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**COGITORE RESOURCES INC.**

**(A DEVELOPMENT STAGE COMPANY)**

**INTERIM FINANCIAL STATEMENTS**

**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2010**

**(EXPRESSED IN CANADIAN DOLLARS)**

**(UNAUDITED)**

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## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The accompanying unaudited interim financial statements of Cogitore Resources Inc. (a Development Stage Company) were prepared by management in accordance with Canadian generally accepted accounting principles. The most significant of these accounting principles have been set out in the December 31, 2009 audited financial statements. Only changes in accounting policies have been disclosed in these unaudited interim financial statements. Management acknowledges responsibility for the preparation and presentation of the unaudited interim 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.

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 unaudited interim 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 periods presented by the unaudited interim financial statements and (ii) the unaudited interim 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 periods presented by the unaudited interim financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited interim 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 unaudited interim 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 unaudited interim 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.

## **NOTICE TO READER**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these unaudited interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

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

<b>(Unaudited)</b>	<b>June 30, 2010</b>	<b>December 31, 2009</b>
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 1,332,510	\$ 1,603,078
Sundry receivables and prepaid expenses	188,534	106,959
Quebec refundable tax credit and refundable mining duty	1,150,751	1,304,066
Restricted cash	-	750,000
	<b>2,671,795</b>	<b>3,764,103</b>
Restricted cash ( <i>note 5</i> )	<b>30,000</b>	30,000
Exploration properties and deferred exploration expenditures ( <i>note 6</i> )	<b>11,861,842</b>	10,263,137
Property and Equipment ( <i>note 7</i> )	<b>231,205</b>	236,429
	<b>\$ 14,794,842</b>	<b>\$ 14,293,669</b>
<b>Liabilities and Shareholders' Equity</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 324,725	\$ 734,869
	<b>324,725</b>	<b>734,869</b>
Future income tax liability	<b>2,521,932</b>	2,093,709
	<b>2,846,657</b>	<b>2,828,578</b>
<b>Shareholders' equity</b>		
Capital stock ( <i>note 8</i> )	<b>17,162,864</b>	16,512,478
Warrants ( <i>note 10</i> )	<b>140,831</b>	-
Contributed surplus	<b>2,946,780</b>	2,946,780
Deficit	<b>(8,302,290)</b>	(7,994,167)
	<b>11,948,185</b>	<b>11,465,091</b>
	<b>\$ 14,794,842</b>	<b>\$ 14,293,669</b>
<b>Nature of Operations and Going Concern (<i>note 1</i>)</b>		
<b>Commitments (<i>note 12</i>)</b>		
<b>Subsequent Event (<i>note 16</i>)</b>		

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

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

<b>(Unaudited)</b>	<b>Three months ended</b>		<b>Six months ended</b>		<b>Cumulative from date of inception to June 30, 2010</b>
	<b>June 30,</b>		<b>June 30,</b>		
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	
<b>Expenses</b>					
General and administrative ( <i>note 13</i> )	\$ 87,731	\$ 100,462	\$ 193,006	\$ 222,601	\$ 2,277,845
Stock-based compensation	-	230,964	-	232,965	1,261,986
Professional fees	32,844	28,018	73,649	45,802	1,055,141
Director fees	16,250	16,750	23,500	30,000	83,000
Amortization	2,612	2,770	5,224	5,470	35,217
Write-off of exploration costs ( <i>note 6</i> )	11,097	3,369,317	12,776	3,374,406	6,164,565
	150,534	3,748,281	308,155	3,911,244	10,877,754
<b>Other income</b>					
Interest income	(17)	(94)	(32)	(3,174)	(274,102)
<b>Net loss before the following</b>	<b>(150,517)</b>	<b>(3,748,187)</b>	<b>(308,123)</b>	<b>(3,908,070)</b>	<b>(10,603,652)</b>
Future tax recovery	-	-	-	-	2,322,683
<b>Net loss and comprehensive loss for the period</b>	<b>\$ (150,517)</b>	<b>\$ (3,748,187)</b>	<b>\$ (308,123)</b>	<b>\$ (3,908,070)</b>	<b>\$ (8,280,969)</b>
<b>Loss per share - basic and diluted</b>	<b>\$ (0.00)</b>	<b>\$ (0.08)</b>	<b>\$ (0.01)</b>	<b>\$ (0.09)</b>	
<b>Weighted average number of common shares</b>	<b>55,976,961</b>	<b>45,326,953</b>	<b>54,662,257</b>	<b>45,326,953</b>	

**Interim Statements of Deficit**  
**(Expressed in Canadian Dollars)**

<b>(Unaudited)</b>	<b>Three months ended</b>		<b>Six months ended</b>		<b>Cumulative from date of inception to June 30, 2010</b>
	<b>June 30,</b>		<b>June 30,</b>		
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	
Balance, beginning of period	\$ (8,151,773)	\$ (4,818,615)	\$ (7,994,167)	\$ (4,658,732)	\$ (21,321)
Net loss for the period	(150,517)	(3,748,187)	(308,123)	(3,908,070)	(8,280,969)
<b>Balance, end of period</b>	<b>\$ (8,302,290)</b>	<b>\$ (8,566,802)</b>	<b>\$ (8,302,290)</b>	<b>\$ (8,566,802)</b>	<b>\$ (8,302,290)</b>

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

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

<b>(Unaudited)</b>	<b>Capital Stock</b>	<b>Warrants</b>	<b>Contributed Surplus</b>	<b>Deficit</b>	<b>Total</b>
<b>Balance, December 31, 2008</b>	<b>\$ 15,349,726</b>	<b>\$ 1,022,481</b>	<b>\$ 1,855,340</b>	<b>\$ (4,658,732)</b>	<b>\$ 13,568,815</b>
Flow-through tax effect	(449,500)		-	-	(449,500)
Expired warrants	-	(1,022,481)	1,022,481	-	-
Stock-based compensation	-	-	232,965	-	232,965
Net loss for the period	-	-	-	(3,908,070)	(3,908,070)
<b>Balance, June 30, 2009</b>	<b>\$ 14,900,226</b>	<b>\$ -</b>	<b>\$ 3,110,786</b>	<b>\$ (8,566,802)</b>	<b>\$ 9,444,210</b>
<b>Balance, December 31, 2009</b>	<b>\$ 16,512,478</b>	<b>\$ -</b>	<b>\$ 2,946,780</b>	<b>\$ (7,994,167)</b>	<b>\$ 11,465,091</b>
Private placement (note 8(ii))	1,280,000		-	-	1,280,000
Warrant valuation (note 8(ii))	(140,831)	140,831	-	-	-
Flow-through tax effect (note 8(i))	(428,223)		-	-	(428,223)
Costs of issue	(60,560)		-	-	(60,560)
Net loss for the period	-	-	-	(308,123)	(308,123)
<b>Balance, June 30, 2010</b>	<b>\$ 17,162,864</b>	<b>\$ 140,831</b>	<b>\$ 2,946,780</b>	<b>\$ (8,302,290)</b>	<b>\$ 11,948,185</b>

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

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

<b>(Unaudited)</b>	<b>Three months ended June 30,</b>		<b>Six months ended June 30,</b>		<b>Cumulative from date of inception to June 30,</b>
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>
<b>Cash flows provided by (used in) operating activities</b>					
Net loss for the period	\$ (150,517)	\$ (3,748,187)	\$ (308,123)	\$ (3,908,070)	\$ (8,280,969)
Adjustments for:					
Amortization	2,612	2,770	5,224	5,470	35,217
Write-off of exploration costs ( <i>note 6</i> )	11,097	3,369,317	12,776	3,374,406	6,164,565
Stock-based compensation	-	230,964	-	232,965	1,261,986
Future tax recovery	-	-	-	-	(2,322,683)
Changes in non-cash working capital items ( <i>note 14</i> )	(383,775)	(456,743)	411,596	(318,269)	(1,413,181)
	<b>(520,583)</b>	<b>(601,879)</b>	<b>121,473</b>	<b>(613,498)</b>	<b>(4,555,065)</b>
<b>Cash flows used in investing activities</b>					
Acquisition of property and equipment	-	(930)	-	(1,649)	(266,422)
Exploration properties and deferred exploration expenditures	(378,493)	(59,345)	(1,611,481)	(1,156,751)	(15,542,066)
	<b>(378,493)</b>	<b>(60,275)</b>	<b>(1,611,481)</b>	<b>(1,158,400)</b>	<b>(15,808,488)</b>
<b>Cash flows provided by financing activities</b>					
Proceeds from issuance of shares, net of costs	1,219,440	-	1,219,440	-	21,528,763
<b>Change in cash</b>	<b>320,364</b>	<b>(662,154)</b>	<b>(270,568)</b>	<b>(1,771,898)</b>	<b>1,165,210</b>
Cash, beginning of period	1,012,146	1,290,898	1,603,078	2,400,642	167,300
<b>Cash, end of period</b>	<b>\$ 1,332,510</b>	<b>\$ 628,744</b>	<b>\$ 1,332,510</b>	<b>\$ 628,744</b>	<b>\$ 1,332,510</b>
<b>Supplemental cash flow information</b>					
Shares issued on acquisition of property	\$ -	\$ -	\$ -	\$ -	\$ 2,037,370
Stock-based compensation capitalized to exploration properties	\$ -	\$ -	\$ -	\$ -	\$ 66,972
Flow-through taxes paid	\$ -	\$ -	\$ 2,261	\$ 47,874	\$ 182,931
Income tax paid	\$ 1,700	\$ -	\$ 1,700	\$ -	\$ 31,886

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

**COGITORE RESOURCES INC.**  
**(A Development Stage Company)**  
**Notes to Interim Financial Statements**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**  
**Three and Six Months Ended June 30, 2010**

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**1. NATURE OF OPERATIONS AND GOING CONCERN**

Cogitore Resources 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 unaudited interim 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 \$8,302,290 and net current assets of \$2,347,070 as at June 30, 2010.

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. There is, however, no assurance that any such initiatives will be 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 unaudited interim 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. On April 30, 2010 the Company completed (i) a non-brokered private placement with accredited investors of 2,000,000 flow-through common shares at a price of \$0.35 per flow-through common share for aggregate gross proceeds of \$700,000, and (ii) a non-brokered private placement with accredited investors of 1,933,335 units at a price of \$0.30 per unit for aggregate gross proceeds of \$580,000. Each unit consisted 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 date (see *note 8*).

**2. SUMMARY OF PRESENTATION AND ACCOUNTING POLICIES**

The unaudited interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") for interim financial information. Accordingly, they do not include all of the information and notes to the financial statements required by Canadian GAAP for annual financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Operating results for the three and six months ended June 30, 2010 may not necessarily be indicative of the results that may be expected for the year ending December 31, 2010.

The balance sheet at December 31, 2009 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by Canadian GAAP for annual financial statements. The unaudited interim financial statements have been prepared by management in accordance with the accounting policies described in the Company's annual audited financial statements for the year ended December 31, 2009. For further information, refer to the audited financial statements and notes thereto for the year ended December 31, 2009.

**COGITORE RESOURCES INC.**  
**(A Development Stage Company)**  
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**(Expressed in Canadian Dollars)**  
**(Unaudited)**  
**Three and Six Months Ended June 30, 2010**

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**2. SUMMARY OF PRESENTATION AND ACCOUNTING POLICIES (Continued)**

**Future accounting changes**

**International Financial Reporting Standards ("IFRS")**

In January 2006, the CICA's Accounting Standards Board ("AcSB") formally adopted the strategy of replacing Canadian GAAP with IFRS for Canadian enterprises with public accountability. On February 13, 2008, the AcSB confirmed that publicly accountable, profit oriented enterprises will be required to report under IFRS for interim and annual financial statements for periods commencing on or after January 1, 2011. Accordingly, the Company will be required to have prepared, in time for its fiscal 2011 first quarter filing, comparative financial statements in accordance with IFRS for the three months ended March 31, 2010. This will be an ongoing process as the International Accounting Standards Board and the AcSB continue to issue new standards and recommendations. The Company is in the process of evaluating the potential impact of IFRS on its financial statements. Based on the current guidance provided regulatory bodies, it is anticipated that the Company's financial results and position as disclosed in its current Canadian GAAP financial statements will not differ significantly from that which is required in accordance with IFRS.

***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 June 30, 2010, total shareholders' equity (managed capital) was \$11,948,185 (December 31, 2009 - \$11,465,091).

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.

**COGITORE RESOURCES INC.**  
**(A Development Stage Company)**  
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**(Expressed in Canadian Dollars)**  
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**Three and Six Months Ended June 30, 2010**

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**3. CAPITAL MANAGEMENT (Continued)**

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 three and six months ended June 30, 2010. 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.

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 June 30, 2010. The Company has not yet received the 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.

**COGITORE RESOURCES INC.**  
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**Three and Six Months Ended June 30, 2010**

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

(b) Financial risk factors (Continued)

**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 June 30, 2010, the Company had a cash balance of \$1,332,510 (December 31, 2009 - \$1,603,078) to settle current liabilities of \$324,725 (December 31, 2009 - \$734,869). 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.

**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 are also equal to fair value.

As of June 30, 2010, both the carrying and fair value amounts of the Company's financial instruments are approximately equivalent.

**COGITORE RESOURCES INC.**  
**(A Development Stage Company)**  
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**(Expressed in Canadian Dollars)**  
**(Unaudited)**  
**Three and Six Months Ended June 30, 2010**

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

**Sensitivity analysis (Continued)**

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a six 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 June 30, 2010, 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. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

**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 June 30, 2010.

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Cash	\$ 1,332,510	\$ -	\$ -	\$ 1,332,510
Restricted Cash	30,000	-	-	30,000
	<b>\$ 1,362,510</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,362,510</b>

**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.

**COGITORE RESOURCES INC.**  
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**6. EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES**

<b>2010</b>	<b>Balance January 1,</b>	<b>Additions</b>	<b>Write-off</b>	<b>Balance June 30,</b>
Estrades Property	\$ 1,531,606	\$ 287,125	\$ -	\$ 1,818,731
Lemoine Property	2,570,136	2,401	-	2,572,537
Inmet Back-In Properties	-	12,776	(12,776)	-
Scott Lake Project	4,594,904	745,823	-	5,340,727
Normetal West Project	841,439	21,183	-	862,622
Caribou Project	725,052	542,173	-	1,267,225
<b>Total</b>	<b>\$ 10,263,137</b>	<b>\$ 1,611,481</b>	<b>\$ (12,776)</b>	<b>\$ 11,861,842</b>

<b>2009</b>	<b>Balance January 1,</b>	<b>Additions</b>	<b>Write-offs</b>	<b>Balance December 31,</b>
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
<b>Total</b>	<b>\$ 12,219,237</b>	<b>\$ 1,450,188</b>	<b>\$ (3,406,288)</b>	<b>\$ 10,263,137</b>

On a quarterly basis, management of the Company reviews exploration costs to ensure deferred exploration expenditures include only costs and projects that are eligible for capitalization, and reviews all projects to determine if any impairment is necessary. During the quarter, the Company entered into a property option agreement with Vismand Exploration Inc. ("Vismand"), a privately-owned Canadian corporation focused on base metal exploration, whereby Vismand has the option to acquire a 50% interest in the Normetal West Property (the "Property", or "Normetal West"). See note 16.

**7. PROPERTY AND EQUIPMENT**

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Carrying Amount June 30, 2010</b>
Computer equipment	\$ 5,111	\$ 3,553	\$ 1,558
Office equipment	5,120	2,229	2,891
Site building	256,191	29,435	226,756
	<b>\$ 266,422</b>	<b>\$ 35,217</b>	<b>\$ 231,205</b>

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

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**8. CAPITAL STOCK**

Authorized  
 Unlimited common shares

Issued - 57,280,888 common shares

	<b>Shares</b>	<b>Amount</b>
<b>Balance, December 31, 2009</b>	<b>53,347,553</b>	<b>\$ 16,512,478</b>
Private placement - flow-through common shares (ii)	2,000,000	700,000
Private placement - non-flow-through (ii)	1,933,335	580,000
Warrants valuation	-	(140,831)
Costs of issue	-	(60,560)
Flow-through tax effect (i)	-	(428,223)
<b>Balance, June 30, 2010</b>	<b>57,280,888</b>	<b>\$ 17,162,864</b>

(i) The Company filed renouncement documents with the tax authorities pertaining to the flow-through shares it had issued in fiscal 2009. As a result of this renunciation, capital stock decreased and long-term future income tax liability increased by \$428,223.

(ii) On April 30, 2010, the Company completed a non-brokered private placement of 2,000,000 flow-through common shares for aggregate gross proceeds of \$700,000, and a non-brokered private placement of 1,933,335 units for aggregate gross proceeds of \$580,000. Each unit consisted 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 date.

The fair value of the 966,668 warrants have been estimated using the Black-Scholes option pricing model to be \$140,831. The following weighted average assumptions were used: expected dividend yield - 0%; expected volatility - 161.76%; estimated risk-free interest rate - 1.81%; and an expected average life of 1.5 years.

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**9. STOCK OPTIONS**

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

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2009	3,892,000	\$ 0.37
Expired/Cancelled	(470,000)	0.67
<b>Balance, June 30, 2010</b>	<b>3,422,000</b>	<b>\$ 0.33</b>

As at June 30, 2010, the Company had the following stock options outstanding and exercisable:

Exercise price	<u>Outstanding Options</u>			<u>Exercisable Options</u>	
	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	3.91	\$ 0.15	2,105,000	\$ 0.15
\$0.50 to \$0.59	670,000	2.35	0.55	670,000	0.55
\$0.60 to \$0.70	450,000	0.32	0.60	450,000	0.60
\$0.80 to \$0.95	197,000	1.38	0.87	197,000	0.87
	3,422,000	2.98	\$ 0.33	3,422,000	\$ 0.33

**10. WARRANTS**

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2009	-	\$ 0.00
Issued	966,668	0.45
<b>Balance, June 30, 2010</b>	<b>966,668</b>	<b>\$ 0.45</b>

As at June 30, 2010, the Company had the following warrants outstanding:

Fair Value	Number of Warrants	Exercise Price	Expiry Date
\$ 140,831	966,668	\$0.45	October 30, 2011

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**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 three and six months ended June 30, 2010, the Company paid/accrued \$12,500 and \$25,000, respectively (three and six months ended June 30, 2009 - \$nil) to 2142058 Ontario Inc., a company controlled by an officer of the Company, for management services provided to the Company.

A number of insiders participated in the non-brokered private placement of flow-through common shares, thereby making the transaction a "related party transaction". Insiders, including officers and directors of the Company, subscribed for a total of 296,831 common shares of the Company. The non-brokered private placement of flow-through common shares was unanimously approved by the directors of the Company, with the directors participating in the non-brokered flow-through private placement disclosing their interest and abstaining from voting with respect thereto.

**12. 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	\$	32,043
2011		<u>26,703</u>
	\$	<u>58,746</u>

- (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	\$	32,000
2011		64,000
2012		64,000
2013		<u>32,000</u>
	\$	<u>192,000</u>

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**13. GENERAL AND ADMINISTRATIVE EXPENSE DISCLOSURE**

	Three months ended		Six months ended		Cumulative from date of inception to June 30, 2010
	June 30,		June 30,		
	2010	2009	2010	2009	
Interest and bank charges	\$ 663	\$ 535	\$ 963	\$ 1,376	\$ 18,551
Flow-through taxes paid	200	456	(279)	1,836	180,391
Consulting fees	-	-	-	-	46,402
Office and general	17,445	7,235	28,777	20,163	291,902
Transfer agent, listing and filing fees	2,606	6,460	13,114	16,234	176,557
Salaries and benefits	31,545	32,651	55,276	60,351	573,421
Rent	14,758	12,371	27,767	28,821	147,099
Shareholder/investor relations	18,156	38,836	56,930	91,492	484,065
New project development	2,358	1,918	10,458	2,328	331,964
Capital tax	-	-	-	-	27,493
<b>Total</b>	<b>\$ 87,731</b>	<b>\$ 100,462</b>	<b>\$ 193,006</b>	<b>\$ 222,601</b>	<b>\$ 2,277,845</b>

**14. SUPPLEMENTAL CASH FLOW INFORMATION**

	Three months ended		Six months ended		Cumulative from date of inception to June 30, 2010
	June 30,		June 30,		
	2010	2009	2010	2009	
<b>Change in non-cash working capital items:</b>					
(Increase) decrease in sundry receivables and prepaid expenses	\$ 22,226	\$ 137,364	\$ (81,575)	\$ 153,839	\$ (110,130)
Decrease (increase) in Quebec refundable tax credit and mining duty refund	-	(211,932)	153,315	(211,932)	(1,150,751)
Increase in restricted cash (non-current)	-	-	-	-	(30,000)
Decrease in restricted cash (current)	-	-	750,000	-	-
Decrease in accounts payable and accrued liabilities	(406,001)	(382,175)	(410,144)	(230,190)	(122,300)
Decrease in income tax payable	-	-	-	(29,986)	-
	<b>\$ (383,775)</b>	<b>\$ (456,743)</b>	<b>\$ 411,596</b>	<b>\$ (318,269)</b>	<b>\$ (1,413,181)</b>

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**15. COMPARATIVE INFORMATION**

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

**16. SUBSEQUENT EVENT**

On July 6, 2010, the Company entered into an option agreement (the "Agreement") with Vismand, a privately-owned Canadian corporation focused on base metal exploration, whereby Vismand has the option to acquire a 50% interest in the Property located in Perron township in the Province of Quebec and in the townships of Adair and Abbotsford in the Province of Ontario.

Under the terms of the Agreement, Vismand has an option to acquire a 50% interest in the Property by incurring an aggregate amount of \$1,275,000 in exploration and development expenditures on the Property and by making an aggregate of \$150,000 in earn-in payments. In order to maintain and exercise its option, Vismand must (i) incur expenditures as follows: (a) \$58,000 on or before November 30, 2010; (b) \$942,000 on or before the first anniversary of the effective date of the Agreement; and (c) \$275,000 on or before the second anniversary of the Effective Date; and (ii) make earn-in payments totalling \$150,000 to the Company as follows: (a) \$25,000 on the effective date of the Agreement; (b) \$25,000 on or before the first anniversary of the effective date of the Agreement; (c) \$25,000 on or before the second anniversary of the effective date of the Agreement; and (d) \$75,000 on or before 180 days following the second anniversary of the effective date of the Agreement.

If Vismand exercises its 50% option in the Property, the Company and Vismand will form a joint venture for the further exploration and development of the Property, with each party bearing its proportionate share of costs. If the interest of either party in the Property falls to 15% or less, it will revert to a 1% net smelter return royalty, but only if such party has contributed at least \$2,000,000 in expenditures or joint venture funding at the time of the reduction of such participating interest in the Property.

Completion of the transaction contemplated in this release is subject to certain conditions, including, without limitation, completion of satisfactory due diligence by Vismand with respect to the Property and receipt of all necessary regulatory approvals.