

COPPER ONE INC.

(formerly Continent Resources Inc.)

Interim Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the Three Months ended March 31, 2010



TSXV: CUO

NOTICE TO READER

COPPER ONE INC.
(formerly Continent Resources Inc.)

The accompanying unaudited interim consolidated financial statements of Copper One Inc. (the "Company") for the three months ended March 31, 2010 have been prepared by management and approved by the Board of Directors of the Company. These statements have not been reviewed by the auditors of the Company.

COPPER ONE INC.

(formerly Continent Resources Inc.)

Consolidated Balance Sheets

(unaudited – prepared by management)

(Expressed in Canadian dollars)

	March 31, 2010 \$	December 31, 2009 \$
Assets		
Current Assets		
Cash and cash equivalents	4,851,321	6,180,734
Amounts receivable	21,457	57,239
Prepaid expenses	64,432	29,338
	4,937,210	6,267,311
Reclamation deposits (Note 5)	30,107	31,001
Mineral property interests (Note 6)	2,977,889	1,949,252
Equipment (Note 7)	1,730	-
	7,946,936	8,247,564
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	101,550	131,016
Shareholders' Equity		
Share capital (Note 8)	8,958,199	8,958,199
Contributed surplus	2,848,986	2,504,246
Deficit	(3,961,799)	(3,345,897)
	7,845,386	8,116,548
	7,946,936	8,247,564
Going Concern (Note 2)		
Commitments (Note 11)		
Subsequent Events (Note 16)		

Approved on behalf of the Board:

"Lawrence Dick"

Lawrence Dick, Director

"Herrick Lau"

Herrick Lau, Director

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

COPPER ONE INC.

(formerly Continent Resources Inc.)

Consolidated Statement of Changes in Shareholders' Equity

(unaudited – prepared by management)

(Expressed in Canadian dollars)

	Number of Shares	Common Shares \$	Contributed Surplus \$	Deficit \$	Shareholders' Equity \$
Balance - December 31, 2008	20,613,901	2,536,246	1,025,188	(1,540,062)	2,021,372
Issuance pursuant to agent options exercised	287,500	57,500	-	-	57,500
Issuance pursuant to warrants exercised	480,000	138,000	-	-	138,000
Non-brokered private placements	20,065,300	7,129,568	-	-	7,129,568
Share issuance costs	-	(480,731)	-	-	(480,731)
Issuance of warrants as finders' fees	-	(484,884)	484,884	-	-
Issuance pursuant to stock options exercised	210,000	62,500	-	-	62,500
Stock-based compensation	-	-	994,174	-	994,174
Loss for the year	-	-	-	(1,805,835)	(1,805,835)
Balance - December 31, 2009	41,656,701	8,958,199	2,504,246	(3,345,897)	8,116,548
Stock-based compensation	-	-	344,740	-	344,740
Loss for the period	-	-	-	(615,902)	(615,902)
Balance - March 31, 2010	41,656,701	8,958,199	2,848,986	(3,961,799)	7,845,386

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

COPPER ONE INC.

(formerly Continent Resources Inc.)

Consolidated Statements of Loss, Comprehensive Loss, and Deficit

(unaudited – prepared by management)

(Expressed in Canadian dollars)

	Three Months Ended	
	March 31,	
	2010	2009
	\$	\$
General and administrative expenses		
Amortization	49	-
Consulting services (Note 12)	103,195	16,170
Foreign exchange loss (gain)	23,179	(6,207)
Investor relations	43,859	-
Management services (Note 12)	43,325	19,500
Professional fees	1,621	3,343
Property investigations	2,883	-
Office (Note 12)	19,797	37,495
Rent (Note 12)	9,973	9,000
Regulatory and shareholder services	9,953	5,996
Stock-based compensation	344,740	238,960
Travel	17,451	2,743
	620,025	327,000
Loss before other income (expenses)	(620,025)	(327,000)
Other income (expenses)		
Interest and miscellaneous income	4,123	5,333
	4,123	5,333
Net loss for the period	(615,902)	(321,667)
Loss per share, basic and diluted	(0.01)	(0.02)
Weighted average common shares outstanding	41,656,701	14,596,431

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

COPPER ONE INC.

(formerly Continent Resources Inc.)

Consolidated Statements of Cash Flows

(unaudited – prepared by management)

(Expressed in Canadian dollars)

	Three Months ended	
	March 31,	
	2010	2009
	\$	\$
Cash provided by (used in):		
Operating activities		
Net loss for the period	(615,902)	(321,667)
Items not involving cash:		
Amortization	49	-
Stock-based compensation	344,740	238,960
Foreign exchange	894	-
Changes in non-cash operating working capital:		
Amounts receivable	35,782	(3,498)
Deferred charges	-	(4,000)
Prepaid expenses	(35,094)	62,318
Accounts payable and accrued liabilities	(61,382)	(54,100)
	(330,913)	(81,987)
Investing activities		
Mineral property interests		
Exploration expenditures	(944,648)	(249,188)
Acquisition costs	(52,073)	-
Purchase of property and equipment	(1,779)	-
	(998,500)	(249,188)
Net change in cash	(1,329,413)	(331,175)
Cash and cash equivalents, beginning of period	6,180,734	929,861
Cash and cash equivalents, end of period	4,851,321	598,686
Cash and cash equivalents comprises:		
Cash	558,328	35,686
Cashable guaranteed investment certificates	4,292,993	563,000
	4,851,321	598,686

Supplementary cash flow information (Note 15)

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

COPPER ONE INC.

(formerly Continent Resources Inc.)

Notes to the Consolidated Financial Statements

For the three months ended March 31, 2010

(Expressed in Canadian dollars)

1. Nature of Operations

Copper One Inc. (formerly Continent Resources Inc, the "Company") was incorporated on November 8, 2005 pursuant to the British Columbia Business Corporations Act (British Columbia) and continued under the Alberta Business Corporations Act (Alberta) on January 12, 2006. On August 18, 2008, the Company continued under the British Columbia Business Corporations Act. On October 9, 2009, the Company changed its name from Continent Resources Inc. to Copper One Inc. under the Canada Business Corporations Act. On June 20, 2008, the Company incorporated its wholly-owned subsidiary, Continent Resources (USA) Inc. and changed its name to Copper One USA, Inc. on September 23, 2009, under the laws of the state of Nevada. The Company's common shares commenced trading on the TSX Venture Exchange on November 16, 2009 under the symbol "CUO" and prior to that on the Canadian National Stock Exchange from July 11, 2007 to November 18, 2009 when it elected to delist.

The Company is engaged in the acquisition, exploration, and development of mineral resource properties located in south-western United States, including a 100% undivided interest in various properties located in Arizona and New Mexico.

2. Going Concern

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") applicable to a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, these consolidated financial statements do not reflect any adjustments in the carrying values of the assets and liabilities, the reported expenses, and the balance sheet classifications used that would be necessary if the going concern assumption were not appropriate. As at March 31, 2010, the Company has no source of operating cash flow and has an accumulated deficit of \$3,847,658. Operations for the three-month period ended March 31, 2010 have been funded primarily from the issuances of share capital.

Continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing to support its exploration costs. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

3. Basis of Presentation and Adoption of Accounting Policies

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian GAAP for the presentation of interim financial information. These consolidated financial statements do not include all disclosures required for annual financial statements and therefore should be read in conjunction with the most recent audited annual consolidated financial statements of the Company for the year ended December 31, 2009.

COPPER ONE INC.

(formerly Continent Resources Inc.)

Notes to the Consolidated Financial Statements

For the three months ended March 31, 2010

(Expressed in Canadian dollars)

3. Basis of Presentation and Adoption of Accounting policies (continued)

Presentation

Where applicable, comparative figures have been reclassified to conform with presentation used in the current year.

The financial statements follow the same accounting policies and methods of application as the annual financial statements except as described below.

Equipment

Equipment is recorded at cost less accumulated amortization. Amortization is provided on a straight-line basis over the assets' estimated useful lives at the following rates:

Computer equipment straight-line basis over 3 years

4. Recent Accounting Pronouncements

(a) Business combinations, non-controlling interest and consolidated financial statements

In January 2009, the CICA issued Handbook Section 1582 *Business Combinations*, 1601 *Consolidated Financial Statements* and 1602 *Non-controlling Interests* which replace CICA Handbook Sections 1581 *Business Combinations* and 1600 *Consolidated Financial Statements*. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination standard under IFRS. Section 1582 is applicable for the Company's business combinations with acquisition dates on or after January 1, 2011. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. Section 1601 is applicable for the Company's interim and annual consolidated financial statements for its fiscal year beginning January 1, 2011. Early adoption of this Section is permitted and all three Sections must be adopted concurrently.

(b) International financial reporting standards ("IFRS")

In addition to the above new accounting pronouncements the Canadian Accounting Standards Board ("AcSB") in 2006 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 International Financial Reporting Standards ("IFRS") over a five-year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-accountable enterprises 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 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 has begun to evaluate the impact of IFRS on its financial accounting and reporting systems. The Company has appointed internal staff to lead the IFRS conversion process and prepare a diagnostic analysis that identifies the differences between our current accounting policies and IFRS.

COPPER ONE INC.

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For the three months ended March 31, 2010

(Expressed in Canadian dollars)

4. Recent Accounting Pronouncements (continued)

The Company will begin to design and build an IFRS framework, which includes decisions on available accounting policy choices, formulate policy positions and execution and roll-out of communications strategy. Once the design and build phase is complete, the Company will move to the implement and review phase which includes preparation of an IFRS opening balance sheet, compilation of comparative data, preparation of quarterly financial statements and disclosures, preparation of annual financial statements and disclosures, monitoring how IFRS evolves, conducting post implementation review and communicating ongoing requirements.

5. Reclamation Deposits

Reclamation deposits represent term deposits pledged in favour of regulatory authorities as security for performance of site restoration. These deposits will be released to the Company on satisfactory reclamation of the property.

	March 31, 2010 \$	December 31, 2009 \$
LT Ranch	20,377	20,982
Twin Peaks and West Safford	9,170	9,442
Other	560	577
	<u>30,107</u>	<u>31,001</u>

6. Mineral Property Interests

The Company's mineral property interests are comprised of properties located in the United States.

	Lone Mountain \$	Lone Mountain (LT Ranch) \$	Mimbres \$	Teague Springs \$	Twin Peaks \$	West Jerome \$	West Safford \$	Total \$
Balance, December 31, 2009	896,833	111,951	162,679	169,779	179,112	172,490	256,408	1,949,252
Acquisition costs	52,073	-	-	-	-	-	-	52,073
Exploration expenditures								-
Assays and reports	-	-	-	-	9,754	-	-	9,754
Drilling	562,427	1,911	-	-	161,367	-	-	725,705
Environmental permitting	27	20,269	-	-	-	-	-	20,296
Field expenses	12,576	-	-	-	142	-	-	12,718
General administration	13,840	2,578	-	-	35	-	-	16,453
Geochemistry	1,791	-	-	-	1,111	-	-	2,902
Geological consulting	99,139	394	3,373	-	34,308	5,251	97	142,562
Geological mapping	3,113	-	-	-	2,158	-	-	5,271
Geophysical studies	-	-	-	-	-	-	-	-
Staking and recording	2,229	-	-	-	-	-	-	2,229
Travel and accommodation	29,429	4,124	752	-	3,909	460	-	38,674
Balance, March 31, 2010	<u>1,673,477</u>	<u>141,227</u>	<u>166,804</u>	<u>169,779</u>	<u>391,896</u>	<u>178,201</u>	<u>256,505</u>	<u>2,977,889</u>

COPPER ONE INC.

(formerly Continent Resources Inc.)

Notes to the Consolidated Financial Statements

For the three months ended March 31, 2010

(Expressed in Canadian dollars)

6. Mineral Property Interests (continued)

Southwest Exploration Group ("SEG") Properties

On August 12, 2008, the Company signed an agreement of purchase and sale with SEG to acquire an undivided 100% interest in six properties in Arizona and New Mexico in exchange for US\$450,000, comprised of US\$150,000 on August 12, 2008 (paid), US\$150,000 on completion of the private placement offering (paid), and US\$150,000 on August 12, 2009 (paid).

On August 12, 2008, the Company issued 9,000,000 stock options (the "SEG options") to three SEG principals at an exercise price of \$0.25 per share which will expire on August 11, 2018. The SEG options vest at a rate of 25% on the grant date, 25% on October 12, 2009, 25% on December 12, 2010, and 25% on February 12, 2012. The fair value of the SEG options, using the Black-Scholes option pricing model, was \$2,161,077. Of this amount, the Company recognized \$1,181,998 for the vested portion which was recorded as contributed surplus and charged to operations.

On October 13, 2009, the SEG Purchase Agreement was amended. Upon the Company's common shares listing on the TSX Venture Exchange, the expiration of the SEG options were amended to November 16, 2014 (Note 8). All other provisions of the agreement remain unchanged. The modification of the SEG options resulted in no incremental compensation costs.

The Company has fulfilled all of its obligations according to its agreement with SEG and accordingly the Company owns 100% interest in the mineral properties.

SEG is entitled to a royalty equal to 2% of the net smelter returns ("NSR"). The Company has the option to purchase an additional 0.5% of the NSR from SEG for each of the individual properties in exchange for \$1,000,000 for each property.

As part of the agreement, the Company was assigned an access and purchase agreement that was previously in place relating to surface title to part of the Lone Mountain property, which gives the Company the rights to access to explore the northern part of the property in return for the following payments:

Date	Cash
February 16, 2007	\$ 50,000 (paid by previous group)
February 16, 2008	50,000 (paid by previous group)
February 16, 2009	50,000 (paid)
February 16, 2010	50,000 (paid)
February 16, 2011	50,000
February 16, 2012	50,000
February 16, 2013	<u>4,500,000</u>
	\$ <u>4,800,000</u>

The final payment of \$4,500,000 is the purchase price for the surface title to part of the property and the Company has the right to exercise the option to purchase at any time within the option period. Once the purchase payment is made, the Company is not obligated to any further payments.

COPPER ONE INC.

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Notes to the Consolidated Financial Statements

For the three months ended March 31, 2010

(Expressed in Canadian dollars)

6. Mineral Property Interests (continued)

Southwest Exploration Group ("SEG") Properties (continued)

LT Ranch Property

On October 1, 2009, the Company entered into an exploration and purchase option agreement with LT Ranch LLC which is located at the southern portion of the Lone Mountain property. In return for paying US\$100,000, the Company was granted the exclusive right to access and conduct exploration activities on the property for a period of one year, with five annual renewal periods which is granted upon payment of an annual fee to be agreed upon between the Company and the property owner. During the annual exploration period, the Company may exercise an option to purchase the surface title to this portion of the property in return for US\$3,000,000.

7. Equipment

	Computer equipment
Cost	
At December 31, 2009	\$ -
Additions	1,779
At March 31, 2010	1,779.00
Accumulated Amortization	
At December 31, 2009	-
Charge for the period	49
At March 31, 2010	49
Net book value	
At December 31, 2009	-
At March 31, 2010	\$ 1,730

8. Share Capital

Preferred Shares

Authorized: unlimited, without par value

Issued and outstanding: nil preferred shares

Common Shares

Authorized: unlimited, without par value

Issued Share Capital

At March 31, 2010 there were 41,656,701 common shares issued and outstanding (December 31, 2009 – 41,656,701 common shares).

COPPER ONE INC.

(formerly Continent Resources Inc.)

Notes to the Consolidated Financial Statements

For the three months ended March 31, 2010

(Expressed in Canadian dollars)

8. Share Capital (continued)*Escrowed shares*

As at March 31, 2010, the Company had 2,333,776 common shares (December 31, 2009 – 3,555,898) in escrow. Under the terms of the Company's escrow agreements, the remaining escrowed shares will be released as follows:

	Number of Shares
2010	1,797,926
2011	370,550
2012	165,300
	<u>2,333,776</u>

9. Share Purchase Warrants

The following table summarizes the continuity of share purchase warrants:

	March 31, 2010		December 31, 2009	
	Number	Weighted Avg. Exercise Price \$	Number	Weighted Avg. Exercise Price \$
Warrants outstanding, beginning of period	22,912,850	0.44	8,358,000	0.35
Issued	-	-	15,034,850	0.49
Exercised	-	-	(480,000)	0.29
Warrants outstanding, end of period	<u>22,912,850</u>	0.44	<u>22,912,850</u>	0.44

Full share equivalent warrants outstanding as at March 31, 2010:

Expiry Date	Price Per Share	Warrants Outstanding
September 19, 2010	\$ 0.35	8,078,000
May 31, 2011	\$ 0.20	3,921,450
May 31, 2011	\$ 0.30	226,450
June 11, 2011	\$ 0.20	3,322,350
June 11, 2011	\$ 0.30	217,350
August 26, 2011	\$ 0.80	6,310,750
August 26, 2011	\$ 0.85	836,500
		<u>22,912,850</u>

COPPER ONE INC.

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Notes to the Consolidated Financial Statements

For the three months ended March 31, 2010

(Expressed in Canadian dollars)

9. Share Purchase Warrants (continued)

The Company estimated the fair value of each broker warrant at the date of issuance using the Black-Scholes option pricing model with the following weighted average assumptions:

	2010	2009
Risk-free interest rate	-	1.32%
Expected life (in years)	-	2.00
Expected volatility	-	110%

At March 31, 2010, the Company had 5,606,250 share purchase warrants (2009 – 5,606,250), including 4,500,000 SEG options held in escrow. The share purchase warrants are governed by the October 30, 2009 escrow agreement. The escrowed warrants will be released as follows:

	Number of Shares
2010	3,574,000
2011	1,868,750
2012	163,500
	<u>5,606,250</u>

10. Stock Options

The Company has adopted a Stock Option Plan (the “Plan”) pursuant to which options may be granted to directors, officers, employees and consultants of the Company. Under the terms of the Plan, the Company can issue a maximum of 10% of the issued and outstanding common shares at the time of the grant, and the exercise price of each option is equal to or above the market price of the common shares on the grant date. Options granted under the Plan are determined by, and at the discretion of, the Board of Directors.

The following table summarizes the continuity of the Company's stock options:

	March 31, 2010		December 31, 2009	
	Number	Weighted Avg. Exercise Price	Number	Weighted Avg. Exercise Price
		\$		\$
Options outstanding, beginning of period	11,500,000	0.36	10,175,000	0.35
Granted	700,000	0.55	1,535,000	0.45
Exercised	-	-	(210,000)	0.30
Options outstanding, end of period	<u>12,200,000</u>	0.37	<u>11,500,000</u>	0.36
Options exercisable, end of period	<u>7,700,000</u>	0.39	<u>7,000,000</u>	0.37

On January 15, 2010, the Company granted 700,000 incentive stock options to certain directors, officers and consultants at an exercise price of \$0.55 per share. The options were fully vested upon grant and will expire on January 15, 2015. The fair value of \$230,599 was determined using the Black-Scholes option pricing model and has been recorded as stock-based compensation.

COPPER ONE INC.

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Notes to the Consolidated Financial Statements

For the three months ended March 31, 2010

(Expressed in Canadian dollars)

10. Stock Options (continued)

Additional information regarding stock options outstanding as at March 31, 2010 is as follows:

Range of Exercise Prices	Outstanding Options			Exercisable Options	
	Number Outstanding	Weighted Average Exercise Price \$	Weighted Average Remaining Contractual Life (Years)	Number Exercisable	Weighted Average Exercise Price \$
\$0.20-\$0.25	725,000	0.24	3.57	725,000	0.24
\$0.34-\$0.35	9,975,000	0.35	3.17	5,475,000	0.35
\$0.36-\$0.64	1,500,000	0.60	4.54	1,500,000	0.60
	<u>12,200,000</u>	0.37	3.36	<u>7,700,000</u>	0.37

During the three-month period ended March 31, 2010 the Company recognized \$334,740 (2009 – \$238,960) of stock-based compensation expense. The fair values for stock options granted have been estimated using the Black-Scholes option pricing model assuming no expected dividends and the following weighted average assumptions:

	<u>2010</u>	<u>2009</u>
Risk-free interest rate	2.27%	2.03%
Expected life (in years)	5.00	5.00
Expected volatility	106%	131%

The weighted average fair value of stock options granted during the three-month period ended March 31, 2010 was \$0.44 (2009 - \$0.43) per stock option.

11. Commitments

As of September 2009, the Company entered into a five-year consulting agreement whereby the Company agreed to pay a quarterly fee of \$25,000 in return for financial analysis and advice. The Company further agreed to pay a success fee of 1.5% of the total transaction value if: (i) 20% or more of the outstanding common shares of the Company are acquired by a third party; (ii) the Company acquires, merges or amalgamates with another entity; or (iii) all of the assets are acquired by a third party.

COPPER ONE INC.

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Notes to the Consolidated Financial Statements

For the three months ended March 31, 2010

(Expressed in Canadian dollars)

12. Related Party Transactions

- (a) Included in accounts payable and accrued liabilities is an amount of \$45,293 (2009 - \$15,419) to directors and officers of the Company. These amounts are unsecured, non-interest bearing, and due on demand.
- (b) During the three-month period ended March 31, 2010, the Company paid consulting fees of \$24,000 (2009 - \$11,175) to three directors of the Company with respect to consulting services on the acquisition and exploration of the Company's mineral properties.
- (c) During the three-month period ended March 31, 2010, Copper One USA paid \$104,666 (2009 - \$51,441) to directors and officers of the Company with respect to consulting services on the acquisition and exploration of the Company's mineral properties.
- (d) Pursuant to a management and advisory agreement with Baron Global Financial Canada Ltd. ("Baron"), Baron agreed to act as corporate advisor and Chief Financial Officer of the Company in return for a monthly fee of \$10,000. During the three-month period ended March 31, 2010, the Company recorded \$19,500 in management fees, \$9,000 in rent and \$1,500 in office expenses to Baron for a total of \$30,000 (2009 - \$30,000).

All of the above transactions have been in the normal course of operations and have been recorded at their exchange amounts, which are the amounts agreed upon by the transacting parties.

13. Financial Instruments

- (a) Classification of Financial Instruments

	March 31, 2010 \$	December 31, 2009 \$
Financial assets:		
Held for trading, measured at fair value:		
Cash and cash equivalents	4,851,321	6,180,734
Loans and receivables, measured at amortized cost:		
Amounts receivable	21,457	57,239
Financial liabilities, measured at amortized cost:		
Accounts payable and accrued liabilities	101,550	131,016

COPPER ONE INC.

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Notes to the Consolidated Financial Statements

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(Expressed in Canadian dollars)

13. Financial Instruments (continued)

(b) Fair Values

The fair values of financial instruments, which include cash and cash equivalents, amounts receivable, and accounts payable and accrued liabilities, approximate their carrying values due to the relatively short-term maturity of these instruments.

As at March 31, 2010, the fair value of financial instruments measured on a recurring basis includes cash determined based on level one inputs, consisting of quoted prices in active markets for identical assets.

(c) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

(d) Foreign Exchange Rate and Interest Rate Risk

The Company's functional currency is the Canadian dollar. However, the Company is exposed to the currency risk related to the fluctuation of the foreign exchange rates as some of the Company's operations are located in the United States of America. A significant change in the currency exchange rates between the Canadian dollar relative to the US dollar could have an effect on the Company's results of operations, financial position, and cash flows. The Company has not entered into any derivative contracts or hedged its exposure to foreign currency fluctuations, and is not exposed to any significant interest rate risk.

(e) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash and cash equivalents. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

(f) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

14. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and cash equivalents, and equity comprised of issued capital.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the three-month period ended March 31, 2010.

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15. Supplementary cash flow information

	March 31, 2010 \$	December 31, 2009 \$
Cash paid for income taxes	-	-
Cash paid for interest	-	-
Non-cash investing and financing activities:		
Finders' fees paid in units	-	359,568
Finders' warrants on private placement	-	484,884
Mineral property expenditures included in accounts payable	84,737	45,040

16. Subsequent Events

On April 22, 2010, the Company signed a non-disclosure and non-circumvention agreement which will provide the Company with information in respect of work done on a property located in Zambia. In return, the Company paid US\$250,000 upon the signing of the agreement and agreed to pay a further US\$250,000 forty five days after signing the agreement upon successful due diligence on the property and execution of certain agreements required to secure an equity interest in the property.