EAGLECREST EXPLORATIONS LTD.

(A Development Stage Company)

Consolidated Financial Statements

For the Three Months Ended December 31, 2009

(Un-audited – Prepared by Management)

Suite 300 - 1055 West Hastings Street. Vancouver, B.C. V6E 2E9
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(TSXV: Symbol EEL)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102, Eaglecrest Explorations Ltd. (the "Company") discloses that the accompanying un-audited interim consolidated financial statements for the three months ended, December 31, 2009, were prepared by management.

The Company's independent auditor has not performed a review of these un-audited interim consolidated financial statements.

MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL REPORTING

The interim consolidated financial statements of Eaglecrest Explorations Ltd. (a development stage company) are the responsibility of the Company’s management. The interim consolidated financial statements are prepared in accordance with accounting principles generally accepted in Canada and reflect management’s best estimates and judgment based on information currently available.

Management has developed and maintains a system of internal controls to ensure that the Company’s assets are safeguarded, transactions are authorized and properly recorded and financial information is reliable.

The Board of Directors is responsible for ensuring management fulfills its responsibilities for financial reporting and internal control through an audit committee, which is comprised of a majority of non-management directors. The audit committee reviews the quarterly consolidated financial statements prior to their submission to the Board of Directors for approval.

EAGLECREST EXPLORATIONS LTD.
Consolidated Balance Sheets
December 31, 2009 and September 30, 2009
(Expressed in Canadian Dollars)

	December 31 (Un-audited)	September 30 (Audited)
Assets	$	$
Current		
Cash	895,301	655,721
Receivables	18,177	30,123
Prepaid expenses and deposits	79,058	35,136
	992,536	720,980
Property, plant and equipment (note 4)	45,897	38,998
Other deferred property charges (note 5)	31,681	-
Resource properties (schedule 1 and note 6)	45,324,180	44,918,869
	46,394,294	45,678,847
Liabilities		
Current		
Accounts payable and accrued Liabilities	355,317	483,547
	355,317	483,547
Asset retirement obligation - Note 3	80,000	80,000
	435,317	563,547
Shareholders' Equity		
Share capital (note 9(a))	68,649,330	67,689,035
Share subscriptions (note 9(f))	1,156,000	1,156,000
Share subscriptions receivable (note 9(h))	(80,000)	(276,178)
Contributed surplus (note 9(i))	3,364,416	3,352,521
Deficit	(27,130,769)	(26,806,078)
	45,958,977	45,115,300
	46,394,294	45,678,847

Nature of Operations and Ability to Continue as a Going Concern – Note 1
Commitments – Notes 5, 6 and 9
Subsequent Events – Notes 11

APPROVED BY THE BOARD OF DIRECTORS:

"Paul Zdebiak" Director — *"Hans Rasmussen"* Director
Paul Zdebiak — Hans Rasmussen

SEE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

EAGLECREST EXPLORATIONS LTD.
Consolidated Statements of Operations, Comprehensive Loss and Deficit
For the Three Months Ended December 31, 2009 and 2008
(Expressed in Canadian Dollars)
(Un-audited – Prepared by Management)

	2009	2008
	$	$
Expenses:		
Accounting and audit	14,352	12,939
Administration	30,000	30,000
Advertising	-	-
Amortization	1,314	1,654
Bank charges	658	608
Consulting fees	22,146	-
Corporate development	86,449	43,531
Filing fees	14,240	895
Foreign exchange loss (gain)	11,656	(39,031)
Insurance	5,882	12,257
Interest on convertible debenture	-	38,330
Legal	20,248	10,622
Management fees	47,533	54,414
Office and printing	25,968	25,424
Shareholders information	3,876	2,969
Transfer agent	7,340	1,756
Travel and promotion	43,137	38,484
Total expenses	334,799	234,852
Other items:		
Gain on disposal of property, plant and equipment	(10,108)	-
Interest income	-	(286)
Net loss for the period	(324,691)	(234,566)
Deficit - beginning of period	(26,806,078)	(24,738,017)
Deficit - end of period	(27,130,769)	(24,972,583)
Loss per common share	($0.01)	($0.01)
Weighted-average number of common shares outstanding	39,681,478	35,149,990

EAGLECREST EXPLORATIONS LTD.
Consolidated Statements of Cash Flows
For the Three Months Ended December 31, 2009 and 2008
(Expressed in Canadian Dollars)
(Un-audited – Prepared by Management)

	2009	2008
	$	$
Cash provided by (used in):		
Operating activities		
Net loss for the period	(324,691)	(234,566)
Items not affecting cash:		
Accretion of convertible debenture	-	23,634
Amortization	1,314	1,654
Foreign exchange adjustments	-	88,596
Gain on disposition of property plant and equipment	(10,108)	-
	(333,485)	(120,682)
Net change in non-cash working capital items:		
Receivables	11,946	109,297
Prepaid expenses and deposits	(43,922)	(23,804)
Accounts payable and accrued liabilities	(128,230)	(278,975)
	(493,691)	(314,164)
Financing activities		
Subscription receivable	112,938	280,595
Cash received for capital stock issued (net)	1,055,430	-
	1,168,368	280,595
Investing activities		
Property, plant and equipment expenditures	(18,490)	-
Disposition of property plant and equipment	18,900	-
Other deferred property expenditures	(31,681)	-
Resource property expenditures	(403,826)	(631,457)
	(435,097)	(631,457)
Increase (decrease) in cash	239,580	(665,026)
Cash - beginning of period	655,721	765,445
Cash - end of period	895,301	100,419

Supplemental disclosure of non-cash financing and investing activities:

During the period, equipment amortization of $1,485 (2008” $47,548) was recorded in resources property expenditures.

During the period, the company issued 105,000 (2008: 1,923) common shares valued at $55,356 (2008: $2,500) and 50,000 (2008: Nil) agent warrants valued at $11,895 (2008: $Nil) for finders’ fees in connection with private placements.

EAGLECREST EXPLORATIONS LTD.
Consolidated Schedule of Resource Property Costs
(Expressed in Canadian Dollars)

Bolivia	(Audited) September 30, 2008 $	Additions During the Year $	(Audited) September 30, 2009 $	Additions During the Period $	(Un-audited) December 31, 2009 $
San Simon Zone					
Acquisition costs	2,616,890	44,045	2,660,935	-	2,660,935
Admin and office	273,846	68,000	341,846	17,257	359,103
Assays	472,225	30,910	503,135	18,301	521,436
Camp costs	1,848,635	124,276	1,972,911	38,755	2,011,666
Consulting fees	2,348,058	259,052	2,607,110	41,749	2,648,859
Drilling	1,501,060	-	1,501,060	-	1,501,060
Mapping	122,400	-	122,400	375	122,775
Equipment rental	1,173,624	41,626	1,215,250	22,753	1,238,003
Environmental	11,957	9,673	21,630	1,890	23,520
Field costs	738,319	-	738,319	-	738,319
Geophysical & surveys	189,608	3,918	193,526	-	193,526
Professional fees	217,391	-	217,391	-	217,391
Sampling and analysis	132,529	-	132,529	-	132,529
Wages	750,769	279,272	1,030,041	92,760	1,122,801
Travel/transportation	521,788	59,774	581,562	15,694	597,256
Underground development	2,420,241	-	2,420,241	-	2,420,241
Vehicle maintenance	393,251	-	393,251	-	393,251
	15,732,591	920,546	16,653,137	249,534	16,902,671
Dona Amelia Zone					
Acquisition costs	156,142	21,146	177,288	-	177,288
Admin and office	1,053,624	76,571	1,130,195	17,769	1,147,964
Amortization	910,335	99,310	1,009,645	1,485	1,011,130
Assays	970,733	25,687	996,420	-	996,420
Camp costs	1,336,056	101,874	1,437,930	20,312	1,458,242
Consulting fees	2,733,542	114,471	2,848,013	26,479	2,874,492
Drilling	9,100,468	1,296	9,101,764	-	9,101,764
Environmental	309,215	16,336	325,551	1,890	327,441
Mapping	66,119	441	66,560	625	67,185
Equipment rental	1,182,943	38,146	1,221,089	13,745	1,234,834
Field costs	2,176,362	-	2,176,362	-	2,176,362
Geophysical & surveys	77,550	4,603	82,153	-	82,153
Supplies	159,349	-	159,349	-	159,349
Travel/transportation	788,364	37,579	825,943	6,289	832,232
Underground development	3,761,921	-	3,761,921	-	3,761,921
Wages	2,626,326	168,650	2,794,976	19,782	2,814,758
Recovery - gold concentrates	(1,017,004)	13,192	(1,003,812)	-	(1,003,812)
	26,392,045	719,302	27,111,347	108,376	27,219,723

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EAGLECREST EXPLORATIONS LTD.
Consolidated Schedule of Resource Property Costs
(Expressed in Canadian Dollars)

	(Audited) September 30, 2008 $	Additions During the Year $	(Audited) September 30, 2009 $	Additions During the Period $	(Un-audited) December 31, 2009 $
Marco Maria Zone					
Acquisition costs	323,960	32,557	356,517	-	356,517
Admin and office	13,033	11,763	24,796	2,341	27,137
Camp costs	7,476	8,505	15,981	2,230	18,211
Consulting	11,159	11,892	23,051	3,352	26,403
Equipment rental	7,131	1,991	9,122	-	9,122
Mapping	-	-	-	125	125
Professional fees	10,701	-	10,701	-	10,701
Field costs	1,723	174	1,897	-	1,897
Travel/transportation	1,367	2,733	4,100	960	5,060
Wages	-	27,769	27,769	8,234	36,003
	376,550	97,384	473,934	17,242	491,176
Dona Angela (Campo Nuevo) Zone					
Acquisition costs	220,497	49,528	270,025	10,750	280,775
Admin and office	30,043	18,451	48,494	2,342	50,836
Assays	13,730	6,141	19,871	-	19,871
Camp costs	51,893	21,914	73,807	2,230	76,037
Consulting	35,550	26,154	61,704	2,087	63,791
Equipment rental	40,274	11,943	52,217	129	52,346
Environmental	632	-	632	-	632
Field costs	27,552	688	28,240	-	28,240
Mapping	2,777	-	2,777	125	2,902
Professional fees	3,147	-	3,147	-	3,147
Travel/transportation	12,180	11,938	24,118	948	25,066
Wages	28,567	66,852	95,419	11,548	106,967
	466,842	213,609	680,451	30,159	710,610
Total	42,968,028	1,950,841	44,918,869	405,311	45,324,180

EAGLECREST EXPLORATIONS LTD.
Notes to the Consolidated Financial Statements
December 31, 2009 and 2008
(Expressed in Canadian Dollars unless otherwise indicated)
(Un-audited – Prepared by Management)

Note 1 Nature of Operations and Ability to Continue as a Going Concern

The Company was incorporated under the laws of the Province of British Columbia on January 20, 1981 and its shares are listed for trading on the TSX Venture Exchange ("Exchange").

The Company is in the development stage and is in the process of exploring and developing its resource properties in Itenez Province, Bolivia and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of amounts shown for resource properties and related deferred exploration expenditures is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development of the resource properties and upon future profitable production or proceeds from the disposition thereof.

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. At December 31, 2009, the Company had not yet achieved profitable operations, has accumulated losses of $27,130,769 (2008: $24,972,583) since its inception, has working capital (deficit) of $637,219 (2008: ($888,151)) and expects to incur further losses in the development of its business, all of which casts substantial doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due.

Note 2 Interim Reporting

The unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). Accordingly, they do not include all of the information and notes to the consolidated financial statements required by Canadian GAAP for annual consolidated financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Operating results for the three ended December 31, 2009 may not necessarily be indicative of the results that may be expected for the year ending September 30, 2010.

While the information presented in the accompanying interim consolidated financial statements is unaudited, it includes all adjustments which are, in the opinion of management, necessary to present fairly the financial position, results of operations and cash flows for the interim periods presented. These interim financial statements follow the same accounting policies and methods of their application as the Company's September 30, 2009 audited financial statements. It is suggested that these interim consolidated financial statements be read in conjunction with the Company's audited September 30, 2009 consolidated financial statements.

Note 3 Asset Retirement Obligations

The Company records a liability for the fair value of the statutory, contractual or legal asset retirement obligations ("ARO") associated with the retirement and reclamation of tangible long-lived assets when the related assets are put into use, with a corresponding increase to the carrying amount of the related assets. This corresponding increase to capitalized costs is amortized to earnings on a basis consistent with depreciation, depletion, and amortization of the underlying assets. Subsequent changes in the estimated fair value of the ARO are capitalized and amortized over the remaining useful life of the underlying asset. The ARO liabilities are carried on the consolidated balance sheet at their discounted present value and are accreted over time for the change in their present value, with this accretion charge included in depreciation, depletion and amortization.

As at December, 2009, the Company has recorded $80,000 (2009: $80,000) as an estimated asset retirement obligation.

Note 4 Property, Plant and Equipment

	December 31, 2009			Sept. 30/09
	Cost $	Accumulated Amortization $	Net Book Value $	Net Book Value $
Office Equipment	106,032	81,039	24,993	25,962
Field Equipment	40,964	39,551	1,413	1,528
Automotive	73,748	54,257	19,491	11,508
	220,744	174,847	45,897	38,998

Note 5 Other Deferred Property Charges

On December 6, 2009, the Company signed a Letter Of Intent to purchase up to a 75% interest in the mineral rights of the Fredonia area (the "Fredonia Property"), located in Antioquia, Colombia. Management is in the process of performing its due diligence prior to committing to the purchase. Meanwhile, all preliminary expenditures relating to the Fredonia Property are deferred until such time management is able to render its final decision. In the event the Company decides not to proceed with the acquisition, all expenditures deferred will be expensed at that time.

Note 5 Other Deferred Property Charges – (cont'd)

The Company can acquire a 75% interest in the Fredonia Property as follows:

Date	Expenditures (US$)	Shares or Warrants Issuance	Cash (US$)	Interest Earned (%)
Upon signature of Letter of Intent	$ -	-	$ 10,000 52,500*	-
Upon signature of Definitive Agreement (the "Signature Date")	-	1,000,000 shares and 1,000,000 warrants**	-	-
During 6 months after the Signature Date	100,000	-	50,000	12.5%
At the end of the 12 months after the Signature Date	1,000,000	-	60,000	25.0%
During 24 months after the Signature Date	1,100,000	-	-	50.0%
During 36 months after the Signature Date	600,000	-	-	50.0%
Total	$ 2,800,000		$ 120,000	50.0%
Upon completion of a positive feasibility study				75.0%

* Refundable if no Definitive Agreement is reached. The Definitive Agreement must be reached no later than 90 days after the signature of letter of intent.

** Subject to regulatory approval each warrant will have an exercise price equal to the closing price of the Company's common shares on the Signature Date plus a 25% premium. The warrants will have an expiry date of 2 years

In the event that any of the above-noted expenditures are not made within the timeframe specified above, the Company will be required to pay the portion of expenditures unspent directly to the optionor in cash.

At the end of thirty six months after the Signature Date, the Company must fund all additional expenditures required to reach the completion of a detailed feasibility study in respect of the Fredonia Property. After completion of a detailed feasibility study (National Instrument 43-101 compliant), each party will be required to fund its pro-rata share of development costs. During the duration of the Definitive Agreement, the Company will be responsible for all expenditures related to concessions' maintenance, including canon payments and insurance policies.

Note 5 Other Deferred Property Charges – (cont'd)

Upon acquisition of 75% interest in the Fredonia Property, the parties will form a 75/25 joint venture and funding of further exploration and development of the project will be based on the parties' percentage interest. If the optionor chooses not to contribute to funding such work its interest will be diluted based on an industry standard dilution formulae to a minimum 2.5% net smelter royalty.

The agreement is subject to approval by the regulatory authorities.

Note 6 Resource Properties

The Company's resource properties are located in Bolivia, South America and its interest in these resource properties is maintained pursuant to agreements with the titleholders. The Company is satisfied that evidence of title to each of its resource properties is adequate and acceptable by prevailing Bolivian standards with respect to the current stage of exploration on these properties, however, recoverability of amounts shown for resource properties are subject to confirmation of the Company's interest in the underlying resource properties.

San Simon and Dona Amelia Zones

Pursuant to a formal agreement (the San Simon Agreement) executed in fiscal 1999 and subsequently amended, the Company owns the right to acquire 100% of all production from eleven mineral concessions. Total consideration paid to acquire this right was US$600,000.

These eleven mineral concessions are subject to a 3% net smelter returns royalty, of which the Company can purchase 1% for US$500,000 and a second 1% for US$750,000.

On April 15, 2003 San Simon Resources Ltd. ("SSR") and the Company entered into an agreement by which the Company acquired from SSR an 80% interest in production from seven non-core mineral concessions and the right to acquire one additional mineral concession (known as the California concession) by incurring US$500,000 in mineral exploration expenditures over two years (incurred) and reimbursing SSR certain costs aggregating US$10,000 (paid).

The Company also entered into a separate agreement on June 9, 2003 with the underlying owner of the California concession whereby it paid US$48,000 and issued 200,000 common shares to obtain a 100% interest in this concession.

These concessions are subject to a 3% net smelter returns royalty, of which the Company can purchase 1% for US$500,000 and a second 1% for US$1,000,000.

The Company advanced US$250,000 during the year ended September 30, 2007 as security for payment of exploration services to be provided. This amount was fully expensed during the year ended September 30, 2008.

By an agreement dated November 16, 2007, the Company had a 50 year option to acquire an additional mineral concession in the San Simon zone in Bolivia, South America for US$25,000 (paid) and US$25,000 within six months of delivery of samples by the optionor. The option was terminated by the Company during the year ended September 30, 2008. As a result, US $25,000 was not paid and initial US $25,000 paid was recorded as a part of general exploration costs.

Note 6 Resource Properties – (cont'd)

Marco Maria Zone

Pursuant to an agreement (the Marco Maria Agreement) signed during fiscal 1999, the Company acquired the right to 100% of all production from eight mineral concessions located contiguous to the existing San Simon mineral concessions. Total consideration paid to acquire this right was US$50,000 plus the issuances of 650,000 common shares.

These concessions are subject to a 3% net smelter royalty of which the Company can purchase 1% for US$500,000 and a second 1% for US$1,000,000.

Dona Angela (Campo Nuevo) Zone

Pursuant to an agreement signed March 2, 2001, the Company has acquired the right to 100% of all production from 13 concessions located to the north, east and west of the Company's existing holdings at the San Simon property. The Company had originally agreed to pay US$95,000 (US$20,000 paid) to the optionor prior to July 31, 2003.

Pursuant to an amending agreement signed in August, 2003, the Company has agreed to pay the optionor the remaining US$75,000 (US$37,500 paid) and incur annual exploration expenditures until production of US$100,000. The optionor agreed to accept 375,000 common shares (issued by the Company) at a price of US$0.10 for the remaining US$37,500. The agreement also calls for annual payments until production of US$20,000, commencing in fiscal 2005, to the optionor. In 2007, the payment was renegotiated down to US$10,000 per annum. Payments totaling US$70,000 have been paid to date and the next payment of US$10,000 is due October, 2010.

These concessions are subject to a 3% net smelter royalty of which the Company can purchase 1% for US$1,000,000 and a second 1% for US$2,000,000.

Note 7 Convertible Debenture

In August 2007, the Company completed a non-secured convertible debenture financing in the amount of $632,580 (US$600,000). The term of the debenture was two years and matured on August 8, 2009 bearing an interest rate of 12% per annum. The lender had the option to convert any or all of the principal balance into conversion units at a deemed price of US$0.165 per unit. A conversion unit consisted of one common share of the Company and one warrant. Each warrant had a term expiring on August 8, 2009 and was exercisable to purchase one common share of the Company at US$0.165 per share, which would total 3,636,364 shares.

The Company used the fair value method and recorded $436,662 (US$414,172) to the liability component and $195,918 (US$185,828) to the equity component as determined by the Black-Scholes Option Valuation Model with the following assumptions:

	Conversion Option
Expected dividend yield	0%
Expected volatility	76.02%
Risk-free interest rate	4.67%
Expected term in years	2 years

Note 7 Convertible Debenture – (cont'd)

On June 25, 2009, a debt settlement agreement was reached to repay the principal amount of US$600,000 through the issuance by the Company to the debtor 12,000,000 units at the fair value of US$0.05 per unit (issued). Each unit consisted of one common share of the Company and one share purchase warrant exercisable at US$0.10 per share to purchase an additional share of the Company until October 19, 2010. The 8,363,636 incremental shares were valued at $480,156 (US$418,182) and allocated $461,452 (US$401,892) to the equity component and $18,704 (US$16,290) to debt settlement expense. The incremental value of the warrants was calculated as $460,000 using the Black-Scholes option valuation model with the following assumptions; risk-free interest rate 1.50%; expected dividend yield – Nil; expected stock price volatility 199% - 236%; and expected warrant life of 0.1 – 2.0 years. This amount has been included in debt settlement expense.

Also, pursuant to the debt settlement agreement, a cash payment of US$90,038 was made to satisfy the accrued interest up to the date of the agreed settlement.

Over the term of the debenture, the liability was accreted to its face value. During the year ended September 30, 2009, total interest recorded amounted to $138,806 (US$130,228) (2008: $128,580 (US$128,068)); $42,753 (US$35,068) was paid as part of US$90,038 above ((2008: $49,135 (US$48,000) was included in accounts payable), and $73,051 (US$71,370) (2008: $79,445 (US$80,068)) was accreted.

During the year ended September 30, 2009, as a result of the early conversion of the loan, $1,349,388 was credited to share capital as follows: $673,314 (US$576,210) from the liability component of the loan; $264,802 (US$214,799) to contributed surplus; $461,452 (US$401,892) from deficit; and $478,704 (US$416,917) of debt settlement expense.

Note 8 Related Party Transactions

All transactions with related parties have occurred 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 transacting parties. The unpaid year-end balances referred to below are non-interest bearing, payable on demand and have arisen from the provision of services described.

During the three month period ended December 31, 2009:

- A director of the Company was paid or accrued $30,000 (2008: $43,531) for corporate development fees and one officer of the Company was paid or accrued $30,000 (2008: $30,000) for accounting and administration services. At December 31, 2009, the related parties were owed $69,025 (2008: $29,774) for the unpaid portions of these amounts and reimbursement of expenditures made on behalf of the Company, which is included in accounts payable.
- A Private company owned by a director of the Company was paid or accrued $47,534 (2008: $54,414) in management fees. At December 31, 2009, the related party was owed $nil (2008: $18,369) for the unpaid portions of these amounts and reimbursement of expenditures made on behalf of the Company, which is included in accounts payable.
- A law firm of which an officer of the Company is a partner charged the Company or accrued by the Company $2,758 (2008: $10,622) for legal services. At December 31, 2009, this related party was owed $644 (2008: $43,039) for the unpaid portion of this amount, which is included in accounts payable.

Note 8 Related Party Transactions – (cont'd)

- An officer of the Company and a private company controlled by a director of the Company were paid or accrued $6,358 (2008: $32,982) for geological consulting services. At December 31, 2009, the related parties were owed $Nil (2008: $19,090) for the unpaid portion of the amount, which is included in accounts payable.

As at December 31, 2009, accounts payable are inclusive of $69,669 (2008: $100,272) due to related parties.

Note 9 Share Capital

a) Authorized:

The Company's authorized share capital consists of an unlimited number of common shares without par values.

b) Issued:

	December 31, 2009			September 30, 2009		
	Number of Shares		$	Number of Shares	$	
Issued - Beginning of period	433,812,034		67,689,035	374,993,034	63,779,147	
Shares consolidation 10:1	(390,430,800)	*	-	-	-	
Issued:						
Private placements	2,260,000		1,160,430	44,819,000	2,570,294	
Shares issued for finder's fees	105,000		55,356	2,000,000	108,820	
Settlement of debt			-	12,000,000	1,349,388	
Returned to treasury/cancelled	(154,000)	(1)	(163,240)	-	-	
Issue costs	-		(92,251) (2)	-	(118,614)	(3)
Issued - End of end period	45,592,234		68,649,330	433,812,034	67,689,035	

* On December 10, 2009, the Company consolidated its issued common shares on a 10:1 basis.

(1) Shares returned to treasury and cancelled due to the non-payment of shares subscribed for.

(2) $25,000 in cash was paid and 105,000 common shares valued at $55,356 and 50,000 agent's warrants valued at $11,895 were issued as finders' fees.

(3) $9,794 in cash was paid and 2,000,000 common shares valued at $108,820 were issued as finders' fees.

Note 9 b) Issued: – (cont'd)

During the period ended December 31, 2009, the Company issued common shares pursuant to the following non-brokered private placements:

11,000,000 pre-consolidation units pursuant to a non-brokered private placement at a price of US$0.05 per unit for gross proceeds of US$550,000. Each unit consists of one pre-consolidation common share of the Company and one pre-consolidation non-transferable share purchase warrant exercisable to purchase one additional common share of the Company for US$0.10 until December 4, 2010. Finders' fees of 1,050,000 pre-consolidation shares have been issued. As a result of the share capital consolidation on December 10, 2009, the private placement units and finder's fee shares issued were reduced to 1,100,000 units and 105,000 shares respectively.

1,160,000 post-consolidation units pursuant to a non-brokered private placement at a unit price of $0.50 raising a total of $580,000. Each post-consolidation unit consists of one common share of the Company and one warrant exercisable to purchase an additional common share of the Company at a price of $0.75 expiring December 24, 2011. A finder's fee of $25,000 cash have been paid and 50,000 warrants each exercisable to purchase one common share of the Company at $0.50 expiring December 24, 2011 have been issued in connection to the private placement.

All of the proceeds from the above private placements were allocated to share capital with none allocated to warrants.

During the year ended September 30, 2009, the Company issued 44,819,000 common shares pursuant to the following non-brokered private placement:

44,819,000 units at $0.057 (US$0.05) per unit for total proceeds of $2,570,294 (US$2,240,950). Each unit consists of one common share and one share purchase warrant entitling the holder thereof to purchase an additional common share for each warrant held for US$0.10 per share until August 13, 2010. Finders' fees relating to this offering were 2,000,000 common shares valued at $108,820 (US$100,000) and cash of $9,794 (US$9,000).

All of the proceeds from the above private placement were allocated to share capital with none allocated to warrants.

During the year ended September 30, 2009, the Company reached an agreement to settle convertible debt of $632,580 (US$600,000) through the issuance of 12,000,000 units at the fair value of US$0.05 per unit. Each unit consists of one common share of the Company and one share purchase warrant exercisable at US$0.10 per share to purchase an additional share of the Company until October 19, 2010. The equity component $195,918 (US$185,828) was reclassified from contributed surplus to share capital. Refer to Note 7.

c) Escrow Shares:

In accordance with an Escrow Agreement dated September 30, 1999, 187,500 common shares of the Company were subject to escrow and may not be transferred, assigned or otherwise dealt with without the consent of the Exchange. These shares may not be released from escrow unless the escrow agent receives a letter consenting to release from the Exchange. Any shares not released will expire in ten years from the date of the agreement. As at September 30, 2009, the Company had a balance of 187,500 in escrow shares.

Note 9 Share Capital – (cont'd)

d) Directors' and Employees' Stock Options Outstanding:

i) The Company has a stock option plan whereby, the maximum number of shares reserved for issue under the plan shall not exceed 10% of the outstanding common shares of the Company, as at the date of the grant. The maximum number of common shares reserved for issue to any one person under the plan cannot exceed 5% of the issued and outstanding number of common shares at the date of the grant and the maximum number of common shares reserved for issue to a consultant or a person engaged in investor relations activities cannot exceed 2% of the issued and outstanding number of common shares at the date of the grant. Options vest at the date of grant. The exercise price of each option granted under the plan may not be less than the Discounted Market Price (as that term is defined in the policies of the TSX). Options may be granted for a maximum term of five years from the date of the grant, are non-transferable and expire within 90 days of termination of employment or holding office as director or officer of the Company and, in the case of death, expire within one year thereafter. Upon death, the options may be exercised by legal representation or designated beneficiaries of the holder of the option.

ii) The continuity of stock options outstanding is as follows:

	December 31, 2009	Weighted Average Exercise Price $	September 30, 2009	Weighted Average Exercise Price $
Balance outstanding - beginning of period	11,150,000	0.20	15,950,000	0.18
Activities during period:				
Consolidation 10:1	(10,035,000)	-	-	-
	1,115,000	1.96	15,950,000	0.18
Options cancelled/expired	(200,000)	1.43	(4,800,000)	0.15
Balance outstanding - end of period	915,000	2.08	11,150,000	0.20

Note 9 d) Directors' and Employees' Stock Options Outstanding: – (cont'd)

iii) Details of stock options outstanding at December 31, 2009:

Number of Shares		Option Price	Expiry Date
40,000	*	$1.60	January 31, 2010
10,000		$1.60	April 22, 2010
100,000		$1.20	May 29, 2010
30,000		$4.550	September 13, 2011
370,000		$2.70	January 4, 2012
30,000		$2.70	January 9, 2012
135,000		$1.80	January 8, 2013
200,000		$1.20	May 29, 2013
915,000			

* These options expired unexercised subsequent to year end.

As at December 31, 2009, the contractual weighted average remaining life is 2.18 years (2008 – 2.12 years).

e) Share Purchase Warrants Outstanding:

i) The continuity of share purchase warrants outstanding is as follows:

Warrants with exercise price in US$:

	December 31, 2009	Weighted Average Exercise Price US$	September 30, 2009	Weighted Average Exercise Price US$
Balance outstanding - beginning of period	81,402,283	0.19	55,099,633	0.27
Activities during period:				
Consolidation 10:1	(73,262,055)	-	-	-
	8,140,228	1.90		
Warrants issued	1,100,000	1.00	44,819,000	0.10
Warrants expired	(3,658,328)	3.00	(18,516,350)	0.22
Balance outstanding - end of period	5,581,900	1.00	81,402,283	0.19

Note 9 e) Share Purchase Warrants Outstanding: – (cont'd)

Warrants with exercise price in CAD$:

	December 31, 2009	Weighted Average Exercise Price CAD$	September 30, 2009	Weighted Average Exercise Price CAD$
Balance outstanding - beginning of period	-	-	-	-
Activity during year:				
Warrants issued	1,210,000	0.74	-	-
Balance outstanding - end of period	1,210,000	0.74	-	-

ii) Details of share purchase warrants outstanding at December 31, 2009:

Number of shares	Exercise Price US$	Expiry Date
4,481,900	1.00	August 13, 2010
1,100,000	1.00	December 4, 2010
5,581,900	1.00	

As at December 31, 2009, the weighted average remaining contractual life of warrants exercisable in US$ is 0.68 year (2008: 0.82 year).

Number of shares	Exercise Price CAD$	Expiry Date
1,160,000	0.75	December 24, 2010
50,000	0.50	December 24, 2010
1,210,000	0.74	

As at December 31, 2009, the weighted average remaining contractual life of warrants exercisable in CAD$ is 1.98 years (2008: nil years).

Note 9 Share Capital – (cont'd)

f) Share Subscriptions:

- During the year ended September 30, 2001, the Company proposed to enter into a private placement for the issuance of 2,000,000 units at $0.50 per unit for proceeds of $1,000,000, less a 7.5% finder's fee. Each unit is to consist of a common share and a two-year share purchase warrant to purchase an additional common share at $0.50 per share in the first year and at $0.60 per share in the second year. The Company has received subscriptions for 1,983,171 units (proceeds of $925,000, net of related issue costs).

- During the year ended September 30, 2001, the Company entered into an agreement with a purchaser for a private placement of 770,000 units at $0.30 per unit to raise $231,000. Each unit was to be comprised of one common share and one share purchase warrant to purchase one common share at $0.30 per share in the first year and at $0.40 per share in the second year. The Company subsequently amended the terms of that private placement to 1,500,000 units at $0.154 (US$0.10) per unit, with each unit comprised of one common share and one share purchase warrant exercisable for two years to purchase one additional share for $0.154 (US$0.10). The Company has received subscriptions for 1,500,000 units for proceeds of $231,000.

g) Stock-based Compensation:

During the 2010 fiscal period, no options were granted and as a result $nil stock-based compensation was recorded.

During the 2009 fiscal year, no options were granted and as a result $nil stock-based compensation was recorded.

The Company recorded stock-based compensation during the year ended September 30, 2009 of $nil (2008: $419,245). The fair value of stock options granted was estimated using the Black-Scholes option valuation model with the following assumptions; risk-free interest rate 2.50% - 3.50%; expected dividend yield – Nil; expected stock price volatility 31.56% - 85.78%; and expected option life of 2.5 – 5.0 years.

h) Subscriptions Receivable:

During the period ended December 31, 2009, the Company received $112,938 (US$104,750) of subscriptions receivable and issued shares for which $80,000 were receivable at the end of the period. During the period ended December 31, 2009, $163,240 (US$154,000) in subscriptions receivable were nullified which were included in the 2008 private placement of 33,057,700 shares. The corresponding 1,540,000 share certificates were cancelled and returned to treasury due to non-payment.

Note 9 Share Capital – (cont'd)

i) Contributed Surplus:

Continuity of contributed surplus is as follows:

	$
Balance - September 30, 2008	3,088,439
Convertible debenture exercised	264,082
Balance - September 30, 2009	3,352,521
Agent's warrants issued	11,895
Balance - December 31, 2009	3,364,416

Note 10 Segmented Information

The Company operates in a single reportable operating segment, the exploration and development of mineral properties. Geographic information is as follows:

	December 31,	
Assets	2009	2008
Canada	$	$
Assets other than mineral property interests	978,114	252,220
Bolivia		
Assets other than mineral property interests	92,000	113,226
Mineral property interests	45,324,180	43,647,033
Total Assets	46,394,294	44,012,479

Note 11 Subsequent Events

In addition to information disclosed elsewhere in these notes, the following occurred during the period subsequent to December 31, 2009:

- Options were granted to insiders and consultants of the Company to purchase up to an aggregate of 1,735,000 shares of the capital of the Company exercisable at $0.60 per share. 100,000 of the options granted expire January 19, 2012 and the 1,635,000 remaining options expire on January 19, 2015.

  The options granted are subject to acceptance by the TSX Venture Exchange.