Consolidated Financial Statements of

ANDINA MINERALS INC.

(An Exploration Stage Company)

For The Years Ended

December 31, 2009 and 2008

(in US$)

Tuesday, March 09, 2010

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Andina Minerals Inc. were prepared by management in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”). Management acknowledges responsibility for the preparation and presentation of the consolidated 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 notes 2 and 3 to the consolidated financial statements.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

PricewaterhouseCoopers LLP, the Company’s independent auditors, conduct an audit of the consolidated financial statements in accordance with Canadian generally accepted auditing standards. Their audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. As well, they make an assessment of the accounting principles used and significant estimates made by management and they evaluate the overall financial statement presentation.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The members of the Audit Committee are independent. The Audit Committee meets with management to review the internal controls over the financial reporting process, the consolidated financial statements and the auditors’ report. The Audit Committee also reviews the Company's Management’s Discussion and Analysis to ensure that the financial information reported therein is consistent with the information presented in the financial statements. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements 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) "George M. Bee"	(Signed) "Keith D. McKay"
President and Chief Executive Officer	Chief Financial Officer

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers LLP
Chartered Accountants
North American Centre
5700 Yonge Street, Suite 1900
North York, Ontario
Canada M2M 4K7
Telephone +1 416 218 1500
Facsimile +1 416 218 1499

March 9, 2010

Auditors' Report

To the Shareholders of
Andina Minerals Inc.

We have audited the consolidated balance sheets of **Andina Minerals Inc.** as at December 31, 2009 and 2008 and the consolidated statements of operations and comprehensive loss, deficit 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 then 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.

ANDINA MINERALS INC.

(An Exploration Stage Company)

CONSOLIDATED BALANCE SHEETS

(in US$)

As at	**December 31, 2009**	December 31, 2008
		(Restated - Note 3(a))
ASSETS		
Current Assets		
Cash and cash equivalents *(note 14)*	**$ 43,893,941**	$ 15,809,283
Marketable securities *(note 4)*	**149,861**	150,859
Accounts receivable and prepaid expenses	**194,376**	268,185
	44,238,178	16,228,327
Mineral Properties *(notes 5 and 6)*	**66,260,282**	49,833,044
Property, Plant and Equipment *(note 7)*	**70,785**	17,072
Intangible Assets *(notes 3(a) and 8)*	**26,582,786**	26,582,786
	$ 137,152,031	$ 92,661,229
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	**$ 3,350,969**	$ 703,934
Common Shares To Be Issued *(note 5)*	**1,500,000**	-
	4,850,969	703,934
SHAREHOLDERS' EQUITY		
Share Capital *(note 9(a))*	**128,687,651**	94,479,486
Warrants *(note 9(b))*	**7,920,578**	3,929,021
Contributed Surplus *(note 9(c))*	**7,200,720**	3,330,110
Deficit	**(11,507,887)**	(9,781,322)
	132,301,062	91,957,295
	$ 137,152,031	$ 92,661,229

Going Concern *(note 1)*
Subsequent Events *(note 16)*

See accompanying notes to financial statements

On behalf of the Board:

(Signed) "T. Sean Harvey" — Director

(Signed) "R. Gregory Laing" — Director

ANDINA MINERALS INC.

(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(in US$)

For the years ended	**December 31, 2009**	December 31, 2008	Cumulative since inception
Expenses			
Salaries, benefits and director fees	**$ 1,718,830**	$ 885,882	$ 3,434,497
General and administrative	**337,554**	281,656	1,123,396
Travel	**294,599**	160,933	650,194
Regulatory and shareholder information	**209,728**	265,615	941,801
Legal and audit	**193,273**	189,453	726,337
Consulting fees	**300,558**	222,667	862,475
Amortization	**10,636**	7,437	70,797
Stock-based compensation *(notes 9(c) and 14)*	**737,862**	568,767	3,623,957
Mineral properties written off	**-**	1,586,694	4,991,556
	3,803,040	4,169,104	16,425,010
Other income (expense)			
Foreign exchange gain (loss)	**1,382,763**	(2,800,178)	1,522,209
Interest income	**46,422**	519,020	2,231,180
Unrealized loss on marketable securities held for trading *(note 4)*	**(998)**	(105,735)	(106,733)
	1,428,187	(2,386,893)	3,646,656
Loss before income taxes	**(2,374,853)**	(6,555,997)	(12,778,354)
Future income tax recovery *(note 10)*	**648,288**	-	1,270,467
Net loss and comprehensive loss for the year	**$ (1,726,565)**	$ (6,555,997)	$ (11,507,887)
Net loss per share *(note 11)*:			
Basic and fully diluted	**$ (0.02)**	$ (0.09)	

See accompanying notes to financial statements

CONSOLIDATED STATEMENTS OF DEFICIT

(in US$)

For the years ended	**December 31, 2009**	December 31, 2008
Deficit, beginning of year	**$ (9,781,322)**	$ (3,225,325)
Net loss for the year	**(1,726,565)**	(6,555,997)
Deficit, end of year	**$ (11,507,887)**	$ (9,781,322)

See accompanying notes to financial statements

ANDINA MINERALS INC.

(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in US$)

For the years ended	**December 31, 2009**	December 31, 2008	Cumulative since inception
Cash provided by (used in)			
Operations			
Net loss for the year	**$ (1,726,565)**	$ (6,555,997)	$ (11,507,887)
Items not involving cash:			
Amortization	**10,636**	7,437	70,797
Mineral properties written off	**-**	1,586,694	4,991,556
Unrealized loss (gain) on foreign exchange	**(988,121)**	2,304,382	(988,121)
Unrealized loss on marketable securities held for trading *(note 4)*	**998**	105,735	106,733
Stock-based compensation *(notes 9(c) and 14)*	**737,862**	568,767	3,623,957
Future income tax recovery	**(648,288)**	-	(1,270,467)
Change in non-cash working capital:			
Accounts receivable and prepaid expenses	**73,809**	(220,067)	(153,604)
Accounts payable and accrued liabilities	**493,203**	37,527	1,117,476
	(2,046,466)	(2,165,522)	(4,009,560)
Investing			
Mineral properties *(note 5)*	**(9,845,176)**	(15,978,702)	(47,464,357)
Option payments received and acquisition costs *(note 5)*	**-**	-	(9,006,508)
Property, plant and equipment	**(64,349)**	(28,498)	(280,855)
Cash acquired on reverse takeover *(note 1)*	**-**	-	271,547
	(9,909,525)	(16,007,200)	(56,480,173)
Financing			
Issuance of common shares and warrants for cash	**38,064,088**	-	79,136,305
Exercise of warrants *(note 9(b))*	**-**	10,577,730	22,027,516
Exercise of options *(note 9(c))*	**988,440**	519,166	2,087,378
Loans	**-**	-	144,354
	39,052,528	11,096,896	103,395,553
Change in cash and cash equivalents	**27,096,537**	(7,075,826)	42,905,820
Unrealized foreign exchange gain (loss)	**988,121**	(2,304,382)	988,121
Cash and cash equivalents, beginning of year	**15,809,283**	25,189,491	-
Cash and cash equivalents, end of year	**$ 43,893,941**	$ 15,809,283	$ 43,893,941

Supplementary Cash Flow Information *(note 14)*

See accompanying notes to financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN BASIS OF ACCOUNTING

Andina Minerals Inc. (the "Company") was incorporated on January 23, 2001 under the Business Corporations Act (Alberta) as CastleRock Capital Inc. ("Castlerock"). Effective December 31, 2004, Castlerock acquired all the outstanding shares of Andina Minerals Inc. ("Holdings") in a reverse takeover transaction. In conjunction with the acquisition of Holdings, Castlerock changed its name to Andina Minerals Inc. and Holdings changed its name to Andina Holdings Inc.

The Company is engaged in the business of acquiring, exploring and developing gold properties, with interests primarily in Chile. To date the Company has not earned any revenue and is considered to be in the exploration stage and has started development planning on its Volcan property in Chile.

These financial statements have been prepared using Canadian GAAP applicable to a going concern, which assumes continuity of operations and realization of assets and settlement of liabilities in the normal course of business for the foreseeable future, which is at least, but not limited to, one year from December 31, 2009. However, the Company is in the exploration stage and is subject to risks and challenges similar to companies in a comparable stage of development. These risks include the challenges of securing adequate capital in view of exploration, development and operational risks inherent in the mining industry and global economic and gold price volatility. As a result of these circumstances, there is significant doubt as to the appropriateness of the going concern presumption. There is no assurance that the Company's funding initiatives will continue to be successful and 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 were the going concern assumption inappropriate. These adjustments could be material.

The recoverability of the amounts shown for mineral properties is dependent upon the ability of the Company to obtain the necessary financing to complete the exploration and development and upon future profitable production or proceeds from the disposition of properties. The Company will have to raise additional funds to complete the development phase of its programs and, while it has been successful in doing so in the past, there can be no assurance that it will be able to do so in the future.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada. A summary of the Company's significant policies is set out below:

(a) Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, which are expressed in United States dollars, and are prepared in accordance with Canadian GAAP. The consolidated financial statements include the assets, liabilities, revenues and expenses of its wholly-owned subsidiaries: Andina Holdings Inc. and Andina Minerals Chile Ltda. The Company's principal subsidiary, Andina Minerals Chile Ltda is located in Chile.

(b) Use of Estimates

The preparation of the consolidated financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions, in particular in respect of mineral properties, property, plant and equipment, amortization, warrants, stock-based compensation, and accrued liabilities and contingencies that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Translation of Foreign Currencies

The accounts of the foreign operations have been translated using the temporal method for foreign integrated operations. The functional currency of the Company is United States dollars, as the Company considers the United States dollar to be the principal currency of its operations. Under the temporal method, monetary assets and liabilities have been translated at the end of year exchange rates. Non-monetary assets, which primarily comprise of mineral properties and property, plant and equipment, have been translated using historic rates of exchange. Revenues and expenses have been translated at the average rates of exchange during the period. Foreign exchange gains and losses on monetary assets and liabilities are included in the determination of earnings.

(d) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, balances with banks, and money market investments with maturities of three months or less issued by major banks and which are readily convertible to cash.

(e) Marketable Securities

The Company has classified its investments in equity instruments as held for trading. The criteria for designating items as held for trading include financial assets that were acquired principally with the intention of generating a profit from price fluctuation.

(f) Mineral Properties

The Company considers its exploration costs to have the characteristics of property, plant and equipment. As such, the Company defers all exploration costs, including acquisition costs, field exploration and field supervisory costs relating to specific properties until those properties are brought into production, at which time, they will be amortized on a unit-of-production basis based on proven and probable reserves or until the properties are abandoned, sold or considered to be impaired in value, at which time, an appropriate charge will be made. The Company reviews the carrying values of its mineral properties on a regular basis by reference to project economics including the timing of the exploration and development work and the work programs and exploration results experienced by the Company and others. When an assessment is made that the carrying value of a property will not be recovered, then the carrying amount is written down to its fair value. An impairment loss charged to operations is measured as the amount by which the carrying value exceeds its fair value.

(g) Property, Plant and Equipment

Office equipment is recorded at cost net of accumulated amortization. Amortization is recorded using a straight-line method based on the estimated future lives of the assets of two years for exploration equipment and four years for office equipment.

(h) Warrants

The Company accounts for warrants using the fair value method. Under this method, the value of warrants is measured at fair value at the grant date using the Black-Scholes option pricing model, using the management assumptions disclosed in note 9(b), and recorded as share capital when the warrants are exercised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Stock-based Compensation

The Company accounts for stock options and warrants at fair value pursuant to CICA Handbook section 3870, which established standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments. Compensation expense for options granted to directors, officers, employees and consultants are determined based on estimated fair values of the options at the time of grant using the Black-Scholes option pricing model using the management assumptions disclosed in note 9(c). The fair value is recorded as an expense over the vesting period of the respective options, or capitalized to mineral properties for grants to individuals working directly on mineral properties, with a corresponding increase to contributed surplus. 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 share capital. Forfeitures of stock options are recognized as incurred.

(j) Income Taxes

Income taxes are calculated using the asset and liability method of tax accounting. Under this method of tax allocation, future income tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities. Future income tax assets and liabilities are measured using the enacted tax rates expected to be in effect when the temporary differences are likely to reverse. The effect on future income tax assets and liabilities resulting from a change in enacted tax rates is included in income in the year in which the change is enacted or substantively enacted. Future income tax assets, if recorded, will recognize tax benefits only to the extent that, based on available evidence, it is more likely than not they will be realized.

(k) Financial Instruments

All financial instruments have been classified into one of the following categories: held for trading, held to maturity, loans and receivables, available for sale financial assets and other financial liabilities. The Company has designated its cash and cash equivalents and marketable securities as held for trading, which are measured at their fair value with all gains and losses included in the net income (loss) for the period in which they arise. Accounts receivable are classified as loans and receivables and recorded at amortized cost using the effective interest rate method. Accounts payable and accrued liabilities and advances for exploration work are classified as other financial liabilities and recorded at amortized cost using the effective interest rate method. The carrying amount of accounts receivable, accounts payable and accrued liabilities represents their fair value due to their short-term nature.

(l) Per Share Information

Per share information is calculated by dividing net loss by the weighted average number of common shares outstanding during the year. Diluted per share information is calculated using the treasury stock method for options and warrants. The treasury stock method assumes that any proceeds obtained upon the exercise of options and warrants be used to purchase common shares at an average market price during the year.

3. NEW ACCOUNTING POLICIES AND FUTURE ACCOUNTING PRONOUNCEMENTS

(a) New Accounting Policies

The Company adopted the following Canadian Institute of Chartered Accountants ("CICA") standards commencing January 1, 2009:

Section 3064 - Goodwill and Intangible Assets

This new Section replaces Section 3062, Goodwill and Other Intangible Assets and provides guidance on the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The new Section specifically excludes mining activities related to prospecting, acquisition of mineral rights, exploration, drilling and mineral development from being considered as intangible assets, as existing Section 3061, Property, Plant and Equipment, contains standards for measurement, presentation and disclosure of mining properties. The new standard applies to annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008 with retroactive application.

The Company has adopted this accounting policy on a retroactive basis and has identified the water rights for the Volcan property, having a value of $26,582,786, as an intangible asset with an indefinite useful life. As a result, the water rights assigned value of $26,582,786 have been reclassified from Mineral Properties to Intangible Assets as at December 31, 2008, having no impact on the Company's consolidated statement of operations *(notes 5 and 8)*.

Emerging Issues Committee ("EIC") 173 - Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

In January 2009, the CICA issued EIC-173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities. The EIC provides guidance on how to take into account credit risk of an entity and counterparty when determining the fair value of financial assets and financial liabilities, including derivative instruments. This EIC applies to interim and annual financial statements relating to periods beginning on or after January 1, 2009. Adoption of this EIC did not have any effect on the Company's consolidated financial statements.

EIC-174 - Mining Exploration Costs

In March 2009, the CICA issued EIC-174, Mining Exploration Costs. This EIC provides guidance on the accounting and the impairment review of exploration costs. Adoption of this EIC did not result in a significant impact to the Company's consolidated financial statements.

Amendment to Section 3862 - Financial Instruments – Disclosures

During 2009, CICA Handbook Section 3862, Financial Instruments – Disclosures, was amended to require disclosures about the inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of the fair value hierarchy are:

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

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

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

See note 13(a) for the relevant disclosures.

3. NEW ACCOUNTING POLICIES AND FUTURE ACCOUNTING PRONOUNCEMENTS (continued)

(b) Future Accounting Pronouncements

Sections 1582 - Business Combinations, 1601 - Consolidated Financial Statements, and 1602 - Non-Controlling Interest

In January 2009, the CICA issued Section 1582, Business Combinations, Section 1601, Consolidated Financial Statements, and Section 1602, Non-Controlling Interests. These sections replace the former Section 1581, Business Combinations, and Section 1600, Consolidated Financial Statements, and establish a new section for accounting for a non-controlling interest in a subsidiary.

Sections 1582 and 1602 will require net assets, non-controlling interests and goodwill acquired in a business combination to be recorded at fair value and non-controlling interests will be reported as a component of equity. In addition, the definition of a business is expanded and is described as an integrated set of activities and assets that are capable of being managed to provide a return to investors or economic benefits to owners. Acquisition costs are not part of the consideration and are to be expensed when incurred. Section 1601 establishes standards for the preparation of consolidated financial statements.

These new sections apply to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year. All three sections must be adopted concurrently. The Company is currently evaluating the impact of the adoption of these sections.

4. MARKETABLE SECURITIES

	December 31, 2009		December 31, 2008	
	Fair value	**Cost**	Fair value	Cost
Marketable securities - held for trading *(note 5)*	**$ 149,861**	**$ 256,594**	$ 150,859	$ 256,594

5. MINERAL PROPERTIES

All of the Company's mineral properties are located in Chile, except for the Quitovac property, which is located in Mexico.

On May 20, 2009, the Company acquired mineral concessions surrounding its Volcan property in Region III, Chile, from Barrick Gold Corporation for consideration $4,160,400 paid through the issuance of 2,000,000 common shares valued at $2,660,400, and a second instalment of common shares worth $1,500,000 payable one year from closing, determined using the weighted average trading price of Andina common shares in the 20 trading days leading up to and ending on the trading day immediately prior to the one-year anniversary from closing, and a net smelter return royalty of 1.5% on any metals produced from the property should they be developed. The Company has recorded $1,500,000 as common shares to be issued and has classified this as a liability on the balance sheet and also incurred $36,699 in share issuance costs related to the transaction.

During 2008, the Company acquired water rights for the Volcan property by issuing a private Chilean company 6,700,000 common shares valued at $26,582,786. These water rights have been reclassified as an Intangible Asset with an indefinite useful life under the new CICA Section 3064, Goodwill and Intangible Assets *(notes 3(a) and 8)*.

5. MINERAL PROPERTIES (continued)

During 2008, the Company entered into an agreement with Hochschild Mining plc, (“Hochschild”) whereby Hochschild can earn up to a 60% interest in the Encrucijada property. Hochschild paid the Company $500,000 upon signing and can earn a 51% interest in the Encrucijada property by spending $3,000,000 on exploration over a 36 month period ending January 31, 2011. Upon completion of the exploration expenditures, the two companies may form a partnership to continue exploring the property with Hochschild owning a 51% interest and the Company having a 49% interest. Hochschild may increase its interest in the partnership to 60% by funding the first $3,500,000 towards a feasibility study within 36 months of the formation of the partnership. Andina also retains a net smelter return royalty from Hochschild on the Encrucijada property, which varies based on the gold price.

Prior to 2008, the Company signed an agreement under which certain third parties could earn a 50% interest in the Pampa Buenos Aires ("PBA") property by completing exploration expenditures of $250,000 on the PBA property and issuing common shares to the Company. During 2008, these rights were assigned to Iron Creek Capital Corp. ("Iron Creek"). In July 2008, the Company agreed to amend the terms of the agreement to recognize that Iron Creek had spent the required $250,000 on exploration expenditures on the PBA property and called for a reimbursement of $197,835 in cash for the Company's previous purchase of the various contractual rights owned by the former landowner, and the issuance of 525,000 Iron Creek common shares to the Company. At the time of receipt, the 525,000 shares of Iron Creek had a fair market value of $256,594 and are recognized in marketable securities.

During 2008, all costs associated with the Anocarire, Valeriano and Quitovac properties were written off as the Company determined not to proceed with further exploration on these mineral properties. The Anocarire and Valeriano properties’ option agreements were terminated as a result.

Property	Balance December 31, 2008 *(Restated - Note 3(a))*	Option payments and acquisition costs	Exploration costs	Development planning costs	Costs written off	Balance December 31, 2009
Encrucijada	$ 743,248	$ -	$ 29,074	$ -	$ -	$ 772,322
PBA	1,437,878	-	46,654	-	-	1,484,532
Volcan	47,651,918	4,160,400	10,268,875	1,922,235	-	64,003,428
	$ 49,833,044	$ 4,160,400	$ 10,344,603	$ 1,922,235	$ -	$ 66,260,282

Property	Balance December 31, 2007	Option payments and acquisition costs	Property payments received	Exploration costs	Costs written off	Balance December 31, 2008
Anocarire	$ 944,792	$ -	$ -	$ 96,385	$ (1,041,177)	$ -
Encrucijada	1,091,604	-	(500,000)	151,644	-	743,248
PBA	1,163,355	-	(454,429)	728,952	-	1,437,878
Valeriano	202,530	-	-	181,574	(384,104)	-
Volcan	33,522,701	-	-	14,129,217	-	47,651,918
	36,924,982	-	(954,429)	15,287,772	(1,425,281)	49,833,044
Quitovac	95,000	-	-	66,413	(161,413)	-
	$ 37,019,982	$ -	$ (954,429)	$ 15,354,185	$ (1,586,694)	$ 49,833,044

5. MINERAL PROPERTIES (continued)

Deferred exploration costs on the Chilean minerals properties are comprised as follows:

Deferred Exploration Costs For The Year Ended December 31, 2009

Property	Drilling	Exploration staff	Trenching	Value added tax	Assaying	Field costs	Other	Total
Encrucijada	$ -	$ -	$ -	$ 34	$ -	$ 183	$ 28,857	$ 29,074
PBA	-	-	-	4	-	291	46,359	46,654
Volcan	2,150,614	2,419,426	712,426	981,226	190,677	1,157,467	2,657,039	10,268,875
	$ 2,150,614	$ 2,419,426	$ 712,426	$ 981,264	$ 190,677	$ 1,157,941	$ 2,732,255	$ 10,344,603

Deferred Exploration Costs For The Year Ended December 31, 2008

Property	Drilling	Exploration staff	Trenching	Value added tax	Assaying	Field costs	Other	Total
Anocarire	$ -	$ 6,696	$ 20,203	$ 480	$ -	$ 3,943	$ 65,063	$ 96,385
Encrucijada	-	-	-	12,402	7,208	529	131,505	151,644
PBA	344,887	56,077	-	-	98,195	39,155	190,638	728,952
Valeriano	-	-	-	-	-	-	181,574	181,574
Volcan	5,050,718	2,629,980	750,988	1,643,216	572,063	1,485,225	1,997,027	14,129,217
	$ 5,395,605	$ 2,692,753	$ 771,191	$ 1,656,098	$ 677,466	$ 1,528,852	$ 2,565,807	$ 15,287,772

6. MINERAL PROPERTY COMMITMENTS

With respect to the Volcan property, there is no payment or royalty payable on the first 2 million ounces of gold produced from the Volcan property. A payment of $5 per ounce is due on any mined ounces of gold between 2 million and 4 million ounces. A net smelter return royalty of 1.0% is payable on production exceeding 4 million ounces of gold. A net smelter return royalty of 1.5% is also payable on any metals produced from the mineral concessions acquired from Barrick Gold Corporation should they be developed *(note 5)*. None of the Company's other properties have any payments or royalties payable on them.

None of the Company's properties have exploration expenditure commitments.

7. PROPERTY, PLANT AND EQUIPMENT

	2009		
	Cost	**Accumulated amortization**	**Net**
Office equipment	**$ 97,272**	**$ 26,487**	**$ 70,785**

7. PROPERTY, PLANT AND EQUIPMENT (continued)

	2008		
	Cost	Accumulated Amortization	Net
Exploration equipment	$ 143,856	$ 143,856	$ -
Office equipment	33,829	16,757	17,072
	$ 177,685	$ 160,613	$ 17,072

8. INTANGIBLE ASSETS

	2009	2008
	Cost and Net	Cost and Net
Water rights	**$ 26,582,786**	$ 26,582,786

During 2008, the Company acquired water rights for the Volcan property by issuing a private Chilean company 6,700,000 common shares valued at $26,582,786. These water rights have been reclassified as an Intangible Asset with an indefinite useful life under the new CICA Section 3064, Goodwill and Intangible Assets *(notes 3(a) and 5)*.

9. SHARE CAPITAL

(a) Common Shares

Authorized Capital - Unlimited common shares and unlimited preferred shares, issuable in series.

Issued

	Number of shares	**Capital stock**
Balance - December 31, 2007	65,128,887	$ 54,032,727
Issued for water rights *(notes 3(a), 5 and 8)*	6,700,000	26,582,786
Exercise of 2006 broker warrants	815,520	1,492,356
Exercise of 2006 warrants	6,313,700	11,161,152
Exercise of 2007 warrants	83,800	414,434
Shares issued on exercise of stock options	335,000	796,031
Balance - December 31, 2008	79,376,907	$ 94,479,486
Shares issued for acquisition of mineral concessions (net of cash share issuance costs of $36,699) *(note 5)*	2,000,000	2,623,701
Bought-deal private placement (net of cash share issuance costs of $1,024,455)	10,350,000	12,659,280
Bought-deal private placement (net of cash share issuance costs of $1,933,493)	14,375,000	25,441,507
2009 broker warrants	-	(224,144)
2009 warrants	-	(7,696,434)
Shares issued on exercise of stock options	1,373,750	1,404,255
Balance - December 31, 2009	**107,475,657**	**$ 128,687,651**

9. SHARE CAPITAL (continued)

(a) Common Shares (continued)

On June 16, 2009, the Company completed an agreement with a syndicate of underwriters under which the underwriters bought on a private placement, bought deal basis, 10,350,000 common shares at a price of CDN$1.50 per common share for gross proceeds of CDN$15,525,000 ($13,683,735). The underwriters received a total cash commission equal to 6.0% of the gross proceeds of the offering and broker warrants to purchase up to 310,500 common shares at a price of CDN$1.50, exercisable until June 16, 2011. The Company also incurred $203,431 of other cash share issuance costs in relation to the transaction.

As at December 31, 2009, 310,500 of the 2009 broker warrants remain outstanding.

On December 2, 2009, the Company completed an agreement with a syndicate of underwriters under which the underwriters bought on a private placement, bought deal basis, 12,500,000 units at a price of CDN$2.00 for gross proceeds of CDN$25,000,000 ($23,805,000). Each unit consists of one common share and one common share purchase warrant. The offering had a 15% greenshoe option, allowing the underwriters to acquire up to an additional 1,875,000 units at a price of CDN$2.00 per unit for 30 days after the close of the private placement. On December 10, 2009, the underwriters purchased 1,875,000 units under this greenshoe option for gross proceeds of CDN$3,750,000 ($3,570,000). The underwriters received a total cash commission equal to 6.0% of the gross proceeds of the offering. The Company also incurred $290,993 of other cash share issuance costs in relation to the transaction. As a result, the net proceeds of the financing of $25,441,507 were allocated $17,745,072 as to the common shares and $7,696,434 as to the warrants.

Each of the 14,375,000 whole warrants issued in connection with the brokered private placement which closed on December 2, 2009 (including those issued in connection with the greenshoe option) entitles the holder to purchase one additional common share at a price of CDN$2.25 until June 2, 2012.

As at December 31, 2009, 14,375,000 of the 2009 warrants remain outstanding.

During 2008, the Company acquired water rights for the Volcan property by issuing a private Chilean company 6,700,000 common shares valued at $26,582,786 *(notes 3(a), 5 and 8)*.

On January 17, 2007, the Company entered into an agreement with a syndicate of underwriters under which the underwriters bought on a private placement, bought deal basis, 8,000,000 units at a price of CDN$3.00 per unit for gross proceeds of CDN$24,000,000 ($20,470,829). This private placement financing closed on February 9, 2007. Each unit consisted of one common share and one-half of one common share purchase warrant. The underwriters received a total cash commission equal to 6.0% of the gross proceeds of the offering and broker warrants to purchase up to 240,000 units.

Each of the 4,000,000 whole warrants issued in connection with the brokered private placement which closed on January 17, 2007, entitled the holder to purchase one additional common share at a price of CDN$4.00 until August 9, 2009. Each of the 240,000 broker warrants were exercisable at a price of CDN$3.00 per unit until August 9, 2009. Each unit consisted of one common share and one-half of a common share purchase warrant. Each whole warrant entitled the holder to purchase one additional common share at a price of CDN$4.00 until August 9, 2009. On August 9, 2009, 3,677,500 whole warrants and 182,400 broker warrants expired unexercised. As a result of the expiration of the warrants and broker warrants, a future income tax expense of $648,288 was recorded as a reduction of contributed surplus.

9. SHARE CAPITAL (continued)

(b) Warrants

	Number of warrants	Number of broker warrants	Warrants
Balance - December 31, 2007	9,667,240	997,920	$ 6,419,233
Exercise of 2006 broker warrants	407,760	(815,520)	(606,884)
Exercise of 2006 warrants	(6,313,700)	-	(1,802,592)
Exercise of 2007 warrants	(83,800)	-	(80,736)
Balance - December 31, 2008	3,677,500	182,400	$ 3,929,021
2009 broker warrants	-	310,500	224,144
2009 warrants	14,375,000	-	7,696,434
Expiry of 2007 warrants	(3,677,500)	-	(3,543,049)
Expiry of 2007 broker warrants	-	(182,400)	(385,972)
Balance - December 31, 2009	**14,375,000**	**310,500**	**$ 7,920,578**

During 2009 the following warrants were issued and valued using the Black-Scholes option pricing model parameters listed below (in each case with no dividends):

			Black-Scholes Option Pricing Parameters		
Issue date	**Number of warrants**	**Exercise price (CDN$)**	**Risk-free interest rate**	**Expected life**	**Volatility factor**
June 16, 2009					
Broker warrants	310,500	$1.50	1.04%	2.0	84%
December 2, 2009					
Warrants	14,375,000	$2.25	1.31%	2.5	79%

(c) Contributed Surplus and Stock Options

Contributed Surplus

Balance - December 31, 2007	$ 2,578,639
Stock-based compensation	1,028,336
Exercise of stock options	(276,865)
Balance - December 31, 2008	$ 3,330,110
Stock-based compensation *(note 14)*	1,005,692
Exercise of stock options	(415,815)
Expiry of 2007 warrants	3,543,049
Expiry of 2007 broker warrants	385,972
Future tax expense *(note 9(a))*	(648,288)
Balance - December 31, 2009	**$ 7,200,720**

9. SHARE CAPITAL (continued)

(c) Contributed Surplus and Stock Options (continued)

Under the Company's Stock Option Plan (the "Plan"), stock options may be granted to the Company’s directors, senior officers, employees, consultants and consultant companies. The stock option plan: (i) provides that the number of common shares reserved for issuance, within a one year period, to any one optionee, shall not exceed 5% of the outstanding common shares; (ii) provides the maximum number of common shares reserved for issuance pursuant to options granted may not exceed 10% of the issued common shares; (iii) generally provides for a maximum vesting period of 18 months; and (iv) contains other provisions to ensure the stock option plan is compliant with stock exchange regulations.

As at December 31, 2009, the Company had granted 5,853,125 stock options and was authorized to grant an additional 4,894,441 stock options under the Plan. A summary of the stock option activity for the years ended December 31, 2009 and 2008 is as follows:

Stock Options

	Number of options	Weighted average exercise price (CDN$)
Balance - December 31, 2007	4,544,000	$ 1.69
Granted	1,572,500	1.63
Exercised	(335,000)	1.55
Expired	(30,000)	4.50
Forfeited	(201,500)	2.43
Balance - December 31, 2008	5,550,000	$ 1.64
Granted	2,060,000	1.38
Exercised	(1,373,750)	0.80
Expired	(7,500)	1.50
Forfeited	(375,625)	1.72
Balance - December 31, 2009	5,853,125	$ 1.74

The unamortized stock option expense related to the grant of the options listed above at December 31, 2009 was $349,901 (2008 - $382,338).

9. SHARE CAPITAL (continued)

(c) Contributed Surplus and Stock Options (continued)

During 2009 and 2008, the following stock options were issued and valued using the Black-Scholes option pricing model parameters listed below (in each case with no dividends):

				Black-Scholes Option Pricing Parameters		
Issued in 2009	**Number of options**	**Exercise price (CDN$)**	**Grant date stock price (CDN$)**	**Risk-free interest rate**	**Expected life (years)**	**Volatility factor**
January 5	1,000,000	$1.08	$1.08	1.11%	2.5	78%
February 18	200,000	$1.80	$1.80	1.39%	2.5	78%
February 27	500,000	$1.70	$1.70	1.39%	2.5	78%
March 12	250,000	$1.52	$1.52	1.27%	2.5	78%
March 27	30,000	$1.75	$1.75	1.27%	2.5	78%
August 12	80,000	$1.50	$1.45	1.33%	2.5	78%
	2,060,000	$1.38				

				Black-Scholes Option Pricing Parameters		
Issued in 2008	**Number of options**	**Exercise price (CDN$)**	**Grant date stock price (CDN$)**	**Risk-free interest rate**	**Expected life (years)**	**Volatility factor**
February 29	75,000	$4.30	$4.30	2.83%	2.5	75%
October 8	1,497,500	$1.50	$1.10	2.93%	2.5	72%
	1,572,500	$1.63				

The weighted average fair value of options granted during 2009 was CDN$0.65 (2008 - CDN$0.48).

9. SHARE CAPITAL (continued)

(c) Contributed Surplus and Stock Options (continued)

A summary of the Company's stock options at December 31, 2009 is presented below:

Issue date	Options outstanding	Options exercisable	Exercise price (CDN$)	Weighted average remaining life (Years)
April 21, 2005	44,000	44,000	$0.74	0.30
August 24, 2005	100,000	100,000	$0.70	0.64
September 27, 2005	255,000	255,000	$0.70	0.71
April 18, 2006	1,211,000	1,211,000	$1.35	1.24
January 16, 2007	225,000	225,000	$3.00	0.67
May 9, 2007	655,000	655,000	$3.25	1.76
November 29, 2007	150,000	150,000	$4.60	1.58
February 29, 2008	75,000	75,000	$4.30	3.16
October 8, 2008	1,093,125	880,000	$1.50	3.20
January 5, 2009	1,000,000	500,000	$1.08	4.02
February 18, 2009	200,000	100,000	$1.80	4.14
February 27, 2009	500,000	250,000	$1.70	4.16
March 12, 2009	250,000	125,000	$1.52	4.20
March 27, 2009	15,000	15,000	$1.75	0.96
August 12, 2009	80,000	20,000	$1.50	4.62
	5,853,125	4,605,000		

The weighted average exercise price of these options were CDN$1.74 for options outstanding and CDN$1.83 for options exercisable. The weighted average remaining contractual life of outstanding options is 2.63 years.

10. INCOME TAXES

The income tax provision (recovery) has been calculated as follows:

	2009	2008
Loss before income taxes	**$ (2,374,853)**	$ (6,555,997)
Canadian combined federal and provincial income tax rate	**33.00 %**	33.50 %
Expected income tax expense (recovery) at Canadian statutory rates	**$ (783,701)**	$ (2,196,259)
Permanent differences	**(802,030)**	1,762,862
Increase in valuation allowance	**999,526**	97,097
Benefit of utilization of tax losses not previously recognized	**(648,288)**	(419)
Book to tax adjustments and change in substantively enacted future tax rates	**562,606**	98,784
Foreign tax rate variance	**23,599**	237,935
Income tax provision (recovery)	**$ (648,288)**	$ -

10. INCOME TAXES (continued)

The Company's future income tax assets are summarized as follows:

	2009	2008
Exploration and development	$ **537,773**	$ 537,773
Losses carried forward	**2,467,000**	2,110,620
Other costs capitalized for accounting	**-**	(173,572)
Losses on investments	**13,342**	-
Share issue costs	**933,954**	480,036
Property, plant and equipment	**14,698**	12,384
Net future income tax assets	**3,966,767**	2,967,241
Valuation allowance	**(3,966,767)**	(2,967,241)
	$ **-**	$ -

At December 31, 2009, the Company had unclaimed share issue costs of $3,298,136 which do not expire. The Company also has unclaimed non-capital losses that expire as follows:

Year of Expiry	
2010	576,000
2014	1,168,000
2015	1,029,000
2026	1,094,000
2027	1,328,000
2028	2,337,000
2029	$ 2,336,000
	$ 9,868,000

11. NET LOSS PER SHARE

Net loss per share has been calculated using the weighted average number of shares outstanding during the years ended December 31, 2009 and 2008 as follows:

	2009	2008
Net loss for the year	$ **(1,726,565)**	$ (6,555,997)
Basic and fully diluted weighted average number of shares outstanding during the year	**88,032,386**	74,806,513
Basic and fully diluted net loss per share	$ **(0.02)**	$ (0.09)

Fully diluted weighted average common shares outstanding for December 31, 2009 and 2008 are not reflective of the outstanding stock options and warrants as their exercise would be anti-dilutive in the net loss per share calculation.

12. MANAGEMENT OF CAPITAL RISK

The Company's capital management objective is to maximize investment returns to its shareholders within the context of relevant opportunities and risks associated with the Company's Chilean mineral properties. Achieving this objective requires management to consider the underlying nature of exploration and development activities, availability of capital, the cost of various capital alternatives and other factors.

Establishing and adjusting capital requirements is a continuous management process. Exploration involves a high degree of "discovery" risk and substantial uncertainties about the ultimate ability of the Company to achieve positive cash flow from operations. Consequently, management primarily funds the Company's exploration activities and administrative costs by issuing share capital rather than using other capital sources that require fixed repayments of principal or interest. The Company options certain exploration prospects to third parties as an additional means of funding exploration and to provide the Company with access to a broader number of exploration prospects. 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.

Development activities may begin once a property's mineral reserves are estimated and the Company makes a positive production decision. At this point, management may consider other sources of financing such as senior debt or convertible debentures as a means to reduce equity dilution.

The Company's capital under management at December 31, 2009 includes share capital of $128,687,651 (December 31, 2008 - $94,479,486). Changes in the capital components of shareholders' equity resulted from the issuance of 24,725,000 common shares for completed bought-deal private placement equity financings, 2,000,000 common shares valued at $2,623,701 for the acquisition of mineral concessions, and 1,373,750 from exercises of share options during 2009.

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

13. MANAGEMENT OF FINANCIAL RISK

The Company's financial instruments are exposed to financial risks as summarized below:

(a) Financial Instruments

At December 31, 2009 and 2008, the Company's financial instruments consisted of cash and cash equivalents, marketable securities, accounts receivable, and accounts payable and accrued liabilities. With respect to all of these financial instruments the Company estimates that the fair value of these financial instruments approximates the carrying values at December 31, 2009 and 2008, due to their short term to maturity.

The Company's measurement of fair value of financial instruments at December 31, 2009 in accordance with the fair value hierarchy is as follows:

	Level 1	Level 2	Level 3	**Total**
Assets				
Marketable securities	$ 149,861	$ -	$ -	**$ 149,861**

The Company's marketable securities is classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices.

13. MANAGEMENT OF FINANCIAL RISK (continued)

(b) Credit Risk

The Company's credit risk is primarily attributable to its cash and cash equivalents. This risk is minimized as the cash and cash equivalents have been placed with a reputable financial institution. Concentration of credit risk exists as a significant amount is held at one financial institution, however management believes the risk of loss to be remote.

(c) Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2009, the Company had a cash and cash equivalents balance of $43,893,941 (December 31, 2008 - $15,809,283) to settle current liabilities of $3,350,969 (December 31, 2008 - $703,934). All of the Company's financial liabilities have contractual maturities of 30 days or less and are subject to normal trade terms.

(d) Market Risk

(i) Interest Rate Risk

The Company holds its cash and cash equivalents in bank accounts that earn variable interest rates. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of December 31, 2009. Future cash flows from interest income on cash and cash equivalents may be affected by interest rate fluctuations. The Company manages interest rate risk by maintaining an investment policy for short-term investments. This policy focuses primarily on preservation of capital and liquidity. The Company monitors the investments it makes and is satisfied with the credit rating of its banks.

(ii) Foreign Currency Risk

The Company's functional currency is the United States dollar. The Company is affected by currency transaction risk and currency translation risk. Consequently, fluctuations of the United States dollar in relation to other currencies impact the fair value of financial assets and liability and operating results. Financial assets and liabilities subject to currency translation risk primarily include Canadian dollar denominated cash and cash equivalents and accounts payable and accrued liabilities denominated in Chilean pesos. The Company maintains United States dollar bank accounts in Canada and Chile.

(iii) Other Price Risk

The Company has marketable securities which include an investment in a company which is publicly traded on the Toronto Stock Exchange. Marketable securities are classified as held for trading. Fluctuations in the market value of these stocks impact the consolidated statements of operations and comprehensive loss.

(e) Sensitivity Analysis

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

(i) For the year ended December 31, 2009, management estimates that if interest rates had increased by 1%, assuming all other variables remained constant, the decrease to net loss would have been approximately $123,000 (2008 - $205,000). If interest rates had decreased by 1%, assuming all other variables remained constant, the increase to net loss would have been approximately $46,000 (2008 - $205,000).

13. MANAGEMENT OF FINANCIAL RISK (continued)

(e) Sensitivity Analysis (continued)

(ii) For the year ended December 31, 2009, management estimates that if the United States dollar had weakened or strengthened by 10% against the Canadian dollar and Chilean pesos, assuming all other variables remained constant, net loss would have decreased or increased by approximately $3,258,000 (2008 - $1,189,000).

(iii) For the year ended December 31, 2009, management estimates that if the value of its marketable securities of investments in publicly traded companies had changed 50%, with all other variables held constant, net loss would have decreased or increased by approximately $75,000 (2008 - $75,000).

14. SUPPLEMENTARY CASH FLOW INFORMATION

Supplementary information with respect to the consolidated statements of cash flows is as follows:

	2009	2008
Interest received during the year	**$ 46,422**	$ 519,020

Non-cash investing and financing activities include the following:

	2009	2008
Shares issued for water rights *(notes 3(a), 8 and 9(a))*	**$ -**	$ 26,582,786
Marketable securities acquired as property payment for PBA *(notes 4 and 5)*	**-**	256,594
Shares issued and to be issued for mineral concessions *(note 5)*	**4,160,400**	-
Stock-based compensation included in mineral properties	**267,830**	459,569
Amortization included in mineral properties	**$ -**	$ 66,041

Cash and cash equivalents consist of the following:

	2009	2008
Cash	**$ 43,893,941**	$ 15,809,283

15. SEGMENTED INFORMATION

The Company has one operating segment, which is the exploration of mineral properties. The Company's principal operations are carried out in Chile. All of the investment income is earned in Canada. The Company's geographic segments are located as follows:

(a) the Company's mineral properties in Chile;

(b) the Quitovac property in Mexico *(notes 5 and 16)*;

(c) corporate office in Canada.

15. SEGMENTED INFORMATION (continued)

As at and for the years ended December 31, 2009 and 2008, segmented information is presented as follows:

As at December 31, 2009	Chile	Mexico	Corporate	Total
Cash and cash equivalents	$ 1,429,530	$ -	$ 42,464,411	**$ 43,893,941**
Other current assets	117,625	-	226,612	**344,237**
Mineral properties, intangible assets and property, plant and equipment	92,843,068	-	70,785	**92,913,853**
Total assets	$ 94,390,223	$ -	$ 42,761,808	**$ 137,152,031**
Liabilities	$ 2,593,736	$ -	$ 2,257,233	**$ 4,850,969**
For the year ended December 31, 2009				
Amortization	$ -	$ -	$ (10,636)	**$ (10,636)**
Interest income	-	-	46,422	**46,422**
Foreign exchange gain (loss)	(111,106)	-	1,493,869	**1,382,763**
Other expenses	-	(77,692)	(3,715,710)	**(3,793,402)**
Future income tax recovery	-	-	648,288	**648,288**
Net loss	$ (111,106)	$ (77,692)	$ (1,537,767)	**$ (1,726,565)**
Mineral property expenditures, option payments and acquisition costs	$ 16,427,238	$ -	$ -	**$ 16,427,238**

As at December 31, 2008	Chile	Mexico	Corporate	**Total**
Cash and cash equivalents	$ 364,363	$ -	$ 15,444,920	**$ 15,809,283**
Other current assets	194,322	-	224,722	**419,044**
Mineral properties, intangible assets and property, plant and equipment	76,415,830	-	17,072	**76,432,902**
Total assets	$ 76,974,515	$ -	$ 15,686,714	**$ 92,661,229**
Liabilities	$ 489,269	$ -	$ 214,665	**$ 703,934**

For the year ended December 31, 2008	Chile	Mexico	Corporate	**Total**
Amortization	$ -	$ -	$ (7,437)	**$ (7,437)**
Interest income	-	-	519,020	**519,020**
Foreign exchange gain (loss)	(16,748)	-	(2,783,430)	**(2,800,178)**
Mineral properties written off	(1,425,280)	(161,414)	-	**(1,586,694)**
Other expenses	-	-	(2,680,708)	**(2,680,708)**
Net loss	$ (1,442,028)	$ (161,414)	$ (4,952,555)	**$ (6,555,997)**
Mineral property expenditures, option payments and acquisition costs	$ 12,746,649	$ 66,413	$ -	**$ 12,813,062**

16. SUBSEQUENT EVENTS

(a) On January 13, 2010, the Company entered into an agreement with Copper Ridge Explorations Inc. ("Copper Ridge") to sell its interest in the Quitovac property in Sonora, Mexico. Terms of the acquisition are CDN$65,000 cash and 95,000 common shares of Copper Ridge. If the Quitovac property is placed into production, Copper Ridge will pay an additional CDN$500,000 and issue an additional 35,000 common shares. The agreement is subject to regulatory approval.

(b) Subsequent to year end, 50,000 stock options expired.

17. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current period's consolidated financial statement presentation.