

**CORSA CAPITAL LTD.**

**FINANCIAL STATEMENTS**

**FEBRUARY 28, 2010**

**In Canadian Dollars**

**Unaudited – Prepared by Management**

## **Notice of Non-review of Interim Consolidated Financial Statements**

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The attached interim consolidated financial statements for the three month period ended February 28, 2010 have not been reviewed by the company's auditors.

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**Corsa Capital Ltd.**  
**(An Exploration Stage Company)**  
**Balance Sheets**

*Canadian Dollars*  
*(Unaudited – Prepared by Management)*

|  | As at<br>February 28,<br>2010 | As at<br>November 30,<br>2009 |
|--|-------------------------------|-------------------------------|
| <b>ASSETS</b>                            |                               |                               |
| <b>Current</b>                           |                               |                               |
| Cash                                     | \$ 714,524                    | \$ 901,089                    |
| GST receivable                           | 36,854                        | 34,301                        |
| Prepaid expenses                         | 10,002                        | 7,718                         |
|  | <b>761,380</b>                | 943,108                       |
| <b>Equipment</b> (Note 4)                | 1,911                         | 2,084                         |
| <b>Resource Property Costs</b> (Note 5)  | 38,538                        | -                             |
|  | <b>\$ 801,829</b>             | <b>\$ 945,192</b>             |
| <b>LIABILITIES</b>                       |                               |                               |
| <b>Current</b>                           |                               |                               |
| Accounts payable and accrued liabilities | \$ 35,931                     | \$ 97,350                     |
| <b>SHAREHOLDERS' EQUITY</b>              |                               |                               |
| <b>Share Capital</b> (Note 6a)           | 2,237,690                     | 2,195,425                     |
| <b>Contributed surplus</b> (Note 6e)     | 1,318,267                     | 1,332,974                     |
| <b>Deficit</b>                           | (2,790,059)                   | (2,680,557)                   |
|  | <b>765,898</b>                | 847,842                       |
|  | <b>\$ 801,829</b>             | <b>\$ 945,192</b>             |

Nature and continuance of operations (Note 1)

ON BEHALF OF THE BOARD:

"James Paterson" President and CEO \_\_\_\_\_, Director

"Robert Scott" \_\_\_\_\_, Director

**Corsa Capital Ltd.**  
**(An Exploration Stage Company)**  
**Statements of Loss and Deficit**

*Canadian Dollars*  
*(Unaudited – Prepared by Management)*

|   | <b>For the three<br/>month period<br/>ended<br/>February 28,<br/>2010</b> | <b>For the three<br/>month period<br/>ended<br/>February 29,<br/>2009</b> |
|---|---|---|
| <b>Expenses</b>   |   |   |
| Advertising and promotion                                       | \$ 2,504  | \$ 3,114  |
| Amortization  | 173   | 533   |
| Bank charges and interest                                       | 336   | 955   |
| Legal, corporate secretary and accounting fees                  | 31,761  | 13,000  |
| Listing and filing fees   | -   | 5,165   |
| Office and administration                                       | 8,479   | 3,238   |
| Salaries and consulting fees                                    | 39,889  | 63,891  |
| Transfer agent fees   | 1,454   | 1,841   |
| Travel and conferences  | 24,273  | 16,298  |
| <b>Net loss for the period before other items</b>               | <b>(108,898)</b>  | <b>(108,035)</b>  |
| Other items:  |   |   |
| Interest income   | -   | 682   |
| Write-off of resource property costs                            | (604)   | (8,427)   |
| <b>Net loss and comprehensive loss for the period</b>           | <b>(109,502)</b>  | <b>(115,780)</b>  |
| Deficit – beginning of period                                   | (2,680,557)   | (900,289)   |
| <b>Deficit – end of the period</b>                              | <b>\$ (2,790,059)</b>   | <b>\$ (1,016,069)</b>   |
| <br>  |   |   |
| <b>Loss per share – basic and diluted</b>                       | <b>\$ (0.01)</b>  | <b>\$ (0.01)</b>  |
| <br>  |   |   |
| <b>Weighted Average Number of<br/>Common Shares Outstanding</b> | <b>17,382,858</b>   | <b>12,891,767</b>   |

- See Accompanying Notes -

**Corsa Capital Ltd.**  
**(An Exploration Stage Company)**  
**Statements of Cash Flows**

*Canadian Dollars*  
*(Unaudited – Prepared by Management)*

|   | <b>For the three<br/>month<br/>period ended<br/>February 28,<br/>2010</b> | For the three<br>month period<br>ended<br>February 29,<br>2009 |
|---|---|--|
| <b>Cash Resources Provided By (Used In)</b>                                     |   |  |
| <b>Operating Activities</b>   |   |  |
| Net loss for the period   | \$ (109,502)  | \$ (115,780)   |
| Items not affected by cash:   |   |  |
| Write-off of resource property costs  | 604   | 8,427  |
| Amortization  | 173   | 533  |
| Stock-based compensation  | -   | -  |
| Changes in non-cash working capital   |   |  |
| GST receivable  | (2,553)   | 23,475   |
| Prepaid expenses  | (2,284)   | (10,784)   |
| Accounts payable and accrued liabilities  | (61,419)  | (24,228)   |
|   | <b>(174,981)</b>  | <b>(118,357)</b>   |
| <b>Investing Activities</b>   |   |  |
| Resource property costs   | (39,142)  | (50,530)   |
|   | <b>(39,142)</b>   | <b>(50,530)</b>  |
| <b>Financing Activities</b>   |   |  |
| Issuance of share capital, net of issuance costs                                | 27,558  | -  |
|   | <b>27,558</b>   | <b>-</b>   |
| <b>Net decrease in cash for the period</b>                                      | <b>(186,565)</b>  | <b>(168,887)</b>   |
| <b>Cash – beginning of the period</b>   | <b>901,089</b>  | <b>1,010,495</b>   |
| <b>Cash – end of the period</b>   | <b>\$ 714,524</b>   | <b>\$ 841,608</b>  |
| <b>Supplemental Schedule of Non-Cash Investing<br/>and Financial Activities</b> |   |  |
| Accounts payable included in resource<br>property costs and permits             | \$ -  | \$ -   |

- See Accompanying Notes -

**Corsa Capital Ltd.**  
**(An Exploration Stage Company)**  
**Schedule of Resource Property Costs**

Canadian Dollars  
(Unaudited – Prepared by Management)

|   | Acquisition<br>Costs | Deferred<br>Exploration | For the<br>three<br>month<br>period<br>ended<br>February<br>28, 2010 | For the<br>three month<br>period<br>ended<br>February<br>29, 2009 |
|---|----------------------|-------------------------|--|---|
| <b>Generative</b>                             |                      |                         |  |   |
| Assays  | \$ -                 | \$ -                    | \$ -   | \$ 3,704  |
| Field and general                             | -                    | -                       | -  | 1,157   |
| Geological consulting                         | -                    | 587                     | 587  | 30,952  |
| Travel and accommodation                      | -                    | 17                      | 17   | 2,119   |
|   | -                    | 604                     | 604  | 37,932  |
| <b>Miller-Walker, Pennsylvania</b>            |                      |                         |  |   |
| Acquisition costs – cash                      | 25,882               | -                       | 25,882   | -   |
| Geological consulting                         | -                    | 9,507                   | 9,507  | -   |
| Travel and accommodation                      | -                    | 3,149                   | 3,149  | -   |
|   | 25,882               | 12,656                  | 38,538   | -   |
| <b>Sy, Nunavut</b>                            |                      |                         |  |   |
| Staking                                       | -                    | -                       | -  | 10,212  |
| Assays  | -                    | -                       | -  | 18,021  |
| Field and general                             | -                    | -                       | -  | 307   |
| Geological consulting                         | -                    | -                       | -  | 13,522  |
| Travel and accommodation                      | -                    | -                       | -  | 10,712  |
|   | -                    | -                       | -  | 52,774  |
| <b>Resource property costs for the period</b> | 25,882               | 13,260                  | 39,142   | 90,706  |
| <b>Resource property costs written off</b>    | -                    | (604)                   | (604)  | (614,438)   |
| <b>Balance beginning of period</b>            | -                    | -                       | -  | 523,732   |
| <b>Balance end of the period</b>              | \$ 25,882            | \$ 12,656               | \$ 38,538  | \$ -  |

- See Accompanying Notes -

**Corsa Capital Ltd.**  
**(An Exploration Stage Company)**  
**Notes to the Financial Statements**  
**For the Three Months Ended February 28, 2010**

*Canadian Dollars*  
*(Unaudited – Prepared by Management)*

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**1. Nature and Continuance of Operations**

Corsa Capital Ltd. ("Corsa" or the "Company") was incorporated on June 14, 2007 under the Business Corporations Act (British Columbia), and is an exploration stage enterprise focusing on the acquisition, exploration and development of resource properties. On April 17, 2008, the Company was listed on the TSX Venture Exchange ("TSX-V") under the symbol "CSO".

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations rather than through a process of forced liquidation. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

As at February 28, 2010, the Company has no source of operating cash flows and has not yet achieved profitable operations, has accumulated losses since its inception, 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's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due.

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**2. Significant Accounting Policies**

These interim financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and follow the same accounting policies and methods of their application as the most recent annual financial statements except that the Company has adopted the following CICA guidelines effective for the Company's first quarter commencing December 1, 2009. These interim financial statements do not include all disclosures required by Canadian Generally Accepted Accounting Principles for annual financial statements and accordingly, the interim financial statements should be read in conjunction with the audited financial statements and notes thereto of the Company as at November 30, 2009.

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**3. Future Accounting and Reporting Changes**

**a) 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 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of December 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended November 30, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

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**Corsa Capital Ltd.**  
**(An Exploration Stage Company)**  
**Notes to the Financial Statements**  
**For the Three Months Ended February 28, 2010**

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**4. Equipment**

Details are as follows:

|                    | Cost            | Accumulated Amortization | Net Book Value February 28, 2010 |
|--------------------|-----------------|--------------------------|----------------------------------|
| Computer equipment | \$ 3,208        | \$ 1,368                 | \$ 1,840                         |
| Computer software  | 2,980           | 2,909                    | 71                               |
|                    | <b>\$ 6,188</b> | <b>\$ 4,277</b>          | <b>\$ 1,911</b>                  |

|                    | Cost            | Accumulated Amortization | Net Book Value November 30, 2009 |
|--------------------|-----------------|--------------------------|----------------------------------|
| Computer equipment | \$ 3,208        | \$ 1,219                 | \$ 1,989                         |
| Computer software  | 2,980           | 2,885                    | 95                               |
|                    | <b>\$ 6,188</b> | <b>\$ 4,104</b>          | <b>\$ 2,084</b>                  |

**5. Resource Property Costs**

Details are as follows:

|                             | Acquisition Costs | Exploration Costs | Cumulative as at February 28, 2010 | Cumulative as at November 30, 2009 |
|-----------------------------|-------------------|-------------------|------------------------------------|------------------------------------|
| Miller-Walker, Pennsylvania | \$ 25,882         | \$ 12,656         | <b>\$ 38,538</b>                   | \$ -                               |

**Miller-Walker Property**

In December 2009, the Company signed an option agreement with Sherpa Mining Contractors, Inc. (“Sherpa”) to acquire certain mining rights on the “Miller-Walker Property” Coal Lease in Somerset County, Pennsylvania, USA. The transaction was conducted through Corsa Coal Pennsylvania, Inc. (“Corsa Coal”), a 100% owned subsidiary of Corsa Capital Ltd. incorporated on December 16, 2009.

The option with Sherpa is for Corsa Coal to acquire certain mining rights to the Miller-Walker Property (“Property”) in Somerset County, Pennsylvania, USA.

The option terms on the Miller-Walker Property are as follows:

- Corsa Coal made an initial cash payment to Sherpa of USD\$25,000 (“Option Payment”) for the exclusive option to acquire the property and the right to fund the exploration of the Property and also fund completion of the permitting required in any mine site development process;

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**(An Exploration Stage Company)**  
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**5. Resource Property Costs – Continued**

**Miller-Walker Property – Continued**

- Corsa Coal has the right and option to acquire a 100% interest in the Property, with no further expenditure commitments, by making a one-time cash payment to Sherpa in the amount of USD\$1,500,000 before December 31, 2011. Corsa Coal's exclusive option may be executed in writing at any time prior to December 31, 2011, and is subject to the terms and conditions of the instruments granting Sherpa its interests in the Property;
- Corsa Coal is required to incur minimum exploration expenditures, (including costs associated with engineering studies, permitting or securing coal leases) before December 31, 2010 of USD\$50,000. Exploration expenditures in Year 2 are at the option of Corsa Coal and must be before December 31, 2011;
- If Corsa Coal terminates or does not exercise its option to acquire a 100% interest in the Property within the allotted two year time period, the option will lapse. Sherpa will repay all expenditures made by Corsa Coal on the Property, including the Option Payment, from proceeds from future mining income from the Property. Repayments to Corsa Coal by Sherpa will be made at the rate of \$2 per ton of raw coal extracted, with minimum payments of \$15,000 per annum until the expenditures are repaid.

**Sy Property, Nunavut**

On July 20, 2007, the Company entered into an agreement with Kaminak Gold Corporation to acquire up to a 60% interest in the Sy Property, located on the Archean Yathkyed Greenstone Belt in Nunavut.

In December 2009, the Company gave formal written notice to Kaminak Gold Corporation of its intention to let lapse the option on Kaminak's Sy Gold Project in Nunavut, Canada as a result all costs incurred to November 30, 2009 had been written off.

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**6. Share Capital**

a) Details as follows:

Authorized:  
 Unlimited number of common voting shares without par value  
 Unlimited number of preferred shares without par value

| Issued:                             | Number            | Amount              |
|-------------------------------------|-------------------|---------------------|
| Balance at November 30, 2008        | 12,891,767        | \$ 2,056,407        |
| Private Placement, June 2009        | 4,300,000         | 78,709              |
| Shares issued on warrant exercise   | 112,354           | 60,309              |
| Balance at November 30, 2009        | 17,304,121        | 2,195,425           |
| Shares issued on warrant exercise   | 78,737            | 42,265              |
| <b>Balance at February 28, 2010</b> | <b>17,382,858</b> | <b>\$ 2,237,690</b> |

**Corsa Capital Ltd.**  
**(An Exploration Stage Company)**  
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**For the Three Months Ended February 28, 2009**

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**6. Share Capital – Continued**

b) Private Placements

In June 2009, the Company closed a private placement of 4,300,000 Units at a price of \$0.10 per Unit for gross proceeds of \$430,000. Each Unit is comprised of one common share and one common share purchase warrant exercisable into one common share at a price of \$0.15 per share to June 10, 2011. The fair value of the common share purchase warrants, being \$351,291 was determined using the Black Scholes option pricing model with a volatility of 175.8%, risk free interest rate of 1.43%, expected life of 2 years, and a dividend rate of 0% and was recorded in contributed surplus.

c) Share Purchase Warrants

At February 28, 2010, the following warrants were issued and outstanding:

|   | Number of Warrants | Weighted Average Exercise Price |
|---|--------------------|---------------------------------|
| Outstanding warrants, November 30, 2008 | 450,000            | \$0.35                          |
| Issued                                  | 4,300,000          | \$0.15                          |
| Expired                                 | (100,000)          | (\$0.35)                        |
| Exercised                               | (112,354)          | (\$0.35)                        |
| Outstanding warrants, November 30, 2009 | 4,537,646          | \$0.16                          |
| Exercised                               | (78,737)           | \$0.35                          |
| Outstanding warrants, February 28, 2010 | 4,458,909          | \$0.16                          |

| Expiry Date     | Weighted Average Exercise Price | Number of Warrants | Weighted Average Remaining Contractual Life in Years |
|-----------------|---------------------------------|--------------------|--|
| April 16, 2010* | \$0.35                          | 158,909            | 0.13   |
| June 10, 2011   | \$0.15                          | 4,300,000          | 1.28   |
|                 | \$0.16                          | 4,458,909          | 1.22   |

\* Brokers Warrants

The fair value of warrants issued during the year ended November 30, 2009 were estimated using the Black-Scholes Warrant Pricing Model with the following assumptions:

|                                 |           |
|---------------------------------|-----------|
| Estimated risk-free rate        | 1.43%     |
| Expected volatility             | 175.78%   |
| Estimated annual dividend yield | 0.0%      |
| Expected life of warrants       | 2.0 years |

On April 27, 2009, the Company adopted a stock option plan with the following terms:

- i) Options granted can not be lower than the market price of one share on the last trading day immediately preceding the day on which the option is granted, less the maximum applicable discount permitted by TSX Venture Exchange and the minimum exercise price per share must be at least \$0.10.

**Corsa Capital Ltd.**  
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**For the Three Months Ended February 28, 2009**

*Canadian Dollars*  
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**6. Share Capital – Continued**

c) Share Purchase Warrants – *Continued*

ii) At the time of the grant:

a) the total number of shares so reserved for issuance by the Board of directors shall not exceed ten (10%) percent of the issued and outstanding shares (on a non-diluted basis);

b) the aggregate number of shares so reserved for issuance to any one optionee in a 12 month period shall not exceed five (5%) percent of the issued shares (on a non-diluted basis);

c) the aggregate number of options granted to any one consultant in a 12 month period shall not exceed 2% of the issued shares;

d) the aggregate number of options granted to employees, who provide investor relations activities must not exceed 2% of the issued shares in any 12 month period; and

e) options granted to consultants performing investor relations services must vest in stages over 12 months with no more than one-quarter of the options vesting in any 3 month period. Options granted to employees vest at the discretion of the Board of Directors.

Stock option transactions and the number of share options outstanding are summarized as follows:

|  | Number<br>Of Options | Weighted<br>Average<br>Exercise<br>Price |
|--|----------------------|--|
| Balance, November 30, 2008                       | -                    | \$ -                                     |
| Options granted                                  | 1,539,500            | 0.55                                     |
| Balance, November 30, 2009 and February 28, 2010 | 1,539,500            | \$ 0.55                                  |
| Number of options currently exercisable          | 1,539,500            | \$ 0.55                                  |

At February 28, 2010, the following options were issued and outstanding:

|   | Number of Options | Weighted<br>Average<br>Exercise<br>Price | Weighted<br>Average<br>Remaining<br>Contractual<br>Life in Years |
|---|-------------------|--|--|
| Expiring May 14, 2014                     | 1,189,000         | \$0.55                                   | 4.21   |
| Expiring June 11, 2014                    | 100,000           | \$0.55                                   | 4.28   |
| Expiring August 26, 2014                  | 250,000           | \$0.55                                   | 4.49   |
| Total Options issued to November 30, 2009 | 1,539,500         | \$0.55                                   | 4.27   |

**Corsa Capital Ltd.**  
**(An Exploration Stage Company)**  
**Notes to the Financial Statements**  
**For the Year Ended November 30, 2009**

*Canadian Dollars*

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**6. Share Capital – Continued**

c) Options – Continued

The fair value of options issued during the year ended November 30, 2009 were estimated using the Black-Scholes Option Pricing Model with the following assumptions:

|                                 |         |
|---------------------------------|---------|
| Estimated risk-free rate        | 2.24%   |
| Expected volatility             | 99.34%  |
| Estimated annual dividend yield | 0.0%    |
| Expected life of options        | 5 years |

During the year ended November 30, 2009, the Company granted options to acquire 1,539,500 common shares with a weighted average fair value of \$0.40 per share, all of which vested during the year resulting in stock-based compensation expense under the Black-Scholes option pricing model of \$620,587.

e) Contributed surplus

|   |              |
|---|--------------|
| Balance at November 30, 2008                | \$ 382,081   |
| Fair value of options issued in May 2009    | 490,718      |
| Fair value of warrants issued in June 2009  | 351,291      |
| Fair value of options issued in June 2009   | 45,895       |
| Fair value of options issued in August 2009 | 83,974       |
| Fair value of warrants exercised            | (20,985)     |
| Balance at November 30, 2009                | 1,332,974    |
| Fair value of warrants exercised            | (14,707)     |
| Balance at February 28, 2010                | \$ 1,318,267 |

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**7. Related Party Transactions**

The Company entered into the following related party transactions during the period:

a) Reimbursed expenses for travel and conference charges of \$6,600 and office and administration charges of \$4,053 to a company controlled by an officer of the Company. At February 28, 2010, none of these costs remained in accounts payable.

b) Incurred \$24,650 in accounting and consulting fees to directors and officers. At February 28, 2010, \$7,940 of these costs remained in accounts payable.

The amounts charged to the Company for the services provided have been determined by negotiation among the parties and, in certain cases, are covered by signed agreements. These transactions were in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed to by the related parties.

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**Corsa Capital Ltd.**  
**(An Exploration Stage Company)**  
**Notes to the Financial Statements**  
**For the Three Months Ended February 28, 2010**

*Canadian Dollars*  
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**8. Financial Instruments**

**Categories of financial assets and liabilities**

As at February 28, 2010, the carrying value of the Company's financial instruments approximate their fair value. The carrying value of the Company's financial instruments is classified into the following categories:

|                             | February 28, 2010 | November 30, 2009 |
|-----------------------------|-------------------|-------------------|
| Held-for-trading            | \$ 714,524        | \$ 901,089        |
| Receivables*                | \$ 36,854         | \$ 34,301         |
| Other financial liabilities | \$ 35,931         | \$ 97,350         |

\* GST Receivable

The fair value of the Company's GST receivable and accounts payable and accrued liabilities approximate carrying value, which is the amount recorded on the balance sheet. The Company's other financial instrument, cash, under the fair value hierarchy is based on level one quoted prices in active markets for identical assets or liabilities.

*Credit risk*

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to receivables. Management believes that the credit risk concentration with respect to financial instruments included in receivables is remote.

*Liquidity risk*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at February 28, 2010, the Company had a cash balance of \$714,524 (November 30, 2009 - \$901,089) to settle current liabilities of \$35,931 (November 30, 2009 - \$97,350). 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, foreign exchange rates, and commodity and equity prices.

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As of February 28, 2010 and November 30, 2009, the Company did not have any investments invested in investment-grade short-term deposit certificates.

(b) Foreign currency risk

The Company's foreign exchange risk arises primarily with respect to the US dollar as a result of its activities evaluating potential opportunities in the United States and its exploration of the Miller-Walker Property. The Company has elected not to actively manage its foreign exchange exposure at this time.

**Corsa Capital Ltd.**  
**(An Exploration Stage Company)**  
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*Canadian Dollars*  
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**8. Financial Instruments – Continued**

(c) 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 resources, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

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**9. Capital Management**

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 resource properties and to maintain flexible capital structure for its projects for the benefit of its stakeholders.

In the management of capital, the Company includes the components of shareholders' equity as well as cash, GST receivable and current liabilities.

The Company manages the capital structure and makes adjustments to it in light of changes in the 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, enter into joint venture property arrangements, acquire or dispose of assets or adjust the amount of cash.

Management reviews the capital structure on a regular basis to ensure that the above-noted objectives are met. There were no changes in the Company's approach to capital management during the period ended February 28, 2010. The Company is not subject to externally imposed capital requirements.

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**10. Subsequent Event**

158,909 share purchase warrants and 150,000 stock options were exercised for gross proceeds of \$138,118.