

**ACERO-MARTIN EXPLORATION INC.**

**Consolidated Financial Statements**

**September 30, 2009**

*(unaudited – prepared by management)*

**ACERO-MARTIN EXPLORATION INC.**  
**Index to Consolidated Financial Statements**  
**September 30, 2009**  
*(Unaudited – prepared by management)*

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**MANAGEMENT'S COMMENTS ON  
UNAUDITED INTERIM FINANCIAL STATEMENTS**

The accompanying unaudited interim consolidated financial statements of Acero-Martin Exploration Inc., as at September 30, 2009 and for the three and nine months then ended have been prepared by and is the responsibility of the Company's management. In accordance with National Instrument 51 – 102, the company discloses that its auditors have not reviewed the accompanying unaudited interim financial statements as at September 30, 2009 and for the three and nine months then ended.

**ACERO-MARTIN EXPLORATION INC.**

**Consolidated Balance Sheets**

*(Unaudited – prepared by management)*

	<i>September 30, 2009</i>	<i>December 31, 2008</i>
<b>ASSETS</b>		
Current:		
Cash and cash equivalents	\$ 56,061	\$ 199,628
Accounts receivable	110,873	131,950
Prepaid expenses and deposit	35,721	40,098
	<u>202,655</u>	371,676
Property, plant and equipment	433,741	509,267
Resource properties	5,830,551	5,830,551
	<u>\$ 6,466,947</u>	<u>\$ 6,711,494</u>
<b>LIABILITIES</b>		
Current:		
Accounts payable and accrued liabilities	\$ 846,679	\$ 1,192,159
Deposit payable	300,000	-
	<u>\$ 1,146,679</u>	<u>\$ 1,192,159</u>
<b>SHAREHOLDERS' EQUITY</b>		
Capital stock	48,498,094	48,022,134
Contributed surplus	4,614,266	4,574,762
Deficit	(47,792,092)	(47,077,561)
	<u>5,320,268</u>	<u>5,519,335</u>
	<u>\$ 6,466,947</u>	<u>\$ 6,711,494</u>

*APPROVED ON BEHALF OF THE BOARD:*

\_\_\_\_\_  
"Stewart Jackson" Director

\_\_\_\_\_  
"Michael Scholz" Director

**ACERO-MARTIN EXPLORATION INC.**  
**Consolidated Statements of Loss and Deficit**  
*(unaudited – prepared by management)*

	<i>Three Months Ended September 30, 2009</i>	<i>Three Months Ended September 30, 2008</i>	<i>Nine Months Ended September 30, 2009</i>	<i>Nine Months Ended September 30, 2008</i>
<b>Revenues</b>				
Interest and sundry	\$ 53,276	\$ 531	\$ 73,522	\$ 5,398
<b>Expenses</b>				
Amortization	9,088	14,563	29,828	65,502
Bank charges and interest	2,944	5,140	5,312	16,207
Consulting fees	-	30,697	-	93,897
Interest	10,000	16,000	10,000	32,000
Management fees	-	63,000	31,500	162,000
Mineral property exploration	710	415,608	95,895	1,985,194
Office rent and miscellaneous	4,293	55,651	97,319	153,877
Printing and shareholders' information	10,214	16,488	11,900	67,106
Professional fees	75,048	21,585	96,693	117,116
Stock-based compensation	-	20,430	39,504	605,342
Stock exchange fees and filing fees	6,743	2,674	11,793	15,300
Telephone and utilities	3,579	-	16,049	-
Travel and business development	2,740	24,520	14,655	120,563
Transfer agent fees	18,953	4,741	29,742	22,396
Wages	31,208	110,165	226,967	266,314
	<u>175,520</u>	<u>801,262</u>	<u>717,157</u>	<u>3,722,814</u>
Loss before the under-noted	(122,244)	(800,731)	(643,635)	(3,717,416)
Foreign exchange gain (loss)	<u>34,111</u>	<u>127,999</u>	<u>(70,896)</u>	<u>(124,132)</u>
Net loss for the period	(88,133)	(928,730)	(714,531)	(3,841,548)
Deficit, beginning of period	<u>(47,703,959)</u>	<u>(45,352,123)</u>	<u>(47,077,561)</u>	<u>(42,439,305)</u>
Deficit, end of period	<u>\$ (47,792,092)</u>	<u>\$ (46,280,853)</u>	<u>\$ (47,792,092)</u>	<u>\$ (46,280,853)</u>
Basic and diluted loss per share	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	<u>\$ (0.06)</u>
Weighted average number of shares	<u>98,703,578</u>	<u>69,316,884</u>	<u>98,703,578</u>	<u>69,316,884</u>

**ACERO-MARTIN EXPLORATION INC.**

**Consolidated Statements of Cash Flows**

*(unaudited – prepared by management)*

	<i>Three Months Ended September 30, 2009</i>	<i>Three Months Ended September 30, 2008</i>	<i>Nine Months Ended September 30, 2009</i>	<i>Nine Months Ended September 30, 2008</i>
Cash flows from (used in) operating activities				
Net loss for the period	\$ (88,133)	\$ (928,730)	\$ (714,531)	\$ (3,841,548)
Item not involving cash				
Amortization	9,088	14,563	29,828	65,502
Stock-based compensation	-	20,430	39,504	605,342
	<u>(79,045)</u>	<u>(893,737)</u>	<u>(645,199)</u>	<u>(3,170,704)</u>
Net change in non-cash working capital balances	<u>(505,200)</u>	183,843	<u>(274,328)</u>	744,561
	<u>(584,245)</u>	<u>(709,894)</u>	<u>(919,527)</u>	<u>(2,426,143)</u>
Cash flows used in investing activities				
Acquisition of equipment	-	(1,183)	-	(67,512)
	<u>-</u>	<u>(1,183)</u>	<u>-</u>	<u>(67,512)</u>
Cash provided by financing activities				
Note payable	150,000	(400,000)	300,000	-
Issuance of capital stock	480,000	1,638,725	480,000	2,471,726
Share issue costs	(8,540)	(78,449)	(4,040)	(146,400)
Subscription receivable	-	(248,500)	-	(248,500)
Funds advanced for share subscription	-	166,002	-	166,002
	<u>621,460</u>	<u>1,077,778</u>	<u>775,960</u>	<u>2,242,828</u>
Increase (decrease) in cash during the period	37,215	366,701	(143,567)	(250,827)
Cash, beginning of period	18,846	161,619	199,628	779,147
Cash, end of period	<u>\$ 56,061</u>	<u>\$ 528,320</u>	<u>\$ 56,061</u>	<u>\$ 528,320</u>
Supplementary information:				
Interest paid	<u>\$ 10,000</u>	<u>\$ 16,000</u>	<u>\$ 10,000</u>	<u>\$ 32,000</u>
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**ACERO-MARTIN EXPLORATION INC.**  
**Notes to the Consolidated Financial Statements**  
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1. NATURE AND BASIS OF OPERATIONS

The Company is in the process of exploring its resource properties and has not yet determined whether the resource properties contain reserves that are economically recoverable. The recoverability of amounts shown for the resource properties and related deferred exploration costs are dependent upon the discovery of economically recoverable reserves, confirmation of the company's interest in the underlying mineral claims, the ability of the company to obtain necessary financing to complete the development and upon future profitable production or proceeds from the disposition thereof. The business of mining and exploring for resources involves a high degree of risk and there can be no assurance that planned exploration and development programs will result in profitable mining operations. Changes in future conditions could require material write-downs of the carrying values of mineral property.

These interim consolidated financial statements should be read in conjunction with the consolidated financial statements of the company's most recently completed year ended December 31, 2008. These statements do not include all disclosures required in annual financial statements but rather are prepared in accordance with recommendations for interim financial statements in conformity with Canadian generally accepted accounting principles. These statements follow the same accounting policies and methods of their application as those followed in the December 31, 2008 consolidated financial statements.

These consolidated financial statements have been prepared using Canadian generally accepted accounting principals on the basis of a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business for the foreseeable future. The Company has incurred losses from inception and does not currently have any revenue generating operations. The Company's ability to continue as a going concern is dependent upon its ability in the future to achieve profitable operations and, in the meantime, to obtain the necessary financing to meet its obligations and repay its liabilities when they become due. External financing, predominately by the issuance of equity to the public, will be sought to finance the operations of the Company. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

	<b>September 30, 2009</b>	December 31, 2008
Working capital (deficit)	\$ (944,024)	\$ (820,483)
Deficit	<b>(47,792,092)</b>	(47,077,561)

**ACERO-MARTIN EXPLORATION INC.**  
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2. CHANGES IN ACCOUNTING POLICIES

In February 2008, the CICA issued Section 3064, *Goodwill and Intangible Assets*, replacing Section 3062, *Goodwill and Other Intangible Assets* and Section 3450, *Research and Development Costs*. The new pronouncement establishes standards for the recognition, measurement, presentation, and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The new standard does not have a material impact on the Company's consolidated financial statements.

New Accounting Pronouncements:

i. In January 2009, the CICA issued Handbook Sections 1582 - Business Combinations, 1601 - Consolidated Financial Statements and 1602 - Non-controlling Interests which replace CICA Handbook Sections 1581 - Business Combinations and 1600 - Consolidated Financial Statements. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under International Financial Reporting Standards ("**IFRS**"). Section 1582 is applicable for the Company's 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. Section 1601 is applicable for the Company's interim and annual consolidated financial statements for its 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.

ii. International Financial Reporting Standards ("**IFRS**")

In 2006, the 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 the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

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3. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of resource properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate available or committed financial resources to complete such acquisitions.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the period ended September 30, 2009. The Company is subject to externally imposed capital requirements.

4. EQUIPMENT

	<i>September 30,</i> <i>2009</i>	<i>December 31,</i> <i>2008</i>
Office Equipment	\$ 94,312	\$ 94,560
Computers	119,875	122,218
Camp and Equipment	428,127	463,672
	<b>642,314</b>	680,450
Accumulated amortization	<b>(208,573)</b>	(171,183)
	<b>\$ 433,741</b>	\$ 509,267

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5. ACQUISITION

On May 26, 2004, Acero-Martin acquired 100% of the shares of Canper Exploraciones, S.A.C. by issuing 4,000,000 common shares of which 1,000,000 common shares are contingent on future reserves. The shares are to be issued as follows:

- a) 1,000,000 common shares at approval date, November 2, 2004 (issued)
- b) 500,000 common shares in six months (issued)
- c) 500,000 common shares in twelve months (issued)
- d) 500,000 common shares in twenty four months (issued)
- e) 500,000 common shares in thirty six months (issued)
- f) 500,000 common shares upon indication of not less than 750,000 oz. of gold reserves
- g) 500,000 common shares upon indication of not less than 2,500,000 oz. of gold reserves.

The acquisition has been accounted for by the purchase method with the fair value of the consideration paid being allocated to the fair value of the identifiable assets and liabilities acquired. The following is a summary of the net assets acquired at fair values:

Cash	\$	3,055
Other current assets		10,625
Equipment		2,324
Mineral properties		1,505,490
Current liabilities		(446,994)
		_____
Net assets acquired	\$	1,074,500
Purchase consideration:		
Capital Stock	\$	1,004,500
Finder's fees		70,000
		_____
	\$	1,074,500

Based on the purchase method used, consideration received including certain mineral properties exploration rights in Peru while purchase consideration rendered including share capital allotted to be issued in future years in accordance to dates mentioned above.

**ACERO-MARTIN EXPLORATION INC.**  
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6. RESOURCE PROPERTIES

A) Yukon, Canada

a) *Red Mountain Property*

The Company has 80% interest in 52 mineral property claims located in the Yukon Territory Canada, known as the Red Mountain Property. The agreement requires the Company to expend \$1,500,000 on the property over a 30 month period. As of December 31, 2006 the total commitment has been expended. The vendor was reimbursed for 75% of total out of pocket exploration expenditure incurred previously and has retained 2% overriding net smelter royalty.

The Red Mountain property has been basically inactive for three years with only insignificant amount of exploration activities done. In accordance with the Canadian GAAP, cost capitalized at mineral properties that have been inactive for three years should be written off. The Company is still planning to perform some exploration activities on the Yukon properties but the timing is unsure due to limits in financing resources. As a result, the Company has decided to write off the Red Mountain property in 2008 a nominal value of \$1.

b) *Hobo Creek*

The Company has also entered into an option agreement in July 2004 with Regent Ventures Ltd. to acquire 50% interest in Hobo Creek, Red Mountain area owned by Regent Ventures Ltd. The Company has issued to Regent 350,000 share purchase warrants at \$0.55 per share exercisable before July 15, 2005. The Company is required to incur the following expenditures:

- i) Expenditures of at least \$300,000 on or before November 30, 2004.
- ii) Expenditures of at least \$800,000 on or before November 30, 2005.
- iii) Expenditures of at least \$1,500,000 on or before November 30, 2006.

Regent Ventures Ltd. will retain a 1% Net Smelter Royalty with respect to its claims. The Company has decided not to continue with this project and wrote off the deferred cost in October 2005.

B) Peru Pinaya Property

During 2004 the Company acquired a 100% interest in Canper Exploraciones S.A.C. Canper Exploraciones, S.A.C. owns an option to acquire the mineral rights for the Pinaya Property in Southern Peru. The option agreement requires the Company to pay to the owners of the mineral rights the following amounts on the following times:

- a) U.S. \$200,000 when the public deed is executed on the transfer of the option agreement  
(May 26, 2004) (paid).
- b) U.S. \$100,000 payable six month from May 26, 2004 (paid)
- c) U.S. \$240,000 payable 12 month from May 26, 2004 (paid)
- d) U.S. \$860,000 payable 24 month from May 26, 2004 (paid)
- e) U.S. \$1,100,000 payable 36 month from May 26, 2004 (paid)

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6. RESOURCE PROPERTIES, continued

B) Peru Pinaya Property, continued

In addition the Company acquired some surface rights during the year for part of the Pinaya Property. The amount expended for surface rights total U.S. \$15,000.

*Panchito Property*

The Company purchased an undivided 100% interest to certain Peruvian mining rights. The Company has paid U.S. \$11,000 cash and issued 100,000 shares.

*La Mamita Property*

The Company purchased mining rights in the La Mamita Concession in Peru. The Company paid \$25,000 and issued 25,000 common shares.

*Don Pedro 2000*

The Company purchased by way of option the rights to the property called the Don Pedro 2000 concession in Peru. The Company paid U.S. \$40,000 (2005 U.S. \$70,000) with additional payments of the option of U.S. \$140,000 as follows:

\$U.S.	Due Date
20,000	January 9, 2007 (paid)
20,000	May 9, 2007 (paid)
30,000	September 9, 2007 (paid)
30,000	January 9, 2008 (paid)
40,000	May 9, 2008 (paid)

<i>Peruvian Properties</i>	<b>September 30, 2009</b>	December 31, 2008
Acquisition costs	<b>\$ 5,830,551</b>	\$ 5,830,551

In addition to the four main concessions above, the Peruvian properties consist of other numerous concessions in one contiguous area in Peru of which detail breakdown is not shown.

7. DEPOSIT PAYABLE

The deposit was received for the subsequent LOI with Solitaire Minerals Corp.(see note 11). If the LOI is terminated, the Company shall return the deposit to Solitaire Minerals Corp within 120 days of such termination.

**ACERO-MARTIN EXPLORATION INC.**  
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8. SHARE CAPITAL

Share capital consists of an unlimited number of common shares without par value.

	<u>September 30, 2009</u>		<u>December 31, 2008</u>	
	<u>Number of Shares</u>	<u>Amount</u>	<u>Number of Shares</u>	<u>Amount</u>
Balance, beginning of period	<b>97,388,510</b>	<b>\$ 48,022,134</b>	63,566,564	\$ 45,581,699
Repurchased and cancelled during the period	-	-	(1,104,285)	(281,000)
Issued during the period:				
- for acquisition of resource properties	-	-	370,000	129,500
- for private placement	<b>12,000,000</b>	<b>480,000</b>	34,556,231	2,748,635
Share issuance costs	-	<u>(4,040)</u>	-	<u>(156,700)</u>
Balance, end of period	<u><b>109,388,510</b></u>	<u><b>\$ 48,498,094</b></u>	<u>97,388,510</u>	<u>\$ 48,022,134</u>

During the period the Company completed its 12,000,000 Unit private placement at \$0.04 per Unit, raising gross proceeds of \$480,000 and issuing Warrant Certificates for 12,000,000 Warrant Shares. Every two Warrants are exercisable into one common share at \$0.05 per share expiring August 21, 2010. A finder's fee of cash was paid representing less than 1% of the total gross proceeds raised.

Stock Options:

The Company has a stock option plan (the "Plan") for directors, senior officers, employees, consultants, and management. The Plan provides for the issuance of stock options to acquire up to a maximum of 10% of the issued and outstanding common shares of the Company. The Plan provides that the vested terms of the options and the option price may be fixed by the directors subject to the price restrictions and other requirements of the TSX Venture Exchange. Options are granted for a term not exceeding five years and the exercise price must be paid in full upon exercise price of the option.

- Options to purchase 25,000 common shares at \$0.95 per share expires October 2, 2009
- Options to purchase 200,000 common shares at \$0.90 per share expires November 26, 2009
- Options to purchase 200,000 common shares at \$0.62 per share expires August 18, 2011
- Options to purchase 200,000 common shares at \$0.50 per share expires May 1, 2012
- Options to purchase 105,000 common shares at \$0.50 per share expires June 18, 2012
- Options to purchase 500,000 common shares at \$0.30 per share expires October 19, 2012
- Options to purchase 500,000 common shares at \$0.30 per share expires February 6, 2013
- Options to purchase 500,000 common shares at \$0.30 per share expires May 16, 2013

**ACERO-MARTIN EXPLORATION INC.**  
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8. SHARE CAPITAL, continued

Stock Options:

A summary of the status of the Company's stock options as at September 30, 2009 and December 31, 2008 and changes during the period is presented below:

	Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Life
Balance, December 31, 2008	6,375,000	\$0.46	
Options issued	-	-	
Cancelled/Expired	(4,045,000)	\$0.46	
Balance, September 30, 2009	2,330,000	\$0.44	2.67 years

During the period ended September 30, 2009, the Company has recognized \$39,504 (December 31, 2008: \$548,192) in compensation upon issuance of no stock options (2008: 2,900,000). There are \$39,503 stock compensation benefits from 2007 options granted remained to be vested until 2010. The fair values of these options were determined on the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions.

	September 30, 2009	December 31, 2008
Risk-free interest rate	-	3.28%
Experienced life of options	-	5 years
Annualized volatility	-	70.38%
Dividend rate	-	0%

Options pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

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8. SHARE CAPITAL, continued

Share purchase warrants

As at September 30, 2009, the Company had warrants outstanding enabling holders to acquire the following:

- 3,514,000 share purchase warrants at an exercise price of \$0.50 until April 2, 2010.
- 13,531,039 share purchase warrants at an exercise price of \$0.06 per share until September 15, 2010.
- 1,558,350 share purchase warrants at an exercise price of \$0.06 per share until October 8, 2010.
- 12,000,000 share purchase warrants at an exercise price of \$0.05 per share until August 21, 2010.

A summary of the Company's issued and outstanding share purchase warrants as at September 30, 2009 and December 31, 2008 and changes during those years is presented below:

	<b>September 30, 2009</b>	December 31, 2008
Balance, beginning of period	18,603,389	17,512,591
Issued	12,000,000	18,778,389
Expired/cancelled	-	(17,687,591)
Exercised	-	-
<b>Balance, end of period</b>	<b>30,603,389</b>	<b>18,603,389</b>

9. RELATED PARTY TRANSACTIONS

During the period ended September 30, 2009, the Company incurred management fees of \$31,500 (2008: \$162,000) with directors and companies owned by directors.

During the period ended September 30, 2009, the Company incurred exploration expenditures and geological consulting fees of \$95,895 (2008: \$152,235) with companies owned by directors.

During the period ended September 30, 2009, the Company incurred consulting fees of \$Nil (2008: \$225) with officers of the Company.

During the period ended September 30, 2009, the Company incurred legal fees of \$24,580 (2008 \$70,915) with an officer who is principal of a law firm.

As at September 30, 2009, accounts payables includes \$84,232 (2008: \$39,312) owing to officers, directors and companies controlled by common directors and officers of the Company.

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10. SEGMENTED FINANCIAL INFORMATION

The Company's business is considered as operating in one segment, mineral exploration and development. The geographical division of the Company's total assets are as follows:

Assets	September 30, 2009	December 31, 2008
Canada	\$ 76,112	\$ 217,135
Peru	6,390,835	6,494,359
	<b>\$ 6,466,947</b>	<b>\$ 6,711,494</b>

11. SUBSEQUENT EVENTS

Subsequent to September 30, 2009 the Company entered into a Letter of Intent ("LOI") with Solitaire Minerals Corp. Pursuant to the terms of the LOI, Solitaire Minerals Corp. will acquire up to a 75% interest in the Company's Pinaya Gold/Copper Deposit located in southern Peru as well as the Minas Lucho Property and the La Mamita Property for incurring exploration costs totaling US\$6,400,000, plus a payment to the Company of US\$2,400,000 on or before December 31, 2012. Pursuant to this transaction, the Company will retain a 1.5% net smelter royalty. The final LOI will be subject to regulatory approval, and a final definitive agreement.

Subsequent to September 30, 2009 the TSX Venture Exchange approved the Company's share consolidation which was approved by the shareholders at the Company's Annual and Special General Meeting held on August 27, 2009. Effective as of the opening of trading on the TSX Venture Exchange, on Wednesday, October 7, 2009, the Company commenced trading its common shares on a consolidated basis of one (1) post-consolidated common share for every four (4) pre-consolidated common shares held. The Company's name remained the same but the Company's trading symbol will change from ASD to AMG. The Company's current issued and outstanding share capital is 109,388,510 common shares and the Company had 27,347,128 common shares issued and outstanding post-consolidation.

Subsequent to September 30, 2009, the Company entered into an option agreement, which was subsequently amended on April 4, 2002 and again on May 12, 2002, with 629281 B.C. Ltd., to acquire a 75% interest in 52 contiguous mineral property claims located in the Mayo Mining District, Yukon. The Company and 629281 B.C. Ltd. have agreed by way of confirmation and amending agreement dated August 31, 2009 that, notwithstanding the terms of the Option Agreement, the Company has earned an 80% interest in the Red Mountain Property subject to a 2% Net Smelter Royalty to be paid to 629281 B.C. Ltd. following the commencement of commercial production. Under the terms of the Confirmation and Amending Agreement, in consideration of B.C. Ltd., the Company has agreed to issue 175,000 post-consolidated common shares in the capital of the Company to 629281 B.C. Ltd.

Subsequent to September 30, 2009, the Company received TSX Venture Exchange approval to amend the terms of a total of 31,002,231 (pre consolidated) Share Purchase Warrants whereby the exercise price is reduced from \$0.10 (pre consolidated) per share to \$0.06 (pre consolidated) per share, and the expiry date is extended by one year. As permitted by the TSX, the number of the Warrants, as amended, to be exercised by insiders is limited to no more than 10% of the total held by insiders, distributed pro rata among those insiders holding Warrants. The balance of the Warrants held by insiders will expire at the new date but pursuant to the original price terms of the Warrants.