Financial Statements

TheMAC Resources Group Limited
(a development-stage company)

March 31, 2010 and 2009

NOTICE THAT THESE FINANCIAL STATEMENTS HAVE NOT BEEN REVIEWED BY AN AUDITOR

THEMAC Resources Group Limited (the "Issuer")

Interim Financial Statements for the period ended March 31, 2010

The Issuer's auditors have not reviewed or been involved in the preparation of these financial statements.

TheMAC Resources Group Limited
(a development stage company)
(Expressed in Canadian Dollars)

BALANCE SHEETS

[See note 1: Nature of operations and going concern uncertainty]
[See note 12: Subsequent events]

	March 31 2010 (unaudited) $	June 30 2009 (audited) $
ASSETS		
Current		
Cash	**202,342**	75,122
Taxes recoverable	**3,243**	2,842
Prepaid expenses and deposits	**5,553**	1,729
	211,138	79,693
Fixed		
Equipment *[note 3]*	**249**	321
Other		
Deferred transaction costs *[note 11]*	**940,285**	—
	1,151,672	80,014
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities *[note 7]*	**96,940**	23,391
Due to related parties *[note 6]*	**8,000**	30,000
	104,940	53,391
Shareholders' equity (deficiency)		
Share capital *[note 5]*	**5,489,612**	5,097,621
Warrants *[note 5]*	**151,964**	—
Contributed surplus *[note 5]*	**113,977**	126,866
Subscriptions received *[note 11]*	**610,000**	—
Deficit	**(5,318,821)**	(5,197,864)
	1,046,732	26,623
	1,151,672	80,014

See accompanying notes

On behalf of the Board:

"Barrett Sleeman"
Director

"Kevin W. Maloney"
Director

TheMAC Resources Group Limited
(a development stage company)
(Unaudited, prepared by management)
(Expressed in Canadian Dollars)

STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT

	Three months ended March 31		Nine months ended March 31	
	2010	2009	**2010**	2009
	$	$	**$**	$
Income				
Interest Income	**—**	—	**—**	5
Expenses				
Consulting *[note 6]*	**13,500**	13,500	**40,500**	40,500
Management fees	**6,420**	1,800	**13,920**	9,350
Accounting and audit	**5,510**	5,150	**13,860**	15,520
Filing fees and transfer agent fees	**5,774**	2,970	**13,785**	10,520
Legal fees	**6,952**	381	**8,957**	4,828
Office and sundry *[note 6]*	**4,083**	1,530	**7,991**	5,519
Rent	**2,460**	1,860	**6,180**	5,580
Travel	**2,951**	1,407	**2,951**	1,505
Printing and photocopying	**46**	12	**590**	723
Telephone and communications	**124**	120	**393**	361
Interest and bank charges	**100**	29	**242**	147
Amortization *[note 3]*	**24**	35	**72**	103
	47,944	28,794	**109,441**	94,656
Operating loss	**(47,944)**	(28,794)	**(109,441)**	(94,651)
Other items				
Gain on reversal of debt provisions *[note 7]*	**—**	—	**—**	33,541
Foreign exchange loss	**(849)**	—	**(849)**	—
Loss on settlement of debt [*Note 5(b)(i)*]	**—**	—	**(10,667)**	—
Loss and comprehensive loss for the period	**(48,793)**	(28,794)	**(120,957)**	(61,110)
Deficit, beginning of the period	**(5,270,028)**	(5,141,413)	**(5,197,864)**	(5,109,097)
Deficit, end of the period	**(5,318,821)**	(5,170,207)	**(5,318,821)**	(5,170,207)
Loss per share - basic and diluted	**(0.01)**	(0.00)	**(0.02)**	(0.01)
Weighted average number of outstanding shares - basic and diluted	**9,571,329**	6,915,256	**7,859,711**	6,915,256

See accompanying notes

TheMAC Resources Group Limited
(a development stage company)
(Unaudited, prepared by management)
(Expressed in Canadian Dollars)

STATEMENTS OF CASH FLOWS

	Three months ended March 31		Nine months ended March 31	
	2010	2009	**2010**	2009
	$	$	**$**	$
OPERATING ACTIVITIES				
Net loss for the period	**(48,793)**	(28,794)	**(120,957)**	(61,110)
Add non cash items:				
Amortization	**24**	35	**72**	103
Loss on settlement of debt	**—**	—	**10,667**	—
Gain on reversal of debt provisions	**—**	—	**—**	(33,541)
	(48,769)	(28,759)	**(110,218)**	(94,548)
Net change in non-cash working capital:				
(Increase) decrease in taxes recoverable	**(1,209)**	(351)	**(401)**	1,452
Increase in prepaid expenses and deposits	**(3,825)**	133	**(3,825)**	(1,324)
Increase (decrease) in accounts payable and accrued liabilities	**82,841**	4,245	**73,549**	(6,387)
Increase (decrease) in amounts due to related parties	**6,000**	6,000	**18,000**	14,573
Cash used in operating activities	**35,038**	(18,732)	**(22,895)**	(86,234)
INVESTMENT ACTIVITIES				
Deferred transaction costs [*Note 10*]	**(940,285)**	—	**(940,285)**	—
Cash used in investment activities	**(940,285)**	—	**(940,285)**	—
FINANCING ACTIVITIES				
Proceeds from private placements	**460,000**	—	**460,000**	—
Exercise of stock options	**20,600**	—	**20,600**	—
Share subscriptions received	**610,000**	—	**610,000**	—
Share issue cost	**(100)**	—	**(200)**	—
Cash provided by financing activities	**1,090,500**	—	**1,090,400**	—
Net increase (decrease) in cash position	**185,253**	(18,732)	**127,220**	(86,234)
Cash position, beginning of the period	**17,089**	108,589	**75,122**	176,091
Cash position, end of the period	**202,342**	89,857	**202,342**	89,857
Supplemental cash flow information				
Interest paid in cash	**—**	—	**—**	—
Capital taxes in cash	**—**	—	**—**	—

See accompanying notes

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2010

1. NATURE OF OPERATIONS AND GOING CONCERN UNCERTAINTY

The Company was incorporated on February 24, 1997 under the Business Corporations Act (Yukon) by registration of its Articles of Incorporation. The Company is in the business of acquiring, exploring, and developing natural resource properties.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles applicable to a going concern which assumes that the Company will realize its assets and discharge its liabilities in the normal course of business. Realization values may be substantially different from the carrying values as shown in these financial statements should the Company be unable to continue as a going concern. The Company has incurred losses since inception and has a deficit as at March 31, 2010 of $5,318,821 and working capital of $106,198. These factors create significant doubt as to the ability of the Company to continue as a going concern.

The Company's ability to meet its obligations and maintain its operations is contingent upon successful completion of additional financing arrangements, the continuing support of its creditors, and the obtaining of necessary financing to fund future business projects. If the Company were unable to continue as a going concern then adjustments may be required to the classification and the carrying value of certain assets and liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Company have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following significant accounting policies.

Translation of foreign currencies

Monetary assets and liabilities denominated in foreign currencies have been translated into Canadian dollars at the rate of exchange prevailing at the end of the period. Non-monetary assets and liabilities have been translated at the rate prevailing at the date of the transaction. Revenue and expense items are translated at the average rate of exchange for the period. Gains and losses are included in income for the period.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the amounts of revenues and expenses reported during the periods. Actual results could differ from those estimates.

Computer equipment

Computer equipment is recorded at cost less accumulated amortization. Amortization is recorded on a declining balance basis at an annual rate of 30%

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

Income taxes

The Company follows the liability method of accounting for income taxes and has adopted the provision of CICA Handbook Section 3465, Income Taxes. Future taxes are recognized for the tax consequences of "temporary differences" by applying enacted or substantively enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities. The effect on future taxes for a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment. In addition, Section 3465 requires the recognition of future tax benefits to the extent that realization of such benefits is more likely than not.

Stock based compensation

The Company adopted the standard for the accounting of *Stock-based compensation and other stock-based payments*, as recommended by the Canadian Institute of Chartered Accountants. Under the standard, all stock option awards granted to employees and directors of the Company require the application of the fair value method.

The fair value of stock options is determined by using the *Black-Scholes Option Pricing Model* with assumptions for: weighted-average risk-free interest rates; dividend yields; weighted-average volatility factors of the expected market price of the Company's common shares; and a weighted average expected life of the options. The fair value of direct awards of stocks is determined by the estimated market price of the Company's stock. Compensation cost attributable to awards to employees is measured at fair value at the grant date and is recognized over the vesting period.

Earnings (loss) per share

Basic earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share amounts are calculated in accordance with the treasury stock method which assumes that proceeds received from the exercise of stock options and warrants would be used to repurchase common shares at the prevailing market rate. Under the treasury stock method, the basic and diluted loss per shares are the same, as the effect of common shares issuable upon the exercise of warrants and stock options of the Company would be anti-dilutive.

Financial Instruments

The Company classifies all financial instruments as either held-to-maturity, available-for-sale, held-for-trading, loans and receivables, or other liabilities. Financial assets held to maturity, loans and receivables and financial liabilities other than those held for trading, are measured at amortized cost. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Instruments classified as held for trading are measured at fair value with unrealized gains and losses recognized in the statements of operations. Transaction costs are expensed as incurred.

The Company has designated its cash as held-for-trading, which is measured at fair value. Receivable amounts are classified as loan and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other liabilities, which are measured at amortized cost. The fair values of cash and accounts payable approximate their carrying values due to the short term to maturity of these financial instruments. The Company has no derivative financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2010

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

Accounting pronouncements implemented on July 1, 2009

In January 2009, the CICA issued Emerging Issues Committee ("EIC") Abstract 173 - *Credit Risk and the Fair Value of Financial Assets and Financial Liabilities*. The EIC provides guidance on how to take into account credit risk of an entity and counterparty when determining the fair value of financial assets and financial liabilities, including derivative instruments. The EIC is applicable for the Company's interim and annual financial statements for its fiscal year beginning July 1, 2009, with retroactive application. The adoption of EIC-173 did not have a material impact on these interim financial statements.

In March 2009, the CICA issued Emerging Issues Committee Abstract 174 - *Mining Exploration Costs* ("EIC-174") which amends EIC-126 - *Accounting by Mining Enterprises for Exploration Costs*, to provide additional guidance for mining exploration enterprises on the accounting for capitalization of exploration costs and when an impairment test of these costs are required. EIC-174 is applicable for the Company's financial statements effective January 1, 2009, with retroactive application. The adoption of EIC-174 did not have a material impact on these interim financial statements.

Accounting pronouncements to be implemented effective July 1, 2011

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by companies for the year ended on or after December 31, 2010. The Company is evaluating the impact of the adoption of these new Sections on its financial statements.

3. EQUIPMENT

	March 31, 2010			June 30, 2009		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computer equipment	$539	$290	$249	$539	$218	$321

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2010

4. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, taxes recoverable, accounts payable and accrued liabilities, and amounts due to related parties. The fair value of these financial instruments approximate their carrying values due to their short term nature.

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

Currency Risk

The Company is subject to currency risks. The Company's proposed transaction (note 11) is in the United States and many of its expenditures and obligations are or will be denominated in US dollars. The Company maintains its principal office in Canada, and maintains cash accounts in Canadian and US dollars, and has monetary assets and liabilities in Canadian and US dollars. The currency exchange rate between the US and Canadian dollars fluctuated from a low of US$0.86 to a high of US$0.99 for C$1 during the nine months ended March 31, 2010. As such, the Company's results of operations are subject to foreign currency fluctuation risks and such fluctuations may adversely affect the financial position and operating results of the Company. The Company has not undertaken to mitigate transactional volatility in the Canadian dollar at this time. The Company does not use derivative instruments to reduce its exposure to currency risk.

Interest rate and credit risk

The Company has a significant cash balance and no debt other than current payables and accrued liabilities. Amounts owed to related parties do not bear interest, and are therefore not exposed to interest rate variations. The Company has no credit risk arising from operations as the debt can only be called when the Company has sufficient funds to repay, or else it is to be repaid through the issuance of shares. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its bank.

Accounts receivable consist of goods and services tax due from the Federal Government of Canada. Management believes that the credit risk with respect to receivables is remote.

Liquidity risk

The Company currently estimates that it has sufficient cash to conduct its operations. If a significant change occurs, such as the acquisition of a mineral property, the Company would depend on the viability of public capital markets, and on the possibility of raising additional funds from related parties. Therefore the Company has a liquidity risk due to the relatively low cash position to embark on a significant transaction.

5. SHARE CAPITAL, WARRANTS AND CONTRIBUTED SURPLUS

[a] **Authorized:**

Unlimited common shares without par value.

[b] **Issued and fully paid:**

	Number	Amount $	Contributed surplus $	Warrants $
Balance, June 30, 2008	6,915,256	5,097,621	115,921	10,945
Pursuant to the expiry of warrants	-	-	10,945	(10,945)
Balance, June 30, 2009	6,915,256	5,097,621	126,866	-
Transfer agent rounding adjustment	5	-	-	-
Pursuant to the settlement of consulting fees due to a company controlled by a director of the Company (i)	533,333	50,667	-	-
Private placement, January 2010 (ii)	5,111,111	308,035	-	151,964
Exercise of stock options	105,000	33,489	(12,889)	-
Share issue costs	-	(200)	-	-
Balance, March 31, 2010	12,664,705	5,489,612	113,977	151,964

(i) On November 26, 2009, the Company settled $40,000 due to a Director of the Company in consulting fees by issuing 533,333 common shares at $0.075 per share. The fair value of the shares issued was $50,667 and the Company incurred a loss on settlement of debt of $10,667.

(ii) On February 19, 2010, the Company issued 5,111,111 units priced at $0.09 per unit, for gross proceeds of $460,000. Each whole unit consisted of one common share and one share purchase warrant, with each warrant exercisable into one common share at an exercise price of $0.10 per warrant until February 19, 2011. A portion of the gross proceeds was allocated to the warrants based on their relative fair value, which was estimated at $151,964 ($0.074 per warrant). The fair value of the warrants was estimated using the *Black–Scholes* option pricing model with the following assumptions:

Expected life of the warrants	1 year
Risk free interest rate	1.33%
Volatility	92.67%
Dividend yield	0%

[c] **Shares in escrow**: 93,750 [June 30, 2009 - 93,750] of the common shares issued are held in escrow, the release of which is subject to the direction of the regulatory authorities, and is based on the Company expending certain amounts on the exploration and development of a resource property.

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2010

5. SHARE CAPITAL, WARRANTS AND CONTRIBUTED SURPLUS (cont'd.)

[d] **Warrants:**

	Number	Exercise price	Expiry Date
Balance, June 30, 2008	1,052,631	$0.25	May 21, 2009
Expired	(1,052,631)	$0.25	May 21, 2009
Balance, June 30, 2009	-	-	
Issued [note 5(b)(i)]	5,111,111	$0.10	February 19, 2011
Balance, March 31, 2010	5,111,111	$0.10	

As at March 31, 2010, the following warrants are outstanding:

Number of warrants	**Exercise price**	**Expiry date**
5,111,111	0.10	February 19, 2011

[e] **Stock options**

During the 2004 fiscal year, the Company adopted a formal stock option plan [the "Plan"]. The Plan was most recently ratified by shareholders during the December 8, 2009, annual general meeting. The Plan is referred to as a "rolling" plan and provides for an aggregate number of shares reserved for issuance of up to 10% of the Company's issued common shares at the time of the grant of a stock option under the Plan. Stock options are granted with an exercise price in accordance with the TSX Venture Exchange policy

During the nine months ended March 31, 2010, an aggregate of 105,000 stock options were exercised, with exercise prices between $0.20 and $0.16, for proceeds of $20,600.

No stock options were granted, exercised or expired during the year ended June 30, 2009.

Stock options outstanding and exercisable:

	Options Outstanding & Exercisable	**Weighted average exercise price**
Balance, June 30, 2008 and 2009	458,000	$0.17
Exercised	(105,000)	$0.20
Balance, March 31, 2010	353,000	$0.16

Each option entitles the holder to purchase one common share of the Company. All options are fully vested. At March 31, 2010, the following stock options are outstanding and exercisable with average remaining life of 0.80 years and a weighted average exercise price of $0.16:

Number of options	**Weighted average exercise price**	**Expiry date**
353,000	$0.16	January 16, 2011

6. RELATED PARTY TRANSACTIONS

The aggregate of amounts paid during the nine months ended March 31, 2010, to parties not at arm's length to the Company consist of the following:

Paid $22,500 [2009 - $22,500] in consulting fees and $4,500 [2009 - $4,500] in office expenses to a company controlled by the president of the Company.

Accrued $18,000 [2009 - $18,000] in consulting fees to a company controlled by a director of the Company.

The Company settled a debt of $40,000 [2009: $Nil] due to a company controlled by a director of the Company in consulting fees through the issuance of 533,333 common shares (Note 5).

The Company issued 5,111,111 units priced at $0.09 per unit, for gross proceeds of $460,000 to a company controlled by a director of the Company. Each whole unit consisted of one common share and one share purchase warrant, with each warrant exercisable into one common share at an exercise price of $0.10 per warrant until February 19, 2011

The Company issued 75,000 common shares to a director of the Company on exercise of stock options with an exercise price of $0.20.

Amounts due to related parties as at March 31, 2010 were $8,000 [June 30, 2009 - $30,000]. The indebtedness is non-interest bearing and is without stated terms of repayment.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to be the related parties.

7. REVERSAL OF DEBT PROVISIONS

During the year ended June 30, 2009, the Company reversed a provision of $27,971 (AUD $28,718) related to an arbitration directive to pay a consultant in Australia for services provided in 1997. As the consultant never responded to the Company on this issue, the Company now considers that the matter is closed.

During the year ended June 30, 2009, the Company reversed a provision of $5,570 for a British Columbia asset tax that was in effect when the Company originally raised funds in 1999.

8. NON-CASH TRANSACTIONS

During the nine months ended March 31, 2010, the Company entered into the following non-cash transactions:

Settlement of a debt of $40,000 through the issuance of 533,333 common shares at a price of $0.075 per share (Note 5).

During the year ended June 30, 2009, the Company entered into the following non-cash transactions:

Reversal of previous liability provisions of $33,541 (Note 7).

9. INCOME TAXES

Please refer to Note #9 to the Audited Financial Statements for the fiscal year ended June 30, 2009. There is no tax calculation specifically performed for this interim period.

10. CAPITAL DISCLOSURES

The Company's objective when managing capital is to maintain a flexible capital structure for the benefit of its stakeholders. The Company's main source of funds is from the issuance of common shares.

The Company keeps its cash only in a chequing account with one of the major Canadian banks, which is an institution of high credit worthiness. At March 31, the Company had cash of $202,342 (June 30, 2009: $75,122).

The Company is not subject to any externally imposed capital requirements.

11. NEW MEXICO COPPER CORPORATION

On March 12, 2010, the Company entered into a Heads of Agreement with Mercator Gold plc ("Mercator"), a UK public corporation listed on the Alternative Investment Market (AIM) of the London Stock Exchange (ticker: MCR). Pursuant to the Agreement, the Company will acquire 100% of Mercator's interest in New Mexico Copper Company ("NMCC"), a private New Mexico, USA, incorporated company which holds an option to acquire 100% of a project know as Copper Flat, subject only to a 3.25% Overriding Royalty (the "Transaction").

NMCC holds the right to acquire the Copper Flat property pursuant to the terms of a an option and purchase agreement dated July 23, 2009 with the Hydro Resources Corporation, a New Mexico corporation, Cu Flat, LLC, a New Mexico limited liability company, and GCM, Inc. as amended by a First Amendment of Option and Purchase Agreement dated January 20, 2010 (the "NMCC Option Agreement"). In order to earn a 100% interest in the Copper Flat Property, NMCC must pay:

i) USD $150,000 on or before August 14, 2009 (paid);
ii) USD $150,000 on or before January 31, 2010 (paid);
iii) USD $850,000 to be paid on or before March 31, 2010 (paid *);
iv) USD $1,850,000 to be paid on or before August 14, 2010; and
v) USD $7,000,000 to be paid on or before February 14, 2011.

The third payment due on March 31 of 2010 was funded by a Company's advance (the "Advance"), paid from existing cash and the funds received from Mercator pursuant to the terms of the Heads of Agreement. In addition, the company advanced NMCC certain funds to continue operations also pursuant to the terms of the Heads of Agreement. The advances made to March 31, 2010, have been as follows:

Nature of expense	Amount in US$	Amount in Cad $
Advance for payment of option	850,000	865,215
Advances for NMCC expenses	51,117	51,986
Legal fees accrued for the transaction.	n/a	23,084
		940,285

11. NEW MEXICO COPPER CORPORATION (cont'd.)

The Advances will not bear interest unless the Transaction does not proceed, in which case the Advance must be repaid within six months of the Agreement (or the definitive agreement intended to succeed it) being consequently terminated. Repayment of the Advance in the event the Transaction does not proceed is guaranteed by Mercator.

The final payment may be deferred until May 16, 2011 upon the payment of an additional USD 150,000.00 on or before February 14, 2011. The property will be subject to a 3.25% net smelter return royalty, and quarterly advance royalty payments of US$50,000 (for copper prices under US$2.00) or US$112,500 (for copper prices greater than $2.00).

The Company will issue to Mercator 10,500,000 common shares and 10,500,000 warrants in consideration for all of the outstanding shares of NMCC. Each warrant will entitle the holder to acquire an additional common share for a period of 5 years after closing of the acquisition, at a price of $0.28 per share. Closing of the acquisition is subject to a number of conditions, including receipt of all necessary regulatory approvals, delivery of a preliminary assessment on the Copper Flat Property which complies with National Instrument 43-101, completion of due diligence by each party, execution of a definitive agreement or agreements for the transactions, and completion of a minimum $5 million equity financing by the Company.

As an interim commitment, Mercator and/or its nominees agreed to purchase 5.5 million subscription receipts of the Company at a price $0.15 per subscription receipt. Each subscription receipt will convert to one unit upon completion of the Transaction, each unit to consist of one common share and one common share purchase warrant with each whole warrant exercisable to acquire one common share at a price of $0.28 per share for a period of one year from the date of issue of the subscription receipts. If the Transaction does not proceed, then at the option of the Company the subscription receipts can be cancelled and a pro rata interest in the repayment of the Advance to NMCC assigned to subscribers. By March 31, 2010, the Company had received $610,000 in subscription funds.

Following the Interim Financing, the Company will fund all expenditures incurred in relation to the Copper Flat Property and the expenses of Mercator in respect of the acquisition, including making the property payment due March 31, 2010, as described above. All such advances shall be made as loans to NMCC, which shall only be due and payable if the acquisition does not proceed.

12. SUBSEQUENT EVENTS

[a] On May 6, 2010, the Company announced the closing of its private placement of subscription receipts (note 11). A total of 5,582,556 subscription receipts were issued at $0.15 per subscription receipt for proceeds of $837,384.

Of the total amount, Mercator purchased 4,000,000 subscription receipts at $0.15 per subscription receipt, for total consideration of $600,000. Upon conversion of the subscription receipts, Mercator will directly own 4,000,000 common shares of the Company, and warrants to purchase a further 4,000,000 common shares of the Company at a price of $0.28 per share for a period of one year from the date of issue of the subscription receipts. Upon conversion of the subscription receipts, assuming no other securities of the Company are issued, Mercator will hold 21.9% of the outstanding shares of the Company (35.9% of the outstanding shares of the Company, on a partially diluted basis assuming Mercator exercises all of its warrants, and no other warrants are exercised). As consideration for the sale of the NMCC shares to the Company, Mercator will acquire an additional 10,500,000 common shares of the Company and warrants to purchase a further 10,500,000 shares of the Company for a price of $0.28 per share valid for a period of 5 years, and may acquire additional securities of the Company as circumstances dictate.

All securities issued in connection with the Offering will be subject to a hold period expiring on September 4, 2010. Proceeds from the Offering are being used to fund the Company's obligations under the Heads of Agreement, including making property payments on NMCC's Copper Flat property.

[b] The Company has made further advances to NMCC amounting to $151,531 under the terms of the Heads of Agreement.