ETHOS CAPITAL CORP.
(An Exploration Stage Company)

FINANCIAL STATEMENTS
(Expressed in Canadian dollars)

YEARS ENDED DECEMBER 31, 2009 AND 2008

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of Ethos Capital Corp. are the responsibility of management. These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and where appropriate include management's best estimates and judgments.

Management maintains a system of internal control designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use, and that financial information is timely and reliable.

The Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee.

The Board of Directors appoints the Audit Committee, and the majority of its members are independent directors. The Audit Committee meets periodically with management and the shareholders' auditors to review financial statements and reports prepared by management, internal controls, audit results, accounting principles and related matters. The Board of Directors approves the financial statements on recommendation from the Audit Committee.

Hay & Watson, an independent firm of Chartered Accountants, was appointed by the shareholders at the last annual meeting to examine the financial statements and provide an independent professional opinion.

"Gary Freeman"

Gary Freeman
Chief Executive Officer

"Peter G. Wong"

Peter G. Wong
Chief Financial Officer

April 13, 2010

HAY & WATSON | Chartered Accountants
1822 West 2nd Avenue, Vancouver, BC, Canada V6J 1H9
P 604 732 1466 F 604 732 3133 E info@hay-watson.bc.ca

AUDITORS' REPORT

To the Shareholders of
Ethos Capital Corp.

We have audited the balance sheets of Ethos Capital Corp. as at December 31, 2009 and 2008 and the statements of operations and 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 cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Hay + Watson

Chartered Accountants
Vancouver, B.C.
April 13, 2010

ETHOS CAPITAL CORP.
Balance Sheets
December 31, 2009 and 2008

	2009	2008
Assets		
Current assets:		
Cash and cash equivalents	$ 1,392,457	$ 1,830,976
Accounts receivable	1,813	1,232
	1,394,270	1,832,208
Mineral property interests (note 6)	268,893	138,143
	$ 1,663,163	$ 1,970,351
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 18,925	$ 142,612
Due to related parties (note 10)	1,304	8,457
	20,229	151,069
Shareholders' Equity		
Share capital (note 8)	2,007,873	1,913,727
Contributed surplus (note 9)	322,808	354,746
Deficit	(687,747)	(449,191)
	1,642,934	1,819,282
	$ 1,663,163	$ 1,970,351

Commitments (note 7)
Subsequent events (note 8)

APPROVED ON BEHALF OF THE BOARD:

"Chris Theodoropoulos" Director

"Peter Wong" Director

ETHOS CAPITAL CORP.

Statements of Operations and Deficit
For the years ended December 31, 2009 and 2008

		2009		2008
Expenses				
Bank charges	$	142	$	119
Business investigation costs		19,777		39,695
Consulting		68,500		-
Investor relations		13,500		-
Listing and filing fees		60,935		23,597
Office and administrative		31,715		17,457
Professional fees		26,144		40,121
Rent		13,800		8,050
Share-based compensation (note 8(d))		7,458		-
Loss before the undernoted		(241,971)		(129,039)
Interest income		6,540		47,593
Foreign exchange (loss) gain		(3,125)		4,242
Net loss		(238,556)		(77,204)
Deficit, beginning of year		(449,191)		(371,987)
Deficit, end of year	$	(687,747)	$	(449,191)
Basic and diluted loss per common share	$	0.02	$	0.01
Weighted average number of common shares outstanding		11,007,770		10,930,000

ETHOS CAPITAL CORP.
Statements of Cash Flows
For the years ended December 31, 2009 and 2008

	2009	2008
Cash provided by (used in)		
Operating activities		
Net loss	$ (238,556)	$ (77,204)
Item not affecting cash:		
Share-based compensation	7,458	-
	(231,098)	(77,204)
Changes in non-cash working capital components		
Amounts receivable	(581)	2,851
Prepaid expenses	-	4,814
Accounts payable and accrued liabilities	(123,687)	127,326
Due to related parties	(7,153)	8,457
	(362,519)	66,244
Investing activities		
Mineral property expenditures	(100,000)	(138,143)
Financing activities		
Common shares issued for cash	24,000	-
	24,000	-
Decrease in cash	(438,519)	(71,899)
Cash and Cash Equivalents, beginning of year	1,830,976	1,902,875
Cash and Cash Equivalents, end of year	$ 1,392,457	$ 1,830,976

Cash and Cash Equivalents, end of year, consisted of

	2009	2008
Cash on deposit with a Canadian chartered bank	$191,980	$37,672
Term deposits and Guaranteed investment certificates issued by a Canadian chartered bank	$1,200,477	$1,793,304

Non-Cash Transactions

	2009	2008
Shares issued for mineral properties	$ 30,750	$ -

1. OPERATIONS

Ethos Capital Corp. (the "Company") was incorporated on March 12, 2007 under the British Columbia Business Corporations Act. In 2007, the Company completed an initial public offering ("IPO") and was publicly listed as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange (the "TSX-V" or "Exchange"). In 2008, the Company announced a proposed qualifying transaction ("Qualifying Transaction") (note 5). In 2009, the TSX-V accepted the Company's Qualifying Transaction and filing statement, and the Company began trading on the TSX-V as a Tier 2 company under the symbol ECC.

These financial statements have been prepared on the basis that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation.

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets, liabilities, and commitments at the date of the financial statements and the reported amount of revenues and expenses during the reporting periods. Significant items subject to such management estimates and assumptions include the recoverability of the recorded value of mineral property interests and the determination of the fair value of share-based compensation. Actual results could differ from the estimates and assumptions made in the preparation of these financial statements.

(b) Cash and Cash Equivalents

Cash and cash equivalents consist of balances on deposit and investments in highly liquid short-term deposits, which are readily convertible into known amounts of cash and which are subject to minimal risks of changes in fair value.

(c) Financial Assets and Liabilities

The Company's financial assets and liabilities, other than cash and cash equivalents, are classified as follows:

- Amounts receivable are classified as loans and receivables and measured at amortized cost.
- Accounts payable and accrued liabilities and amounts due to related parties are classified as other financial liabilities and measured at amortized cost.

The carrying amount of these financial assets and financial liabilities as at December 31, 2009 and 2008 approximates their fair value due to their short term maturities.

Transaction costs directly attributable to the acquisition or issue of a financial instrument are added to the carrying amount of the financial instrument, and are amortized to operations using the effective interest rate method.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial Assets and Liabilities (continued)

The Company classifies and discloses fair value measurements based on a three-level hierarchy:

- Level 1 – inputs are unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – inputs for the asset or liability are not based on observable market data.

(d) Mineral Property Interests

Costs incurred related to the acquisition of, exploration for and development of mineral property interests are capitalized by property. All sales and option proceeds received are first credited against the costs of the related interest, with any excess credited to operations. No gains or losses are recognized on the partial sale or disposition of interests except in circumstances which result in significant dispositions of reserves. Once commercial production has commenced, these net costs are charged to future operations using the unit-of-production method based on estimated recoverable reserves by property. The net costs related to abandoned property interests are charged to operations.

The Company reviews the carrying values of its mineral property interests whenever events or changes in circumstances indicate that their carrying values may exceed their estimated net recoverable amounts determined by reference to estimated future operating results and undiscounted net cash flows. An impairment loss is recognized when the carrying value of those interests is not recoverable and exceeds their fair value.

(e) Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Future income tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases, and to losses and other deductions carried forward. Future tax assets and liabilities are measured using enacted or substantively enacted income tax rates expected to apply in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in income tax rates on future tax assets and liabilities is recognized in operations in the year in which the change occurs. A future income tax asset is recorded when the probability of the realization is more likely than not.

(f) Share-based Compensation

The Company uses the fair value method of accounting for options granted under its share-based compensation plan (note 8). Options granted are measured at the fair value, which is charged to operations over the applicable vesting period, with an offsetting credit to contributed surplus. Cash received on the exercise of share options is recorded in share capital and the related compensation included in contributed surplus is transferred to share capital to recognize the total consideration for the shares issued.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Loss per common share

Basic loss per common share is calculated by dividing the net loss for the period by the weighted average number of common shares that were outstanding in the period. Diluted loss per common share includes the potential dilution from common share equivalents, such as share options and warrants. The treasury stock method is used to calculate potential dilution, whereby the assumed proceeds from the exercise of options or warrants are used for the repurchase of common shares at the average market price during the reporting period.

For the years ended December 31, 2009 and 2008, the diluted loss per common share is the same as the basic loss per common share as the effect of all outstanding options and warrants was anti-dilutive.

(h) New Accounting Standards

Convergence with International Financial Reporting Standards

In 2006, the Accounting Standards Board of the Canadian Institute of Chartered Accountants ("CICA") ratified a strategic plan that will result in Canadian GAAP, as used by public companies, evolving and being converged with International Financial Reporting Standards ("IFRS") over a transitional period currently expected to be completed by 2011. The International Accounting Standards Board currently has projects underway that should result in new pronouncements which will be included in the convergence process.

The Company is in the process of completing a detailed assessment of the requirements of the transition to IFRS, with the intention of identifying: (i) the timing of the implementation of the transition, (ii) major differences from existing accounting policies, (iii) new accounting policies which are appropriate for the Company, (iv) the appropriate disclosures in financial statements prepared under IFRS, and (v) refinement of an implementation plan.

Business Combinations – Section 1582

In January 2009, the CICA issued Handbook Section 1582, *Business Combinations*, which will provide the Canadian equivalent to IFRS 3, *Business Combinations* and replace the existing Handbook Section 1581, *Business Combinations*. The new standard will apply prospectively to business combinations for which the acquisition date is on or after January 1, 2011. Earlier adoption is permitted as of the beginning of a fiscal year, in which case an entity would also be required to early adopt Handbook Section 1601, *Consolidated Financial Statements* and Handbook Section 1602, *Non-controlling Interests*.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) New Accounting Standards (continued)

Consolidated Financial Statements – Section 1601

In January 2009, the CICA also issued Handbook Section 1601, *Consolidated Financial Statements*, which establishes standards for the preparation of consolidated financial statements and, along with Section 1602, will replace the existing Handbook Section 1600, *Consolidated Financial Statements*. The new standard is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption is permitted as of the beginning of a fiscal year, in which case an entity would also be required to early adopt Handbook Section 1582, *Business Combinations* and Handbook Section 1602, *Non-Controlling Interests*.

Non-Controlling Interests – Section 1602

In January 2009, the CICA also issued Handbook Section 1602, *Non-Controlling Interests*, which 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 International Accounting Standard ("IAS") 27, *Consolidated and Separate Financial Statements.* The new standard is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption is permitted as of the beginning of a fiscal year, in which case an entity would also be required to early adopt Handbook Section 1582, *Business Combinations* and Handbook Section 1601, *Consolidated Financial Statements*.

Credit Risk and Fair Value of Financial Assets and Financial Liabilities – EIC 173

In January 2009, the Emerging Issues Committee ("EIC") of the CICA issued EIC Abstract 173, *Credit Risk and the Fair Value of Financial Assets and Financial Liabilities* which provides guidance on the implications of credit risk in determining the fair value of an entity's financial assets and financial liabilities. The guidance clarifies that an entity's own credit risk and the credit risk of counterparties should be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments, for presentation and disclosure purposes. The Company's fair value disclosures incorporate this new guidance.

Accounting Changes – Section 1506

In June 2009, the CICA amended Handbook Section 1506 *Accounting Changes*. The amendment excludes changes in accounting policies upon the complete replacement of an entity's primary basis of accounting, as will occur when an entity adopts IFRSs for the first time, from the scope of Section 1506.

3. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard its ability to pursue its objectives. The Company measures its capital as its shareholders' equity. The Company's primary source of capital is the issuance of equity.

The Company manages and adjusts its capital structure when changes in economic conditions occur. To maintain or adjust the capital structure, the Company may seek additional funding.

The Company may require additional funding to meet its administrative overhead expenses in the long term. The Company believes it will be able to raise capital as required, but recognizes there will be risks involved that may be beyond its control.

4. MANAGEMENT OF FINANCIAL RISK

The Company's financial instruments are exposed to certain risks, which include credit risk, liquidity and interest rate risk.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's cash and short term investments are on deposit at a major financial institution. Accounts receivable consist primarily of goods and services tax refunds due from the Government of Canada. As such, the Company considers this risk to be minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Accounts payable and accrued liabilities and due to related parties are due within the current operating period. The Company manages liquidity risk through the management of its capital structure (note 3).

Currency risk

Currency risk is the risk that changes in foreign exchange rates will affect the fair value or future cash flows of the Company's financial instruments. The Company's mineral properties are located in Mexico and the Company's financial instruments are denominated in Canadian dollars. The Company is therefore exposed to changes in the Canadian dollar/Mexican peso exchange rate, a risk which it does not actively manage.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect the fair value or future cash flows of the Company's financial instruments. The Company is exposed from time to time to interest rate risk as a result of holding fixed rate temporary investments of varying maturities. The Company reduces the risk that it will realize a loss as a result of a decline in the fair value of these investments by limiting these investments to highly liquid securities with short-term maturities.

5. QUALIFYING TRANSACTION

On July 17, 2009, the TSX-V accepted the Company's Qualifying Transaction, as outlined below, and filing statement that allowed the Company to meet the Tier 2 Mining Issuer requirements of the TSX-V.

During 2008, the Company signed a Letter of Intent with Cardero Resource Corp. ("Cardero") pursuant to which the Company was granted an option to earn a 70% working interest in two of Cardero's mineral prospects in Mexico. The Company and Cardero also signed a Letter Agreement (the "Amending Agreement") in 2008 amending the terms of the Letter of Intent. In consideration of Cardero entering into the Amending Agreement, the Company issued 100,000 common shares of the Company to Cardero 5 days after the Letter of Intent and the Amending Agreement was accepted for filing by the TSV-V (the "Acceptance Date"). The Company also agreed to pay to an individual at arm's length to the Company a finder's fee of 200,000 common shares of the Company over a three year period, including 50,000 common shares issued on the Acceptance Date, in consideration of that individual identifying and assisting with the acquisition of the Cardero mineral properties in the Qualifying Transaction.

Pursuant to the Original Letter of Intent and the Amending Agreement, the Company has an exclusive option (the "Option") to earn an undivided seventy (70%) percent right, title and working interest in two of Cardero's mineral properties in Mexico, the Santa Teresa and Corrales properties (the "Mineral Properties") respectively by:

(a) paying to Cardero the sum of $500,000, as follows:

   (i) $100,000 on the Acceptance Date (completed on July 20, 2009)

   (ii) an additional $150,000 on or before July 20, 2010; and

   (iii) an additional $250,000 on or before July 20, 2011;

(b) delivering to Cardero 1,334,000 fully-paid and non-assessable common shares of the Company as follows:

   (i) 266,800 common shares of the Company on or before July 20, 2010;

   (ii) an additional 466,900 common shares of the Company on or before July 20, 2011; and

   (iii) an additional 600,300 common shares of the Company on or before July 20, 2012;

(c) assuming all of the liabilities and performing, in a timely manner, all of the obligations pursuant to each of the third-party agreements to which Cardero or its subsidiaries hold their rights in and title to the Mineral Properties during the Option period; and

(d) otherwise complying with the terms and conditions of this Letter of Intent and Amending Agreement during the Option period.

The Company reimbursed Cardero for the costs of an initial work program on the Mineral Properties to ensure they met the terms of the Qualifying Transaction.

6. MINERAL PROPERTY INTERESTS

Mineral property costs as December 31, 2009 and 2008 are composed of the following:

	Santa Teresa	Corrales	Total
Drilling and Analysis	$ 81,579	$ 7,819	$ 89,398
Field costs	10,977	$6,761	17,738
Personnel costs	17,513	10,828	28,341
Travel costs	2,666	-	2,666
Total – December 31, 2008	**112,735**	**25,408**	**138,143**
Option payments - cash	50,000	50,000	100,000
Option payments – common shares	15,375	15,375	30,750
Total – December 31, 2009	**$ 178,110**	**$ 90,783**	**$ 268,893**

7. COMMITMENTS

The Company's exploration activities in Mexico are subject to various federal, provincial and state laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment, and believes its operations are materially in compliance with all applicable laws and regulations. The Company makes, and expects to make in the future, expenditures to comply with such laws and regulations, including any reclamation at its mineral properties, on a continuous basis.

The Company's option agreement with Cardero requires that the Company make all necessary payments to maintain the mineral property titles in good standing. Estimated annual fixed fees for 2010 are $2,300 and minimum required exploration expenditures are $118,200.

8. SHARE CAPITAL

(a) Authorized
Unlimited number of common shares without par value
Unlimited number of preferred shares without par value

(b) Common shares - Issued and outstanding

	Number of Shares		Amount
Balance, December 31, 2007 and 2008	**10,930,000**	**$**	**1,913,727**
Issued pursuant to mineral property agreements	150,000		30,750
Exercise of Agent warrants	120,000		24,000
Transfer from contributed surplus on exercise of Agent warrants	-		39,396
Balance, December 31, 2009	**11,200,000**	**$**	**2,007,873**

As at December 31, 2009, the Company had 2,182,500 common shares issued and under escrow. Pursuant to an escrow agreement, in July 2009, the initial 10% of the original 2,425,000 escrowed common shares was released from escrow on the acceptance by TSX-V of a Qualifying Transaction completed by the Company. A total of 15% of the original number of escrowed common shares will be released every 6 months thereafter.

Subsequent to December 31, 2009, the Company completed a private placement of 4,000,000 units at a price of $0.25 per unit for gross proceeds of $1 million. Each unit consisted of one common share and one-half of one share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share of the Company at a price of $0.33 per common share until January 28, 2011. The Company also granted stock options to purchase 50,000 common shares of the Company at a price of $0.39 per common share and issued 37,500 common shares of the Company due to the exercise of warrants.

(c) Warrants - Issued and outstanding

	2009		2008	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Outstanding at beginning of year	120,000	$ 0.20	120,000	$ 0.20
Exercised	(120,000)	0.20	-	-
Outstanding at end of year	-	$ -	120,000	$ 0.20

8. SHARE CAPITAL (continued)

(d) Share options

During 2007, the Company adopted an incentive share option plan which provides that the Board of Directors may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants of the Company, non transferrable options to purchase common shares of the Company, provided that the number of common shares reserved for issuance does not exceed 10% of the issued and outstanding common shares of the Company. Such options may be exercisable up to five years from the date of grant and subject to vesting provisions. In connection with the foregoing, the number of common shares reserved for issuance to any individual director, officer or employee shall not exceed 5% of the issued and outstanding common shares of the Company and the number of common shares reserved for issuance to any consultant shall not exceed 2% of the issued and outstanding common shares of the Company. Options may be exercised no later than 90 days following the cessation of the optionee's position with the Company. If the cessation of office, directorship, employment or consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option.

The Company determines the fair value of the options granted using the Black-Scholes option pricing model, recognizing forfeitures as they occur, using the following weighted average assumptions:

	2009	**2008**
Risk-free interest rate	2.4%	-
Expected life	3 years	-
Expected volatility	79%	-
Expected dividend yield	Nil	-

A summary of share option activity during the years ended December 31, 2009 and 2008 is as follows:

	Options granted	**Weighted average exercise price**
Balance, December 31, 2007 and 2008	850,000	$0.20
Options granted	250,000	$0.25
Balance, December 31, 2009	1,100,000	$0.21

8. SHARE CAPITAL (continued)

The following summarizes information concerning outstanding options at December 31, 2009:

					Vested and exercisable	
Grant date	**Expiry date**	**Number outstanding**	**Weighted average exercise price**	**Weighted average remaining contractual life (in years)**	**Number**	**Weighted average exercise price**
Dec 12, 2007	Dec 12, 2012	850,000	$0.20	2.95	850,000	$0.20
Sept 24, 2009	Sept 24, 2014	150,000	$0.25	4.73	-	-
Sept 24, 2009	Sept 24, 2010	100,000	$0.25	0.73	-	-
Total		1,100,000	$0.21	2.99	850,000	$0.20

The total share-based compensation expense for the year ended December 31, 2009 was $7,458 (2008 – Nil).

9. CONTRIBUTED SURPLUS

Balance, December 31, 2007 and 2008	$354,746
Transfer to share capital on exercise of Agent warrants	(39,396)
Share-based compensation	7,458
Balance, December 31, 2009	$322,808

10. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2009, the Company paid $14,518 (2008 – $8,050) to a publicly listed company with a common Chief Executive Officer, for office rent and reimbursement of certain office costs, of which $1,304 (2008- $8,457) was payable at December 31, 2009.

The Company also paid $68,500 (2008 - Nil) in consulting fees to private companies controlled by certain directors of the Company.

11. INCOME TAXES

		2009		2008
Future income tax assets:				
Losses carried forward	$	111,719	$	23,161
Valuation allowance		(111,719)		(23,161)
Total future income tax assets	$	-	$	-

The reconciliation of the provision for income taxes is as follows:

		2009		2008
Loss before income taxes	$	238,556	$	77,204
Statutory income tax rates		30.0%		30.0%
Income tax recovery based on statutory income tax rates		71,567		23,161
Adjustments:				
Amount not deductible for tax		(2,237)		(16)
Unrecognized losses of the year		(69,330)		(23,145)
Income tax (recovery) expense	$	-	$	-

At December 31, 2009, the Company had unrecognized non-capital losses for income tax purposes of $372,397 that may be used to offset future taxable income. These losses, if not utilized, will expire between 2028 and 2029.

12. COMPARATIVE FIGURES

The comparative amounts have been reclassified where necessary to conform to the presentation used in the current year.