
Consolidated Financial Statements

Macusani Yellowcake Inc.

For the Three Months Ended December 31, 2009

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NOTICE TO READER

The accompanying unaudited interim consolidated financial statements have been prepared by the Company's management and the Company's independent auditors have not performed a review of these financial statements.

Macusani Yellowcake Inc.

Consolidated Balance Sheets
Unaudited - see Notice to Reader

	December 31, 2009	September 30, 2009 (Audited)
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,992,154	\$ 741,912
Other receivables	139,717	129,154
Prepaid expenses	57,381	46,212
	<u>2,189,252</u>	<u>917,278</u>
Sales Taxes Recoverable (note 6)	298,701	264,477
Property, Plant and Equipment (note 7)	8,804	9,267
Mineral Properties and Deferred Exploration Costs (note 8)	7,966,277	7,199,042
	<u>\$ 10,463,034</u>	<u>\$ 8,390,064</u>
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 217,864	\$ 180,898
Accrued Preliminary Economic Assessment costs	131,867	643,884
	<u>349,731</u>	<u>824,782</u>
Commitments - note 14		
Shareholders' Equity		
Share Capital (note 9)	13,005,812	10,175,812
Warrants (note 10)	1,010,154	1,010,154
Stock Options (note 11)	1,227,239	1,159,174
Contributed Surplus (note 12)	1,095,430	1,095,430
Deficit	<u>(6,225,332)</u>	<u>(5,875,288)</u>
	<u>10,113,303</u>	<u>7,565,282</u>
	<u>\$ 10,463,034</u>	<u>\$ 8,390,064</u>

The accompanying notes form an integral part of these financial statements.

Approved on behalf of the Board

Signed "Alan Ferry" , Director

Signed "Peter Hooper" , Director

Macusani Yellowcake Inc.

Consolidated Statements of Operations and Deficit
For the Periods Ended December 31, 2009 and 2008
Unaudited - see Notice to Reader

	Three Months Ended December 31, 2009	Three Months Ended December 31, 2008
Revenue		
Interest income	\$ 440	\$ 777
Expenses		
Administrative and office	4,294	6,933
Advertising and promotion	28,498	5,175
Amortization	463	579
Bank charges	874	918
Consulting fees	150,056	112,450
Foreign exchange loss (gain)	(17,993)	(12,304)
Investor relations and marketing fees	14,195	18,288
Professional fees	60,028	98,046
Rent and utilities	17,684	17,305
Stock-based compensation (note 11)	68,065	868
Transfer and filing fees	22,318	22,215
Travel	2,002	13,673
	<u>350,484</u>	<u>284,146</u>
Net Loss for the Period	(350,044)	(283,369)
Deficit - Beginning of Period	<u>(5,875,288)</u>	<u>(4,049,914)</u>
Deficit - End of Period	<u>\$ (6,225,332)</u>	<u>\$ (4,333,283)</u>
Loss per Share - basic and diluted	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>
Weighted Average Number of Common Shares Outstanding - basic and diluted	<u>40,545,096</u>	<u>30,395,857</u>

The accompanying notes form an integral part of these financial statements.

Macusani Yellowcake Inc.

Consolidated Cash Flow Statements

For the Periods Ended December 31, 2009 and 2008

Unaudited - see Notice to Reader

	Three Months Ended December 31, 2009	Three Months Ended December 31, 2008
Cash Flows from Operating Activities		
Net loss	\$ (350,044)	\$ (283,369)
Items not affecting cash:		
Amortization	463	579
Stock-based compensation	68,065	868
	<u>(281,516)</u>	<u>(281,922)</u>
Net changes in non-cash working capital:		
Other receivables	(10,563)	46,506
Prepaid expenses	(11,169)	(96,828)
Sales taxes recoverable	(34,224)	(58,372)
Accounts payable and accrued liabilities	(17,015)	(245,282)
	<u>(354,487)</u>	<u>(635,898)</u>
Cash Flows from Financing Activities		
Issuance of share capital	2,830,000	1,670,913
Issuance of warrants	-	470,754
	<u>2,830,000</u>	<u>2,141,667</u>
Cash Flows from Investing Activities		
Mineral properties and deferred exploration costs	<u>(1,225,271)</u>	<u>(375,655)</u>
Change in Cash and Cash Equivalents	1,250,242	1,130,114
Cash and Cash Equivalents - Beginning of Period	<u>741,912</u>	<u>230,421</u>
Cash and Cash Equivalents - End of Period	<u>\$ 1,992,154</u>	<u>\$ 1,360,535</u>
Supplemental Cash Flow Information		
Interest received	<u>\$ 440</u>	<u>\$ 777</u>

The accompanying notes form an integral part of these financial statements.

Macusani Yellowcake Inc.

Notes to the Consolidated Financial Statements
For the Three Months Ended December 31, 2009
Unaudited - see Notice to Reader

1. Nature of Operations

Macusani Yellowcake Inc. (the “Company”) is an Ontario corporation formed by amalgamation on October 31, 2007. A predecessor corporation, Macusani Yellowcake Inc. (“Old Macusani”), commenced operations in November 2006. The other predecessor corporation, Silver Net Equities Corp. (“Silver Net”), was classified as a Capital Pool Company as defined by the TSX Venture Exchange.

The Company owns numerous mineral property claims in Peru. The Company is in the process of exploring its mineral properties and has not yet determined the quantum of mineral reserves. Consequently, the Company considers itself to be an exploration stage company.

These consolidated financial statements include the accounts of the Company and its subsidiary, Global Gold SAC. All significant intercompany accounts and transactions have been eliminated on consolidation.

2. Interim Financial Statements

These unaudited interim consolidated financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles on a basis consistent with those followed in the most recent audited financial statements. These interim consolidated financial statements have not been reviewed by the Company’s auditors.

The notes presented in these unaudited interim consolidated financial statements include only significant events and transactions and are not fully inclusive of all matters required by Canadian generally accepted accounting principles for annual audited financial statements. Accordingly, these unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and accompanying notes for the year ended September 30, 2009.

3. Basis of Presentation

These interim consolidated financial statements have been prepared on a going concern basis in accordance with Canadian generally accepted accounting principles. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. There is significant doubt about the appropriateness of the use of the going concern assumption because the Company has experienced losses and negative operating cash flows. The application of the going concern concept is dependent on the Company’s ability to generate future profitable operations. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company’s liabilities and commitments as they become payable.

These interim consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. If the going concern basis was not appropriate for these interim consolidated financial statements, then adjustments may be necessary in the carrying value of assets and liabilities and the balance sheet classifications used. See also note 2.

Macusani Yellowcake Inc.

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4. Capital Disclosures

The Company's objective is to raise sufficient capital to execute its exploration plan. The Company defines capital to be shareholders' equity. The Company evaluates the effectiveness of its capital management by comparing actual spending levels to budgeted amounts. The Company does not have any externally imposed capital requirements. There have not been any changes to the overall capital risk management strategy during the three months ended December 31, 2009.

5. Financial Instruments

The Company has classified its financial instruments as follows:

<u>Financial Instrument</u>	<u>Classification</u>
Cash and cash equivalents	Held for trading
Other receivables	Loans and receivables
Accounts payable and accrued liabilities	Other liabilities
Accrued Preliminary Economic Assessment Costs	Other liabilities

Cash and cash equivalents include bank deposits and short-term investments. The short-term investments are term deposits with a reputable Canadian chartered bank.

The Company's exposure to various risks and the impact upon the Company's financial statements are as follows:

Commodity Price Risk

The ability of the Company to develop its properties and the future profitability of the Company is directly related to the market price of certain minerals.

Currency Risk

The Company's primary operations are located in Peru. The Company pays most of its Peruvian costs in United States Dollars or Nuevos Soles, and is therefore subject to foreign exchange risk on this payment stream. The Company is also exposed to currency risk on purchases from suppliers denominated in United Kingdom Pounds Sterling and South African Rand.

Liquidity Risk

Liquidity risk is the risk that the Company will be unable to meet the obligations associated with its working capital. The Company has sufficient funds to settle its short-term working capital requirements.

Macusani Yellowcake Inc.

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5. Financial Instruments (continued)

Sensitivity Analysis

As at December 31, 2009, cash and cash equivalents includes 613,802 United States Dollars and 271 Peruvian Nuevos Soles, sales taxes recoverable includes 822,040 Peruvian Nuevos Soles and accounts payable and accrued liabilities includes 85,544 United States Dollars, 28,082 Peruvian Nuevos Soles and 77,945 United Kingdom Pounds Sterling.

At December 31, 2009, if the Canadian Dollar had weakened (strengthened) 10 percent against the United States Dollar with all other variables held constant, the net loss for the period would have been \$55,520 higher (lower). If the Canadian Dollar had weakened (strengthened) 10 percent against the Peruvian Nuevos Sol with all other variables held constant, the net loss for the period would have been \$28,751 higher (lower). If the Canadian Dollar had weakened (strengthened) 10 percent against the United Kingdom Pound Sterling with all other variables held constant, the net loss for the period would have been \$13,187 higher (lower).

6. Sales Taxes Recoverable

These amounts represent recoverable sales taxes paid by the Company's subsidiary, Global Gold SAC. These amounts are recoverable when the subsidiary reaches certain spending or income levels.

7. Property, Plant and Equipment

	<u>December 31, 2009</u>			<u>September 30, 2009</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>
Furniture and equipment	\$ 12,863	\$ 4,059	\$ 8,804	\$ 9,267

8. Mineral Properties and Deferred Exploration Costs

	Three Months Ended <u>December 31, 2009</u>	Three Months Ended <u>December 31, 2008</u>
Current expenditures	\$ 767,235	\$ 415,155
Balance - beginning of period	7,199,042	4,489,033
Write-down of mineral properties	-	-
Balance - end of period	<u>\$ 7,966,277</u>	<u>\$ 4,904,188</u>

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9. Share Capital

a) Authorized:

Unlimited common shares

b) Common Shares Issued and Outstanding:

	<u>Number</u>	<u>Amount</u>
Balance - September 30, 2009	41,731,284	\$ 10,175,812
Issued for cash	<u>14,150,000</u>	<u>2,830,000</u>
Balance - December 31, 2009	<u><u>55,881,284</u></u>	<u><u>\$ 13,005,812</u></u>

During the period ended December 31, 2009, the Company issued 14,150,000 common shares for gross proceeds of \$2,830,000 pursuant to private placements.

10. Warrants

a) A summary of changes to warrants is as follows:

	<u>Number</u>	<u>Amount</u>
Balance - September 30, 2009	9,066,428	\$ 1,010,154
Issued for cash	-	-
Expired	<u>-</u>	<u>-</u>
Balance - December 31, 2009	<u><u>9,066,428</u></u>	<u><u>\$ 1,010,154</u></u>

b) As at December 31, 2009, the following common share purchase warrants ("Warrants") were issued and outstanding:

- i) 4,571,428 warrants entitling the holder to purchase one common share at \$0.35 per share at any time prior to October 23, 2010 (the "expiry date").
- ii) 4,495,000 warrants entitling the holder to purchase one common share at \$0.30 per share at any time prior to May 22, 2011 (the "expiry date").

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11. Stock Options

- a) The Company has adopted a stock option plan for the Company (the “Plan”). Pursuant to the Plan, the Board of Directors may, from time to time at its discretion, allocate non-transferable options to purchase shares to directors, officers, employees and consultants of the Company, and its subsidiary.

Under the Plan, the aggregate number of shares to be issued upon the exercise of outstanding options granted thereunder may not exceed 15% of the number of issued and outstanding shares.

Expiry dates and exercise prices shall be determined by the Board of Directors. The exercise price shall not be less than the market price.

- b) A summary of changes to stock options is as follows:

	<u>Number</u>	<u>Amount</u>
Balance - September 30, 2009	5,010,000	\$ 1,159,174
Granted	-	-
Stock-based compensation expensed	-	68,065
Balance - December 31, 2009	<u>5,010,000</u>	<u>\$ 1,227,239</u>

- c) Stock options were granted, exercised and expired/cancelled as follows:

	<u>Number</u>	<u>Weighted Average Exercise Price</u>
Balance - September 30, 2009	5,010,000	\$ 0.31
Granted	-	\$ -
Balance - December 31, 2009	<u>5,010,000</u>	<u>\$ 0.31</u>

- d) As at December 31, 2009, the following stock options were outstanding:

<u>Option Price</u>	<u>Number of Options</u>		<u>Expiry Date</u>
	<u>Unvested</u>	<u>Vested</u>	
\$ 0.35	-	1,200,000	January 30, 2012
\$ 0.35	-	200,000	February 07, 2012
\$ 0.35	-	1,177,000	May 29, 2012
\$ 0.35	-	250,000	October 10, 2012
\$ 0.35	-	45,000	November 20, 2012
\$ 0.35	-	100,000	December 20, 2012
\$ 0.35	-	100,000	March 01, 2011
\$ 0.35	-	25,000	June 09, 2011
\$ 0.25	637,660	1,275,340	February 06, 2014

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12. Contributed Surplus

Contributed surplus consists of expired stock options and warrants. A summary of changes to contributed surplus is as follows:

Balance - September 30, 2009	\$ 1,095,430
Warrants expired	-
Options cancelled	<u>-</u>
Balance - December 31, 2009	<u>\$ 1,095,430</u>

13. Related Party Transactions

During the period ended December 31, 2009, the Company:

- a) Incurred consulting fees of \$35,000 with a company controlled by a director. The Company also incurred consulting fees of \$17,500 with two individuals related to this director. The director is also an officer and a shareholder.
- b) Incurred rental expenses of \$17,684 and advertising and promotional charges of \$3,481 with a company in which a director of the Company is an officer and director. As at December 31, 2009, \$6,169 was included in prepaid expenses. The director is also an officer and a shareholder.
- c) Incurred consulting fees of \$29,000 with a company controlled by a former officer.
- d) Incurred fees of \$26,314 with a legal firm in which a former director of the Company is a partner. As at December 31, 2009, \$26,314 was included in accounts payable and accrued liabilities.
- e) Incurred management fees of \$42,490 and vehicle rental expenses of \$11,716 with a company controlled by a director.
- f) Incurred fees of \$28,038 with an accounting firm in which an officer of the Company is a partner. As at December 31, 2009, \$13,500 was included in accounts payable and accrued liabilities.
- g) Incurred consulting fees of \$15,000 with a company controlled by a director.

14. Commitments

During the year ended September 30, 2008, the Company amended an existing agreement which called for the provision of financial and corporate advisory services in exchange for the quarterly issuance of 60,000 common shares of the Company until January 31, 2010. This agreement was amended to replace the quarterly issuance of 60,000 common shares of the Company with a quarterly fee of \$24,000 payable in cash, or at the Company's option and subject to regulatory approval, common shares of the Company.

Macusani Yellowcake Inc.

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14. Commitments (continued)

During the year ended September 30, 2008, the Company amended an existing agreement which called for the provision of corporate consulting services in exchange for an annual fee of \$60,000 payable monthly and the quarterly issuance of 30,000 common shares of the Company until January 31, 2010. This agreement was amended to replace the annual fee of \$60,000 and the quarterly issuance of 30,000 common shares of the Company with an annual fee of \$125,000 payable quarterly in cash, or at the Company's option and subject to regulatory approval, common shares of the Company.

During the year ended September 30, 2008, the Company entered into a sub-leasing agreement for office premises with a company in which a director of the Company is an officer and director (see also note 13 (b)). The minimum lease obligations under this lease are as follows:

2010	\$ 33,759
2011	\$ 33,951
2012	\$ 36,061
2013	\$ 36,061
2014	\$ 33,056

The Company also expects to incur operating costs associated with this lease of approximately \$36,000 per year.

During the period ended December 31, 2009, the Company granted 1,850,000 stock options to directors, officers, employees, and consultants, all of which vest immediately. Each option entitles the holder to purchase one share of the Company's common stock at a price of \$0.25 per share until December 15, 2014. As of the date of these financial statements, the grant of the options is still subject to shareholder approval. As such, the fair value of these stock options has not been recorded in these financial statements.

15. Subsequent Events

Subsequent to the three months ended December 31, 2009, the Company:

- a) Entered into an agreement for the provision of investor relations services in exchange for an annual fee of 36,000 European Euros, payable in four installments. The agreement has a term of one year, and renews automatically each year unless cancelled in writing by either party.
- b) Issued 4,000,000 units (pursuant to a private placement) for cash proceeds of \$1,000,000. Each unit consists of one common share and 0.69 of one common share purchase warrant ("warrant"). Each whole warrant entitles the holder to acquire one common share at a price of \$0.30 per share at any time prior to January 8, 2012 (the "expiry date").

16. Environmental Obligations

The Company's mining and exploration activities are governed by Peruvian Legislative Decree No. 613. The Company is required to present environmental studies on the impact of its exploration and mining operations to the Ministry of Energy and Mines.

To date, the Company has not incurred any significant environmental liabilities.