COGITORE RESOURCES INC.

(A DEVELOPMENT STAGE COMPANY)

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2009 and 2008

(EXPRESSED IN CANADIAN DOLLARS)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of Cogitore Resources Inc. (a Development Stage Company) were prepared by management in accordance with Canadian generally accepted accounting principles. Management acknowledges responsibility for the preparation and presentation of the financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances. The significant accounting policies of the Company are summarized in *note 2* to the financial statements.

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the years presented by the financial statements and (ii) the financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the years presented by the financial statements.

The Board of Directors is responsible for reviewing and approving the financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

(signed)
Gérald Riverin
Chief Executive Officer

(signed)
Orest Zajcew
Chief Financial Officer

April 21, 2010
Toronto, Canada

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers LLP
Chartered Accountants
PO Box 82
Royal Trust Tower, Suite 3000
Toronto Dominion Centre
Toronto, Ontario
Canada M5K 1G8
Telephone +1 416 863 1133
Facsimile +1 416 365 8215

April 21, 2010

Auditors' Report

To the Shareholders of
Cogitore Resources Inc.

We have audited the balance sheets of **Cogitore Resources Inc.** as at December 31, 2009 and 2008 and the statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2009 and 2008 and the results of its operations and its cash flows for the years ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants

"PricewaterhouseCoopers" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership, or, as the context requires, the PricewaterhouseCoopers global network or other member firms of the network, each of which is a separate legal entity.

COGITORE RESOURCES INC.
(A Development Stage Company)
Balance Sheets
(Expressed in Canadian Dollars)

For the years ended December 31,	2009	2008
Assets		
Current		
Cash	**$ 1,603,078**	$ 2,400,642
Sundry receivables and prepaid expenses	**106,959**	204,659
Quebec refundable tax credit and refundable mining duty	**1,304,066**	1,431,016
Restricted cash (*note 5*)	**750,000**	-
	3,764,103	4,036,317
Restricted cash (*note 5*)	**30,000**	30,000
Exploration properties and deferred exploration expenditures (*note 6*)	**10,263,137**	12,219,237
Property and Equipment (*note 7*)	**236,429**	245,720
	$ 14,293,669	$ 16,531,274
Liabilities and Shareholders' Equity		
Current		
Accounts payable and accrued liabilities	**$ 734,869**	$ 329,260
Income taxes payable	**-**	29,986
	734,869	359,246
Future income tax liability (*note 12*)	**2,093,709**	2,603,213
	2,828,578	2,962,459
Shareholders' equity		
Capital stock (*note 8*)	**16,512,478**	15,349,726
Warrants (*note 10*)	**-**	1,022,481
Contributed surplus	**2,946,780**	1,855,340
Deficit	**(7,994,167)**	(4,658,732)
	11,465,091	13,568,815
	$ 14,293,669	$ 16,531,274

Nature of Operations and Going Concern (*note 1*)
Commitments (*note 13*)

APPROVED ON BEHALF OF THE BOARD:

"Gérald Riverin" , Director

"Stephen Lidsky" , Director

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

COGITORE RESOURCES INC.
(A Development Stage Company)
Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

For the years ended December 31,	2009	2008	Cumulative from date of inception to December 31, 2009
Expenses			
General and administrative (*note 14*)	**$ 519,605**	$ 492,586	$ 2,084,839
Stock-based compensation (*note 9*)	**232,965**	27,634	1,261,986
Professional fees	**183,494**	198,255	981,492
Director fees	**59,500**	-	59,500
Amortization	**10,940**	11,271	29,993
Write-off of exploration costs (*note 6*)	**3,406,288**	2,269,742	6,151,789
	4,412,792	2,999,488	10,569,599
Other income			
Interest income	**(3,327)**	(80,830)	(274,070)
Net loss before the following	**(4,409,465)**	(2,918,658)	10,295,529)
Future tax recovery (*note 12*)	**1,074,030**	764,640	2,322,683
Net loss and comprehensive loss for the period	**$ (3,335,435)**	$ (2,154,018)	$ (7,972,846)
Loss per share - basic and diluted	**$ (0.07)**	$ (0.06)	
Weighted average number of common shares	**47,415,132**	33,231,787	

Statements of Deficit
(Expressed in Canadian Dollars)

For the years ended December 31,	2009	2008	Cumulative from date of inception to December 31, 2009
Balance, beginning of period	**$ (4,658,732)**	$ (2,504,714)	$ (21,321)
Net loss for the period	**(3,335,435)**	(2,154,018)	(7,972,846)
Balance, end of period	**$ (7,994,167)**	$ (4,658,732)	$ (7,994,167)

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

COGITORE RESOURCES INC.
(A Development Stage Company)
Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Capital Stock	Warrants	Contributed Surplus	Deficit	Total
Balance, December 31, 2007	**$ 14,539,123**	**$ 1,022,481**	**$ 1,827,706**	**$ (2,504,714)**	**$ 14,884,596**
Private placements	1,550,000	-	-	-	1,550,000
Properties acquisition	359,870	-	-	-	359,870
Flow-through tax effect	(1,013,853)	-	-	-	(1,013,853)
Costs of issue	(85,414)	-	-	-	(85,414)
Stock-based compensation	-	-	27,634	-	27,634
Net loss for the year	-	-	-	(2,154,018)	(2,154,018)
Balance, December 31, 2008	**15,349,726**	**1,022,481**	**1,855,340**	**(4,658,732)**	**13,568,815**
Private placements	1,657,210	-	-	-	1,657,210
Flow-through tax effect	(400,520)	-	-	-	(400,520)
Costs of issue	(93,938)	-	-	-	(93,938)
Expired warrants (net of future income tax)	-	(1,022,481)	858,475	-	(164,006)
Stock-based compensation	-	-	232,965	-	232,965
Net loss for the year	-	-	-	(3,335,435)	(3,335,435)
Balance, December 31, 2009	**$ 16,512,478**	**$ -**	**$ 2,946,780**	**$ (7,994,167)**	**$ 11,465,091**

The accompanying notes are an integral part of these financial statements

COGITORE RESOURCES INC.
(A Development Stage Company)
Statements of Cash Flows
(Expressed in Canadian Dollars)

For the years ended December 31,	2009	2008	Cumulative from date of inception to December 31, 2009
Cash flows provided by (used in) operating activities			
Net loss for the period	**$ (3,335,435)**	$ (2,154,018)	$ (7,972,846)
Adjustments for:			
Amortization	**10,940**	11,271	29,993
Write-off of exploration costs (*note 6*)	**3,406,288**	2,269,742	6,151,789
Stock-based compensation (*note 9*)	**232,965**	27,634	1,261,986
Future tax recovery	**(1,074,030)**	(764,640)	(2,322,683)
Changes in non-cash working capital items (*note 15*)	**(149,727)**	(590,204)	(1,824,777)
	(908,999)	(1,200,215)	(4,676,538)
Cash flows used in investing activities			
Acquisition of property and equipment	**(1,649)**	(1,687)	(266,422)
Exploration properties and deferred exploration expenditures	**(1,450,188)**	(3,308,734)	(13,930,585)
	(1,451,837)	(3,310,421)	(14,197,007)
Cash flows provided by financing activities			
Proceeds from issuance of shares, net of costs	**1,563,272**	1,464,586	20,309,323
Change in cash	**(797,564)**	(3,046,050)	1,435,778
Cash, beginning of period	**2,400,642**	5,446,692	167,300
Cash, end of period	**$ 1,603,078**	$ 2,400,642	$ 1,603,078

Supplemental cash flow information			
Shares issued on acquisition of property	**$ -**	$ 359,870	$ 2,037,370
Stock-based compensation capitalized to exploration properties	**$ -**	$ -	$ 66,972
Flow-through taxes paid	**$ 12,997**	$ 48,526	$ 180,670
Income tax paid	**$ 200**	$ 29,986	$ 30,186

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Cogitore Resources Inc. (formerly Woodruff Capital Management Inc.) (the "Company" or "Cogitore") was incorporated by a Certificate of Incorporation issued pursuant to the provisions of the Ontario Business Corporations Act on December 13, 2002. The Company is engaged in the acquisition, exploration and development of properties for the mining of precious and base metals. As defined by the Canadian Institute of Chartered Accountants ("CICA") Accounting Guideline 11, the Company is considered to be a development stage enterprise as it has yet to generate significant revenue from operations. The Company was a private entity until it completed an initial public offering during the first quarter of fiscal 2004. The Company is classified as a Tier 2 - Mining issuer, and its common shares commenced trading on the Toronto Venture Exchange on March 4, 2004.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern. The Company had an accumulated deficit of $7,994,167 and net current assets of $3,029,234 as at December 31, 2009. The Company's ability to continue to meet its obligations and carry out its planned exploration activities is uncertain and dependent upon the continued financial support of its shareholders and securing additional financing. On August 6, 2009 and December 22, 2009, the Company completed private placements of a total of 8,020,600 flow-through common shares for aggregate proceeds of $1,657,210 to meet certain exploration requirements and contractual obligations. On April 8 and April 12, 2010 the Company announced that, subject to regulatory approval, it had arranged (i) a non-brokered private placement with accredited investors of up to 2,000,000 flow-through common shares at a price of $0.35 per flow-through common share for aggregate gross proceeds of up to $700,000, and (ii) a non-brokered private placement with accredited investors of up to 1,933,333 units at a price of $0.30 per unit for aggregate gross proceeds of up to $580,000. Each unit will consist of one common share and one-half common share purchase warrant. Each whole common share purchase warrant will entitle the holder to purchase one additional common share at a price of $0.45 per common share for a period of eighteen months after the closing of the Unit Offering. The closing of the Offerings is subject to the receipt of regulatory approvals, including the approval of the TSX Venture Exchange. These Offerings will be closing by the end of April 30, 2010 (please see *note 17* for further details). There is, however, no assurance that these initiatives will be successful or sufficient and, as a result, there may be significant doubt regarding the going concern assumption and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the going concern assumptions were not appropriate. These adjustments could be material.

2. SUMMARY OF PRESENTATION AND ACCOUNTING POLICIES

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles ("GAAP") and include the following significant accounting policies:

Cash

Cash is held in chequing accounts at a major financial institution.

2. SUMMARY OF PRESENTATION AND ACCOUNTING POLICIES (Continued)

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Property and equipment

Property and equipment are recorded at cost less accumulated amortization. Amortization is recorded on the declining balance basis at the following annual rates:

Computer equipment	30%
Office equipment	20%
Site building	4%

Exploration properties and deferred exploration expenditures

Amounts incurred in respect of exploration properties and deferred exploration expenditures are carried at cost until they are brought into production, at which time the costs are depleted on a unit of production method based on proven and probable reserves. If a property is subsequently determined not to be economically viable, the property and related deferred costs are written down to fair value. Other general exploration expenses are charged to operations as incurred. The cost of exploration properties abandoned or sold and their related deferred exploration costs are charged to operations in the corresponding year.

Costs include the cash consideration and the fair market value of the shares issued for the acquisition of exploration properties. The carrying value is reduced by option proceeds received until such time as the property cost and deferred expenditures are reduced to nominal amounts. Properties acquired under option agreements or by joint ventures, whereby payments are made at the sole discretion of the Company, are recorded in the accounts at the time of payment.

Capitalization and impairment of exploration properties

The investment in and expenditures on exploration properties comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the attainment of successful production from the properties or from the proceeds of their disposal. The Company reviews its exploration properties on a regular basis to determine if events or changes in circumstances indicate that its carrying value may not be recoverable, in which case carrying value is written down to fair value. The recoverability of costs incurred on the exploration properties is dependent upon numerous factors including exploration results, environmental risks, commodity risks, political risks, and the Company's ability to attain profitable production. It is reasonably possible, based on existing knowledge, that changes in future conditions in the near term could require a change in the determination of the need for, and amount of, any write down.

The recognized amounts of such items are based on the Company's best information and judgment. Such amounts may change materially in the future as management continues to gather information.

Based on periodic reviews made by management and where the long-term expectation is that the net carrying amount of these capitalized exploration and development costs will not be recovered, the carrying amount is then written down accordingly and the write-down amount charged to operations. A write down would be indicated where, with respect to exploration properties: exploration activities have ceased; exploration results are not promising such that exploration will not be planned for the foreseeable future; lease ownership rights expire; or insufficient funding is available to complete the exploration program.

2. SUMMARY OF PRESENTATION AND ACCOUNTING POLICIES (Continued)

Asset retirement obligations

Future costs to retire an asset including dismantling, remediation and ongoing treatment and monitoring of the site are recognized and recorded as a liability at fair value at the date the liability is incurred. The liability is accreted over time to the estimated amount ultimately payable through periodic charges to earnings. In addition, future site restoration costs are capitalized as part of the carrying value of the related resource properties at its initial discounted value and amortized over the resource properties' useful life based on a units-of-production method. At December 31, 2009 and 2008, the Company has not incurred or committed to any asset retirement obligations and reclamation costs related to the development of its resource properties.

Flow-through financing

The Company has financed a portion of its exploration activities through the issuance of flow-through shares, which transfer the tax deductibility of exploration expenditures to the investor. Proceeds received on the issuance of such shares have been credited to capital stock; the related exploration costs have been charged to exploration properties and deferred exploration expenditures. Resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. When these expenditures are renounced, temporary taxable differences created by the renunciations reduce capital stock and a future tax liability is recorded.

Loss per share

Basic per share amounts are calculated using the weighted average number of common shares outstanding during the period. The treasury method is used to determine the dilutive effect of stock options and other dilutive instruments. Stock options and warrants outstanding were not included in the computation of diluted loss per share as their inclusion would have been anti-dilutive. Therefore, diluted loss per share and basic loss per share are the same for 2009 and 2008.

Stock-based compensation

The Company has a stock option plan that is described in *note 9*. The fair value of any stock options granted to directors, officers, consultants and employees is recorded as an expense or capitalized to exploration properties over the vesting period with a corresponding increase recorded to contributed surplus. The fair value of the stock-based compensation is determined using the Black-Scholes option pricing model and management's assumptions as disclosed in *note 9*. Upon exercise of the stock options, consideration paid by the option holder together with the amount previously recognized in contributed surplus is recorded as an increase to capital stock.

Income taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between financial statement carrying amounts of assets and liabilities and their respective tax bases and are measured using the substantially enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company records a valuation allowance against any portion of those future income tax assets that it believes will, more likely than not, fail to be realized.

2. SUMMARY OF PRESENTATION AND ACCOUNTING POLICIES (Continued)

Mining exploration costs

On March 27, 2009, the Emerging Issues Committee of the CICA approved an abstract EIC - 174, “Mining Exploration Costs”, which provides guidance on capitalization of exploration costs related to mining properties in particular, and on impairment of long lived assets in general. The adoption of this abstract had no impact on the Company’s presentation of its financial position or results of operations as at and for the year ended December 31, 2009.

Fair value hierarchy and liquidity risk disclosure

In June 2009, the Canadian Accounting Standards Board ("AcSB")issued an amendment to CICA Section 3862, “Financial Instruments – Disclosures” in an effort to make Section 3862 consistent with International Financial Reporting Standards Section 7 – Disclosures (“IFRS 7”). The purpose was to establish a framework for measuring fair value in GAAP and expand disclosures about fair value measurements. To make the disclosures an entity shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following levels: (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); (b) inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3). These standards apply to interim and annual consolidated financial statements relating to fiscal years ending after September 30, 2009. The adoption of the new standard resulted in additional disclosures in the notes to the consolidated financial statements (refer to *note 4*).

Goodwill and intangible assets

Effective January 1, 2009, the Company adopted CICA Section 3064 “Goodwill and Intangible Assets”, which replaced CICA Handbook sections 3062, “Goodwill and Other Intangible Assets” and 3450, “Research and Development Costs”, as well as EIC-27, “Revenues and Expenditures During the Pre-operating Period”, and part of Accounting Guideline 11, “Enterprises in the development stage”. Under previous Canadian standards, a greater number of items were recognized as assets than are recognized under International Financial Reporting Standards (“IFRS”). The provisions relating to the definition and initial recognition of intangible assets reduce the differences with IFRS in the accounting for intangible assets. The objectives of CICA 3064 are: 1) to reinforce the principle-based approach to the recognition of assets; 2) to establish the criteria for asset recognition and; 3) to clarify the application of the concept of matching revenues and expenses such that the current practice of recognizing asset items that do not meet the recognition criteria is eliminated. The new standard also provides guidance for the recognition of internally developed intangible assets (including research and development activities), ensuring consistent treatment of all intangible assets. The portions in the new standard relating to goodwill remain unchanged.

The adoption of this standard had no impact on the Company’s presentation of its financial position or results of operations.

Credit risk and the fair value of financial assets and financial liabilities

In January 2009, the Emerging Issues Committee ("EIC") of the CICA issued EIC-173, “Credit Risk and the Fair Value of Financial Assets and Financial Liabilities” which applies to interim and annual financial statements for periods ending on or after January 20, 2009. The adoption of this standard had no impact on the Company’s presentation of its financial position or results of operations.

2. SUMMARY OF PRESENTATION AND ACCOUNTING POLICIES (Continued)

Future accounting changes

Business combinations, consolidated financial statements and non-controlling interests

The CICA issued three new accounting standards in January 2009: Section 1582, "Business Combinations", Section 1601, "Consolidated Financial Statements" and Section 1602, "Non-Controlling interests". These new standards will be effective for fiscal years beginning on or after January 1, 2011. Section 1582, "Business Combinations" replaces section 1581, "Business Combinations", and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to IFRS 3 - "Business Combinations". Sections 1601, "Consolidated Financial Statements", and 1602, "Non-Controlling interests", together replace section 1600, "Consolidated Financial Statements". Section 1601 establishes standards for the preparation of consolidated financial statements and applies to interim and annual consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS IAS 27, "Consolidated and Separate Financial Statements". The Company is in the process of evaluating the requirements of the new standards.

3. CAPITAL MANAGEMENT

The Company defines capital that it manages as its shareholders' equity. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of mineral 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 team to sustain the future development of the business. As at December 31, 2009, total shareholders' equity (managed capital) was $11,465,091 (December 31, 2008 - $13,568,815).

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 its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. 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 has chosen to mitigate the risk and uncertainty associated with raising additional capital in current economic conditions by:

(i) minimizing discretionary disbursements; and
(ii) focusing financing exploration expenditures on those properties considered to have the best potential.

In light of the above, the Company will continue to assess new properties and seek to acquire an interest in additional properties if the Company believes there is sufficient 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 appropriate.

There were no changes in the Company's approach to capital management during the years ended December 31, 2009 and 2008. The Company is not subject to externally imposed capital requirements.

4. PROPERTY AND FINANCIAL RISK FACTORS AFFECTING FINANCIAL INSTRUMENTS

(a) Property risk

The Company's significant mineral properties are the Estrades Property, Lemoine Property, Scott Lake Project, Normetal West Project and Caribou Project (the "Projects"). Unless the Company acquires or develops additional significant properties, the Company will be solely dependent upon these Projects. If no additional mineral properties are acquired by the Company, any adverse development affecting the Projects would have a material adverse effect on the Company's financial condition and results of operations.

(b) Financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign exchange rate, and commodity price risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, sundry receivables, Quebec refundable tax credit and mining duty refund, and restricted cash. The Company has no significant concentration of credit risk arising from operations. Cash is held in higher yield chequing accounts at a major financial institution, from which management believes the risk of loss to be minimal. Restricted cash consists of a guaranteed investment certificate, which has been invested with a reputable financial institution, and a refundable deposit on a future asset purchase. As per *note 5,* the deposit was returned to the Company subsequent to year end.

Sundry receivables consist mostly of goods and services tax refunds due from the Federal Government of Canada and sales tax refunds due from the Quebec Government. Quebec refundable tax credits and mining duty refunds consist of tax refunds from the Quebec Government for incurring exploration expenditures in Quebec. Sundry receivables and Quebec refundable tax credit and mining duty refund are in good standing as of December 31, 2009. The Company has not yet received the 2007 and 2008 Quebec Mining Duty refund. Management believes that the credit risk with respect to sundry receivables and Quebec refundable tax credit and mining duty refund is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company generates cash flow primarily from its financing activities. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. As at December 31, 2009, the Company had a cash balance of $1,603,078 (December 31, 2008 - $2,400,642) to settle current liabilities of $734,869 (December 31, 2008 - $359,246). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity. The Company is committed to spending eligible exploration expenditures of approximately $1,109,500 resulting from the non-brokered private placements of flow-through common shares disclosed in *note 8*.

4. PROPERTY AND FINANCIAL RISK FACTORS AFFECTING FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk factors (Continued)

Market risk

Interest rate risk
The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in high yield savings accounts and guaranteed investment certificates. The Company regularly monitors its cash management policy.

Foreign currency risk
The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company presently has relatively little exposure to foreign currency risk.

Commodity price risk
The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, as it relates to precious and base metals, to determine the appropriate course of action to be taken by the Company.

Sensitivity analysis

The Company has designated, for accounting purposes, its cash and restricted cash as held-for-trading, which are measured at fair value. Sundry receivables and Quebec refundable tax credit and mining duty refund are classified for accounting purposes as loans and receivables, which are measured at amortized cost and are equal to fair value. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost and is also equal to fair value.

As of December 31, 2009, both the carrying and fair value amounts of the Company's financial instruments are approximately equivalent.

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a twelve month period:

(i) Cash and restricted cash are subject to floating interest rates. The Company has no debt and receives low interest rates on its cash balances. As such the Company does not have significant interest rate risk.

(ii) The Company does not hold balances in foreign currencies to give rise to exposure to foreign exchange risk.

(iii) Commodity price risk could adversely affect the Company. In particular, the Company’s future profitability and viability of development depends upon the world market price of precious and base metals. Precious and base metals prices have fluctuated significantly in recent years. There is no assurance that, even as commercial quantities of precious and base metals may be produced in the future, a profitable market will exist for them. As of December 31, 2009, the Company was not a producing entity. As a result, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

4. PROPERTY AND FINANCIAL RISK FACTORS AFFECTING FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy and liquidity risk disclosure

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at December 31, 2009.

	Level 1	Level 2	Level 3	Total
Cash	$ 1,603,078	$ -	$ -	$ 1,603,078
Restricted Cash	780,000	-	-	780,000
	$ 2,383,078	**$ -**	**$ -**	**$ 2,383,078**

5. RESTRICTED CASH

The Company has several company credit cards with a major financial institution with an aggregate credit limit of $30,000. The financial institution holds $30,000 in a Guaranteed Investment Certificate as collateral on the credit amount as long as the credit cards are active. The restricted cash amounts would change if there were any changes in the credit limits on the cards.

As of December 31, 2009, the Company had a refundable $750,000 deposit held in trust for a potential asset acquisition. This amount was returned subsequent to year end.

6. EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

2009	Balance January 1	Additions	Write-off	Balance December 31
Estrades Mining Lease	$ 3,455,610	$ (82,994)	$ (3,372,616)	$ -
Estrades Property	1,533,163	(1,557)	-	1,531,606
Lemoine Property	2,580,706	(10,570)	-	2,570,136
Inmet Back-In Properties	-	33,672	(33,672)	-
Scott Lake Project	3,585,111	1,009,793	-	4,594,904
Normetal West Project	815,155	26,284	-	841,439
Caribou Project	249,492	475,560	-	725,052
Total	$ 12,219,237	$ 1,450,188	$ (3,406,288)	$ 10,263,137

2008	Balance January 1	Additions	Write-off	Balance December 31
Estrades Mining Lease	$ 2,955,855	$ 499,755	$ -	$ 3,455,610
Estrades Property	1,099,101	434,062	-	1,533,163
Lemoine Property	2,238,870	341,836	-	2,580,706
Inmet Back-In Properties	1,380,756	731,451	(2,112,207)	-
Scott Lake Project	2,587,792	997,319	-	3,585,111
Long Lake Project	123,373	33,135	(156,508)	-
Normetal West Project	330,472	484,683	-	815,155
Caribou Project	103,129	146,363	-	249,492
Other Projects	1,027	-	(1,027)	-
Total	$ 10,820,375	$ 3,668,604	$ (2,269,742)	$ 12,219,237

6. EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (Continued)

a) Estrades Mining Lease

On June 14, 2005, the Company completed the transaction to purchase 70% of the Estrades Mine in Quebec from Atlas Precious Metals Inc. ("Atlas"). As consideration, the Company paid Atlas the amount of US$500,000 (CDN$613,483) in staged payments from June 14, 2005 to September 30, 2005 and 1,000,000 common shares (valued at $700,000). Further staged payments of US$2,900,000 in cash or shares (at the Company's option) are due over a five-year period and have been secured by hypothec in favour of the vendor on the Estrades Mine property.

On June 30, 2005, the Company signed an agreement to purchase the remaining 30% of the Estrades Mine from Orvilliers Resources Inc. ("Orvilliers"). As consideration for the sale of Orvilliers's 30% holding in the Estrades Mine Property, Cogitore issued 500,000 common shares (valued at $350,000) from its treasury to Orvilliers.

On June 15, 2007, the Company issued 216,216 shares (valued at $160,000 (US$150,000)) to Atlas as per the purchase agreement.

On June 16, 2008, the Company issued 1,240,932 shares (valued at $359,870 (US$350,000)) to Atlas as per the purchase agreement.

In the second quarter of 2009, as permitted by the terms of the Purchase Agreement (the “Agreement”) between Atlas Precious Metals Inc. and its wholly-owned subsidiary (collectively, “Atlas”) and the Company signed June 14, 2005, the Company transferred a 70% interest in the Estrades Mine to Atlas in final satisfaction of its obligation to make a US$950,000 payment in cash or common shares of the Company to Atlas on June 14, 2009, and a further payment of US$1,450,000 in cash or common shares on June 14, 2010. After reviewing the results of the feasibility study for the Estrades project dated October 24, 2008, a copy of which has been publicly filed by the Company, the Company concluded that it was not in the best interests of its shareholders to expend additional resources to move ahead with the Estrades project at this time The Company believes that, with continuing low zinc prices and an exceptionally difficult period of tight credit and lower investor risk tolerance, it should preserve its cash and present equity structure, and thus return the 70% interest to Atlas. The Company will continue to own a 30% interest in the Estrades property and related assets. As a result, the Company has written down aggregate exploration expenditures on the Estrades Mining Lease in the amount of $3,372,616.

b) Inmet Properties

The Company entered into an agreement with Inmet Mining Corporation dated April 23, 2004 to acquire a 50% interest in respect of up to nine exploration properties located in the provinces of Quebec, Ontario and Newfoundland. In addition, Inmet agreed to transfer its interest in certain equipment located in Rouyn-Noranda, Quebec to the Company together with all information and data regarding the properties. As consideration for the transfer of the equipment, information and data assets, the Company issued 400,000 common shares of the Company with a value of $200,000. To earn the right to exercise its option on one or more properties, the Company reimbursed Inmet for expenditures Inmet had made on the properties between December 2003 and August 2004, and was required to complete additional exploration expenditures of $1.8 million within 12 months of the close of the agreement. In March, 2005 the Company announced it had completed these obligations. The Company then had until June 30, 2009 to incur at least $3.0 million in qualified expenditures to complete its earn-in of a 50% interest in any property optioned from Inmet.

6. EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (Continued)

b) Inmet Properties (Continued)

In 2009, the Company earned in on the Estrades Property, meaning the Company earned in on two of the Inmet properties, namely Lemoine and Estrades. The Company determined at the December 31, 2008 year end that it would not be able to meet the earn-in requirements for the Loveland, Castagnier, Hébécourt, Selbaie West and Landrienne properties and thus wrote down aggregate exploration expenditures for these properties.

On July 2, 2009, the Company announced that it had signed an agreement with Inmet Mining Corporation (“Inmet”), whereby Inmet would immediately transfer to the Company all of its interest in the Selbaie West, Hébécourt, Landrienne and Castagnier projects (the “Properties”). Inmet will keep a back-in right in these projects, with the following essential terms: a) the back-in interest would be 50%; b) the back-in right on any individual Property would be exercisable upon the Company delivering a pre-feasibility study accompanied by an independent NI-43-101 compliant mineral resource calculation; c) the exercise of the back-in right would apply to the whole Property and would be a one-time decision; d) to earn back a 50% interest in any given Property, Inmet would have to fund, with the Company as operator, the next round of exploration for twice the amount of expenditures made by the Company on that Property prior to the back-in being exercised; e) upon Inmet having earned-back its interest, a joint venture would be formed to develop the Property and Inmet would have the right to elect to become operator of the joint venture if and when a mine is built; f) if a deposit is put in production by the Company on any portion of a Property without Inmet having exercised its back-in right, Inmet would be entitled to receive a 1% NSR royalty on the entire Property with no further ability to back-in.

In 2009, the Company determined that an impairment charge of $33,672 was required on certain projects within the Inmet Back-In Properties that had been previously written down.

In 2009, the Company spent $(1,557) on the Estrades Property (2008 - $434,062). To date, the Company has spent $1,531,606 on the Estrades Property (2008 - $1,533,163).

c) Lemoine

Of the nine properties which form part of the option, the Company expended most of the Phase One Program expenditures on Inmet's Lemoine property. The Lemoine property is located 25 km south of Chibougamau, Quebec.

In May 2006, the Company acquired from Lounor Exploration Inc. ("Lounor", formerly Loubel Exploration Inc.) its 40% Joint Venture ("JV") interest in the Lemoine property. Also, the Company earned in on its option to own half of Inmet Mining Corporation's ("Inmet") 60% interest. These two transactions brought the Company's JV interest in the Lemoine property to 70%. The remaining 30% JV interest was held by Inmet. In consideration for the acquisition of the Lounor interest, the Company made a cash payment of $75,000 to Lounor, cancelled all outstanding cash calls pursuant to the terms of the joint venture, issued to Lounor 50,000 common shares of the Company valued at $33,500, and returned to Lounor 175,000 post-consolidation common shares of Lounor valued at $48,080 purchased by the Company in compliance with a 2001 option and joint venture agreement between Inmet and Lounor to which the Company became a party in April 2004. Lounor will not retain any royalty or any right whatsoever on the Lemoine property. As at December 31, 2009, due to Inmet's non-participation, the Company's interest in Lemoine has increased to approximately 77%.

In 2009, the Company spent $(10,570) on the Lemoine Property (2008 - $341,836). To date, the Company has spent $2,570,156 (2008 - $2,580,706).

6. EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (Continued)

d) Scott Lake Project

On July 26, 2005, the Company purchased the Scott Lake base metal massive sulphide property from Thundermin Resources Inc. ("Thundermin"), in consideration of staged payments totaling $285,000 and the issuance of 300,000 treasury shares to Thundermin over a two-year period, should the Company continue exploration. Upon reaching commercial production on any mineral deposit discovered on the property, the Company will make a final payment to Thundermin ranging from $1,000,000 to $4,000,000, depending on the size of deposit discovered, and issue to Thundermin 1,000,000 treasury shares of Cogitore. In 2005, the Company made a payment of $35,000 and issued 50,000 shares (valued at $27,500) to Thundermin. On May 25, 2006, the Company made a further payment of $100,000 cash and issued 100,000 shares (valued at $73,000). A further staged payment of $150,000 and 150,000 shares (valued at $105,000) was also made on May 25, 2007. In addition, the Company was required to incur expenditures of at least $500,000 (incurred) on this property by May 25, 2008. As of December 31, 2009, the Company owns a 100% interest in the Scott Lake project, subject only to provisional payments upon attaining production.

In 2009, the Company spent $1,009,793 on the Scott Lake Project (2008 - $997,319). To date, the Company has spent $4,594,904 on this property (2008 - $3,585,111).

e) Long Lake Project

On March 1, 2006, the Company signed an option agreement with Cornerstone Capital Resources Inc. ("Cornerstone") for Cornerstone's Long Lake property in Newfoundland. During the year ended December 31, 2008, the Company decided to cease exploration activities on the Long Lake Project.

f) Normetal West Project

In February 2007, the Company acquired a 100% interest in a major property position in Ontario. The “Normetal West” Property is situated west of, and on strike with, the past producing Normetal mine. A total of 5 claims in Ontario and 10 claims in Quebec were subsequently added to the project through an option agreement with a prospector. The agreement granted Cogitore the right to earn a 100% interest in those claims subject to a 1% NSR royalty on production, $25,000 in staged payments and $50,000 in exploration expenditures on the claims. The option agreement is in good standing as the Company has made the $50,000 expenditures as of December 31, 2008. A final option payment of $10,000 was made in 2009.

In 2009, the Company spent $26,284 on the Normetal West Project (2008 - $484,683). To date, the Company has spent $841,439 on this property (2008 - $815,155).

g) Caribou Project

On September 17, 2007, the Company signed an option agreement with IAMGOLD Corporation ("IAMGOLD") to acquire control of its Caribou Project located immediately to the west of the Company's Estrades properties. The agreement allows Cogitore to earn 70% of IAMGOLD's interest by spending $2,000,000 in exploration over five years and issuing 100,000 common shares of the Company, including 50,000 shares on signing (issued and valued at $28,500). IAMGOLD's interest in the Caribou property is currently at 86% and steadily increasing as a third party's residual interest is getting diluted. After earning the interest, a 70-30 joint venture will be formed between the Company and IAMGOLD. The agreement also calls for firm expenditure commitments of $200,000 for each of the first two years of the agreement, and for production royalty payments to IAMGOLD if it elects not to participate in a future joint venture.

6. EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (Continued)

g) Caribou Project (Continued)

In 2009, the Company spent $475,560 on the Caribou Project (2008 - $146,363). To date, the Company has spent $725,052 on this property (2008 - $249,492).

7. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	Net Carrying Amount December 31, 2009
Computer equipment	$ 5,111	$ 3,278	$ 1,833
Office equipment	5,120	1,908	3,212
Site building	256,191	24,807	231,384
	$ 266,422	$ 29,993	$ 236,429

	Cost	Accumulated Amortization	Net Carrying Amount December 31, 2008
Computer equipment	$ 4,181	$ 2,691	$ 1,490
Office equipment	4,401	1,195	3,206
Site building	256,191	15,167	241,024
	$ 264,773	$ 19,053	$ 245,720

8. CAPITAL STOCK

Authorized
Unlimited common shares

Issued - 53,347,553 common shares

	Shares	Amount
Balance, December 31, 2007	31,898,521	14,539,123
Private Placements - flow-through common shares (ii)(iii)	12,187,500	1,550,000
Purchase of Estrades Project (*note 6(a)*)	1,240,932	359,870
Costs of issue	-	(85,414)
Flow-through tax effect (i)	-	(1,013,853)
Balance, December 31, 2008	45,326,953	$ 15,349,726
Private placement - flow-through common shares (iv)(v)	8,020,600	1,657,210
Costs of issue (iv)(v)	-	(93,938)
Flow-through tax effect ()(iii)	-	(400,520)
Balance, December 31, 2009	**53,347,553**	**$ 16,512,478**

(i) The Company filed renouncement documents with the tax authorities pertaining to the flow-through shares it had issued in 2007. As a result of this renunciation, capital stock decreased and long-term future income tax liability increased by $1,013,853.

8. CAPITAL STOCK (Continued)

(ii) On October 23, 2008, the Company closed a non-brokered private placement of flow-through common shares. 2,187,500 flow-through common shares of the Company were issued at a price of $0.16 per flow-through common share for aggregate gross proceeds of $350,000. A commission of $25,600 was paid as part of this offering, in connection with the introduction of an accredited investor to the Company.

Other costs of issue associated directly with the private placements amounted to $36,315.

The flow-through common shares issued at closing are subject to resale restrictions pursuant to applicable securities laws requirements and notably to a hold period of four months plus one day from the closing date.

The renunciation of $350,000 in early 2009 created a future income tax liability of approximately $90,440.

(iii) On December 22, 2008, the Company closed a non-brokered private placement of flow-through common shares. 10,000,000 flow-through common shares of the Company were issued at a price of $0.12 per flow-through common share for aggregate gross proceeds of $1,200,000. No commissions were paid by the Company as part of this offering.

Other costs of issue associated directly with the private placements amounted to $23,498.

The flow-through common shares issued at closing are subject to resale restrictions pursuant to applicable securities laws requirements and notably to a hold period of four months plus one day from the closing date.

The renunciation of $1,200,000 in early 2009 created a future income tax liability of approximately $310,080.

(iv) On August 6, 2009, the Company announced that it had closed a non-brokered private placement of flow-through common shares. 5,000,000 flow-through common shares of the Company were issued at a price of $0.12 per flow-through common share for aggregate gross proceeds of $600,000 (the “Private Placement”). The Company paid a cash commission equal to 5% of certain gross proceeds of the Private Placement to participating registered dealers for an aggregate total of $19,020. The flow-through common shares issued at closing are subject to resale restrictions pursuant to applicable securities laws requirements and notably to a hold period of four months plus one day from the closing date.

In accordance with EIC-146, the renunciation of $600,000 in early 2010 will create a future income tax liability of approximately $150,000.

(v) On December 22, 2009, the Company completed a private placement of 3,020,600 flow-through common shares at a price of $0.35 per share to raise gross proceeds of $1,057,210. The Company paid a cash commission equal to 5% of certain gross proceeds for an aggregate total of $45,110. Pursuant to the term of the flow-through share agreements, the tax attributes of the related expenditures were renounced to subscribers.

In accordance with EIC-146, the renunciation of $1,057,210 in early 2010 will create a future income tax liability of approximately $264,000.

9. STOCK OPTIONS

The Company adopted an incentive stock option plan ("the Plan"), dated December 13, 2002, which provides that the directors of the Company may, from time to time, grant to directors, employees and consultants of the Company, or any subsidiary of the Company, the option to purchase common shares, provided that the number of common shares reserved for issuance under the Plan not exceed ten percent of the issued and outstanding common shares. In addition, the number of common shares reserved for issuance to any one person shall not exceed five percent of the issued and outstanding common shares in any twelve-month period. The Plan provides that the terms of the option and the option price shall be fixed by the directors of the Company. Stock options granted under the Plan may not be for a period longer than five years and the exercise price must be paid in full upon exercise of the option.

A summary of the Company's option activity is as follows:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2007	2,543,665	0.58
Granted	150,000	0.50
Cancelled	(200,000)	(0.73)
Balance, December 31, 2008	2,493,665	$ 0.56
Granted	2,155,000	$ 0.15
Expired/Cancelled	(756,665)	0.37
Balance, December 31, 2009	3,892,000	$ 0.37

The Company determines the fair value of the employee stock options using the Black-Scholes option pricing model. The estimated fair value of the options is expensed or capitalized to the exploration properties over their respective vesting periods. The fair value of stock options was determined using the following weighted average assumptions:

	2009	2008
Risk-free interest rate	**2.25% - 2.55%**	3.39% - 3.45%
Expected life	**5 years**	5 years
Expected volatility	**128%**	119% - 121.8%
Expected dividend yield	**0%**	0%

The fair value of these options was $230,300 (2008 - $30,300), of which $Nil (2008 - $nil) was capitalized to deferred exploration expenditures. The weighted average fair value of the total options granted in 2009 on the grant date was $0.11 (2008 - $0.20) per share.

9. STOCK OPTIONS (Continued)

As at December 31, 2009, the Company had the following stock options outstanding and exercisable:

	Outstanding Options			Exercisable Options	
Exercise price	Number of options	Weighted average remaining contractual life (years)	Weighted average exercise price	Number of options	Weighted average exercise price
$0.10 to $0.19	2,105,000	4.41	$ 0.15	2,105,000	0.15
$0.50 to $0.59	670,000	2.85	0.55	670,000	0.55
$0.60 to $0.70	920,000	0.51	0.64	920,000	0.64
$0.80 to $0.95	197,000	1.88	0.87	197,000	0.87
	3,892,000	3.09	$ 0.37	3,892,000	$ 0.37

For the year ended December 31, 2009, the impact on expenses due to the vesting of previously issued options was $2,665.

10. WARRANTS

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2008	4,264,571	$ 0.98
Expired	(4,264,571)	0.98
Balance, December 31, 2009	-	$ -

11. RELATED PARTY TRANSACTIONS

All transactions with related parties have occurred in the normal course of operations and are measured at the exchange amounts, which are the amounts of consideration established and agreed to by the related parties.

During the year ended December 31, 2009, the Company paid $nil (December 31, 2008 - $ 50,000) to 2142058 Ontario Inc., a company controlled by an officer of the Company, for management services provided to the Company.

12. INCOME TAXES

(a) Major items causing the Company's income tax rate to differ from the federal statutory rate of approximately 32.08% (2008 - 33.50%) are as follows:

December 31,	2009	2008
Loss before income taxes	**$ 4,409,465**	$ 2,918,658
Expected income tax benefit based on statutory rates	**1,414,556**	977,750
Adjustments to benefit resulting from:		
Change in future tax rates	**(120,253)**	(190,909)
Other	**75,728**	164,147
Permanent differences	**(239,172)**	(7,450)
Increase in valuation allowance	**(56,829)**	(178,898)
	$ 1,074,030	$ 764,640
Future tax assets		
Other temporary differences	**$ 8,962**	$ 5,314
Share issue costs	**74,901**	103,467
Non-capital losses	**716,468**	634,891
	800,331	743,672
Valuation allowance	**(800,331)**	(743,672)
Total	**$ -**	$ -
Future tax liabilities		
Flow through share issuances	**$ (2,093,709)**	$ (2,603,213)

(b) Tax loss carry-forwards

As at December 31, 2009, the Company has available non-capital loss carry-forwards for Canadian federal and Ontario tax purposes that will expire as follows:

Year	Amount
2010	$ 23,607
2014	277,574
2015	532,317
2026	373,744
2027	319,056
2028	812,908
2029	434,518
	$ 2,773,724

13. COMMITMENTS

(a) The Company entered into agreements to lease head office space until May 2011. Minimum annual rent payable in each of the next two years is as follows:

2010	$ 64,086
2011	26,703
	$ 90,789

(b) The Company has entered into an agreement to lease regional office space until June 2013. Minimum annual rent payable in each of the next four years is as follows:

2010	64,000
2011	64,000
2012	64,000
2013	32,000
	$ 224,000

(c) The Company is committed to spending approximately $52,000 and $1,057,000 associated with the flow-through offerings that were completed on August 6, 2009 and December 22, 2009 respectively (notes *8 (iv)* and *(v)*). The Company is in the process of complying with its flow-through contractual obligations with subscribers with respect to the requirements of the Income Tax Act (Canada). The Company will institute the look-back rule which will require the Company to spend the funds by the end of 2010.

14. GENERAL AND ADMINISTRATIVE EXPENSE DISCLOSURE

For the years ended December 31,	**2009**	**2008**	**Cumulative from date of inception to December 31, 2009**
Interest and bank charges	**$ 1,937**	$ 2,613	$ 17,588
Flow-through taxes paid	**12,997**	48,526	180,670
Consulting fees	**-**	-	46,402
Office and general	**49,094**	72,201	263,125
Transfer agent, listing and filing fees	**21,186**	20,091	163,443
Salaries and benefits	**129,935**	114,346	518,145
Rent	**58,338**	30,657	119,332
Shareholder/investor relations	**195,884**	171,956	427,135
New project development	**35,863**	32,196	321,506
Capital tax	**14,371**	-	27,493
Total	**$ 519,605**	$ 492,586	$ 2,084,839

15. SUPPLEMENTAL CASH FLOW INFORMATION

For the years ended December 31,	2009	2008	Cumulative from date of inception to December 31, 2009
Change in non-cash working capital items:			
Decrease (increase) in sundry receivables and prepaid expenses	**$ 97,700**	$ (15,465)	$ (28,555)
Decrease (increase) in Quebec refundable tax credit and mining duty refund	**126,950**	(272,953)	(1,304,066)
Increase in restricted cash (non-current)	**-**	(20,000)	(30,000)
Increase in restricted cash (current)	**(750,000)**	-	(750,000)
Increase (decrease) in accounts payable and accrued liabilities	**405,609**	(311,772)	287,844
(Decrease) increase in income tax payable	**(29,986)**	29,986	-
	$ (149,727)	$ (590,204)	$ (1,824,777)

16. COMPARATIVE INFORMATION

Certain comparative figures have been reclassified to confirm with current period financial statement presentation.

17. SUBSEQUENT EVENTS

On April 8 and April 12, 2010 the Company announced that, subject to regulatory approval, it had arranged (i) a non-brokered private placement with accredited investors of up to 2,000,000 flow-through common shares at a price of $0.35 per flow-through common share for aggregate gross proceeds of up to $700,000 (the “Flow-Through Offering”), and (ii) a non-brokered private placement with accredited investors of up to 1,933,333 units at a price of $0.30 per unit for aggregate gross proceeds of up to $580,000 (the “Unit Offering” and together with the Flow-Through Offering, the “Offerings”). Each unit will consist of one common share and one-half common share purchase warrant. Each whole common share purchase warrant will entitle the holder to purchase one additional common share at a price of $0.45 per common share for a period of eighteen months after the closing of the Unit Offering, or earlier pursuant to the acceleration terms set forth below.

If on any 20 consecutive trading days after the issuance of the common share purchase warrants, the closing sales price (or closing bid price on the days when there are no trades) of the common shares of the Company listed on the TSX Venture Exchange is greater than $0.55, the expiry date of the common share purchase warrants shall accelerate and be automatically amended to be the 30th day after the date on which the Company gives notice to the warrant holder of such acceleration.

Although the Offerings are non-brokered, the Company may protect offers received from registered dealers for the Flow-Through Offering when accepted by the Company, and in such case the Company will pay a cash commission of 6% of the purchase price of such flow-through common shares. The Company will pay a due diligence fee and reimburse legal fees and expenses incurred by subscribers in connection with the Unit Offering of up to 3% of the aggregate gross proceeds of the Unit Offering.

17. SUBSEQUENT EVENTS (Continued)

The closing of the Offerings is subject to the receipt of regulatory approvals, including the approval of the TSX Venture Exchange. These Offerings will be closing by the end of April 30, 2010. All securities issued pursuant to the Offerings shall be subject to a hold period of four months from the date of closing.

The proceeds of the Flow-Through Offering will be used to fund the Company's ongoing exploration program, while the proceeds of the Unit Offering will be used to fund Company's ongoing exploration program and for general corporate purposes.