HULDRA SILVER INC.
(a development stage company)

FINANCIAL STATEMENTS

December 31, 2009 and 2008

Index

AUDITORS' REPORT

To the Shareholders of
Huldra Silver Inc.

We have audited the balance sheets of **Huldra Silver Inc.** [the 'Company'] as at December 31, 2009 and 2008 and the statements of operations, comprehensive income and deficit and statements of 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 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 its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Ernst & Young LLP

Vancouver, Canada,
April 21, 2010.

Chartered Accountants

HULDRA SILVER INC.
(a development stage company)

BALANCE SHEETS

December 31, 2009 and 2008

[See note 1 – Nature of operations and going concern uncertainty]

	2009	2008
ASSETS		
CURRENT		
Cash	$ 17,268	$ 30,436
Accounts receivable	272	1,410
Prepaid expenses	1,795	3,979
	19,335	35,825
EQUIPMENT, Net	673	961
MINERAL INTERESTS (Note 4)	86,437	76,437
RESTRICTED CASH (Note 3)	10,000	10,000
TOTAL ASSETS	$ 116,445	$ 123,223
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	$ 47,182	$ 47,893
Due to a director (Note 7)	5,362	12,360
	52,544	60,253
SITE RESTORATION LIABILITY	25,000	15,000
	77,544	75,253
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 5)	6,531,388	6,391,388
CONTRIBUTED SURPLUS (Note 5)	81,404	81,404
DEFICIT	(6,573,891)	(6,424,822)
	38,901	47,970
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 116,445	$ 123,223

"On Behalf of the Board"

"Magnus Bratlien" Director

"David Chong" Director

HULDRA SILVER INC.
(a development stage company)

STATEMENTS OF OPERATIONS, COMPREHENSIVE INCOME AND DEFICIT

For the Years Ended December 31, 2009 and 2008

	2009	2008
INTEREST AND OTHER INCOME	$ -	$ 3,645
EXPLORATION COSTS (Notes 4 and 7)	69,672	185,186
EXPENSES		
Professional fees	45,330	48,491
Management fees (Note 7)	12,000	12,000
Transfer agent	9,534	8,484
Regulatory fees	8,764	5,000
Office and general (Note 7)	3,071	3,505
Bank charges and interest	410	411
Amortization	288	412
	79,397	78,303
NET LOSS FOR THE YEAR	(149,069)	(259,844)
COMPREHENSIVE INCOME (LOSS)	-	-
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	(149,069)	(259,844)
DEFICIT AT BEGINNING OF YEAR	(6,424,822)	(6,164,978)
DEFICIT AT END OF YEAR	$ (6,573,891)	$ (6,424,822)
NET LOSS PER SHARE – basic and diluted	$ (0.02)	$ (0.03)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING – BASIC AND DILUTED	8,831,231	8,614,519

HULDRA SILVER INC.
(a development stage company)

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2009 and 2008

	2009	2008
CASH PROVIDED FROM (USED FOR)		
OPERATING ACTIVITIES		
Cash receipts from operations	$ 7,429	$ 30,016
Cash paid out to suppliers	(68,006)	(75,106)
Exploration costs	(74,391)	(200,623)
	(134,968)	(245,713)
FINANCING ACTIVITIES		
Advances to a director	(18,200)	(1,169)
Issuance of common shares	140,000	-
	121,800	(1,169)
INVESTING ACTIVITIES		
Short term investments	-	260,000
NET INCREASE (DECREASE) IN CASH	(13,168)	13,118
CASH AT BEGINNING OF YEAR	30,436	17,318
CASH AT END OF YEAR	$ 17,268	$ 30,436

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

	2009	2008
Cash paid for interest	$ -	$ -
Cash paid for income taxes	$ -	$ -
Non-Cash Transactions:		
Stock-based compensation	$ -	$ -

1. NATURE OF OPERATIONS AND GOING CONCERN UNCERTAINTY

The Company's common shares are listed on the TSX Venture Exchange as a junior resource company. The Company is in the process of exploring its mineral properties in British Columbia, Canada. The amounts shown as mineral interests represent acquisitions incurred and reclamation costs and do not necessarily represent present or future values. The underlying value of the mineral interests is entirely dependent on the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain the necessary financing to continue exploration, complete development, and future profitable production.

At December 31, 2009, the Company had a working capital deficiency of $33,209 (2008 – working deficiency of $24,428), had not yet achieved profitable operations, has accumulated losses of $6,573,891 (2008 - $6,424,822) and expects to incur further losses in the development of its business, all of which casts substantial doubt about the Company's ability to continue as a going concern. The Company will require additional financing in order to conduct its planned work programs on its mineral interests, meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize assets and discharge liabilities in the normal course of business. While the Company has been successful in securing financings in the past, there can be no assurance that it will be able to do so in the future. Accordingly, it does not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts which may differ from those shown in the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies followed by the Company:

(a) Basis of Presentation

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles using the following significant accounting policies. These financial statements are prepared in Canadian dollars unless otherwise stated.

(b) Use of Estimates

The preparation of 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, the disclosure of contingent assets and liabilities at the date of the financial statements and the amount of revenues and expenses reported during the year. Actual results may differ from those estimates.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Equipment

Computer equipment is stated at cost. Amortization is provided at the following annual rates:

Computer equipment	30% declining balance basis

Amortization is calculated at one-half of the annual rate in the year of acquisition.

(d) Mineral Interests

The Company follows the method of accounting for its mineral interests whereby all costs related to acquisition and site restoration are capitalized by project, net of recoveries received. The amounts shown as mineral interests represent costs incurred to date less amounts written off, and do not necessarily represent present or future values. These costs will be amortized against revenue from future production or written off if the interest is abandoned or sold. The carrying values of mineral interests, on a property-by-property basis, are reviewed by management at least annually to determine if they have become impaired. If impairment is deemed to exist, the mineral property will be written down to its net recoverable value. The ultimate recoverability of the amounts capitalized for the mineral interests is dependent upon the delineation of economically recoverable ore reserves, the Company's ability to obtain the necessary financing to complete their development and realize profitable production or proceeds from the disposition thereof. Management's estimates of recoverability of the Company's investment in various mineral interests have been based on current conditions. However, it is reasonably possible that changes could occur in the near term which could adversely affect management's estimates and may result in future writedowns of capitalized property carrying values.

(e) Site Restoration Liability

The Company's asset retirement obligations (referred to as "Site Restoration Liability") result from liabilities related to environmental protection and rehabilitation due to environmental law or contracts. The site restoration obligation is recorded as a liability with a corresponding increase to the carrying amount of the related long-lived asset - mineral interest. The costs capitalized to the related assets are amortized in a manner consistent with the depletion and depreciation of the related asset. As at December 31, 2009 the estimated site restoration cost amounts to $25,000 (2008 - $15,000). The revision to 2008's estimate results from management's knowledge of the current conditions of the property and current restoration costs.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Earnings (Loss) Per Share

Basic earnings (loss) per share is computed using the weighted average number of common shares outstanding during the year. Diluted loss per share amounts are calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares using the treasury stock method. The treasury stock method assumes that proceeds received from the exercise of stock options and warrants are used to repurchase common shares at the prevailing market rate. As the Company incurred net losses in fiscal years 2009 and 2008, the stock options and stock warrants as disclosed in Notes 5(c) and 5(d) respectively, were not included in the computation of loss per share as their inclusion would be anti-dilutive.

(g) Income Taxes

The Company follows the liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities, measured using substantially enacted tax rates and laws that will be in effect when the differences are expected to reverse. Future income tax assets are recognized to the extent that they are considered more likely than not to be realized.

(h) Financial Instruments

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

The Company's financial instruments consist of cash, accounts receivable, restricted cash, accounts payable, amounts due to a director, accrued liabilities, stock options and warrants. Sections 3862 and 3863 – Financial Instruments – Disclosure and Presentation places increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The Company has included disclosures recommended by the new Handbook section in Note 8 to these financial statements.

(i) Stock-based Compensation

Stock-based compensation is accounted for at fair value as determined by the Black-Scholes option pricing model using amounts that are believed to approximate the volatility of the trading price of the Company's stock, the expected lives of awards of stock-based compensation, the fair value of the Company's stock and the risk-free interest rate. The estimated fair value of awards of stock-based compensation are charged to expense as awards vest, with offsetting amounts recognized as contributed surplus.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Capital Disclosures and Financial Instruments – Disclosures and Presentation

On December 1, 2006, the CICA issued three new accounting standards: Capital Disclosures (Handbook Section 1535). Financial Instruments – Disclosures (Handbook Section 3862), and Financial Instruments – Presentation (Handbook Section 3863). The new standards became effective for the Company on January 1, 2008.

(k) Capital Disclosures

Handbook Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. The Company has included disclosures recommended by the new Handbook section in Note 9 to these financial statements.

(l) New Accounting Policies

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

In January 2009, the Emerging Issues Committee of the CICA issued EIC-173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities", which applies to interim and annual financial statements for periods ending on or after January 20, 2009. The application of this new standard had no impact on the Company's financial statements as at and for the year ended December 31, 2009.

(ii) Mining Exploration Costs

On March 27, 2009, the Emerging Issues Committee of the CICA approved an abstract EIC-174, "Mining Exploration Costs", which provides guidance on capitalization of exploration costs related to mining properties in particular, and on impairment of long-lived assets in general. The application of this new standard had no impact on the Company's financial statements as at and for the year ended December 31, 2009.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(iii) Goodwill and Intangible Assets

Effective January 1, 2009, the Company adopted CICA Section 3064, "Goodwill and Intangible Assets" which replaces CICA Sections 3062, "Goodwill and Other Intangible Assets" and 3450 "Research and Development Costs", as well as EIC-27, "Revenues and Expenditures During the Pre-operating Period", and part of Accounting Guideline 11, "Enterprises in the development stage". Under previous Canadian standards, a greater number of items were recognized as assets than are recognized under International Financial Reporting Standards ("IFRS"). The provisions relating to the definition and initial recognition of intangible assets reduce the differences with IFRS in the accounting for intangible assets. The objectives of CICA 3064 are: 1) to reinforce the principle-based approach to the recognition of assets: 2) to establish the criteria for asset recognition; and 3) to clarify the application of the concept of matching revenues and expenses such that the current practice of recognizing items that do not meet the recognition criteria is eliminated. The standard also provides guidance for the recognition of internally developed intangible assets (including research and development activities), ensuring consistent treatment of all intangible assets. The portions in the standard relating to good will remain unchanged. The adoption of this standard had no impact on the Company's presentation of its financial position or results of operations as at December 31, 2009.

(m) Future Changes

International Financial Reporting Standards ("IFRS")

The Canadian Accounting Standards Board has confirmed that publicly accountable, profit oriented enterprises will be required to adopt IFRS for fiscal years beginning on or after January 1, 2011. The Company will be required to begin reporting under IFRS for its first quarter ending March 31, 2011 with restatement of comparative information presented. The conversion to IFRS will impact the Company's accounting policies, information technology systems, taxes and contractual commitments involving GAAP based clauses.

Accordingly the Company is in the process of putting measures into place to provide training to key finance personnel to review contracts and agreements and to increase the level of awareness and knowledge amongst management, the Board of Directors and the Audit Committee. Additional resources will be engaged to ensure the timely conversion to IFRS. The Company is planning to have IFRS compliant opening balance sheets in place during the first half of 2010. In order to compile comparative IFRS data for fiscal year 2010, the Company is planning to run a parallel system in 2010 outside the main accounting system.

3. RESTRICTED CASH

The Company has in place deposits amounting to $10,000 as at December 31, 2009 (2008 - $10,000) registered in the name of the Ministry of Finance as security for its mining permit and for reclamation clean up. As they are restricted from general use, they are excluded from current assets.

4. MINERAL INTERESTS

Upon incorporation in 1980, the Company acquired from two directors in consideration of 750,000 vendor's shares, 100% interest in 38 mineral claims at Treasure Mountain, located 27 km east of Hope, B.C. These 38 mineral claims, or their subsequent conversions, covering the area of the developed vein deposit, the projected vein extensions and several other exploration targets, have been maintained in continuous good standing since 1980.

The Treasure Mountain group of claims consist of the following:

	2009	2008
(a) The Company acquired from its directors the Treasure Mountain group of claims located in the Similkameen Mining Division of British Columbia for a consideration of 750,000 vendor's shares at $0.01 per share	$ 7,500	$ 7,500
(b) The Company acquired a Crown Grant mineral claim to Lot 1210 in the Yale Mining Division contiguous to the Treasure Mountain Claims known as the "Eureka" for a cash consideration of $14,437.	14,437	14,437
(c) The Company acquired the surface rights to Lot 1209 located in the Yale Mining Division of British Columbia known as the "Whynot Fraction" for a consideration of $39,500.	39,500	39,500
(d) Provision for reclamation.	25,000	15,000
	$ 86,437	$ 76,437

The realization of the costs of the mineral interests aggregating $86,437 are dependent upon the future commercial success of the properties or proceeds from disposition thereof.

4. MINERAL INTERESTS (continued)

Cumulative exploration costs incurred on the Treasure Mountain group of claims are as follows:

	2009	2008
EXPLORATION COSTS, beginning of year	$ 5,730,050	$ 5,544,864
COSTS INCURRED DURING THE YEAR		
Engineering costs	55,097	62,563
Geotechnical and environmental	9,656	123,939
Insurance	1,162	1,100
Supplies and licenses	1,000	-
Excavation	858	-
Fieldwork (Note 7)	750	-
Assay costs	574	157
Travel and meals	470	-
Property taxes	305	273
Surveying	-	4,750
Recording fees	-	2,404
Recovery of exploration costs	-	(10,000)
	69,672	185,186
CUMULATIVE EXPLORATION COSTS, end of year	$ 5,799,722	$ 5,730,050

5. SHARE CAPITAL

(a) Authorized: 50,000,000 common shares without par value.

(b) Issued:

	Number of Shares	Amount	Contributed Surplus
Balance, December 31, 2007 and 2008	8,614,519	$ 6,391,388	$ 81,404
Non-brokered private placement at $0.20 per share, net of costs	700,000	140,000	-
Balance, December 31, 2009	9,314,519	$ 6,531,388	$ 81,404

5. SHARE CAPITAL (continued)

On September 10, 2009, the Company completed a non-brokered private placement of 700,000 units at a price of $0.20 per unit for net proceeds of $140,000. Each unit consists of one share and one share purchase warrant entitling the holder to purchase an additional common share at $0.30 per share no later than August 31, 2010. The Company has applied the residual approach and allocated total net proceeds of $140,000 to common shares and a nil value to the attached warrants.

(c) Stock Options

Stock option plan

The Company's Board of Directors approved the adoption of a stock incentive plan (the "2004 Stock Option Plan") in accordance with the policies of the TSX Venture Exchange. The Board of Directors is authorized to grant options to directors, officers, consultants or employees. The exercise price of options granted under the 2004 Stock Option Plan shall be as determined by the Board of Directors when such options are granted, subject to any limitations imposed by any relevant stock exchange or regulatory authority. The maximum number of options that may be granted to any one person in any twelve month period must not exceed 5% of the common shares outstanding at the time of the grant. Any options granted under the 2004 Stock Option Plan shall vest at the discretion of the Board of Directors or its designate who will have the authority to determine the time during which options shall vest and the method of vesting or that no vesting restriction shall exist.

During the 2006 fiscal year, the Company granted stock options to a director to purchase an aggregate of 100,000 common shares at a price of $0.95 per share to be exercised within a 5 year period.

The fair value of each option granted was estimated as of the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions: risk-free interest rate of 4.01%, dividend yield of 0%, volatility of 107.84% and expected lives of 5 years. The Company recognized compensation expense of $53,178 in previous years which is included in contributed surplus balance.

Option pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates and therefore, in management's opinion, existing models do not necessarily provide reliable measures of the fair value of the Company's stock options.

5. SHARE CAPITAL (continued)

A summary of the weighted average fair value of stock options granted as at December 31, 2009 is as follows:

Exercise Price	Number Outstanding and Exercisable	Weighted Average Remaining Contractual Life (yr)	Weighted Average Exercise Price	Expiry Date
$0.95	100,000	1.63	$ 0.95	August 16, 2011

(d) Warrants

The following is a summary of warrants transactions during the years ended December 31, 2009 and 2008:

	Number of Warrants	Average Exercise Price
Balance, December 31, 2007	240,000	$ 0.70
Warrants expired	(240,000)	$ 0.70
Balance, December 31, 2008	-	$ 0.00
Warrants granted	700,000	$ 0.30
Balance, December 31, 2009	700,000	$ 0.30

6. INCOME TAXES

The income tax effects of temporary differences that give rise to significant components of future income tax assets and liabilities are as follows:

	2009	2008
Loss before income taxes	$ (149,069)	$ (259,844)
	(30.0%)	(31.0%)
Expected recovery for income taxes	$ (44,721)	$ (80,552)
Tax rate changes and other	37,640	39,739
Change in valuation allowance	7,081	40,813
	$ -	$ -

6. INCOME TAXES (continued)

Future income taxes arise from temporary differences in the recognition of income and expenses for financial reporting and tax purposes. The significant components of future income tax assets and liabilities at December 31 are as follows:

	2009	2008
Resource properties	$617,082	$ 623,651
Tax loss carry forwards	86,751	72,883
Equipment	125	55
Unclaimed share issuance costs	703	991
Total gross future income tax assets	704,661	697,580
Valuation allowance	(704,661)	(697,580)
	$ -	$ -

Due to the uncertainty of realization of future taxable income, a full valuation allowance has been provided against the future asset.

The Company has $2,529,767 (2008 - $2,460,095) of cumulative resource expenses for Canadian income tax purposes which can be carried forward indefinitely and used to reduce future taxable income in Canada.

Canadian federal non-capital losses totalling $347,002 (2008 - $280,320) are carried forward for tax purposes and are available to reduce taxable income of future years. These losses expire as follows:

Year	Non-capital losses
2010	$ 17,444
2014	26,453
2015	32,403
2026	61,127
2027	53,696
2028	75,768
2029	80,111
	$ 347,002

7. RELATED PARTY TRANSACTIONS

During the year the Company incurred the following expenditures to a director:

Management fees	$ 12,000 (2008 - $12,000)
Office and general	$ 1,440 (2008 - $1,440)
Fieldwork	$ 750 (2008 - $ nil)

The amount of $5,362 (2008 - $12,360) due to a director at year-end is non-interest bearing and unsecured.

Transactions with related parties are measured at the exchange amount agreed to by transacting parties.

8. FINANCIAL INSTRUMENTS

All financial instruments are classified into one of five categories: held for-trading, held-to-maturity investments, loans and receivables, available-for-sale assets or other financial liabilities. All financial instruments and derivatives are measured in the balance sheet at fair value, except for loans and receivables, held-to-maturity investments and other financial liabilities, which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification.

Financial Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash, accounts payable and accrued liabilities. The Company has classified cash as held-for-trading. Prepaid items and advances are classified as loans and receivables, and accounts payable and accrued liabilities as other liabilities, all of which are measured at amortized cost.

The fair values of cash and accounts payable and accrued liabilities approximate their book values because of the short-term nature of these instruments.

Financial Instrument Risk Exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

Credit Risk

The Company's only exposure to credit risk is on its bank accounts. Bank accounts are with a Canadian Schedule 1 bank with a $20 million counterparty credit limit.

8. FINANCIAL INSTRUMENTS (continued)

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or as a result of conditions specific to the Company. As at December 31, 2009, the Company had a cash balance of $17,268 (December 31, 2008 - $30,436) to settle current liabilities of $52,544 (December 31, 2008 - $60,253). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is not exposed to currency risk as all transactions are in Canadian dollars.

b) Interest rate risk

Interest rate risk concerns the exposure of the Company to the future changes in the prevailing level of interest rate. The Company is not exposed to interest rate risk as there are no assets or liabilities subject to interest charges.

Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in pricing may be significant.

9. MANAGEMENT OF CAPITAL

The Company manages its cash, common shares, stock options and warrants as capital. 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 development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. The Company does not have any externally imposed capital requirements to which it is subject.

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 debt, acquire or dispose of assets or adjust the amount of cash.

The properties in which the Company currently has an interest are at the exploration or feasibility stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned project related activities and pay for administrative costs, the Company will spend its existing working capital and plans to raise additional funds as needed. The Company will be open to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate. There were no changes in the Company's approach to capital management during the year ended December 31, 2009.

The Company does not expect its current capital resources will be sufficient to carry its exploration plans and operations through its current operating period and will attempt to raise additional capital through an equity transaction.

10. SUBSEQUENT EVENTS

(a) The Company granted 830,000 stock options on March 29, 2010 to directors and consultants of the Company exercisable at a price of $0.25 for a period of five years. The options are subject to the Company's stock option plan.

(b) The Company announced on April 1, 2010, that they have made arrangements for a Private Placement of up to 3,500,000 units at a price of $0.20 per unit for gross proceeds of $700,000. Each unit is comprised of one common share and one warrant, with each warrant exercisable into one common share for a period of 18 months from the closing date of the financing at an exercise price of $0.35 per share. The shares are subject to a hold period expiring four months from the closing date. The Directors reserve the option to increase the Private Placement by an additional 500,000 units.