

**REVISED OFFERING MEMORANDUM FOR NON-QUALIFYING ISSUERS**

Originally dated: April 5, 2007

Revised: February 7, 2008

This Revised Offering Memorandum corrects the previous disclosure in our Offering Memorandum dated April 5, 2007 so that: (a) it is supported by our 43-101 Technical Report on the Granite Mountain property, dated March 20, 2007, filed on SEDAR on February 7, 2008 (see Item 2.2 *Granite Mountain Property*); (b) it provides the reader with a revised description of the Use of Proceeds, and an explanation of how the Issuer actually used the proceeds of this offering (refer to Item 1); (c) it corrects disclosure regarding our mineral properties at Items 2.2, 2.4, 2.5, 2.6 and 2.7; (d) it amends the proposed original closing date to read April 30, 2007, at Item 5.2; (e) it contains our most current financial statements for the nine months ended November 30, 2007; (f) it amends the cover page and Item 11 with regard to Purchaser Rights; and (g) it contains a newly signed and dated Certificate.

<b>THE ISSUER</b>	LINUX GOLD CORP. #240 – 11780 Hammersmith Way Richmond, BC V7A 5E9 Telephone : 604-278-5996 Fax: 604-278-3409 Email: <a href="mailto:jr@ihiway.com">jr@ihiway.com</a>
Currently listed or quoted	OTC BB: LNXGF
Reporting Issuer	British Columbia, Alberta, United States
SEDAR Filer	Yes
<b>THE OFFERING</b>	
Securities Offered:	Up to 8,000,000 Units, consisting of one treasury share of common stock and one half share purchase warrant. Two ½ warrants shall entitle the holder to purchase one additional share of common stock at a price of \$0.25 in the first year and \$0.30 in the second year from the date the units are issued.
Price per Unit:	US\$0.20 per unit (Note: All references to \$ are in U.S. dollars unless otherwise indicated)
Minimum/Maximum Offering	\$0 / \$1,600,000 <b>You may be the only purchaser.</b>
Minimum Subscription Amount	There is no minimum subscription amount an investor must invest.
Payment Terms:	Bank draft, certified cheque, personal cheque
Proposed Closing Date:	One or more dates prior to April 30, 2007. Dates may be amended.
Income Tax Consequences	There are important tax consequences to these securities. See Item 6.
Selling Agent:	None.

**RESALE RESTRICTIONS**

You will be restricted from selling your securities for 4 months and a day in Canada, or one year on the OTC BB under Regulation S or Rule 144, as applicable. See Item 10.

**PURCHASER'S RIGHTS**

You have 2 business days after receiving this Revised Offering Memorandum to cancel your agreement to purchase these Securities. If there is a misrepresentation in this revised offering memorandum, you have the right to sue either for damages or to cancel the agreement. See item 11.

**NO SECURITIES REGULATORY AUTHORITY HAS ASSESSED THE MERITS OF THESE SECURITIES OR REVIEWED THIS REVISED OFFERING MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE. THIS IS A RISKY INVESTMENT. SEE ITEM 8.**

## ITEM 1 Use Of Net Proceeds

### 1.1 Net Proceeds

The net proceeds of the offering and the funds that will be available to us after this offering are as follows:

		Assuming Minimum Offering (US\$)	Assuming Maximum Offering (US\$)
A	Amount to be raised by this offering	\$ 0	\$1,600,000
B	Selling commissions and fees	\$ 0	\$ 112,000
C	Estimated offering cost (e.g. legal, accounting, audit, etc.)	\$ 20,000	\$ 20,000
D	Net Proceeds: $D = A - (B + C)$	\$ (20,000)	\$1,468,000

### 1.2 Use of Net Proceeds

(a) How we intended to spend the net proceeds of this offering (revised):

Description of intended use of net proceeds listed in order of priority	Assuming Minimum Offering (US\$)	Assuming Maximum Offering (US\$)
Accounts payable (1)(2)	\$0	\$ 500,000
Working capital		\$ 468,000
Granite Mountain-Exploration (2)(3)	\$0	\$500,000
Commissions	\$0	\$ 112,000
Cost of offering	\$20,000	\$ 20,000

(1)The company had payables including CDN\$303,067 due to various related parties and intercompany accounts as disclosed in our financial statements for the nine months ended November 30, 2006, which were included with our original Offering Memorandum dated April 5, 2007. The payables due to related parties (and re-paid) during the three months ended May 31, 2007, immediately preceding the closing of this offering, was CDN\$434,249 (US\$398,393). These related parties waive payments until a future date, without interest, however, all or a portion of working capital and/or accounts payable may be paid to reduce the outstanding debt due to related parties. Advances from related parties may be made to the Company when the Company does not have other sources of capital available to it. All related party transactions are in the normal course of business.

(2) Also includes any residual payments for work done on the Granite Mountain property during the 2006/07 field season of approximately US / CDN \$130,000 as of November 30, 2007.

(3) We planned to commence work pursuant to the recommendations in the Phase 1 surface exploration program (See section 2.2 – Granite Mountain Property, herein.)

### Summary of Amendments made to “Use of Net Proceeds” in our April 5, 2007 Offering Memorandum

In our April 5, 2007 OM, we originally indicated that we would spend the proceeds of the offering as follows: Granite Mountain Exploration (US\$325,000); accounts payable (US\$500,000); working capital (US\$643,000); and commissions up to (US\$112,000) if the offering was fully subscribed. We have revised the proposed use of proceeds as indicated in the table above.

We also changed the order in which we proposed to spend the proceeds of this offering. At the time of the April 5, 2007 OM, we had expectations of raising enough money to make the Granite Mountain exploration our priority. Unfortunately, we only received 35% of the proposed offering (US\$565,000), which was only enough to help fund our working capital requirements.

In our April 5, 2007 OM, we had proposed to spend US\$325,000 on the Granite Mountain property, being the budget for the proposed Phase 2 exploration drilling budget. However, upon review of the recommendations in the March 20, 2007 Technical Report prepared by David D. Adams, Mr. Adams had indicated that Phase 2 is contingent upon encouraging results from Phase 1. Accordingly, we have corrected our inadvertent error and revised our Use of Proceeds to increase the amount of proceeds from the offering proposed to be used on the Granite Mountain property, and adjusted our working capital figure. Note that this updated amount of \$500,000 is in US dollars (which is presently, nearly equivalent to the Canadian Dollar conversion), and also includes payments for invoices which continued to be received for completion of work during the 2006-2007 field program, and which is also noted in the Accounts Payable portion of the Use of Proceeds. The March 20, 2007 Technical Report, authored by David D. Adams entitled "*Technical Report GM06 43-101 – Geologic Report on the Granite Mountain Property, Koyuk Mining District, Candle B-5 and C-5 quadrangles, west-central Alaska*", was filed on SEDAR on February 7, 2008.

We have also clarified the re-payment of related party debt, by including disclosure in this revised OM that the related parties waive payments until a future date, without interest, *however all or a portion of working capital and/or accounts payable may be paid to reduce the outstanding debt due to related parties. Advances from related parties may be made to the Company when the Company does not have other sources of capital available to it. All related party transactions are in the normal course of business* (refer to Note (1) to the Use of Net Proceeds Table).

#### **How we actually spent the net proceeds of this offering:**

The Company initially set out to raise US\$1,600,000 in this private placement. We did not fully subscribe this offering, receiving only US\$565,000 (CDN \$613,499), being 35% of our proposed initial maximum offering. This amount was only enough to help fund our working capital requirements and repay outstanding loans advanced to the Company from related parties totalling CDN\$434,249 (US\$398,393). These are bona fide loans, made in the normal course of business which are advanced from related parties when no other sources of capital are available to the Company (see attached interim financial statements for the period ended November 30, 2007, and refer to our interim financial statements dated August 30, 2007, filed on SEDAR on October 29, 2007).

During the nine months ended November 30, 2007, we incurred exploration expenses of \$129,984 (roughly equivalent in either US or CDN funds) on the Granite Mountain property. This represents 23% of our proposed expenditures, and is reasonably proportionate with the reduced amount of subscriptions received pursuant to this private placement.

#### **1.3            *Reallocation***

We intend to spend the available funds as stated in item 1.2 above. We will reallocate funds only for sound business reasons.

#### **1.4            *Working Capital Deficiency***

The Company does not have a working capital deficit.

## **Item 2. Business of Linux Gold Corp.**

### **2.1 Structure**

The Company was incorporated on February 27, 1979 under a perpetual charter pursuant to the British Columbia Company Act by registration of its Memorandum and Articles and was extraprovincially registered in the Province of Alberta on October 12, 1995 under the name Flame Petro-Minerals Corp. At an extraordinary general meeting held on March 15, 2000, our shareholders approved the change of name of the Company from Flame Petro-Minerals Corp. to LinuxWizardry Systems, Inc. which name change was effected on March 21, 2000. At our annual meeting of shareholders on February 20, 2003, our shareholders approved the change of name of the Company from LinuxWizardry Systems, Inc. to Linux Gold Corp., which name change was effected March 18, 2003. Our authorized capital consists of 200,000,000 Common Shares without par value.

### **2.2 Our Business**

We are an exploration stage company. We have interests in five properties with locations in Alaska, China and Canada.

We hold an option to a 100% interest in 21 units in the Bralorne/Lillooet mining division in British Columbia, called the TY Gold Property which is adjacent to our ORO Property. We also hold an option to a 100% interest in 20 units in the Bralorne/Lillooet mining division in British Columbia, called the ORO Property which is adjacent to our Ty Gold Property. We now have a total of 41 units in the Bralorne area.

We also hold a 50% interest in the Fish Creek property in Alaska, which is optioned to Teryl Resources Corp.

We hold 276 quarter-section State of Alaska mining claims at several locations near Granite Mountain on the eastern Seward Peninsula of Alaska. Most of the work on the Granite Mountain property has focused on four prospects, including the Saddle, Gossan, Gusty and Peace River prospects. The claims were staked during two campaigns: 136 claims were staked in March 2005, and an additional 140 claims were staked in August 2006. All of these claims are 100 % owned by the Company and are in good standing.

We also hold an option to purchase all the issued and outstanding shares of the private company that holds an 85% interest in a co-operative joint venture company that has an option on certain mineral exploration rights for the Bo Luo Nuo Gold Mine covering an area of 161 square kilometres in Hebei Province, People's Republic of China

Further exploration will be required before a final evaluation as to the economic and legal feasibility is determined for the above properties.

The following is a description of our principal, material properties.

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

We currently own a 50% joint venture interest in 30 state of Alaska mining claims, comprising 1,032 acres, known as the Fish Creek Prospect, located in the Fairbanks Mining District in Alaska. These claims are subject to an option agreement with Teryl Resources Corp. Teryl Resources Corp. may purchase the 5% net royalty for \$500,000 U.S. within 1 year after production on a 25% working interest. Teryl also agrees to expend a minimum of \$500,000 U.S. after three years from the date of the agreement (extended to March 7, 2009). The claims are legally maintained by recording an affidavit of annual labor for a minimum expenditure of \$100 per claim (\$3,000 total) and by paying annual rental to the State of Alaska in the amount of \$130 per claim (\$3,900 total). All mechanized exploration activity must be permitted by the Alaska Division of Mining, Alaska Department of Fish and Game, and the U.S. Corps of

Engineers. Water can be withdrawn from Fish Creek to support exploration activities with oversight from the Alaska Department of Conservation. Currently, we are permitted to conduct exploration by drilling. To the best of our knowledge, we are operating in compliance with all applicable environmental regulations. There currently are no unusual social, political or environmental encumbrances to mining on the project. We currently holds a valid exploration permit on the project. Additional permits for future work will be acquired from the Division of Mining, Alaska Department of Fish and Game, and the U.S. Corps of Engineers on an as-needed basis.

The Fish Creek project is located 25 miles north of Fairbanks in an important mining district with permissive land status and excellent road access to the property. Currently, there are only primitive trails developed within the property to access exploration sites. The project is located within metamorphic and plutonic host rocks that are similar in composition and age to rock units that contain commercially viable mineralization elsewhere in the Fairbanks Mining District. The property is also located on a drainage that was mined extensively for alluvial gold in the past both upstream and downstream of the Fish Creek project. Limited exploration conducted between 1992 and 2003 did not reveal significant bedrock exposures of mineralization, however, very widely spaced placer drilling over a large area of the property conducted in 1996 indicated the presence of placer gold in the alluvial deposits. More extensive and closer spaced placer gold drilling conducted in 2004 confirmed the presence of significant concentrations of placer gold on the claims.

Two independent technical consultants are utilized by the Company for work on the Fish Creek property. Evaluations for alluvial (placer) gold are managed by Jeff Keener of NordWand Enterprize, P.O. Box 82811, Fairbanks, Alaska, 99708, USA. Mr. Keener is a graduate of the University of Alaska, with a B.S. degree in Geology (1991). Mr. Keener is a member of the Alaska Miners Association and has applied for membership with the American Institute of Professional Geologists. From 1986 to the present he has been actively employed in various capacities in the mining industry in numerous locations in Alaska, Nevada, Arizona, and California and is recognized as an expert in the field of placer examination.

For lode gold exploration we utilize Avalon Development Corp. of Fairbanks, Alaska, to conduct any proposed exploration work on the Fish Creek Property. Mr. Curt Freeman is the President of Avalon Development Corporation, P.O. Box 80268, Fairbanks, Alaska, 99708, USA. Mr. Freeman is a graduate of the College of Wooster, Ohio, with a B.A. degree in Geology (1978), and a graduate of the University of Alaska with an M.S. degree in Economic Geology (1980). Mr. Freeman is a licensed geologist in Alaska (AA#159) and is a member of the American Institute of Professional Geologists (CPG#6901), the Society of Economic Geologists, the Geological Society of Nevada, the Alaska Miners Assoc. and the Prospectors and Developers Assoc. of Canada. From 1980 to the present, he has been actively employed in various capacities in the mining industry in numerous locations in North America, Central America, South America, New Zealand and Africa.

A ground magnetic survey was completed on the Fish Creek property on November 20, 2003 on the right limit (southeast) side of Fish Creek Valley, approximately 600 – 700 feet down-valley from the toe of the Fort Knox mine fresh water supply dam. This program was an orientation survey to test the right limit bench of Fish Creek for a suspected buried placer gold-bearing channel. Magnetic surveys of this type have been successful in locating elevated magnetic field intensities associated with the heavy, magnetic mineral concentrations often associated with placer gold accumulations. The field survey consisted of two lines with 200-foot line spacing and 10-foot station spacing, which appears to provide sufficient detail to extrapolate magnetic data between lines. Signatures from the two traverses are interpreted to cross five features, of which three have the possibility of being associated with alluvial concentrations of various characteristics. A program of additional ground magnetics surveying followed by trenching and/or large-diameter auger drilling to evaluate the two most promising alluvial gold targets was recommended for early 2004.

In May, 2004, we commenced a closely spaced magnetic survey over the previous magnetic targets that were discovered in 2003. The magnetic survey located two anomalies indicative of a potential buried placer gold bearing channel. Total cost of this program was about \$8,500.

In July, 2004, a total of 20 soil samples were collected near Odden Creek with a hand held power auger to depths from 2 to 7.5 feet. These holes were placed on a grid pattern with a hole spacing of 200 feet to test for metal anomalies and to examine bedrock chips in proximity to intrusive colluvium found at the surface and in the stream bed. Several groupings of holes were weakly anomalous in gold pathfinder elements and identified as prospective lode gold targets. Total cost of this program was \$1,800.

In September and October, 2004, a 22 hole (1,506 feet) reverse circulation drilling program was completed on the property. Twenty holes were drilled on two widely spaced lines (4,000 feet apart) to test the placer gold potential while two deeper holes were drilled near Odden Creek to test an intrusive-related lode gold target (Keener, 2005b). One of the deep holes intersected weakly anomalous concentrations of gold at a depth of 195 to 205 feet, whereas six of the twenty placer holes returned intervals with gold values in excess of 0.01 ounces of gold per cubic yard (Table 1.).

Fish Creek Hole Number	From (ft)	To (ft)	Thickness (ft)	Grade (oz/yd3)	Value (\$/yd3)
UFL2 H1	40	45	5	0.0116	4.18
UFL2 H1.5	40	45	5	0.0129	4.64
UFL2 H2	40	45	5	0.0223	8.03
UFL2 H3	40	45	5	0.0629	22.64
UFL2 H3.5	40	47	7	0.0159	5.72
UFL10 H13	52	58	6	0.0108	3.89

Table 1. Significant drill holes from the 2004 Fish Creek placer drilling program.  
Gold price used is 3-year average (2002 to 2004).

These values suggest that there is a potential to develop a commercially viable alluvial gold resource on the Fish Creek project. Total cost of the combined placer and lode drilling program was approximately \$54,000.

In the 2004 drilling program, samples were collected every five feet. Placer samples were concentrated on-site with a small hydraulic concentrator and panned to extract the visible gold. The placer gold particles were dried and weighed with a precision Haigis balance and retained in glass sample vials. Placer analysis was performed by Mr. Keener, who also is storing the gold samples and concentrate reject in his office located in Fairbanks, Alaska. Bedrock samples were collected in large sample bags and transported to the Kinross rock core storage facility in Fox, Alaska where they were subsequently transferred to Alaska Assay Laboratory for splitting and preparation. Reduced samples were sent to Nevada Assay Laboratory of Reno, Nevada to be analyzed for 69 elements by ICP-MS techniques and for gold by fire assay. The pulps and rejects are being stored by Alaska Assay Laboratory at their facility in Fairbanks, Alaska. Bedrock chip samples, collected every five feet from the two lode holes, are retained in conventional chip trays and are being stored in Mr. Keener's Fairbanks office.

In June, 2005, we commenced an auger drilling program near Too Much Gold Creek to collect soil samples from the top of bedrock. An auger track rig was used to drill 36 holes to a maximum depth of 60 feet on lines spaced 500 feet apart where holes were spaced 200 feet apart. No significant mineralization was found in the 2005 soil sampling program. Soil samples were transferred to Alaska Assay Laboratory in Fairbanks, Alaska, for preparation and were analyzed by ICP-MS for 69 elements and fire assay for gold by Reno Assay Laboratory in Reno, Nevada. Pulps and rejects are being stored by Alaska Assay Laboratory at their Fairbanks facility. The total cost for the 2005 soil sampling program was \$16,000.

Currently, there are no resources or reserves on the Fish Creek property that comply with the Canadian Institute of Mining and Metallurgy (CIM) Standards on Mineral Resources and Reserves Definitions and Guidelines adopted by CIM Council on August 20, 2000. While encouraging in its results, the drill-hole

density of the 2004 placer drilling campaign at Fish Creek was not sufficient to allow estimation of CIM compatible resources or reserves.

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

We anticipate utilizing the services of NordWand Enterprize and Avalon Development Corp. in the future to advance the exploration of the Fish Creek property. A two phase program has been recommended as follows:

1. *Phase One Infill Reverse Circulation Drilling: Infill drilling using large diameter reverse circulation methods is warranted on the property to better define the placer gold mineralization outlined in 2004. Previous experience by Keener and other operators within the Fish Creek drainage has shown that drilling is an effective method of sampling and valuating the placer deposit and provides predictable estimates of recovered gold in subsequent production. Sampling procedures similar to those utilized in 2004 should be followed. Additionally, all holes should be continued into bedrock for at least 25 feet to test for the presence of lode gold mineralization. The primary goal of this program would be to develop measured mineral resources compliant with industry criteria (CIM). A secondary goal would be to determine if significant lode gold mineralization exists in the area drilled. Recommended future work on the Fish Creek property should include drilling 20 reverse circulation drill holes (8" diameter) for a total of 1,600 feet of drilling. Construction of an all-weather creek crossing for off-road vehicles, near the mouth of Odden Creek, will facilitate this work. The estimated cost of such work is \$50,000. Fieldwork will take about one to two weeks, whereas sample analysis and reporting will take an additional two to four weeks.*
2. *Phase Two Step-out Reverse Circulation Drilling: if results of the Phase One infill drilling are encouraging, step-out drilling using large diameter reverse circulation methods is warranted, to add greater detail to the outlined mineral resource and to develop additional measured mineral resources. Recommended Phase Two work on the Fish Creek property should include drilling 55 reverse circulation drill holes (8" diameter) for a total of 4,400 feet of drilling. The estimated cost of such work is \$150,000. Fieldwork will take about two to three weeks, whereas sample analysis and reporting will take an additional four to six weeks.*

In August 2005, we commenced an extensive auger drilling program on the All Gold Creek geophysical anomaly. The auger track rig can drill up to a depth of 80', several auger drill holes are planned to test the aerial geophysical anomaly and the coincident gravity low target for future R/C drilling, based on positive results for the auger drilling program.

On October 3, 2006 we announced that six new geophysical targets were located on the Fish Creek property, near the Fort Knox Mine, in the Fairbanks Mining Division, Alaska.

Six main targets on the Fish Creek property have been identified as follows:

#### Proposed Drill Sites:

The following interpreted targets are based on linear resistivity features inferring regional structural trends. Conductive gradients at depth or along a structure suggest areas of higher fracture density. The high magnetic anomalies with good depth extent are interpreted as intrusives and the linear magnetic highs may be calc-silicates.

Proposed Drill Site 01:	Interpreted Target – Conductive Shear / High Fracture Density
Proposed Drill Site 02:	Interpreted Target – Conductive Shear / High Fracture Density
Proposed Drill Site 03:	Interpreted Target – Calc-silicate / High Fracture Density
Proposed Drill Site 04:	Interpreted Target – Calc-silicate / High Fracture Density
Proposed Drill Site 05:	Interpreted Target – Intrusive Contact / High Fracture Density
Proposed Drill Site 06:	Interpreted Target – Manto Type Magnetic Anomaly

Together with Teryl Resources Corp., we planned to implement an exploration program during the 2006/7 winter on the Fish Creek gold property. We have received permits to conduct exploration drilling on the Fish Creek property. However, due to increased exploration activities in the State of Alaska, and due to the Company being a junior mining company requiring small-scale work competing for equipment with many larger companies, we have had difficulty obtaining equipment to conduct the exploration drilling. It is our intent to complete the drilling as soon as a drill is available and the weather permits.

### ***Granite Mountain Property, Seward Peninsula, Alaska***

The following is a summary of information on our Granite Mountain property. For detailed information please see the “Technical Report GM06 43-101 – Geologic Report on the Granite Mountain Project, Koyuk Mining District, Candle B-5 and C-5 Quadrangles, West-central Alaska” prepared for Linux Gold Corp. by David D. Adams, P.Geo., dated March 20, 2007, filed on SEDAR on February 7, 2008, which is incorporated by reference in its entirety to this Offering Memorandum.

The Granite Mountain property is located in western Alaska on the extreme eastern edge of the Seward Peninsula, approximately 240km (150mi) east of Nome, Alaska, and approximately 640 km (400 mi) west of Fairbanks, Alaska.

This mineral property consists of 276 quarter-section State of Alaska mining claims fully owned by Linux Gold Corp. The claims were staked during two campaigns: 136 claims were staked in March 2005, and an additional 140 claims were staked in August 2006. All of these claims are 100 % owned by the Company and are in good standing.

Most of the work on the property has focused on four prospects, including the Saddle, Gossan, Gusty and Peace River prospects.

The Saddle prospect is located within the “K” claim block and on the divide between the headwaters of the Kiwalik River and the headwaters of south fork of Quartz Creek. The Gossan prospect is located within the “K” claim block and on the south end of Gossan Ridge, just east of where the Kiwalik River makes a sharp bend to the north. The Gusty prospect is located within the “K” claim block and on the west bank of the upper Kiwalik River, approximately 3.2km north of the Gossan prospect. The Peace River prospect is located within the “PR” claim block and on the north bank of the uppermost Peace River.

### **ACCESS, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE, AND PHYSIOGRAPHY**

Access to the Property is by fixed-wing aircraft or helicopter. The nearest population center is Nome, Alaska (population approximately 4,000), which lies on the southwest coast of the Seward Peninsula, approximately 240 km (150 mi) west-southwest of the Property. An all weather road extends from Nome to the village of Council, located approximately 130 km (80 mi) west of the property. Koyuk, located approximately 56 km (35 mi) to the south, at the mouth of the Koyuk River, is the nearest village. Buckland, another small village, is located approximately 48 km (30 mi) to the north, on the Buckland River near its mouth.



Several winter trails extend towards the Property from Koyuk, Council and Kiwalik Lagoon. These may be used for winter equipment travel, with appropriate permits from regulatory agencies. There is also a fifty foot easement along the Koyuk River, passing through private lands, and extending from Koyuk to Dime Landing. There is a well-established, ridgeline tractor trail on part of the project, extending from lower Bear Creek to the headwaters of Quartz Creek.

Several airstrips, largely maintained by local miners, provide potential points of access to the Property. There is a 762 m (2,500 ft) airstrip on Bear Creek, near the mouth of Bob Creek, approximately 16 km (10 mi) from the central portion of the Property. This airstrip was the location of the exploration base camp for the 2006 field season.

The Property is characterized by tundra and talus covered hills and ridges with very limited outcrop. Elevations vary from a minimum of 450 ft along the Kiwalik River to a maximum of 2,100 ft just north of Granite Mountain. Valley floors are narrow, and drainages are believed to have been initiated by the most recent alpine glaciation. In some cases drainages appear to be controlled by regional scale fault structures. The climate is semi-arid with short moderate summers and long cold winters, typical of sub-arctic, interior Alaska. The area is typically covered with snow from mid-September until mid-June. The Property is above tree line with little or no vegetation other than typical alpine tundra on the slopes and ridgelines, and minor alder and willows along some stream banks.

## GEOLOGIC SETTING

This portion of Alaska, and the Property in general, is comprised largely of Cretaceous volcanic rocks locally intruded by mid to late Cretaceous plutons. Metamorphic rocks become increasingly abundant west of the Property, within the Seward Peninsula proper, and un-metamorphosed sedimentary rocks predominate east of the Property, within the Koyukuk basin on mainland Alaska. Early Cenezoic volcanic rocks are also prevalent in the region, although these are not common within the Property.

The Property lies entirely within an isolated portion of the Koyukuk terrane (KT) which is surrounded by widespread Early Cenezoic basalt fields with no terrane affinity. The property lies less than 5 km east of a major tectonic boundary with the Seward terrane (ST).

## DEPOSIT TYPES AND MINERALIZATION

The Saddle, Gossan and Gustý prospects occur along a north-northwest trend of polymetallic (Pb-Zn-Sb-Cu-Mo-Ag-Au-Sn-W) mineralization known as the "Kiwalik trend". Mineralization at these prospects is thought to be related to emplacement of the Quartz Creek quartz monzonite pluton. The Peace River prospect is characterized by slightly different polymetallic (Mo-Pb-Cu-Th-U-W) mineralization, and is thought to be related to emplacement of a syenite phase of the Granite Mountain pluton. Evidence from both areas suggest affinities with sub-volcanic porphyry systems which produced local pluton-hosted, disseminated mineralization, proximal mineralized breccias, and distal vein deposits. Limited mineralogical evidence exists for locally developed high sulfidation epithermal mineralization.

## EXPLORATION

### 2005 Exploration

During August 2005 a three week reconnaissance exploration program was conducted utilizing a five-person crew to complete reconnaissance mapping and rock, soil and stream sediment/pan concentrate sampling. This work was conducted from a camp located on the southwest flank of Granite Mountain, near the Granite Mountain airstrip, which was used for fixed-wing support out of Nome. A Robinson R-44 helicopter was used for some logistical support, and ATVs were used extensively. The crew consisted of Jeff Keener, Diane Minehane, Robert Murray, Peter Williams and Robert Grunditz. A total of 93 rock samples, 115 soil samples, 35 stream sediment samples and 21 pan concentrate samples were collected. Reconnaissance grab rock sampling was completed on several previously known prospects and new

occurrences discovered during the program. Soil sampling was completed using shovels to dig shallow pits approximately 1 – 2 ft deep. Reconnaissance soil sampling was completed along several ridgelines, and two soil sample grids were completed. The Gossan soil grid (76 samples) was established using sample and line spacings of 100m. The Peace River soil grid (33 samples) was established using sample spacing of 100m and line spacing of 200m. Stream sediment samples were collected on upper tributaries of the Kiwalik River at spacings of approximately 800m; pan concentrate samples were collected at some of the stream sediment sample sites where hydraulic conditions appeared amenable to heavy mineral accumulation.

## 2006 Exploration

During August and September 2006, additional work was completed by contractors during a six week field program which included geochemical sampling, geologic mapping, geophysical surveys and exploratory drilling. This program was completed by a 12-person crew based out of a camp located at the airstrip on lower Bear Creek, just north of Bob Creek. The field crew consisted of: soil samplers and field assistants Tom Waters, Trent Hubbard, Dylan McFarlane and Merlin Henry; geologists Jeff Keener, Robert Murray, Diane Minehane, and David Adams; drillers Shane Brink and Eric Rice; drill helpers Robert Adams, Trevor Oester, and Steven Kamiktoak; helicopter pilot Mike Loau; helicopter mechanic Brian; and cook Gene Lane. A Hughes 500 helicopter contracted from Last Frontier Helicopters, of Palmer, Alaska, was used to transport the crew to and from the project and to support drilling operations. Bering Air was used for charter fixed-wing support to and from Nome, including supplies and fuel delivery, using either a Caravan or Cessna 207.

## 2006 Reconnaissance Exploration

Reconnaissance exploration on the Property during 2006 consisted of geologic mapping, rock sampling (58 samples), and grid-based soil sampling (580 samples). Very little time was spent on reconnaissance mapping and rock sampling since drilling was the main emphasis of the program. Rock sampling and geologic mapping was completed at the Saddle prospect, at the Peace River prospect, and at several other locations along the south fork of Quartz Creek and elsewhere on the property. Soil sampling (148 samples) was completed on an extension of the previously established "Gossan grid", on the newly established "Gusty grid" (166 samples), and on the newly established "Saddle grid" (288 samples). All three grids utilized sample and line spacings of 100m. Soil sampling was completed using a Tanaka power auger equipped with a 3.5 ft flight and specialized bit designed for soil sampling.

## 2006 Exploratory Drilling

Exploratory drilling commenced on the Property during 2006. This drilling consisted of diamond core drilling of 2,971 ft (905.6m) in 4 drill holes at three prospects, including the Saddle, Gossan and Gusty prospects. One drill hole (KW06-03) was completed on the Saddle prospect to a depth of 499ft (152.1m). Two drill holes (KW06-1 and KW06-04) were completed on the Gossan prospect to depths of 880ft (268.2m) and 825ft (251.5m). One drill hole (KW06-02) was completed on the Gusty prospect to a depth of 767ft (233.8m).

## 2006 Geophysical Surveys

Three ground magnetometer survey lines were completed on the Property in 2006, including one line on the Saddle prospect and two lines on the Gusty prospect.

## Drilling

Drilling during 2006 consisted of diamond core drilling of 905.6m (2,971ft) in four drill holes at the Gossan, Gusty and Saddle prospects. Core recovery and rock quality data for the 2006 drilling program verifies the very poor ground conditions, particularly at lower elevations. Three drill sections were constructed to interpret the results of the 2006 diamond core drilling. Section A-A', at the Gossan

prospect, shows drill holes KW0601 and KW0604; Section B-B', at the Gusty prospect, shows drill hole KW0602; and Section C-C', at the Saddle prospect, shows drill hole KW0603.

Exploration and development activities, require permits from various foreign, federal, state and local governmental authorities. To the best of our knowledge, we are operating in compliance with all applicable environmental regulations. There currently are no unusual social, political or environmental encumbrances to mining on the project. Linux currently holds a valid Hardrock Exploration Permit on the project. Additional permits for future work will be acquired from the Alaska Department of Natural Resources on an as-needed basis.

We plan to commence work pursuant to the recommendations in the Phase 1 surface exploration program set out at Item 22 of the March 20, 2007 Technical Report upon receipt of required permits and receipt of capital raised through this offering and/or other means.

### ***2.3 Development of Business***

Since our inception and during the two fiscal years ending in February 2006, we had been involved in oil and gas exploration/production and mineral property development. We have investigated several mineral properties in Canada, the United States and more recently in China.

We are currently in the development stage and equity financing is required to continue development and commercial exploitation of the software. As a result of the uncertainty that is typical in a development stage company there is doubt about our ability to continue as going concern as ultimate success will be based on securing adequate equity financing and/or the attainment of a commercially profitable business.

### ***2.4 Long Term Objectives***

Our principal long term objectives are to joint venture and explore our mineral properties in Northern B.C., Alaska and China. The Company has acquired a 100% interest in the TY and ORO properties in B.C. and has a 50% interest in the Fish Creek property in Alaska, which is optioned to Teryl Resources Corp. We acquired an option to earn a 100% in the private company that has a Co-Operative joint venture on several known gold zones with Bo Luo Nuo Wang Yuan Gold Mine Company in the Hebei Province, China. We hold 276 quarter-section State of Alaska mining claims in western Alaska, near Granite Mountain on the eastern Seward Peninsula.areas.

Our long term goal is to raise capital to further develop the Granite Mountain property or the Company will investigate entering into a joint venture agreement where the joint venture partner will pay the costs required pursuant to the March 20, 2007 43-101 Technical Report.

### ***2.5 Short Term Objectives and How We Intend to Achieve Them***

Our business objective for the next 12 months is to complete this offering and to continue the exploration program on the Granite Mountain property as stated in our Phase 1 surface exploration program as set out in the recommendations in our March 20, 2007 43-101 Technical Report.

The following table discloses how we intend to meet those objectives for the next 12 months.

What we must do and how we will do it	Target completion date or, if not known, number of months to complete	Our cost to complete (US)
Conduct a surface exploration program .	Proposed for completion during the summer months of 2007.	\$500,000

## ***2.6 Insufficient Proceeds***

The proceeds of the offering will not be sufficient to accomplish all of our proposed objectives and there is no assurance that alternative financing will be available. Additional financing will be required to complete the sampling program. Funds may be raised through additional financing, or in the event that the Warrants which make up the Units, are exercised, in which case up to an additional \$1,000,000 to \$1,200,000, dependant upon the exercise price of the warrants, may be raised which would be sufficient to finance the sampling program.

## ***2.7 Material Agreements***

The following summarizes the material agreements to which we are a party:

### **Fish Creek Joint Venture Agreement**

The Company owns a 50% joint venture interest in 30 claims located in the Fairbanks Mining Division, Alaska, USA, known as the Fish Creek Claims. During fiscal 2003, the Company optioned its 50% interest in the 30 Fish Creek Claims to Teryl Resources Corp. ("Teryl") (a related company). Under the terms of the agreement, Teryl issued 200,000 common shares to the Company at a fair value of \$80,000 and must expend \$500,000 over three years. The Company retained a 5% net royalty interest, until US\$2,000,000 has been received, and may convert into a 25% working interest. The Company entered into an amending agreement with Teryl to extend the term of the original agreement until March 7, 2007, in which Teryl issued 100,000 common shares to the Company, and also agreed to expend a minimum of US\$500,000 within two years from the date of this amending agreement. All other terms of the original agreement remain the same. On March 5, 2007, the Company entered into a further amending agreement with Teryl to extend the term of the original of the original agreement until March 5, 2009, in which all other terms of the original agreement remain the same.

## Item 3 Directors, Management, Promoters and Principal Holders

### 3.1 Compensation and Securities Held

The following table provides the specified information about each director, officer and promoter of the Company and each person who, directly or indirectly, beneficially owns or controls 10% or more of any class of voting securities of the Company (a "principal holder"). If the principal holder is not an individual, we have stated in a note to the table the name of any person or company that, directly or indirectly, beneficially owns or controls more than 50% of the voting rights of the principal holder.

Name and municipality of principal residence	Positions held (e.g., director, officer, promoter and/or principal holder) and the date of obtaining that position	Compensation paid by issuer in the most recently completed financial year and the compensation anticipated to be paid in the current financial year	Number, type and percentage of securities of the issuer held after completion of min. offering	Number, type and percentage of securities of the issuer held after completion of max. offering
<b>John Robertson</b> Richmond, B.C.	President, CEO and Chairman of the Board and Director of the Company since 1979; President of Reg Technologies since 1984; of SMR Investments Ltd. since 1979, of Rand Energy Group Inc. since 1993, of Access Information Services Inc. since 1993, President of Teryl Resources Corp., President of REGI U.S., Inc., President of IAS Communications, Inc., of Information-Highway.com, Inc. since 1995.	(3) (4) / (3) (4)	1,426,156 common shares (directly) 8,482 common shares (indirectly) (1) 2.0%	1,434,638 common shares (1) 1.9%
<b>Jennifer Lorette</b> Richmond, B.C.	Became a director of the Company on November 2, 2000; Director and Vice President of Teryl Resources Corp. since 2001; Vice President of Administration and Secretary of Reg Technologies Inc. since 1994 and a director and Secretary of the Reg Technologies Inc. since 2001 Vice President of REGI U.S., Inc. Secretary and director of Information Highway.com, Inc.; and Secretary of IAS Communications, Inc.	Nil / Nil	88,100 common shares 0.2%	88,100 common shares 0.2%
<b>Susanne Robertson</b> Richmond, B.C.	Became a director of the Company in August 2001; Businesswoman; Director of Teryl Resources Corp., Director of SMR Investments Ltd., and Director of Reg Technologies Inc.	Nil / Nil	797,000 common shares (directly) 4,666,772 common shares (indirectly) (2) 7.6%	5,463,772 (2) 7.6%
<b>Monique van Oord</b> North Vancouver, BC	Director of Teryl Resources Corp. Became a director of the Company in August 2004; Businesswoman.	Nil / Nil	25,000 common shares	25,000 common shares

- (1) includes 8,482 common shares registered in the name of Access Information Services, Ltd., a corporation controlled by the Robertson Family Trust. Mr. Robertson is one of three trustees of the Robertson Family Trust, which acts by the majority vote of the three trustees. Mr. Robertson disclaims beneficial ownership of the shares owned or controlled by the Robertson Family Trust.

- (2) includes 4,666,772 common shares registered in the name of SMR Investments Ltd.
- (3) The Company accrued \$12000 as a Director's fee payable to the President of the Company
- (4) Pursuant to a management services agreement, the Company accrued management fees of \$30,000 and rent of \$6,000 to a company controlled by the President of the Company.

Current information regarding the securities held by directors, senior officers and principal holders can be obtained from the SEDI website at [www.sedi.ca](http://www.sedi.ca). The Company cannot guarantee the accuracy of this information.

**3.2 Management Experience** - The following table discloses the principal occupations of the directors and senior officers over the past five years. In addition, for each individual, we have described any relevant experience in a business similar to the issuer's.

Name	Principal occupation and related experience (see above)
<b>John Robertson</b>	Businessman
<b>Jennifer Lorette</b>	Businesswoman
<b>Susanne Robertson</b>	Businesswoman
<b>Monique van Oord</b>	Businesswoman

### **3.3 Penalties, Sanctions and Bankruptcy**

There have been no penalties or sanctions that have been in effect during the last 10 years against any director, senior officer or control person of the issuer, or an issuers of this a person or company referred to above was a director, senior officer or control person at the time.

Further, there has been no declaration of bankruptcy, voluntary assignment in bankruptcy, proposal under any bankruptcy or insolvency legislation, proceedings, arrangement or compromise with creditors or appointment of a receiver, receiver manager or trustee to hold assets, that has been in effect during the last 10 years with regard to any (i) director, senior officer or control person of the issuer, or (ii) issuer of which a person or company referred to in (i) above was a director, senior officer or control person at that time.

## **Item 4: Capital Structure**

### **4.1 Share Capital – Outstanding Securities**

The following represents the outstanding securities of the issuer (including options, warrants and other securities convertible into shares) other than debt:

Description of security	Number authorized to be issued	Number outstanding as at [a date not more than 30 days prior to the offering memorandum date]	Number outstanding after min. offering	Number outstanding after max. offering
Common	200,000,000	72,775,089	72,775,089	80,775,089
Options	7,277,508	2,443,750	2,443,750	2,443,750
Warrants	N/a	4,811,427	4,811,427	8,811,427

## 4.2 Long Term Debt

We have no long-term debt.

## 4.3 Prior Sales

The issuer has issued the following securities of the class being offered under the offering memorandum (or convertible or exchangeable into the class being offered under the offering memorandum) within the last 12 months:

Date of issuance	Reason for Issuance	Type of security issued	Number of securities issued	Price per security	Total funds received (US \$)
April 2, 2007	Convertible Debenture - Conversion	Common Shares	695,838	US\$0.2017	N/a
March 30, 2007	Exercise of Options	Common Shares	62,500	US\$0.10	US\$6,250
March 1, 2007	Convertible Debenture - Conversion	Common Shares	616,652	US\$0.2276	n/a
March 1, 2007	Exercise of Option	Common Shares	150,000	US\$0.10	US\$1,500
February 22, 2007	Exercise of Warrant	Common Shares	50,000	US\$0.25	US\$12,500
February 20, 2007	Exercise of Warrant	Common Shares	2,500	US\$0.25	US\$625
February 1, 2007	Convertible Debenture - Conversion	Common Shares	614,492	US\$0.2284	n/a
December 14, 2006	Convertible Debenture - Conversion	Common Shares	701,751	US\$0.40	n/a
December 1, 2006	Convertible Debenture - Conversion	Common Shares	701,751	US\$0.40	n/a
November 1, 2006	Convertible Debenture - Conversion	Common Shares	334,166	US\$0.40	n/a
October 11, 2006	Exercise of Stock Options	Common Shares	12,500	US\$0.10	US\$1,250
September 7, 2006	Convertible Debenture - Conversion	Common Shares	52,631	US\$0.40	n/a
September 6, 2006	Convertible Debenture - Conversion	Common Shares	181,285	US\$0.40	n/a
August 10, 2006	Exercise of Stock Options	Common Shares	55,000	US\$0.18	US\$9,900
August 2, 2006	Exercise of Stock Options	Common Shares	6,250	US\$0.20	US\$1,250
June 6, 2006	Exercise of Stock Options	Common Shares	150,000	US\$0.30	US\$45,000
May 15, 2006	Exercise of Stock Options	Common Shares	25,000	US\$0.10	US\$1,250
May 11, 2006	Exercise of Stock Options	Common Shares	6,250	US\$0.10	US\$625
April 26, 2006	Exercise of Stock Options	Common Shares	12,500	US\$0.10	US\$1,250
April 20, 2006	Exercise of Stock Options	Common Shares	6,250	US\$0.20	US\$1,250
April 17, 2006	Exercise of Stock Options	Common Shares	50,000	US\$0.10	US\$5,000

## **Item 5 Securities Offered**

**5.1 Terms of Securities-** The material terms of the securities being offered are as follows:

Units, consisting of one treasury share of common stock and one half share purchase warrant. Two ½ warrants shall entitle the holder to purchase one additional share of common stock at a price of \$0.25 in the first year and \$0.30 in the second year from the date the units are issued.

The Warrants forming part of the Units will contain, among other things, provisions for appropriate adjustment in the class, number and price of shares issuable pursuant to any exercise thereof upon the occurrence of certain events, including any subdivision, consolidation or reclassification of the common shares of the Issuer, the payment of stock dividends or the amalgamation of the Issuers. The Warrants will be non-transferable.

### **5.2 Subscription Procedure**

If you wish to subscribe for any of the Units being offered by the Issuer, you must execute and deliver to the Issuer at 240 – 11780 Hammersmith Way, Richmond, B.C. V7A 5E9 the following:

1. A completed Subscription Agreement
2. A completed copy of a Risk Acknowledgement (Form 45-106F4) – you should keep a signed copy of this form
3. A certified cheque or bank draft in the amount of your investment payable to “Linux Gold Corp.”

We will hold your subscription funds in trust until midnight on the second business day after the day on which we received your signed subscription agreement.

We have the right to accept or reject subscriptions in whole or in part at our discretion and to close the subscription books at any time without notice. If we determine not to accept your subscription, we will promptly return your subscription funds.

We expect to close the offering before April 30, 2007. However, we may close the offering on an earlier or later date as we may determine.

At the closing of the offering we will deliver to you certificates representing fully paid and non-assessable common shares and warrants, provided you have paid the subscription price in full.

## **Item 6 Income Tax Consequences and RRSP Eligibility**

- 6.1 You should consult your own professional advisers to obtain advice on the tax consequences that apply to you.
- 6.2 There are no material income tax consequences relating to an investment in the Units offered hereunder.
- 6.3 Not all securities are eligible for investment in a registered retirement savings plan (RRSP). You should consult your own professional advisers to obtain advice on the RRSP eligibility of these securities.



## **Item 7 Compensation Paid to Sellers and Finders**

We agree to pay a cash fee or compensation to persons who may introduce investors to the Company, in accordance with securities laws. This fee is generally eight percent (8%) of the total subscription received. If this Offering is fully subscribed, we may pay up to US\$80,000 in finder's fees.

## **Item 8 Risk Factors**

### **Investment Risks:**

#### **Our Securities are Speculative**

The purchase of these Units is highly speculative. You should buy them only if you can bear the risk of losing some or all of your investment and do not need immediate liquidity from your investment. An investment in the Units should not constitute a major portion of your portfolio. You should consult your own independent advisors as to the tax, business and legal considerations of an investment in our securities.

#### **Lack of Active Liquid Market**

Although our securities trade on the OTC BB, there may not always be an active liquid market for our securities meaning you may not be able to sell them when you want or at all or you may not be able to sell them at a price that you believe reflects the value of your securities.

**Volatility of The Over-the-Counter Bulletin Board ("OTC BB") may adversely affect the price of the Common Stock.** Certain stocks listed on the OTC BB have recently experienced significant price and volume fluctuations and decreases which have adversely affected the market price of our and other stocks listed on the OTC BB without any regard to the underlying fundamentals of such stocks. These broad market fluctuations, which may occur in the future, may continue to adversely affect the market price of the Common Stock.

#### **Resale Restrictions**

The Units offered hereunder are subject to certain statutory hold periods. See Item 10. There can be no assurances as to the market for the shares following the expiration of the hold period.

### **Issuer Risks:**

**Our Limited and Changing Operating History.** We initially focused the business of the Company on natural resource development. We changed direction becoming involved in the information technology industry to take advantage of the booming technology sector and the declining precious metals markets. We were not successful in that industry segment. We have returned our focus on mining and exploration.

**Financing Risks.** There is no assurance that we will be able to secure the financing necessary to explore, develop and produce our mineral properties.

We do not presently have sufficient financial resources or operating cash-flow to undertake solely all of our planned exploration and development programs. The development of our properties may therefore depend on obtaining a joint venture partners, and on our ability to obtain additional required financing.

There is no assurance we will be successful in obtaining the required financing, the lack of which could result in the loss or substantial dilution of our interests (as existing or as proposed to be acquired) in our properties as disclosed herein. In addition, we have no experience in developing mining properties into production and its ability to do so will be dependent upon securing the services of appropriately experienced personnel or entering into agreements with other major mining companies which can provide such expertise.

Our ability to continue as a going concern is dependent on continued financial support from our shareholders and other related parties, our ability to raise equity capital financing, and the attainment of

profitable operations, external financings and further share issuance to satisfy working capital and operating needs.

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

**We do not expect to pay cash dividends.** We intend to retain any future earnings to finance our business and operations and any future growth. Therefore, we do not anticipate paying any cash dividends in the foreseeable future.

**Potential lack of attractive investment targets.** Continued volatility of stock prices on the OTC BB may have a material adverse effect on our ability to raise capital on the OTC BB or by private investment, and the price of our common stock could fluctuate substantially.

**Conflict of Interest.** Some of our current officers and directors have other unrelated full-time positions or part-time employment. Some officers and directors will be available to participate in management decisions on a part-time or as-needed basis only. Our management may devote its time to other companies or projects which may compete directly or indirectly with us.

### **Industry Risks:**

**Exploration and Development Risks.** There is no assurance given by the Company that our exploration and development programs and properties will result in the discovery, development or production of a commercially viable ore body. The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. At present, none of the Registrant's properties have defined ore bodies with reserves and resources, and the proposed exploration programs are an exploratory search for ore. There is no assurance that our mineral exploration and development activities will result in any discoveries of bodies of commercial ore.

Unusual or unexpected geological structures or formations, fires, power outages, labour disruptions, floods, explosions, cave-ins, land slides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the operation of mines and the conduct of exploration programs. We have relied and may continue to rely upon consultants and others for construction and operating expertise. The economics of developing gold and other mineral properties are affected by many factors including capital and operating costs, variations of the grade of ore mined, fluctuating mineral markets, costs of processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. Depending on the price of gold or other minerals produced, we may determine that it is impractical to commence or continue commercial production. Substantial expenditures are required to establish reserves through drilling, to develop metallurgical processes to extract metal from ore and to develop the mining and processing facilities and infrastructure at any site chosen for mining.

No assurance can be given that funds required for development can be obtained on a timely basis. The marketability of any minerals acquired or discovered may be affected by numerous factors which are beyond our control and which cannot be accurately foreseen or predicted, such as market fluctuations, the global marketing conditions for precious and base metals, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting minerals and environmental protection.

**Estimates of Mineral Deposits.** There is no assurance that any estimates of mineral deposits herein will not change. Although all figures with respect to the size and grade of mineralized deposits included herein have been carefully prepared by the Company, or, in some instances have been prepared, reviewed or verified by independent mining experts, these amounts are estimates only and no assurance can be

given that any identified mineralized deposit will ever qualify as a commercially viable mineable ore body that can be legally and economically exploited.

**Mineral Prices.** There is no assurance that mineral prices will not change. The mining industry is competitive and mineral prices fluctuate so that there is no assurance, even if commercial quantities of a mineral resource are discovered, that a profitable market will exist for the sale of same.

**Title Opinions.** The existence of title opinions should not be construed to suggest that we have good and marketable title to all of our properties. We follow the usual industry practice in obtaining title opinions with respect to our lands. No examination has been made of the ground to determine if the Fish Creek Claims has been staked or assessment work carried out.

**Regulatory Approvals.** Our operations require the procurement of numerous permits and compliance with an extensive number of codes and regulations. Mining, exploration and exploitation permits are required. While we believe that all requirements in this regard have been met, failure to comply with regulatory requirements could result in permits being withdrawn or suspended. Further, changes in these regulations or in their application may adversely affect our operations.

**Environmental Issues.** We must comply with environmental laws and regulations. There can be no assurance that violations will not occur. In the event of a future violation of environmental laws we could be held liable for damages and for the costs of remedial actions. Environmental laws could become more stringent over time imposing greater compliance costs and increasing risks and penalties associated with a violation.

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

## **Item 9 Reporting Obligations**

### **9.1 Documents**

We will send you the following documents if you own common shares of the Company:

- Audited annual financial statements together with management's discussion and analysis of our performance during the year
- Management Proxy and Information Circulars for annual general meetings of our shareholders
- Interim financial statements together with management's discussion and analysis of our performance during the period, provided you have completed the request form for this purpose.

### **9.2 Corporate or Securities Information**

Additional information about our company is available on the SEDAR website at [www.sedar.com](http://www.sedar.com) and the United States Securities and Exchange Commission website via EDGAR [www.sec.gov](http://www.sec.gov).

## **Item 10 Resale Restrictions**

### **Limited Transferability of Securities**

This Offering is being made on a private placement basis to investors who are eligible to purchase the Units on an exempt basis under, and subject to compliance with, applicable securities laws. Under applicable securities laws, all of the Units being offered hereby (the "Offered Securities") will be subject to restrictions on resale until such time as:

- (a) the appropriate “hold periods” have been satisfied and the holder of the Offered Securities has complied with other applicable requirements, including the filing of appropriate reports pursuant to applicable securities legislation;
- (b) a further statutory exemption may be relied upon by the holder of the Offered Securities;  
or
- (c) an appropriate discretionary order is obtained pursuant to applicable securities laws.

The foregoing is a summary only of resale restrictions relevant to subscribers of Units offered hereby. Therefore, all Subscribers under the Offering should consult with their legal advisors to determine the extent of the applicable hold period and the possibilities of utilizing any further statutory exemptions or the obtaining of a discretionary order.

It is the responsibility of each individual subscriber to ensure that all forms required by the applicable securities legislation are filed as required upon disposition of the Offered Securities.

The Units have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States unless registered under the U.S. Securities Act and the securities laws of all applicable states of the United States or an exemption from such registration requirements is available. As a result, the Units may be offered, sold or otherwise transferred only (A) to the Company, (B) outside the United States in accordance with Regulation S, or (C) inside the United States in accordance with (i) the exemption from registration under the U.S. Securities Act provided by Rule 144, or (ii) another applicable exemption from registration under the U.S. Securities Act and any applicable state securities laws, as evidenced by an opinion of counsel of recognized standing in form acceptable to the Company.

The exemptions from registration and/or qualification relied upon by the Company for this Offering may be dependent, in part, upon the “investment intent” of the Investor and would not be available if any Investor were acquiring the Securities with a view to further sale or distribution. Therefore, all such Securities cannot be resold unless they are subsequently registered and/or qualified, or there are available exemptions from such registration and/or qualification requirements. The Company reserves the right to require an opinion of legal counsel satisfactory to it regarding the availability of resale exemptions to be provided by a proposed seller of such Securities.

Rule 144 under the Securities Act permits the public resale of Securities under certain conditions after a one-year holding period by the Investor, including requirements with respect to the manner of sale, sales volume restrictions, filing requirements and a requirement that certain information about the Company is publicly available. A non-affiliate of the Company who has held and fully paid for such Securities for two years may resell them without restrictions. In addition to the foregoing requirements of Rule 144 under the federal securities laws, the various state securities laws may impose further restrictions on the ability of a holder to sell or transfer the Shares.

**INVESTORS CONTEMPLATING A PURCHASE OF UNITS PURSUANT TO THIS OFFERING SHOULD SEEK INDEPENDENT LEGAL ADVICE REGARDING THE EFFECT OF THESE RESTRICTIONS.**

10.1 For trades in Alberta, British Columbia, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Prince Edward Island, Québec and Saskatchewan, these securities will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, you will not be able to trade the securities unless you comply with an exemption from the prospectus and registration requirements under securities legislation.

10.2 Restricted Period - For trades in New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Prince Edward Island, Québec and Saskatchewan, unless permitted

under securities legislation, you cannot trade the securities before the date that is 4 months and a day after the date Linux Gold Corp. becomes a reporting issuer in any province or territory of Canada.

For trades in Alberta, British Columbia unless permitted under securities legislation, you cannot trade the securities before the date that is 4 months and a day after the distribution date.

**Manitoba Resale Restrictions** - For trades in Manitoba, if the issuer will not be a reporting issuer in a jurisdiction at the time the security is acquired by the purchaser :

Unless permitted under securities legislation, you must not trade the securities without the prior written consent of the regulator in Manitoba unless

- (a) Linux Gold Corp. has filed a prospectus with the regulator in Manitoba with respect to the securities you have purchased and the regulator in Manitoba has issued a receipt for that prospectus, or
- (b) you have held the securities for at least 12 months.

The regulator in Manitoba will consent to your trade if the regulator is of the opinion that to do so is not prejudicial to the public interest.

### **Item 11 *Purchasers' Rights***

**You have 2 business days after receiving this Revised Offering Memorandum to cancel your agreement to purchase these Securities.**

If you purchase these securities you have certain rights, some of which are described below. For information about your rights, you should consult a lawyer.

1. **Two-Day Cancellation Right** – You can cancel your agreement to purchase these securities. To do so, you must send a notice to us by midnight on the 2<sup>nd</sup> business day after you sign the agreement to buy the securities.
2. **Statutory Rights of Action in the Event of a Misrepresentation** – If there is a misrepresentation in this Revised Offering Memorandum you have a right to sue:
  - a) The Company to cancel your agreement to buy these securities, or
  - b) For damages against the Company, every person who was a director of the Company at the date of this Revised Offering Memorandum and every other person who signed this Revised Offering Memorandum.

If you elect to exercise your right of rescission against the Company, you will not have the right of action for damages.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defenses available to the persons or companies that you have a right to sue. In particular, they have a defense if you knew of the misrepresentation when you purchased the securities.

In the case of an action for damages, the Company will not be liable for all or any part of the damages that it proves does not represent the depreciation in value of the securities resulting from the misrepresentation and in no case will the amount exceed the price at which the securities were offered to you under this Revised Offering Memorandum.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after you signed

the agreement to purchase the securities. You must commence your action for damages within the earlier of 180 days after learning of the misrepresentation and 3 year after you signed the agreement to purchase the securities.

**3. Contractual Rights of Action in the Event of a Misrepresentation** - If there is a misrepresentation in this revised offering memorandum, you have a contractual right to sue the Issuer:

- (a) to cancel your agreement to buy these securities, or
- (b) for damages.

This contractual right to sue is available to you whether or not you relied on the misrepresentation. However, in an action for damages, the amount you may recover will not exceed the price that you paid for your securities and will not include any part of the damages that the Issuer proves does not represent the depreciation in value of the securities resulting from the misrepresentation. the Issuer has a defence if it proves that you knew of the misrepresentation when you purchased the securities.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after you signed the agreement to purchase the securities. You must commence your action for damages within the earlier of 180 days after learning of the misrepresentation and 3 years after you signed the agreement to purchase the securities.

**Item 12 Financial Statements**

LINUX GOLD CORP.

**NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

LINUX GOLD CORP.  
(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS  
(Expressed in Canadian dollars)  
(Unaudited)

November 30, 2007



LINUX GOLD CORP.  
(An Exploration Stage Company)  
CONSOLIDATED BALANCE SHEETS  
(Expressed in Canadian Dollars)  
(Unaudited)

	November 30, 2007	February 28, 2007 (Audited)
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 4,217	\$ 126,867
Amounts receivable	46,099	57,038
Marketable securities	286,000	208,000
Prepaid expenses and deposits	12,829	29,853
Total Current Assets	\$ 349,145	\$ 421,758
Debt Issue Costs, net of amortization of \$nil	—	173,175
<b>Property and Equipment (Note 5)</b>	13,669	16,487
<b>Mineral interests</b>	126,417	126,417
Total Assets	\$ 489,231	\$ 737,837
<b>LIABILITIES</b>		
<b>Current</b>		
Bank overdraft	\$ 32,467	\$ —
Accounts payable	147,395	24,886
Accrued liabilities	5,727	176,731
Convertible Debentures, less unamortized discount of \$nil (Note 8)	76,421	400,232
Accrued liabilities to related parties (Note 7(a))	30,970	31,875
Due to related parties (Note 7(b))	62,507	439,087
Total Current Liabilities	\$ 355,487	\$ 1,072,811
<b>Commitments (Note 12)</b>		
<b>STOCKHOLDERS' EQUITY (DEFICIT)</b>		
Common Stock (Note 9)		
Authorized:		
200,000,000 common shares without par value		
Issued:		
82,701,824 common shares (2006 – 71,249,099 shares)	14,547,410	12,401,724
Subscriptions receivable	—	(14,600)
Subscriptions received	—	52,277
Donated Capital (Note 7(b))	352,147	348,852
<b>Accumulated Other Comprehensive Loss</b>	(60,000)	(138,000)
Deficit Accumulated from Prior Operations	(7,524,145)	(7,524,145)
<b>Deficit Accumulated During the Exploration Stage</b>	(7,181,668)	(5,461,082)
<b>Total Stockholders' Equity (Deficit)</b>	\$ 133,744	\$ (334,974)
<b>Total Liabilities and Stockholders' Deficit</b>	\$ 489,231	\$ 737,837

Approved by the Directors:

"J. Robertson"

J. Robertson – Director

"J. Lorette"

J. Lorette – Director

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

LINUX GOLD CORP.  
(An Exploration Stage Company)  
CONSOLIDATED STATEMENTS OF LOSS AND DEFICIT  
(Expressed in Canadian Dollars)  
(Unaudited)

	For the Three Months Ended November 30, 2007	For the Three Months Ended November 30, 2006	For the Nine Months Ended November 30, 2007	For the Nine Months Ended November 30, 2006
<u>Revenue</u>	–	–	–	\$ –
<u>General and Administrative Expenses</u>				
<u>Amortization of property and equipment</u>	879	880	2,818	2,325
<u>Amortization of debt issue costs</u>	152,349	10,300	173,175	21,880
<u>Consulting and subcontract</u>	35,101	105,959	96,089	418,995
<u>Filing and regulatory fees</u>	2,988	4,199	19,612	23,631
<u>Foreign exchange</u>	(8,598)	(6,587)	(5,431)	(2,457)
<u>Imputed interest (Note 7(b))</u>	2,345	17,164	3,295	51,599
<u>Interest expense (Note 8)</u>	235,906	403,089	1,041,334	847,741
<u>Management fees (Note 7(a))</u>	7,500	7,500	22,500	22,500
<u>Office, rent and telephone</u>	11,903	18,806	22,209	78,644
<u>Professional fees</u>	9,212	10,835	57,678	70,106
<u>Travel</u>	(911)	15,563	157,760	150,790
<u>Less: Interest income</u>	(48)	(12,563)	(437)	(31,298)
	448,626	578,145	1,590,602	1,657,456
<u>Mineral Interests</u>				
<u>Exploration costs (Note 6)</u>	52,144	280,059	105,852	900,186
<u>Acquisition costs (Note 6)</u>	24,132	–	24,132	–
	76,276	280,059	129,984	900,186
<u>Loss before the following:</u>	(524,902)	(858,204)	(1,720,586)	(2,557,642)
<u>Gain on write-off of debt</u>	–	–	–	46,280
<u>Net loss for the period</u>	(524,902)	(858,204)	(1,720,586)	(2,511,362)
<u>Deficit, Beginning of Period</u>	(14,180,911)	(10,865,932)	(12,985,227)	(9,212,774)
<u>Deficit, End of Period</u>	\$ (14,705,813)	\$ (11,724,136)	\$ (14,705,813)	\$ (11,724,136)
<u>Basic and Diluted Loss Per Share</u>	(0.01)	(0.01)	(0.02)	\$ (0.04)
<u>Weighted Average Number of Shares Outstanding</u>	81,208,000	68,930,000	77,335,000	68,598,000

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

LINUX GOLD CORP.  
(An Exploration Stage Company)  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Stated in Canadian Dollars)  
(Unaudited)

	For the Three Months Ended November 30, 2007	For the Three Months Ended November 30, 2006	For the Nine Months Ended November 30, 2007	For the Nine Months Ended November 30, 2006
<b>Cash Flows Used In Operating Activities</b>				
Net loss for the period	\$ (524,902)	\$ (858,204)	\$ (1,720,586)	\$ (2,511,362)
Adjustments to reconcile net loss to net cash used in operating activities:				
Amortization of property and equipment	879	880	2,818	2,325
Amortization of debt issue costs	152,349	10,300	173,175	21,880
Interest expense relating to accretion of convertible debt	276,699	361,381	1,041,334	806,033
Imputed interest	2,345	17,165	3,295	51,600
Stock-based compensation	2,045	54,209	2,045	72,667
	(90,585)	(414,270)	(497,919)	(1,556,858)
Changes in operating assets and liabilities:				
Accounts receivable	5,691	(5,423)	10,939	(2,135)
Prepaid expenses	(5,241)	(17,086)	17,024	(11,770)
Accounts payable and accrued liabilities	(83,056)	(63,006)	(2,019)	(131,091)
Accrued liabilities to related parties	48,369	(29,111)	(377,485)	36,963
	(34,237)	(114,626)	(351,541)	(108,033)
	(124,822)	(528,896)	(849,460)	(1,664,891)
<b>Cash Flows Used In Investing Activities</b>				
Purchase of property and equipment	—	(9,456)	—	(9,456)
Purchase of marketable Securities	—	—	—	(250,000)
	—	(9,456)	—	(259,456)
<b>Cash Flows Provided By Financing Activities</b>				
Advances from related parties	—	—	—	—
Debt issue costs paid	—	—	—	(205,242)
Convertible note proceeds received	—	—	—	2,226,250
Repayment of debt	—	(158,122)	—	(158,122)
Proceeds from sale of common stock	94,501	1,421	694,343	75,670
	94,501	(156,701)	694,343	1,938,556
<b>(Decrease) Increase in Cash and Cash Equivalents</b>	(30,321)	(695,053)	(155,117)	14,209
Foreign exchange effect on cash	—	4,722	—	4,722
<b>Cash and Cash Equivalents, Beginning of Period</b>	2,071	1,105,311	126,867	396,049
<b>Cash and Cash Equivalents, End of Period</b>	\$ (28,250)	\$ 414,980	\$ (28,250)	\$ 414,980
<b>SUPPLEMENTAL DISCLOSURES</b>				
Interest paid	\$ —	\$ 15,812	\$ —	\$ 15,812
Income taxes paid	\$ —	\$ —	\$ —	\$ —

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

## 1. NATURE OF OPERATIONS AND CONTINUANCE OF BUSINESS

The Company was incorporated February 27, 1979 in Canada under the British Columbia Company Act and was extra-provincially registered in the Province of Alberta on October 12, 1995.

The Company voluntarily de-listed from the Canadian Venture Exchange on December 14, 1999. The Company's stock currently trades on the Over the Counter Bulletin Board in the United States under the symbol "LNXGF".

On February 20, 2003, the shareholders approved a change of name to Linux Gold Corp. and increased the authorized share capital to 200,000,000 common shares without par value. The Company had been previously pursuing various business opportunities and, effective March 1, 2003, the Company changed its principal operations to mineral exploration. Accordingly, as of March 1, 2003, the Company is considered an exploration stage company.

## 2. INTERIM FINANCIAL STATEMENTS

The interim unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions for Securities and Exchange Commission ("SEC") Form 10-QSB. They do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. Therefore, these financial statements should be read in conjunction with the Company's audited financial statements and notes thereto for the year ended February 28, 2007, included in the Company's Annual Report on Form 10-KSB filed on July 10, 2007 with the SEC.

The financial statements included herein are unaudited; however, they contain all normal recurring accruals and adjustments that, in the opinion of management, are necessary to present fairly the Company's financial position at November 30, 2007, and the results of its operations and cash flows for the nine months ended November 30, 2007 and 2006. The results of operations for the nine months ended November 30, 2007 are not necessarily indicative of the results to be expected for future quarters or the full year.

## 3. COMPREHENSIVE INCOME (LOSS)

SFAS No. 130, "Reporting Comprehensive Income," establishes standards for the reporting and display of comprehensive income (loss) and its components in the financial statements. As at November 30, 2007 and 2006, the Company's only component of comprehensive income (loss) was unrealized holding gains and losses on available for sale securities.

	Three Months Ended November 30, 2007	Three Months Ended November 30, 2006	Nine Months Ended November 30, 2007	Nine Months Ended November 30, 2006
Net loss for the period	\$ (524,902)	\$ (858,204)	\$ (1,720,586)	\$ (2,511,362)
Other comprehensive income (loss)				
Unrealized holding (gain) loss on investments	91,000	(96,000)	78,000	(114,000)
Comprehensive loss for the period	\$ (433,902)	\$ (954,204)	\$ (1,642,486)	\$ (2,625,362)

## 4. RECENT ACCOUNTING PRONOUNCEMENTS

The Company does not expect the adoption of recently issued accounting pronouncements to have a significant impact on their results of operations, financial position or cash flow.

## 5. PROPERTY AND EQUIPMENT

		November 30, 2007		
		Cost	Accumulated Amortization	Net Carrying Value
Office furniture		\$ 10,864	\$ 2,795	\$ 8,069
Vehicle		15,531	9,931	5,600
		<u>\$ 26,395</u>	<u>\$ 12,726</u>	<u>\$ 13,669</u>

		February 28, 2007		
		Cost	Accumulated Amortization	Net Carrying Value
Office furniture		\$ 10,864	\$ 1,453	\$ 9,411
Vehicle		15,531	8,455	7,076
		<u>\$ 26,395</u>	<u>\$ 9,908</u>	<u>\$ 16,487</u>

## 6. MINERAL PROPERTIES

		November 30, 2007		
		Alaska	China	Total
<i>Acquisition costs:</i>		\$ 24,132	\$ —	\$ 24,124
<i>Exploration and development costs:</i>				
Assaying	6,657	—	—	6,657
Field supplies and other	8,655	—	—	8,655
Staking and recording fees	69,442	—	—	69,442
Geological consulting	17,135	—	—	17,135
Transportation	3,963	—	—	3,963
<i>Incurred during the period</i>		<u>\$ 129,984</u>	<u>\$ —</u>	<u>\$ 129,984</u>

		February 28, 2007		
		Alaska	China	Total
<i>Acquisition costs:</i>		\$ —	\$ —	\$ —
<i>Exploration and development costs:</i>				
Assaying	130,544	—	—	130,544
Field supplies and other	609,856	—	—	609,856
Staking and recording fees	26,357	—	—	26,357
Geological consulting	105,655	—	—	105,655
Transportation	202,458	—	—	202,458
<i>Incurred during the year</i>		<u>\$ 1,074,870</u>	<u>\$ —</u>	<u>\$ 1,074,870</u>

### a) Alaska Mineral Properties

i) Granite Mountain Property: The Company staked total of 284 mining claims located in the State of Alaska.

## 6. MINERAL PROPERTIES (continued)

ii) Fish Creek Property: The Company owns a 50% joint venture interest in 30 claims located in the Fairbanks Mining Division, Alaska, USA, known as the Fish Creek Claims. During fiscal 2003, the Company optioned its 50% interest in the 30 Fish Creek Claims to Teryl Resources Corp. ("Teryl") (a related company). Under the terms of the agreement, Teryl issued 200,000 common shares to the Company at a fair value of \$80,000 and must expend \$500,000 over three years. The Company retained a 5% net royalty interest, until US\$2,000,000 has been received, and may convert into a 25% working interest. The Company entered into an amending agreement with Teryl to extend the term of the original agreement until March 7, 2007, in which Teryl issued 100,000 common shares to the Company, and also agreed to expend a minimum of US\$500,000 within two years from the date of this amending agreement. *All other terms of the original agreement remain the same.* On March 5, 2007, the Company entered into a further amending agreement with Teryl to extend the term of the original of the original agreement until March 5, 2009, in which all other terms of the original agreement remain the same.

iii) Ester Creek Property: On October 18, 2007, the Company acquired an option to purchase a 100% interest in 26 mining claims located in the Fairbanks Mining Division, Alaska, USA, under the following terms and conditions:

- a. The Company must pay \$4,572 (US\$ 5,000) non-refundable due diligence fee for a five business day option of the property (paid).
- b. After the five business day due diligence period, if the Company wishes to pursue the option, it must pay a non-refundable fee of \$19,560 (US\$20,000) for ninety-day option period (paid).
- c. During the ninety-day due diligence period, the Company must undertake to drill 1000 feet of preliminary test holes.
- d. During the ninety-day due diligence period, the Company must grant the vendor stock options to purchase 250,000 shares of the Company that will vest five months thereafter (granted).
- e. The acquisition price is US\$10.3 million with the vendor retaining a 3% net smelter interest ("NSR"), to be paid over an eighteen month period with a combination of stock and cash per the following table:

### ii) Option Fees:

1. Pay US\$25,000 to the vendor on the first business day following the ninety-day option period.
2. Pay US\$10,000 to the vendor on the first day of each month thereafter, commencing 30 days after the option is exercised, to retain options rights until such time as US\$10.3 million acquisition price is paid in full. Payment will commence in the following month after the US\$25,000 payment in the paragraph above.

The above payments will not reduce the purchase price, but are an option fee to retain the rights to the property.

### iii) Acquisition Price:

1. Payment of combination of US\$5.3 million in cash and stock on or before ninety days after the date of signing the ninety-day option.
2. Payment of combination of US\$2.5 million in cash and stock on or before three-hundred and sixty-five days after the date from the signing of the ninety-day option.
3. Payment of combination of US\$2.5 million in cash and stock on or before five-hundred and forty-seven days after the date from the signing of the ninety-day option.
4. The Company agrees to pay mining claim fees on property (about US\$4,095 annually plus any new acquisitions and additions).

**6. MINERAL PROPERTIES (continued)**

iii) Ester Creek Property: (continued)

iv) Retained Rights:

1. NSR of 3% on all minerals recovered from the property, in perpetuity.
2. 20% of the net profits of raw gold and silver recovered by the plant on a daily basis, until such time as the US\$10.3 is paid in full. Such gold and silver does not reduce the purchase price, but is in addition to the purchase price to compensate the vendor for the extended payment terms.
3. Five mile area of interest protection.
4. In the event that this option agreement is not exercised by the Company, the vendor will give 14 days written notice to the Company regarding any default in this agreement, and if not corrected, the terms and conditions of this agreement will be terminated and there shall be no further liabilities of the Company and the vendor.

b) British Columbia Mineral Properties

i) TY Property: The Company acquired the TY Area, TY Grid 2 and 3 (21 units) mineral claims located in the Lillooet Mining Division in British Columbia under the following terms and conditions:

- a. The Company must pay \$30,000 in various stages to December 1, 2004 (paid).
- b. The Company must issue 150,000 shares as follows: 100,000 upon signing the agreement and receiving regulatory approval (issued), and 50,000 shares upon completion of Phase III (issued).
- c. The vendor will retain a 2% net smelter return interest ("NSR"). The Company may purchase the NSR for \$1,000,000 for each 1% prior to commercial production, in shares or in cash.

During the three month period ended February 29, 2004, the Company staked an additional three mineral claims representing 35 units.

ii) ORO Property: The Company acquired the ORO (20 units) claim in the Lillooet Mining Division in British Columbia under the following terms and conditions:

- a. The Company paid \$10,000 and issued 100,000 common shares.
- b. The vendor will retain a 2% net smelter return interest ("NSR"). The Company may purchase the NSR for \$1,000,000 for each 1% prior to commercial production, in shares or in cash.

During the year ended February 29, 2004, the Company staked an additional mineral claim representing 5 units. The President of the Company is the registered owner of the mineral properties. The Company is entered into a trust agreement stating that these mineral claims are held in trust on behalf of the Company. The Company has re-staked the TY property and acquired additional claims in the same area.

c) China Mineral Property

On January 20, 2004, the Company acquired an option to purchase 100% of the shares of Ginyen Recovery Inc. Ginyen Recovery Inc. has an 85% interest in a co-operative joint venture with Bo Luo Neo Wang Yuan Gold Mine Company ("BLN Gold") of Heibei Province, China. BLN Gold holds an operational gold recovery mill; the right and license to operate all existing small mines in the district; the right to explore, develop and produce gold and silver in the district and options to expand to other districts.

To complete the option agreement, the Company must:

- i) pay \$55,000 as follows: \$10,000 upon regulatory approval (paid); \$15,000 upon completion of Phase I; \$15,000 upon completion of Phase II; and a minimum of \$15,000 annually or 5% of net profits paid quarterly, which ever is greater. The Company is currently in Phase 1.
- ii) issue 200,000 shares as follows: 50,000 upon regulatory approval (issued); 50,000 upon completion of Phase I; 50,000 upon completion of Phase II; and 50,000 upon completion of Phase III. The Company also issued 50,000 common shares as a finders' fee. The Company is currently in Phase 1.
- iii) incur production expenses, subject to successful results in each phase, of \$500,000 as follows: \$160,000 (\$114,457 incurred) for Phase I; \$130,000 for Phase II; and \$210,000 for Phase III.

## 7. RELATED PARTY TRANSACTIONS

- a) All related party transactions are in the normal course of business and have been measured at their exchange amounts. The Company incurred the following transactions during the nine-month period:
- i) Pursuant to a management services agreement, the Company accrued management fees of \$22,500 (2006 - \$22,500), to a company where the President of the Company is a director. This amount is included in accrued liabilities at November 30, 2007.
  - ii) The Company paid a director's fee of \$9,000 (2006 - \$9,000) to the President of the Company.
  - iii) Refer to Note 6(a) for a joint venture agreement with a related company.
  - iv) Refer to Note 6(b) for ownership of mineral claims.
  - v) At November 30, 2007, the Company is indebted in the amount of \$30,970 (February 28, 2007 - \$31,875) representing unpaid management fees to a company where the President of the Company is a director. These amounts are non-interest bearing, unsecured and have no specific terms of repayment.
- b) Amounts due to related parties are unsecured, non-interest bearing and have no fixed terms of repayment. Imputed interest, at 15%, totalling \$3,295 (November 30, 2006 - \$51,599) was charged to operations and treated as donated capital. Unless otherwise indicated, the following table represents companies controlled by the President and CEO of the Company or companies where he is the President and CEO.

	February 28, 2007	Advances/ (Repayments)	November 30, 2007
Access Information Services, Inc.	\$ 48,287	\$ (48,287)	\$ -
IAS Communications Inc.	(3,151)	3,151	-
Information Highway.com	-	2,000	2,000
JGR Petroleum, Inc.	66,099	(36,624)	29,475
J. Robertson, President and CEO	6,284	6,973	13,257
Rainbow Network	68,610	(68,610)	-
Reg Technologies	(6,840)	6,840	-
REGI U.S., Inc.	(38)	-	(38)
SMR Investments Ltd.	144,867	(144,867)	-
540330 BC Ltd.	114,969	(114,969)	-
Teryl Resources Corp.	-	17,813	17,813
	<u>\$ 439,087</u>	<u>\$ (376,580)</u>	<u>\$ 62,507</u>

## 8. CONVERTIBLE DEBENTURES

The Company completed a private placement financing of US\$2,000,000 on May 8, 2006 with several institutional investors consisting of secured convertible discount notes (the "Discount Notes") with a principal amount of US\$2,105,250. The Discount Notes were issued at a discount of 5%, are convertible into common stock at a conversion price of \$0.40 per share and matured on November 8, 2007. The Company received proceeds of US\$1,500,000 at first closing, and the remaining US\$500,000 was received upon the filing of a resale registration statement with the United States Securities and Exchange Commission which was filed on August 9, 2006 and became effective September 1, 2006. The investors received Series A warrants to purchase, in the aggregate, 5,000,000 shares of common stock at \$0.50 per share exercisable immediately for a term of five years, and Series B warrants to purchase, in the aggregate, an additional 2,500,000 shares of common stock at \$0.52 per share exercisable upon the earlier of one year after the effectiveness of the resale registration statement or ten years. The securities were issued in a private placement transaction pursuant to Section 4(2) of the Securities Act of 1933, as amended. The Company is obligated to file a registration statement registering the resale of shares of the Company's common stock issuable upon conversion of the Discount Notes and exercise of the Warrants. The Company received US\$1,815,000 net proceeds from this transaction. The funds were used for continued exploration and development expenses on the Granite Mountain claims and for general working capital purposes. Effective October 1, 2006, the Company is required to redeem 1/15 of the principal amount per month. During the nine-month period ended November 30, 2007, the Company redeemed \$1,411,621 (US\$1,326,310) of principal paid by the issuance of 7,985,225 common shares.



## 8. CONVERTIBLE DEBENTURES (Continued)

In accordance with EITF 98-5 "Accounting for Convertible Securities with Beneficial Conversion Features or Contingently Adjustable Conversion Ratios", the Company recognized the value of the embedded beneficial conversion feature of \$963,670 (US\$864,866) as additional paid-in capital as the debt was issued with a fair value conversion feature. In addition, in accordance with EITF 00-27 "Application of Issue No. 98-5 to Certain Convertible Instruments", the Company allocated the proceeds of issuance between the convertible debt and the detachable warrants based on their relative fair values. Accordingly, the Company recognized the fair value of the detachable warrants of \$1,262,580 (US\$1,135,134) as additional paid-in capital. The carrying value of the Discount Notes has been accreted to the face value of the remaining principal, after redemptions, of CDN\$76,421 to maturity. During the nine-month period ended November 30, 2007, interest expense of \$1,041,334 has been accreted. The carrying value of the Discount Notes at November 30, 2007 is \$76,421 (US\$77,193), net of redemptions.

## 9. COMMON STOCK

- a) On May 31, 2007, the Company issued 2,825,000 common shares pursuant to a private placement at a price of US\$0.20 per unit for proceeds of \$615,195 (US\$565,000) before finders' fee of \$1,697. Each unit consisted of one common share and one-half warrant. One whole warrant entitles the holder to purchase one share at a price of US\$0.25 per share in the first year and US\$0.30 per share in the second year.
- b) During the nine-month period ended November 30, 2007, the Company issued 212,500 common shares upon the exercise of stock options for proceeds of \$24,020 (US\$21,250).
- c) During the nine-month period ended November 30, 2007, the Company issued 430,000 common shares upon the exercise of warrants for proceeds of \$94,502 (US\$102,500).
- d) During the nine-month period ended November 30, 2007, the Company issued 7,985,225 common shares upon the conversion of debentures with a principal amount of \$1,411,621 (US\$1,326,310).

## 10. WARRANTS

A summary of the changes in the Company's share purchase warrants is presented below:

	November 30, 2007		February 28, 2007	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Balance, beginning of period	12,242,529	US\$ 0.39	4,811,027	US\$ 0.20
Granted	1,412,500	US\$ 0.25	7,500,002	US\$ 0.50
Exercised	(430,000)	US\$ 0.31	(52,500)	US\$ 0.25
Forfeited / Expired	(187,250)	US\$ 0.25	(16,000)	US\$ 0.08
Balance, end of period	13,037,779	US\$ 0.39	12,242,529	US\$ 0.39

As at November 30, 2007, the following share purchase warrants were outstanding:

	Exercise Price	November 30, 2007
December 6, 2007	\$ 0.20	2,777,777
February 21, 2008	\$ 0.30	1,447,500
May 31, 2008/May 31, 2009	\$0.25/\$0.30	1,412,500
May 8, 2011/May 8, 2016	\$0.50/\$0.52	7,400,002
		<u>13,037,779</u>

## 11. STOCK OPTIONS

The Company has a stock option plan to issue up to 10% of the issued common shares to certain directors and employees.

The weighted average exercise fair value of stock options exercised during the nine-month period ended November 30, 2007 and 2006 was \$0.10 and \$0.13, respectively. The Company granted 300,000 stock options during the nine-month period ended November 30, 2007 and recognized \$2,045 (2006 – \$72,667) as stock-based compensation.

A summary of the Company's stock option activity is as follows:

	Number of Options	Weighted Average Exercise Price	Aggregate Intrinsic Value
Outstanding at March 1, 2007	3,720,000	US\$ 0.22	
Granted	300,000	US\$ 0.22	
Exercised	(212,500)	US\$ 0.10	
Forfeited/Expired	(245,000)	US\$0.18	
Outstanding at November 30, 2007	3,562,500	US\$ 0.22	\$ 205,125
Exercisable at November 30, 2007	3,275,000	US\$ 0.23	\$ 205,125

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

	Nine Month Period Ended November 30, 2007	Nine Month Period Ended November 30, 2006
Expected dividend yield	0%	N/A
Expected volatility	95%	N/A
Expected life (in years)	2.5	N/A
Risk-free interest rate	3.83%	N/A

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 single measure of the fair value of the Company's stock option.

As at November 30, 2007, the Company had 287,500 non-vested options outstanding, and at February 28, 2007, there were no non-vested options outstanding.

## 12. COMMITMENTS

- The Company entered into an option agreement to acquire a mineral property. (See Note 6 (a) (iii))
- The Company entered into a consulting agreement dated August 9, 2006 for the provision of financial development services. Under the terms of the agreement, the Company agreed to pay US\$1,000 per month plus expenses for a term of two years, and issue stock options for 1,000,000 common shares exercisable at US\$ 0.35 per share. The agreement may be terminated by either party before the end of the term by giving a 90-day written notice. During the nine-month period ended November 30, 2007, consulting fees of \$9,586 (2006 - \$16,714) were incurred.
- The Company entered into a lease agreement dated September 7, 2006 for a term of three years commencing November 1, 2006 to October 31, 2009. Under the terms of the agreement, the Company will pay monthly rent of \$1,833.33 plus a proportionate share of operating costs. On November 1, 2007 the rent increased to \$2,017. The Company shares the rentable area with related parties who reimburse the Company for 2/3 of the total monthly rental fee. The future commitment is as follows:

Fiscal year ending February 29, 2008	\$ 10,477
Fiscal year ending February 28, 2009	\$ 41,906
Fiscal year ending February 28, 2010	\$ 27,937
	<u>\$ 80,320</u>

### **13. NON-CASH FINANCING AND INVESTING ACTIVITIES**

During the nine-month period ended November 30, 2007, the Company issued 7,985,225 common shares upon the conversion of debentures with a principal amount of \$1,411,621.

### **14. SUBSEQUENT EVENTS**

- a) On December 3, 2007, the Company issued 352,961 common shares upon the conversion of \$77,146 (US\$77,193) of convertible debt described in Note 8.
- b) On December 3, 2007, the British Columbia Securities Commission ("BCSC") issued a Cease Trade Order for the Company citing failure to file a technical report and non-compliant disclosure. The BCSC staff found that the technical report filed on February 22, 2006 was not prepared by a qualified person. The BCSC staff also found that our disclosure in the offering memorandum dated April 5, 2007 did not disclose repayment of debt to related parties. On December 31, 2007, Linux Gold Corp. submitted to the BCSC a technical report dated as of March 20, 2007 which had not yet been filed on SEDAR and a revised offering memorandum.

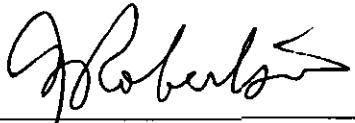
**ITEM 13      DATE AND CERTIFICATE**

**Originally dated: April 5, 2007**

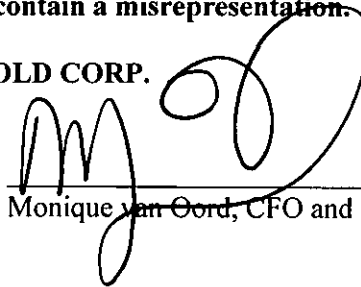
**Revised: February 7, 2008**

**This revised offering memorandum does not contain a misrepresentation.**

**LINUX GOLD CORP.**

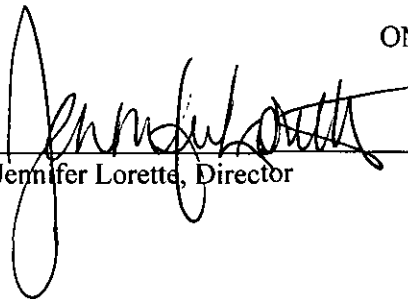


John G. Robertson, President and CEO  
Director

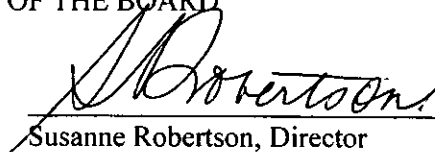


Monique van Oord, CFO and Director

**ON BEHALF OF THE BOARD**



Jennifer Lorette, Director



Susanne Robertson, Director