

MACARTHUR MINERALS LIMITED

Unaudited Interim Consolidated Financial Statements
SEPTEMBER, 2010 and 2009

(Expressed in Australian dollars)

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Notice of No Auditor Review of Interim Financial Statements

The accompanying Unaudited Interim Consolidated Financial Statements for the six months ended September 30, 2010 and 2009 have been prepared by management and have not been the subject of a review by the Company's independent auditor.

Vancouver BC
November 29, 2010

MACARTHUR MINERALS LIMITED
INTERIM CONSOLIDATED BALANCE SHEETS
(Expressed in Australian dollars)
(UNAUDITED)
AS AT SEPTEMBER 30, 2010

	SEPTEMBER 30, 2010 \$	MARCH 31, 2010 \$
ASSETS		
Current		
Cash and cash equivalents	5,800,874	1,618,693
Receivables	311,973	125,454
Prepayments and deposits	311,469	398,227
Total current assets	6,424,316	2,142,374
Non-Current		
Plant and equipment (Note 3)	325,723	266,472
Mineral properties (Note 4)	21,251,315	16,721,854
Total non-current assets	21,577,038	16,988,326
Total assets	28,001,354	19,130,700
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	1,715,549	1,196,275
Due to related parties	-	12,225
Capital lease obligations	32,224	33,168
Total current liabilities	1,747,773	1,241,668
Non-Current		
Capital lease obligations	109,570	124,180
Total non-current liabilities	109,570	124,180
Shareholders' equity		
Capital stock (Note 5)	39,385,975	29,621,484
Contributed surplus (Note 5)	3,578,487	2,407,949
Deficit	(16,820,451)	(14,264,581)
Total shareholders' equity	26,144,011	17,764,852
Total liabilities and shareholders' equity	28,001,354	19,130,700

Nature and continuance of operations (Note 1)

APPROVED BY THE DIRECTORS:

On Behalf of the Board

"Alan Phillips"
Alan Phillips, Director

"John Toigo"
John Toigo, Director

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

MACARTHUR MINERALS LIMITED**CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE INCOME (LOSS) AND DEFICIT****THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2010 AND 2009**

(Expressed in Australian dollars)

(UNAUDITED)

	Three months ended September 30 2010	Three months ended September 30 2009	Six months ended September 30 2010 \$	Six months ended September 30 2009 \$
Expenses				
Consulting fees	194,214	-	364,816	-
Depreciation	16,052	5,400	31,452	8,726
Filing and transfer agent fees	7,699	23,882	57,208	27,936
Finders fees	-	-	530,032	-
Investor relations	(3,592)	18,261	7,314	37,991
Office and general	44,785	9,674	73,817	26,443
Professional fees	211,310	226,449	350,441	67,845
Rent	(193,670)	41,690	(161,918)	269,170
Salaries and management fees	80,057	62,510	154,749	225,183
Stock based compensation	-	237,988	1,499,921	237,988
Travel and accommodation	(8,663)	21,932	11,142	26,832
Total expenses	(348,192)	(647,786)	(2,918,974)	(928,114)
Loss before other items				
Other items:				
Dilution gain/(loss)	-	(479,133)	-	(479,133)
Interest income	102,374	25,972	187,866	43,563
Rent received	-	18,031	-	42,666
Foreign exchange gain	-	-	175,238	-
Net loss before taxes	(245,818)	(1,082,916)	(2,555,870)	(1,321,018)
Future income tax recovery	-	109,674	-	188,823
Net loss for the period	(245,818)	(973,242)	(2,555,870)	(1,132,195)
Less:				
Net loss after tax attributable to minority interests	-	7,740	-	11,615
Net loss after tax attributable to the company	(245,818)	(965,502)	(2,555,870)	(1,120,580)
Deficit, beginning of period	(16,574,633)	(10,533,581)	(14,264,581)	(10,378,503)
Deficit, end of period	(16,820,451)	(11,499,083)	(16,820,451)	(11,499,083)
Basic loss per common share	(\$0.01)	(\$0.05)	(\$0.08)	(\$0.05)
Diluted loss per common share	(\$0.01)	(\$0.05)	(\$0.08)	(\$0.05)
Basic weighted average number of common shares outstanding	29,990,630	19,602,636	29,225,438	19,322,184
Diluted weighted average number of common shares outstanding	29,990,630	19,602,636	29,225,438	19,322,184

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

MACARTHUR MINERALS LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2010 AND 2009
(Expressed in Australian dollars)
(UNAUDITED)

	Three months ended September 30 2010	Three months ended September 30 2009	Six months ended September 30 2010 \$	Six months ended September 30 2009 \$
OPERATING ACTIVITIES				
Net profit/loss for the period	(245,818)	(965,502)	(2,555,870)	(1,120,580)
Items not involving cash:				
Amortization	16,052	5,400	31,452	8,726
Stock based compensation	-	237,988	1,499,921	237,988
Future income tax recovery	-	109,674	-	188,823
Dilution gain/loss	-	479,133	-	479,133
<i>Changes in non-cash working capital items related to operations</i>				
Receivables	(88,977)	94,778	(186,519)	48,910
Prepayments and deposits	140,229	-	(92,608)	-
Accounts payable and accrued liabilities	(50,076)	318,241	565,965	325,438
Net Cash used in Operating Activities	(228,590)	279,712	(737,659)	168,438
INVESTING ACTIVITIES				
Plant and equipment	(55,017)	-	(90,704)	(13,133)
Mineral exploration expenditures	(2,925,634)	(1,563,038)	(4,529,461)	(2,492,530)
Net Cash used in Investing Activities	(2,980,651)	(1,563,038)	(4,620,165)	(2,505,663)
FINANCING ACTIVITIES				
Application for common shares	-	-	9,364,767	-
Proceeds to/from related parties	-	(60,964)	-	(59,972)
Net Cash provided by Financing Activities	-	(60,964)	9,364,767	(59,972)
Effects of foreign exchange on cash flows	-	(74,874)	175,238	420,442
Increase/Decrease in cash during period	(3,209,241)	(1,419,164)	4,182,181	(1,976,755)
Cash, beginning of period	9,010,115	5,341,623	1,618,693	5,899,214
Cash, end of period	5,800,874	3,922,459	5,800,874	3,922,459
Cash paid during the period for interest	-	-	-	-
Cash paid during the period for income tax	-	-	-	-

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

MACARTHUR MINERALS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2010 AND 2009
(Expressed in Australian dollars)
UNAUDITED

1. NATURE AND CONTINUANCE OF OPERATIONS

Macarthur Minerals Limited (the “Company”) is in the business of exploration and development of resource properties.

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

	September 30, 2010	March 31, 2010
Deficit	\$(16,820,451)	\$ (14,264,581)
Working capital	4,676,543	900,706

2. SIGNIFICANT ACCOUNTING POLICIES

The unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for audited financial statements. In the opinion of management, all adjustments (consisting of normal and recurring accruals) considered necessary for fair presentation have been included. Operating results for the three-month and six-month period ended September 30, 2010 are not necessarily indicative of the results that may be expected for the year ended March 31, 2011.

The interim consolidated financial statements have been prepared by management in accordance with the accounting policies described in the Company’s annual consolidated financial statements for the year ended March 31, 2010. For further information, refer to the consolidated financial statements and footnotes thereto included for the year ended March 31, 2010.

Comparative figures

Certain comparative figures have been reclassified to conform with the current period’s presentation.

During fiscal 2010, the Company changed its reporting currency from Canadian dollar to the Australian dollar as most of its significant transactions are incurred in Australian dollars.

Future accounting changes

Business combinations (Section 1582)

In January 2009, the CICA issued Section 1582 “Business Combinations” to replace Section 1581. Prospective application of the standard is effective January 1, 2011, with early adoption permitted. This new standard effectively harmonizes the business combinations standard under Canadian GAAP with International Financial Reporting Standards. The new standard revises guidance on the determination of the carrying amount of the assets acquired and liabilities assumed, goodwill and accounting for non-controlling interests at the time of a business combination. The Company does not expect the adoption of this section to have a significant effect on its financial statements.

MACARTHUR MINERALS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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SIGNIFICANT ACCOUNTING POLICIES (Cont'd...)

Consolidated Financial Statements (Section 1601) and Non-Controlling Interests (Section 1602)

The CICA concurrently issued Section 1601 "Consolidated Financial Statements" and Section 1602 "Non Controlling Interests" which replace Section 1600 "Consolidated Financial Statements." Section 1601 provides revised guidance on the preparation of consolidated financial statements and Section 1602 addresses accounting for non-controlling interests in consolidated financial statements subsequent to a business combination. These standards are effective January 1, 2011, unless they are early adopted at the same time as Section 1582 "Business Combinations." The Company does not expect the adoption of this section to have a significant effect on its financial statements.

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. For the Company, the transition date will be effective April 1, 2011 and will require the restatement for comparative purposes of amounts reported by the Company for the year end March 31, 2011. The Company has begun assessing the adoption of IFRS for 2011, and is currently in the planning phase of implementation, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

3. PLANT AND EQUIPMENT

	September 30, 2010	March 31, 2010
Plant and Equipment		
Plant and equipment	307,891	249,923
Accumulated depreciation	(57,459)	(31,413)
	<u>250,432</u>	<u>218,510</u>
 Office equipment	 110,651	 77,916
Accumulated depreciation	(35,360)	(29,954)
	<u>75,291</u>	<u>47,962</u>
	<u>\$ 325,723</u>	<u>\$ 266,472</u>

MACARTHUR MINERALS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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4. MINERAL PROPERTIES

The following is a summary of acquisition and deferred exploration costs incurred:

	Acquisition Costs	Deferred Exploration Costs	Total
Balance as at March 31, 2009	\$ 2,260,896	\$ 9,291,855	\$ 11,552,751
Incurred during the year			
Acquisition of 30% of IAPL	1,262,990	-	1,262,990
Drilling	-	1,456,247	1,456,247
Fuel	-	44,441	44,441
Geology contractors	-	580,043	580,043
Sampling and testing	-	596,066	596,066
Rent and rates	-	159,930	159,930
Research and reports	-	312,852	312,852
Site preparation and earthwork	-	58,646	58,646
Tenement management and outlays	-	65,507	65,507
Accommodation and camp maintenance	-	273,580	273,580
Vehicle hire	-	315,952	315,952
Other	-	42,849	42,849
Balance as at March 31, 2010	\$ 3,523,886	\$ 13,197,968	\$ 16,721,854
Incurred during the period			
Stamp duty on 30% of IAPL	\$ 277,122	\$ -	\$ 277,122
Drilling	-	1,900,609	1,900,609
Fuel	-	13,362	13,362
Geology contractors	-	386,156	386,156
Sampling and testing	-	378,445	378,445
Rent and rates	-	84,496	84,496
Research and reports	-	863,148	863,148
Site preparation and earthwork	-	71,167	71,167
Tenement management and outlays	-	24,957	24,957
Accommodation and camp maintenance	-	264,850	264,850
Vehicle and equipment	-	130,437	130,437
Other	-	134,712	134,712
Balance as at September 30, 2010	\$ 3,801,008	\$ 17,450,307	\$ 21,251,315

All deferred exploration costs represent costs incurred during the exploration and evaluation phase.

MACARTHUR MINERALS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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5. CAPITAL STOCK AND CONTRIBUTED SURPLUS

	Number of Shares	Capital Stock \$	Contributed Surplus \$
Authorized			
Unlimited common voting shares, without par value			
Balance as at March 31, 2010	23,955,630	29,621,484	2,407,949
Private placement	6,000,000	9,393,399	-
Conversion of options	35,000	64,066	(22,377)
Stock based compensation	-	-	1,499,921
Finder's 7% share purchase warrants	-	307,026	(307,026)
Balance as at September 30, 2010	29,990,630	39,385,975	3,578,487

Private Placement

As announced by the Company on 21 April, 2010, the private placement financing previously announced on 22 March 2010 was fully subscribed and closed on final acceptance of the TSX Venture Exchange, as announced in their bulletin published on 22 April, 2010.

The non-brokered private placement of up to 6,000,000 common shares at the price of CAD \$1.50 per share raised total gross proceeds of CAD \$9,000,000.

As announced in the TSX-V's bulletins published on 22 and 23 April, 2010, the Company paid total commissions of CAD \$508,725 and 339,150 share purchase warrants in respect of the private placement to qualified parties comprised of up to a 7% cash fee and up to a 7% share purchase warrant. Each such warrant will entitle the holder to acquire one common share at a price of CAD \$1.80 for a period of three years from closing of the private placement.

Net proceeds from the placement will be applied towards advancement of the Company's Lake Giles project and general working capital.

All net proceeds from the private placement have been received by the Company.

MACARTHUR MINERALS LIMITED
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CAPITAL STOCK AND CONTRIBUTED SURPLUS (Cont'd...)

The Company, in accordance with the policies of the TSX Venture Exchange, is authorized to grant options to directors, employees and consultants, to acquire up to 10% of issued and outstanding common stock. The exercise price of each option equals 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. Options granted to employees, directors and officers vest fully four months after the grant date. Options issued to consultants must vest in stages over 12 months with one quarter of the options vesting in any three month period.

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

	Six Months Ended September 30, 2010		Year Ended March 31, 2010	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	1,645,000	\$ 1.66 (CAD\$1.45)	1,575,000	\$ 1.66 (CAD\$1.45)
Granted	1,340,000	2.08 (CAD\$2.00)	1,545,000	1.16 (CAD\$1.07)
Exercised	(35,000)	1.16 (CAD\$1.10)	(200,000)	1.19 (CAD\$1.10)
Expired/cancelled	-	- -	(1,275,000)	1.54 (CAD\$1.42)
Outstanding, end of period	2,950,000	\$ 1.57 (CAD\$1.47)	1,645,000	\$ 1.66 (CAD\$1.45)
Options exercisable, end of period	2,950,000	\$ 1.57 (CAD\$1.47)	1,645,000	\$ 1.66 (CAD\$1.45)

Stock options outstanding at September 30, 2010 are as follows:

Number of Options	Exercise Price	Expiry Date
	\$	
220,000	1.84 (CAD\$1.60)	December 22, 2011
100,000	1.15 (CAD\$1.00)	October 19, 2012
100,000	1.38 (CAD\$1.20)	November 26, 2012
990,000	1.14 (CAD\$1.10)	December 2, 2012
200,000	1.12 (CAD\$1.00)	July 31, 2014
1,340,000	2.08 (CAD\$2.00)	May 3, 2013

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CAPITAL STOCK AND CONTRIBUTED SURPLUS (Cont'd...)

STOCK-BASED COMPENSATION

The Company measures the cost of cash-settled share-based payments at fair value at the grant date using the Black-Scholes formula, taking into account the terms and conditions upon which the instruments were granted.

1,340,000 options were issued in May 2010 at a fair value of \$1.12 per option, a total value of \$1,499,921.

520,000 options were issued in August 2009 at a fair value of \$0.64 per option, a total value of \$332,800.

1,025,000 options were issued in December 2009 at a fair value of \$0.70 per option, a total value of \$719,353.

100,000 options were issued in July 2008 at a fair value of \$0.87 per option, a total value of \$86,982.

100,000 options were issued in September 2008 at a fair value of \$1.10 per option, a total value of \$110,122.

The above amounts are being expensed over their vesting period as stock-based compensation as the options vest in the statement of operations with a corresponding amount recorded as contributed surplus in shareholders' equity and reduced by the options exercised during the period. The weighted average fair value of options granted during the period was \$1.12 (2010: \$0.68).

The following assumptions were used for the Black-Scholes valuation of stock options granted during the year:

	Six Months Ended September 30, 2010	Year Ended March 31, 2010
Risk-free interest rate	1.68%	2.00%
Expected life of options	3 years	3.67 years
Annualized volatility	111.97%	116.51%
Dividend rate	0.00%	0.00%

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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UNAUDITED

CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)

Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

	Six Months Ended September 30, 2010		Year Ended March 31, 2010	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of period	2,000,000	\$ 2.27 (CAD\$2.00)	2,000,000	\$ 2.27 (CAD\$2.00)
Granted	339,150	1.88 (CAD\$1.80)	-	
Exercised	-		-	
Expired	-		-	
Outstanding, end of period	2,339,150	\$ 2.21 (CAD\$1.97)	2,000,000	\$ 2.27 (CAD\$2.00)
Warrants exercisable, end of period	2,339,150	\$ 2.21 (CAD\$1.97)	2,000,000	\$ 2.27 (CAD\$2.00)

Warrants outstanding at September 30, 2010 are as follows:

Number of Warrants	Exercise Price	Expiry Date
	\$	
1,500,000	2.27 (CAD\$2.00)	January 3, 2013 (extended from January 3, 2010)
500,000	2.27 (CAD\$2.00)	January 15, 2013 (extended from January 15, 2010)
339,150	1.88 (CAD\$1.80)	April 29, 2013

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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6. RELATED PARTY TRANSACTIONS

The following persons and entities are related parties during the quarter.

- Simon Hickey – Director
- Alan Spence Phillips – Chairman, President/CEO
- John Toigo – Director
- Peter Ziegler – Alternate Director
- Strategic Capital Services Pty Ltd, an entity associated with Alan Spence Phillips and of which he was previously a director and Joe Phillips is currently a director, who is a related party of Alan Spence Phillips.
- Phillips Exploration Pty Ltd, an entity associated with Alan Spence Phillips and of which he was previously a director Unlimited Business Strategies Pty Ltd, an entity associated with Alan Joseph Phillips, who is a related party of Alan Spence Phillips.

The Company entered into the following transactions with related parties during the quarter:

- a) Paid or accrued \$60,440 (2009: \$112,708) in directors fees during the period, which included \$26,540 in travel expenses.
- b) Paid \$201,823 (2009: \$0) to Strategic Capital Services Pty Ltd of which \$89,842 was for consulting fees, \$27,000 for rent, \$84,981 for travel and related reimbursements.
- c) Paid \$88,029 (2009: \$0) to Unlimited Business Strategies Pty Ltd., an entity associated with Alan Joseph Phillips, who is a related party of Alan Spence Phillips, which consisted of \$80,000 for consulting services, plus reimbursed travel and related expenses of \$8,029.

These transactions were in the normal course of operations and, in management's opinion, were undertaken with the same terms and conditions as transactions with unrelated parties.

MACARTHUR MINERALS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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7. FINANCIAL INSTRUMENTS

Credit risk

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. This amount is as follows:

	<i>Carrying amount</i>
	\$
<i>Financial assets</i>	
Cash and cash equivalents	5,800,874
Trade and other receivables	311,973
	6,112,847

The Company receivables comprised accrued interest on term deposits and taxation payments recoverable from the Australian government.

None of the Company's receivables is overdue or impaired in 2010.

Exposure to liquidity risk

The Company has no financial liabilities at the balance date, other than payables and capital lease obligations. The Company has sufficient cash resources to cover these liabilities as they become due.

Exposure to currency risk

The Company's exposure to foreign currency risk at balance date was as follows:

	AUD	CAD
Cash and cash equivalents	5,698,857	102,017
Receivables	311,973	-
	6,010,830	102,017
Trade and other payables	1,715,549	-
	1,715,549	-
Net exposure	4,295,281	102,017

Interest rate risk

Profile

At the reporting date the interest rate profile of the Company's and the Group's interest-bearing financial instruments was:

	Consolidated Carrying amount
	\$
<i>Variable rate instruments</i>	
Financial assets	5,418,313

Fair values

The carrying value of all financial instruments at balance date is equal to fair value. The Company has classified its cash and cash equivalents as level 1 financial instrument on the fair value hierarchy.

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FINANCIAL INSTRUMENTS (Cont'd...)

Sensitivity analysis

As at September 30, 2010, the Company's expenditures are in Australian dollars and Canadian dollars. As at September 30, 2010, the Company has cash of \$102,017 Canadian dollars. For each 10% change in the Australian dollar vs. Canadian dollar a \$10,202 gain/loss would arise.

Interest rate risk

Profile

At the reporting date the interest rate profile of the Company's and the Group's interest-bearing financial instruments was:

	Consolidated Carrying amount	
	September 30 2010	March 31 2010
<i>Variable rate instruments</i>		
Financial assets	\$ 5,418,313	\$ 1,618,693

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for March 31, 2010.

	Profit or loss		Equity	
	100bp increase	100bp decrease	100bp increase	100bp decrease
September 30, 2010				
Variable rate instruments	54,183	(54,183)	53,642	(53,642)
March 31, 2010				
Variable rate instruments	16,187	(16,187)	15,996	(15,996)

FINANCIAL INSTRUMENTS (Cont'd...)

Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of resource properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. In the management of capital, the Company includes cash and cash equivalent balances and components of shareholders' equity.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed.

In addition to its exploration and evaluation activities with the Lake Giles project, the Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the period ended September 30, 2010. The Company is not subject to externally imposed capital requirements.

8. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

During the six months ended September 30, 2010, the Company entered into the following non-cash transactions:

- Issued 1,340,000 options as stock based compensation expense for the year was \$1,499,921.
- Reallocated \$22,377 from contributed surplus to capital stock upon exercise of 35,000 options.
- Reallocated \$307,026 from contributed surplus to capital stock upon issue of share purchase warrants.
- Recorded \$925,930 in mineral property expenditures through accounts payable.

During the six months ended September 30, 2009 the company entered into the following transactions:

- Recorded \$838,217 in mineral property expenditures through accounts payable.

9. SUBSEQUENT EVENTS

Nil