16,920)
Currency translation adjustments	(179)	19	(4)	(164)
Balance, end of period	(52,461)	(12,974)	(1,042)	(66,477)
Net carrying amount as at September 30, 2011	\$ 69,721	\$ 6,340	\$ 2,056	\$ 78,117

6. Mineral Properties

As at September 30, 2012	San Juan Province Chita Valley			Santa Cruz Province			TOTAL
	Brechas Vacas	Chita	Minas de Pinto	San Antonio	La Rosita	Other	
Balance, beginning of period	\$1,659,888	\$1,307,241	\$ 409,856	\$ 202,197	\$ 306,311	\$ 14,789	\$ 3,900,282
Property rights/exploration agreements	49,040	435,029	52,087	-	-	-	536,156
Exploration	195,484	426,180	126,039	13,638	436,950	8,532	1,206,823
Currency translation adjustments	(205,417)	(181,986)	(56,080)	(23,849)	(69,402)	(2,309)	(539,043)
Balance, end of period	\$1,698,995	\$1,986,464	\$ 531,902	\$ 191,986	\$ 673,859	\$ 21,012	\$ 5,104,218

As at September 30, 2011	San Juan Province Chita Valley			Santa Cruz Province			TOTAL
	Brechas Vacas	Chita	Minas de Pinto	San Antonio	La Rosita	Other	
Balance, beginning of period	\$ 930,080	\$ 330,558	\$ 63,697	\$ 145,873	\$ 98,496	\$ 7,019	\$ 1,575,723
Property rights/exploration agreements	207,748	44,664	-	194	-	8,172	260,778
Exploration	551,069	661,080	11,994	29,565	141,460	10	1,395,178
Currency translation adjustments	23,780	27,002	(230)	(1,149)	5,369	285	55,057
Balance, end of period	\$1,712,677	\$1,063,304	\$ 75,461	\$ 174,483	\$ 245,325	\$ 15,486	\$ 3,286,736

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6. Mineral Properties (continued)

Brechas Vacas Property

On September 7, 2007, the Company, through its subsidiary MSA, entered into an Exploration Agreement including a Purchase Option (the "Brechas Vacas Agreement") with the owners of the mining properties (the "BV Owners") identified as Proyecto Brechas Vacas, located 35 km from Iglesia in the Chita Valley, in the Province of San Juan, Argentina.

Pursuant to the Brechas Vacas Agreement, the BV Owners granted to the Company the irrevocable and exclusive right to evaluate, prospect and explore the properties using any method, and at the Company's sole discretion. In addition to the exploration rights, the BV Owners granted to the Company an irrevocable and exclusive option to purchase a 50% ownership interest in these properties pursuant to certain terms and conditions stated in the Brechas Vacas Agreement.

On September 6, 2011, MSA exercised its option to purchase a 50% ownership interest in these properties for consideration of US\$210,000 (\$207,748). On December 23, 2011, ownership of the properties was transferred to the Brechas Vacas Trust (the "Trust"). MSA simultaneously acquired a 50% beneficial interest in the Trust in exchange for the consideration of US\$210,000 in accordance with the terms of the option agreement dated September 7, 2007, and an extension agreement dated November 23, 2011.

The remaining 50% beneficial interest in the Trust held by the BV Owners was subject to a new exclusive and irrevocable purchase option agreement (the "Option") granted in favor of MSA. The Option provides MSA with an irrevocable and exclusive right to purchase the remaining 50% beneficial interest in the Trust in addition to the exclusive right to evaluate, prospect and explore the Brechas Vacas properties.

The Option is subject to semi-annual staggered payments to the BV Owners of US\$710,000 in aggregate commencing on July 4, 2012, and ending on December 9, 2016, in addition to an aggregate payment of US\$220,000 to be settled by the issuance of an equivalent number of common shares of the Company sometime between June 28, 2013 and December 9, 2016. The Option can be fully exercised by MSA at any time on or before June 7, 2017 (the "Expiration Date"). The Option's exercise price is US\$1,070,000 payable by cash payments of US\$535,000 and a payment of US\$535,000 to be satisfied by the issuance of an equivalent number of common shares of the Company. The issuance of common shares of the Company is subject to the Exchange's approval and will be issued at the market price as of the date any commitment becomes due. If MSA decides to exercise the Option before the Expiration Date, 75% of any outstanding payments, whether accrued or not, will be added to the final exercise price of the Option.

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6. Mineral Properties (continued)

Brechas Vacas Property (continued)

The number of common shares to be issued by the Company in connection with the payments discussed above is dependent upon the market price of the Company's shares at the time the shares are issued to the BV owners pursuant to the terms of the Option.

Once the Option is exercised and the remaining 50% of the beneficial interest in the Trust is transferred to MSA, the BV Owners will retain a 1.5% Net Smelter Return ("NSR") on the Brechas Vacas properties with Minsud having the option to purchase a 0.75% NSR, at any time, for a one-time payment of US\$750,000.

On July 4, 2012, the Company paid the first semi-annual instalment of US\$50,000 (\$50,620) to the BV Owners pursuant to the terms of the Option

Chita Property

On September 28, 2006, the Company, through MSA, entered into an Exploration Agreement including a Purchase Option (the "Chita Agreement") with the owners of the mining properties identified as Proyecto Chita, located 30 km from Iglesia, in the Chita Valley, in the Province of San Juan, Argentina.

Pursuant to the Chita Agreement, the owners granted to the Company the irrevocable and exclusive right to evaluate, prospect and explore the properties using any method, and at the Company's sole discretion. In addition to the exploration rights, the owners granted to the Company an irrevocable and exclusive option (the "Purchase Option") to purchase a 100% ownership interest in these properties pursuant to certain terms and conditions stated in the Chita Agreement.

On August 3, 2012, the Company exercised its Purchase Option to acquire a 100% interest in the Chita Property in exchange for a series of cash payments totalling US\$420,000. The Chita Property is the core property in the Company's flagship Chita Valley Project. The exercise of the Purchase Option, and the conditions under which the Purchase Option was exercised, were accepted by the owners of the Chita property.

On September 12, 2012, the ownership interest in the Chita Property was transferred to the Company by an assignment of mining rights (Cesion de Manifestaciones de descubrimiento) signed under public notary, and is now following the registration process as established by the Ministry of Mines in San Juan Province.

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6. Mineral Properties (continued)

Chita Property (continued)

In consideration for the transfer of ownership of the Chita Property, the Company has agreed to pay a total of US\$420,000, payable as follows: US\$30,000 payable in cash within ten days from the date on which the property owners accepted the Company's offer to exercise the purchase option; US\$40,000 payable in cash simultaneously with the execution of the public deed evidencing the transfer of the Chita Property to the Company; and US\$350,000 payable in ten semi-annual cash payments of US\$35,000 each, the first of which shall be payable six months after the date of execution of the above mentioned public deed. As of the date of these financial statements, the Company has made the first two payments totalling US\$70,000 (\$68,768).

A net smelter return or other similar right has not been, nor shall be, granted to the previous owners of the Chita Property.

Minas de Pinto Property

On May 7, 2010, the Company, through MSA, entered into an Exploration Agreement including a Purchase Option (the "Minas de Pinto Agreement") with the owners of the mining properties identified under the name of Proyecto Minas de Pinto, located 30 km from Iglesia, in the Chita Valley in the Province of San Juan, Argentina.

Pursuant to the Minas de Pinto Agreement, the owners granted to the Company the irrevocable and exclusive right to evaluate, prospect and explore the properties using any method, and at the Company's sole discretion. In addition to the exploration rights, the owners granted to the Company an irrevocable and exclusive option to purchase a 100% ownership interest in these properties pursuant to certain terms and conditions stated in the Minas de Pinto Agreement.

On September 12, 2012, the first addendum to the Minas de Pinto Agreement was signed to re-structure the payment schedule included in the Minas de Pinto Agreement in light of the present financial market condition. Pursuant to the first addendum, in exchange for the right to evaluate, prospect and explore the properties, the Company shall pay to the owners a series of staggered payments totalling US\$500,000, with the first payment due May 7, 2013, and the final payment due May 7, 2016.

Pursuant to the first addendum of the Minas de Pinto Agreement, if the purchase option relating to the mining properties described above were to be exercised, the Company would be required to make a payment of US\$1,335,000 at any time during the life of the agreement, but prior to May 7, 2017.

As at September 30, 2012, the Company had paid US\$165,000 (\$165,646) related to four installments as required by the Minas de Pinto Agreement.

La Rosita Property

The La Rosita Property, a gold and silver prospect in which the Company has a 100% ownership interest, is located within the Deseado Massif and the Area of Special Mining Interest of Santa Cruz Province.

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6. Mineral Properties (continued)

San Antonio Property

The San Antonio Property, a prospect in which the Company has a 100% ownership interest, is located within the Deseado Massif and the Area of Special Mining Interest of Santa Cruz Province.

Summary of Property Agreement Payments

The following chart details the agreed payments to be met before the exercise of the above options (all amounts are in United States Dollars):

Staggered payments Payable in:	Year	Brechas			Total	Brechas Vacas Shares
		Vacas	Chita	Minas de Pinto		
		Cash				
	2012	\$ 50,000	\$ -	\$ -	\$ 50,000	\$ -
	2013	100,000	70,000	125,000	295,000	40,000
	2014	140,000	70,000	75,000	285,000	40,000
	2015	170,000	70,000	150,000	390,000	60,000
	2016	200,000	70,000	150,000	420,000	80,000
	2017	-	70,000	-	70,000	-
Total staggered payments		660,000	350,000	500,000	1,510,000	220,000

Option payments Payable in:	Year	Brechas			Total	Brechas Vacas Shares
		Vacas	Chita	Minas de Pinto		
		Cash				
	2017	535,000	-	1,335,000	1,870,000	535,000
Total property payments		\$ 1,195,000	\$ 350,000	\$ 1,835,000	\$ 3,380,000	\$ 755,000

If the Company is unable to obtain sufficient United States Dollars to make the cash payments included above as a result of regulations imposed by the Argentine government as they relate to the purchase of foreign currencies, each of the Company's agreements related to the Brechas Vacas, Chita and Minas de Pinto properties include clauses that allow the payments to be made in an equivalent amount of Argentinean Pesos. Any amounts paid in Argentinean Pesos will be calculated using the official foreign exchange rate of the day immediately prior to the payment date as published by the Banco Nacion Argentina.

7. Issued Capital

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preference shares, issuable in series.

During the period ended September 30, 2012, the Company issued 5,105,266 units (pursuant to a non-brokered private placement) for proceeds of \$970,001, of which \$153,158 was allocated to common share purchase warrants ("warrants") (see note 8).

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7. Issued Capital (continued)

Each unit consists of one common share and one-half of one warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of \$0.35 per share for a period of 24 months from the date of the private placement.

In connection with the private placement, the Company paid fees of \$28,067 of which \$4,432 was allocated to warrants (see note 8).

8. Warrants

	<u>Number</u>	<u>Amount</u>
Balance - January 1, 2012	13,772,500	\$ 1,583,174
Issued for cash	2,552,633	153,158
Issuance costs	-	(4,764)
	<u>16,325,133</u>	<u>\$ 1,731,568</u>
Balance - September 30, 2012	<u>16,325,133</u>	<u>\$ 1,731,568</u>

During the period ended September 30, 2012, the Company issued 2,552,633 warrants (pursuant to a non-brokered private placement) as discussed in note 7. Each warrant entitles the holder to purchase one common share of the Company at a price of \$0.35 per share for a period of 24 months from the date of the private placement.

The fair value of the warrants was estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions:

Expected dividend yield	Nil
Risk-free interest rate	0.96%
Expected life	2 years
Expected volatility	103%*
Share price	\$0.16

*Based on volatility of comparable companies

Warrant pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's warrants.

As at September 30, 2012, the following Warrants were issued and outstanding:

- a) 13,772,500 Warrants entitling the holder to purchase one common share of the Company at \$0.60 per share at any time on or before May 10, 2013.
- b) 2,552,633 Warrants entitling the holder to purchase one common share of the Company at \$0.35 per share at any time on or before June 18, 2014.

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9. Broker Warrants

	<u>Number</u>	<u>Amount</u>
Balance - January 1, 2012 and September 30, 2012	919,900	\$ 137,985

As at September 30, 2012, the following Broker Warrants were issued and outstanding:

- a) 919,900 Warrants entitling the holder to purchase one Private Placement Unit of the Company at \$0.40 per Private Placement Unit at any time on or before May 10, 2013.

10. Stock Option Plan

On November 29, 2011 a new form of stock option plan (the "2011 Plan") was approved by the shareholders at the annual and special meeting of shareholders held that day. The 2011 Plan is a rolling stock option plan. Options to purchase up to 10% of the total number of Company Shares issued and outstanding at the date of any grant are issuable pursuant to the 2011 Plan. The 2011 Plan is a rolling plan as the number of options which may be granted pursuant to the 2011 Plan will increase as the number of the Company's shares, which are issued and outstanding, increases. If an option expires or is otherwise terminated for any reason, the number of the Company's shares in respect of that expired or terminated option shall again be available for the purposes of the 2011 Plan. Pursuant to the policies of the Exchange, the shareholders of the Company are required to approve on a yearly basis stock option plans which have a rolling plan ceiling. Options issued under the 2011 Plan are non-assignable and non-transferable and may be granted for a term not exceeding ten years. The 2011 Plan is administered by the Company's board of directors (the "Board of Directors") or a committee established by the Board of Directors for that purpose (the "Committee"). The 2011 Plan may be amended, subject to applicable regulatory and shareholder approval, or terminated by the Board of Directors or the Committee at any time, but such amendment or termination will not alter the terms or conditions of any option awarded prior to the date of such amendment or termination. Any option outstanding when the 2011 Plan is amended or terminated will remain in effect until it is exercised or expires or is otherwise terminated in accordance with the provisions of the 2011 Plan. The 2011 Plan provides that other terms and conditions, including vesting provisions, may be attached to a particular stock option at the discretion of the Board of Directors or the Committee, provided that, if required by any stock exchange on which the shares of the Company trades, options issued to consultants which provide investor relations activities must vest in stages over not less than 12 months with no more than one-quarter of the options vesting in any three-month period. All option grants are to be evidenced by the execution of an option agreement between the Company and the optionee which shall give effect to the provisions of the 2011 Plan. Options may be granted under the 2011 Plan only to directors, officers, employees and other service providers of the Company subject to the rules and regulations of applicable regulatory authorities and any Canadian stock exchange upon which the Company's shares may be listed or may trade from time to time.

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10. Stock Option Plan (continued)

The aggregate number of the Company's shares which may be reserved for issuance to any one individual under the 2011 Plan within any 12 month period shall not exceed 5% of the Company's shares issued and outstanding at the date of the grant (on a non-diluted basis). Further, the aggregate number of the Company's shares which may be reserved for issuance under the 2011 Plan: (a) to any consultant to the Company shall not exceed 2% of the number of the Company's shares issued and outstanding on the date of the grant (on a non-diluted basis) and (b) to all employees or consultants who provide investor relations activities shall not exceed 2% of the number of the Company's shares issued and outstanding on the date of the grant (on a non-diluted basis). In the event an optionee ceases to be a service provider or employee of the Company (other than by reason of death), the vested stock options will expire on the earlier of the expiry date stated in the option agreement executed in respect of such grant and one year following the date of termination. In the event of death of an optionee, all options will be automatically exercisable by the personal representatives of the optionee within, but only within, the period of one year next succeeding the optionee's death and prior to the expiry date of the option, whichever is sooner. The price at which an optionee may purchase a Company's share upon the exercise of an option will be as set forth in the option agreement executed in respect of such option and, in any event, will not be less than the market price of the Company's shares as of the date of the grant of the stock option (the "Grant Date") less any discounts from the market price allowed by the Exchange, subject to a minimum exercise price of \$0.10. The market price of the Company's shares means the closing price on the last trading day immediately preceding the Grant Date. The Company's shares will not be issued pursuant to options granted under the 2011 Plan until they have been fully paid for.

i) Movements in stock options during the period:

	Number of Options	Weighted Average Exercise Price
Balance - January 1, 2012	3,360,000	\$ 0.40
Options granted	<u>510,000</u>	<u>0.19</u>
Balance - September 30, 2012	<u><u>3,870,000</u></u>	<u><u>\$ 0.37</u></u>

a) On August 17, 2012, the Company granted 510,000 stock options to directors, officers, employees and service providers. The options have an exercise price of \$0.19 per share and shall vest as follows: one-quarter on August 17, 2012, one-quarter on February 17, 2013, one-quarter on August 17, 2013 and one-quarter on February 17, 2014. The options have a term of five years.

The fair value of these options was estimated at the grant date based on the Black-Scholes pricing model, using the following weighted average assumptions:

Expected dividend yield	Nil
Risk-free interest rate	1.15%
Expected life	5.0 years
Expected volatility	119%*
Share price	\$0.10

*Based on volatility of comparable companies

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10. Stock Option Plan (continued)

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options.

ii) Stock options outstanding at the end of the period:

Exercise Price	Options Vested	Options Unvested	Remaining Contractual Life (Years)	Expiry Date
\$ 0.40	2,295,000	765,000	3.69	June 9, 2016
\$ 0.40	75,000	-	0.03	October 10, 2012
\$ 0.40	112,500	112,500	4.07	October 26, 2016
\$ 0.19	127,500	382,500	4.88	August 17, 2017
	<u>2,610,000</u>	<u>1,260,000</u>	<u>3.80</u>	

11. Related Party Transactions and Balances

During the period ended September 30, 2012, the Company incurred the following related party transactions:

i) Transactions

- a) A total of \$5,091 in office rent expense and other minor expenses was charged by a shareholder of the Company.
- b) A total of \$105,000 was charged by the CEO of the Company.
- c) A total of \$35,734 was charged by an individual related to the Company's CEO.
- d) A total of \$33,000 of accounting and regulatory compliance fees and \$18,000 of CFO fees was charged by an accounting firm in which the Company's CFO is a partner.
- e) A total of \$61,803 was charged by the Company's Vice-President (Exploration).
- f) The amount of stock-based compensation expense for the period ended September 30, 2012, related to stock options granted to key members of management was \$146,417.

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11. Related Party Transactions and Balances (continued)

ii) Period-end balances

- a) As at September 30, 2012, accounts payable and accrued liabilities included \$311 payable to a shareholder of the Company.
- b) As at September 30, 2012, accounts payable and accrued liabilities included \$27,210 payable to an accounting firm in which the Company's CFO is a partner.
- c) As at September 30, 2012, accounts payable and accrued liabilities included \$10,850 payable to the Company's Vice-President (Exploration).

All related party transactions were in the normal course of operations.

12. Commitments

- a) On December 21, 2010 MSA entered into an exploration and drilling framework agreement with a drilling contractor (the "Contractor"), under which the Contractor agreed to make available to MSA the equipment, machinery and workforce necessary to drill up to a total amount of 6,000 metres in the mining properties to be identified by MSA. MSA has already made an advance payment of \$224,628 (the "Advance Payment"). The Advance Payment shall be proportionally offset with any invoices issued by the Contractor. As at September 30, 2012, the Company has drilled 3,360 metres and the outstanding balance of the advance payment has been reduced to \$59,472.
- b) On December 26, 2011, the Company entered into a services agreement with an effective date of June 1, 2011, with its President and CEO. Pursuant to the services agreement, an annual fee of \$140,000, consisting of salary and director's fees of MSA, will be paid in monthly instalments by MSA. The services agreement continues in effect and the parties propose to formally renew it in due course. The services agreement contains a change of control provision, where "change of control" is defined as: (a) the acquisition by a person, group of persons or person acting jointly or in concert, or persons associated or affiliated within the meaning of the Securities Act (Ontario) with any such person, group of persons or any of such persons acting jointly or in concert, of more than 50% of the votes attaching to all shares in the capital of the Company that may be cast to elect directors of the Company; or (b) the election at any meeting of shareholders of a majority of directors not recommended by management. If, within six months following a "change of control", employment of the President and CEO is terminated by the Company without cause, the President and CEO shall be entitled to a lump sum severance payment of \$280,000 and the immediate vesting of all unvested stock options.
- c) On January 24, 2012, the Company entered into a consulting agreement with a director to become the Company's Vice-President (Exploration) in exchange for an hourly fee of \$150 for office-based work on the Company's exploration program and a daily fee of \$1,000 for exploration field work. Pursuant to an amendment to this agreement signed by both parties on May 4, 2012, the monthly fees charged under this agreement can range between a minimum of \$6,000 per month and a maximum of \$8,500 per month. The agreement expires January 18, 2013, and can be extended at the discretion of the Company's Board of Directors.

Additional commitments are disclosed in note 6.

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13. Subsequent Event

Subsequent to the period ended September 30, 2012, 75,000 stock options expired un-exercised.