PITCHSTONE EXPLORATION LTD.

An Exploration Stage Company

CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2009 and 2008

DeVISSER GRAY LLP
CHARTERED ACCOUNTANTS

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AUDITORS' REPORT

To the Shareholders of Pitchstone Exploration Ltd. ("the Company")

We have audited the consolidated balance sheets of Pitchstone Exploration Ltd. as at December 31, 2009 and 2008 and the statements of operations and comprehensive loss and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2009 and 2008 and the results of its operations and cash flows for the years then ended in accordance with Canadian generally accepted accounting principles

De Visser Gray LLP

CHARTERED ACCOUNTANTS

Vancouver, British Columbia
April 9, 2010

Pitchstone Exploration Ltd.

Statement 1

(An Exploration Stage Company)

Consolidated Balance Sheets

As at December 31

ASSETS			**2009**		2008
Current					
Cash and cash equivalents		**$**	**5,458,978**	$	7,956,118
Restricted Cash	Note 6c		**178,342**		-
Accounts receivable			**27,871**		96,911
Prepaid expenses			**20,590**		21,893
Total Current Assets			**5,685,781**		8,074,922
Expenditures on mineral properties	Note 3		**17,568,369**		16,338,309
Equipment	Note 4		**37,689**		45,037
Total Assets		**$**	**23,291,839**	$	24,458,268

LIABILITIES AND SHAREHOLDERS' EQUITY					
Current					
Accounts payable and accrued liabilities		**$**	**241,498**	$	272,641
Due to related parties	Note 6a		**5,250**		7,991
Funds held for JV partners and optionees	Note 6c		**178,342**		10,244
Total Current Liabilities			**425,090**		290,876
Future income tax liability			**1,813,844**		2,691,392
Deferred gain on Uranium One Joint Venture	Note 5		**1,850,000**		1,900,000
Total Liabilities			**4,088,934**		4,882,268
Shareholders' Equity					
Share capital	Note 7	**$**	**17,152,683**	$	16,453,191
Contributed surplus			**3,939,721**		3,447,315
Deficit			**(1,889,499)**		(324,506)
Total Shareholders' Equity - Statement 3			**19,202,905**		19,576,000
Total Liabilities and Shareholders' Equity		**$**	**23,291,839**	$	24,458,268

Nature and Continuance of Operations	Note 1
Commitments	Note 12
Subsequent Event	Note 13

ON BEHALF OF THE BOARD:

"Edward A.G. Trueman", Director

"Paul Geyer", Director

- See Accompanying Notes -

Pitchstone Exploration Ltd.

Statement 2

(An Exploration Stage Company)

Consolidated Statements of Operations and Comprehensive Loss

For the Years Ended at December 31

			2009		2008
Revenues					
Overhead recoveries		**$**	**4,927**	$	195,554
Interest income			**131,476**		383,090
Equipment rental revenue			**2,720**		26,740
Gain on contributed joint venture assets	Note 5		**50,000**		50,000
Total revenues			**189,123**		655,384
Administrative expenses					
Accounting and audit	Note 6a		**84,795**		93,400
Amortization			**19,946**		20,746
Directors' fees	Note 6b		**9,200**		18,000
Filing and transfer agent fees			**14,535**		19,164
Insurance			**39,126**		44,731
Investor relations			**37,835**		65,538
Legal fees			**29,825**		34,294
Administration expenses			**65,854**		96,171
Salaries and wages			**437,616**		501,153
Stock-based compensation	Note 7		**323,509**		1,575,658
Travel			**22,168**		27,491
Total adminstrative expenses			**1,084,409**		2,496,346
Income (loss) before other item			**(895,286)**		(1,840,962)
Mineral property write-downs			**(1,922,405)**		(561,076)
Income (loss) before taxes			**(2,817,691)**		(2,402,038)
Future income tax (expense) recovery			**1,252,698**		(29,660)
Net income (loss) and comprehensive income (loss) for the year		**$**	**(1,564,993)**	$	(2,431,698)
Earning (loss) per share					
- Basic			**($0.04)**		($0.08)
Weighted average number of shares outstanding					
- Basic			**35,915,791**		31,470,023

- See Accompanying Notes -

Pitchstone Exploration Ltd.

Statement 3

(An Exploration Stage Company)

Consolidated Statements of Changes in Shareholders' Equity

For the Years Ended December 31

		Number of Shares	Amount	Contributed Surplus	Earnings/ Deficit	Total Shareholders' Equity
Balance at December 31, 2007		**30,943,785**	**$ 15,959,868**	**$ 1,871,657**	**$ 2,107,192**	**$ 19,938,717**
Share issues:						
Stock-based Compensation		-	-	1,575,658	-	1,575,658
Share Issue Costs	Note 7a	-	(82,153)	-	-	(82,153)
Flow-through Share Tax Recovery		-	(925,124)	-	-	(925,124)
Private Placement - Flow-through Shares	Note 7a	2,501,000	1,500,600	-	-	1,500,600
Net loss and comprehensive loss for the year		-	-	-	(2,431,698)	(2,431,698)
Balance at December 31, 2008		**33,444,785**	**$ 16,453,191**	**$ 3,447,315**	**$ (324,506)**	**$ 19,576,000**
Share issues:						
Flow-through Share Tax Recovery		-	(375,150)	-	-	(375,150)
Stock-based Compensation		**-**	-	323,509	-	323,509
Share Issue Costs	Note 7b	**-**	(38,540)	-	-	(38,540)
Private Placement - Common Shares	Note 7b	**1,525,000**	325,129	284,871	-	610,000
Private Placement - Flow-through Shares	Note 7c	**1,453,900**	654,255	-	-	654,255
Exercise of Options	Note 7	**77,500**	17,825	-	-	17,825
Fair Value of Option Exercised	Note 7	**-**	115,973	(115,973)	-	-
Net loss and comprehensive loss for the year		**-**	-	-	(1,564,993)	(1,564,993)
Balance at December 31, 2009		**36,501,185**	**$ 17,152,683**	**$ 3,939,721**	**$ (1,889,499)**	**$ 19,202,905**

\- See Accompanying Notes -

Pitchstone Exploration Ltd.

Statement 4

(An Exploration Stage Company)

Consolidated Statements of Cash Flows

For the Years Ended December 31

		2009		2008
Cash Flows from Operating Activities				
Net loss for the period	**$**	**(1,564,993)**	$	(2,431,698)
Items not affected by cash				
Amortization		**19,946**		20,746
Future income tax expense (recovery)		**(1,252,698)**		29,660
Mineral property write-downs		**1,922,405**		561,076
Stock-based compensation		**323,509**		1,575,658
Gain on contributed JV assets		**(50,000)**		(50,000)
		(601,831)		(294,558)
Changes in non-cash working capital items				
Accounts receivable		**75,681**		168,259
Prepaid expenses		**1,303**		5,391
Accounts payable and accrued liabilities		**(233,430)**		(72,911)
Due to/from related parties		**(2,741)**		(3,146)
Funds held for JV partners/optionees		**161,457**		(419,257)
Net Cash Used In Operating Activities		**(599,561)**		(616,222)
Cash Flows from Investing Activities				
Resource properties		**(3,150,178)**		(4,510,103)
Initial contribution from optionees		**200,000**		-
Purchase of equipment		**(12,599)**		(17,188)
Net Cash Used In Investing Activities		**(2,962,777)**		(4,527,291)
Cash Flows from Financing Activities				
Options proceeds received		**17,825**		-
Cash received for shares issued		**1,264,255**		1,500,600
Share issue costs		**(38,540)**		(82,153)
Net Cash Provided by Financing Activities		**1,243,540**		1,418,447
Net Decrease in Cash and Cash Equivalents		**(2,318,798)**		(3,725,066)
Cash and Cash Equivalents – Beginning of the year		**7,956,118**		11,681,184
Cash and Cash Equivalents – End of the year	**$**	**5,637,320**	$	7,956,118
Cash and Cash Equivalents comprised of:				
Cash	**$**	**710,885**	$	110,261
Guaranteed Investment Certificates (GIC)		**4,748,093**		7,845,857
	$	**5,458,978**	$	7,956,118
Restricted Cash	**$**	**178,342**	$	-
Supplementary Information				
Interest income - cash received	**$**	**202,791**	$	391,775

\- See Accompanying Notes -

1. Nature and Continuance of Operations

The Company was incorporated under the British Columbia Company Act on April 24, 2003. The Company is an exploration stage company engaged principally in the acquisition and exploration of mineral properties. The recovery of the Company's investment in its mineral properties is dependent upon the discovery, development and sale of mineral products and the ability to raise sufficient capital to finance this activity. The ultimate outcome of this activity cannot presently be determined because it is contingent on future matters.

2. Significant Accounting Policies

a) Basis of Consolidation

These consolidated financial statements include the accounts of the Company, a 54% interest in the joint venture with Uranium One Inc. ("Uranium One"), a 50% interest in the joint venture with Triex Minerals Corporation (part of Canterra Minerals Corporation as of December 2009)), a 40.9% interest in the Candle claim jointly held with JCU (Canada) Exploration Company, Limited ("JCU") Uranium One, and a 63.1% interest in the joint venture with Manica.

b) Use of Estimates

The preparation of consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates.

c) Mineral Properties and Deferred Exploration Expenditures

The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain Mineral Reserves.

Mineral exploration costs are capitalized on an individual project basis until such time as a Mineral Reserves are defined or the project is abandoned. Costs for a producing deposit are amortized on a unit-of-production method based on the estimated life of the Mineral Reserves, while costs for the projects abandoned are written-off.

The recoverability of the amount capitalized for the undeveloped mineral properties is dependent upon the determination of Mineral Reserves, confirmation of the Company's interest in the underlying mineral claims, the ability to farm out its mineral properties, the ability to obtain the necessary financing to complete their development and future profitable production or proceeds from the disposition thereof.

Title to mineral properties may involve inherent risks due to the difficulties of determining the validity of claims. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, titles to all of its properties are in good standing. Application to renew property licenses in Namibia has been submitted and renewal is pending and expected to be forthcoming.

The Company conducts certain of its mineral exploration activities through joint ventures and accounts for these activities by the proportionate consolidation method under which the Company's proportionate share of the joint venture assets and liabilities are included in the Company's account.

d) Cash and Cash Equivalents

Cash and cash equivalents are highly liquid investments, such as guaranteed investment certificates with major financial institutions, having a maturity of 12 months or less at acquisition, that are readily convertible to contracted amounts of cash.

2. Significant Accounting Policies - *Continued*

e) Environmental Expenditures and Asset Retirement Obligations

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for future reclamation and site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company vary greatly and are not predictable. The Company's policy is to meet or, if possible, surpass standards set by relevant legislation, by application of technically proven and economically feasible measures.

Environmental expenditures that relate to ongoing environmental and reclamation programs are charged against earnings as incurred or capitalized and amortized depending on their future economic benefits. Estimated future reclamation and site restoration costs, when the ultimate liability is reasonably determinable, are charged against earnings over the estimated remaining life of the related business operation, net of expected recoveries.

The Company currently has no asset retirement obligations.

f) Amortization

The Company provides for amortization on its fixed assets on a declining balance basis (one-half of the rate is applied in the year of acquisition).

Following are the amortization rates:

Computer equipment	30%
Office furniture	20%
Exploration equipment	30%
Computer software	100%

g) Income Taxes

The Company accounts for the future tax consequences of the differences in the carrying amounts of assets and liabilities and their tax bases using tax rates expected to apply when these temporary differences are settled. When the future realization of income tax assets does not meet the test of being more likely than not to occur, a valuation allowance in the amount of the potential future benefit is taken and no net assets are recognized. The Company has taken a valuation allowance against all potential tax assets.

h) Share Capital

i) The proceeds from the exercise of stock options, warrants and escrow shares are recorded as share capital in the amount for which the option, warrant or escrow share enabled the holder to purchase a share in the Company.

ii) Share capital issued for non-monetary consideration is recorded at an amount based on fair market value.

i) Flow-through Shares

The Company may issue securities referred to as flow-through shares, whereby the investor may claim the tax deductions arising from the expenditure of the proceeds. When exploration expenditures are renounced to the investors and the Company has reasonable assurance that the expenditures will be completed, a future income tax liability is recognized and share capital is reduced. Previously unrecognized tax assets may then offset this liability, which amount would then be included in income.

2. Significant Accounting Policies – *Continued*

j) Stock-based Compensation

The Company has a stock option plan as disclosed in Note 7. The Company has adopted the fair value method for stock-based compensation granted to employees, non-employees and for all direct awards of stock. The fair value of stock options is determined by the Black-Scholes Option Pricing Model with assumptions for risk-free interest rates, dividend yields, volatility factors of the expected market price of the Company's common shares and expected life of the options. The fair value of direct awards of stock is determined by the quoted market price of the Company's stock.

k) Earnings (Loss) per Share

Basic earnings (loss) per share is computed by dividing income (loss) available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted earnings per share by application of the treasury stock method.

l) New accounting policies adopted

(i) *Goodwill and Intangible Assets*

The CICA issued Section 3064 – Goodwill and Intangible Assets replacing Section 3450, Research and Development Costs. The new standard establishes guidelines for the recognition, measurement, presentation and disclosure of research and development costs. The Company adopted this policy during the first quarter of the 2009 fiscal year and this standard did not have a material impact on the Company's financials statements.

(ii) *Credit Risk and the Fair Value of Financial Assets and Liabilities*

In January 2009, the CICA issued the Emerging Issues Committee ("EIC") Abstract EIC-173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities", effective for interim and annual financial statements ending on or after January 20, 2009. EIC-173 provides further information on the determination of the fair value of financial assets and liabilities under Section 3855, "Financial Instruments – Recognition and Measurement". It states that an entity's own credit and credit risk of the counterparty should be taken into account in determining the fair value of financial assets and liabilities, including derivative instruments. EIC-173 should be applied retroactively, without restatement of prior periods, to all financial assets and liabilities measured at fair value. The Company adopted this abstract during the first quarter of the 2009 fiscal year and this standard did not have a material impact on the Company's financial statements.

(iii) *EIC – 174, Mining Exploration Costs*

On March 27, 2009, the CICA approved EIC-174 "Mining Exploration Costs." This guidance clarified that an entity that has initially capitalized exploration costs has an obligation in the current and subsequent accounting periods to test such costs for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. This new standard is effective for the Company's annual consolidated financial statements for the year ended December 31, 2009.

2. Significant Accounting Policies - *Continued*

l) New accounting policies adopted - *Continued*

(iv) *Consolidated Financial Statements and Non-controlling Interests*

In January 2009, the CICA issued the new handbook Section 1601, "Consolidated Financial Statements", and Section 1602, "Non-controlling Interests", effective for fiscal years beginning on or after January 1, 2011. Earlier adoption of these recommendations is permitted. These pronouncements further align Canadian GAAP with US GAAP and IFRS. Sections 1601 and 1602 change the accounting and reporting for ownership interest in subsidiaries held by parties other than the parent. Non-controlling interests are to be presented in the consolidated statement of financial position within equity but separate from the parent's equity. The amount of consolidated net income attributable to the parent and to the non-controlling interest is to be clearly identified and presented on the face of the consolidated statement of income. In addition, these pronouncements establish standards for a change in the parent's ownership interest in a subsidiary and the valuation of retained non-controlling equity investments when a subsidiary is deconsolidated. They also establish reporting requirements for providing sufficient disclosures that clearly identify and distinguish between the interests of the parent and the interests of the non-controlling owners. The Company is currently considering the impact of adopting these pronouncements on its consolidated financial statements in 2011 in connection with the conversion to IFRS.

(v) *Business Combinations*

In January 2009, the CICA issued the new handbook Section 1582, "Business Combinations" effective for fiscal years beginning on or after January 1, 2011. Earlier adoption of Section 1582 is permitted. This pronouncement further aligns Canadian GAAP with US GAAP and IFRS and changes the accounting for business combinations in a number of areas. It establishes principles and requirements governing how an acquiring company recognizes and measures in its financial statements identifiable assets acquired, liabilities assumed, any non-controlling interest and goodwill acquired. The section also establishes disclosure requirements that will enable users of the acquiring company's financial statements to evaluate the nature and financial effects of its business combinations. Although the Company is considering the impact of adopting this pronouncement on the consolidated financial statements, it will be limited to any future acquisitions beginning in 2011.

(vi) *Financial Instruments*

CICA Handbook Section 3862 "Financial Instruments – Disclosure" requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The accounting standard establishes a fair value hierarchy based on the level of independence, objective evidence surrounding the inputs used to measure fair value. A financial statement's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. CICA handbook Section 3862 prioritizes the inputs into three levels that may be used to measure fair value:

a) Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

b) Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.

c) Level 3 – Applies to assets or liabilities for which there are unobservable market data.

2. Significant Accounting Policies - *Continued*

l) New accounting policies adopted - *Continued*

(vii) *Financial Instruments - Continued*

The Company's financial instruments consist principally of cash, short term investments, GST receivable, accounts payable and accrued liabilities, and due to related parties. Pursuant to CICA Handbook 3862, fair value of assets and liabilities measured on a recurring basis include cash and short term investments determined based on Level 1 inputs, which consist of quoted prices in active markets for identical assets. The Company believes that the recorded values of all of the other financial instruments approximate their current fair values because of their nature and respective maturity dates or durations.

m) International Financial Reporting Standards

On February 13, 2008, the Canadian Accounting Standards Board ("AcSB") confirmed the mandatory changeover date to International Financial Reporting Standards ("IFRS") for Canadian profit-oriented publicly accountable entities (PAE's") such as the Company.

The AcSB requires that IFRS compliant financial statements be prepared for annual and interim financial statements commencing on or after January 1, 2011. For PAE's with a December 31 year-end, the first unaudited interim financial statements under IFRS will be the quarter ending March 31, 2011, with comparative financial information for the quarter ended March 31, 2010. The first audited annual financial statements will be for the year ending December 31, 2011, with comparative financial information for the year ended December 31, 2010.

The conversion to IFRS will be applicable to the Company's reporting in the first quarter of 2011, with restatement of comparative information presented. The conversion to IFRS will impact the Company's accounting policies, information technology and data systems, internal control over financial reporting, and disclosure controls and procedures. The transition may also impact business activities, such as foreign currency activities, certain contractual arrangements, capital requirements and compensation arrangements. The company is currently evaluating the future impact of IFRS on its financial statements and will continue to invest in training and additional resources to ensure a timely conversion.

3. Expenditures on Mineral Properties

	Athabasca Basin Properties, Saskatchewan Uranium One Joint Venture (Note 3a)	Athabasca Basin Properties, Saskatchewan 100% Owned Properties (Note 3b)	Athabasca Basin Properties, Saskatchewan Denison Option (Note 3d)	Hornby Bay Basin Properties, Nunavut Triex Joint Venture (Note 3e)	Gabon Optioned Properties, Africa (Note 3f)	Namibia Properties, Africa Manica Joint Venture (Note 3g)	Total
Balance at December 31, 2007	$ 6,207,210	$ 1,869,429	$ -	$ 3,402,939	$ 266,339	$ 427,313	$ 12,173,230
Aircraft charter	266,164	61,475	-	-	-	-	327,639
Camp and general	492,760	37,911	-	25,334	48,213	320	604,538
Drilling	1,134,169	119,135	-	1,379,884	-	97,479	2,730,667
Geological	154,614	26,153	-	31,346	99,489	223,549	535,151
Geochemical	5,693	11,124	-	-	98,020	41,937	156,774
Geophysical	4,632	207,256	-	39,879	115,058	-	366,825
Linecutting and chaining	1,877	-	-	-	-	-	1,877
Mineral claims expenses	990	488	-	15,894	-	25,000	42,372
Overhead	-	-	-	124,774	903	-	125,677
Sampling and analysis	67,440	8,321	-	(9,935)	264	3,069	69,159
Travel	30,582	5,162	-	3,041	32,770	1,653	73,208
Community relations	1,001	619	-	5,996	-	-	7,616
Recovery from partners	(315,348)	-	-	-	-	-	(315,348)
Total expenditures for the year	1,844,574	477,644	-	1,616,213	394,717	393,007	4,726,155
Mineral property write-downs	-	-	-	(377,044)	-	(184,032)	(561,076)
Balance at December 31, 2008	$ 8,051,784	$ 2,347,073	$ -	$ 4,642,108	$ 661,056	$ 636,288	$ 16,338,309
Aircraft charter	53,639	98,849	1,622	-	-	-	154,110
Camp and general	191,192	366,518	6,014	101,414	-	-	665,138
Drilling	403,791	1,100,541	-	-	-	133,374	1,637,706
Geological	48,696	144,112	16,087	-	16,199	346,995	572,089
Geochemical	417	-	-	-	-	-	417
Geophysical	36,268	159,900	-	-	-	-	196,168
Linecutting and chaining	5,960	-	-	-	-	-	5,960
Mineral claims expenses	1,148	1,779	27	-	-	39,261	42,215
Overhead	-	-	-	3,500	-	-	3,500
Sampling and analysis	21,025	64,795	32,396	-	-	21,022	139,238
Travel	7,788	25,507	1,348	-	-	5,655	40,298
Community relations	73	-	-	-	-	-	73
Recovery from partners	(104,448)	(200,000)	-	-	-	-	(304,448)
Total expenditures for the year	665,549	1,762,001	57,494	104,914	16,199	546,307	3,152,464
Mineral property write-downs	-	-	-	(1,245,149)	(677,255)	-	(1,922,404)
Balance at December 31, 2009	**$ 8,717,333**	**$ 4,109,074**	**$ 57,494**	**$ 3,501,873**	**$ -**	**$ 1,182,595**	**$ 17,568,369**

3. Expenditures on Mineral Properties – *Continued*

Cumulative totals as of December 31, 2009:	Athabasca Basin Properties, Saskatchewan Uranium One Joint Venture (Note 3a)	Athabasca Basin Properties, Saskatchewan 100% Owned Properties (Note 3b)	Athabasca Basin Properties, Saskatchewan Denison Option (Note 3d)	Hornby Bay Basin Properties, Nunavut Triex Joint Venture (Note 3e)	Gabon Optioned Properties, Africa (Note 3f)	Namibia Properties, Africa Manica Joint Venture (Note 3g)	Total
Aircraft charter	$ 665,812	$ 458,105	$ 1,622	$ -	$ -	$ -	$ 1,125,539
Camp and general	1,215,036	620,933	6,014	160,226	52,464	678	2,055,351
Drilling	2,606,853	1,836,919	-	2,972,848	-	230,853	7,647,473
Geological	405,129	205,933	16,087	382,191	188,285	727,847	1,925,472
Geochemical	6,111	11,124	-	-	98,020	58,280	173,535
Geophysical	156,220	846,737	-	482,838	266,932	126,671	1,879,398
Linecutting and chaining	87,286	117,235	-	-	-	-	204,521
Mineral claims expenses	3,033	122,668	27	276,491	3,254	153,095	558,568
Overhead	-	-	-	395,299	903	-	396,202
Sampling and analysis	124,853	93,859	32,396	436,412	264	24,091	711,875
Travel	67,982	43,912	1,348	11,765	67,133	45,112	237,252
Community relations	1,075	619	-	5,996	-	-	7,690
Recovery from partners	(590,573)	(200,000)	-	-	-	-	(790,573)
Government assistance	(31,484)	(48,970)	-	-	-	-	(80,454)
Deemed value in joint venture	4,000,000	-	-	-	-	-	4,000,000
Total expenditures before write-downs	8,717,333	4,109,074	57,494	5,124,066	677,255	1,366,627	20,051,849
Mineral property write-downs	-	-	-	(1,622,193)	(677,255)	(184,032)	(2,483,480)
Balance at December 31, 2009	**$ 8,717,333**	**$ 4,109,074**	**$ 57,494**	**$ 3,501,873**	**$ -**	**$ 1,182,595**	**$ 17,568,369**

a. Athabasca Basin Properties, Saskatchewan - Uranium One Joint Venture

In January 2007, the Company and Uranium One, a TSX listed company, entered into a 50:50 joint venture to explore five Athabasca Basin properties. To exercise its 50% option and to earn a 50% interest, Uranium One made total cash payments of $350,000, issued an aggregate of 200,000 common shares and 300,000 share purchase warrants to the Company. In addition, Uranium One funded $4,000,000 of aggregate exploration expenditures on the five Athabasca Basin properties.

The Company recognized its 50% interest in the joint venture at a deemed value of $4,000,000, equivalent to the $4,000,000 spent by Uranium One (Note 5).

The Company is the operator of these five joint venture properties. During 2008, Uranium One's participating interest was diluted when Uranium One stopped funding their share of exploration expenditures. When the exploration programs started in early 2009, Uranium One's participating interest was further diluted. At December 31, 2009, the participating interests in Darby, Waterfound, Moon Lake, and the Lynx Lake properties for the Company and Uranium One are 54.2% and 45.8%, respectively. Participating interests in the Candle property for the Company, Uranium One, and JCU are 40.6%, 34.4%, and 25%, respectively.

3. Expenditures on Mineral Properties – *Continued*

a. Athabasca Basin Properties, Saskatchewan - Uranium One Joint Venture – *Continued*

As of December 31, 2009 and 2008, the Company's share of exploration expenditures on these five properties totalled $8,717,333 and $8,051,784, respectively. This total includes the deemed value of the properties ($4,000,000) recorded at the time of Uranium One's earn in to its share in the Joint Venture.

Athabasca Basin Properties, Saskatchewan - Uranium One Joint Venture

		December 31, 2009		December 31, 2008
50% interest in joint venture	**$**	**4,000,000**	$	4,000,000
Darby Property		**2,638,767**		2,301,147
Waterfound Property		**317,966**		295,792
Lynx Lake Property		**40,389**		37,544
Moon Lake Property		**314,689**		292,988
Candle Property		**1,437,006**		1,155,797
Unallocated assistance received		**(31,484)**		(31,484)
	$	**8,717,333**	$	8,051,784

Darby Property
The Darby property (16,721 hectares) is located in the Close Lake area of the Athabasca Basin. The majority of the property (11,015 hectares) was acquired in 2003 from the CEO of the Company and the reminder was acquired in 2004 and 2005 by way of staking.

Candle Property
On April 3, 2004 the Company signed an option agreement with JCU in respect of the Candle property whereby the Company could acquire a 75% undivided interest in the property. The Candle property mineral claim totals approximately 2,595 hectares in the Close Lake area of the Athabasca Basin, Saskatchewan and is contiguous with the Company's Darby property.

In March 2007, the Company and Uranium One jointly earned a 75% interest in the property by spending $1 million in exploration expenditures. The remaining 25% interest is held by JCU. The current ownership in the Candle claim, after the dilution of Uranium One's interest, between the Company, Uranium One, and JCU is 40.6%, 34.4%, and 25%, respectively.

Waterfound Property
The Waterfound property (4,124 hectares) is located 55 kilometers north of the Company's Darby and Candle properties. It was acquired in 2003 and 2005 by way of staking.

Lynx Lake Property
The Lynx Lake property (1,274 hectares) is located 35 kilometers southwest of the Company's Darby and Candle properties. It was acquired in 2004 by way of staking.

Moon Lake Property
The Moon Lake property (4,590 hectares) is located 55 kilometers southwest of the Company's Darby and Candle properties. It was acquired in 2003 and 2004 by way of staking.

3. Expenditures on Mineral Properties – *Continued*

b. Athabasca Basin Properties, Saskatchewan - 100% Owned Properties

As of December 31, 2009 and 2008, the Company spent a total of $4,109,074 and $2,347,073, respectively, on exploration on its 100% owned properties. These totals include exploration completed on the Wolverine and Marten properties to March 31, 2009. Wolverine and Marten have now been optioned to Japan Oil, Gas and Metals National Corporation ("JOGMEC") and are described in the following section.

Fireweed Property
The Fireweed property (10,921 hectares) is centered 15 kilometers northwest of the Company's Darby-Candle properties and was acquired in October 2004 by way of staking.

Gumboot Property
The Gumboot property (4,196 hectares) is centered 20 kilometers north of the Company's Darby-Candle properties and was acquired in November 2004 by way of staking.

Fisher Property
In November 2005, the Company acquired the 3,349 hectare Fisher property by way of staking. Fisher is located 40 kilometers north of the Company's Darby-Candle properties.

Weasel Property
On April 1, 2009, the Company acquired the 843 hectare Weasel property by way of staking. Weasel is adjacent to the southwest part of the Darby property.

Athabasca Basin Propteries, Saskatchewan - 100% Owned properties

	December 31, 2009	December 31, 2008
Fireweed	**$ 812,206**	$ 811,786
Gumboot	**3,082,398**	1,139,094
Fisher	**135,062**	116,785
Marten	**35,705**	135,705
Wolverine	**43,703**	143,703
	$ 4,109,074	$ 2,347,073

c. Athabasca Basin Properties, Saskatchewan – Marten & Wolverine Properties, JOGMEC Option

In June 2007, the Company acquired the Marten and Wolverine properties in the Athabasca Basin, Saskatchewan by way of staking. Marten (2,768 hectares) is located 40 kilometers east-southeast of the Company's Darby-Candle properties. Wolverine (3,632 hectares) is located 30 kilometers southeast of the Company's Darby-Candle properties.

On March 11, 2009, Marten and Wolverine properties were optioned to JOGMEC. JOGMEC can acquire an undivided 50% interest in the properties by paying the Company $200,000 (paid) as an initial contribution for prior expenditures and spending $1,800,000 on exploration on the properties by March 31, 2012. As of December 31, 2009, the expenditures made by JOGMEC on Marten and Wolverine were $10,658 and $12,724, respectively.

3. Expenditures on Mineral Properties – *Continued*

d. Athabasca Basin Properties, Saskatchewan - Johnston Lake Property, Denison Option

On March 18, 2009, the Company entered into a Letter Agreement with Denison Mines Corp. (“Denison”) to acquire up to a 75% interest in the Johnston Lake property in the Athabasca Basin, Saskatchewan. Johnston Lake comprises 15,666 hectares in four claims. Three of the claims are contiguous to the east and north with the Company’s Gumboot property, and the fourth claim is eight kilometers north of Gumboot.

Terms of the Letter Agreement provide the Company with the option to earn an initial 49% interest in the licenses by incurring exploration expenditures of $1,000,000 by February 28, 2012. In addition, the Company will have a second option to acquire a further 26% interest, for a total interest of 75%, by spending an additional $1,000,000 on exploration by February 28, 2014.

The Company acts as initial operator with respect to the work to be carried out on the property. As of December 31, 2009, the Company spent a total of $57,494 on the Johnston Lake property.

e. Hornby Bay Basin Properties, Nunavut – Triex Joint Venture

On May 9, 2005, the Company entered into a 50:50 joint venture with Triex Minerals Corp (acquired by Canterra in December 2009), to explore the Mountain Lake, Dismal Lake, and Leith properties, located in the Hornby Bay Basin of Nunavut and Northwest Territories. Currently, Triex holds the remaining 50% interest in the properties.

In April 2006, two claim blocks totalling 59,760 hectares, the Dismal Lake property and part of the Mountain Lake property, were optioned by the Company and Triex from Ur-Energy Inc. (“URE”) and Patrician Diamonds Inc. (“Patrician. Earn-in requirements were met during 2007 and the Company and Triex have completed the purchase of these properties subject to a 5% net smelter return royalty retained by the property vendors. The Company and Triex have the right to purchase one half of the retained royalty for $5,000,000 for each property.

In July 2006, the Company and Triex acquired 100% of the Kendall River property from Aramis Ventures Inc. (“Aramis”). The vendor will retain a 5% net smelter return royalty of which the Company and Triex have the right to purchase half of the retained royalty for $2.5 million.

Triex is the operator of these properties. During 2009, the Company spent $104,914 on camp clean up on the Hornby Bay Basin properties. As of December 31, 2009, the Company spent a total of $5,124,066 on the joint venture properties and wrote down $1,622,193 of the mineral property costs.

Hornby Bay Basin Properties, Nunavut - Triex Joint Venture

	December 31, 2009	December 31, 2008
Mountain Lake Property	**$ 2,005,841**	$ 1,930,808
Mountain Lake – URE	**675,672**	675,636
West Dismal Property	**433,500**	418,675
Leith Property	**70,487**	70,487
Dismal Lake - Patrician	**510,150**	510,075
Dismal Lake - URE	**853,823**	853,749
Kendall River Property	**574,593**	559,722
	5,124,066	5,019,152
Mineral property write-downs	**(1,622,193)**	(377,044)
	$ 3,501,873	$ 4,642,108

3. Expenditures on Mineral Properties – *Continued*

e. Hornby Bay Basin Properties, Nunavut – Triex Joint Venture – *Continued*

Mountain Lake Property

The Mountain Lake property (45,191 hectares) is situated approximately 550 kilometers north of Yellowknife and 100 kilometers south of Kugluktuk (formerly Coppermine) in the Hornby Bay Basin, Nunavut. The property comprises 8 mineral claims (6,647 hectares) staked on behalf of the Company and Triex in 2004, and an additional 41 claims (38,544 hectares) acquired from URE in 2006.

During the year of 2009, the Company wrote down $500,000 on the Mountain Lake property.

West Dismal Property

The West Dismal property (105,097 hectares) was situated approximately 70 kilometers west of the Mountain Lake property, 570 kilometers north of Yellowknife, Northwest Territories and 150 kilometers southwest of Kugluktuk, Nunavut.

In May 2005, Triex staked two areas contiguous to the West Dismal permits, designated as the Sandy Creek claims (10,451 hectares) and Dease River claims (2,090 hectares). These claims are jointly owned by Triex and the Company and comprise part of the West Dismal property.

All permits of the West Dismal property expired early in 2008, as a result, the Company wrote down $307,616 of the West Dismal properties. The claims of the West Dismal property will not be maintained and accordingly, in the year of 2009, the Company wrote down the remaining balance of $45,149 on the property.

Leith Property

In 2005, Triex was granted two prospecting permits comprising 32,722 hectares in the Northwest Territories for uranium exploration where the Company had a 50-50 joint venture with Triex in these permits. These permits were situated approximately 400 kilometers northwest of Yellowknife. In early 2008, these permits expired. As a result, the mineral property costs of $70,487 were written off in March 2008.

Dismal Lake Property

In 2006, the Company and Triex acquired 17 claims (13,921 hectares) from URE and 10 claims (7,295 hectares) from Patrician. These contiguous claims are prospective for uranium and are situated 40 kilometers northwest of the Mountain Lake property in the Hornby Bay Basin, Nunavut.

In 2009, the Company wrote down $400,000 of mineral property costs on the Dismal Lake property.

Kendall River Property

In 2006, the Company and Triex acquired 4 claims (4,180 hectares) from Aramis. The Kendall River Property is prospective for uranium and is situated 15 kilometers southeast of the Mountain Lake property in the Hornby Bay Basin, Nunavut.

During 2009, the Company wrote down $300,000 of mineral property costs on the Kendall River property.

3. Expenditures on Mineral Properties – *Continued*

f. Gabon Optioned Properties, Africa

On June 12, 2006, the Company together with Cameco Corporation ("Cameco") finalized a Letter Agreement with Motapa Diamonds Inc. ("Motapa") to jointly explore Motapa's uranium-gold-manganese exploration licenses in Gabon, Africa.

In 2009, the Company elected not to participate in further exploration in Gabon and the Company wrote off all ($677,255) of its expenditures in Gabon as a result.

g. Namibia Properties, Africa

The Company entered into a Letter Agreement on January 18, 2007, amended on March 21, 2007 and September 24, 2008, with Manica Minerals Ltd. ("Manica") to acquire a 51% interest in three uranium exploration properties in Namibia, Africa. The initial option may be exercised by spending $900,000 in exploration work on the properties by November 9, 2008 (the "Initial Option Date") and making the following cash payments to Manica:

$15,000 on signing the Letter Agreement (paid),
$25,000 by the first anniversary of the date of the Letter Agreement (paid)
$35,000 by the second anniversary of the date of the Letter Agreement (paid).

Once the initial option had been exercised, the Company had a second and a third option to earn a further 20% and 9% interest in the properties, respectively, for a total interest of up to 80%, by expending an additional $1,400,000 in exploration on the properties by January 18, 2011 and then completing a positive feasibility study by an independent mutually acceptable qualified party.

In addition, on April 20, 2007, the Company issued 15,000 common shares to Manica, for a right of first refusal on new uranium exploration properties located by Manica in Namibia. On September 24, 2008, the Company and Manica signed an amendment to the Letter Agreement dated January 18, 2007 to extend the Initial Option Date by one year to November 9, 2009.

During 2008, the Company wrote off $184,032 on the Namibia properties as a result of the planned expiration of the Nakop licenses.

As of March 11, 2009, the Company exercised the initial option and earned a 51% interest in the two properties (Dome and Kaoko) in Namibia. The Company elected not to exercise the second option of the Letter Agreement and a joint venture has been formed. The Company is funding 100% of the 2009 exploration costs and, as a result, the participating interests are currently 63.1% for the Company and 36.9% for Manica.

As of December 31, 2009 and 2008, the Company had spent $1,366,627 (including the $184,032 write-off) and $820,320, respectively, on the Namibia joint venture properties.

Application to renew property licenses in Namibia has been submitted and renewal is pending and expected to be forthcoming.

4. Equipment

Details are as follows:

	Cost as of Jan 1, 2009	Additions	Accumulated Amortization	**Net Book Value as at December 31, 2009**	Net Book Value as at December 31, 2008
Computer equipment	$ 20,917	$ -	$ 13,258	**$ 7,659**	$ 11,030
Office furniture	7,486	-	3,828	**3,658**	4,573
Exploration equipment	47,235	13,463	34,326	**26,372**	23,489
Computer software	52,712	-	52,712	**-**	5,945
	$ 128,350	$ 13,463	$ 104,124	**$ 37,689**	$ 45,037

5. Deferred Gain on Uranium One Joint Venture

In January 2007, the Company and Uranium One formed a 50:50 joint venture (Note 3a). With Uranium One having funded $4,000,000 to earn 50% interest in the Athabasca Basin joint ventured properties, the Company's 50% interest in the joint venture is deemed to have a value of $4,000,000 and the Company has recorded a net gain of $4,000,000. The Company recognized as income $2,000,000 of the amount of the gain (50% of Uranium One's $4,000,000 contribution to exploration expenses) and the remaining 50% gain will be deferred and amortized over the life of the joint venture, or the life of the assets being contributed, which is deemed to have a life of 40 years and amortized on a straight line basis.

As of December 31, 2009 $150,000 (2008: $100,000) of the remaining gain had been amortized.

6. Related Party Transactions

Except as noted elsewhere in these consolidated financial statements, related party transactions are as follows:

a) During the year ended December 31, 2009, the Company paid fees of $63,795 (2008: $62,500) to a company of which the Chief Financial Officer is the President and a Director. As of December 31, 2009, $5,250 (2008: $5,250) was owed to that company.

b) During the year ended December 31, 2009, the Company incurred directors' fees of $9,200 to non-executive directors (2008: $18,000). As of December 31, 2009, $Nil (2008: $2,741) was owed to an executive director for expense reimbursement.

c) The Company has a separate bank account for the optionee JOGMEC who remits cash contributions as per the Company's request. The cash in this account is strictly used for exploration expenditures on the Marten and Wolverine properties. As of December 31, 2009, there was $178,342 cash in this bank account.

Related party transactions are measured at the fair value amount as determined by management. The amounts owed bear no interest and are unsecured with no repayment terms.

7. Share Capital

Common Shares

a) On October 17, 2008, the Company closed a non-brokered private placement of 2,501,000 flow-through common shares at $0.60 per share to raise gross proceeds of $1,500,600. The Company paid cash finder's fees in the amount of $73,800 in connection with the private placement. $8,353 for filing fees were included in share issue costs.

b) On July 3, 2009, the Company closed a non-brokered private placement of 1,525,000 common shares at $0.40 per unit to raise gross proceeds of $610,000. Each unit consists of one common share and a share purchase warrant, with each warrant exercisable into a common share for a period of two years after closing at an exercise price of $0.60 in the first twelve months and at an exercise price of $0.80 until July 3, 2011. A fair value of $284,871 was recognized on the warrants. The Company paid cash finder's fees and filing fees in the amounts of $8,000 and $4,020, respectively, in connection with the private placement.

c) On December 22, 2009, the Company closed a non-brokered private placement of 1,453,900 flow-through common shares at $0.45 per share to raise gross proceeds of $654,255. There were no warrants issued in the private placement. The Company paid cash finder's fees and filing fees in the amounts of $22,500 and $4,020, respectively, in connection with the private placement.

Stock Options

On September 1, 2005, the Company adopted a new stock option plan. Under this plan, the Company may grant up to a rolling 10% of its outstanding common shares at the time options are granted to directors, employees and consultants of the Company.

In 2008, the Company granted 635,000 stock options at prices ranging from $0.23 to $1.35 per share to directors and employees. The Company also cancelled 790,000 options issued on January 2, 2007 to directors and senior officers. The Company has re-priced 1,177,500 options granted to directors, employees and a consultant that were granted at prices ranging between $1.09 to $2.60, to a new exercise price of $0.23, approved by disinterested shareholders at the May 14, 2009 Annual General Meeting. During 2009, the Company granted 900,000 stock options to directors and employees at an exercise price of $0.40 and donated 15,000 stock options at an exercise price of $0.42. In addition, 92,500 stock options with a weighted average exercise price of $0.96 expired and 77,500 stock options with an exercise price of $0.23 were exercised.

The following options were outstanding as of December 31, 2009:

Expiry Date	Exercise Price	Number of Options
October 14, 2010	$0.55	800,000
November 8, 2010	$0.68	150,000
January 11, 2011	$0.23	90,000
August 28, 2011	$0.23	7,500
October 5, 2012	$0.23	780,000
December 20, 2012	$0.23	25,000
February 21, 2013	$0.23	30,000
June 24, 2013	$0.23	100,000
November 7, 2013	$0.23	400,000
May 26, 2014	$0.42	15,000
November 25, 2014	$0.40	900,000
		3,297,500

7. Share Capital – *Continued*

Stock Options – *Continued*

The following table summarized the stock option activity for the year ended December 31, 2009:

	December 31, 2009				December 31, 2008			
	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)	Weighted Average Grant Date Fair Value	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)	Weighted Average Grant Date Fair Value
Outstanding, beginning of year	2,552,500	$1.27	1.67	$ 0.58	2,772,500	$1.92	2.80	$ 1.98
Granted	915,000	0.40	4.89	0.42	635,000	0.54	4.72	0.52
Exercised	(77,500)	0.23	2.99	0.36	-	-	-	-
Cancelled	-	-	-	-	(790,000)	2.90	3.01	2.90
Expired	(92,500)	0.96	3.56	1.10	(65,000)	2.14	-	2.14
Outstanding, end of year	3,297,500	$ 0.37	2.90	$ 0.47	2,552,500	$1.27	2.53	$ 1.33

Warrants

As a result of the July 3, 2009's common share financing (see Note 7 b), the Company has 1,525,000 warrants outstanding with each warrant exercisable into a common share for a period of two years at an exercise price of $0.60 in the first twelve months (by July 3, 2010) and at an exercise price of $0.80 until July 3, 2011.

Stock-based Compensation

The Company recognizes compensation expense for all stock options granted using the fair value method of accounting. Total fair value of stock options vested during the year ended December 31, 2009 was $323,509 (2008: $1,575,658).

The following assumptions were used in the Black-Scholes weighted average calculation of the value of stock options granted:

	2009	2008
Risk-free interest	1.69 - 2.47%	1.69 – 4.23%
Expected dividend yield	-	-
Expected stock price volatility	106.5 – 106.9%	80 – 90%
Expected option life in years	1- 4	1- 4

Option pricing models require the input of highly subjective assumptions including expected stock 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 options.

8. Income Taxes

A reconciliation of expected and actual income tax expense at statutory rates is as follows:

	2009	2008
Net loss for accounting purposes	**$ (2,817,691)**	$ (2,402,038)
Expected income tax recovery (expense)	**845,307**	744,632
Net adjustment for non-deductible or taxable amounts	**(766,017)**	(374,133)
Recovery of FIT recorded as flow-through share issue costs	**375,150**	925,124
Net change in valuation allowance	**(79,290)**	(370,499)
Decrease in FIT liability	**877,548**	(954,784)
Future income tax recovery (expense)	**$ 1,252,698**	$ (29,660)

The Company's future income tax liabilities are as follows:

	2009	2008
Non-capital loss carry forwards	**$ 2,007,109**	$ 1,827,495
Deferred mineral property expenses	**(9,614,286)**	(11,597,241)
Equipment	**74,340**	53,529
Share issue costs	**277,458**	-
	(7,255,379)	(9,716,217)
Expected statutory rates	**25%**	27.70%
Future income tax liabilities	**$ (1,813,844)**	$ (2,691,392)

The Company's non-capital loss carry forwards are as follows:

Year of Origin	Year of Expiry	Amount
2007	2027	$ 547,650
2008	2028	1,195,157
2009	2029	264,302
		$ 2,007,109

9. Segmented Financial Information

The Company operates in one industry segment, that being the acquisition and exploration of mineral properties. Geographic information is as follows:

	December 31, 2009	December 31, 2008
Total assets		
Canada	**$ 22,109,244**	$ 23,160,924
Africa	**1,182,595**	1,297,344
	$ 23,291,839	$ 24,458,268

10. Financial instruments

The fair values of the Company's cash and cash equivalents, short-term investments and accounts receivable, prepaid expenses and deposits, accounts payables and accrued liabilities, and due to related parties/joint venture parties approximate their carrying values.

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk, and interest risk.

(a) Currency risk

The Company's property interests in Africa make it subject to foreign currency fluctuations and inflationary pressures which may adversely affect the Company's financial position, results of operations and cash flows. The Company is affected by changes in exchange rates between the Canadian Dollar and foreign functional currencies. The Company does not invest in foreign currency contracts to mitigate the risks. For every $0.01 change in the exchange rate between the Canadian dollar and the South African Rand, based on the Company's estimated expenditures for 2009 in Namibia, the Company's costs would change by approximately $15,000.

(b) Credit risk

The Company's cash and short-term investments are held in large Canadian financial institutions. Short-term investments are composed of financial instruments issued by Canadian banks. These investments mature at various dates over the current operating period. The Company does not have any asset-backed commercial paper in its short-term investments. The Company's accounts receivable consists primarily of goods and services tax due from the federal government of Canada.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure. Accounts payable and accrued liabilities are due within the current operating period.

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of the short-term investments is limited because these investments, although available for sale, are withdrawn with interest as needed. For every 1% change in the interest rate on the Company's short term investments, the Company's revenue would change by approximately $50,000 over a full year.

11. Management of capital risk

The Company manages its cash and cash equivalents, common shares, stock options and warrants as capital (see Note 7). The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents.

11. Management of capital risk – *Continued*

In order to facilitate the management of its capital requirements, the Company prepares an annual expenditure budget that is updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual budget is approved by the Board of Directors.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with maturities 365 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

The Company expects its current capital resources to be sufficient to carry its exploration plans and operations through 2010.

12. Commitments

1. The Company has a lease commitment for its offices in Vancouver, British Columbia, for approximately $2,400 monthly rent from May 1, 2006 until April 30, 2010.

2. The Company has entered into a contract with Bryson Drilling Ltd. (Bryson) such that the Company will pay for a minimum of 4,650 meters of drilling on the Athabasca basin properties in 2010.

3. The Company has committed to spend the balance of $606,942 under flow through share agreements by December 31, 2010.

13. Subsequent Event

The Company renewed its office lease and committed to a three year term for approximately $2,500 monthly rent from May 1, 2010 to April 30, 2013.