BLUE SKY URANIUM CORP.

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2009 AND 2008

(Expressed in Canadian Dollars)

AUDITORS' REPORT

To the Shareholders of
Blue Sky Uranium Corp.

We have audited the consolidated balance sheets of Blue Sky Uranium Corp. as at December 31, 2009 and 2008 and the consolidated statements of loss, 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 audit 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 its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"D&H Group LLP"

Vancouver, B.C.
April 19, 2010

Chartered Accountants

BLUE SKY URANIUM CORP.

(An Exploration Stage Company)

CONSOLIDATED BALANCE SHEETS

AS AT DECEMBER 31, 2009 AND 2008

(Expressed in Canadian Dollars)

	2009 $	2008 $
A S S E T S		
CURRENT ASSETS		
Cash	1,334,398	619,662
Amounts receivable	13,227	11,547
Prepaid expenses	336,327	82,471
	1,683,952	713,680
MINERAL PROPERTY INTERESTS (Note 3)	3,396,203	3,377,956
EQUIPMENT (Note 4)	-	24,063
	5,080,155	4,115,699
L I A B I L I T I E S		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	198,381	156,475
FUTURE INCOME TAX LIABILITIES (Note 8)	-	771,421
	198,381	927,896
S H A R E H O L D E R S' E Q U I T Y		
SHARE CAPITAL (Note 5)	10,231,995	8,576,180
WARRANTS (Note 5)	808,526	733,195
CONTRIBUTED SURPLUS (Note 6)	1,668,765	554,893
DEFICIT	(7,827,512)	(6,676,465)
	4,881,774	3,187,803
	5,080,155	4,115,699

NATURE OF OPERATIONS (Note 1)
SUBSEQUENT EVENTS (Note 13)

APPROVED BY THE DIRECTORS

"Sean Hurd" , Director

"Ron McMillan" , Director

The accompanying notes and schedules are an integral part of these consolidated financial statements.

BLUE SKY URANIUM CORP.

(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF LOSS, COMPREHENSIVE LOSS AND DEFICIT

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

(Expressed in Canadian Dollars)

	2009 $	2008 $
EXPENSES		
Accounting and administration	56,081	107,864
Amortization (Note 4)	9,980	11,716
Corporate development and investor relations	98,062	213,889
Exploration (Note 3)	635,363	1,296,853
Office	125,274	135,054
Professional fees	101,066	172,012
Rent, parking and storage	60,493	79,143
Salaries and employee benefits	320,270	505,344
Stock-based compensation (Note 5c)	545,423	19,010
Transfer agent and regulatory fees	35,767	56,546
Travel and accommodation	70,535	89,956
	2,058,314	2,687,387
LOSS BEFORE OTHER ITEMS	(2,058,314)	(2,687,387)
OTHER ITEMS		
Foreign exchange gain (loss)	(26,101)	12,692
Write-off mineral properties (Note 3)	-	(951,630)
Interest income	6,030	17,433
Loss on write-off of equipment (Note 4)	(14,083)	-
Expense recovery (Note 7)	170,000	-
	135,846	(921,505)
LOSS FOR THE YEAR BEFORE INCOME TAXES	(1,922,468)	(3,608,892)
INCOME TAX RECOVERY (Note 8)	771,421	-
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	(1,151,047)	(3,608,892)
DEFICIT - BEGINNING OF YEAR	(6,676,465)	(3,067,573)
DEFICIT - END OF YEAR	(7,827,512)	(6,676,465)
LOSS PER SHARE - BASIC AND DILUTED	$(0.03)	$(0.14)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC AND DILUTED	43,450,067	25,147,956

The accompanying notes and schedules are an integral part of these consolidated financial statements.

BLUE SKY URANIUM CORP.

(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

(Expressed in Canadian Dollars)

	2009 $	2008 $
CASH PROVIDED FROM (USED FOR)		
OPERATING ACTIVITIES		
Net loss for the year	(1,151,047)	(3,608,892)
Items not affecting cash		
Amortization	9,980	11,716
Stock-based compensation	545,423	19,010
Unrealized foreign exchange	-	1,345
Write-off of equipment	14,083	-
Write-off of mineral properties	-	951,630
Future income tax recovery	(771,421)	-
	(1,352,982)	(2,625,191)
Changes in non-cash working capital balances	(213,631)	(22,297)
	(1,566,613)	(2,647,488)
FINANCING ACTIVITIES		
Issuance of common shares	2,402,179	1,787,378
Share issuance costs	(102,583)	(153,638)
	2,299,596	1,633,740
INVESTING ACTIVITIES		
Purchase of equipment	-	(5,088)
Cash flow from investment	-	31,848
Expenditures on mineral properties	(18,247)	(64,406)
Decrease in short-term investments	-	1,500,000
	(18,247)	1,462,354
INCREASE IN CASH DURING THE YEAR	714,736	448,606
CASH - BEGINNING OF YEAR	619,662	171,056
CASH - END OF YEAR	1,334,398	619,662

SUPPLEMENTARY CASH FLOW INFORMATION (Note 10)

Interest paid	-	-
Income taxes paid	-	-

The accompanying notes and schedules are an integral part of these consolidated financial statements.

BLUE SKY URANIUM CORP.

(An Exploration Stage Company)

CONSOLIDATED SCHEDULE OF MINERAL PROPERTY INTERESTS

FOR THE YEAR ENDED DECEMBER 31, 2009

(Expressed in Canadian Dollars)

	Argentina					
	Santa Barbara $	Anit $	Cebeza de Potro $	Villa Regina $	Other $	Total $
ACQUISITION COSTS						
BALANCE - BEGINNING OF YEAR	1,045,065	1,240,001	272,002	-	820,888	3,377,956
Staking fees	-	8,532	-	9,715	-	18,247
BALANCE - END OF YEAR	1,045,065	1,248,533	272,002	9,715	820,888	3,396,203
EXPLORATION EXPENDITURES						
CUMULATIVE COSTS EXPENSED - BEGINNING OF YEAR	404,412	45,783	928	-	-	451,123
EXPLORATION EXPENDITURES DURING THE YEAR:						
Assays	36,450	13,572	-	-	-	50,022
Office	157,274	157,516	-	930	2,460	318,180
Salaries and contractors	19,635	69,949	-	-	233	89,817
Supplies and equipment	41	12,596	-	-	-	12,637
Transportation	69,460	52,255	-	22	-	121,737
IVA taxes	20,518	22,188	-	69	195	42,970
	303,378	328,076	-	1,021	2,888	635,363
CUMULATIVE COSTS EXPENSED - END OF YEAR	707,790	373,859	928	1,021	2,888	1,086,486

BLUE SKY URANIUM CORP.

(An Exploration Stage Company)

CONSOLIDATED SCHEDULE OF MINERAL PROPERTY INTERESTS

FOR THE YEAR ENDED DECEMBER 31, 2008

(Expressed in Canadian Dollars)

ACQUISITION COSTS

	Canada		Argentina							Colombia	
	Eagle Lake $	Karin Lake $	Santa Barbara $	Anit $	Cebeza de Potro $	Nicky $	La Rioja $	Chubut $	Santa Cruz $	Santander & Norte de Santander $	Total
BALANCE - BEGINNING OF YEAR	340,435	132,914	60,000	-	-	-	-	-	-	74,281	607,630
ACQUSITION COSTS DURING THE YEAR:											
Cash	-	-	-	34,406	-	-	-	-	-	30,000	64,406
Shares	48,000	326,000	-	-	-	-	-	-	-	-	374,000
Acquisition of AUC	-	-	753,639	1,004,852	125,606	125,606	175,849	251,213	75,364	-	2,512,129
	388,435	458,914	813,639	1,039,258	125,606	125,606	175,849	251,213	75,364	104,281	3,558,165
Future income tax	-	-	231,426	308,568	38,571	38,571	54,000	77,142	23,143	-	771,421
Write-off mineral properties	(388,435)	(458,914)	-	-	-	-	-	-	-	(104,281)	(951,630)
BALANCE - END OF YEAR	-	-	1,045,065	1,347,826	164,177	164,177	229,849	328,355	98,507	-	3,377,956

BLUE SKY URANIUM CORP.

(An Exploration Stage Company)

CONSOLIDATED SCHEDULE OF MINERAL PROPERTY INTERESTS

FOR THE YEAR ENDED DECEMBER 31, 2008

(Expressed in Canadian Dollars)

EXPLORATION EXPENDITURES

	Canada		Argentina			Colombia		
	Eagle Lake $	Karin Lake $	Santa Barbara $	Anit $	Cabeza de Potro $	Santander & Norte de Santander $	General Exploration $	Total $
BALANCE - BEGINNING OF YEAR	387,942	415,239	162,806	-	-	53,022	412,490	1,431,499
EXPLORATION EXPENDITURES DURING THE YEAR								
Assays	-	-	888	789	-	-	-	1,677
Drilling	-	100,577	-		-	-	-	100,577
Geophysics	17,111	43	13,712	1,209	-	-	-	32,075
Office	-	51	49,073	38	19	-	-	49,181
Salaries and contractors	20,290	72,211	66,008	16,866	685	-	-	176,060
Supplies and equipment	159	10,972	18,440	18,343	18	-	-	47,932
Transportation	13,253	96,469	48,785	68	34	-	-	158,609
IVA taxes	-	-	44,700	8,470	172	-		53,342
General exploration	-	-	-	-	-	-	677,400	677,400
	50,813	280,323	241,606	45,783	928	-	677,400	1,296,853
BALANCE - END OF YEAR	438,755	695,562	404,412	45,783	928	53,022	1,089,890	2,728,352

1. NATURE OF OPERATIONS

The Company was incorporated under the Business Corporation Act of British Columbia on November 30, 2005 as Mulligan Capital Corp. On May 18, 2006, the Company received final receipts for a prospectus and became a reporting issuer in British Columbia and Alberta. On June 27, 2006 the Company completed its initial public offering (the "Offering") and on June 28, 2006 the Company listed its common shares on the TSX Venture Exchange (the "TSX-V") as a capital pool company. On February 7, 2007, the Company completed its qualifying transaction (the "QT") and was upgraded to Tier II status on the TSX-V. The Company also changed its name to Blue Sky Uranium Corp. to reflect its business as a junior uranium exploration company.

As of December 31, 2009, the Company is in the process of exploring mineral properties in Argentina. On the basis of information to date it has not yet determined whether these properties contain economically recoverable ore reserves. The underlying value of the mineral properties is entirely dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete development and upon future profitable production. Mineral property interests represent acquisition costs incurred to date, less amounts amortized and/or written-off and do not necessarily represent present or future values.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements of the Company have been prepared by management in accordance with Canadian generally accepted accounting principles ("Canadian GAAP").

Use of Estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Significant areas requiring the use of management estimates relate to the determination of environmental obligations, the recoverability of mineral properties and the assumptions used in the determination of the fair value of stock-based compensation and warrants. Actual results may differ from these estimates.

Principles of Consolidation

These consolidated financial statements include the accounts of the Company and all of its subsidiaries. The subsidiaries are Blue Sky BVI Uranium Corp. (100%), Blue Sky BVI Uranium Corp. (Colombia) (100%), Minera Cielo Azul S.A. (Argentina), Argentina Uranium Corporation (100%) and Desarrollo de Inversiones S.A. (Argentina) (100%). All inter-company transactions and balances have been eliminated.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Mineral Property Interests

Exploration expenditures are charged to earnings as they are incurred until the property reaches development stage. All direct costs related to the acquisition of resource property interests are capitalized. Development expenditures incurred subsequent to a development decision, and to increase or to extend the life of existing production, are capitalized and will be amortized on the unit-of-production method based upon estimated proven and probable reserves.

Management periodically reviews the recoverability of the capitalized mineral properties. Management takes into consideration various information including, but not limited to, results of exploration activities conducted to date, estimated future metal prices, and reports and opinions of outside geologists, mine engineers and consultants. When it is determined that a project or property will be abandoned then the acquisition costs are written-off, or if its carrying value has been impaired, then the costs are written down to fair value.

Mineral property acquisition costs include cash costs and the fair market value of common shares, based on the trading price of the shares issued for mineral property interests, pursuant to the terms of the related property agreements. Payments relating to a property acquired under an option or joint venture agreement are made at the sole discretion of the Company, and are recorded as mineral property acquisition costs upon payment.

The Company accounts for foreign value added taxes paid as expenses when incurred. The recovery of these taxes may commence on the beginning of foreign commercial operations. Should these amounts be recovered they would be treated as a recovery of exploration expenses at that time.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Equipment

Equipment is recorded at cost and amortized as follows:

Geological Equipment	4 years straight-line
Computer Equipment	2 years straight-line

Asset Retirement Obligations

Asset retirement obligations are recognized when a legal or constructive obligation arises. This liability is recognized at the fair value of the asset retirement obligation. When the liability is initially recorded the Company capitalizes the cost by increasing the carrying amount of the related long-lived assets. Over time the liability is accreted to its present value each period, and the capitalized cost is amortized over the useful life of the related asset. Upon settlement of the liability, the Company may incur a gain or loss. As at December 31, 2009 the Company does not have any asset retirement obligations.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment when changes in circumstances suggest their carrying value has become impaired. Management considers assets to be impaired if the carrying value exceeds the estimated undiscounted future projected cash flows to result from the use of the asset and its eventual disposition. If impairment is deemed to exist, the assets will be written down to fair value. Fair value is generally determined using a discounted cash flow analysis.

Translation of Foreign Currencies

The Company's foreign operations are integrated and are translated using the temporal method. Under this method, the Company translates monetary assets and liabilities denominated in foreign currencies at period-end rates. Non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at average rates in effect during the period except for depreciation which is translated at historical rates. The resulting gains or losses are reflected in the operating results in the period of translation.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash and other receivables. The Company limits its exposure to credit loss by placing its cash with major financial institutions.

Fair Values of Financial Instruments

The fair value of the Company's financial instruments consisting of cash, other receivables and accounts payable approximate their carrying values due to the short-term nature of those instruments.

Income Taxes

The Company uses the liability method of accounting for future income taxes. Under this method of tax allocation, future income tax liabilities and assets are recognized for the estimated tax consequences attributable to differences between the amounts reported in the consolidated financial statements and their respective tax bases, using substantively enacted tax rates and laws that are expected to be in effect in the periods in which the future income tax assets or liabilities are expected to be settled or realized. The effect of a change in income tax rates on future income tax liabilities and assets is recognized in income in the period that the change occurs. The amount of future income tax assets recognized is limited to the amount that is more likely than not to be realized.

Loss Per Share

Loss per share is calculated based on the weighted average number of common shares issued and outstanding during the year. In years when a loss is incurred, the effect of potential issuances of shares under options and warrants would be anti-dilutive and therefore basic and diluted losses per share are the same. Information regarding securities that could potentially dilute basic earnings per share in the future is presented in Note 5.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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. For employees, the fair value of the options is measured at the date of the grant. For non-employees, the fair value of the options is measured on the earlier of the date at which the counterparty performance is complete or the date the performance commitment is reached or the date at which the equity instruments are granted if they are fully vested and non-forfeitable. The estimated fair value of awards of stock-based compensation is charged to expense over the period that it is earned, with offsetting amounts to contributed surplus. If the stock-based compensation is for past services, it is expensed immediately. If the stock-based compensation is forfeited, no amounts are charged to expense. If stock options are exercised then the fair value of the options is re-classed from contributed surplus to share capital.

Financial Instruments

The Company is required to designate its financial instruments into one of the following five categories: held for trading; available-for-sale; held to maturity; loans and receivables; and other financial liabilities. All financial instruments are to be initially measured at fair value. Financial instruments classified as held for trading or available-for-sale are subsequently measured at fair value with any change in fair value recorded in net earnings and other comprehensive income, respectively. All other financial instruments are subsequently measured at amortized cost.

The Company has designated its financial instruments as follows:

(i) Cash is classified as *"Held-for-trading"*. Due to their short-term nature, their carrying value is equal to their fair value.

(ii) Amounts receivable are classified as *"Loans and Receivables"*. These financial assets are recorded at values that approximate their amortized cost using the effective interest method.

(iii) Accounts payable and accrued liabilities are classified as *"Other Financial Liabilities"*. These financial liabilities are recorded at values that approximate their amortized cost using the effective interest method.

Capital Disclosures

CICA Handbook Section 1535, *Capital Disclosures*, establishes standards for disclosing information about the Company's capital and how it is managed. Under this standard the Company is required to disclose the following, based on the information provided internally to the Company's key management personnel:

(i) qualitative information about its objectives, policies and processes for managing capital.
(ii) summary quantitative data about what it manages as capital.
(iii) whether during the period it complied with any externally imposed capital requirements to which it is subject.
(iv) when the Company has not complied with such externally imposed capital requirements, the consequences of such non-compliance.

This standard is effective for interim and annual financial statements beginning on January 1, 2008. Disclosures required by this standard are included in Note 11.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent Accounting Pronouncements

Effective January 1, 2009, new accounting standards were issued by the CICA which impact the Company in the future as follows:

(a) Goodwill and Intangible Assets

CICA Handbook Section 3064, *Goodwill and Intangible Assets*, establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the introduction of this standard, the CICA withdrew EIC 27, Revenues and Expenses during the preoperating period. On January 1, 2009, the Company adopted these changes, with no impact on its consolidated financial statements.

(b) Credit Risk and Fair Value of Financial Assets and Liabilities

In January 2009, the CICA issued EIC-173, *Credit Risk and the Fair Value of Financial Assets and Financial Liabilities*. The EIC provides guidance on how to take into account credit risk of an entity and counterparty when determining the fair value of financial assets and financial liabilities, including derivative instruments.

This standard is effective for our fiscal year beginning January 1, 2009. Adoption of this EIC did not have a significant effect on the Company's consolidated financial statements for the year ended December 31, 2009.

(c) Mining Exploration Costs

In March 2009, the CICA issued EIC-174, *Mining Exploration Costs.* The EIC provides guidance on the accounting and the impairment review of exploration costs. This standard is effective for our fiscal year beginning January 1, 2009. The application of this EIC did not have an effect on the Company's consolidated financial statements for the year ended December 31, 2009.

(d) General Standard of Financial Statement Presentation

For the year ended December 31, 2009, the Corporation adopted the amendments to CICA Handbook Section 3862, Financial Instruments – Disclosures, which expands financial instrument fair value measurement and liquidity risk management disclosures.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Future Accounting Standards

Business combinations, consolidated financial statements and non-controlling interest

In January 2009, the CICA issued CICA Handbook Section 1582, *Business Combinations*, Section 1601, *Consolidations*, and Section 1602, *Non-controlling Interests*. These sections replace the former CICA Handbook Section 1581, *Business Combinations* and Section 1600, *Consolidated Financial Statements* and establish a new section for accounting for a non-controlling interest in a subsidiary. CICA Handbook Section 1582 establishes standards for the accounting for a business combination, and states that all assets and liabilities of an acquired business will be recorded at fair value. Obligations for contingent considerations and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date. It provides the Canadian equivalent to IFRS 3, *Business Combinations* (January 2008). The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011.

CICA Handbook Section 1601 establishes standards for the preparation of consolidated financial statements.

CICA Handbook Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in the preparation of consolidated financial statements subsequent to a business combination.

CICA Handbook Section 1601 and Section 1602 apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year.

All three sections must be adopted concurrently. The Company is currently evaluating the impact of the adoption of these sections.

International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that the date for publicly-listed companies to use IFRS, replacing Canadian GAAP, is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. The Company is evaluating the financial reporting impact of the transition to IFRS.

(Expressed in Canadian Dollars)

3. MINERAL PROPERTY INTERESTS

The schedule below summarizes all costs incurred to date for each mineral property interest that the company is continuing to explore as at December 31, 2009 and 2008:

	December 31, 2009			December 31, 2008		
	Acquisition Costs $	Exploration Expenditures $	Total $	Acquisition Costs $	Exploration Expenditures $	Total $
Argentina						
Santa Barbara	1,045,065	707,790	1,752,855	1,045,065	404,412	1,449,477
Anit	1,248,533	373,859	1,622,392	1,240,001	45,783	1,285,784
Cabeza de Potro	272,002	928	272,930	272,002	928	272,930
Nicky	164,177	-	164,177	164,177	-	164,177
La Rioja	229,849	1,306	231,155	229,849	-	229,849
Chubut	328,355	-	328,355	328,355	-	328,355
Santa Cruz	98,507	-	98,507	98,507	-	98,507
Villa Regina	9,715	1,021	10,736	-	-	-
Other	-	1,582	1,582	-	-	-
	3,396,203	1,086,486	4,482,689	3,377,956	451,123	3,829,079

a) Eagle Lake Property

On December 14, 2006, the Company and Eagle Plains Resources Ltd. (“Eagle Plains”), a public company trading on the TSX-V, entered into an option agreement (the “Agreement”) under which Eagle Plains granted an option to the Company to earn a 60% undivided interest in Eagle Plains' undivided 100% interest in the Eagle Lake group of mineral claims (the “Eagle Lake Property”), covering 8,165 hectares in the La Ronge area of north-central Saskatchewan, Canada.

On August 22, 2008 the Company gave notice that it was terminating its option on the Eagle Lake Property. As a result, mineral property acquisition costs of $388,435 were written off during the year.

b) Karin Lake Property

On February 14, 2007, the Company entered into a letter of intent with Eagle Plains (the “Karin Lake LOI”) under which the Company proposed to acquire the option to earn a 60% interest in mineral claims (the “Karin Lake Property’) located in the La Ronge area of north-central Saskatchewan, Canada, by issuing 50,000 common shares and paying $107,795 cash.

On August 22, 2008 the Company gave notice that it was terminating its option on the Karin Lake Property. As a result, mineral property acquisition costs of $458,914 were written off during the year.

(Expressed in Canadian Dollars)

3. MINERAL PROPERTY INTERESTS (continued)

c) Santa Barbara Property

Effective May 8, 2007 the Company entered into a letter of intent with Argentina Uranium Corp. (“Argentina Uranium”) to earn a 75% interest in the 60,000 hectare Santa Barbara uranium property in the Province of Rio Negro, located in the northern Patagonia region of Argentina.

On July 8, 2008, the Company issued 8,295,000 shares at a fair price of $0.29 per share in exchange for 100% of the issued shares of Argentina Uranium. As a result of the acquisition of Argentina Uranium, the Company owns 100% of the property and the terms of the May 8, 2007 letter of intent are no longer applicable.

d) Anit Property

In January 2008 the Company signed a letter of intent to earn a 75% interest in the 128,689 hectare "Anit" uranium property in the Province of Rio Negro, Argentina. In order to earn a 75% undivided interest in the Anit property the Company had to complete $2.0 million in exploration expenditures over 4 years. During year one there was a firm commitment to complete $100,000 of exploration expenditures. After completing the expenditure commitments, the parties would form a 75/25 joint venture. As a result of the acquisition of Argentina Uranium, the Company owns 100% of the property and the terms of the Anit letter of intent are no longer applicable.

e) Santander and Norte de Santander Projects, Colombia

In 2007, the Company entered into two option agreements to acquire 100% interests in two uranium properties in Colombia. One property, covering 5,499 hectares, located in the department of Santander, (the “Santander Project”). The other property, covering 9,592 hectares, located in the department of Norte de Santander (the “Norte de Santander Project”).
On May 14, 2008 the Company gave notice that it was terminating its option on the Santander and Norte de Santander project. As a result, mineral property acquisition costs of $104,281 were written off during the year.

4. EQUIPMENT

	December 31, 2009			
	Cost $	**Accumulated Amortization $**	**Write Down $**	**Net Carrying Amount $**
Geological equipment	37,000	25,143	(11,857)	-
Computer equipment	8,113	5,887	(2,226)	-
	45,113	31,030	(14,083)	-

(Expressed in Canadian Dollars)

4. EQUIPMENT (continued)

	December 31, 2008		
	Cost $	Accumulated Amortization $	Net Carrying Amount $
Geological equipment	37,000	18,205	18,795
Computer equipment	8,113	2,845	5,268
	45,113	21,050	24,063

5. SHARE CAPITAL

Authorized: unlimited common shares without par value
unlimited preferred shares without par value

Issued common shares:	December 31, 2009		December 31, 2008	
	Shares	$	Shares	$
Balance, beginning of year	37,820,000	8,576,180	17,130,215	4,399,896
Issued during the period:				
For cash				
Private placements	12,500,000	1,910,000	10,910,333	1,773,100
Less warrants valuation	-	(742,779)	-	(326,100)
Agent's options exercised	100,549	30,165	142,785	14,278
Agent's warrants exercised	18,785	7,514	-	-
Stock options exercised	190,000	28,500	-	-
Warrants exercised	1,494,999	426,000	-	-
For agent's commission	311,093	83,995	41,667	12,500
Reallocation of warrant equity on exercise of warrants	-	107,823	-	-
Reallocation of contributed surplus on exercise of options and agent's options		29,208	-	-
For mineral property interests	-	-	1,300,000	451,500
For acquisition	-	-	8,295,000	2,405,550
Less share issue costs	-	(224,611)	-	(154,544)
Balance, end of year	52,435,426	10,231,995	37,820,000	8,576,180

a) During the year ended December 31, 2009, the following share transactions occurred:

(i) The Company completed a non-brokered private placement consisting of 7,000,000 units at a price of $0.10 per unit for gross proceeds of $700,000 less share issue costs of $42,548. Each Unit consisted of one common share and one share purchase warrant. Each warrant entitles the holder thereof to purchase one additional common share in the capital of the company at a price of $0.20 per share for 18 months. The fair value assigned to the warrants was $217,207. The warrants were valued using the Black-Scholes Pricing Model at $0.04 per warrant on the following assumptions: dividend yield 0%, risk-free rate 0.84%, expected volatility 135% and expected life of 1.15 years. The securities are subject to a 4 month hold period.

5. SHARE CAPITAL (continued)

(ii) The Company completed a non-brokered private placement consisting of 5,500,000 units at a price of $0.22 per unit for gross proceeds of $1,210,000 less cash related share issue costs of $60,035. Non-cash related share issue costs of $242,313 were also incurred on this private placement. Each Unit consisted of one common share and one share purchase warrant. Each warrant entitles the holder thereof to purchase one additional common share in the capital of the company at a price of $0.30 per share for two years. The fair value assigned to the warrants was $525,572. The warrants were valued using the Black-Scholes Pricing Model at $0.10 per warrant on the following assumptions: dividend yield 0%, risk-free rate 1.28%, expected volatility 167% and expected life of 1.40 years. The securities are subject to a 4 month hold period.

In connection with the financing, Salman Partners Inc. ("Salman") received a corporate finance fee consisting of 296,296 common shares and 363,636 warrants that are exercisable into common shares at $0.30 per share for two years. Dundee Securities Corporation ("Dundee") received a corporate finance fee consisting of cash and 14,797 common shares and 18,160 warrants that are exercisable into common shares at $0.30 per share for two years. All of the common shares and warrants issued to Salman and Dundee are subject to a four month hold period

The fair value assigned to the 311,093 common shares was $83,995 with a corresponding entry to share issue costs.

The fair value assigned to the 381,796 warrants was $158,318. The Black-Scholes Pricing Model was used to value the warrants. The warrants were valued at $0.41, based on the following assumptions: dividend yield 0%, risk-free rate 1.28%, expected volatility 167% and expected life of 1.40 years.

(iii) 1,494,999 warrants were exercised for proceeds of $426,000. A corresponding allocation of $107,823 was made from warrant equity to share capital.

(iv) 100,549 agent's options were exercised for proceeds of $30,165. A corresponding allocation of $11,603 was made from contributed surplus to share capital.

(v) 190,000 options were exercised for proceeds of $28,500. A corresponding allocation of $17,605 was made from contributed surplus to share capital.

(vi) 18,785 agent's warrants were exercised for proceeds of $7,514.

b) During the year ended December 31, 2008, the following share transactions occurred:

(i) The Company completed a non-brokered private placement in which it issued a total of 330,000 units at $0.30 per unit for aggregate gross proceeds of $99,000. Each unit consisted of one common share of the Company and one half of one transferable common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share at an exercise price of $0.40 per common share for a period of eighteen months.

The fair value assigned to the 165,000 warrants was $15,011, net of share issue costs of $378.

5. SHARE CAPITAL (continued)

The Black-Scholes Pricing Model was used to value the warrants on a proportionate basis with related shares. The warrants were valued at $0.09, based on the following assumptions: dividend yield 0%, risk-free rate 3.37%, expected volatility 87% and expected life of 1.6 years.

(ii) The Company completed a financing by way of short form offering document as announced on June 3, 2008 and June 24, 2008. The financing consisted of 2,247,000 units at a price of $0.30 per Unit for gross proceeds of $674,100. Each Unit consists of one common share of the Company and one-half of one transferable common share purchase warrant. Each Warrant entitles the holder to acquire one additional Share at an exercise price of $0.40 per share until February 5, 2010 and are transferable in accordance with the rules of the TSX Venture Exchange.

In connection with the financing, Canaccord Capital Corporation ("Canaccord") received a cash commission equal to 8% of the gross proceeds of the sale of Units under the Offering and a corporate finance fee consisting of cash and 41,667 units. Each Corporate Finance Unit has the same terms as the Units sold under the Offering, except that the warrants comprising part of the Corporate Finance Units are non-transferable. In addition, Canaccord received non-transferable agent's options equal to 8% of the Units sold under the Offering. Each Agent's Option is exercisable for one unit until February 5, 2010 at an exercise price of $0.30 per Agent's Unit. Each Agent's Unit will consist of one Share and one-half of one non-transferable common share purchase warrant. Each Agent's Warrant will be exercisable for one additional Share until February 5, 2010 at an exercise price of $0.40 per Share.

All of the Corporate Finance Units and Agent's Options, and 163,334 Units issued to purchasers who are members of Canaccord's pro group (as defined in the Exchange's policies) are subject to a four month hold period expiring on November 4, 2008 under applicable securities laws and Exchange policies.

The fair value assigned to the 1,123,500 warrants was $153,353, net of share issue costs of $31,866.

The fair value assigned to the 41,667 units was $12,500. The fair value assigned to the 20,833 warrants attached was $2,844.

The Black-Scholes Pricing Model was used to value the warrants on a proportionate basis with related shares. The warrants were valued at $0.14, based on the following assumptions: dividend yield 0%, risk-free rate 3.26%, expected volatility 85% and expected life of 1.3 years.

The fair value assigned to the 179,760 Agent's options was $20,651. The Black-Scholes Pricing Model was used to value the Agent's options. The warrants were valued at $0.11, based on the following assumptions: dividend yield 0%, risk-free rate 3.26%, expected volatility 85% and expected life of 1.3 years.

5. SHARE CAPITAL (continued)

(iii) The Company completed the first tranche of the non-brokered private placement announced on September 12, 2008 consisting of 2,750,000 units at a price of $0.12 per Unit for gross proceeds of $330,000. Each Unit consists of one common share and one non-transferable share purchase warrant. Each warrant will entitle the holder thereof to purchase one additional common share in the capital of the company at a price of $0.18 per share in year one and $0.20 per share in year two. The securities are subject to a 4 month hold period which will expire January 17, 2009 and the warrants will be exercisable up to and including September 17, 2010.

The fair value assigned to the 2,750,000 warrants was $69,008.

The Black-Scholes Pricing Model was used to value the warrants on a proportionate basis with related shares. The warrants were valued at $0.03, based on the following assumptions: dividend yield 0%, risk-free rate 2.84%, expected volatility 78% and expected life of 1.2 years.

(iv) The Company completed the second and final tranche of the non-brokered private placement announced on October 28, 2008 consisting of 5,583,333 units at a price of $0.12 per Unit for gross proceeds of $670,000. Each Unit consists of one common share and one non-transferable share purchase warrant. Each warrant will entitle the holder thereof to purchase one additional common share in the capital of the company at a price of $0.18 per share in year one and $0.20 per share in year two. The securities are subject to a 4 month hold period which will expire February 28, 2009 and the warrants will be exercisable up to and including October 28, 2010.

The fair value assigned to the 5,583,333 warrants was $85,884.

The Black-Scholes Pricing Model was used to value the warrants on a proportionate basis with related shares. The warrants were valued at $0.02, based on the following assumptions: dividend yield 0%, risk-free rate 2.18%, expected volatility 107% and expected life of 1.27 years.

(v) 142,785 warrants were exercised at $0.10 each for proceeds of $14,278.

(vi) 1,300,000 shares were issued as option payments for the Eagle Lake and Karin Lake Properties with a deemed value of $451,500.

(vii) 8,295,000 shares were issued as payment for the acquisition of AUC.

c) Stock options and stock-based compensation

The Company has established a rolling stock option plan (the "Plan"), in which the maximum number of common shares which can be reserved under the Plan is 10% of the issued and outstanding common shares of the Company. The exercise price of the options is set at the Company's closing shares price on the day before the grant date, less allowable discounts in accordance with the policies of the TSX-V.

(Expressed in Canadian Dollars)

5. SHARE CAPITAL (continued)

A summary of the changes in the number of stock options outstanding for the years ended December 31, 2009 and 2008 is as follows:

	Number	Weighted Average Exercise Price $
Balance, December 31, 2007	1,640,000	0.43
Granted	100,000	0.40
Expired	(105,000)	0.86
Balance, December 31, 2008	1,635,000	0.40
Granted	3,625,000	0.25
Exercised	(190,000)	0.15
Expired	(70,000)	0.49
Balance, December 31, 2009	5,000,000	0.30

During the year ended December 31, 3009 the Company granted 3,625,000 stock options (2008 – 100,000) and recorded stock-based compensation expense of $545,423 (2008 - $19,010) with a corresponding increase to contributed surplus. The fair value of stock options granted is estimated on the dates of grants using the Black-Scholes Option Pricing Model with the following assumptions used for the grants made during the period:

	2009	2008
Risk-free interest rate	0.99%	3.27%
Estimated volatility	112%	82%
Expected life	3.0 years	2.2 years
Expected dividend yield	0%	0%
Expected forfeiture rate	0%	0%

Stock options outstanding and exercisable at December 31, 2009 are as follows:

Number	Exercise Price	Expiry Date
335,000	$0.90	January 31, 2010
1,000,000	$0.10	June 28, 2011
75,000	$0.21	October 6, 2011
215,000	$1.00	June 1, 2012
15,000	$0.40	January 5, 2013
1,925,000	$0.15	May 6, 2014
550,000	$0.15	July 6, 2014
150,000	$0.18	July 22, 2014
735,000	$0.65	December 9, 2014
5,000,000		

The weighted average fair value per share of stock options granted during the year, calculated using the Black-Scholes Option Pricing Model, was $0.15 per share (2008 - $0.19). Option pricing models require the use of estimates and assumptions including the expected volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide reliable measure of the fair value of the Company's stock options.

(Expressed in Canadian Dollars)

5. SHARE CAPITAL (continued)

d) Warrants and Agent's Options

A summary of the changes in outstanding warrants and Agent's Options for the years ended December 31, 2009 and 2008 is as follows:

	Warrants #	Agents Options #
Balance, December 31, 2007	1,650,000	469,785
Issued	9,642,665	179,760
Exercised	-	(142,785)
Balance, December 31,2008	11,292,665	506,760
Issued	12,959,434	-
Exercised	(1,513,784)	(100,549)
Expired	(1,650,000)	(327,000)
Balance, December 31, 2009	21,088,315	79,211

A summary of the changes in warrants equity for the years ended December 31, 2009 and 2008 is as follows:

	2009 $	2008 $
Balance, beginning of year	733,195	439,340
Warrants issued	742,779	326,100
Warrants exercised	(107,823)	-
Warrants expired	(439,340)	-
Warrant issue costs	(120,285)	(32,245)
Balance, end of year	808,526	733,195

Common shares reserved pursuant to warrants outstanding and exercisable at December 31, 2009 are as follows:

Number	Exercise Price $	Expiry Date
653,500	0.40	February 5, 2010
20,833	0.40	February 5, 2010
58,853	0.40	February 5, 2010
79,211	0.30	February 5, 2010
2,750,000	0.18	September 17, 2010
5,583,333	0.18	October 29, 2010
6,140,000	0.20	November 12, 2010
5,500,000	0.30	November 6, 2011
381,796	0.30	November 6, 2011
21,167,526		

e) As at December 31, 2009, 6,826,125 common shares are held in escrow in accordance with the rules of the TSX-V. Of the 6,826,125 common shares held in escrow, 604,875 of them are released in equal tranches every six months ending February 6, 2010 and 6,221,250 of them began to be released January 7, 2009 in equal tranches ending January 7, 2012.

(Expressed in Canadian Dollars)

6. CONTRIBUTED SURPLUS

A continuity summary of contributed surplus is presented below:

	$
Balance, December 31, 2007	515,232
Stock-based compensation as a result of stock options granted	19,010
Share issue cost as a result of agent's options granted	20,651
Balance, December 31, 2008	554,893
Stock-based compensation as a result of stock options granted	545,423
Share issue costs as a result of agent's warrants granted	158,318
Reallocated from warrant equity on the expiry of warrants	439,340
Reallocated to share capital on the exercise of options	(17,606)
Reallocated to share capital on exercise of agent's options	(11,603)
Balance, December 31, 2009	1,668,765

7. RELATED PARTY TRANSACTIONS

a) Effective March 1, 2007 the Company engaged Grosso Group Management Ltd. ("Grosso Group") to provide services and facilities to the Company. The Grosso Group is a private company owned by the Company and Golden Arrow Resources Corporation ("Golden Arrow"), each of which owns one share. The Grosso Group provides its shareholder companies with geological, corporate development, administrative and management services. The shareholder companies pay monthly fees based upon a pro-rating of the Grosso Group's costs including its staff and overhead costs among each shareholder company with regard to the mutually agreed average annual level of services provided to each shareholder company. The Grosso Group services contract also provides that, in the event the services are terminated by a member company, a termination payment would include three months of compensation and any contractual obligations that the Grosso Group undertook for the company, up to a maximum of $500,000.

During the year ended December 31, 2009, the Company incurred fees of $446,315 (2008 – $619,085) from the Grosso Group: $465,188 (2008 - $619,803) was paid in monthly installments and $18,873 is included in prepaid expense (2008 – $718) as a result of a review of the allocation of the Grosso Group costs to the member companies for the period. As at December 31, 2009, included in prepaid expenses is a $50,000 (2008 - $50,000) deposit to the Grosso Group for operating working capital.

On November 30, 2009 Kobex Minerals Inc. ("Kobex") terminated its services agreement with the Grosso Group. Upon termination Kobex paid a severance of $500,000 to the Grosso Group. The Grosso Group allocated an expense recovery of $170,000 to the Company which is included in prepaid expense.

b) During the year ended December 31, 2009, the Company incurred $27,774 (2008 - $20,561) for geological consulting services, including travel expenses, provided by a private corporation owned by a director of the Company.

c) During the year ended December 31, 2009, the Company incurred fees of $Nil (2008 - $33,819) for consulting and management services provided by a director of the Company.

(Expressed in Canadian Dollars)

7. RELATED PARTY TRANSACTIONS (continued)

d) Effective May 1, 2007, the Company entered into an agreement with Kobex to pay a monthly fee for the services provided Kobex's Chief Executive Officer. The agreement may be terminated at any time by the Company upon 30 days written notice. For the year ended December 31, 2009, the Company paid $Nil (2007 - $10,000) to Kobex for the services. The Company terminated this agreement effective June 30, 2008.

e) During the year ended December 31, 2009, the Company incurred fees of $20,113 (2008 - $Nil) for consulting and management services provided by a director of the Company.

All of the related party transactions and balances in these consolidated financial statements arose in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

8. INCOME TAXES

The recovery of income taxes shown in the consolidated statements of operations and deficit differs from the amounts obtained by applying statutory rates to the loss before provision for income taxes due to the following:

	2009	2008
Statutory tax rate	30.00%	31.00%
	$	$
Loss before income taxes	(1,922,468)	(3,608,892)
Provision for (recovery of) income taxes based on statutory Canadian combined federal and provincial income tax rates	(576,740)	(1,118,757)
Non-deductible differences	243,143	6,839
Effect of statutory rate change	17,179	6,441
Recovery of loss carryforwards	(455,003)	-
Losses for which an income tax benefit has not been recognized	-	1,105,477
	(771,421)	-

Future income taxes reflect the net tax effects of differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's future tax assets and liabilities are as follows:

	2009 $	2008 $
Future income tax assets		
Resource deductions	739,959	330,600
Financing costs	172,523	161,774
Operating loss carryforwards	1,242,167	1,220,009
Capital assets	11,278	5,473
	2,165,927	1,717,856

(Expressed in Canadian Dollars)

8. INCOME TAXES (continued)

	2009 $	2008 $
Future income tax liabilities		
Mineral properties	771,421	771,421
Net future income tax liabilities	771,421	771,421
Net future income tax	1,394,506	946,436
Valuation allowance for future income tax assets	(1,394,506)	(1,717,856)
	-	(771,421)

As at December 31, 2009, the Company has Canadian non-capital loss carryforwards of $4,901,434 that may be available for tax purposes. The Company's capital losses do not expire and may be carried forward indefinitely. The Company's non-capital losses expire as follows:

Expiry Date	$
2015	6,293
2026	131,664
2027	1,755,704
2028	1,960,034
2029	1,047,739
	4,901,434

At December 31, 2009, the Company had a net operating loss carryforward for Argentina income tax purposes of approximately Cdn$679,641 (2007 – Cdn$479,611) which, if not utilized to reduce Argentinean taxable income in future periods, expires through the year 2014. These available tax losses may only be applied to offset future taxable income from the Company's current Argentinean subsidiary.

9. SEGMENTED INFORMATION

The Company is primarily involved in mineral exploration activities in Canada and Argentina. The Company is in the exploration stage and, accordingly, has no reportable segment revenues or operating revenues for the year ended December 31, 2009. The Company's total assets are segmented as follows:

	December 31, 2009		
	Canada $	Argentina $	Total $
Current assets	1,455,132	228,820	1,683,952
Mineral property interests	-	3,396,203	3,396,203
	1,455,132	3,625,023	5,080,155

(Expressed in Canadian Dollars)

9. SEGMENTED INFORMATION (continued)

	December 31, 2008			
	Canada $	Argentina $	Colombia $	Total $
Current assets	673,907	36,349	3,424	713,680
Mineral property interests	-	3,377,956	-	3,377,956
Capital assets	24,063	-	-	24,063
	697,970	3,414,305	3,424	4,115,699

10. SUPPLEMENTARY CASH FLOW INFORMATION

Non-cash investing and financing activities were conducted by the Company as follows:

	Year Ended December 31,	
	2009 $	2008 $
Investing activities		
Acquisition costs on mineral property interests	-	(374,000)
Exploration	-	(77,500)
Common shares issued for mineral property interests	-	451,500
	-	-
Financing activities		
Common shares issued for non-cash consideration	83,995	12,500
Agent's options issued for non-cash consideration	158,318	20,651
Share issue costs	(137,056)	(33,151)
Warrant issue costs	(105,257)	-
	-	-
Change in non-cash working capital		
Amounts receivable	(199,210)	26,312
Prepaid expenses	(56,326)	12,114
Accounts payable and accrued liabilities	41,905	(60,723)
	(213,631)	(22,297)

11. CAPITAL RISK MANAGEMENT

The Company defines capital as the items included in shareholders' equity. The Company's objectives in managing capital are to safeguard its ability to continue as a going concern to provide returns for shareholders and benefits for other stakeholders. To meet this objective the Company will ensure it has sufficient cash resources to pursue the acquisition, exploration and development of mineral properties and fund potential acquisitions.

11. CAPITAL RISK MANAGEMENT (continued)

To support these objectives, the Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and risk characteristics of underlying assets. To maintain or adjust its 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. In order to maximize the exploration and development efforts, the Company does not pay out dividends.

The Company is not subject to any externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the year ended December 31, 2009.

12. MANAGEMENT OF FINANCIAL RISK

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

Currency Risk: Business is transacted by the Company in a number of currencies. Fluctuations in exchange rates may have a significant effect on the cash flows of the Company. Future changes in exchange rates could materially affect the Company's results in either a positive or negative direction.

The Company has not hedged its exposure to currency fluctuations. At December 31, 2009 and 2008, the Company is exposed to currency risk through the following assets and liabilities in US dollars and Argentina pesos:

	December 31, 2009		December 31, 2008		
	US$	Arg$	US$	Arg$	Col$
Cash	192,426	539,988	72,966	62,610	6,282,132
Amounts receivable	-	256,980	4,169	55,811	-
Accounts payable	(86)	(1,087,234)	(41,837)	(46,406)	(1,000,000)
	192,340	290,266	35,298	72,015	5,282,132

Based on the net exposures as at December 31, 2009, and assuming that all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against the US dollar and/or Argentinean pesos would be insignificant in the Company's net earnings.

Credit Risk: Credit risk is the risk of an unexpected loss of a third party to a financial instrument fails to meet its contractual obligations. The Company is subject to credit risk on the cash balances at the bank and amounts receivable. The Company's limits its exposure to credit loss by placing its cash with major financial institutions.

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's portfolio of properties has exposure to predominantly Uranium. The price of this commodity greatly affects the value of the Company and the potential value of its properties.

(Expressed in Canadian Dollars)

12. MANAGEMENT OF FINANCIAL RISK (continued)

Liquidity Risk: Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company raises capital through equity issues and its ability to do so is dependent on a number of factors including market acceptance, stock price and exploration results. The Company's cash is primarily invested in business bank accounts which are available on demand. The Company's cash on hand at December 31, 2009, provides the Company with sufficient financial resources to carry out its operations through the 2010 financial year however, the Company expects to raise additional equity capital in 2010.

Fair Values

The carrying values of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities approximate fair values due to their short terms to maturity or ability to readily convert to cash.

The following table outlines the Corporation's financial assets and liabilities measured at fair value by level within the fair value hierarchy described below. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

As at December 31, 2009 the Company's financial instruments measured at fair value are as follows:

	Level 1	Level 2	Level 3	Total
Assets				
Cash	1,334,398	-	-	1,334,398

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The Corporation's cash instruments are valued using quoted market prices in active markets, and therefore are classified as Level 1.

13. SUBSEQUENT EVENTS

Subsequent to year end, 1,035,000 options were exercised for proceeds of $142,500 and 9,936,637 warrants were exercised for proceeds of $2,157,034.

On February 10, 2010 75,000 options were granted to a consultant with an exercise price of $0.66 that expire on February 10, 2012.

On March 15, 2015 100,000 options were granted to a consultant with an exercise price of $0.73 that expire on March 15, 2015.