

**◆ YALE RESOURCES LTD ◆**

**FORM 51-102F1  
MANAGEMENT DISCUSSION AND ANALYSIS**

**QUARTER ENDED JANUARY 31, 2010**

**Dated: March 23, 2010**

**Date Submitted: April 1, 2010**

## Introduction

The following discussion and analysis, prepared as of March 23, 2010, includes information from and should be read together with the annual audited consolidated financial statements of Yale Resources Ltd. “the Company” for the years ended October 31, 2009 2008 and 2007. The Company reports its financial position, results of operations and cash flows in accordance with Canadian generally accepted principles (“GAAP”). Additional information related to the Company is available for view on SEDAR at [www.sedar.com](http://www.sedar.com).

## Forward Looking Statements

Certain statements contained in this MD&A constitute forward-looking statements. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always identified by the use of words such as “seek”, “anticipate”, “plan”, “continue”, “estimate”, “designed”, “expect”, “may”, “will”, “project”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe”, and similar expressions. These statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward looking statements. Based on current available information, the Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that those expectations will prove to be correct. The forward-looking statements in this MD&A are expressly qualified by this statement, and readers are advised not to place undue reliance on the forward-looking statements.

## Description of Business

The Company's principal business activity is the acquisition and exploration of mineral properties for commercial mineral deposits and it is considered to be at the exploration stage. The Company has not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties in the financial statements are dependent on the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to discover and complete the development of those reserves and upon future profitable production. The Company trades on the TSX Venture Exchange under the symbol YLL, the Frankfurt Stock Exchange under the symbol YAB, and over the counter in the United States under the symbol YRLLF.

## Performance Summary

During the quarter ended January 31, 2010, the Company incurred \$142,306 in exploration expenditures and had exploration cost recoveries and option proceeds totalling \$127,506.

As at January 31, 2010, the Company had consolidated working capital of \$197,292. This is not sufficient to fund the Company's operating expenses in the short term, and additional funds were raised through equity markets subsequent to year end, to provide additional financing for operating expenses and exploration activities.

## Exploration Activities

**On November 6, 2009**, the Company announced results from the ongoing work program at the 100% owned Orofino Project.

Within the La Perla pit Yale sampling returned **18.5 metres with a weighted average of 2.02 g/t gold and 31.2 g/t silver**. Detailed mapping indicates that the shallow La Perla pit is located at the intersection of a vertical and a shallowly dipping mineralized structure. These parallel structures each have been traced over several hundred metres of strike length.

Approximately 200 metres northeast of the La Perla pit within the central portion of the La Perlita targets a hand dug trench uncovered **17 metres with a weighted average of 1.20 g/t gold and 10.8 g/t silver** from a second set of parallel veins.

“This work program continues to prove up strong targets for the planned drill program at Orofino. Initial work by Yale geologists has confirmed the validity of the significant amount of historical, non 43-101, data inherited by Yale upon purchase of the property. Having this large quantity of data gives Yale a huge advantage as we can advance towards a drill program that much quicker”, stated Yale president, Ian Foreman, P.Geol.

In addition, two samples from a large stockpile of mineralization from the previous mining at Orofino returned 1.76 g/t gold and 1.48 g/t gold respectively from 1.5 metre deep pits.

**On November 10, 2009**, the Company reported that it had signed a Letter of Intent with American Sierra Gold Corp. for the option to earn a 100% interest in Yale’s wholly owned Carol Project located in southern Sonora State, Mexico.

To earn a 100% interest American Sierra will be required to pay Yale \$ 50,000, spend \$300,000 on exploration expenditures and issue 500,000 shares to Yale over three years. Yale will act as the operator for the project. Yale has received \$25,000 and will receive an additional \$25,000 and 100,000 shares in American Sierra upon signing of the definitive agreement.

**On November 17, 2009**, the Company, on behalf of its partner, American Sierra Gold Ltd., announced the discovery of a new gold-rich zone within the underground workings of the El Rosario Target in the Urique Project, Chihuahua State, Mexico.

Highlights from the underground sampling within the Rosario tunnel include:

- 9.74 g/t gold and 356.7 g/t silver over 1.68 m,
- 2.16 g/t gold and 92.5 g/t silver over 2.93 m,
- 3.60 g/t gold and 108.2 g/t silver over 1.87 m,
- 5.65 g/t gold and 95.9 g/t silver over 0.45 m,
- 3.69 g/t gold and 112.7 g/t silver over 1.10 m, and
- 3.53 g/t gold and 243.1 g/t silver over 0.40 m.

The new gold zone was found within a previously unknown extension to the El Rosario tunnel during a program that included reconditioning, mapping and sampling in preparation for a planned underground drill program. The Rosario tunnel is the largest of three known workings within the larger El Rosario target area.

This gold-rich zone may represent a ‘clavo’, or ore shoot, and is approximately 60 metres long. A total of 22 samples were taken in the zone with values ranging from 0.06 to 11.57 g/t gold and 6.6 to 358.7 g/t silver.

Sampling of the veins underground was limited by the narrow width and size of the workings, however surface sampling some 150 metres above the Rosario tunnel, encountered bonanza grades up to 10.6 g/t gold and 8,290.0 g/t (or 241.5 ounces per ton) silver (see news release dated February 6, 2008) within 10 to 40 cm wide veins that make up vein-sets that have been mapped as being 1 to 7 metres wide.

At El Rosario fieldwork in 2008 identified at least five vein-sets hosted within altered andesite. Multiple +1 kilogram per tonne silver assays have been collected from various veins throughout the El Rosario target. Significant silver mineralization of up to 257 g/t silver and 0.78 g/t gold over five metres also occurs within the altered andesite host rocks (see news release dated August 26, 2008), which adds to the bulk tonnage potential of the target.

The El Rosario target, as currently defined, measures approximately 175 metres wide by 400 metres long. The mineralization and alteration mapped on surface and underground is open along strike and to depth and has never been drilled.

The presence of multiple vein sets hosting high grade silver-gold mineralization, as well as felsic intrusives that appear to be related to widespread alteration and mineralization of the andesitic host rocks, suggests that the El Rosario target area has the potential to be further expanded.

**On December 1, 2009**, the Company announced additional results from the ongoing work program at the 100% owned Orofino Project. Work within the 83 square kilometre Orofino Project initially concentrated within a central area covering 3 by 2 kilometres that is host to a bulk of the historic production from two principal targets containing four open pits – La Perla and La Perlita.

Trenching within the La Perlita east pit has uncovered:

- **8.0 metres with a weighted average of 4.11 g/t gold and 35.8 g/t silver,**  
- including 2.0 m grading 7.84 g/t gold and 41.2 g/t silver.
- **6.0 metres with a weighted average of 3.74 g/t gold and 49.2 g/t silver.**

The low angle La Perlita structure has now been traced on surface for approximately 250 metres and ranges from 2 to greater than 5 metres in width. It occurs at the contact of the favourable host andesitic volcanic rocks and the overlying dacites. The structure is open along strike in both directions.

Now that fieldwork has validated the location and grades of known mineralization from the large amount of historic data inherited with the project Yale has now changed its focus from confirmation to exploration. Fieldwork is ongoing within the project in the form of detailed mapping, prospecting and trenching at a number of target areas.

On December 30, 2009, the Company provided an update on its partners' activities on the four projects that Yale had out under option. These agreements combine for required minimum expenditures totalling US \$750,000 over the next year. Yale is the operator on each of the projects.

American Sierra Gold has completed the required expenditures of \$300,000 to complete the first year of the option agreement at Urique. A sampling program at the El Rosario target identified a new gold rich zone (see news release dated November 17, 2009) with highlights from the underground sampling of: 9.74 g/t gold and 356.7 g/t silver over 1.68 m, 2.16 g/t gold and 92.5 g/t silver over 2.93 m, 3.60 g/t gold and 108.2 g/t silver over 1.87 m, and 3.69 g/t gold and 112.7 g/t silver over 1.10 m. American Sierra has minimum expenditures of US\$ 500,000 during the second year of the option agreement.

Silver Sun Resources has completed the minimum of \$200,000 of expenditures required for Silver Sun to earn 100% of Yale's interest at the Zacatecas Venture. Yale's minority partner for the Zacatecas Venture, IMPACT Silver Corp., chose to not participate in the 2009 exploration program and as a result of Silver Sun's expenditures Yale's interest in the properties has increased from 65% to 73%. To fulfill the terms of the agreement Silver Sun will have to make a final payment to Yale in cash and/or shares.

Yale's partner in the Dos Naciones project, Del Torro Silver, has yet to perform exploration on the project and has until July 7, 2010 to complete a minimum of US \$150,000 of work. The focus at Dos Naciones will initially be the high grade silver-lead veins at the Josefina target where previous sampling (see news release dated February 10, 2009) of mineralized dump material at the entrance to a small historical working returned 591.0 grams per tonne silver and 12.6 % lead. The Josefina target, located at the geographic centre of the property, consists of a series of sub-parallel veins ranging from 0.5 to 3.0 metres in width that have been traced over a strike length of at least 250 metres and the target remains open in all directions.

At the Carol Property, American Sierra Gold has performed a due diligence trenching program. We are currently awaiting the results of this program. American Sierra paid Yale \$25,000 upon signing of the Letter of Intent with Yale for an option to earn a 100% interest in the property by paying Yale an additional \$25,000, spending \$300,000 on exploration expenditures and issuing 500,000 shares to Yale over three years.

**On January 06, 2010**, the Company announced the acquisition of a 100% interest in the Guadalupe Property, located approximately 4 kilometres north of the city of Fresnillo, Zacatecas State, Mexico. The property is approximately 8 kilometres north of the Fresnillo (Proaño) Mine, the world's richest underground silver mine operated by Fresnillo plc. The property is also approximately 11 kilometres northeast of the Juanicipio Joint Venture between MAG Silver Corp. and Fresnillo plc.

The Guadalupe Property is 282.84 hectares in size and contains two historic mines – the Santa Rita and San Antonio mines. Historic records containing references to the Santa Rita and San Antonio mines suggest that both mines were important and reached their height of production between 1910 and 1920. The property is completely surrounded by land controlled by Peñoles (either through Fresnillo or other subsidiaries and partners).

There is currently small scale production from the property at a rate of approximately 3 to 4 tonnes per day. This production is from one of the five known veins on the property and is at a depth of only 30 metres. Production will continue on the property until Yale has completed the purchase of the property at a maximum of 1,500 tonnes per year (or approx. 4 tonnes per day). This ongoing work should greatly aid exploration by allowing Yale staff to better understand the mineralization.

A chip channel sample taken by Yale staff from one face of the workings returned **3.32 g/t gold and 342.0 g/t silver across 1.5 metres of vein**.

Yale can purchase a 100% interest in the Guadalupe Property by making escalating payments every 6 months over four years totaling US \$1,000,000 with an initial payment of \$10,000 (paid) and a final payment of \$465,000. There is a 2% NSR on the property that can be purchased for US \$ 1,000,000.

**On January 14, 2010**, the Company announced that it had been informed by Silver Sun Resources Ltd. (SSU – TSX.V) of their intent to complete the terms of the option agreement for a 100% of Yale's interest in the Zacatecas Venture.

To fulfill the terms of the agreement Silver Sun will make a final payment to Yale of 300,000 shares. This will increase Yale's holdings in Silver Sun to 500,000 shares, which will represent 5.26% of the issued capital of Silver Sun.

Upon completion, Yale will transfer its 73% interest in the Zacatecas Venture to Silver Sun who will then inherit the terms of the Joint Venture with minority partner IMPACT Silver Corp.

**On January 29, 2010**, the Company announced that ongoing fieldwork at the wholly owned Orofino Project has identified a new mineralized target.

The new target, the Koala Zone, is made up of a zone of oxidation that measures approximately 175 by 90 metres. The discovery outcrop, located at the southern edge of the Koala Zone, returned values of 1.07 g/t gold, 60.1 g/t silver, 1.22 % lead and 1.82 % zinc over 1 metre. A hand dug trench, located 50 metres to the north, uncovered a second mineralized structure that returned **10 metres averaging 0.58 g/t gold, 57.4 g/t silver, 8.4 % lead and 1.4 % zinc** located approximately 45 metres to the east.

Limited outcrop requires that continued work at the Koala Zone will consist of additional trenching. The potential to expand the area is demonstrated by one outcrop that occurs approximately 50 metres to the southeast that returned 0.68 g/t gold from a panel sample measuring 2 m by 1 m.

**On February 17, 2010**, the Company announced that it has started a field program at its wholly owned Urique Project on behalf of its partner American Sierra Gold Corp. (OTCBB – AMNP). The field program is scheduled to last approximately one month and will concentrate on five target areas within the 29,000 hectare (or 290 square kilometre) property. The Urique Project stretches approximately 40 kilometres from Goldcorp's El Sauzal property to Kimber Resources' Monterde property. There are currently 10 known targets within the property.

The option agreement requires that American Sierra have expenditures totaling \$500,000 during the second year of the earn-in period.

On February 26, 2010, the Company announced the results from a trenching program at the wholly owned Carol property, located in southern Sonora State, Mexico.

Previous sampling in trench BS-12 returned 20 metres grading 0.66 g/t gold (see news release dated July 10, 2008). This trench was re-dug and extended, which confirms the presence of the gold zone discovered by Yale during the last phase of trenching performed on the property and resulted in the discovery of a second gold zone. This zone occurs at the southern edge of the Blade South target that measures approximately 1,100 metres long and 400 metres wide. The two gold zones, separated by 20 metres, are as follows:

- Zone 1: 0.60 g/t gold over 16 metres (re-sampled)
- Zone 2: 0.39 g/t gold over 16 metres (new)

A second trench dug approximately 500 metres to the northeast at the eastern edge of known skarn mineralization resulted as the previous trench (BS-6) was not dug deep enough as mineralization continued under deep overburden. This new trench uncovered a wider zone of higher grade mineralization as follows:

- 1.94 % copper, 19.17 % zinc, 0.93 % lead, 36.7 g/t silver and 0.59 g/t gold over 10 metres

The Company wishes to report that the letter of intent previously announced on Nov. 10, 2009 has not been converted into a definitive agreement. Yale will keep the non-refundable deposit of \$25,000. As a result the Carol property is available for option.

**On March 8, 2010**, the Company reported that it had signed a Letter of Intent with Silver America Inc. (OTCBB – SILA) for the option to earn a 90% interest in Yale's wholly owned Guadalupe Property located in Zacatecas State, Mexico.

To earn a 90% interest Silver America will be required to pay Yale US \$ 900,000, spend US \$ 2,000,000 on exploration expenditures and issue 1,000,000 shares to Yale over four years. Cash payments will be due every six months and will increase to a final payment of US \$355,000. Yale will act as the operator for the project. The minimum work commitment before June 30, 2011 is US \$ 400,000 including a minimum of 2,000 metres of drilling.

Should the earn-in be completed Yale will retain a 10% participating interest in the property as well as a 2% NSR, which can be bought out in entirety for US \$ 2,000,000.

For complete details of these projects please refer to the unedited news releases from the appropriate dates as well as the Company's website ([www.yaleresources.com](http://www.yaleresources.com)).

## **Corporate Events**

**On December 30, 2009**, the Company announced a correction to the hold and expiry dates of the recently completed first tranche financing (see news release dated December 18, 2009).

The warrants will expire on December 19, 2010. The shares forming part of the units and the shares acquired on exercise of the warrants are subject to restrictions on resale until April 19, 2009.

**On January 27, 2010**, the Company announced that final approval has been received from the TSX-V for the second tranche of a previously announced non-brokered private placement (please see news releases dated October 15 and 20, 2009) in the Company at a price of \$0.06 per Unit. The first tranche is 5,250,000 Units for gross proceeds of \$315,000. A Unit consists of one common share and one non-transferable common share purchase warrant valid for one year that will entitle the holder to purchase one additional common share at a price

of \$0.10. The warrants will expire on January 23, 2010. The shares forming part of the units and the shares acquired on exercise of the warrants are subject to restrictions on resale until May 23, 2009.

The Company paid a total of \$30,900 and issued 515,000 warrants to Capital Street Group, Canaccord Financial Ltd., Argentaurus Investments and PI Financial Corp. as finder's fees on a portion of the second tranche. The terms for these warrants are the same as those of the financing.

**On February 5, 2010**, the Company announced that final approval has been received from the TSX-V for the third tranche of a previously announced non-brokered private placement (please see news releases dated October 15 and 20, 2009) in the Company at a price of \$0.06 per Unit. This third tranche is 850,000 Units for gross proceeds of \$51,000. A Unit consists of one common share and one non-transferable common share purchase warrant valid for one year that will entitle the holder to purchase one additional common share at a price of \$0.10. The warrants will expire on February 2, 2011. The shares forming part of the units and the shares acquired on exercise of the warrants are subject to restrictions on resale until June 2, 2009.

The Company paid a total of \$5,100 and issued 51,000 warrants to PI Financial Corp. as finder's fees for the third tranche. The terms for these warrants are the same as those of the financing. The Company has now closed the financing after netting to the Company \$472,710.

## **Results of Operations**

The Company currently does not have an operating or producing mineral property. The Company has no earnings from mineral properties and therefore will finance its future exploration activities by the sale of common shares or units. Certain of the key risk factors of the Company's operating results are the following: the state of capital markets, which affects the ability of the Company to finance its exploration activities; the write-down and abandonment of mineral property interests as exploration results provide further information relating to the underlying value of such properties; and market prices for natural resources as well as the nonviability of its projects.

The Company's accounting policy as it relates to its acquisition of its mineral property interests is to defer all costs of acquiring mineral resource properties and their related exploration and development costs until the properties to which they relate are placed into production, sold or abandoned or impaired. At that time, capitalized costs are either depleted using the unit-of-production method over the estimated life of the ore-body, following the commencement of production, or written off at the time the property is sold or abandoned.

The Company is not a party to any material legal proceedings and is not in default under any material debt or other contractual obligations other than as disclosed in the financial statements. No significant revenue generating contracts or cash commitments were entered into or undertaken by the Company during the period other than as set out herein or in the financial statements of the Company.

Significant variances in the Company's operational results for the quarter ended January 31, 2010 were as follows:

- i) Accounting, audit and legal fees increased by \$7,502 to \$10,932 from \$3,430 in 2009 and reflect payments made for the audit of the Company's financial statements for the year ended October 31, 2009, legal work done in respect of mineral property options, and the completion of three tranches of a private placement.
- ii) Office and miscellaneous decreased by \$4,308 to \$11,927 from \$16,235 in 2009 and reflect lower overhead costs in Mexico and lower administration fees paid to the Corporate Secretary.
- iii) Management fees decreased by \$15,000 to \$15,000 from \$30,000 in 2009 and reflect work done by one consultant, previously managerial in nature, being recorded as investor relations fees for the current year.
- iv) Consultants' fees increased by \$80,696 to \$95,696 from \$18,000 in 2009 and reflect two one time contracts completed in the current quarter.

Significant variances in the Company's financial position for the quarter ended January 31, 2010 were as follows:

- i) Cash increased by \$91,406 to \$151,690 from \$60,284 and reflects cash received for the issuance of share capital netted against ongoing exploration of the Company's mineral properties.
- ii) Amounts receivable have decreased by \$26,072 to \$86,513 from \$112,585 and reflect the ongoing net payments versus refunds of refundable taxes on work done in Mexico.
- iii) Prepaid expenses decreased by \$61,237 to \$10,000 from \$71,237 and reflect the completion of two prepaid consulting contracts for work done through January 31, 2010.
- iv) Accounts payable and accrued liabilities decreased by \$92,731 to \$95,911 from \$188,642 and reflect the settlement of accounts payable at year end with funds raised through subsequent share issuances.

### Selected Annual Information

	Oct. 31, 2009 \$	Oct. 31, 2008 \$	Oct. 31, 2007 \$
Total revenue	Nil	Nil	Nil
Loss for the year	(1,615,185)	(777,199)	(832,373)
Basic and diluted loss per share	(0.03)	(0.02)	(0.03)
Total assets	3,105,770	3,953,588	2,603,983
Total long-term financial liabilities	Nil	Nil	Nil

### First Quarter Results

The Company incurred a loss of \$157,702 for the quarter ended January 31, 2010. Significant items incurred during the quarter are as follows:

- i) Consultants' fees were \$95,696
- ii) Management fees were \$15,000;
- iii) Rent was \$19,812
  
- iv) Stock based compensation expense was \$26,750; and

Interest and other revenue is comprised of interest income and geological consulting services provided to unrelated companies. Net oil and gas revenue is a function of the Company's investment in oil and gas wells in Texas and Louisiana in the United States of America.

The nature of the Company's operations remained unchanged from prior periods. The loss for the period (\$157,702) was incurred in the normal course of operations.

## Summary of Quarterly Results

The consolidated financial statements of the Company have been prepared in accordance with Canadian generally accepted accounting principles. The table below sets out the quarterly results of the Company for the 8 most recent quarters.

	Jan. 31, 2010	Oct. 31, 2009	July 31, 2009	Apr. 30, 2009	Jan. 31, 2009	Oct. 31, 2008	July 31, 2008	Apr. 30, 2008
Revenue	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Loss for the period	157,702	1,251,667	132,492	110,942	120,084	173,834	137,122	351,367
Basic and diluted loss per share	(0.002)	(0.02)	(0.01)	0.00	(0.003)	(0.004)	(0.003)	(0.01)

## Liquidity and Capital Resources

As at January 31, 2010 the Company had working capital of \$197,292, as compared to working capital of \$70,964 as at October 31, 2009. The Company will require continued financing or outside participation, to undertake additional exploration and subsequent development of its mineral properties.

As at January 31, 2010, the Company had cash of \$151,690 (\$60,284 as at October 31, 2009).

## Related Party Transactions

The Company entered into transactions with the following related party during the quarter ended January 31, 2010:

- (a) Consultants' fees of \$18,000 (2009 - \$18,000) were paid to a company controlled by the President of the Company. Amounts payable as at January 31, 2010 were \$6,300.
- (b) Management fees of \$15,000 (2009 - \$15,000) were paid to an officer of the Company.
- (c) Office service fees of \$6,000 (2009 - \$15,000) were paid to a corporation controlled by the Corporate Secretary of the Company.

All transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the Company and the related parties.

## Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements

## Proposed Transactions

The Company has no proposed transactions other than what was disclosed in the Subsequent Events in the Consolidated Financial Statement

## Risks

All of the properties in which the Company has an interest are in the exploration stage only and the business of the Company is subject to the following risks:

## Exploration and Mining Risks

The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. At present, the Company has not discovered a metals or diamond deposit of commercial grade on any of its properties. Unusual or unexpected formations, formation pressures, fires, power outages, labor disruptions, flooding, cave-ins, landslides and the inability of the Company to obtain suitable machinery, equipment or labor are all risks involved in the operation of mines and the conduct of exploration programs. Substantial expenditures are required in order to establish ore reserves through drilling and staged bulk sampling, to develop optimum metallurgical processes to extract the metals or diamonds from the ore and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial mining operations or that funds required for development can be obtained on a timely basis. The economics of developing mining properties is affected by many factors including the cost of operations, variations in the grade of ore mined, fluctuations in the prices of ore which can be obtained on the metal markets, costs of processing equipment and such other factors as aboriginal land claims and government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. There is no certainty that the expenditures to be made by the Company in the exploration and development of the interests described herein will result in discoveries of commercial quantities of ore.

### **Political Risks**

The management and directors of Yale feel that Mexico is a politically stable area of the world that still has significant potential for discoveries.

Mexico is located immediately south of the United States of America and is 1,972,550 square kilometres in size (approximately twice the size of British Columbia). Elections held in July 2000 marked the first time since the 1910 Mexican Revolution that the opposition defeated the party in government, the Institutional Revolutionary Party (PRI). Vicente Fox of the National Action Party (PAN) was sworn in on 1 December 2000 as the first chief executive elected in free and fair elections. Recently Felipe Calderon was sworn in as the new president of Mexico and will be in power for the coming 6 years. Mexico has a free market economy that recently entered the trillion-dollar class. It contains a mixture of modern and outmoded industry and agriculture, increasingly dominated by the private sector. Recent administrations have expanded competition in seaports, railroads, telecommunications, electricity generation, natural gas distribution, and airports. Per capita income is one-fourth that of the US; income distribution remains highly unequal. Trade with the US and Canada has tripled since the implementation of NAFTA in 1994. Mexico has 12 free trade agreements with over 40 countries including, Guatemala, Honduras, El Salvador, the European Free Trade Area, and Japan, putting more than 90% of trade under free trade agreements.

### **Market Risks**

The marketability of metals or diamonds recovered from deposits, which may be acquired or discovered by the Company, will be affected by numerous factors many of which are beyond the control of the Company. These factors include market fluctuations in the price of metals or diamonds, the capacity of the market, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of metals or minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but any one or a combination of these factors could result in the Company not receiving an adequate return for shareholders.

### **Uninsurable Risks**

Mining operations generally involve a high degree of risk. Hazards such as unusual or unexpected formations, rock bursts, cave-ins, fires, flooding, or other conditions may occur from time to time. The Company may become subject to liability for pollution, cave-ins or hazards against which it cannot insure or

against which it may elect not to insure. The payment of such liabilities may have a material, adverse effect on the Company's financial position.

### **No Assurance of Title or Boundaries, or of Access**

While the Company has registered its mining claims with the appropriate mining authorities and has filed all pertinent information to industry standards, this should not be construed as a guarantee of title. In addition, the Company's properties consist of recorded mineral claims, none of which have been legally surveyed, and therefore, the precise boundaries and locations of such claims may be in doubt and may be challenged. The Company's properties may also be subject to prior unregistered agreements or transfers or native land claims and the Company title may be affected by these and other undetected defects.

### **Government Regulation**

The Company's operations are subject to government legislation, policies and controls relating to prospecting, land use, trade, environmental protection, taxation, rates of exchange, return of capital and labor relations.

Although the Company's exploration activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner that could limit or curtail production or development of the Company's operations. Amendments to current laws and regulations governing the operations and activities of the Company or more stringent enforcement of such laws and regulations could have a substantial adverse impact on the financial results of the Company.

### **Environmental Regulation**

The Company's operations may be subject to environmental regulations enacted by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition on the Company of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner that has led to stricter standards and enforcement and greater fines and penalties for non-compliance. The cost of compliance with government regulations may reduce the profitability of the Company's operations.

### **Competition**

The exploration and mining industry is intensely competitive in all its phases. The Company competes with many companies possessing greater financial resources and technical facilities than itself for the acquisition and exploration of mineral concessions, claims, leases and other mineral interests as well as for the recruitment and retention of qualified management and employees.

### **Management**

The success of the Company depends to a large extent on its ability to retain the services of its senior management and members of its board of directors. The loss of their services may have a material adverse effect on the Company.

The Company has no compensatory plans or arrangements in effect with any of its senior officers or members of its board of directors with respect to the resignation, retirement, or other termination of their services, or with respect to a change in their responsibilities following a change in the control of the Company.

### **Financing Risks**

The Company has no source of operating cash flow, limited financial resources, and has no assurance that additional financing will be available to it for further exploration and development of its properties or to enable it to fulfill its obligations under any applicable agreements. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the Company's properties and the possible loss of title to such properties. If such additional financing is raised, it will likely be through the issuance of additional equity securities of the Company, which may have a substantial dilutive effect on shareholders acquiring securities of the Company.

### **Permits and Licenses**

The Company's operations may require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations on the Company's properties.

### **Risks Related to Nature of ownership of common shares**

#### **Dilution**

Shareholders may suffer immediate and/or future dilution with respect to future private and or public offerings of common shares currently being contemplated in order to secure needed capital to facilitate Company growth.

#### **Market Volatility**

The trading price of the common shares may be subject to wide fluctuations in response due to variations in operating results, and other events and factors. In addition, the stock market may experience price and volume fluctuations, which may adversely affect the market price of the common shares of the Company

#### **Critical Accounting Estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates are the assumptions used in the determination of the valuation allowance for future income taxes, determination of asset retirement obligations ("ARO"), recoverability of mineral property interests, depletion of oil and gas interests, the determination of variables used in stock-based compensation, rates of amortization for equipment, accrued liabilities, and the determination of valuation allowances for any future income tax assets. While management believes the estimates are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flow.

## **Changes in Accounting Policies Including Initial Adoption**

### **Future accounting changes**

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

In 2008, the Canadian Accounting Standards Board ("AcSB") confirmed that the transition to IFRS from Canadian GAAP will be effective for fiscal years beginning on or after January 1, 2011 for publicly accountable enterprises. The Company will therefore be required to present IFRS financial statements for its January 31, 2012 interim financial statements. The effective date will require the restatement for comparative purposes of amounts reported by the Company for the interim periods and for the year ended October 31, 2011 and earlier where applicable. The Company is currently evaluating the impact of the conversion on the Company's consolidated financial statements and is considering accounting policy choices available under IFRS.

(ii) Business Combinations

In January 2009, the CICA issued Section 1582, "Business Combinations", Section 1601, "Consolidated Financial Statements", and Section 1602, "Non-Controlling Interests". These new standards are harmonized with IFRS. Section 1582 specifies a number of changes, including: an expanded definition of a business, a requirement to measure all business acquisitions at fair value, the use of the date of exchange as the measurement date, the requirement to measure non-controlling interests at fair value and a requirement to recognize acquisition related costs that are not capital in nature as expenses. Section 1601 establishes the standards for preparing consolidated financial statements. Section 1602 specifies that non-controlling interests be treated as a separate component of equity, not as a liability or other item outside of equity. The new standards will become effective in 2011 but early adoption is permitted.

## **International Financial Reporting Standards**

The conversion to IFRS will likely impact the Company's statement of financial position and results of operations. To transition to IFRS, changes may be required to the Company's information technology and data systems, internal control over financial reporting, disclosure controls and procedures, financial reporting expertise and training requirements, and matters that may be influenced by GAAP measures such as capital requirements.

The detailed analysis of the IFRS – Canadian GAAP differences, and the selection of accounting policy choices under IFRS has commenced and the Company will continuously monitor changes in IFRS leading up to the changeover date, and will update its conversion plan as required.

## **Management's Report on Internal Controls Over Financial Reporting**

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not detect misstatements. Therefore, even those systems determined to be effective can only provide reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assesses the effectiveness of the Company's internal control over financial reporting as of October 31, 2009. Based on management's assessment and those criteria, management has concluded that the internal control over financial reporting as at October 31, 2009 was effective.

### **Disclosure Controls and Procedures**

The Company's management is responsible for establishing and maintaining disclosure controls and procedures to provide reasonable assurance that material information related to the Company, including its consolidated subsidiaries, is made known to senior management. Senior management has evaluated the Company's disclosure controls and procedures and have concluded that they are effective as of October 31, 2009.

### **Disclosure of Outstanding Share Data**

As at March 23, 2010, the Company had the following common shares, stock options and warrants outstanding:

Common shares	67,741,879
Stock options (vested and unvested)	3,225,000
Warrants	9,505,000
Fully diluted shares outstanding	80,471,879

The Company's ongoing exploration is dependent on raising additional capital to develop its properties and the Company is continually assessing overall market conditions to ensure this need is fulfilled to the benefit of the Company and its shareholders.

**YALE RESOURCES LTD.**  
**(An Explorations Stage Company)**

**Consolidated Financial Statements**  
**January 31, 2010 and 2009**  
**(Unaudited – Prepared by Management)**

### **NOTICE OF NO AUDITOR REVIEW**

The accompanying unaudited interim financial statements have been prepared by management and approved by the Audit Committee and Board of Directors.

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

**YALE RESOURCES LTD.**  
**(An Exploration Stage Company)**  
**Consolidated Balance Sheets**  
**(Unaudited – Prepared by Management)**

	January 31, 2010	October 31, 2009
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 151,690	\$ 60,284
Marketable securities (note 4)	45,000	15,500
Amounts receivable	86,513	112,585
Prepaid expenses and advances	10,000	71,237
	293,203	259,606
<b>Amounts receivable</b>	31,706	31,706
<b>Prepaid expenses</b>	19,050	19,050
<b>Oil and Gas Interests</b> (note 5)	36,285	34,869
<b>Equipment</b> (note 6)	10,525	11,363
<b>Mineral Property Interests</b> (note 7)	2,763,446	2,749,176
	\$ 3,154,215	\$ 3,105,770
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 95,911	\$ 188,642
<b>Shareholders' Equity</b>		
<b>Capital Stock</b> (note 8)	12,602,541	12,358,443
<b>Contributed Surplus</b>	1,108,081	1,055,801
<b>Deficit</b>	(10,656,318)	(10,498,616)
<b>Accumulated Other Comprehensive Income</b>	4,000	1,500
	3,058,304	2,917,128
	\$ 3,154,215	\$ 3,105,770

Nature of Operations and Going-Concern (note 1)  
Subsequent Events (note 11)

**Approved by the Board:**

*"Ian Foreman"*

Ian Foreman, Director

*"Luca Riccio"*

Luca Riccio, Director

**YALE RESOURCES LTD.**  
**(An Exploration Stage Company)**  
**Consolidated Statements of Operations**  
**Three Months Ended January 31**  
**(Unaudited – Prepared by Management)**

	<b>2010</b>	<b>2009</b>
<b>Revenues</b>		
Oil and gas revenue, net	\$ 2,379	\$ 4,591
Interest and other	30,709	4,130
	<b>33,088</b>	<b>8,721</b>
<b>Operating Expenses</b>		
Accounting, audit and legal	10,932	3,430
Amortization	2,907	3,061
Consultants' fees	95,696	18,000
Investor relations	789	1,969
Management fees	15,000	30,000
Office and miscellaneous	11,927	16,235
Regulatory fees	3,490	1,255
Rent	19,812	16,487
Stock-based compensation (note 8(f))	26,750	20,103
Telephone	1,023	914
Transfer agent and listing fees	2,177	936
Travel	1,475	2,121
	<b>191,978</b>	<b>114,511</b>
<b>Loss Before Other Items</b>	<b>158,890</b>	<b>105,790</b>
<b>Other Items</b>		
Mineral interest written-off	531	0
Foreign exchange loss (gain)	(1,719)	14,294
Gain on sale of marketable securities	0	0
<b>Net Loss for the Period</b>	<b>157,702</b>	<b>120,084</b>
<b>Loss Per Share</b>	<b>\$ (0.002)</b>	<b>\$ (0.003)</b>
<b>Weighted Average Number of Shares Outstanding</b>	<b>59,534,656</b>	<b>43,229,656</b>

**YALE RESOURCES LTD.**  
**(An Exploration Stage Company)**  
**Consolidated Statements of Shareholders' Equity**  
**(Unaudited – Prepared by Management)**

	Number of Shares	Capital Stock \$	Contributed Surplus \$	Deficit Accumulated During the Exploration Stage \$	Accumulated Other Comprehensive Income \$	Total Shareholders' Equity \$
Balance – October 31, 2008	43,229,656	11,839,468	795,209	(8,883,431)	0	3,751,246
Net loss for year	0	0	0	(1,615,185)	0	(1,615,185)
Unrealized gain on marketable securities	0	0	0	0	1,500	1,500
Loss and comprehensive loss for year	0	0	0	(1,615,185)	1,500	(1,613,685)
	43,229,656	11,839,468	795,209	(10,498,616)	1,500	2,137,561
Common shares issued for cash						
Private placement	12,000,000	420,475	32,425	0	0	452,900
Exercise of warrants	645,000	32,250	0	0	0	32,250
Common shares issued for mineral interests	1,250,000	66,250	0	0	0	66,250
Stock-based compensation	0	0	182,673	0	0	182,673
Warrant revaluation	0	0	45,494	0	0	45,494
Balance – October 31, 2009	57,124,656	12,358,443	1,055,801	(10,498,616)	1,500	2,917,128
Net loss for year	0	0	0	(157,702)	0	(157,702)
Unrealized gain on marketable securities	0	0	0	0	2,500	2,500
Loss and comprehensive loss for year	0	0	0	(157,702)	2,500	(155,203)
	57,124,656	12,358,443	1,055,801	(10,656,318)	4,000	2,761,926
Common shares issued for cash						
Private placement	2,765,000	128,098	25,530	0	0	153,628
Exercise of warrants	1,500,000	105,000	0	0	0	105,000
Common shares issued for mineral interests	200,000	11,000	0	0	0	11,000
Stock-based compensation	0	0	26,750	0	0	26,750
Balance – January 31, 2010	61,589,656	12,602,541	1,108,081	(10,656,318)	4,000	3,058,304

**YALE RESOURCES LTD.**  
**(An Exploration Stage Company)**  
**Consolidated Statements of Cash Flows**  
**Three Months Ended January 31**  
**(Unaudited – Prepared by Management)**

	<b>2010</b>	<b>2009</b>
<b>Operating Activities</b>		
Net loss	\$ (157,702)	\$ (120,084)
Items not affecting cash		
Amortization	2,907	3,061
Stock-based compensation	26,750	20,103
Warrant revaluation	0	0
Unrealized foreign exchange loss (gain)	0	0
Write-off of mineral interests	531	0
Gain on sale of marketable securities	0	0
<b>Operating Cash Flow</b>	<b>(127,514)</b>	<b>(96,920)</b>
<b>Changes in Non-Cash Working Capital</b>		
Accounts receivable	26,070	3,207
Prepaid expenses	61,237	(9,718)
Accounts payable and accrued liabilities	(62,911)	(41,836)
	(24,396)	(48,347)
<b>Cash Used in Operating Activities</b>	<b>(103,118)</b>	<b>(145,267)</b>
<b>Investing Activities</b>		
Purchase of marketable securities	(27,000)	
Purchase of equipment	(791)	0
Purchase of investment in oil and gas interests	(3,916)	(7,944)
Expenditures on mineral property interests	(2,577)	(77,694)
Proceeds on sale of marketable securities	0	0
<b>Cash Used in Investing Activities</b>	<b>(34,284)</b>	<b>(85,638)</b>
<b>Financing Activities</b>		
Proceeds from issuance of common shares, net of share issue costs	228,808	0
<b>Increase (Decrease) in Cash</b>	<b>91,406</b>	<b>(230,905)</b>
<b>Cash, Beginning of Period</b>	<b>60,284</b>	<b>292,745</b>
<b>Cash, End of Period</b>	<b>\$ 151,690</b>	<b>\$ 61,840</b>
<b>Supplemental Cash Flow Information, Non-Cash Transactions</b>		
Common shares issued for mineral property interests	\$ 11,000	\$ 0
Common shares received for mineral property interests	\$ 27,000	\$ 0
Accounts payable incurred upon mineral property interest acquisition	\$ 0	\$ 0

**YALE RESOURCES LTD.**  
**(An Exploration Stage Company)**  
**Notes to Consolidated Financial Statements**  
**January 31, 2010**

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

The Company and its subsidiaries are exploration stage company that are in the process of acquiring, exploring and developing mineral properties through acquiring interests in the options to properties. It has not determined whether these properties contain ore reserves that are economically recoverable. The Company has not earned revenues from its mineral property interests.

The recoverability of amounts shown for mineral interests is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development, and future profitable production from the properties or proceeds from disposition.

At January 31, 2010, the Company had working capital of \$197,292 (October 31, 2009: \$70,964) and an accumulated deficit of \$10,656,318 (October 31, 2009: \$10,498,616). The Company will require additional financing or outside participation to meet its planned corporate and administrative expenses for the coming year and to undertake further exploration and subsequent development of its mineral interests. The Company's ability to continue as a going-concern is dependent on continued financial support from its shareholders, the ability of the Company to raise equity financing, and the attainment of profitable operations, external financings and further share issuances to meet the Company's liabilities as they become payable.

These financial statements have been prepared on a going-concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business. These financial statements do not include any adjustments for the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary, should the Company be unable to continue as a going-concern.

**2. COMPARATIVE FIGURES**

The comparative figures as at October 31, 2009 were reported on by the company's external auditors. Comparative figures for the periods ended January 31, 2010 and 2009 are unaudited and were prepared by management.

**3. BASIS OF PRESENTATION**

The accompanying unaudited interim consolidated financial statements include the accounts of its wholly owned subsidiaries, Sable Minerals PTY Ltd., and Minera AltaVista, S.A. de C.V. ("MAV"), a company incorporated under the laws of Mexico, hereinafter collectively referred to as the "Company". All intercompany transactions have been eliminated.

These unaudited interim consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP") with respect to the preparation of interim financial statements. Accordingly, they do not include all of the information and disclosures required by Canadian GAAP in the preparation of annual financial statements. The accounting policies used in the preparation of the accompanying unaudited interim financial statements are the same as those described in the annual financial statements and the notes thereto for the year ended October 31, 2009. In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements. The interim financial statements should be read in conjunction with the Company's financial statements including the notes thereto for the year ended October 31, 2009.

#### 4. MARKETABLE SECURITIES

Marketable securities consist of 500,000 shares of Silver Sun Capital Corp. (TSX: SSU) and are recorded at fair value.

#### 5. OIL AND GAS INTERESTS

During the year ended October 31, 2006, the Company acquired, for investment purposes, a 2.78% (one-half unit) interest in an oil and gas joint venture for cash consideration of \$52,598, at cost. The joint venture has an interest in two producing oil and gas wells located in Texas and Louisiana, United States of America. During the current period, the Company reinvested an additional \$3,916.

#### 6. EQUIPMENT

January 31, 2010	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
Office equipment	25,210	17,113	8,097
Computer equipment	8,350	5,922	2,428
	33,560	23,035	10,525

  

October 31, 2009	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
Office equipment	25,210	16,291	8,919
Computer equipment	7,559	5,115	2,444
	32,769	21,406	11,363

#### 7. MINERAL PROPERTY INTERESTS

##### (a) Urique Property, Mexico

The Company ("Optionee") entered into an Option Agreement with Exmin Resources Ltd. ("Optionor" or "Exmin") on August 1, 2006 to acquire, in two stages, up to a 75% interest in 11 mineral concessions in Chihuahua, Mexico, as follows:

##### Stage 1 (to earn 60%)

- (i) By issuing the following common shares:
- 250,000 common shares within three days of obtaining regulatory approval (issued);

##### (a) Urique Property, Mexico (continued)

- 150,000 common shares on August 1, 2007 (issued);
- 200,000 common shares on August 1, 2008 (issued); and
- 400,000 common shares on August 1, 2009.

- (ii) By incurring US\$2,800,000 in exploration and development expenditures on the property as follows:

- US\$300,000 on or before August 1, 2007 (incurred);
- an additional US\$500,000 on or before August 1, 2008 (incurred);
- an additional US\$800,000 on or before August 1, 2009; and
- an additional US\$1,200,000 on or before August 1, 2010.

The Optionor was also the operator for the property. The Optionor was committed to certain property payment commitments. The Company was invoiced its share of property costs by the Optionor, all of which are included in the US\$2,800,000 above.

Stage 2 (to earn an additional 15%) to total 75% as follows:

- Issuing 500,000 common shares and incurring an additional US\$1,700,000 in exploration and development expenditures before August 1, 2011.

By an agreement dated April 6, 2009, the Company renegotiated its remaining commitments with Exmin to purchase a 100% interest in the Urique Property by paying Exmin US\$250,000 (paid) and issuing 1,000,000 common shares (issued). Under the terms of the agreement, the Company also took responsibility for accounts payable of US\$148,000 arising from past expenditures on this project. Exmin will retain a 2% net smelter returns ("NSR") royalty.

By an Agreement dated April 30, 2009, the Company entered into an agreement with American Sierra Gold Corp. ("AMNP") to allow AMNP to acquire a 100% interest in the Urique project. To earn the first 90%, AMNP must:

- (i) Pay the Company US\$800,000 as follows:
  - US\$50,000 on signing (received);
  - US\$250,000 on or before April 30, 2011;
  - US\$250,000 on or before April 30, 2012; and
  - US\$250,000 on or before April 30, 2013.
- (ii) Incurring or funding expenditures of US\$2,600,000 as follows:
  - US\$300,000 on or before April 30, 2010, of which US\$250,000 has been received and is included as expense recoveries;
  - US\$500,000 on or before April 30, 2011;
  - US\$800,000 on or before April 30, 2012; and
  - US\$1,000,000 on or before April 30, 2013.

(a) Urique Property, Mexico (Continued)

- (iii) Pay the Company an additional US\$360,000, or issue the equivalent value in shares of AMNP, as follows:
  - US\$50,000 upon successful completion of NI 43-101 technical report (subsequently received);
  - US\$50,000 upon starting the drilling program on or before August 1, 2009;
  - US\$50,000 upon successful completion of first year work program on or before April 30, 2010 (100,000 shares of AMNP subsequently received) ;
  - US\$70,000 on or before April 30, 2011;
  - US\$70,000 on or before April 30, 2012; and
  - US\$70,000 on or before April 30, 2013.
- (iv) To earn the additional 10%, AMNP is required to issue 500,000 shares to the Company, complete sufficient drilling to support a resource estimating within seven years, and thereafter pay the Company US\$0.75 per every equivalent ounce of silver within the measured and indicated categories. The Company will act as the operator on the project for at least the first year of the agreement.

During the year ended October 31, 2009, the Company wrote down the carrying value of the Urique prospects by \$248,017 to the estimated net realizable value.

(b) Carol Property, Mexico

The Company entered into an assignment of option agreement with Minera Canamex SA de CV on September 25, 2006, to acquire a 100% interest in the mineral claims in the underlying option agreement dated July 5, 2006 with Julio Lopez, as follows:

- (i) By making the following cash payments:
  - US\$35,000 on or before September 26, 2006 and the execution of the Agreement (paid);
  - US\$10,000 on or before November 1, 2006 (paid);
  - US\$20,000 on or before December 1, 2006 (paid);
  - US\$10,000 on or before January 1, 2007 (paid); and
  - US\$25,000 on or before February 1, 2007 (paid).
  
- (ii) The Company is responsible for the following payments under the Minera Canamex-Lopez option agreement:
  - US\$50,000 on July 5, 2007 (US\$10,000 paid);
  - US\$50,000 on July 5, 2008; and
  - US\$50,000 on July 5, 2009.

The underlying Optionor has retained a 3% NSR royalty that can be purchased by the Company for US\$750,000.

By an agreement dated January 31, 2008, the Company renegotiated the remaining commitments and acquired 100% ownership and property rights, subject to the 3% NSR royalty to the Optionor, by making a cash payment of US\$70,000 (paid) and issuing 280,000 common shares (issued).

(b) Carol-Balde Property, Mexico (Continued)

During the current period, the Company signed a letter of intent (“LOI”) with AMNP for the Carol-Balde property. Pursuant to the LOI, AMNP may earn a 100% interest in the property by paying the Company a \$25,000 refundable amount at the time of signing of LOI (received), paying \$25,000 at the time of signing of definitive agreement, and by spending \$300,000 in mineral property expenditures and issuing 500,000 common shares as follows:

- (iii) By issuing the following common shares:
  - 100,000 common shares upon signing definitive agreement;
  - 100,000 common shares on or before the first anniversary of the definitive agreement;
  - 150,000 common shares on or before the second anniversary of the definitive agreement; and
  - 150,000 common shares on or before the third anniversary of the definitive agreement.
  
- (iv) By incurring \$300,000 in exploration and development expenditures on the property as follows:
  - \$100,000 on or before the first anniversary of the definitive agreement;
  - an additional \$100,000 on or before the second anniversary of the definitive agreement; and
  - an additional \$100,000 on or before the third anniversary of the definitive agreement.
  -

During the year ended October 31, 2009, the Company wrote down the carrying value of the Carol-Balde prospects by \$240,268 to the estimated net realizable value.

During the current period, AMNP notified the Company that they would not be continuing with the option.

(c) Zacatecas Property, Mexico

On October 2, 2006, the Company entered into a Letter of Agreement with IMPACT Minerals Corp. (“IMPACT”) to acquire, in two stages, up to an 80% interest in each of four Mexican mineral properties as follows:

Stage 1 (to earn 65%)

By making the following cash payments:

- US\$15,000 on signing of the Letter of Agreement (paid);
- US\$20,000 for initial exploration work, to be paid within 45 days of signing of agreement (paid);
- US\$100,000 maximum expenditures for further exploration and development, to be completed within 18 months of property acquisition (incurred); and
- Reimburse IMPACT acquisition cost of up to US\$50,000 cash for each property acquired (paid).

Stage 2 (to earn an additional 15%, total 80%)

- Issuing, at the Optionor's discretion, either US\$125,000 or the equivalent value in the Company's shares (not exercised).

During the year ended October 31, 2008, the Company entered into an agreement with Apex Silver Mines Limited ("Apex") whereby Apex purchased the Company's rights under the above agreement with IMPACT to a 65% interest in one claim within the Zacatecas Property, San Sabino, for proceeds of US\$139,408 (received). In addition, the Company will be paid an additional US\$250,000 if Apex or its affiliates include San Sabino in a positive feasibility study for a mine producing more than 500 tonnes of ore per day or as part of an executed mining plan producing greater than 500 tonnes of ore per day. The Company will retain this right in perpetuity.

During the year ended October 31, 2008, the Company entered into an agreement with Silver Sun (formerly: Enviro Energy Capital Corp.) whereby Silver Sun acquired the Company's rights under the above agreement with IMPACT to a 65% interest in the remaining three claims within the Zacatecas Property for cash payments totaling \$150,000 (\$50,000 received), the issuance of 500,000 shares of Silver Sun (380,000 shares received and 120,000 shares held in escrow, and a commitment from Silver Sun to spend a minimum of \$200,000 within 13 months (incurred). The Company will remain the operator on these properties until such time as Silver Sun fulfills its remaining obligations under the agreement.

During the year ended October 31, 2009, the interest of the Company in the property changed to 73% as IMPACT did not contribute its portion of exploration expenditures in the year.

During the current period, the agreement with Silver Sun was amended and pursuant to the amendment, cash payments requirement from Silver Sun totaling \$100,000 (total requirement of \$150,000 less \$50,000 received) were eliminated.

During the year ended October 31, 2009, the Company wrote down the carrying value of the Zacatecas prospects by \$412,467 to the estimated net realizable value.

During the current period, Silver Sun completed all of its obligations and has taken over as the operator of the property. As such, the Company has no further interest in the property and additional exploration costs of \$530 were written off.

(d) La Verde Property, Mexico

On June 5, 2007, the Company entered into an Agreement to acquire, in two stages, up to a 100% interest in the La Verde Grande Property for cash payments totaling US\$1,600,000 as follows:

- US\$8,000 on execution of the Agreement (paid);
- US\$92,000 on or before September 1, 2007 (paid);
- US\$200,000 on or before March 1, 2008 (paid);
- US\$200,000 on or before September 1, 2008;
- US\$400,000 on or before March 1, 2009; and
- US\$700,000 on or before September 1, 2009

Under the terms of the Agreement, the vendor retains a 2% NSR, which the Company may purchase for an additional US\$1,000,000.

On February 26, 2008, the Company negotiated an amendment to the original contract to delay all the payments due during the year ended October 31, 2008 by three months each by paying US\$15,000 as a bonus for signing the amendment.

On November 21, 2008, the Company renegotiated the overall agreement with the Optionor to modify all remaining commitments as follows:

(d) La Verde Property, Mexico (Continued)

Cash payments totaling US\$1,305,000 as follows:

- US\$40,000 on or before December 1, 2008 (paid);
- US\$60,000 on or before December 1, 2009;
- US\$250,000 on or before June 1, 2010;
- US\$255,000 on or before December 1, 2010;
- US\$350,000 on or before June 1, 2011; and
- US\$350,000 on or before December 1, 2011

On July 17, 2009, the Company renegotiated the overall agreement with the Optionor to modify the remaining commitments as follows:

- 43-101 report on the mineral property by September 30, 2009 (report issued);
- US\$60,000 on or before December 1, 2009;
- US\$250,000 on or before June 1, 2010;
- US\$255,000 on or before December 1, 2010;
- US\$350,000 on or before June 1, 2011; and
- US\$355,000 on or before December 1, 2011.

By an Agreement with Metales Preciosos Atlas S.A. of C.V. ("Atlas") dated February 11, 2008, the Company acquired an option to acquire a 100% interest in the La Cobriza property an additional 293 hectares within the La Verde Property, as in consideration of the following:

- (i) Cash payments totaling \$50,000 as follows:
  - \$10,000 on signing of a letter of intent (paid); and
  - \$40,000 on regulatory approval (paid).
- (ii) Issuance of 800,000 of the Company's common shares as follows:
  - 300,000 common shares upon regulatory approval (issued);
  - 250,000 common shares by February 11, 2009 (issued); and
  - 250,000 common shares by February 11, 2010 (subsequently issued).

(e) Dos Naciones Property, Mexico

The Company acquired, through staking, 2,391 hectares located in the Sonora region of Mexico, during the year ended October 31, 2007.

By an Option Agreement dated July 7, 2009, the Company granted an option to Del Toro Silver Corp. ("Del Toro") (formerly: Candev Resource Explorations Inc.) to earn up to 80% of its Dos Naciones Property.

For the first 50% option, Del Toro must pay the Company \$35,000 as follows:

- \$17,500 on execution of the Agreement (received); and
- \$17,500 on July 7, 2009 (received).

(e) Dos Naciones Property, Mexico (continued)

Del Toro can earn an additional 30% for consideration as follows:

Issuance of 800,000 common shares to the Company as follows:

- 200,000 common shares on or before July 7, 2010;
- 250,000 common shares on or before July 7, 2011; and
- 350,000 common shares on or before July 7, 2012.

Funding exploration expenditures totaling \$800,000 as follows:

- \$150,000 on or before July 7, 2010;
- \$250,000 on or before July 7, 2011; and
- \$400,000 on or before July 7, 2012.

(f) Oro Fino Property, Mexico

The Company entered into an assignment of option agreement on nine concessions with Can-Mex Barite de Mexico S.A. de C.V. ("CanMex") dated July 24, 2009. Under the terms of the Option Agreement, the Company may acquire a 100% interest in consideration of:

Cash payments totaling \$200,000 as follows:

- \$10,000 on or before November 24, 2009 (paid);
- \$15,000 on or before May 24, 2010;
- \$15,000 on or before November 24, 2010;
- \$20,000 on or before May 24, 2011;
- \$20,000 on or before November 24, 2011;
- \$40,000 on or before May 24, 2012; and
- \$80,000 on or before November 24, 2012.

Issuance of 1,000,000 common shares as follows:

- 100,000 common shares on or before November 24, 2009 (issued);
- 100,000 common shares on or before May 24, 2010;
- 100,000 common shares on or before November 24, 2010;
- 100,000 common shares on or before May 24, 2011;
- 100,000 common shares on or before November 24, 2011;
- 100,000 common shares on or before May 24, 2012; and
- 400,000 common shares on or before November 24, 2012.

Payment of taxes totaling MX114,232 as follows:

- MX59,355 owed for the first semester of 2009 (paid); and
- MX54,877 owed for the second semester of 2009 (paid).

The Company entered into an assignment of option agreement on an additional five concessions with various title holders in Oro Fino region, dated October 1, 2009. Under the terms of the Option Agreement, the Company may acquire a 100% interest in consideration of cash payments of US\$950,000 as follows:

- US\$50,000 at the time of signing of the agreement (paid);
- US\$50,000 on or before April 1, 2010;
- US\$50,000 on or before October 1, 2010;
- US\$100,000 on or before April 1, 2011;
- US\$100,000 on or before October 1, 2011;
- US\$100,000 on or before April 1, 2012;
- US\$200,000 on or before October 1, 2012; and
- US\$300,000 on or before April 1, 2013.

The Company entered into an assignment of option agreement dated September 24, 2009 on an additional two concessions with Juan Manuel Flores Carrillo in the Oro Fino region. Under the terms of the Option Agreement, the Company may acquire a 100% interest in consideration of:

Cash payments totaling \$200,000 as follows:

- \$10,000 on or before January 9, 2010 (paid);
- \$15,000 on or before May 24, 2010;
- \$15,000 on or before July 9, 2010;
- \$20,000 on or before January 9, 2011;

- \$20,000 on or before July 9, 2011;
- \$40,000 on or before January 9, 2012; and
- \$80,000 on or before November 24, 2012.

Issuance of 1,000,000 common shares as follows:

- 100,000 common shares on or before January 9, 2010 (issued);
- 100,000 common shares on or before May 24, 2010;
- 100,000 common shares on or before July 9, 2010;
- 100,000 common shares on or before January 9, 2011;
- 100,000 common shares on or before July 9, 2011;
- 100,000 common shares on or before January 9, 2012; and
- 400,000 common shares on or before November 24, 2012.

(g) Other properties

Other properties balance is comprised of the two properties:

- i) Zuzzan, acquired through staking during 2008;
- ii) Guadalupe:

On December 30, 2009, the Company entered into an option agreement with Carlos Roberto Handal Linares and Maria Concepcion Luna Luna to acquire a 100% interest in 383 hectares of mineral concessions in Zacatecas, Mexico, in consideration for US\$1,000,000 in cash payments as follows:

- US\$10,000 upon signing the agreement (paid);
- US\$20,000 on or before June 31, 2010;
- US\$30,000 on or before December 30, 2010;
- US\$50,000 on or before June 30, 2011;
- US\$50,000 on or before December 30, 2011;
- US\$75,000 on or before June 30, 2012;
- US\$100,000 on or before December 30, 2012;
- US\$200,000 on or before June 30, 2013; and
- US\$465,000 on or before December 30, 2013.

The underlying Optionor has retained a 2% NSR royalty that can be purchased by the Company for US\$1,000,000.

Subsequent to January 31, 2010, on March 5, 2010, the Company signed a Letter of Intent with Silver America Inc. ("Silver America") to acquire a 90% interest in the property for consideration of:

Cash payments totaling US\$900,000 as follows:

- US\$10,000 upon signing (received);
- US\$10,000 on signing of a definitive agreement;
- US\$20,000 on or before June 30, 2010;
- US\$30,000 on or before December 30, 2010;
- US\$50,000 on or before June 30, 2011;
- US\$50,000 on or before December 30, 2011;
- US\$75,000 on or before June 30, 2012;
- US\$100,000 on or before December 30, 2012;
- US\$200,000 on or before June 30, 2013; and

Issuance of 1,000,000 common shares as follows:

- 100,000 common shares upon signing of a definitive agreement;
- 100,000 common shares upon or before June 30, 2010;
- 100,000 common shares upon or before June 30, 2010;
- 100,000 common shares upon or before June 30, 2010;
- 100,000 common shares upon or before June 30, 2010;

- 100,000 common shares upon or before June 30, 2010;
- 100,000 common shares upon or before June 30, 2010;
- 100,000 common shares upon or before June 30, 2010;
- 200,000 common shares upon or before June 30, 2010;

Incurring exploration expenditures totaling US\$2,000,000 as follows:

- US\$400,000 on or before June 30, 2011;
- US\$700,000 on or before December 30, 2012;
- US\$900,000 on or before December 30, 2013.

The Company will remain the operator of the project and will charge Silver America a management fee of 15% on all expenditures incurred on the property.

(h) Realization of assets

The investment in and expenditures on mineral property interests comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal. Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore.

(i) Environmental

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the mineral property interests, the potential for production on a property may be diminished or negated.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

(j) Title to mineral property interests

Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements of transfers and title may be affected by undetected defects.

## 7. MINERAL PROPERTY INTERESTS

At January 31, 2010, deferred acquisition and exploration expenditures incurred are as follows:

	Urique \$	Carol \$	Zacatecas \$	La Verde \$	Dos Naciones \$	Oro Fino \$	Other Properties \$	Total \$
Balance, October 31, 2009	1,308,691	236,553	35,510	1,051,688	15,479	94,134	7,121	2,749,176
Less: Advances	0	0	0	0	0	0	0	0
	1,308,691	236,553	35,510	1,051,688	15,479	94,134	7,121	2,749,176
<b>Additions during the year</b>								
Acquisition costs	0	0	0	0	0	55,022	0	55,022
Assay	0	0	0	0	0	2,289	0	2,289
Camp and exploration support	5,373	4,739	4,208	6,355	6,534	23,185	0	50,394
Drilling	0	0	0	0	0	0	0	0
Geological consulting	0	0	0	0	0	0	0	0
Geological fieldwork	0	663	0	0	0	4,565	184	5,412
Materials and supplies	0	2,062	0	846	0	232	117	3,257
Reports, drafting and maps	0	0	1,784	0	0	0	0	1,784
Taxes	0	0	0	5,335	0	12,793	0	18,128
Travel	163	1,027	0	142	0	2,025	2,663	6,020
<b>Total costs during year</b>	5,536	8,491	5,992	12,678	6,534	100,111	2,964	142,306
Recoveries	(59,750)	(26,784)	(40,972)	0	0	0	0	(127,506)
<b>Net additions during year</b>	(54,214)	(18,293)	(34,980)	12,678	6,534	100,111	2,964	14,800
	1,254,477	218,260	530	1,064,366	22,013	194,245	10,085	2,763,976
<b>Mineral interests written down</b>	0	0	(530)	0	0	0	0	(530)
<b>Balance, January 31, 2010</b>	1,254,477	218,260	0	1,064,366	22,013	194,245	10,085	2,763,446

## 7. MINERAL PROPERTY INTERESTS

At October 31, 2009, deferred acquisition and exploration expenditures incurred are as follows:

	Urique \$	Carol \$	Zacatecas \$	La Verde \$	Dos Naciones \$	Oro Fino \$	Other Properties \$	Total \$
Balance, October 31, 2008	1,537,911	435,658	528,344	925,235	31,864	0	5,411	3,464,423
Less: Advances	0	0	0	0	(2,600)	0	0	(2,600)
	1,537,911	435,658	528,344	925,235	29,264	0	5,411	3,461,823
<b>Additions during the year</b>								
Acquisition costs	377,458	0	0	62,017	0	54,183	0	493,658
Assay	0	246	10,859	11,199	176	2,696	0	25,176
Camp and exploration support	11,667	14,998	27,147	28,046	14,500	15,982	685	113,025
Drilling	9,923	0	101,265	0	0	0	0	111,188
Geological consulting	0	3,900	0	3,000	0	0	0	6,900
Geological fieldwork	0	79	19,142	3,290	0	3,127	0	25,638
Materials and supplies	91	1,108	2,574	1,629	482	3,508	0	9,392
Reports, drafting and maps	0	0	600	0	0	0	0	600
Taxes	39,965	20,210	922	16,136	5,817	11,153	673	94,876
Travel	1,343	622	8,448	1,136	240	3,485	352	15,626
<b>Total costs during year</b>	440,446	41,163	170,958	126,453	21,215	94,134	1,710	896,079
Recoveries	(421,649)	0	(251,325)	0	(35,000)	0	0	(707,974)
<b>Net additions during year</b>	18,797	41,163	(80,367)	126,453	(13,785)	94,134	1,710	188,105
	1,556,708	476,821	447,977	1,051,688	15,479	94,134	7,121	3,649,928
<b>Mineral interests written down</b>	(248,017)	(240,268)	(412,467)	0	0	0	0	(900,752)
<b>Balance, October 31, 2009</b>	1,308,691	236,553	35,510	1,051,688	15,479	94,134	7,121	2,749,176

## 8. CAPITAL STOCK

Authorized

Unlimited number of common shares without par value

### (a) Private placements

The Company completed, through February 2010, three tranches of a private placement, first for 2,565,000 units, the second for 5,250,000 units and the third for 850,000 units, for a total of 8,665,000 units at a price of \$0.06 per unit for gross proceeds of \$519,900. Each unit consists of one common share and one-half of one share purchase warrant, with each full warrant entitling the holder to acquire one additional common share at a price of \$0.10 on or before December 18, 2010 for the first tranche, January 23, 2011 for the second tranche and February 2, 2011 for the third tranche. The Company paid a total finder's fee of \$47,190 in cash for all the tranches and issued an additional 752,500 agent's warrants in total for all three tranches, with each agent's warrant entitling the holder to acquire one common share at a price of \$0.10 on or before December 18, 2010 for the first tranche, January 23, 2011 for the second tranche and February 2, 2011 for the third tranche.

Shares issued and fully paid for through to January 31, 2010, net of finders' fees paid through to January 31, 2010 are disclosed on the consolidated statement of shareholders' equity.

### (b) Property payments

The Company issued 200,000 of its shares at a deemed price of \$0.055 per share, for a total value of \$11,000, for the acquisition of the Oro Fino Property (Note 7(f)).

### (c) Stock options

A summary of the Company's stock options as at January 31, 2010 and October 31, 2009 and changes during the period then ended is as follows:

	January 31, 2010		October 31, 2009	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Balance forward	3,265,000	\$0.09	2,620,000	\$0.23
Granted	500,000	\$0.10	3,035,000	\$0.10
Exercised	0	\$0.00	0	\$0.00
Cancelled/expired	(40,000)	\$0.10	(2,390,000)	\$0.25
Ending balance	3,725,000	\$0.11	3,265,000	\$0.09

  

Options Outstanding			Options Exercisable	
Number of Shares	Expiry Date	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
80,000	May 3, 2010	\$0.30	80,000	\$0.30
150,000	November 1, 2010	\$0.25	150,000	\$0.25
895,000	November 26, 2011	\$0.10	895,000	\$0.10
150,000	April 19, 2012	\$0.10	150,000	\$0.10
1,950,000	September 29, 2012	\$0.10	1,950,000	\$0.10
500,000	November 6, 2012	\$0.10	500,000	\$0.10
3,725,000		\$0.11	3,725,000	\$0.11

(e) **Share purchase warrants**

As at January 31, 2010, the Company has share purchase warrants outstanding entitling the holders to acquire common shares as follows:

Exercise Price	Expiry Date	Outstanding at October 31, 2009	Issued	Exercised	Expired	Outstanding at January 31, 2010
\$0.07	August 13, 2010	3,700,000	0	0	0	3,700,000
\$0.07	August 18, 2010	2,972,500	0	1,500,000	0	1,472,500
\$0.10	December 18, 2010	0	2,751,500	0	0	2,751,500
\$0.10	January 22, 2010	0	200,000	0	0	200,000
		6,672,500	2,951,500	1,500,000	0	8,124,000

As at October 31, 2009, the Company has share purchase warrants outstanding entitling the holders to acquire common shares as follows:

(e) **Share purchase warrants** (continued)

Exercise Price	Expiry Date	Outstanding at October 31, 2008	Issued / Amended	Exercised	Expired	Amended	Outstanding at October 31, 2009
\$0.35	December 11, 2008	2,491,720	0	0	462,620	2,029,100	2,491,720
\$0.35	December 21, 2008	2,942,337	0	0	442,337	2,500,000	2,942,337
\$0.45	January 22, 2009	330,000	0	0	330,000	0	330,000
\$0.20	January 31, 2009	1,666,400	0	0	1,666,400	0	1,666,400
\$0.50	July 26, 2009	500,000	0	0	500,000	0	500,000
\$0.50	August 8, 2009	2,100,500	0	0	2,100,500	0	2,100,500
\$0.30	August 8, 2009	400,000	0	0	400,000	0	400,000
\$0.25	May 9, 2009	980,000	0	0	980,000	0	980,000
\$0.25	May 21, 2009	1,055,500	0	0	1,055,500	0	1,055,500
\$0.25	July 21, 2009	3,650,000	0	0	3,650,000	0	3,650,000
\$0.05	December 11, 2009	0	2,029,100	225,000	1,804,100	0	0
\$0.05	December 21, 2009	0	2,500,000	420,000	2,080,000	0	0
\$0.07	August 13, 2010	0	3,700,000	0	0	0	0
\$0.07	August 20, 2010	0	2,972,500	0	0	0	0
		16,116,457	11,201,600	645,000	15,471,457	4,529,100	16,116,457

(f) **Stock-based compensation**

During the period ended January 31, 2010, the Company granted stock options to acquire up to an aggregate of 500,000 common shares to directors, officers, and consultants.

The fair value of stock options granted and vested during the year in the amount of \$26,750 would be allocated to Management fees.

These 500,000 stock options were subsequently cancelled.

The fair value of stock options used to calculate stock-based compensation expense is estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	<b>2009</b>	<b>2008</b>
Risk-free interest rate	0.28%	3.19%
Expected dividend yield	0	0
Expected stock price volatility	159.72%	121.48%
Expected option life in years	1.00	2.91

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options and agents' warrants.

## 9. RELATED PARTY TRANSACTIONS

- (a) Consulting fees of \$18,000 (2009 - \$18,000) were paid to a company controlled by the President of the Company.
- (b) Management fees of \$15,000 (200 - \$15,000) were paid to the Chief Financial Officer of the Company.
- (c) Office service fees totalling \$6,000 (2009 - \$15,000) were paid to a corporation controlled by the Corporate Secretary of the Company.

## 10. SEGMENTED INFORMATION

The Company has one operating segment, mineral exploration and development. All of the Company's assets are located in Canada except for its oil and gas interests, which are located in the United States of America, and its mineral property interests, which are located in Mexico.

	<b>January 31, 2010</b>	<b>October 31, 2009</b>
	<b>\$</b>	<b>\$</b>
Canada	208,179	160,308
United States of America	36,285	34,869
Mexico	2,909,751	2,910,593
	<b>3,154,215</b>	<b>3,105,770</b>

## 11. SUBSEQUENT EVENTS

- (a) On February 5, 2010, the Company applied for de-registration of Sable Minerals PTY Ltd., a subsidiary of the Company, which is incorporated under the laws of the Republic of Namibia.
- (b) On February 10, 2010, the Company issued 250,000 shares under the terms of the option agreement on the La Cobriza property. (Note 7(d)).
- (c) On March 5, 2010, the Company signed a letter of intent to allow Silver America Inc. to acquire a 90% interest on its Guadalupe property (Note 7(g)).
- (d) The Company closed three tranches of a private placement running from December 2009 through February 2010 (Note 8(a)). Completion of these tranches was in progress at year end, with the Company subsequently issuing a further 5,900,000 units at a price of \$0.06 per unit, for a gross proceeds of \$354,000, to complete these tranches. The Company subsequently paid an additional \$29,820 in finders fees.