

CARLISLE GOLDFIELDS LIMITED
(An Exploration Stage Company)
Interim Consolidated Financial Statements
For the three and six months ended
February 28, 2010
(Unaudited)

CARLISLE GOLDFIELDS LIMITED

(An Exploration Stage Company)

Interim Consolidated Balance Sheets

	(unaudited) February 28, 2010	(audited) August 31, 2009
Assets		
Current		
Cash and cash equivalents	\$ 503,173	\$ 48,087
Accounts receivable	176,803	145,496
Prepaid expenses	4,320	12,960
	<u>684,296</u>	<u>206,543</u>
Fixed Assets (Note 6)	-	8,946
Mineral Properties and deferred exploration costs (Note 5)	<u>7,089,638</u>	<u>7,053,066</u>
	<u>\$ 7,773,934</u>	<u>\$ 7,268,555</u>
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable and accruals	\$ 517,363	\$ 747,727
Income taxes payable (Note 8)	542,000	522,000
Accrued shareholders claim (Note 8)	855,000	855,000
	<u>1,914,363</u>	<u>2,124,727</u>
Long Term Liabilities		
Convertible debenture (Note 9d)	35,000	83,205
Promissory note	25,000	25,419
Future income tax liability (Note 8)	582,000	582,000
	<u>2,556,363</u>	<u>2,815,351</u>
Shareholders Equity		
Common shares (Note 9a)	8,063,078	7,001,474
Warrants (Note 9b)	81,509	8,673
Contributed surplus (Note 9c)	312,330	189,930
Deficit	<u>(3,239,346)</u>	<u>(2,746,873)</u>
	<u>5,217,571</u>	<u>4,453,204</u>
	<u>\$ 7,773,934</u>	<u>\$ 7,268,555</u>

Contingencies (Note 10)

APPROVED ON BEHALF OF THE BOARD

,Director

,Director

CARLISLE GOLDFIELDS LIMITED

(An Exploration Stage Company)

Interim Statements of Operations, Comprehensive Loss and Deficit

(unaudited)

	3 Months Ending February 28.		6 Months Ending February 28,	
	2010	2009	2010	2009
Expenditures				
Shareholder relations and exchange fees	8,425	-	8,425	-
Management fees	143,500	-	190,655	-
Professional fees	69,840	44,512	79,840	61,012
General and administration	13,465	113,009	46,758	171,207
Stock based compensation	122,400	-	122,400	-
Advertising and promotion	-	(9,000)	73	26,936
Financing expense	9,577	-	35,376	-
Depreciation	4,473	10,734	8,946	20,000
	<u>371,680</u>	<u>159,255</u>	<u>492,473</u>	<u>279,155</u>
Net loss before income taxes	(371,680)	(159,255)	(492,473)	(279,155)
Provison for income taxes	-	(85,000)	-	(108,000)
Net and comprehensive loss	(371,680)	(244,255)	(492,473)	(387,155)
Deficit, beginning of period	<u>(2,867,666)</u>	<u>(1,736,961)</u>	<u>(2,746,873)</u>	<u>(1,594,061)</u>
Deficit, end of period	<u>\$ (3,239,346)</u>	<u>\$ (1,981,216)</u>	<u>\$ (3,239,346)</u>	<u>\$ (1,981,216)</u>
Loss per share - basic and diluted	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>
Weighted average number of shares outstanding during the period - basic and diluted	<u>58,891,159</u>	<u>43,500,000</u>	<u>54,462,525</u>	<u>42,000,000</u>

CARLISLE GOLDFIELDS LIMITED

(An Exploration Stage Company)

Interim Statements of Cash Flows

(unaudited)

	3 Months Ending February 28.		6 Months Ending February 28,	
	2010	2009	2010	2009
Cash derived from (applied to)				
Operating activities				
Net loss	\$(371,680)	\$ (244,255)	\$(492,473)	\$ (387,155)
Less: Operating items not involving cash				
Depreciation	4,473	10,734	8,946	20,000
Accretion of convertible debenture	-	-	11,795	-
Non-cash interest payments reversal	(668)	-	(419)	-
Stock-based compensation	122,400	-	122,400	-
Change in non cash working capital				
(Increase) Decrease accounts receivable	(30,970)	-	(31,307)	-
(Increase) Decrease in prepaid expenses	8,640	20,681	8,640	1,799
Increase (decrease) in accounts payable	(232,276)	139,559	(230,364)	103,738
Increase in income taxes payable	10,000	85,000	20,000	108,000
	(490,081)	11,719	(582,782)	(153,618)
Financing activities				
Issuance of common shares	897,664	-	1,075,164	90,600
Issuance of warrants	72,836	-	72,836	38,400
Share issuance costs	(13,560)	(15,430)	(13,560)	(15,430)
Redemption of convertible debenture	-	-	(60,000)	-
	956,940	(15,430)	1,074,440	113,570
Investing activities				
Deferred exploration costs	(9,213)	(17,446)	(36,572)	(45,047)
	(9,213)	(17,446)	(36,572)	(45,047)
Increase (decrease) in cash	457,646	(21,157)	455,086	(85,095)
Cash at beginning of period	45,527	79,517	48,087	143,455
Cash at end of period	\$ 503,173	\$ 58,360	\$ 503,173	\$ 58,360

CARLISLE GOLDFIELDS LIMITED

(An Exploration Stage Company)

Notes to the Interim Consolidated Financial Statements

February 28, 2010

1. Nature of Operations and Going Concern

Carlisle Goldfields Limited ("**Carlisle**" or the "**Company**") was incorporated under the laws of the Province of **Ontario** on March 15, 2005 under the name AMPX Corporation. On May 19, 2006, AMPX Corporation filed Articles of Amendment changing its name to Carlisle Goldfields Limited. The Company's principal business activity is mineral exploration and mine development operating primarily in Manitoba and Ontario. Substantially all of the Company's efforts are devoted to financing and developing these properties. There has been no determination whether the Company's interests in mineral properties contain mineral reserves which are economically recoverable.

The business of exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration properties and the Company's continued existence are dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and 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 and non-compliance with regulatory requirements.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles on a going concern basis, under which the Company is assumed to be able to realize its assets and discharge its liabilities in the normal course of business. Adverse conditions cast doubt on the validity of the assumption.

As presented in note 8, the Company has been assessed tax and penalties in respect of flow-through share financings and related expenditures. Liabilities in respect of income tax and penalties and related potential shareholder claims have been accrued in the accounts, representing an aggregate liability of \$1,387,000. The Company does not currently have the liquidity to pay these amounts.

Management believes that the Company can continue as a going concern based on the following strategies implemented or pursued by the Company:

- i) The Company expects to receive additional proceeds through private placements;
- ii) The ongoing rate of general and administrative costs has been significantly reduced;
- iii) Sufficient additional financing to support the Company through a period of reduced activity can be obtained; and
- iv) The Company expects forbearance will be granted by Canada Revenue Agency and the shareholders in respect of the matter presented in note 7.

Management believes that the use of accounting principles applicable to a going concern is appropriate based on the above strategies pursued. If the going concern assumption is not appropriate then material adjustments may be necessary in the carrying amounts and/or classifications of assets and liabilities in these consolidated financial statements.

CARLISLE GOLDFIELDS LIMITED

(An Exploration Stage Company)

Notes to the Interim Consolidated Financial Statements

February 28, 2010

2. Basis of Presentation

The unaudited interim financial statements of the Company have been prepared by management in accordance with Canadian generally accepted accounting principles ("GAAP"). The preparation of the financial statements is based on accounting policies and practices consistent with those used in the preparation of the audited annual financial statements except as noted below. The accompanying unaudited interim financial statements should be read in conjunction with the notes to the Company's audited financial statements for the year ended August 31, 2009, since they do not contain all disclosures required by GAAP for annual financial statements. These unaudited interim financial statements reflect all normal and recurring adjustments which are, in the opinion of management, necessary for a fair presentation of the respective interim periods presented.

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

3. Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the period ended February 28, 2010. The Company is not subject to externally-imposed capital requirements.

4. Financial Risk Factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

The Company's credit risk is primarily attributable to short-term investments and receivables included in other assets. The Company has no significant concentration of credit risk arising from operations. Cash and cash equivalents consist of bank deposits which have been invested with or purchased from reputable financial institutions, from which management believes the risk of loss to be remote.

CARLISLE GOLDFIELDS LIMITED

(An Exploration Stage Company)

Notes to the Interim Consolidated Financial Statements

February 28, 2010

4. Financial Risk Factors (continued)

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due.

Market risk

(a) Interest rate risk

The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. Therefore, the Company's exposure to interest rate risk is minimal.

(b) Foreign currency risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. From time to time, the Company funds certain operations, exploration and administrative expenses in US dollars on a cash-call basis using US dollar currency converted from its Canadian dollar bank accounts held in Canada. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk.

(c) Fair value

Canadian generally accepted accounting principles require that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The carrying value of cash and equivalents, amounts receivable, accounts payable and accruals approximates fair value due to the relatively short-term maturity of these financial instruments. Fair value represents the amount that would be exchanged in an arm's length transaction between willing parties and is best evidenced by a quoted market price, if one exists.

Sensitivity analysis

The Company has designated its cash and cash equivalents and short-term investments as held-for-trading, which are measured at fair value. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

The Company does not hold significant balances in foreign currencies to give rise to exposure to foreign exchange risk.

Price risk is remote since the Company is not a revenue-producing entity.

CARLISLE GOLDFIELDS LIMITED

(An Exploration Stage Company)

Notes to the Interim Consolidated Financial Statements

February 28, 2010

5. Mineral Properties and Deferred Exploration Costs

The following is a summary of the Corporation's mining assets:

	Lynn Lake Property	Goodfish Property	Total
Balance, August 31, 2008	\$ 6,866,944	\$ 69,614	\$ 6,936,558
Deferred exploration costs	116,508	-	116,508
Balance, August 31, 2009	6,983,452	69,614	7,053,066
Deferred exploration costs	36,572	-	36,572
Balance, February 28, 2010	<u>\$ 7,020,024</u>	<u>\$ 69,614</u>	<u>\$ 7,089,638</u>

Lynn Lake Properties

The Lynn Lake properties are comprised of a diverse group of 128 gold exploration claims and 185 mining leases in the Lynn Lake Greenstone Belt of Northern Manitoba, covering approximately 20,000 hectares. The Company holds a 100% interest in various groups of properties comprised of 111 mining leases and 107 mining claims covering 16,466 hectares. In addition, the Company holds a 78.03% interest in the Nail-Franklin group of properties comprised of 73 mining leases and 14 mining claims covering 2,830 hectares, and a 50.31 % interest in the Shoe-Lace group of properties comprised of 6 mining claims covering 576 hectares. These properties are subject to a 1.0 to 3.0% net smelter return royalty.

Goodfish Property

The Company holds a 100% interest in a gold property consisting of 16 patented mining claims covering 245.8 hectares in Morrisette Township, Larder Lake Mining Division, near the town of Kirkland Lake, Ontario.

6. Fixed Assets

As at February 28, 2010 the Company's Fixed Assets have been fully depreciated. Depreciation expense for the six months ended February 28, 2010 was \$8.946.

CARLISLE GOLDFIELDS LIMITED

(An Exploration Stage Company)

Notes to the Interim Consolidated Financial Statements

February 28, 2010

7. Related Party Transactions

These consolidated financial statements include expenditures (either expensed or included with deferred exploration costs) incurred with shareholders, directors and/or companies controlled by them. These transactions have been measured at their exchange amounts, being the amounts agreed upon between the Company and the related parties, and are summarized as follows:

	<u>February 28, 2010</u>	<u>August 31, 2009</u>
Balances:		
Due to a director and officer	\$ 6,300	\$ -
Due to Companies owned by directors and officers	161,130	44,100
	<u>\$ 167,430</u>	<u>\$ 44,100</u>
Transactions:		
Management fees	163,500	228,000
Legal fees	30,766	113,000
	<u>\$ 194,266</u>	<u>\$ 341,000</u>

During the period ended February 28, 2010 a director of the Company, converted \$60,000 of convertible debentures into 2,000,000 common shares and 2,000,000 warrants (each warrant entitled the holder to purchase one common share of the Company for \$0.05 per common share for a period of two (2) years from the date of conversion. The director exercised the 2,000,000 warrants, paid \$100,000 to the Company and received 2,000,000 common shares. (Also see Note 9),

8. Income Tax - Flow-through Shares

During 2006, the Company raised gross proceeds of approximately \$4.7 million of flow-through share financing from investors. The gross proceeds of the financing were renounced to the investors as at December 31, 2006 and were to be used by the Company to incur qualifying Canadian exploration expenses by December 31, 2007. However, based on the Company's records, approximately \$1,200,000 of the gross proceeds renounced did not appear to have been used to incur qualifying Canadian exploration expenses by that date. As a consequence, the Company has accrued \$252,000 for Part XII.6 taxes, interest and penalties on the \$1,200,000 shortfall (Note 11(a)).

During 2007, the Company raised gross proceeds of approximately \$2.1 million of flow-through share financing from investors (Note 11(a)). The gross proceeds of the financing were renounced to investors as at December 31, 2007 and were to be used by the Company to incur qualifying Canadian exploration expenses by December 31, 2008. However, based on the Company's records, it appears that an insufficient amount was spent by the Company on qualifying Canadian exploration expenses by that date. Accordingly, an additional \$70,000 has been accrued to account for Part XII.6 taxes, interest and penalties related to the shortfall.

The Company has also accrued \$200,000 in 2009 on account of additional, tax, penalties and interest on past tax claims arising from the 2006 and 2007 flow-through financings and \$10,000 in the current fiscal quarter for additional interest. In addition, \$855,000 has been accrued for potential claims which may arise as a result of possible reassessments denying personal tax deductions to the investors (Notes 11(a) and 11 (b)).

CARLISLE GOLDFIELDS LIMITED

(An Exploration Stage Company)

Notes to the Interim Consolidated Financial Statements

February 28, 2010

9. Share Capital

(a) Authorized and issued

The Company is authorized to issue an unlimited number of common shares and unlimited of special shares issued in series. Each common share and special share is entitled to one vote.

Issued

	February 28, 2010	
	Number of Shares	Amount
Balance, beginning of year	48,948,492	\$ 7,001,474
Correction re exercise of warrants in 2009	-	1,729
Issued on private placements	14,930,000	746,500
Value of warrants	-	(44,790)
Conversion of debentures	2,000,000	60,000
Value of warrants	-	(12,100)
Exercise of warrants	2,000,000	112,100
Debt settlement	3,405,000	241,500
Value of warrants	-	(29,775)
Share issue costs	-	(13,560)
Reversal of renouncement of future tax benefits	-	-
Balance, end of period	71,283,492	\$ 8,063,078

In October 2009, the Company issued 350,000 common shares at \$0.05 per share to settle an outstanding liability of \$17,500.

In November 2009, the Company issued 2,000,000 units upon conversion of \$60,000 of convertible debentures. Each unit consisted of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to acquire one common share at an exercise price of \$0.05 at any time on or before November 16, 2011, two years from the date of conversion. These warrants were valued at \$12,100, were exercised and the Company issued 2,000,000 common shares and received gross proceeds of \$100,000.

In January, 2010, the Company issued 680,000 common shares at \$0.05 per share to settle an outstanding liability of \$34,000.

In January and February, 2010, the Company issued 14,930,000 units for \$0.05 per unit for gross proceeds of \$746,500. Each unit consisted of one common share and one common share warrant. Each warrant entitles the holder to acquire one common share at an exercise price of \$0.10 for one year from the date of issue. The warrants were valued at \$44,790.

In February, 2010, the Company issued 2,375,000 units at \$0.08 per unit to settle outstanding liabilities of \$190,000. Each unit consisted of one common share and one common share warrant. Each warrant entitles the holder to acquire one common share at an exercise price of \$0.10 for one year from the date of issue. The warrants were valued at \$29,775.

CARLISLE GOLDFIELDS LIMITED

(An Exploration Stage Company)

Notes to the Interim Consolidated Financial Statements

February 28, 2010

9. Share capital - continued

(b) Warrants

Warrant transactions:

	February 28, 2010	
	Number of Warrants	Amount
Balance, beginning of year	1,613,333	\$ 8,673
Correction re exercise of warrants in 2009	-	(1,729)
Issued on private placements	14,930,000	44,790
Conversion of debentures	2,000,000	12,100
Exercise of warrants	(2,000,000)	(12,100)
Debt settlement	2,375,000	29,775
Balance, end of period	18,918,333	\$ 81,509

The Company has the following common share purchase warrants outstanding as at November 30, 2009:

Number of Warrants	Exercise Price	Expiry Date	Book value
1,280,000	\$ 0.12	05-Dec-10	6,656
333,333	0.05	04-Jun-11	288
7,980,000	0.10	15-Jan-11	23,940
4,150,000	0.10	29-Jan-11	12,450
2,800,000	0.10	24-Feb-11	8,400
2,375,000	0.10	24-Feb-11	29,775
<u>18,918,333</u>			<u>81,509</u>

The fair value of the warrants issued during the periods was obtained by calculating at the grant date using the Black-Scholes method and utilizing the following assumptions:

	November 30, 2009	February 28, 2010
Risk free interest rate	3.75%	2.50%
Expected dividend yield	0%	0%
Volatility	40%	60%
expected life	1.5 years	1 year

(c) Contributed Surplus

Balance, August 31, 2008	\$ 270,530
Warrants expired	13,000
Stock based compensation reversed on cancellation of options	(93,600)
Balance, August 31, 2009	189,930
Stock based compensation	122,400
Balance, August 31, 2009 and February 28, 2010	<u>\$ 312,330</u>

CARLISLE GOLDFIELDS LIMITED

(An Exploration Stage Company)

Notes to the Interim Consolidated Financial Statements

February 28, 2010

9. Share capital - continued

(d) Debentures

On June 4, 2009 the Company issued convertible debentures for the subscription of a total principal amount of \$165,000. They are non-interest bearing, unsecured and fall due for repayment on April 3, 2011. Prior to maturity, the holders have the right to convert these securities into units at a conversion rate of \$0.03 per unit. Each unit is comprised of one common share and one share purchase warrant. Each share purchase warrant provides the holder with the right to purchase one additional common share at a price of \$0.05 at any time within two (2) years from the date of conversion. These share purchase warrants were valued at the time of financing at a fair value of \$0.00605 each.

The cost of the financing totalling \$35,354 was capitalized as a reduction of the funds raised and will be amortized as financing expense during the term of the loan. As part of the financing costs, broker warrants with a value of \$182 were issued providing the broker with the right to purchase \$13,200 of convertible debentures at any time within two years after closing. The debentures issuable upon exercise of the broker warrants are convertible into 440,000 common shares and 440,000 warrants and each such warrant may be exercised to purchase one common share of the Company for \$0.05 at any time within two years after the date of conversion.

During the year ended August 31, 2009, convertible debentures with a face value of \$70,000 were converted into units.

During the period ended November 30, 2009, convertible debentures with a face value of \$60,000 were converted into units.

As at February 28, 2010, convertible debentures with a face value of \$35,000 were outstanding at a carrying value of \$35,000.

(e) Stock Compensation

During fiscal 2007, the Company issued 1,200,000 incentive stock options to directors at an exercise price of \$0.305 per share. The incentive stock options expire on April 2012. The fair value of these incentive stock options granted was estimated using an option-pricing model. Assumptions used in the pricing model are as follows: risk free interest rate of 4%, dividend yield of 0%, volatility of 40% and an expected life of 3.5 years. The fair value of these incentive stock options was recorded as \$124,800 and this was expensed during fiscal 2007 and credited to contributed surplus.

During 2009, 900,000 incentive stock options were cancelled, at an exercise price of \$0.305 per share. The related amount was credited to expense and debited to Contributed Surplus. The 300,000 incentive options outstanding on November 30, 2009 were cancelled on January 15, 2010. At that time, no options remained outstanding,

On January 28, 2010, options on 6,800,000 common shares were granted to various officers, directors and consultants pursuant to the Company's stock option plan. Each such option entitles the holder to purchase one common share for \$0.10 at any time within five years subject to earlier termination under the terms of the stock option plan. The fair value of these incentive stock options granted was estimated using an option-pricing model. Assumptions used in the pricing model are as follows: risk free interest rate of 2.5%, dividend yield of 0%, volatility of 60% and an expected life of 5 years. The fair value of these incentive stock options was recorded as \$122,400.

CARLISLE GOLDFIELDS LIMITED

(An Exploration Stage Company)

Notes to the Interim Consolidated Financial Statements

February 28, 2010

10. Contingencies Liabilities

(a) 2006 flow-through shares penalty taxes

In addition to the approximate \$1,200,000 shortfall referred to in Note 7, Canada Revenue Agency has assessed an additional approximate \$500,000 expenditure shortfall for a total shortfall of approximately \$1,700,000. The Company has objected to the additional \$500,000 assessment on the basis that qualifying Canadian exploration expenses were incurred. If the Company is not successful in its objection, there will be an additional \$103,000 of Part XII.6 taxes and penalties and an additional approximate \$240,000 of accrued shareholder claims. As management believes the objection will be successful, these amounts have not been recorded in these financial statements.

(b) 2007 flow-through shares penalty taxes

The Company, as at the balance sheet date, has an approximate shortfall of \$580,000 of qualifying Canadian exploration expenses relating to the \$2.1 million of flow-through financing referred to in Note 7. Accordingly, \$70,000 of Part XII.6 taxes and penalties and an additional \$271,000 of potential shareholder claims have been accrued.

(c) Premises

The Company leased premises with a term ending in January 31, 2013. During the 2009 fiscal year, the Company had difficulties meeting all of the conditions within the lease agreement and the landlord refused further access. Under the terms of the lease, the landlord has a potential claim for ongoing rent and other payments, of which \$60,000 has been accrued to the end of the current fiscal period.

11. Future accounting changes

International Financial Reporting Standards (“IFRS”)

In February 2008, the CICA Accounting Standards Board confirmed that public companies will be required to prepare interim and annual financial statements under IFRS for fiscal years beginning on or after January 1, 2011. Management is currently assessing the impact of adopting IFRS and it has not yet determined its effect on the Company’s consolidated financial statements.

Business Combinations, Consolidated Financial Statements and Non-Controlling Interests

The CICA issued three new accounting standards in January 2009: Section 1582, Business Combinations, Section 1601, Consolidated Financial Statements and Section 1602, Non-Controlling Interests. These new standards will be effective for fiscal years beginning on or after January 1, 2011. Sections 1582 replaces section 1581 and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to IFRS 3 - Business Combinations. The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Sections 1601 and 1602 together replace Section 1600, Consolidated Financial Statements. Section 1601, establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS IAS 27 - Consolidated and Separate Financial Statements. The Company is currently in the process of evaluating the impact of these standards.

12. Comparative Figures

Certain comparative amounts have been reclassified from those previously presented to conform to the presentation of current period’s financial statement presentation.