

**STRONGBOW EXPLORATION INC.**

**FINANCIAL STATEMENTS**

**APRIL 30, 2010**

**(Unaudited – Prepared by Management)**

Reader's Note: These interim financial statements for Strongbow Exploration Inc. ("Strongbow"), for the three months ended April 30, 2010 have been prepared by management and have not been subject to review by Strongbow's auditor.

**STRONGBOW EXPLORATION INC.**  
**INTERIM BALANCE SHEETS**

	April 30, 2010 (Unaudited)	January 31, 2010 (Audited)
<b>ASSETS</b>		
<b>Current</b>		
Cash and equivalents	\$ 673,750	\$ 795,723
Marketable securities (Note 4)	1,834,692	1,472,985
Receivables (Note 8)	42,293	77,724
Prepaid expenses	<u>33,412</u>	<u>54,297</u>
	2,584,147	2,400,729
<b>Property and equipment</b> (Note 5)	40,539	41,980
<b>Mineral properties</b> (Note 6)	<u>11,812,637</u>	<u>11,784,512</u>
	<u>\$ 14,437,323</u>	<u>\$ 14,227,221</u>

**LIABILITIES AND SHAREHOLDERS' EQUITY**

<b>Current</b>		
Accounts payable and accrued liabilities	<u>\$ 125,673</u>	<u>\$ 132,574</u>
<b>Shareholders' equity</b>		
Capital stock (Note 7)	21,512,543	21,512,543
Contributed surplus (Note 7)	3,326,749	3,296,908
Deficit	(11,693,139)	(11,515,332)
Accumulated other comprehensive income (Note 10)	<u>1,165,497</u>	<u>800,528</u>
	<u>14,311,650</u>	<u>14,094,647</u>
	<u>\$ 14,437,323</u>	<u>\$ 14,227,221</u>

**Nature and continuance of operations** (Note 1)

**Commitments** (Note 12)

**On behalf of the Board:**

"D. Grenville Thomas"

Director

"Kenneth A. Armstrong"

Director

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

**STRONGBOW EXPLORATION INC.**  
**INTERIM STATEMENTS OF OPERATIONS AND DEFICIT**  
**FOR THE THREE MONTHS ENDED APRIL 30**  
(Unaudited – Prepared by Management)

	2010	2009
<b>EXPENSES</b>		
Advertising and promotion	\$ 23,045	\$ 18,039
Amortization	4,290	5,810
Insurance	5,428	5,803
Office, miscellaneous and rent	26,719	48,433
Professional fees	17,292	16,554
Regulatory and filing fees	6,461	7,057
Salaries and benefits	31,325	86,984
Stock-based compensation (Note 7)	<u>29,841</u>	<u>43,970</u>
<b>Loss before other items</b>	<u>(144,401)</u>	<u>(232,650)</u>
<b>OTHER ITEMS</b>		
Write-off of mineral properties (Note 6)	(46,625)	(129,856)
Interest income	448	64,374
Gain on sale of marketable securities (Note 4)	12,771	22,570
Loss on reduction of leasehold improvements	<u>-</u>	<u>(20,449)</u>
	<u>(33,406)</u>	<u>(63,361)</u>
<b>Loss before income taxes</b>	(177,807)	(296,011)
Future income tax recovery	<u>-</u>	<u>1,216,157</u>
<b>Net income (loss) for the period</b>	(177,807)	920,146
<b>Deficit, beginning of period</b>	<u>(11,515,332)</u>	<u>(11,973,706)</u>
<b>Deficit, end of period</b>	\$ (11,693,139)	\$ (11,053,560)
<b>Basic and diluted income (loss) per share</b>	\$ (0.00)	\$ 0.01
<b>Weighted average number of common shares outstanding</b>	66,123,463	66,042,002

**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE THREE MONTHS ENDED APRIL 30**

	2010	2009
Net income (loss) for the period	\$ (177,807)	\$ 920,146
Reversal of previous unrealized losses on available-for-sale investments sold, net of future income taxes	(9,570)	-
Unrealized gains on available-for-sale financial assets arising during the period	<u>374,539</u>	<u>412,173</u>
<b>Comprehensive income for the period</b>	\$ 187,162	\$ 1,332,319

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

**STRONGBOW EXPLORATION INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED APRIL 30**  
(Unaudited – Prepared by Management)

	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income (loss) for the period	\$ (177,807)	\$ 920,146
Items not involving cash:		
Amortization	4,290	5,810
Stock-based compensation	29,841	43,970
Write-off of mineral properties	46,625	129,856
Gain on sale of marketable securities	(12,771)	(22,570)
Loss on reduction of leasehold improvements	-	20,449
Future income tax recovery	-	(1,216,157)
Changes in non-cash working capital items:		
Decrease in receivables	37,340	158,628
Decrease in prepaid expenses	20,885	12,289
Increase (decrease) in accounts payable and accrued liabilities	<u>10,695</u>	<u>(23,588)</u>
Net cash provided by (used in) operating activities	<u>(40,902)</u>	<u>28,833</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net cash provided by financing activities	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Expenditures on mineral properties	(113,948)	(391,391)
Recoveries on mineral properties	19,694	-
Acquisition of property and equipment	(2,850)	-
Proceeds from sale of marketable securities	<u>16,033</u>	<u>41,570</u>
Net cash used in investing activities	<u>(81,071)</u>	<u>(349,821)</u>
<b>Change in cash and equivalents during the period</b>	(121,973)	(320,988)
<b>Cash and equivalents, beginning of period</b>	<u>795,723</u>	<u>1,079,697</u>
<b>Cash and equivalents, end of period</b>	<u>\$ 673,750</u>	<u>\$ 758,709</u>
<b>Cash paid during the period for interest</b>	<u>\$ -</u>	<u>\$ -</u>
<b>Cash paid during the period for income taxes</b>	<u>\$ -</u>	<u>\$ -</u>

**Supplemental disclosure with respect to cash flows (Note 11)**

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

**1. NATURE AND CONTINUANCE OF OPERATIONS**

The Company’s principal business activity is the exploration of mineral properties. To date, the Company has not generated significant revenues from operations and is considered to be in the exploration stage.

The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties and related deferred costs is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the financing necessary to complete the development of its mineral properties and upon future profitable production.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”) with the assumption 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. However, the Company has sustained substantial losses from operations since inception and has no current source of revenue. Continued operations of the Company are dependent on the Company’s ability to complete equity financings or generate profitable operations in the future. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. Management has undertaken available cost cutting measures and is monitoring its twelve-month rolling cash flow.

	<u>April 30, 2010</u>	<u>January 31, 2010</u>
Deficit	\$ (11,693,139)	\$ (11,515,332)
Working capital	\$ 2,458,474	\$ 2,268,155

**2. BASIS OF PRESENTATION**

These unaudited interim financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles for interim financial information using the same accounting policies and methods of application as the audited financial statements of the Company for the year ended January 31, 2010. These unaudited interim financial statements do not include all of the information and note disclosures required by generally accepted accounting principles for annual financial statements of the Company and should therefore be read in conjunction with the audited financial statements of the Company as at January 31, 2010.

In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements.

Certain reclassifications have been made to the prior period financial statements to conform with the presentation in the current period.

**Recent Accounting Pronouncements**

*Business combinations*

In January 2009, the CICA issued the new handbook Section 1582 - *Business Combinations* (“Section 1582”), 1601 – *Consolidated Financial Statements* (“Section 1601”) and 1602 – *Non-controlling Interests* (“Section 1602”), which replaces CICA Handbook Section 1581 – *Business Combinations* and 1600 – *Consolidated Financial Statements*. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under International Financial Reporting Standards (“IFRS”). Section 1582 is applicable for the Company’s business combinations with acquisition dates on or after February 1, 2011. Early adoption of this Section is permitted. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. Section 1601 is applicable for the Company’s interim and annual consolidated financial statements for its fiscal year beginning February 1, 2011. Early adoption of this Section is permitted. If the Company chooses to early adopt any one of these Sections, the other two sections must also be adopted at the same time.

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

**Recent Accounting Pronouncements (cont'd...)**

*International financial reporting standards*

The Canadian Accounting Standards Board has confirmed that IFRS will replace Canadian standards and interpretations on January 1, 2011. The process of changing from current Canadian GAAP to IFRS will be a significant undertaking that may materially affect reported financial position and results of operations, and also affect certain business functions. The Company will be required to prepare fully IFRS compliant financial statements for the year ended January 31, 2012, with the first interim financial statements prepared under IFRS for the three-month period ended April 30, 2011.

The Company's conversion plan consists of four phases: scoping and planning, detailed assessment, implementation and post implementation. The Company has completed the scoping and planning stage and is now in the detailed assessment stage. The Company has not commenced the implementation and the post implementation stages. While the Company has begun the detailed assessment process, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time. IFRS education and reports to the Audit Committee commenced in calendar 2009 and continues to be ongoing.

**3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The Company's financial instruments consist of cash and equivalents, marketable securities, receivables, investments and accounts payable and accrued liabilities. Cash and equivalents are carried at fair value using a level 1 fair value measurement. The carrying value of receivables, accounts payable and accrued liabilities approximate their fair values due to their immediate or short-term maturity. Marketable securities and investments are recorded at fair value based on the quoted market prices in active markets at the balance sheet date, which is consistent with level 1 of the fair value hierarchy.

The Company is exposed to a variety of financial risks by virtue of its activities, including credit risk, interest rate risk, liquidity risk and equity market risk. The Company has limited exposure to foreign currency risk as the majority of its assets and liabilities are denominated in Canadian dollars. The Company's objective with respect to risk management is to minimize potential adverse effects on the Company's financial performance. The Board of Directors provides direction and guidance to management with respect to risk management. Management is responsible for establishing controls and procedures to ensure that financial risks are mitigated to acceptable levels.

*Credit risk*

Credit risk is the risk of financial loss to the Company if a counter-party to a financial instrument fails to meet its contractual obligations. The Company manages credit risk by investing its excess cash in short-term investments with investment grade ratings, issued by a Canadian chartered bank. The Company's receivables consist primarily of sales tax receivables due from the federal government and receivables from companies with which the Company has exploration agreements or options. The maximum exposure to credit risk at the reporting date is the carrying value of the Company's receivables and cash and equivalents.

*Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to interest rate risk with respect to its cash flow. The risk that the Company will realize a loss as a result of a decline in the fair value of any short-term investment included in cash and equivalents is limited because these investments, although readily convertible into cash, are generally held to maturity.

*Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise the funds required through future equity financings, asset sales or exploration option agreements, or a combination thereof. The Company has no regular cash flow from its operating activities. The Company manages its liquidity risk by forecasting cash flow requirements for its planned exploration and corporate activities and anticipating investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of annual budgets and significant expenditures and commitments. Failure to realize additional funding, as required, could result in the delay or indefinite postponement of further exploration and development of the Company's properties. As at April 30, 2010, the Company had cash and equivalents of \$673,750 (January 31, 2010 - \$795,723) available to settle current liabilities of \$125,673 (January 31, 2010 - \$132,574).

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
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**3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONT'D...)**

*Equity market risk*

The Company is exposed to equity price risk arising from its marketable securities, which are classified as available-for-sale. The Company plans to sell its marketable securities as market conditions permit, or as is required to finance the Company's operations from time-to-time. The Company's marketable securities (common shares in several other publicly-traded exploration companies) may also decline in value, which may cause uncertainty for the Company's ability to realize funds quickly from the sale of these common shares without causing further downward pressure on the share price of these companies.

**4. MARKETABLE SECURITIES**

	April 30, 2010			January 31, 2010		
	Cost	Unrealized Gain*	Fair Market Value	Cost	Unrealized Gain*	Fair Market Value
Various public companies	\$428,216	\$ 225,673	\$ 653,889	\$431,478	\$ 222,174	\$ 653,652
North Arrow Minerals Inc.	<u>240,979</u>	<u>939,824</u>	<u>1,180,803</u>	<u>240,979</u>	<u>578,354</u>	<u>819,333</u>
	<u>\$669,195</u>	<u>\$ 1,165,497</u>	<u>\$1,834,692</u>	<u>\$672,457</u>	<u>\$ 800,528</u>	<u>\$1,472,985</u>

\*before future income taxes

North Arrow and the Company are related by virtue of two common directors.

During the three months ended April 30, 2010, the Company received gross proceeds of \$16,033 (April 30, 2009 - \$41,570) from the sale of marketable securities and recognized a \$12,771 gain (April 30, 2009 - \$22,570) from the sale.

**5. PROPERTY AND EQUIPMENT**

	As at April 30, 2010			As at January 31, 2010		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Furniture and Equipment	\$ 43,041	\$ 36,113	\$ 6,928	\$ 43,041	\$ 35,748	\$ 7,293
Computer Equipment	119,394	90,347	29,047	116,545	87,944	28,601
Software	-	-	-	41,274	41,274	-
Leasehold Improvements	<u>32,072</u>	<u>27,508</u>	<u>4,564</u>	<u>32,072</u>	<u>25,986</u>	<u>6,086</u>
	<u>\$ 194,507</u>	<u>\$ 153,968</u>	<u>\$ 40,539</u>	<u>\$ 232,932</u>	<u>\$ 190,952</u>	<u>\$ 41,980</u>



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**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
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**6. MINERAL PROPERTIES**

	January 31, 2010	Expended During The Period	Write-off of Costs and Recoveries	April 30, 2010
<b>Gold and Base Metal Properties, British Columbia</b>				
Exploration costs	\$ 331,346	\$ 703	\$ (18,970)	\$ 313,079
Acquisition costs	90,068	281	-	90,349
Geological and assays	120,051	10	(200)	119,861
Office and salaries	528,768	8,499	(3,307)	533,960
	<u>1,070,233</u>	<u>9,493</u>	<u>(22,477)</u>	<u>1,057,249</u>
<b>Gold and Base Metal Properties, NWT&amp; NU</b>				
Exploration costs	7,679,405	(2,427)	-	7,676,978
Acquisition costs	77,194	-	-	77,194
Geological and assays	271,495	5,567	-	277,062
Office and salaries	1,184,782	29,554	-	1,214,336
	<u>9,212,876</u>	<u>32,694</u>	<u>-</u>	<u>9,245,570</u>
<b>Gold and Base Metal Properties, Saskatchewan</b>				
Exploration costs	1,132,540	1,458	-	1,133,998
Acquisition costs	84,276	111	-	84,387
Geological and assays	20,094	66	-	20,160
Office and salaries	215,110	7,200	-	222,310
	<u>1,452,020</u>	<u>8,835</u>	<u>-</u>	<u>1,460,855</u>
<b>Other Exploration and Generative Exploration</b>				
Exploration costs	(3,152)	16,341	(18,374)	(5,185)
Acquisition costs	10,190	2,196	(1,902)	10,484
Geological and assays	2,032	341	(2,028)	345
Office and salaries	40,313	24,544	(21,538)	43,319
	<u>49,383</u>	<u>43,422</u>	<u>(43,842)</u>	<u>48,963</u>
<b>TOTAL</b>	\$ 11,784,512	\$ 94,444	\$ (66,319)	\$ 11,812,637

During the three months ended April 30, 2010, the Company wrote-off \$46,625 (April 30, 2009 - \$129,856) relating to certain properties, recorded recoveries for B.C. mineral exploration tax credits of \$17,792 (January 31, 2010 - \$510,008), and recorded other recoveries of \$1,902 (January 31, 2010 - \$76,500).

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties is in good standing.

**Gold and Base Metal Properties, British Columbia**

The Company maintains interests in various gold and base metal properties in B.C. in addition to the properties described below.

*Shovelnose and LP Properties*

The Company acquired, by staking, a 100% interest in certain mineral claims comprising the Shovelnose and LP properties in October 2005. The Company expanded the Shovelnose property by staking additional mineral claims in November 2008.

*BC Mineral Exploration Tax Credits ("BC METC")*

During the three months ended April 30, 2010, the Company received \$17,792 (January 31, 2010 - \$510,008), which represents mineral exploration tax credits for the fiscal year ended 2009, and reduced its capitalized exploration costs in B.C. by the same amount.

**6. MINERAL PROPERTIES (CONT'D...)**

**Gold and Base Metal Properties, British Columbia (cont'd...)**

*Inza Properties*

In February 2009, the Company acquired a 100% interest in five mineral claims prospective for copper-gold by issuing a total of 250,000 common shares with a fair value of \$15,000 to two prospectors. In September 2008 and February 2009, the Company acquired, by staking, a 100% interest in 12 adjacent mineral claims.

*Mons Creek, Piltz Mountain and Raven Properties*

In February 2010, the Company acquired, by staking, a 100% interest in three exploration properties in the Chilcotin region of south central British Columbia.

*Other Properties, BC*

Mineral property write-offs of \$4,685 during the three months ended April 30, 2010 (April 30, 2009 - \$Nil) relate to various other properties in British Columbia, where either no exploration programs of significance are planned for the foreseeable future, or where the Company no longer holds title to the claims.

**Gold and Base Metal Properties, Northwest Territories and Nunavut**

The Company maintains interests in various gold and base metal properties in the Northwest Territories and Nunavut in addition to the properties described below.

*Opescal Lake, NWT*

The Company acquired, by staking, a 100% interest in certain mineral claims forming part of the Company's Snowbird nickel project, in December 2006.

*Nickel King Project, NWT*

The Company holds a 100% interest in a number of mineral claims and mining leases in the southern Northwest Territories. Certain of these mineral claims are subject to a 3% NSR on base and precious metals production and an additional 2% gross overriding royalty ("GOR"). The Company may purchase the entire NSR at any time for \$1,500,000 and the Company may purchase one-half (1%) of the GOR at any time for \$2,500,000.

*Other Properties, NWT*

Mineral property write-offs of \$Nil during the three months ended April 30, 2010 (April 30, 2009 - \$3,251) relate to various other properties in the Northwest Territories, where either no exploration programs of significance are planned for the foreseeable future, or where the Company no longer holds title to the claims.

**Gold and Base Metal Properties, Saskatchewan**

The Company maintains a 100% interest in a number of mineral claims in northern Saskatchewan that form part of the Company's Snowbird nickel project, including the Dumas Lake, Heel, Breynat and Opescal Lake (Saskatchewan) properties.

**Other Exploration and Generative Exploration, Canada**

*Other Properties*

The Company maintains a number of mineral claims and permits in British Columbia, Saskatchewan and the Northwest Territories, as part of the Company's ongoing generative exploration programs. Mineral property write-offs of \$41,940 during the three months ended April 30, 2010 (April 30, 2009 - \$Nil) relate to various other properties, where either no exploration programs of significance are planned for the foreseeable future, or where the Company no longer holds title to the claims.

**STRONGBOW EXPLORATION INC.**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
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**7. CAPITAL STOCK AND CONTRIBUTED SURPLUS**

	Number of Shares	Amount	Contributed Surplus
Authorized			
Unlimited common shares without par value			
Issued			
As at January 31, 2010	66,123,463	\$ 21,512,543	\$ 3,296,908
Stock-based compensation	-	-	29,841
As at April 30, 2010	<u>66,123,463</u>	<u>\$ 21,512,543</u>	<u>\$ 3,326,749</u>

**Share issuances**

There were no share issuances for the three months ended April 30, 2010.

**Stock options and warrants**

In June 2010, the Company's shareholders approved the Company's Stock Option Plan (the "Plan"), which establishes a rolling number of shares issuable under the plan in the amount of 10% of the Company's issued shares at the date of grant.

Under the terms of the Plan, the exercise price of each option granted cannot be less than the market price at the date of grant, less a discount up to 25% in accordance with the policies of the TSX-V. Options granted can have a term up to five years with vesting provisions determined by the directors in accordance with TSX-V policies for Tier 2 Issuers. Typically, the Company has granted stock options at or above the market price on the grant date, with a vesting period of 25% upon grant and 25% every six months thereafter.

As at April 30, 2010, the following stock options were outstanding:

	Number of Shares	Exercise Price	Number Vested	Expiry Date
<b>Options</b>	37,500	0.2940	37,500	June 13, 2010 (subsequently expired)
	10,000	0.2940	10,000	September 23, 2010
	640,000	0.6636	640,000	March 16, 2011
	545,000	0.3696	545,000	September 15, 2011
	990,000	0.6552	990,000	March 29, 2012
	845,000	0.4600	845,000	December 21, 2012
	<u>1,825,000</u>	<u>0.1700</u>	<u>912,500</u>	<u>July 26, 2014</u>

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, January 31, 2010	5,432,500	0.39
Expired	<u>(540,000)</u>	0.29
Balance, April 30, 2010	<u>4,892,500</u>	<u>\$ 0.41</u>
Number of options currently exercisable	<u>3,980,000</u>	<u>\$ 0.46</u>

There were no stock options granted during the current or prior fiscal periods.

The Company had no outstanding warrants as at April 30, 2010.

**7. CAPITAL STOCK AND CONTRIBUTED SURPLUS (CONT'D...)**

**Stock-based compensation**

During the three months ended April 30, 2010 and 2009, the Company did not grant any options. Total stock-based compensation recognized during the three months ended April 30, 2010 was \$29,841 (April 30, 2009 – \$43,970) and relates to the fair value of stock options granted during the year ended January 31, 2010 that is being recognized over the vesting period of the options.

The following weighted average assumptions were used for the Black Scholes valuation of stock options granted in the prior fiscal year:

	Year Ended January 31, 2010
Risk-free interest rate	1.97%
Expected life of options	3 years
Annualized volatility	100%
Dividend rate	0.00%

**8. RELATED PARTY TRANSACTIONS**

During the three months ended April 30, 2010, the Company charged rent of \$6,000 (April 30, 2009 - \$3,000) to North Arrow, a company with two common directors.

Included in receivables are amounts due from Stornoway totaling \$7,140 (January 31, 2010 - \$4,714) for reimbursement of exploration, administrative costs paid by the Company on Stornoway's behalf.

Included in receivables are amounts due from North Arrow totaling \$28,364 (January 31, 2010 - \$65,288) for reimbursement of exploration expenditures and shared administrative expenses paid by the Company on North Arrow's behalf.

These transactions were in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed to by the related parties.

**9. INCOME TAXES**

As at April 30, 2010, the Company has approximately \$1,297,000 in non-capital losses available for deduction against future year's taxable income. These losses will expire in 2030.

Subject to certain restrictions, the Company has approximately \$14,650,000 of mineral property expenditures and \$680,000 in non-refundable tax credits available to reduce taxable income of future years.

**10. ACCUMULATED OTHER COMPREHENSIVE INCOME**

Balance, January 31, 2010	\$ 800,528
Reversal of previous unrealized gains on available-for-sale investments sold, net of future income taxes	(9,570)
Unrealized gains on available-for-sale investments, net of future income taxes	<u>374,539</u>
As at April 30, 2010	<u>\$ 1,165,497</u>

**11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

At April 30, 2010, cash and equivalents of \$673,750 (January 31, 2010 - \$795,723) consisted of cash on deposit of \$673,750 (January 31, 2010 - \$795,723).

The significant non-cash transactions for the three months ended April 30, 2010 were:

- a) The Company incurring mineral property expenditures of \$21,608 that are included in accounts payable and accrued liabilities.
- b) The Company has included in receivables, deferred mineral property costs of \$9,811.

The significant non-cash transactions for the three months ended April 30, 2009 were:

- a) The Company incurring mineral property expenditures of \$11,408 that are included in accounts payable and accrued liabilities and the Company accruing a recovery of income taxes paid, BC METC and interest income of \$757,805 that is included in receivables.
- b) The Company issued 250,000 common shares valued at \$15,000 pursuant to the purchase of mineral property claims (Note 6).

**12. COMMITMENTS**

The Company is committed to minimum future lease payments for office premises through to January 31, 2011 and exploration equipment through to January 31, 2013 as follows:

Fiscal year ending January 31, 2011	\$ 76,680
Fiscal year ending January 31, 2012	\$ 5,437
Fiscal year ending January 31, 2013	\$ 4,077

The Company's lease costs may be reduced due to recoveries through sub-leases.

**13. CAPITAL MANAGEMENT**

The capital of the Company consists of the items included in shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company. The Company's objective for capital management is to plan for the capital required to support the Company's ongoing acquisition and exploration of its mineral properties and to provide sufficient funds for its corporate activities.

The Company's mineral properties are in the exploration stage. As an exploration stage company, the Company is currently unable to self-finance its operations. The Company has historically relied on equity financings and, more recently, asset sales or exploration option agreements, to finance its operations. In order to carry out the Company's planned exploration programs and to pay for administrative costs, the Company will spend its existing working capital and raise additional funds as required. To effectively manage the Company's capital requirements, the Company's management has in place a planning and budgeting process.