

FORAN MINING CORPORATION

FINANCIAL STATEMENTS

SIX MONTHS ENDED MARCH 31, 2010

(Unaudited - Prepared by Management)

NOTICE OF NO AUDITOR REVIEW

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

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

FORAN MINING CORPORATION

INTERIM CONSOLIDATED BALANCE SHEET
(Unaudited – Prepared by Management)

	March 31, <u>2010</u>	September 30 <u>2009</u>
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 102,484	\$ 10,970
Accounts receivable	626	863
Deposits	5,000	8,181
Prepaid expenses	<u>3,253</u>	<u>1,835</u>
	111,363	21,849
Portfolio investment (Note 3)	432,440	201,250
Mineral properties (Note 4)	3,636,983	3,636,983
Capital assets (Note 5)	<u>62,442</u>	<u>85,683</u>
	<u>\$ 4,243,228</u>	<u>\$ 3,945,765</u>
<u>LIABILITIES</u>		
Current Liabilities		
Accounts payable and accrued liabilities	<u>\$ 11,798</u>	<u>\$ 41,743</u>
Minority interest	<u>354,680</u>	<u>354,680</u>
Contingency (Note 6)	<u>\$ 366,479</u>	<u>\$ 396,423</u>
<u>SHAREHOLDERS' EQUITY</u>		
Share Capital (Note 7)	37,175,516	37,175,516
Contributed surplus (Note 7)	954,594	934,331
Accumulated other comprehensive income (loss)	30,220	(298,750)
Deficit	<u>(34,283,581)</u>	<u>(34,261,755)</u>
	<u>3,876,749</u>	<u>3,549,342</u>
	<u>\$ 4,243,228</u>	<u>\$ 3,945,765</u>
Nature and continuation of operations (Note 1)		

FORAN MINING CORPORATION
CONSOLIDATED STATEMENT OF LOSS AND DEFICIT
(Unaudited – Prepared by Management)

	Three Months March 31, 2010	Three Months March 31, 2009	Six Months March 31, 2010	Six Months March 31, 2009
REVENUE				
Interest Income	0.00	393	153	393
Total Revenue	0.00	393	153	393
 EXPENDITURES- Administrative				
Administration	4,446	13,804	9,183	52,932
Agency Fees	10,261	10,210	11,213	10,997
Amortization	5,115	8,238	11,573	15,716
Interest & Bank Charges	760	702	1,463	1,650
Professional fees	0.00	19,084	0.00	32,584
Property Claims Renewal	35,143	-	58,956	-
Rent	3,375	6,225	5,917	15,310
Repairs & maintenance	1,583	-	1,853	604
Stock-based Compensation	10,131	88,472	20,262	176,944
Wages & benefits	19,928	21,459	39,427	52,215
	90,742	168,194	159,847	358,952
Loss before the under-noted	(90,742)	(167,801)	(159,694)	(358,559)
Gain on Sale of Investment	(90)	0.00	129,554	0.00
Gain on Disposal of Assets (Note 3)	-	-	8,314	14,321
LOSS FOR THE PERIOD	(90,832)	(167,801)	(21,826)	(344,238)
Deficit, beginning of period	(34,192,749)	(32,365,663)	(34,261,755)	(32,189,226)
DEFICIT END OF PERIOD \$	(34,283,581)	(32,533,464)	(34,283,581)	(32,533,464)
Basic and fully diluted loss per share \$	(.0007)	(.001)	(.0001)	(.003)
Weighted average number of shares outstanding	121,232,619	121,232,619	121,232,619	121,232,619

FORAN MINING CORPORATION

CONSOLIDATED STATEMENT OF ACCUMULATED OTHER COMPREHENSIVE INCOME
(LOSS)
SIX MONTHS ENDED MARCH 31

	March 31, <u>2010</u>	September 30 <u>2009</u>
Balance, beginning of period	\$ (298,750)	\$ (68,750)
Other comprehensive gain (loss)		
Unrealized gain (loss) on available for sale investments	<u>328,970</u>	<u>(230,000)</u>
Balance, end of period	<u>\$ 30,220</u>	<u>\$ (298,750)</u>

FORAN MINING CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited – Prepared by Management)

	Three Months March 31, 2010	Three Months March 31, 2009	Six Months March 31, 2010	Six Months March 31, 2009
Cash flows from operating activities				
Loss for the period	(90,832)	(167,801)	(21,826)	(344,238)
Items not affecting cash				
Amortization	5,115	8,238	11,573	15,716
Gain on disposal of capital assets	-	-	(8,314)	(14,321)
Gain on disposal of portfolio investment	90		(129,555)	
Stock-based Compensation	10,131	88,472	20,262	176,944
 Net changes in non-cash working capital items				
Related to operations:				
Accounts receivable	613	6,479	869	82,196
Prepaid and deposits	2,279	4,653	1,764	(3,260)
Accounts payable and accrued liabilities	(23,229)	(21,433)	(30,577)	(48,311)
 Cash provided by (used in) operating activities	<u>\$ (95,833)</u>	<u>(81,392)</u>	<u>(155,804)</u>	<u>(135,274)</u>
INVESTING ACTIVITIES				
Mineral property expenditures	-	(87,537)	-	(169,203)
Proceeds from Portfolio Investment	73,540	-	227,335	
Proceeds from disposal of Capital Assets	-	-	19,983	20,000
 Cash used in investing activities	<u>\$ 73,540</u>	<u>(87,537)</u>	<u>247,318</u>	<u>(149,203)</u>
 INCREASE (DECREASE) IN FUNDS	(22,293)	(168,929)	91,514	(284,477)
Cash and cash equivalents at beginning of period	<u>124,777</u>	<u>277,730</u>	<u>10,970</u>	<u>393,278</u>
 CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>\$ 102,484</u>	<u>108,801</u>	<u>102,484</u>	<u>108,801</u>

FORAN MINING CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2010

1. Nature and continuation of operations

Foran Mining Corporation ("The Company") was incorporated under the laws of British Columbia and continued in Saskatchewan. The Company's principal business activities include the acquisition and exploration of mineral properties.

These unaudited consolidated financial statements have been prepared on the basis of Canadian generally accepted accounting principles as applicable to a going concern, which contemplates the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future.

The Company is in the development stage and has incurred significant operating losses. The Company's ability to continue as a going concern is dependent upon the discovery of economically recoverable mineral reserves, the ability of the Company to obtain necessary financing to complete their development, and future production or proceeds from the disposition thereof. There are no assurances that the Company will be successful in achieving these goals. These consolidated financial statements do not include adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

2. Significant accounting policies

These unaudited consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and follow the same accounting principles and methods of application as the most recent annual audited consolidated financials. These unaudited consolidated financial statements should be read in conjunction with the Company's annual audited consolidated financial statements for the year ended September 30, 2009.

3. Portfolio investment

During the fiscal year ended September 30, 2005, the Company made a \$500,000 payment to Copper Reef Mines Limited ("Copper Reef") with respect to an Assignment Agreement on the McIlvenna Saskatchewan mineral property. During the year ended September 30, 2005, the Company had requested an arbitration hearing in an effort to rescind the Assignment Agreement.

In May 2006 the arbitration hearing closed with a Settlement Agreement between Copper Reef and the Company. The Settlement Agreement considers the \$500,000 to be a payment made on behalf of the Company to meet required installments for the rights to the McIlvenna Saskatchewan project.

As at March 31, 2010 the Company sold a total of 1,198,000 shares from its portfolio investment for a total of \$ 227,334.54. A gain on investment in the amount of \$129,554.67 has been recorded for the period. The Company now holds 4,552,000 common voting shares of Copper Reef at the end of the period that are classified as available-for-sale and are recorded at fair market value at March 31, 2010.

FORAN MINING CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2010

4. Mineral properties

March 31, 2010					
	Balance	Acquisition	Net Exploration	and	Balance
	September 30,	Costs and	Development	Development	March 31,
	<u>2009</u>	<u>License Fees</u>	<u>Expenditures</u>	<u>Expenditures</u>	<u>2010</u>
Kisseynew, MB	\$ 1	\$ -	\$ -	\$ -	\$ 1
McIlvenna, SK	3,636,979	-	-	-	3,636,979
Saskatchewan					
Project	1	-	-	-	1
Manitoba Project	1	-	-	-	1
Other	1	-	-	-	1
	<u>\$ 3,636,983</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,636,983</u>
Year ended September 30, 2009					
	Balance	Acquisition	Net Exploration	and	Balance
	September 30,	Costs and	Development	Development	September 30,
	<u>2008</u>	<u>License Fees</u>	<u>Expenditures</u>	<u>Expenditures</u>	<u>2009</u>
Kisseynew, MB	\$ 1	\$ -	\$ -	\$ -	\$ 1
McIlvenna, SK	4,076,720	-	6,715	(446,456)	3,636,979
Saskatchewan					
Project	503,931	126,067	44,800	(674,797)	1
Manitoba Project	372,146	22,751	-	(394,896)	1
Other	1	-	-	-	1
	<u>\$4,952,799</u>	<u>\$ 148,818</u>	<u>\$ 51,515</u>	<u>\$ (1,516,149)</u>	<u>\$ 3,636,983</u>

a) McIlvenna, Saskatchewan

In January 2005, the Company entered into an option agreement to acquire a 100% interest in the McIlvenna mineral property located in Saskatchewan. Total consideration consisted of paying \$1,006,500 to Cameco Corporation ("Cameco") and \$493,500 to BHP Billiton ("Billiton") on or before January 25, 2005; \$1,342,000 to Cameco and \$658,000 to Billiton on or before May 31, 2006; or Foran Mining Corporation issuing common shares worth \$2,013,000 to Cameco and \$987,000 to Billiton on or before May 31, 2006. If the Company would have elected to satisfy the May 31, 2006 payment through the issuance of shares rather than by way of cash payment, the share price would have been calculated using the average trading price of the Company's common shares on the TSX for the first fifteen (15) trading days in May of 2006. The shares issued to Cameco and Billiton would have been freely tradable and not be subject to any form of statutory or Exchange-imposed hold period or trading prohibition.

FORAN MINING CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2010

In January 2005, the Company entered into an agreement to conditionally assign to Copper Reef all of its rights and interest in the property option agreement for the McIlvenna, Saskatchewan property. In a letter dated January 24, 2005, Cameco and Billiton conditionally consented to the assignment. The initial consideration consists of Copper Reef funding the payment of \$1,500,000 to Cameco and Billiton. Copper Reef also agreed to issue 5,500,000 common shares to the Company, with an additional 2,500,000 issued at a price of \$0.20 per unit, for a total of \$500,000. The Company believed that the conditions had not been satisfied. By notice made July 19, 2005, the Company filed a Demand for Arbitration to rescind the Assignment Agreement entered into in January 2005 with Copper Reef.

In January 2005, required payments of \$1,006,500 and \$493,500 to Cameco and Billiton respectively were made by Copper Reef.

In May 2006, the arbitration was settled. The Settlement Agreement with Copper Reef resulted in the Company holding a 75% joint venture interest in the McIlvenna, Saskatchewan property, acting as the operator of exploration projects, owning 5,750,000 common shares of Copper Reef, giving up licenses on a number of other mineral properties, and giving up the 2,500,000 shares previously issued by Copper Reef for \$0.20 per share.

If any venturer does not make cash payments within 30 days of the Company invoicing a cash call, they will give up a proportion of its interest in McIlvenna, Saskatchewan based on a pro-rated calculation. If any ventures interest drops below 10%, they will give up their remaining interest and be assigned a net tonnage royalty of 0.75 cents per tonne on all ores hauled to the surface from the property.

In May 2006, the Company made the last required payments of \$1,342,000 and \$658,000 to Cameco and Billiton respectively.

During 2007, the Company commenced a drill program on the mineral property. The diamond drilling program has been developed with the intention to upgrade the mineral resource deposit from inferred to indicated. During 2008, a 6,903.9 meter drill program was conducted to establish the lower margins of the copper stringer zone with some fill-in holes giving continuity to the McIlvenna Bay deposit.

Cameco and Billiton hold a 1% royalty interest in the property. Foran has the option to purchase from Cameco and Billiton the royalty interest for \$1,000,000.

As a result of the guidance included in EIC 174 Mining Exploration Costs, the Company determined that the McIlvenna Bay project is impaired and a write-down of the property was recorded at September 30, 2009.

b) Saskatchewan and Manitoba Projects

On November 21, 2003, the TSX-V accepted for filing the Purchase Agreement dated November 11, 2003, for 100% of Aur Resource Inc.'s interest in 29 mining claim groups located in the Flin Flon, Snow Lake and Lynn Lake areas of Manitoba and Saskatchewan.

The properties included 29 property claim groups totaling more than 50,000 hectares, all associated data files, airborne data for over 70 airborne EM surveys, as well as office and warehouse equipment, furnishings and supplies.

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The purchase gave the Company control of 21 sulphide zones, at least eight gold deposits/zones and provided numerous developed drill targets, most of which are designed to extend known zones.

The Company has committed, through previous mineral property ownership agreements associated with the Saskatchewan and Manitoba projects, to pay various net smelting and net profits interest royalty fees. The net smelting fees range from 0% - 2% and the net profits interest royalty fees range from 0% - 15%.

During the year ended September 30, 2006, the Company transferred, as part of the arbitration settlement agreement, 13 Manitoba properties. The properties transferred had a combined book value of nil. The remaining 16 properties total more than 30,000 hectares.

As a result of the adoption of EIC 174 Mining Exploration Costs, the Company determined that both the Saskatchewan and Manitoba projects were impaired and a write-down of the properties to a nominal amount occurred as at September 30, 2009.

5. Capital assets

	<u>2009</u>			September 2009
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Automobiles	\$ -	\$ -	\$ -	\$ 2,754
Computer and survey equipment	30,305	24,933	5,372	6,276
Equipment	175,036	135,430	39,606	56,823
Furniture and fixtures	13,498	9,077	4,421	4,897
Trailers	22,409	9,366	13,043	14,933
	<u>\$ 241,248</u>	<u>\$ 178,806</u>	<u>\$ 62,442</u>	<u>\$ 85,683</u>

6. Contingency

During the year ended September 30, 2003, the Company, with two other companies, formed a general partnership which acquired an interest in the 1999 Investment Co. Limited Partnership.

During that same year end, the Company received a cash distribution of \$281,156 (less a finder's fee of \$8,430) from the general partnership which represents the aggregate amount of cash the Company expects to receive from this investment. No cash distributions were received by the Company in the years ended September 30, 2006 and 2005.

On September 30, 2006, the Company sold the interest in the partnership to a non-related company.

The Company is contingently liable for any liabilities that may occur associated with their investment in partnership where the liability originated during the time the Company held an interest in the partnership.

FORAN MINING CORPORATION

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7. Share capital

Authorized an unlimited amount of common shares,
without par value

Issued

	Common Shares	Share Capital
Balance, September 30, 2008	121,232,619	37,175,516
Issued for cash - private placement	-	-
Share issue costs - renunciation	-	-
Share issue costs	-	-
Balance, September 30, 2009	<u>121,232,619</u>	<u>\$ 37,175,516</u>
Shares Issued	-	-
Balance, March 31, 2010	<u>121,232,619</u>	<u>\$ 37,175,516</u>

Stock options

The Company's Board of Directors approved the adoption of a stock option plan in accordance with the policies of the TSX Venture Exchange. The Board of Directors is authorized to grant options to directors, officers, consultants or employees. The maximum number of options that may be granted must not exceed 20% of the common shares outstanding at the time of the grant. The minimum vesting provisions are over an 18 month period with equal amounts vesting on a quarterly basis. A summary of the status of the Company's stock option plan and changes during the periods ended March 31, 2010 and 2009 is presented below.

For options outstanding at March 31, 2010 and 2009, weighted average exercise prices are as follows:

	2010		2009	
	Average Options	Price	Average Options	Price
Outstanding, beginning of year	6,675,000	\$ 0.13	7,675,000	\$ 0.14
Options granted	-	-	2,000,000	0.10
Options exercised	-	-	(3,000,000)	0.13
Expired or forfeited	-	-	-	-
	<u>6,675,000</u>	<u>\$ 0.13</u>	<u>6,675,000</u>	<u>\$ 0.13</u>

Options Price Per Share	Number Outstanding	Weighted Average Remaining Life
\$0.10	2,325,000	1.22
\$0.14	3,250,000	1.36
\$0.18	<u>1,100,000</u>	<u>1.05</u>

FORAN MINING CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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6,675,000 **3.63**

The fair value of stock options issued in the year is estimated using the Black-Scholes option pricing model, with assumptions being made for each of the following variables: risk free rate, volatility factor, dividend yield, weighted average expected option life and expected forfeiture rate. In March 2009, the company granted 2,000,000 options. The strike price for the options was \$0.10 for a period of five years. The value of these options, using the Black-Scholes option pricing model described above, was \$26,666. Assumptions used in the pricing model for the 2009 year were as follows: risk-free interest rate 2.95%-3.61%, expected life of options 5 years, annualized volatility 155% and dividend rate of nil.

Share purchase warrants and broker warrants

The continuity of share purchase and broker warrants for the period ended March 31, 2010 is as follows:

<u>Expiry Date</u>	<u>Exercise Price</u>	<u>Balance September 30, 2009</u>	<u>Issued</u>	<u>Exercised</u>	<u>Expired</u>	<u>Balance March 31, 2010</u>
October 23, 2009	0.40 to 0.75	8,571,427	-	-	(8,571,427)	-
October 23, 2009	0.175	599,999	-	-	(599,999)	-
September 3, 2010	0.10	400,000	-	-	-	400,000
		<u>9,571,426</u>	<u>-</u>	<u>-</u>	<u>9,171,426</u>	<u>400,000</u>

<u>Expiry Date</u>	<u>Exercise Price</u>	<u>Balance September 30, 2008</u>	<u>Issued</u>	<u>Exercised</u>	<u>Expired</u>	<u>Balance September 30, 2009</u>
October 23, 2009	0.40 to 0.75	8,571,427	-	-	-	8,571,427
October 23, 2009	0.175	599,999	-	-	-	599,999
September 3, 2010	0.10	400,000	-	-	-	400,000
		<u>9,571,426</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,571,426</u>

Contributed surplus

The fair value of certain stock options, warrants and broker warrants have been valued using the Black-Scholes option pricing model. The fair value on the grant of these securities is added to contributed surplus. Upon exercise, the corresponding amount of contributed surplus related to the security is removed from contributed surplus and added to share capital. A summary of the contributed surplus activity is as follows:

	<u>2010</u>	<u>2009</u>
Balance, September 30, 2009	\$ 934,331	\$ 570,815
Fair value of options vested	<u>20,263</u>	<u>363,516</u>
Balance, March 31, 2010	<u>\$ 954,594</u>	<u>\$ 934,331</u>

FORAN MINING CORPORATION

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MARCH 31, 2010

9. Financial instruments

Fair value of financial instruments

The carrying amount of current financial assets and current financial liabilities approximate their fair value because of the short-term maturities of these items.

The Company has designated its cash and cash equivalents as held-for-trading, which are measured at fair value. Accounts receivable are classified as loans and receivables, which are measured at amortized cost. Portfolio investments are comprised of shares of Copper Reef and are classified as available-for-sale. The Company has not entered into any hedging relationships and does not hold any other available-for sale securities that would result in the recognition of other comprehensive income or loss. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. As at March 31, 2010 the Company believes it will have sufficient access to financial markets to continue to meet its obligations as they become due. The Company does not currently operate any producing properties and as such, is dependent upon the issuance of new equity to advance its exploration properties. Although the Company has been successful in the past in obtaining financing, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain additional financing on a timely basis may cause the Company to postpone development plans, forfeit rights in its properties or joint ventures or reduce or terminate its operations. Reduced liquidity or difficulty in obtaining future financing could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial position. The Company is unsure if its current capital resources will be sufficient to carry out its exploration plans through its current operating period.

10. Capital disclosure

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders.

The Company considers the items included in shareholder's equity as capital. The Company manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares, or acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary. The annual budgets are approved by the Board of Directors.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to invest its cash in highly rated, liquid short-term interest-bearing investments with an initial term to maturity of twelve months or less.

The Company is not subject to externally imposed capital requirements, except as disclosed.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2010

11. Future accounting pronouncements

(a) In February 2008 the Accounting Standards Board (“AcSB”) confirmed that Canadian GAAP for publicly accountable enterprises will be converged with International Financial Reporting Standards (“IFRS”) effective in calendar year 2011. The Company’s first financial statements presented in Accordance with IFRS will therefore be the period ended December 31, 2011. Though IFRS uses a conceptual framework similar to Canadian GAAP, there are some significant differences on recognition, measurement and disclosure requirements. In the period leading up to the changeover, the AcSB will continue to issue accounting standards that are converged with IFRS, thus mitigating some of the impact of adopting IFRS at the changeover date. The International Accounting Standard Board (“IASB”) will, however, also continue to issue new accounting standards during the conversion period. As a result, the final impact of IFRS on the Company’s financial statements will only be measurable once all IFRS applicable at the conversion date are known. As a result of this convergence, the Company is developing a plan to convert its financial statements to IFRS. Management has not yet completed its quantification of the effects of adopting IFRS. The financial performance and financial position as presented in the Company’s Canadian GAAP financial statements may be significantly different when presented in accordance with IFRS.

(b) In January 2009, the CICA issued Handbook Sections 1582 Business Combinations (“Section 1582”), 1601 Consolidated Financial Statements (“Section 1601”) and 1602 Non-Controlling Interests (“Section 1602”), which replace CICA Handbook Sections 1581 Business Combinations and 1600 Consolidated Financial Statements. Section 1582 establishes standards for accounting for business combinations that is equivalent to the business combination accounting standard under IFRS and will be applicable to business combinations with acquisition dates on or after January 1, 2011. Early adoption of this Section is permitted. Section 1601, together with Section 1602, establishes standards for the preparation of consolidated financial statements, and will be applicable to the Company’s interim and annual consolidated financial statements for the fiscal year beginning January 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. The Company is evaluating the impact of the adoption of these sections on its consolidated financial statements.

12. Subsequent Events

On May 5, 2010 the Company announced that the current controlling shareholders of the Corporation had filed a notice of intention to distribute securities held by them. These shares were sold on the market May 7, 2010.

The Company also announced that capital reorganization would be implemented in order to rationalize current share capitalization, enhance the depth of the board of directors and reorganize the interests of the controlling shareholders, subject to regulatory approval. The principal aspects of the proposed restructuring were disclosed in a news release dated May 5, 2010.

On May 19, 2010 the Company announced that it had been notified by three new independent shareholders shares had been purchased on the market as part of the notice of intention to distribute which was filed on April 30, 2010. The new shareholders are comprised of; Seamans Capital Management LLC holding 19.83% of the current issued and outstanding shares; Metech No2 Super Fund, an entity owned by Charlie Bass, holding 17.35%; and Laguna Bay Capital Pty Ltd., an entity controlled by Stephen Timothy (Tim) Biggs, holding 14.85% of the current issued and outstanding shares.