ZINCO MINING CORPORATION

(an exploration stage company)

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2008 AND 2007

(Unaudited)

ZINCO MINING CORPORATION
#205 – 16055 Fraser Highway,
Surrey, B.C. V4N 0G2
Canada
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NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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

ZINCO MINING CORPORATION

(an exploration stage company)
Consolidated Balance Sheets

		December 31, 2008		September 30, 2008
		(Unaudited)		(Unaudited)
ASSETS				
Current				
Cash and cash equivalents	$	181,955	$	331,939
Accounts receivable		732		64,931
Prepaid expenses		2,430		2,430
Total current assets		185,117		399,300
Equipment and vehicle (Note 5)		10,412		10,979
Mineral interests (Note 6)		2,588,824		2,528,784
Total assets	$	2,784,353	$	2,939,063
LIABILITIES				
Current				
Accounts payable and accrued liabilities	$	225,695	$	339,716
Total current liabilities		225,695		339,716
SHAREHOLDERS' EQUITY				
Share capital (Note 7)		7,138,880		7,138,880
Contributed surplus (Note 7)		1,170,706		1,155,736
Deficit		(5,750,928)		(5,695,269)
Total shareholders' equity		2,558,658		2,599,347
Total liabilities and shareholders' equity	$	2,784,353	$	2,939,063

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

On behalf of the Board:

"Alastair J. Sinclair"	***"Christopher Graf"***
Alastair J. Sinclair	**Christopher Graf**

ZINCO MINING CORPORATION

(an exploration stage company)
Consolidated Statements of Loss, Comprehensive Loss and Deficit
For the three months ended December 31,
(Unaudited)

	2008	2007
Expenses		
Amortization	$ 567	$ 683
Bank charges	502	353
Consulting fees	9,000	3,000
Foreign exchange loss (gain)	(10,353)	166
General prospecting costs (recovery)	(7,036)	986
Management fees	10,195	9,513
Office and sundry	1,756	1,417
Professional fees	28,700	20,910
Rent	600	600
Stock-based compensation (Note 7)	14,970	68,571
Telephone	1,114	1,012
Transfer agent and filing fees	649	6,576
Travel and promotion	6,300	3,647
	56,964	117,434
Loss before the following	(56,964)	(117,434)
Other Income – Interest	1,305	2,438
Loss and comprehensive loss for the period	(55,659)	(114,996)
Deficit, beginning of period	(5,695,269)	(5,076,949)
Deficit, end of period	$ (5,750,928)	$ (5,191,945)
Basic and diluted loss per share	$ (0.002)	$ (0.006)
Weighted average number of shares outstanding (Note 8)	24,494,737	18,896,911

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

ZINCO MINING CORPORATION
(an exploration stage company)
Consolidated Statements of Cash Flows
For the three months ended December 31,
(Unaudited)

	2008	2007
Operating activities		
Loss for the period	$ (55,659)	$ (114,996)
Add items not involving cash		
Amortization	567	683
Stock-based compensation	14,970	68,571
Change in non-cash working capital balances related to operations:		
Accounts receivable	64,199	8,630
Prepaid expenses	—	(1,200)
Accounts payable and accrued liabilities	(146,854)	(99,996)
Cash used in operating activities	(122,777)	(138,308)
Investing activities		
Acquisition of mineral interests and exploration costs	(27,207)	(24,238)
Cash used in investing activities	(27,207)	(24,238)
Financing activities		
Proceeds from issuance of shares	—	400,000
Cash provided by financing activities	—	400,000
Increase (Decrease) in cash and cash equivalents during the period	(149,984)	237,454
Cash and cash equivalents, beginning of period	331,939	108,161
Cash and cash equivalents, end of period	$ 181,955	$ 345,615
Supplemental cash flow information		
Interest paid in cash	$ —	$ —
Income taxes paid in cash	$ —	$ —

Supplemental disclosure with respect to cash flows (Note 13)

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

1. Nature of Operations and Going Concern

Zinco Mining Corporation [the "Company"] was incorporated under the laws of British Columbia, Canada on March 14, 1983. The Company received approval to change its name to Zinco Mining Corporation on January 26, 2007.

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

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles applicable to a going concern which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations rather than through a process of forced liquidation.

The ability of the Company to continue as a going concern is dependent on the continued financial support from its directors, public equity financing, or achieving profitable operations in the future which cannot be predicted at this time. These statements do not reflect adjustments to carrying values and classifications of the assets and liabilities that might be necessary should the Company be unable to continue realizing its assets and discharging its liabilities in the normal course of business.

2. Basis of presentation

The interim period financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles. All financial summaries included are presented on a comparative and consistent basis showing the figures for the corresponding period in the preceding year except the comparative figures for the balance sheet are for the fiscal year ended September 30, 2008. The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the annual financial statements. Certain information and footnote disclosure normally included in the annual financial statements prepared in accordance with Canadian generally accepted accounting principles have been condensed or omitted. These interim period financial statements should be read together with the audited financial statements and the accompanying notes included in the Company's latest annual report. In the opinion of the Company, its unaudited interim financial statements contain all adjustments necessary in order to present a fair statement of the results of the interim periods presented.

3. Significant Accounting Policies

(a) Consolidation

The consolidated financial statements include the accounts of Zinco Mining Corporation and its wholly-owned subsidiary, Minera Croesus S.A. de C.V. ("Minera"), a company incorporated in Mexico. All significant inter-company balances and transactions have been eliminated.

3. Significant Accounting Policies, continued

(b) Use of estimates

The preparation of financial statements in accordance with generally accepted accounting principles of Canada requires management to make estimates and assumptions that affect the reported amount of assets and liabilities the disclosure of contingent assets and liabilities at the date of the financial statements, and the amount of revenues and expenses reported during the period. Actual results may differ from those estimates.

(c) Cash and cash equivalents

Cash and cash equivalents consist of cash and highly liquid investments with maturities of less than 90 days and are readily convertible to cash.

(d) Equipment and vehicle

These assets are recorded at cost less accumulated amortization and are amortized over their estimated useful lives at the following rates:

Vehicle	30% per annum, declining-balance basis
Exploration equipment	20% per annum, declining-balance basis
Computer equipment	30% per annum, declining-balance basis

(e) Mineral interests

All costs related to the acquisition, exploration and development of mineral properties are capitalized by property. If economically recoverable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. When a property is abandoned, all related costs are written off to operations. If, after management review, it is determined that the carrying amount of a mineral property is impaired, that property is written down to its estimated net realizable value. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

The amounts shown for mineral properties do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

(f) Property option agreement

From time to time, the Company may acquire or dispose of mineral properties pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as mineral property costs or recoveries when the payments are made or received.

3. Significant Accounting Policies, continued

(g) Loss per share

The calculation of basic loss per share is based on net loss divided by the weighted-average number of common shares outstanding during the period. Diluted earnings (loss) per share reflect the assumed conversion of all dilutive securities using the treasury stock method. For the periods presented, the calculation of loss per share on a diluted basis excluded all potential common shares because the effect was anti-dilutive.

(h) Stock-based compensation

The Company has a stock option plan as described in note 7. The fair value method is used to determine the expense for stock-based awards granted to employees and non-employees. Under the fair value method, compensation cost is measured at fair value at the date of grant using the Black-Scholes option pricing model with assumptions described in note 7. The compensation cost is expensed over the vesting period with a corresponding credit to contributed surplus. Consideration paid on the exercise of stock options plus the amount of previously recognised expense is credited to share capital when the options are exercised.

(i) Foreign currency translation

The Company's functional currency is the Canadian dollar. Foreign currency transactions and the accounts of its subsidiary, which is considered to be an integrated foreign operation, are translated into Canadian dollars using the temporal method. Under this method, assets and liabilities in foreign currencies related to integrated foreign operations are translated into Canadian dollars using current exchange rates at the balance sheet dates for monetary assets and liabilities, historical exchange rates for non-monetary assets and liabilities, and the average monthly exchange rate for revenues and expenses, except for amortization, which is translated at the historical exchange rate of the corresponding non-monetary assets. Exchange gains and losses arising on translation are included in operations in the period incurred.

(j) Income taxes

Future income taxes are recorded using the asset and liability method. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment or enactment occurs. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

3. Significant Accounting Policies, continued

(k) Asset Retirement Obligations

Asset retirement obligations are recognized when a legal or constructive obligation arises. This liability is recognized at the fair value of the asset retirement obligation. When the liability is initially recorded the Company capitalizes the cost by increasing the carrying amount of the related long-lived assets. Over time the liability is accreted to its present value each period, and the capitalized cost is amortized over the useful life of the related asset. Upon settlement of the liability, the Company may incur a gain or loss. As at December 31, 2008 and 2007 the Company did not have any significant asset retirement obligations.

(l) Financial instruments

The Company follows the recommendations of the Canadian Institute of Chartered Accountants ("CICA") under CICA Handbook Section 1530 "Comprehensive Income" ("Section 1530"), Section 3251 "Equity", Section 3855 "Financial Instruments – Recognition and Measurement" ("Section 3855"), Section 3861 "Financial Instruments – Disclosure and Presentation" and Section 3865 "Hedges". These new sections, which apply to fiscal years beginning on or after October 1, 2006, provide requirements for the recognition and measurement of financial instruments and on the use of hedge accounting. Section 1530 establishes standards for reporting and presenting comprehensive income which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income but that are excluded from net income calculated in accordance with Canadian generally accepted accounting principles.

Under Section 3855, all financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments and derivatives are measured in the balance sheet at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification as follows: (1) held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income; (2) available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired; and (3) all derivative instruments, including embedded derivatives, are recorded in the balance sheet at fair value unless they qualify for the normal sale normal purchase exemption and changes in their fair value are recorded in income unless cash flow hedge accounting is used, in which case changes in fair value are recorded in other comprehensive income.

The Company has classified its cash and cash equivalents as held-for-trading. Accounts receivable are classified as loans and receivables. Accounts payable and accrued liabilities and due to related parties are classified as other financial liabilities, all of which are measured at amortized cost. The Company has elected to measure all derivatives and embedded derivatives at fair value and the Company has maintained its policy not to use hedge accounting.

3. Significant Accounting Policies, continued

Section 3855 also provides guidance on accounting for transaction costs incurred upon the issuance of debt instruments or modification of a financial liability. Transaction costs are now deducted from the financial liability and are amortized using the effective interest method over the expected life of the related liability.

4. Changes in Accounting Policies and Recent Accounting Pronouncements

Effective October 1, 2007, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA"):

Section 1400, *General Standards of Financial Statement Presentation*

In June 2007, the CICA amended Section 1400 to include requirements to assess an entity's ability to continue as a going concern and disclose any material uncertainties that cast doubt on its ability to continue as a going concern. The mandatory effective date is for annual and interim financial statements for years beginning on or after January 1, 2008. This new requirement was adopted by the Company effective October 1, 2008.

New Accounting Standards Not Yet Adopted

International Financial Reporting Standards

In January 2006, the CICA Accounting Standards Board (ACSB) adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards in Canada for public companies are expected to converge with International Financial Reporting Standards ("IFRS") by the end of 2011. The impact of the transition to IFRS on the Company's financial statements has not yet been determined.

5. Equipment and Vehicle

	December 31, 2008		
	Cost	Accumulated Amortization	Net book Value
Vehicle	$ 14,425	13,606	$ 819
Exploration equipment	14,128	5,044	9,084
Computer equipment	10,133	9,624	509
	$ 38,686	$ 28,274	$ 10,412

	September 30, 2008		
	Cost	Accumulated Amortization	Net book Value
Vehicle	$ 14,425	13,586	$ 839
Exploration equipment	14,128	4,538	9,590
Computer equipment	10,133	9,583	550
	$ 38,686	$ 27,707	$ 10,979

6. Mineral Interests

	Balance September 30, 2008	Additions	Write-offs	Balance December 31, 2008
Almatea, Jalisco State, Mexico				
Deferred exploration costs	$ 492,737	$ —	$ —	$ 492,737
Cabrel, Jalisco State, Mexico				
Deferred exploration costs	163,273	—	—	163,273
Canton, Jalisco State, Mexico				
Acquisition costs	42	—	—	42
Deferred exploration costs	126,406	—	—	126,406
	126,448	—	—	126,448
El Maple/La Diana, Jalisco State, Mexico				
Acquisition costs	48,406	—	—	48,406
Deferred exploration costs	1,621,868	60,040	—	1,681,908
	1,670,274	60,040	—	1,730,314
El Volantin, Jalisco State, Mexico				
Deferred exploration costs	76,052	—	—	76,052
Total	$ 2,528,784	$ 60,040	$ —	$ 2,588,824

The following is a summary of the deferred exploration costs incurred on the El Maple/La Diana property during the three month period ended December 31, 2008:

Assays & analysis	32,677
Geological consulting	27,363
Total	$ 60,040

Mineral properties of Zinco Mining Corporation are all concentrated in or near the Cuale district, east of Puerto Vallarta, Mexico. They are comprised of the following:

Almatea, Jalisco State, Mexico: This property lies east of the el Maple property and was acquired by staking. The Company holds a 100% interest in this property. Almatea overlaps the abandoned Cuatro Minas and Amaltea mines, as well as prospective ground near the Aranjuez VMS camp.

Cabrel, Jalisco State, Mexico: The Cabrel property is located southeast of Puerto Vallarta, Mexico, and was acquired by staking. The Company holds a 100% interest in this property.

6. Mineral Interests, continued

Canton, Jalisco State, Mexico: The Canton property lies between the El Maple and Almatea properties and was staked to join the properties in a contiguous unit. The Company holds a 100% interest in this property.

El Maple/La Diana, Cuale district, Mexico: This property is located south of Puerto Vallarta, and consists of the El Maple Fraccion I, El Maple and La Diana claims. All of the claims were acquired by staking, and the Company holds a 100% interest in this property. Naricero, Refugio, San Nicolas and San Juan are some of the more significant past-producing VMS deposits on the Property.

El Volantin, Jalisco State, Mexico: This property extends from the Cabrel property on the south to the El Maple and Almatea properties on the north, with the result that all of the Company's holdings in the Cuale-Bramador areas form a contiguous block of ground.

	Balance September 30, 2007	Additions	Write-offs	Balance September 30, 2008
Almatea, Jalisco State, Mexico				
Deferred exploration costs	$ 453,976	$ 38,761	$ —	$ 492,737
Cabrel, Jalisco State, Mexico				
Deferred exploration costs	157,003	6,270	—	163,273
Canton, Jalisco State, Mexico				
Acquisition costs	42	—	—	42
Deferred exploration costs	107,128	19,278	—	126,406
	107,170	19,278	—	126,448
El Maple/La Diana, Jalisco State, Mexico				
Acquisition costs	48,406	—	—	48,406
Deferred exploration costs	740,095	881,773	—	1,621,868
	788,501	881,773	—	1,670,274
El Volantin, Jalisco State, Mexico				
Deferred exploration costs	56,520	19,532	—	76,052
Total	$ 1,563,170	$ 965,614	$ —	$ 2,528,784

6. Mineral Interests, continued

The following is a summary of deferred exploration costs incurred during the twelve month period ended September 30, 2008:

	Almatea	Cabrel	Canton	El Volantin	El Maple/La Diana	Total
Acquisition costs	$ —	$ —	$ —	$ —	$ —	$ —
Assays & analysis	—	—	4,718	—	128,760	133,478
Drilling	—	—	—	—	463,909	463,909
Geological consulting	10,567	415	7,822	3,384	205,338	227,526
Geophysical	—	—	—	—	619	619
Mining taxes	20,601	5,823	6,738	15,866	(40,632)	8,396
Supplies and Miscellaneous	4,369	32	—	52	86,900	91,353
Travel	3,224	—	—	230	36,879	40,333
Total	$ 38,761	$ 6,270	$ 19,278	$ 19,532	$881,773	$965,614

7. Share Capital

The following is a description of the authorized and issued share capital:

(a) Authorized: Unlimited common shares without par value

(b) Issued:

	Shares	Amount
Balance, September 30, 2007	**18,494,737**	**$ 5,738,880**
Issued for cash pursuant to a private placement at $0.40 per share	**1,000,000**	**400,000**
Issued for cash pursuant to a private placement at $0.20 per share	**5,000,000**	**1,000,000**
Balance, September 30, and December 31, 2008	**24,494,737**	**$ 7,138,880**

During the year ended September 30, 2008 the Company closed two private placements consisting of 1,000,000 units at $0.40 and 5,000,000 at $0.20 per unit. Each unit consisted of one share and one share purchase warrant which enables the holder to buy an additional share for a period of one year. 1,000,000 warrants are exercisable at $0.45 and 5,000,000 are at $0.25.

(c) Escrow Shares

During the current three month period 56,250 common shares were released from escrow, leaving the balance of shares in escrow at 112,500. The release of the balance of these shares is staged over a period of six years ending on December 18, 2009.

7. Share Capital, continued

(d) Stock options

The Company has established a stock option plan the purpose of which is to attract, retain and motivate directors, officers, employees and persons engaged to provide ongoing management and consulting services ("service providers") by providing them with the opportunity, through share options, to acquire a proprietary interest in the Company and benefit from its growth. The maximum number of shares which may be issued under the plan is fixed at 4,898,947. This number is subject to adjustment resulting from changes in the share capital of the Company. Such adjustments are subject to approval by the TSX Venture Exchange and by the shareholders of the Company. The number of shares reserved for issuance to any one person may not exceed 5% of the issued and outstanding shares at the date of such grant. All options granted under the plan shall be subject to a vesting restriction such that one quarter of the option shall vest on the date of grant, and one quarter each six month period thereafter until fully vested.

The option price of the shares which are the subject of any option shall in no circumstances be less than the market price of the shares at the date of the grant of the option.

A summary of the status of the Company's stock option plan as of December 31 and September 30, 2008, and changes during the periods ending on those dates is presented below:

	December 31, 2008		**September 30, 2008**	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price(1)
Outstanding at beginning of period	2,650,000	$0.30	2,150,000	$0.30
Granted	—	—	500,000	0.30
Exercised	—	—	—	—
Outstanding at end of period	2,650,000	$0.30	2,650,000	$0.30
Exercisable at end of period	2,400,000	$0.30	2,275,000	$0.30

Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life (yr)	Weighted Average Exercise Price
$0.30	2,650,000	2.50	$0.30

(1) During the period ended September 30, 2008 the Company amended the exercise price of 2,150,000 outstanding stock options from the original prices ranging from $0.62 to $0.75 to a new price of $0.30.

7. Share Capital, continued

(d) Stock options, continued

Also during the 2008 period, the Company granted 500,000 stock options exercisable at $0.30 expiring May 5, 2013 to directors, officers and consultants.

The fair values of the stock options granted were estimated using the Black-Scholes option pricing model with the following assumptions:

	September 30, 2008
Risk-free interest rate	3.34%
Dividend yield	0%
Expected volatility	103%
Expected term	5 Years

(e) Contributed surplus

The following table sets forth the continuity of contributed surplus for the period ended December 31 and September 30, 2008:

Balance, September 30, 2007	$ 864,239
Stock-based compensation expense during the period	291,497
Balance September 30, 2008	1,155,736
Stock-based compensation expense during the period	14,970
Balance December 31, 2008	$ 1,170,706

(f) Share Purchase Warrants

A summary of share purchase warrants outstanding at December 31 and September 30, 2008 is as follows:

	2008			
	December 31,		**September 30,**	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at beginning of period	6,000,000	$0.28	1,650,000	$0.62
Expired	(1,000,000)	0.45	(1,650,000)	0.62
Exercised	—	—	—	—
Granted	—	—	6,000,000	0.28
Outstanding at end of period	5,000,000	$0.25	6,000,000	$0.28
Exercisable at end of period	5,000,000	$0.25	6,000,000	$0.28

7. Share Capital, continued

(f) Share Purchase Warrants, continued

Each share purchase warrant entitles the holder to acquire one common share of the Company. The expiry date of the 5,000,000 share purchase warrants outstanding at December 31, 2008 is March 11, 2009.

8. Basic and Diluted Loss per share

The basic and diluted loss per share is calculated based on the following at December 31:

	2008	2007
Weighted average number of common shares outstanding	24,494,737	18,896,911

The calculation of loss per share is based on net loss divided by the weighted-average number of common shares outstanding during the period. The effect of options and warrants under the stock option plan is not presented as it would have an anti-dilutive effect on the loss per share.

9. Financial Instruments

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to accounts receivable. The Company believes it has no significant credit risk.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2008, the Company had a cash and cash equivalent balance of $181,955 (September 30, 2008 - $331,939) to settle current liabilities of $225,695 (September 30, 2008 - $339,716). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt. 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. As of December 31, 2008, the Company had $134,840 invested in investment-grade short-term deposit certificates.

9. Financial Instruments, continued

(b) Foreign currency risk

As at December 31, 2008, the company's expenditures are in Canadian dollars, Mexican pesos, and any future equity raised is expected to be predominantly in Canadian dollars. As at December 31, 2008, the Company has accounts payable denominated in Mexican Pesos of 1,291,037, accounts receivable of $nil Mexican Pesos and cash of 218,677 Mexican Pesos, with an approximate exchange rate of 0.09 to Canadian dollars. For each 10% change in the Canadian dollar vs. the Mexican Peso a $13,587 gain/loss would arise.

(c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of resources, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

10. Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its resource properties and to maintain flexible capital structure for its projects for the benefit of its stakeholders.

In the management of capital, the Company includes the components of shareholders' equity as well as cash, receivables and current liabilities.

The Company manages the capital structure and makes adjustments to it in light of changes in the economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, enter into joint venture property arrangements, acquire or dispose of assets or adjust the amount of cash.

The Company does not have any major capital expenditures committed for the coming year.

Management reviews the capital structure on a regular basis to ensure that the above-noted objectives are met.

11. Related Party Transactions

(a) The Company incurred the following expenses to December 31, to its directors or corporations controlled by its directors:

	2008	2007
Geological fees, general contracting, and equipment rentals	$ 23,353	$ 13,465
Legal fees	849	3,935
Management fees	10,195	9,513
	$ 34,397	$ 26,913

(b) Accounts payable and accrued liabilities includes $38,426 (2007 - $11,027) due to directors and/or officers of the Company.

These transactions have been measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties and which the management believes reflect prevailing market rates.

12. Segmented Information

The Company's mineral interests and equipment are owned through the Mexican subsidiary and held in Mexico.

13. Supplemental Disclosure with Respect to Cash Flows

Significant non-cash transactions for the period ended December 31, 2008 included incurring mineral property expenditures of $32,833 (2007 - $5,919) through accounts payable.

14. Comparative Figures

Certain comparative figures have been reclassified to conform with the current period's presentation.