GOLDEX RESOURCES CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2010 AND 2009

(IN CANADIAN DOLLARS)

Partnership of:
Vancouver: Robert J. Burkart, Inc. · James F. Carr-Hilton Ltd. · Kenneth P. Chong Inc. · Alvin F. Dale Ltd. · Barry S. Hartley, Inc. · Reginald J. LaBonte Ltd. · Robert J. Matheson, Inc. · Rakesh I. Patel Inc. · F.M. Yada FCA Inc.
South Surrey: Michael K. Braun Inc. · Peter J. Donaldson, Inc.
Port Coquitlam: Wilfred A. Jacobson Inc. · G.D. Lee Inc. · Fraser G. Ross, Ltd. · Brian A. Shaw Inc.

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Goldex Resources Corporation.

We have audited the accompanying consolidated financial statements of Goldex Resources Corporation which comprise the consolidated balance sheets as at December 31, 2010 and 2009 and the consolidated statements of operation, comprehensive loss and deficit and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence that we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2010 and 2009, and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Emphasis of Matter

We draw attention to Note 1 to the consolidated financial statements, which describes certain conditions that give rise to substantial doubt about the entity's ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not qualified in respect of this matter.

"DMCL"
DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED ACCOUNTANTS

Vancouver, Canada
April 29, 2011

GOLDEX RESOURCES CORPORATION
CONSOLIDATED BALANCE SHEETS

	December 31, 2010	December 31, 2009
ASSETS		
CURRENT		
Cash	$ 6,200	$ 10,068
Accounts receivable	29,458	42,390
Due from related parties (Note 7)	17,393	11,103
Prepaid expenses and deposits	16,080	11,031
	69,131	74,592
MINERAL PROPERTIES (Note 3 and schedule)	2,035,375	1,801,690
EQUIPMENT (Note 6)	14,458	20,692
	$ 2,118,964	$ 1,896,974
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT		
Accounts payable and accrued liabilities	$ 277,231	$ 95,215
Due to related parties (Note 9)	170,760	19,807
Promissory notes (Note 8)	553,876	251,664
	1,001,867	366,686
SHAREHOLDERS' EQUITY		
Share capital (Note 10)	15,515,339	15,515,339
Shares issuable (Note 10)	43,000	-
Contributed surplus (Note 11)	2,222,165	2,221,181
Deficit	(16,663,407)	(16,206,232)
	1,117,097	1,530,288
	$ 2,118,964	$ 1,896,974

NATURE AND CONTINUANCE OF OPERATIONS (Note 1)
COMMITMENTS (Notes 3 and 13)
SUBSEQUENT EVENTS (Note 18)

On behalf of the Board:

"Charles Ross" Director "James Ravannack" Director

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

GOLDEX RESOURCES CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT

	Year ended December 31, 2010	Year ended December 31, 2009
GENERAL AND ADMINISTRATIVE EXPENSES		
Amortization	$ 6,233	$ 8,929
Interest expense	13,364	480
Consulting (Note 9)	91,773	121,500
Stock-based consulting fees (Note 10)	984	983
Stock-based investor relations (Note 10)	-	2,945
Management fees (Note 9)	97,029	96,252
Office and administrative	21,331	32,129
Professional fees	172,346	278,938
Project evaluation costs (Note 9)	28	55,329
Property examination costs (Note 9)	8,810	24,007
Rent	15,023	7,365
Travel and promotion	4,657	43,142
Transfer agent and filing fees	13,841	15,546
LOSS BEFORE THE FOLLOWING	(445,419)	(687,545)
OTHER INCOME (EXPENSE)		
Gain on settlement of debt	5,584	-
Loss on write-off of receivable	(31,130)	-
Interest and other income (Note 9)	3,136	4,590
Impairment of Guatemalan tax credits (Note 4)	(10,672)	(13,388)
Loss on write-off of VAT (Note 5)	-	(9,823)
Foreign exchange gain	21,327	7,100
	(11,755)	(11,521)
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	(457,175)	(699,066)
DEFICIT – BEGINNING OF YEAR	(16,206,232)	(15,507,166)
DEFICIT – END OF YEAR	$ (16,663,407)	$ (16,206,232)
BASIC AND DILUTED (LOSS) PER COMMON SHARE	$ (0.01)	$ (0.01)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	49,477,958	49,182,616

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

GOLDEX RESOURCES CORPORATIO
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31, 2010	Year ended December 31, 2009
CASH FLOWS USED IN OPERATING ACTIVITIES		
Net loss for the year	$ (457,175)	$ (699,066)
Items not affecting cash:		
Amortization	6,233	8,929
Stock-based compensation	984	3,928
Loss on write-off of receivable	(31,130)	-
Gain on settlement of debt	5,584	-
Impairment of Guatemalan tax credits	10,672	13,388
Loss on write-off of value added tax credits	-	9,823
Accrued interest	13,427	480
Accrued management and consulting fees	180,000	180,000
	(271,405)	(482,518)
Decrease in accounts receivable	33,390	26,533
Decrease (increase) in prepaid expenses	(5,049)	17,310
Increase (decrease) in accounts payable	169,669	(2,962)
Net cash used in operating activities	(73,395)	(441,637)
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares subscribed	43,000	-
Repayment of advances to related parties	-	3,573
Proceeds of promissory note	245,548	251,184
Advances from related parties	14,663	6,041
Net cash provided by financing activities	303,211	260,798
CASH FLOWS USED IN INVESTING ACTIVITIES		
Mineral property acquisition and exploration costs	(233,684)	(275,835)
Net cash used in investing activities	(233,684)	(275,835)
NET DECREASE IN CASH AND DURING THE YEAR	(3,868)	(456,674)
CASH – BEGINNING OF YEAR	10,068	466,742
CASH – END OF YEAR	$ 6,200	$ 10,068

SUPPLEMENTAL CASH FLOW INFORMATION (Note 14)

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

GOLDEX RESOURCES CORPORATION
CONSOLIDATED SCHEDULE OF DEFERRED EXPLORATION COSTS

	December 31, 2010					
	El Pato	Cerro Las Minas	El Arco	El Morro	El Mojon	Total
Exploration Costs:						
Equipment	$ 2,781	$ 660	$ -	$ -	$ -	$ 3,441
General exploration	10,779	167	-	-	-	10,946
Geological consulting fees	84,911	6,992	2,071	455	455	94,884
Insurance	1,508	-	-	-	-	1,508
General and administrative	5,052	(125)	77	-	-	5,004
Rent and utilities	11,349	11	-	-	-	11,360
Salaries and benefits	22,931	1,137	-	152	152	24,372
License and fees	-	-	10,272	18,625	5,065	33,962
Travel	3,137	55	3,506	-	-	6,698
	142,448	8,897	15,926	19,232	5,672	192,175
Balance, Beginning of Year	1,938,118	301,379	302,444	26,036	21,251	2,589,228
Balance, End of Year	$ 2,080,566	$ 310,276	$ 318,370	$ 45,268	$ 26,923	$ 2,781,403

	December 31, 2009					
	El Pato	Cerro Las Minas	El Arco	El Morro	El Mojon	Total
Exploration Costs:						
Equipment	$ 3,418	$ 986	$ -	$ -	$ -	$ 4,404
General exploration	11,962	842	-	144	195	13,143
Geological consulting fees	85,720	15,628	25,485	9,494	6,110	142,437
Insurance	1,406	-	-	-	-	1,406
General and administrative (recovery)	16,058	5,667	-	489	177	22,391
Rent and utilities	10,292	243	-	67	154	10,756
Salaries and benefits	23,543	1,676	-	3,159	3,159	31,537
License and fees	12,434	-	11,332	7,656	4,466	35,888
Travel	9,433	327	-	390	386	10,536
	174,266	25,369	36,817	21,399	14,647	272,498
Balance, Beginning of Year	1,763,852	276,010	265,627	4,637	6,604	2,316,730
Balance, End of Year	$ 1,938,118	$ 301,379	$ 302,444	$ 26,036	$ 21,251	$ 2,589,228

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

GOLDEX RESOURCES CORPORATION
CONSOLIDATED SCHEDULE OF MINERAL PROPERTY COSTS

	For the year ended December 31, 2010		
	Opening balance	2010 expenditures	Ending balance
El Pato, Cerro Las Minas, El Morro and El Mojon, Guatemala			
Acquisition of Minera	$ 1,715,402	$ -	$ 1,715,402
Additional consideration	396,000	-	396,000
	2,111,402	-	2,111,402
Deferred exploration costs	2,286,784	176,249	2,463,033
Impairment (Note 3)	(2,962,505)	-	(2,962,505)
	1,435,681	176,249	1,611,930
El Arco, Mexico			
Other acquisition costs applied to advanced royalty	63,565	41,510	105,075
	63,565	41,510	105,075
Deferred exploration costs	302,444	15,926	318,370
	366,009	57,436	423,445
	$ 1,801,690	$ 233,685	$ 2,035,375

	For the year ended December 31, 2009		
	Opening balance	2009 expenditures	Ending balance
El Pato, Cerro Las Minas, El Morro and El Mojon, Guatemala			
Acquisition of Minera	$ 1,715,402	$ -	$ 1,715,402
Additional consideration	396,000	-	396,000
	2,111,402	-	2,111,402
Deferred exploration costs	2,051,103	235,681	2,286,784
Impairment (Note 3)	(2,962,505)	-	(2,962,505)
	1,200,000	235,681	1,435,681
El Arco, Mexico			
Other acquisition costs applied to advanced royalty	63,565	-	63,565
	63,565	-	63,565
Deferred exploration costs	265,627	36,817	302,444
	329,192	36,817	366,009
	$ 1,529,192	$ 272,498	$ 1,801,690

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company is engaged in the acquisition and exploration of mineral properties. The Company's common shares are listed for trading on the TSX Venture Exchange ("TSX-V") under the symbol GDX. In the 2003 fiscal year the Company acquired Compania Minera El Condor S.A ("Minera") from El Condor Resources Ltd ("El Condor").

Minera was constituted under the laws of the Republic of Guatemala on December 6, 1996. Its primary activity consists of exploration of minerals, mainly gold.

Goldex Resources Mexico S.A. ("Goldex Mexico") - a wholly owned subsidiary - was incorporated in Mexico on June 27, 2007 for the purpose of conducting exploration work on the El Arco mining concession and for making acquisitions elsewhere in Mexico.

NCS Mercantile Corp. ("NCS") – a wholly owned subsidiary – was incorporated in Barbados on September 20, 2007 for the purpose of evaluating and developing business opportunities in Central America and elsewhere.

The recoverability of carrying amounts for mineral properties is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral properties, the ability of the Company to obtain necessary financing to complete exploration and development, achievement of future profitable production or proceeds from the disposition thereof. The Company has not determined whether these properties contain ore reserves that are economically recoverable.

These consolidated financial statements have been prepared under the going concern assumption which contemplates the Company will continue operations and realize the carrying value of its assets and discharge its liabilities in the normal course of business. Should the going concern assumption not continue to be appropriate, adjustments to recorded values may be required. At December 31, 2010 the Company had a working capital deficit of $932,736 (December 31, 2009 – $292,094) and accumulated deficit of $16,663,407 (December 31, 2009 – $16,206,232). The ability of the Company to continue as a going concern is dependent upon the Company's ability to raise additional capital through the sale of shares or other sources as required to fund ongoing exploration activities and operating losses and ultimately on generating future profitable operations. The Company will need to raise capital to continue operations through its next fiscal year which raises uncertainty as to the ability of the Company to continue as a going concern.

In February 2011 the Company completed a non-brokered private placement of 44,517,500 units at a price of $0.05 per unit for gross proceeds of $2,225,875 (Note 18).

2. SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation
These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries: Minera, Goldex Mexico, and NCS. All inter-company transactions and balances have been eliminated upon consolidation.

Use of estimates
The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the year. Significant areas requiring the use of management estimates relate to uncollectable accounts receivable provision, the determination of fair values for stock-based transactions and financial instruments, the allocation of costs to, and impairment of, mineral properties, future income taxes rates and valuation allowances, and useful lives of equipment for amortization. Financial results as determined by actual events could differ from these estimates.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Instruments

The Company classified all financial assets and liabilities into one of the following five categories:

- held-for trading,
- held-to-maturity,
- loans and receivables,
- available-for-sale financial assets,
- other financial liabilities.

Held-for–Trading financial assets are measured at fair value with subsequent changes in fair value recognized in current period net income.

Held-to-Maturity assets, loans and receivables and other financial liabilities are initially measured at fair value and subsequently measured at amortized cost with changes recognized in current period net income.

Available-for-sale financial assets are measured at fair value with subsequent gains and losses included in other comprehensive income until the asset is removed from the balance sheets.

Derivative financial instruments are classified as held-for-trading financial instruments and measured at fair value, with subsequent to gains and losses in the current period income.

Net Smelter Royalties are a form of derivative financial instrument. The fair value of the Company's right to purchase the Net Smelter Royalties ("NSR") is not determinable at the current stage of the Company's exploration program. No value has been assigned by management.

The Company does not engage in any form of derivative or hedging instruments.

The Company's financial instruments consist of cash, accounts receivable, amounts due to and from related parties, accounts payable, and short term debt. The value of the Company's arm's length short term financial instruments is estimated by management to approximate their carrying values due to their immediate or short-term maturity. The fair value of advances due to or from related parties has not been determined as comparable arms-length interest, security and risk information is not determinable.

Cash is classified as held for trading; accounts receivable and amounts due from related parties is classified as loans and receivables; accounts payable, short term debt and amounts due to related parties are classified as other financial liabilities.

The Canada Institute of Chartered Accountants ("CICA') Handbook Section 3862 requires disclosure about the inputs used in making fair value measurements, including their classification within a hierarchy that prioritizes their significance. The three levels of the fair value hierarchy are:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 - Inputs that are not based on observable market data.

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Instruments (cont'd)

As at December 31, 2010 the Company's financial instruments measured at fair value were as follows:

Assets	Level 1	Level 2	Level 3	Total
Cash	$ 6,200	-	-	$ 6,200
Investments	$ -	-	-	$ -

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

Assets	Level 1	Level 2	Level 3	Total
Cash	$ 10,068	-	-	$ 10,068
Investments	$ -	-	-	$ -

Equipment

Equipment is recorded at cost. Amortization is calculated using the following annual rates, which are used to estimate the useful lives of the assets:

Furniture and fixtures	20% declining balance
Computer hardware	30% declining balance
Computer software	straight line over 2 years
Leasehold improvements	straight line over lease period (5 years)

In the year of acquisition, amortization is provided at one-half the normal rate.

Equipment used in exploration activities, where substantially all the economic life or value of the asset is expected to be derived from a specific project, are accounted for as dedicated assets and included as a separate category within the costs allocated to the related exploration stage mineral interests. Amortization for dedicated assets is recorded as deferred exploration costs of the related project.

Mineral properties

The Company is in the process of exploring mineral interests in Guatemala and Mexico through its wholly-owned subsidiaries, Minera and Goldex Mexico.

Where specific exploration programs are planned and budgeted by management, mineral exploration costs are deferred until the properties to which they relate are advanced to the development stage, placed into commercial production, sold, abandoned or determined by management to be impaired in value.

Management evaluates each mineral interest on a reporting period basis or as changes in events and circumstances warrant, and makes a determination based on exploration activity and results, estimated future cash flows and availability of funding as to whether costs are capitalized or charged to operations.

Capitalized costs as reported on the balance sheet represent costs incurred to date and may not reflect recoverable value. Recovery of carrying value is dependent upon future commercial success or proceeds from disposition of the mineral interests.

Mineral property interests, where future cash flows are not reasonably determinable, are evaluated for impairment based on management's intentions and determination of the extent to which future exploration programs are warranted and likely to be funded.

General exploration costs not related to specific properties and general administrative expenses are charged to operations in the year in which they are incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Mineral properties (cont'd)
The Company does not have any producing mineral properties and all of its efforts to date have been exploratory in nature. Upon the establishment of commercial production, carrying values of deferred acquisition and exploration costs are amortized over the estimated life of the mine using the units of production method.

Stock-based compensation
All stock-based awards are measured and recognized using a fair value as determined by the Black-Scholes option pricing model. Where stock-based awards are subject to vesting provisions, the fair value of the award is determined at the date of grant or revision and recognized over the vesting period. Any consideration paid on the exercise of the options is credited to share capital.

Loss per share
The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments assuming that the proceeds would be used to purchase common shares at the average market price during the period. As the average market price of shares during the current and prior year has been less than the exercise price of outstanding options and warrants the effect is anti-dilutive. Therefore diluted loss per share is equal to basic loss per share.

Basic and diluted loss per share is calculated using the weighted average number of common shares outstanding during the year.

Income taxes
The liability method of tax allocation is used in accounting for income taxes. Under this method, future tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities, and measured using the substantially enacted tax rates and laws that will be in effect when the differences are expected to reverse.

Future income tax recoveries that may arise from the reversal of timing differences between the tax basis and reporting basis of assets, liabilities and operating results are recorded as assets only when there is likelihood of realization. Future income tax liabilities that may arise from these timing differences are recorded in the period they arise.

Foreign currency translation
Transactions in foreign currency are recorded at their equivalent in Canadian dollars using the exchange rate prevailing at the time of the transaction. The exchange difference, if any, resulting between the date the transaction occurred and the date of its payment or the date of the accounting closing, if unpaid, is recorded as a period cost.

Minera is organized under Guatemalan laws and maintains its accounting records in Quetzals. Goldex Mexico is organized under Mexican laws and maintains its accounting records in Pesos. NCS is organized under Barbadian laws and maintains its accounting records in US dollars.

In order to express the consolidated financial statements in Canadian dollars, the assets and liabilities of Minera, Goldex Mexico and NCS have been translated to their Canadian dollar equivalents based on the rate of exchange prevailing at the end of the period, except for mineral properties, equipment, exploration expenditures, and deficit, which have been translated at historical rates. Income and expense accounts have been translated at the average exchange rate of the period, except for amortization of equipment, which is based on the historical rates. Aggregate exchange gains and losses arising from the translation of foreign assets and liabilities and from foreign currency transactions are included in net loss for the year.

Comparative figures
Certain comparative figures have been reclassified to conform to the current year's presentation.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Asset retirement obligations
The Company has adopted accounting standards issued by the CICA section 3110, Asset Retirement Obligations. The standard requires the recognition of obligations associated with the retirement of a tangible long-lived asset, including rights to explore for or exploit natural resources. When such obligations are identified and measurable they are recorded at fair value and subsequently adjusted for any changes resulting from the passage of time and revisions to either the timing or the amount of the original estimate of undiscounted cash flows.

Mineral property related retirement obligations, when measurable, are capitalized as part of deferred exploration and development costs and amortized over the estimated useful lives of the corresponding mineral properties.

Impairment of long-lived assets
The carrying values of long-lived assets, which include property, plant and equipment, and mineral properties, are reviewed for impairment whenever changes in events or circumstances indicate the recoverable values may be less than the carrying amount. Recoverable value is based on estimates of both undiscounted and discounted future net cash flows expected to be recovered from specific assets or groups of assets through use or future disposition. Impairment charges are recorded in the period in which determination of impairment is made by management.

New Accounting Standards Not Yet Adopted

International Financial Reporting Standards (IFRS)
In 2006, Canada's Accounting Standards Board ratified a strategic plan that will result in the convergence of Canadian Generally Accepted Accounting Principles, as used by public companies, with IFRS over a transitional period. The AcSB has developed and published a detailed implementation plan, with a changeover date for fiscal years beginning on or after January 1, 2011. The impact of the transition to IFRS on the Company's financial statements has yet to be determined. The Company will begin using IFRS for its quarter ended March 31, 2011.

For interim an annual financial statements relating to fiscal years commencing on or after January 1, 2011, the Company will be required to adopt new CICA Section 1582, Business Combinations, Section 1601 "Consolidated Financial Statements" and Section 1602 "Non-Controlling Interests". Section 1582 replaces existing Section 1581 "Business Combinations", and Sections 1601 and 1602 together replace Section 1600 "Consolidated Financial Statements". The adoption of Sections 1582 and collectively, 1601 and 1602 provides the Canadian equivalent to International Financial Reporting Standards ("IFRS") 3 "Business Combinations" and International Accounting Standard ("IAS") 27 "Consolidated and Separate Financial Statements" respectively. Management does not consider that the adoption of these standards will have a significant impact on the Company's financial statements.

Other recent accounting standards with future effective dates are not expected to impact the Company's financial statements.

3. MINERAL PROPERTIES

<u>El Pato, Guatemala</u>

During 2003 the Company purchased the shares of Minera, a private company domiciled in Guatemala. Minera owns the mineral title and right to explore and extract minerals from a mineral property known as the El Pato Property in Chiquimula, Republic of Guatemala.

3. MINERAL PROPERTIES (cont'd)

Upon the acquisition of Minera, the Company acquired a 100% interest in the El Pato Property. On October 13, 2003 the Guatemala Ministry of Energy and Mines granted Minera an exploration licence for the area of El Pato.

The license was valid for an initial 3-year period, which was extended for an additional two 2-year periods. The license may be converted to a 25 year exploitation license, extendable for an additional 25 years. During October 2010 the Company applied to convert to an exploitation license.

The El Pato Property is subject to the following NSR's: i) El Condor will receive $1.00 US per ounce of gold produced from the El Pato Property; and ii) a 1% NSR payable to the Mining Directorate of the Ministry of Energy and Mines (Guatemala).

Subsequent to December 31, 2010, the Company acquired from a the third party the rights to a new exploration licence, El Poc, for the area relinquished when the Company applied to convert to an exploitation license.

During the year ended December 31, 2010 the Company incurred $154,234 (2009 - $174,266) in exploration costs on the El Plato Property.

Cerro Las Minas, Guatemala

The Cerro Las Minas Property is located contiguous to the El Pato Property in Guatemala. The property covered an initial area of approximately 61 square kilometers which was reduced to 30 square kilometers upon grant of the first two year license extension. In February 2009 Minera applied for the second two-year extension. To expedite the application Minera relinquished an area of 15 square kilometres reducing the total area of the Cerro Las Minas licence to 15 square kilometres. Concurrently, Minera applied to extend the area of the El Morro licence to 100 square kilometres to reacquire 12 of the 15 square kilometres relinquished in the Cerro las Minas extension application.

Upon the acquisition of Minera, the Company acquired a 100% interest in the Cerro Las Minas Property. On March 17, 2004 the Guatemala Ministry of Energy and Mines granted Minera an exploration licence for the area of Cerro Las Minas.

The license was valid for an initial 3-year period, which was extended for an additional two 2-year periods; it can be extended for another two years and subsequently converted to a 25 year exploitation license, extendable for an additional 25 years.

The Cerro Las Minas Property is subject to the following NSR's: i) El Condor will receive $1.00 US per ounce of gold produced from the Cerro Las Minas Property; and ii) a 1% NSR payable to the Mining Directorate of the Ministry of Energy and Mines (Guatemala).

During the year ended December 31, 2010 the Company incurred $8,897 (2009 - $25,369) in exploration costs on the Cerro Las Minas Property.

3. MINERAL PROPERTIES (cont'd)

El Morro and El Mojon, Guatemala

On June 9, 2008 the Guatemalan Ministry of Energy and Mines granted Minera an exploration licence for the area of El Morro. The property covered an initial area of approximately 88 square kilometers. In February 2009 Minera applied to extend the area of the El Morro licence to 100 square kilometres to reacquire 12 of the 15 square kilometres relinquished in the Cerro las Minas extension application.

On October 27, 2008 the Guatemalan Ministry of Energy and Mines granted Minera an exploration licence for the area of El Mojon. The licenses are valid for an initial 3-year period, which was may be extended for two additional 2-year periods; and subsequently converted to a 25 year exploitation license, extendable for an additional 25 years.

The El Morro and El Mojon properties are subject to a 1% NSR payable to the Mining Directorate of the Ministry of Energy and Mines (Guatemala).

During the year ended December 31, 2010 the Company incurred $12,511 (2009 - $21,399) in exploration costs in relation to the El Morro property and $607 (2009 - $14,647) in relation to the El Mojon property.

During the year ended December 31, 2008, as a result of the 2008 global financial collapse and ensuing recession, the Company experienced a decline in its stock price and market capitalization. The decline signified an indication of impairment in the carrying value of the Company's mineral properties. As a consequence management carried out an impairment analysis of its Guatemala interest and recorded an impairment of $2,962,505 at December 31, 2008.

El Arco, Mexico

On February 16, 2007 the Company entered into an option agreement, for 100% interest in the El Arco property located in Durango State, Mexico. Mr. Clancy Wendt, a former director of the Company, holds a 25% beneficial interest in the property and will receive 25% of all consideration paid by the Company.

The Company shall have the exclusive right to purchase a 100% ownership interest to the property for US$500,000. The option agreement includes the following schedule of advanced royalty payments which, if the option is exercised, shall expire after ten years, unless extended by mutual agreement:

a) Upon signing of the Agreement US$5,000 (paid)

b) The first anniversary date of the agreement (February 16, 2008) US$15,000 (extended to six months following the first anniversary (August 16, 2008) per amended agreement dated February 6, 2008 (paid)).

c) The second anniversary date of the agreement (February 16, 2009) US$30,000 (extended to six months following the second anniversary (August 16, 2009) per amended agreement dated February 6, 2008 (paid)).

d) Upon each succeeding anniversary date US$50,000 (extended to six months following each succeeding anniversary date per amended agreement dated February 6, 2008) (paid).

Per an amended agreement dated August 16, 2010, payment was extended as follows:

On or before August 31, 2010 – US$10,000 (paid)

On or before September 30, 2010 – US$10,000 (paid)

On or before October 31, 2010 – US$10,000 (paid)

On or before November 30, 2010 – US$20,000 (paid)

3. MINERAL PROPERTIES (cont'd)

The Company shall incur exploration expenditures on the Property in each of the five years of the Option as follows:

a) Prior to the first anniversary date (February 16, 2008) US$50,000 (extended to six months following the first anniversary (August 16, 2008) per amended agreement dated February 6, 2008 (Incurred)).

b) Prior to the second anniversary date (February 16, 2009) US$100,000 (extended to six months following the second anniversary (August 16, 2009) per amended agreement dated February 6, 2008 (Incurred)).

c) Prior to the third anniversary date (February 16, 2010) US$150,000 (extended to six months following the third anniversary (August 16, 2010) per amended agreement dated February 6, 2008 (Incurred)).

d) Prior to the fourth anniversary date (February 16, 2011) US$200,000 (extended to six months following the fourth anniversary (August 16, 2011) per amended agreement dated February 6, 2008).

e) Prior to the fifth anniversary date (February 16, 2012) US$250,000 (extended to six months following the fifth anniversary (August 16, 2012) per amended agreement dated February 6, 2008).

The Optionor shall be entitled to receive a NSR which will be determined on a monthly basis on the value of all mineral and mineral products produced and sold from the property. The Company retains the right, from time to time, to purchase in aggregate, up to one percent (1.00%) of or the NSR for US$1,000,000. Upon signing the agreement the Company made an advance royalty payment of $5,925 (US$5,000). On July 30, 2008 the Company made a royalty payment of $15,453 (US$15,000).

During the year ended December 31, 2007 the Company paid $22,385 to acquire 2,918 hectares of property contiguous to the El Arco property to bring the total area up to 3,381 hectares. An additional $14,853 was paid and $4,950 was reclassified from deferred exploration costs during the year ended December 31, 2008. The acquisition was completed on January 21, 2008. Pursuant to the terms of the option agreement the acquisition costs totalling $42,188 were applied against the Advance Royalty payments due August 16, 2009 and August 16, 2010.

During the year ended December 31, 2010 the Company incurred $15,926 (2009 - $36,817) in exploration costs in relation to the El Arco property.

4. GUATEMALA TAX CREDITS

Under Guatemalan law a Value Added Tax of 10% is applied, to among other items, the sale of moveable assets, services performed, goods imported into Guatemala and the sale or rental of real estate. Value Added Tax must be withheld by businesses and remitted to the government on a quarterly basis. Amounts withheld can be offset in equal amount by the tax paid in other transactions. Management has determined the recoverable value of the credit to be impaired and recorded a full valuation allowance relating to the tax credit as ultimate recoverability of the amount is dependent upon achieving profitable operations in the Company's wholly-owned subsidiary in Guatemala. The amount of the impairment is $10,672 (2009 - $13,388).

5. EUROPEAN VALUE ADDED TAX

Management has determined Value Added Tax credits on expenses incurred while doing business in Europe in previous years to be unrecoverable and wrote off the amount of $9,823 during the year ended December 31, 2009.

6. EQUIPMENT

	Cost	Accumulated Amortization	December 31, 2010 Net Book Value
Computer Hardware	$ 39,326	$ 27,712	$ 11,614
Computer Software	11,088	11,088	-
Furniture and Fixtures	8,334	5,490	2,844
Leasehold Improvements	2,788	2,788	-
	$ 61,536	$ 47,078	$ 14,458

	Cost	Accumulated Amortization	December 31, 2009 Net Book Value
Computer Hardware	$ 39,326	$ 22,746	$ 16,580
Computer Software	11,088	11,088	-
Furniture and Fixtures	8,334	4,780	3,554
Leasehold Improvements	2,788	2,230	558
	$ 61,536	$ 40,844	$ 20,692

7. DUE FROM RELATED PARTIES

Amounts due from related parties as at December 31, 2010 and 2009 were as follows:

	December 31, 2010	December 31, 2009
Companies with directors in common	$ 17,393	$ 11,103

The amounts due from related parties are unsecured, non interest bearing and have no specific terms of repayment.

8. PROMISSORY NOTES

a) The Company issued promissory notes to a director in the amount of $238,704 (2009 - $251,284) (US$120,000 on August 3, 2009 and US$120,000 on October 14, 2009). The notes matured on November 30, 2009.

The Company issued a promissory note to a director in the amount of $74,595 (US$75,000) on February 2, 2010. The note matured on March 31, 2010.

The Company issued a promissory note to a director in the amount of $74,595 (US$75,000) on April 27, 2010. The note matured on May 31, 2010.

The notes are unsecured and bear interest from the maturity date at the monthly average Bank of Montreal prime lending rate. During year ended December 31, 2010, the Company recorded interest expense of $9,180 ($480 – 2009). As at December 31, 2010, total accrued interest of $9,660 was included in the balance. None of these notes were re-paid on maturity. No demand on payment has been received and interest has been accrued per term after maturity.

8. PROMISSORY NOTES (cont'd)

b) The Company issued promissory notes to a third party in the amount of $54,838 ($25,000 on June 30, 2010, $9,946 (US$10,000) on August 31, 2010, $9,946 (US$10,000) on September 10, 2010 and $9,946 (US$10,000) on November 1, 2010). The notes are unsecured and bears interest at the rate of ten percent per annum. Principal and accrued interest is due on demand. The Company recorded interest expense of $2,070 on the notes during the year ended December 31, 2010 (Note 18).

c) The Company issued a promissory note to a company controlled by a director in the amount of $72,237 on September 30, 2010. The amount is comprised of $29,000 cash received; $38,800 transferred from expenses and loans owing to the company controlled by the director; and $4,437 transferred from expenses owing to the director. The note is unsecured and bears interest at the rate of ten percent per annum. Principal and accrued interest is due on demand The Company recorded interest expense of $1,821 on the note during the year ended December 31, 2010 (Note 18).

d) The Company issued a promissory note to a third party in the amount of $25,000 on November 9, 2010. The note is unsecured and bears interest at the rate of ten percent per annum. The Principal and accrued interest is due on demand. Company recorded interest expense of $356 on the note during the year ended December 31, 2010 (Note 18).

9. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2010 the Company entered into the following transactions with related parties:

a) The Company accrued management fees of $96,000 (2009 - $96,000) to a company controlled by a director.

b) The Company incurred consulting fees of $84,000 (2009 - $84,000) to an officer of the Company.

c) The Company incurred consulting fees of $4,473 (2009 - $nil) to a director of the Company.

d) The Company incurred $6,319 to a director for expenses (2009 – net reimbursement of $4,475).

e) The Company provided filing services to certain public companies with directors in common. During the year the Company recorded $3,135 (2009 – 1,895) in other income related to these services. At December 31, 2010 $17,393 (December 31, 2009 - $11,103) was receivable from these related companies for filing costs (Note 7).

f) The Company paid $nil (2009 - $6,733) for property evaluation costs to a company with a director in common, and $6,415 (2009 - $nil) for property examination costs to the director.

9. RELATED PARTY TRANSACTIONS (cont'd)

Amounts due to related parties as at December 31, 2010 and 2009 were as follows:

	December 31, 2010		December 31, 2009	
i. Director and companies controlled by the director for management fees and expenses	$	69,098	$	12,618
ii. Officer for consulting fees and expenses		85,840		5,780
iii. Director for consulting fees and expenses		13,334		-
iv. Company controlled by a director		1,363		1,409
v. Company with a director in common		1,125		-
	$	170,760	$	19,807

The amounts are non interest bearing, unsecured and have no fixed terms of repayment.

Related party transactions which are in the normal course of operations are measured at their exchange amount, which is the amount of consideration established and agreed to by the related parties.

See Notes 7 and 8 for other related party transactions.

10. SHARE CAPITAL

Authorized
100,000,000 common shares without par value
100,000,000 preferred shares without par value, none issued

Common shares issued:

	Number of Shares	Amount	
As at December 31, 2008	48,377,958	$	15,482,339
Shares issued for property at $0.03	1,100,000		33,000
As at December 31, 2010 and 2009	49,477,958	$	15,515,339

As of December 31, 2010 the Company had received subscription funds of $43,000 (Note 18).

STOCK OPTIONS AND WARRANTS

The Company, in accordance with policies of the TSX-V is authorized to grant options to directors, employees and consultants to acquire up to 20% of the issued and outstanding common stock. The exercise price of each option is based on the market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of 5 years and are subject to an 18-month vesting period unless otherwise approved by TSX-V.

10. SHARE CAPITAL (cont'd)

The following share options were outstanding at December 31, 2010 and 2009:

Exercise Price Per Share ($)	Expiry Date	December 31, 2010 Number of Options	Vested and Exercisable	Weighted Average Contractual Life Remaining (in Years)	December 31, 2009 Number of Options	Vested and Exercisable	Weighted Average Contractual Life Remaining (in Years)
0.30	June 18, 2010	-	-	-	300,000	300,000	0.46
0.30	October 1, 2010	-	-	-	200,000	200,000	0.75
0.35	July 10, 2011	1,755,764	1,755,764	0.52	1,755,764	1,755,764	1.52
0.35	November 30, 2011	500,000	500,000	0.92	500,000	500,000	1.92
0.10	January 24, 2013	200,000	200,000	2.07	200,000	200,000	3.07
0.10	April 20, 2011	200,000	200,000	0.30	200,000	100,000	-
0.31		2,655,764	2,655,764	0.70	3,155,764	3,055,764	1.52

Options transactions and the number of shares outstanding are summarized as follows:

	Year ended December 31, 2010			Year ended December 31, 2009		
	Number of Options	Weighted Average Exercise Price per Share ($)	Weighted Average Contractual Life Remaining (in Years)	Number of Options	Weighted Average Exercise Price per Share ($)	Weighted Average Contractual Life Remaining (in Years)
Balance - beginning of year	3,155,764	0.31	1.52	5,055,764	0.32	1.76
Granted in the year	-	-	-	200,000	0.10	2.00
Expired/Cancelled in year	(500,000)	0.30	-	(2,100,000)	0.31	-
Balance - end of year	2,655,764	0.31	0.70	3,155,764	0.31	1.52

The Company has, effective January 24, 2008 granted incentive stock options to purchase an aggregate of 200,000 common shares to a consultant of the Company. The incentive stock options will be exercisable for a period of five years, expiring on January 24, 2013, at a price of $0.10 per share. The stock options will vest as follows: 1/4th upon grant of the options and a further 1/8thper quarter over the following 18 months. The total fair value of $7,853 was estimated using the Black-Scholes option-pricing model assuming an expected life of 5 years, a risk-free interest rate of 3.86% and an expected volatility of 48.31%. The weighted average fair value per options granted was $0.04. The Company recorded a stock-based investor relations expense of $Nil ($2,945-2009) during the year ended December 31, 2010 being the fair value of the options vested in the year.

The Company has, effective April 20, 2009, granted incentive stock options to purchase up to an aggregate of 200,000 common shares to a consultant for consulting services. The incentive stock options are exercisable for a period of two years, expiring on April 20, 2011, at a price of $0.10 per share. The stock options vest as follows: nil upon grant of the options and 25% each quarter over the following year. The fair value of the share options will be recognized in accordance with the vesting provisions. The total fair value of $1,967 was estimated using the Black-Scholes option pricing model assuming an expected life of 2 years, a risk-free interest rate of 1.25% and an expected volatility of 114%. The Company recorded a stock-based consulting fee of $984 during the year ended December 31, 2010 ($983 – 2009) being the fair value of the options vested in the period.

10. SHARE CAPITAL (cont'd)

During the year ended December 31, 2009, 1,600,000 options exercisable at $0.30 expired unexercised and 500,000 options exercisable at $0.35 were cancelled. During the year ended December 31, 2010 500,000 options exercisable at $0.30 expired unexercised.

There were no share purchase warrants outstanding at December 31, 2010 or 2009.

11. CONTRIBUTED SURPLUS

Changes to the Company's contributed surplus account have been summarized as follows:

	December 31, 2010	December 31, 2009
Balance, beginning of year	$ 2,221,181	$ 2,217,253
Stock-based compensation	984	3,928
Balance, end of year	$ 2,222,165	$ 2,221,181

12. SEGMENTED INFORMATION

The Company operates in one industry segment being mineral property exploration.

The Company's assets are located in the following geographic locations:

	December 31, 2010	December 31, 2009
Canada	$ 60,757	$ 75,028
Guatemala	1,617,503	1,440,794
Mexico	438,711	380,272
Barbados	1,993	880
	$ 2,118,964	$ 1,896,974

The Company's losses from operations were incurred as follows:

	Year ended December 31, 2010	Year ended December 31, 2009
Canada	$ 408,128	$ 593,689
Guatemala	34,176	8,635
Mexico	6,134	41,161
Barbados	8,737	55,581
	$ 457,175	$ 699,066

13. COMMITMENTS

On July 1, 2010 the Company entered into a five year lease agreement for its office premises. The lease expires June 30, 2015.

Future minimum lease payments over the next five years are as follows:

2011	$ 92,533
2012	92,533
2013	94,810
2014	97,086
2015	48,543

14. SUPPLEMENTAL CASH FLOW INFORMATION

	Year ended December 31, 2010	Year ended December 31, 2009
Cash paid for:		
Interest	$ -	$ -
Income taxes	$ -	$ -

During the year ended December 31, 2009, the Company issued 1,100,000 common shares at a fair value of $33,000 for a mineral property payment.

15. FUTURE INCOME TAX

The actual income tax provisions differ from the expected amounts calculated by applying the Canadian combined federal and provincial corporate statutory income tax rates to the Company's loss before income taxes. The components of these differences are as follows:

	Year ended December 31, 2010	2009
Loss before income taxes	$ (457,175)	$ (699,066)
Corporate statutory tax rate	28.50%	30.00%
Expected tax recovery	(130,295)	(209,720)
Increase (decrease) resulting from:		
Change in corporate tax rate	13,711	82,084
Difference in tax rates	(25,178)	26,542
Non-deductible expenses and others	108,445	(34,172)
Expiry of non-capital losses carried forward	37,445	22,281
Foreign resource expenditures	1,101	3,001
Unrecoverable VAT	(4,055)	(57,051)
Foreign exchange changes	113,708	(111,132)
Change in future tax asset valuation allowance	(114,882)	278,167
Income tax recovery	$ -	$ -

15. FUTURE INCOME TAX (Cont'd)

The Company's tax-effected future income tax assets and liabilities were made up as follows

	December 31, 2010	December 31, 2009
Future income tax assets		
Non-capital losses carried forward	$ 1,186,226	$ 1,257,401
Resource pools in excess of book value	704,676	817,366
Share issue costs	10,968	37,807
Equipment	11,141	9,583
Unrealized foreign exchange gain on account of capital	127,102	30,154
Other	54,367	57,051
	2,094,480	2,209,362
Valuation allowance		
Valuation allowance, beginning	(2,209,362)	(1,931,195)
Change in valuation allowance	114,882	(278,167)
Valuation allowance	(2, 094,480)	(2,209,362)
Net future tax assets	$ -	$ -

The Company has Canadian non-capital loss carry-forwards of approximately $4,644,000 (2009 - $3,943,640) and Mexican net operating loss carry-forwards of approximately $60,700 or Pesos 754,000 (2009 - $52,000 or Pesos 620,300) and Barbados net operating loss carry-forwards of approximately $330,300 or US$325,000 (2009 – $242,320 or US$242,300) which can be applied to reduce future taxable income in Canada, Mexico and the Barbados respectively, and expires as follows:

Year of Expiry	Canada
2014	442,738
2015	595,532
2026	1,052,741
2027	1,255,781
2028	92,090
2029	667,592
2030	537,409
	$ 4,643,883

Year of Expiry	Mexico (Pesos)
2013	$ 152,530
2014	473,611
2015	128,317
	$ 754,458

Year of Expiry	Barbados (US$)
2016	54,853
2017	182,261
2018	75,726
2019	12,190
	$ 325,032

16. RISK MANAGEMENT

Management of Industry Risk

The Company is engaged primarily in mineral exploration and manages related industry risk issues directly. The Company's mineral exploration activities expose it to potential environmental liability risk. The Company operates in the mineral interest field which is subject to environmental laws and regulations specific to countries in which exploration is conducted. Due to the diversity of these regulations compliance at all times cannot be assured. It is management's policy to review environmental compliance and exposure on an ongoing basis. The Company follows industry standards and specific project environmental requirements. The Company records liability for site recovery when determinable on a systematic basis in the period of determination. The Company is currently in the exploration stage on its property interests and has not determined whether significant site recovery costs will be required. Management is not aware of and does not anticipate any significant environmental remediation costs or liabilities in respect of its current operations.

Management of Financial Risk

The Company's financial instruments are exposed to certain financial risks, which include credit risk, liquidity risk, and market risk.

Credit Risk
Credit risk is the risk that one party to a financial instrument will fail to fulfill an obligation causing the other party to incur a financial loss. The Company is exposed to credit risk in respect to its cash accounts in the event that its counterparties do not meet their obligations. The risk in cash accounts is managed through the use of major financial institutions which have high credit quality as determined by the rating agencies.

Liquidity risk
Liquidity risk is the risk that the Company will not have sufficient funds to meet its financial obligations when they are due. To manage liquidity risk, the Company reviews additional sources of capital and replacement debt structures to continue its operations and discharge its commitments as they become due.

Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and commodity price risk.

Currency risk
The Company's functional currency is the Canadian dollar. Current exploration activities occur in Guatemala and Mexico. The Company's subsidiaries use the following functional currencies: Minera - Guatemalan Quetzal, Goldex Mexico - Mexican peso, and NCS - US Dollar. Therefore the Company is subject to foreign currency fluctuations in satisfying obligations related to its foreign activities. Currently the Company does not use any hedging or derivative instruments to reduce its exposure to foreign currency risk.

The Company does not maintain significant cash or cash equivalents or other monetary assets or liabilities in these foreign countries.

16. RISK MANAGEMENT (cont'd)

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Certain of the Company's debt bears interest at floating rates, and the Company is therefore exposed to interest rate risk. A 1% increase or decrease in interest rates will result in appropriately $4,000 increase or decrease in net loss.

Commodity price risk
Commodity price risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for minerals are impacted by world economic events that dictate the levels of supply and demand as well as the relationship between the Canadian and United States dollar, as outlined above. As the Company has not yet developed commercial mineral interests, it is not exposed to commodity price risk.

17. CAPITAL MANAGEMENT

The Company considers its cash, loans from related parties and common shares as capital. The Company's objective when managing capital is to fund the exploration and development of its mineral properties, fund its corporate overhead costs, meet obligations as they come due, and to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk. The Company has no earnings and therefore has historically financed its acquisition and exploration activities and corporate overhead costs by the sale of common shares.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, or acquire or dispose of assets. In order to maximize ongoing development efforts, the Company does not pay out dividends.

Given its objectives, the Company determines the amount of capital to be raised and retained based on the scope of planned exploration activities and management's assessment of the expected availability of acceptably priced capital in future periods. The Company will need to raise capital to continue operations through its next fiscal year. The Company anticipates that accounts receivable and advances due from related parties will provide working capital in the next fiscal year.

There were no changes in the Company's approach to capital management during the year ended December 31, 2010. The Company is not subject to externally imposed capital requirements.

18. SUBSEQUENT EVENTS

a) The Company repaid all promissory notes to third parties in the amount of $83,570, and to a company controlled by a director in the amount of $74,612 (Note 8).

b) In February 2011 the Company completed a non-brokered private placement of 44,517,500 units at a price of $0.05 per unit for gross proceeds of $2,225,875. $43,000 was received before December 31, 2010. The Company paid finders' fees totaling $74,200 to Haywood Securities Inc., Leede Financial Markets Inc., Macquarie Private Wealth Inc., Northern Securities Inc. and PI Financial Corp. Each unit consists of one common share and one transferable common share purchase warrant. Each warrant will entitle the holder thereof to purchase one share at a price of $0.10 for a period expiring one year from the date of issuance.

c) In April 2011, the Company signed a investor relation service agreement for a 12 month period effective April 1, 2011. The Company agreed to pay $7,500 per month and to grant 300,000 options at $0.25 and 300,000 options at $0.35 all valid for five years.