

**ALDRSHOT RESOURCES LTD.**

**CONSOLIDATED FINANCIAL STATEMENTS  
(Expressed in Canadian dollars)**

**OCTOBER 31, 2009**

**MANAGEMENT'S COMMENTS ON UNAUDITED INTERIM  
CONSOLIDATED FINANCIAL STATEMENTS**

The accompanying unaudited interim consolidated financial statements of Aldershot Resources Ltd. for the nine months ended October 31, 2009 have been prepared by management in accordance with Canadian generally accepted accounting principles consistently applied and are the responsibility of the Company's management. These consolidated financial statements have not been reviewed by the Company's auditors.

**ALDERSHOT RESOURCES LTD.**  
**CONSOLIDATED BALANCE SHEETS**  
(Unaudited – Prepared by Management)  
[See Note 1—Nature of Operations and Going Concern Uncertainty]

	October 31, 2009	January 31, 2009
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 248,459	\$ 213,749
Restricted cash (Note 4)	12,284	12,284
Accounts receivable	1,043	6,891
Prepaid expenses and deposits	<u>7,900</u>	<u>13,382</u>
	269,686	246,306
<b>Equipment</b> (Note 3)	56,428	72,015
<b>Resource properties</b> (Note 4)	<u>-</u>	<u>-</u>
	<u>\$ 326,114</u>	<u>\$ 318,321</u>

**LIABILITIES AND SHAREHOLDERS' EQUITY**

<b>Current</b>		
Accounts payable and accrued liabilities	\$ 38,258	\$ 113,903
Due to related parties	<u>-</u>	<u>1,068</u>
	38,258	114,971
<b>Shareholders' equity</b> (Note 5)		
Capital stock	12,314,975	12,165,937
Contributed surplus	5,638,625	5,240,378
Deficit	<u>(17,665,744)</u>	<u>(17,202,965)</u>
	<u>287,856</u>	<u>203,350</u>
	<u>\$ 326,114</u>	<u>\$ 318,321</u>

**On behalf of the Board:**

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*"Jeremy Caddy"* Director      \_\_\_\_\_  
*"Ian M. Adam"* Director

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

**ALDRESHOT RESOURCES LTD.****CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT**

(Unaudited – Prepared by Management)

	Three Months Ended Oct 31, 2009	Three Months Ended Oct 31, 2008 (restated-Note 2)	Nine Months Ended Oct 31, 2009	Nine Months Ended Oct 31, 2008 (restated-Note 2)
<b>EXPENSES</b>				
Exploration costs (recoveries) (Note 4)	\$ (54,961)	\$ (432,320)	\$ (94,944)	\$ (396,620)
Amortization	5,026	9,090	16,438	29,380
Bank charges and interest	430	38,168	2,129	52,163
Consulting fees	10,050	17,100	52,070	85,650
Insurance	1,161	8,908	11,066	30,309
Investor relations	1,649	8,315	18,728	15,080
Office and miscellaneous	768	(1,009)	2,442	4,845
Professional fees	13,280	18,532	33,595	75,148
Property investigation costs	-	-	-	2,277
Regulatory and trust company fees	5,632	3,368	16,316	12,298
Rent	5,861	8,085	16,245	40,170
Salaries and benefits administration	31,367	56,559	96,459	147,351
Stock-based compensation (Note 5)	75,391	-	75,391	-
Telephone	826	3,503	3,761	6,831
Travel	4,863	1,428	15,448	17,367
<b>(Loss) before other items</b>	<b>(101,343)</b>	<b>260,273</b>	<b>(265,144)</b>	<b>(122,249)</b>
<b>OTHER ITEMS</b>				
Foreign exchange gain (loss)	(228)	(4,556)	(1,050)	7,956
Gain on sale of equipment	-	-	-	24,769
Interest income	138	688	1,029	3,703
Rental income from equipment	13,260	-	13,260	-
Write-down of resource properties' costs	-	-	-	(148,163)
	<u>13,170</u>	<u>(3,868)</u>	<u>13,239</u>	<u>(111,735)</u>
<b>Net (loss) and comprehensive (loss) for the period</b>	<b>(88,173)</b>	<b>256,405</b>	<b>(251,905)</b>	<b>(233,984)</b>
<b>Deficit, beginning of period</b>	<b>(17,577,571)</b>	<b>(15,289,053)</b>	<b>(17,202,965)</b>	<b>(14,798,664)</b>
Modification of warrant terms (Note 5)	-	-	(210,874)	-
<b>Deficit, end of period</b>	<b>\$ (17,665,744)</b>	<b>\$ (15,032,648)</b>	<b>\$ (17,665,744)</b>	<b>\$ (15,032,648)</b>
<b>Basic and diluted loss per share</b>	<b>\$ (0.01)</b>	<b>\$ 0.01</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of shares outstanding</b>	<b>74,092,975</b>	<b>65,233,308</b>	<b>70,133,710</b>	<b>65,168,162</b>

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

**ALDERSHOT RESOURCES LTD.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited – Prepared by Management)

	Three Months Ended Oct 31, 2009	Three Months Ended Oct 31, 2008	Nine Months Ended Oct 31, 2009	Nine Months Ended Oct 31, 2008 <small>(restated-Note 2)</small>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net loss for the period	\$ (88,173)	\$ 256,405	\$ (251,905)	\$ (233,984)
Items not affecting cash:				
Amortization	5,026	9,090	16,438	29,380
Interest accretion on debenture	-	33,551	-	44,735
Stock-based compensation	75,391	-	75,391	-
Gain on sale of equipment	-	-	-	(24,769)
Write-down of resource properties' costs	-	-	-	140,500
Changes in non-cash working capital items:				
Restricted cash	-	(2,102)	-	(2,102)
Accounts receivable	1,375	(1,525)	5,848	17,284
Prepaid expenses and deposits	782	15,307	5,482	25,833
Accounts payable and accrued liabilities	14,676	(205,032)	(75,645)	(222,028)
Cash used in operating activities	<u>9,077</u>	<u>105,694</u>	<u>(224,391)</u>	<u>(225,151)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Due to/from related parties	(4,708)	-	(1,068)	5,800
Proceeds from issue of common shares	-	-	265,790	-
Proceeds from debenture	-	-	(4,770)	97,020
Repayment of debenture	-	(97,020)	-	(97,020)
Cash (used in) provided by financing activities	<u>(4,708)</u>	<u>(97,020)</u>	<u>259,952</u>	<u>5,800</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisition of equipment	(851)	-	(851)	(1,135)
Proceeds on sale of equipment	-	-	-	130,547
Cash provided by investing activities	<u>(851)</u>	<u>-</u>	<u>(851)</u>	<u>129,412</u>
<b>Increase (decrease) in cash during the period</b>	<b>3,518</b>	<b>8,674</b>	<b>34,710</b>	<b>(89,939)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b><u>244,941</u></b>	<b><u>186,327</u></b>	<b><u>213,749</u></b>	<b><u>284,940</u></b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 248,459</b>	<b>\$ 195,001</b>	<b>\$ 248,459</b>	<b>\$ 195,001</b>

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

**ALDERSHOT RESOURCES LTD.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
OCTOBER 31, 2009  
(Unaudited – Prepared by Management)

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

Aldershot Resources Ltd. (the “Company”) commenced operations on October 4, 1996 and is engaged in the acquisition, exploration and development of resource properties. The Company is in the exploration stage and has not yet determined whether their properties contain enough mineral reserves, such that their recovery would be economically viable.

The Company has incurred losses since inception and as at October 31, 2009, the Company had an accumulated deficit of \$17,665,744. These consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The ability of the Company to continue as a going concern is in substantial doubt and is dependent upon the continued support from its directors, the ability to continue to raise adequate financing or achieving profitable operations in the future, the outcome of which cannot be predicted at this time. Management is seeking financing and business opportunities, including joint venture or merger opportunities or acquisition of properties to continue operations. Financing options available to the Company include public equity financings and loans. These consolidated financial statements do not reflect any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

**2. SIGNIFICANT ACCOUNTING POLICIES AND ADJUSTMENT**

These consolidated interim financial statements have been prepared using the same accounting policies and methods of their application as the most recent annual financial statements of the Company. These consolidated interim financial statements do not include all disclosures normally provided in the annual financial statements and should be read in conjunction with the Company’s audited financial statements for the year ended January 31, 2009. In management’s opinion, all adjustments necessary for fair presentation have been included in these consolidated interim financial statements. Interim results are not necessarily indicative of the results expected for the fiscal year. Certain comparative figures have been reclassified to conform to the current period’s presentation.

a) Prior Period Adjustment

These consolidated financial statements include a decrease in the net loss for the nine months ended October 31, 2008 and closing deficit as of October 31, 2008 of \$60,969 to reflect an adjustment to reduce stock-based compensation expense from \$60,969 to \$Nil to properly expense the amounts in accordance with the Company’s vesting policies. There was no change in the net loss per share for the three or nine months ended October 31, 2008 as a result of this adjustment, nor is there any effect on the consolidated financial statements for the three or nine months ended October 31, 2009 as a result of this adjustment.

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**2. SIGNIFICANT ACCOUNTING POLICIES AND ADJUSTMENT (cont'd)**

b) New Canadian Accounting Standards

In February 2008, the CICA Accounting Standards Board confirmed that the use of International Financial Reporting Standards (“IFRS”) will be required in 2011 for public companies in Canada (i.e., IFRS will replace Canadian generally accepted accounting principles for public companies). The official changeover date will apply for interim and financial statements relating to fiscal years beginning on or after January 1, 2011.

The Company has determined that the key elements of this IFRS changeover on the Company will be in the areas of accounting for resource properties’ acquisition and exploration costs, accounting for share capital including stock options and warrants valuations and general IFRS disclosure requirements. The Company is currently assessing the specific impact on the Company’s financial reporting and developing an implementation timetable.

**3. EQUIPMENT**

	October 31 2009			January 31 2009		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computer equipment	\$ 45,951	\$ 33,099	\$ 12,852	\$ 45,100	\$ 27,865	\$ 17,235
Furniture and fixtures	9,946	7,076	2,870	9,946	6,598	3,348
Mining and resource equipment	<u>104,631</u>	<u>63,925</u>	<u>40,706</u>	<u>104,631</u>	<u>53,199</u>	<u>51,432</u>
	\$ 160,528	\$ 104,100	\$ 56,428	\$ 159,677	\$ 87,662	\$ 72,015

#### **4. RESOURCE PROPERTIES**

The Company has successfully partnered with other joint venturers to continue work on its resource properties at minimal cost to the Company. There is no carrying value of the Company's resource properties. The current status of the Company's resource properties is described below.

##### **Australia**

The Company has licences in the Northern Territory and in Western Australia. These licences are granted by the local government and are subject to various mining regulations and reporting in order to maintain them in good standing which the Company has complied with.

##### **i) Northern Territory**

During the three months ended April 30, 2009, the Company partnered with Royal Resources Limited ("Royal"), a related company that has a director in common with the Company, granting Royal the option to acquire a 60% interest in certain of the Company's licences in the Northern Territory. Under the terms of the agreement, Royal paid the Company \$83,937 (AUD \$100,000) and must spend at least AUD \$900,000 (Canadian dollars "CAD" \$765,000, at date of agreement) of exploration expenditures on the properties over a three year period. Once the required level of expenditures are made by Royal, the Company must pay its pro-rata share of costs to retain its 40% ownership of the property. The Company also retains a 2% NSR on the Mt. Thomas licence in the Northern Territory which it sold last year.

##### **ii) Western Australia—Turee Creek**

During the year ended January 31, 2009, the Company entered into an agreement with Cameco Australia Pty Ltd. ("Cameco") granting Cameco the option to acquire a 70% interest in the Turee Creek licence. Under the terms of the agreement, Cameco paid the Company \$197,474 and must spend at least AUD \$2,500,000 (CAD \$2,125,000, at date of agreement) of exploration expenditures on the property over a four year period. Once the required level of expenditures are made by Cameco, the Company must pay its pro-rata share of costs to retain its 30% ownership of the property.

##### **iii) Western Australia—Yuinmery**

The Company maintains a licence in this area. All rents have been paid and reports submitted as required to maintain the licence in good standing.

**4. RESOURCE PROPERTIES (cont'd)**

**Kariba Project, Republic of Zambia, Africa**

The Company has been granted two prospecting licences; one which is located in the southern part of the Republic of Zambia and on the northern shores of Lake Kariba covering approximately 500 square kilometers and the other further south and adjacent to this licence which covers an area of approximately 250 square kilometers. The Company has entered into an agreement with African Energy Resources Zambia Ltd. (“African Energy”) granting African Energy the option to acquire an initial 51% interest in these two licences in Zambia. Under the terms of the agreement, African Energy must spend at least AUD \$500,000 (CAD \$425,000) of exploration expenditures on the properties over a three year period. African Energy can increase its ownership to 70% through the completion of a Prefeasibility Study on an inferred resource.

The Company has a total of \$12,284 (January 31, 2009 - \$12,284) in guarantees for two properties in Australia regarding performance under two separate exploration licences. These funds are held as term deposits and are restricted from general operation business funds.

**Quebec, Canada**

During the year ended January 31, 2009, the Company exited Quebec and returned all of its resource properties to the vendors pursuant to property option agreements. During the three months ended October 31, 2009, the Company received \$63,088 related to exploration tax credits from its Quebec properties and this amount has been recorded as a recovery of exploration expenses.

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**4. RESOURCE PROPERTIES (cont'd)**

The following is a summary of exploration costs incurred by the Company for the nine months ended October 31, 2009 and 2008 related to its resource properties which has been charged to operations.

	AUSTRALIA		ZAMBIA		NINE MONTHS ENDED OCT 31 2009
	Northern Territory	Yuimery	Turce Creek	Lake Kariba	
OCTOBER 31, 2009	\$	\$	\$	\$	\$
Drilling	—	—	—	—	—
Equipment rental	158	—	103	—	261
Field crew labour	1,332	424	—	43	1,799
Geological consulting	16,114	3,572	300	14,199	1,403
Geophysical and airborne surveying	—	—	—	—	—
Lab tests and assays	614	—	—	—	614
Maintenance, licence and staking fees	3,019	7,572	—	1,963	12,554
Maps and reproduction	—	—	—	—	—
Materials and field supplies	—	—	—	—	—
Meals and lodging	—	525	—	—	525
Telephone and communication	347	—	31	52	430
Travel and transport	89	—	221	—	310
	21,673	12,093	655	16,257	1,403
Recovery of exploration costs	(83,937)	—	—	—	(63,088)
Total exploration costs for the year	(62,264)	12,093	655	16,257	(61,685)
					(94,944)

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**4. RESOURCE PROPERTIES (cont'd)**

	CANADA		AUSTRALIA		ZAMBIA		NINE MONTHS ENDED OCT 31 2008 \$
	Quebec \$	British Columbia \$	Northern Territory \$	Yuinmery \$	Turee Creek \$	Lake Kariba \$	
<b>OCTOBER 31, 2008</b>							
Drilling	—	—	—	—	—	—	—
Equipment rental	500	—	1,448	119	168	—	2,235
Field crew labour	(9,962)	—	1,651	254	654	156	(7,247)
Geological consulting	106,292	—	117,464	8,168	23,869	59,690	315,483
Geophysical and airborne surveying	—	—	2,474	—	29,229	—	31,703
Lab tests and assays	—	—	247	133	5	—	385
Maintenance, licence and staking fees	2,843	—	15,912	(473)	6,876	4,930	30,088
Maps and reproduction	5,450	—	—	—	—	—	5,450
Materials and field supplies	278	—	646	—	—	—	924
Meals and lodging	—	—	11,586	—	—	—	11,586
Telephone and communication	—	—	2,374	1,222	1,248	—	4,844
Travel and transport	258	—	1,079	210	8	4	1,559
	105,659	—	154,881	9,633	62,057	64,780	397,010
Recovery of exploration costs	(443,955)	(15,437)	(136,764)	—	(197,474)	—	(793,630)
Total exploration costs for the period	(338,296)	(15,437)	18,117	9,633	(135,417)	64,780	(396,620)

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**5. CAPITAL STOCK**

**Preferred Shares**

Authorized: 10,000,000 Series “A” cumulative, redeemable, convertible preferred shares with a par value of \$1.00

Issued: Nil

**Common Shares**

	Number of Shares	Capital Stock	Share Issue Costs	Common Shares (net)
Authorized 500,000,000 common shares without par value				
Issued				
Balance as at January 31, 2009	65,233,308	\$ 13,332,533	\$ (1,166,596)	\$ 12,165,937
For cash pursuant to private placement	8,859,667	153,808	(4,770)	149,038
Balance as at October 31, 2009	74,092,975	\$13,486,341	\$ (1,171,366)	\$ 12,314,975

During the three months ended July 31, 2009, the Company completed a non-brokered private placement raising gross cash proceeds of \$265,790, which will be used for general working capital purposes. The Company issued 8,859,667 units at \$0.03 per unit, each unit consisting of one common share and one common share purchase warrant to purchase an additional common share of the Company for up to 2 years at \$0.05 per share in the first year and \$0.10 per share in the second year. The Company has valued the warrants issued in connection with this private placement using the *Black-Scholes Option Pricing Model* with the following assumptions: risk-free interest rate 1.15%; volatility 167.9%; dividend yield 0% and approximate expected lives of 2 years. The resultant value of \$111,982 attributable to the warrants has been reclassified from share capital and charged to contributed surplus. A finder’s fee of \$4,770 was paid in conjunction with this private placement and was charged to share issue costs.

**Contributed Surplus**

Balance, January 31, 2009	\$ 5,240,378
Stock-based compensation	75,391
Fair value of warrants issued pursuant to private placement	111,982
Modification of warrant terms	210,874
Balance, October 31, 2009	\$ 5,638,625

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**5. CAPITAL STOCK (cont'd)**

**Stock Options**

The Company may grant options to directors, employees and consultants, to acquire up to 10% of the issued and outstanding common stock in accordance with the policies of the TSX Venture Exchange (“TSX”). The exercise price of each option is based on the market price of the Company's stock at the date of grant less an applicable discount in accordance with the TSX policies. The options can be granted for a maximum term of 5 years.

A summary of the stock options outstanding at October 31, 2009 is as follows:

	2009		2008	
	Number of Common Shares Issuable	Weighted Average Exercise Price \$	Number of Common Shares Issuable	Weighted Average Exercise Price \$
Options outstanding, beginning of the period	4,210,000	0.10	6,280,000	0.30
Granted	2,300,000	0.10	—	—
Exercised	—	—	—	—
Expired	(700,000)	0.10	(1,250,000)	0.48
Options outstanding, end of the period	5,810,000	0.10	5,030,000	0.26
Options exercisable	5,810,000	0.10	5,030,000	0.26

During the three months ended October 31, 2009, the company obtained shareholder approval to reprice all of its outstanding stock options to \$0.10 per share, retaining the original expiry dates. In addition, the Company granted 2,300,000 stock options to its directors, employees and consultants, which are exercisable at \$0.10 per share and expire in 2014. The fair value of each stock option as well as the incremental fair value of the repriced stock options have been estimated and calculated using the *Black-Scholes Option Pricing Model* using the following assumptions: risk-free interest rate: 2.57%; approximate expected life of the stock options: 5 years; dividend yield: 0%; and volatility: 194%. The resultant value of \$75,391 has been charged to operations and contributed surplus.

The options expire in various amounts from 2009 to 2014 and 250,000 of these stock options expired unexercised on November 9, 2009.

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**5. CAPITAL STOCK (cont'd)**

**Warrants**

A summary of the share purchase warrants outstanding at October 31, 2009 is as follows:

	2009		2008	
	Number of Common Shares Issuable	Weighted Average Exercise Price \$	Number of Common Shares Issuable	Weighted Average Exercise Price \$
Warrants outstanding, beginning of the period	18,518,519	0.42	23,624,819	0.41
Granted	8,859,667	0.08	—	—
Exercised	—	—	—	—
Expired	—	—	(5,106,300)	0.35
Warrants outstanding, end of the period	27,378,186	0.31	18,518,519	0.42

Approval was obtained from the TSX to modify the original terms of previous warrants totalling 18,518,519 by extending their expiry date for two years to April 26, 2011. All remaining terms and conditions of the warrants remain unchanged (see below). The Company has calculated the incremental fair value of the warrants using the *Black-Scholes Option Pricing Model* with the following assumptions: risk-free interest rate – 0.98%; expected life – 2 years; expected volatility – 167.9% and dividend yield of 0%. The resultant incremental value of \$210,874 due to the modification of these warrants has been recorded as a charge to the deficit and a corresponding increase to contributed surplus.

During the three months ended October 31, 2009, the Company announced its intention to reprice the exercise price of the previous 18,518,519 warrants from the original price of \$0.42 per share to \$0.10 per share. In accordance with the TSX Venture Exchange regulations, this repricing might lead to an accelerated exercise period of 30 days if the closing price of the Company's common shares exceed the revised exercise price of \$0.10 per share for 10 consecutive trading days. This repricing is subject to the approval of the warrant holders and the TSX Venture Exchange, and once received, the resultant incremental fair value of the warrants will be calculated and accounted for as a charge to the deficit and contributed surplus.

**6. INCOME TAXES**

As at the Company's last fiscal year, January 31, 2009, the Company had the following estimated deductions available to reduce future taxable income, which can be carried forward indefinitely: \$9,434,000 of Canadian and foreign resource exploration expenditures and \$173,000 of undepreciated capital cost allowance. As well, the Company has approximately \$23,000 of capital losses available indefinitely for deduction against future taxable capital gains. In addition, the Company has non-capital losses of \$4,063,000 available to reduce future taxable income which expire in various years from 2010 to 2029.

**7. RELATED PARTY TRANSACTIONS**

- (a) Related party transactions with directors and officers (or companies controlled by them) during the nine months ended October 31, 2009 and 2008 are as follows:

	2009	2008
Consulting fees	\$ 7,500	\$ 17,500
Geological consulting and field crew labour (exploration expenses)	8,177	19,506
Rent	10,560	24,863
Rental income from equipment	13,260	—
Gain on sale of equipment	—	13,559

- (b) The balances due from related parties represent balances due from directors and officers or companies controlled by them. The amounts are non-interest bearing and have no specific terms of repayment.

Related party transactions are in the normal course of operations, occurring on terms and conditions that are similar to those of transactions with unrelated parties and, therefore, are measured at the exchange amount.

**8. SEGMENTED INFORMATION**

All of the Company's operations are in the mineral resource exploration industry with its principal business activity in the acquisition, exploration and development of mineral resource properties. The Company has resource properties located in Australia and Zambia. The location of the Company's resource properties and related expenditures by geographic area are outlined in Note 4. The equipment is located as follows: \$4,874 in Canada and \$51,554 in Australia.

## 9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgement, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

In conjunction with its accounting policies, the Company classified its financial instruments into the related categories. Cash and cash equivalents, restricted cash and deposits are classified as held-for-trading; accounts receivable are classified as loans and receivables and accounts payable and amounts due to related parties are classified as other financial liabilities. The carrying value of cash and cash equivalents, restricted cash, accounts receivable, deposits, accounts payable and amounts due to related parties approximates their fair value because of the short-term nature of these instruments.

The Company is subject to currency risk as it conducts operations in jurisdictions other than Canada, primarily being exposed to changes in the Canadian dollar compared to the Australian and United States dollars. The Company has not hedged its exposure to currency fluctuations, but does manage its cash resources to complement the denomination of the expenditures required. This risk is minimal due to significantly reduced operations.

The Company is subject to interest rate risk as it invests excess cash not immediately required for operations, in short-term investments. This risk is minimal as the Company does not have significant amounts of excess cash to invest and its investments are in instruments with short-term maturities.

The Company is not subject to significant credit risk as its receivables are due from government agencies, so the risk is minimal.

The Company is subject to liquidity risk in that the Company may not be able to meet its financial obligations as they come due. The Company manages this risk through the management of its capital structure as outlined in note 1.