RESINCO™
CAPITAL PARTNERS

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2010 and 2009

(Audited)

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers LLP
Chartered Accountants
PricewaterhouseCoopers Place
250 Howe Street, Suite 700
Vancouver, British Columbia
Canada V6C 3S7
Telephone +1 604 806 7000
Facsimile +1 604 806 7806
www.pwc.com/ca

March 31, 2011

Independent Auditor's Report

To the Shareholders of Resinco Capital Partners Inc.

We have audited the accompanying consolidated financial statements of Resinco Capital Partners Inc., and its subsidiaries, which comprise the consolidated balance sheets as at December 31, 2010 and 2009 and the consolidated statements of operations, comprehensive income and deficit, and cash flows for the years then ended, and the related notes including a summary of significant accounting policies.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Resinco Capital Partners Inc. and its subsidiaries as at December 31, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants

RESINCO CAPITAL PARTNERS INC.
CONSOLIDATED BALANCE SHEETS
AS AT DECEMBER 31
(IN THOUSANDS OF CANADIAN DOLLARS)

	2010	2009
ASSETS		
Investments (Note 4)	$ 28,428	$ 16,890
Cash and cash equivalents	200	178
Due from related parties (Note 10(b))	553	544
Accounts receivable	34	52
Deposits and prepaid expenses	59	86
Loans receivable	-	114
Related party loans receivable (Note 10(d))	75	-
Property and equipment (Note 5)	90	109
	$ 29,439	$ 17,973
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Accounts payable and accrued liabilities (Note 6)	$ 1,746	$ 784
Shareholders' equity		
Share capital (Note 8)	39,681	39,126
Contributed surplus (Note 8)	8,624	8,816
Deficit	(20,612)	(30,753)
	27,693	17,189
	$ 29,439	$ 17,973

Measurement uncertainty – Investments (Note 2(a))
Commitments (Note 13)

On behalf of the Board:

"John Icke" Director *"Ron Shorr"* Director

- See accompanying notes to the consolidated financial statements -

RESINCO CAPITAL PARTNERS INC.
CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE INCOME AND DEFICIT
FOR THE YEARS ENDED DECEMBER 31
(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT FOR PER SHARE AMOUNTS)

		2010		2009
REVENUES				
Loss on disposal of investments, net	$	(3,730)	$	(1,115)
Unrealized gain on investments, net		16,911		6,584
Interest, rental, and other revenue		147		30
Service revenue		307		800
		13,635		6,299
EXPENSES				
General and administrative		3,086		2,724
Amortization		28		53
Bad debts		-		445
Impairment loss on related party loans receivable (Note 10(d))		7		126
Interest expense		-		3
Loan impairment		31		-
Project investigation and due diligence costs		155		413
Recovery of bad debts		(18)		(491)
Reversal of loan impairment		-		(2,252)
Stock-based compensation (Notes 8 and 9)		224		234
Transaction costs		57		271
Write down of fixed assets		-		22
Foreign exchange (gain) loss		4		(6)
Total expenses		3,574		1,542
Income before income taxes		10,061		4,757
Income tax recovery (expense) (Note 7)		80		(80)
Net income and comprehensive income for the year		10,141		4,677
Deficit beginning of year		(30,753)		(35,430)
Deficit, end of year	$	(20,612)	$	(30,753)
Basic and diluted earnings per share	$	0.08	$	0.04
Weighted average number of common shares outstanding (Note 2)				
Basic		120,731,145		113,146,880
Diluted		121,344,424		113,665,178

- See accompanying notes to the consolidated financial statements -

RESINCO CAPITAL PARTNERS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31
(IN THOUSANDS OF CANADIAN DOLLARS)

		2010		2009
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES				
Net income for the year	$	**10,141**	$	4,677
Items not affecting cash:				
Loss on disposal of investments, net		**3,730**		1,115
Unrealized gain on investments, net		**(16,911)**		(6,584)
Future income tax expense (recovery)		**-**		80
Expense by transfer of shares		**90**		-
Reversal of loan impairment by receipt of shares		**-**		(219)
Bad debts		**-**		445
Impairment on loan		**21**		126
Impairment loss / write downs		**-**		333
Income received in shares of investee		**(108)**		-
Stock-based compensation		**224**		234
Loan fee by receipt of shares		**(50)**		-
Amortization		**28**		53
		(2,835)		260
Changes in non-cash working capital items:				
(Increase) in accounts receivable		**-**		(739)
Decrease in deposits and prepaid expenses		**27**		129
Increase in accounts payable and accrued liabilities		**1,076**		250
Net cash used in operating activities		**(1,732)**		(100)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES				
Purchase of investments		**(1,647)**		(2,466)
Proceeds from disposal of investments		**3,606**		1,652
Net (advance) repayment of loans		**(203)**		74
Purchase of property and equipment		**(8)**		-
Net cash from investing activities		**1,748**		(740)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES				
Proceeds from exercise of stock options		**6**		18
Net cash from financing activities		**6**		18
Increase (decrease) in cash and cash equivalents during the year		**22**		(822)
Cash and cash equivalents, beginning of year		**178**		1,000
Cash and cash equivalents, end of year	**$**	**200**	$	178

Supplementary cash flow information		
Shares received for loan settlement	**151**	**783**
Shares received for accounts receivable settlement	**108**	**77**
Options exercised by offset to accounts payable and accrued liabilities	**133**	**-**
Issue of units for equity investment exchange	**-**	**641**

- See accompanying notes to the consolidated financial statements -

1. NATURE OF OPERATIONS

Resinco Capital Partners Inc. ("Resinco" or "the Company") is a global investment company which specializes in providing early-stage financing to private and public exploration and mining companies in the hard rock minerals, precious metals, rare-earth minerals, oil, gas, water and renewable energy markets.

On March 3, 2006, the Company began trading as a Tier 1 listed issuer on the TSX Venture Exchange ("TSX-V") and graduated to the Toronto Stock Exchange ("TSX") on September 24, 2007, and trading under the ticker symbol: "RIN".

2. SIGNIFICANT ACCOUNTING POLICIES

Management has prepared these consolidated financial statements of the Company in accordance with Canadian generally accepted accounting principles. These consolidated financial statements include inactive subsidiaries. The Company is considered an Investment Company under the guidelines set out in the Canadian Institute of Chartered Accountants ("CICA") Accounting Guideline 18, *Investment Companies* ("AcG-18").

(a) Investments

At the end of each financial reporting period, the Company's management estimates the fair value of its investments based on the criteria below and records such valuations in the consolidated financial statements.

(i) Public Investments

Investments in shares of public companies traded on an active market are recorded at fair values based upon the closing bid prices at the balance sheet date. If an active market does not exist the investments are recorded at fair value using a valuation technique based upon Management's estimates which consider reliable, observable market inputs.

The amounts at which investments in public companies could be disposed of may differ from fair values based upon market bid prices, as the value at which significant ownership positions are sold is often different from a quoted market price due to a variety of factors such as premiums paid for large blocks or discounts due to a lack of liquidity.

(ii) Private Investments

All investments in private companies are initially recorded at cost, being the fair value at the time of acquisition. Thereafter, at each reporting period, the fair value of an investment may, depending upon the circumstances, be adjusted using one or more of the valuation indicators described below.

The determinations of fair value of the Company's investments in private companies at other than initial cost are subject to certain limitations. Financial information for private companies in which the Company has investments may not be available or, if available, that information may be limited and/or unreliable. Use of the valuation approach described below may involve uncertainties and determinations based on Management's judgment and any value estimated from these techniques may not be realized or realizable.

The following circumstances are used to determine if the fair value of an investment in a private company should be adjusted upward or downward at the end of each reporting period. In addition to the events described below, which may affect a specific investment, Management will take into account general market conditions when valuing the Company's investments. Absent the occurrence of any of these events or any significant change in general market conditions, the fair value of the investment is left unchanged.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

The fair value of an investment in a private company may be adjusted upward if:

1) There has been a significant subsequent equity financing provided by outside investors at a valuation above the current fair value of the investee company. In this instance, the fair value of the investment is adjusted to the value at which the financing took place; or

2) There has been significant corporate, political, operating and/or economic events affecting the investee company that, in Management's opinion, have a positive impact on the investee company's prospects and, therefore, its fair value.

In the circumstances where general market conditions so warrant, an adjustment to the fair value of an investment will be based on Management's judgment and any value estimated may not be realized and may differ from values that might be determined if a ready market existed.

The fair value of an investment in a private company may be adjusted downward if:

1) There has been a significant subsequent equity financing provided by outside investors at a valuation below the current fair value of the investee company. In this instance, the fair value of the investment is adjusted to the value at which the financing took place; or

2) The investee company is placed into receivership or bankruptcy; or

3) Based on financial information received from the investee company it is apparent to Management that the investee company is unlikely to be able to continue as a going concern; or

4) There has been significant corporate, political, operating and/or economic events affecting the investee company that, in Management's opinion, have a negative impact on the investee company's prospects and, therefore, its fair value.

In the circumstances where general market conditions so warrant, an adjustment to the fair value of an investment will be based on Management's judgment and any value estimated may not be realized and may differ from values that might be determined if a ready market existed. Warrants and options not traded on a recognized securities exchange are recorded at fair value using a valuation technique that considers the exercise price, the closing bid price of the underlying shares, time value adjustment, volatility and liquidity.

Accordingly, the amounts at which investments in privately-held companies could be disposed of may differ from the carrying value determined due to the uncertain reliability of information available to, and determinations reached by, Management. Any fair value determined by these techniques may or may not be realized in the future.

The fair value of any options or warrants that the Company holds, for both private and publicly traded companies, is calculated each reporting period using the Black-Scholes pricing model.

Transaction costs incurred in the purchase and sale of investments, such as brokerage commissions, are recorded as an expense in the consolidated statements of operations. Purchases and sales of securities are accounted for on a trade-date basis.

The Company also incurs costs to investigate certain early stage projects and other potential investment opportunities to determine whether an investment will be made. These costs are expensed as incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

(b) Cash and cash equivalents

Cash and cash equivalents are reported at fair value and consist of highly liquid investments that are readily convertible into known amounts of cash and have original maturities of three months or less.

(c) Property and equipment

Property and equipment are recorded at cost, less accumulated amortization. Expenditures for additions are capitalized. Expenditures for maintenance and repairs are charged to earnings. Upon retirement, or disposal, the cost and related amortization are removed from the accounts and any gain or loss is reflected in earnings. Property and equipment are amortized over the asset's estimated useful life as follows:

Computer equipment	30% declining balance
Furniture and fixtures	20% declining balance

Leasehold improvements are amortized over the term of the lease.

Management assesses the carrying value of long-lived assets for recoverability whenever events or changes in circumstances indicate that the carrying value may not be recoverable from future undiscounted cash flows. An impairment loss equal to the difference in the asset's carrying value and its fair value is recognized in the period in which the determination is made.

(d) Revenue recognition

Security transactions are recorded on a trade-date basis. Realized gains and losses on the disposal of investments and unrealized gains and losses in the fair value of investments are reflected in the consolidated statement of operations and are calculated on an average-cost basis. Upon disposal of an investment, previously recognized unrealized gains or losses are reversed, so as to recognize the full realized gain or loss in the period of disposition.

Interest is recorded on an accrual basis when reasonable assurance exists regarding measurement and collectability.

Revenue for corporate and advisory services is recognized when persuasive evidence of an arrangement exists, services have been rendered, the price is fixed or determinable and collectability is reasonably assured.

(e) Loan impairment

Loans are accounted for at their face value net of any allowance for loan impairment. When a loan is deemed to be impaired, its carrying amount is reduced to its estimated realizable amount which is measured by discounting expected future cash flows at the effective interest rate inherent in the loans, if such future cash flows can be reasonably estimated. Otherwise the net realizable amount is measured as the net recoverable value of any security pledged as collateral for the loan. The amount initially recognized as impairment, together with any subsequent change, is charged to the allowance for loan impairment. A write-off of the loan will occur when the loan is believed to have no reasonable expectation of collectability.

(IN THOUSANDS OF CANADIAN DOLLARS)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

(f) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rate of exchange prevailing at the balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at historical rates. Revenues and expenses denominated in foreign currencies are translated into Canadian dollars at rates of exchange prevailing at the transaction dates. Gains or losses arising from the translation of foreign currencies are included in the determination of net income for the period.

(g) Non-monetary transactions

Transactions in which shares or other non-cash consideration are exchanged for assets or services are valued at the fair value of the assets or services involved in accordance with Section 3831, "Non-monetary Transactions", of the Canadian Institute of Chartered Accountants Handbook ("CICA Handbook").

(h) Stock-based compensation

The Company has a stock option plan as described in Note 9. Management uses the Black-Scholes option pricing model to estimate the fair value of each stock option at the date of grant. The value of stock options granted to employees, directors and consultants is recorded as stock-based compensation expense and credited to contributed surplus. The value of any stock options issued as compensation for private placements and other financings is recorded as share issue costs and credited to contributed surplus. Any consideration received from the exercise of stock options is credited to share capital and the appropriate amount of the options' fair value is reallocated from contributed surplus to share capital.

(i) Earnings (loss) per share

Basic earnings (loss) per share ("EPS") is computed by dividing the net income (loss) for the period by the weighted average number of common shares outstanding during the year. To compute diluted earnings (loss) per share, adjustments are made to common shares outstanding. The weighted average number of common shares outstanding is adjusted to include the number of additional common shares that would be outstanding if, at the beginning of the period or at time of issuance, all options and warrants were exercised. The proceeds from exercise would be used to purchase the Company's common shares at their average market price during the period, which would reduce the weighted average number of common shares outstanding as calculated under basic earnings per share. If this computation is anti-dilutive, diluted loss per share is the same as basic loss per share. The dilutive share data information for the years ended December 31, 2009 and 2010 are summarized as follows:

	2010	2009
Basic weighted average number of common shares outstanding	120,731,145	113,146,880
Effect of dilutive securities:		
Stock options	613,279	518,298
Diluted weighted average number of common shares outstanding	121,344,424	113,665,178

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

(j) Income taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, the estimated income taxes payable for the current period are recognized. Future income tax assets and liabilities are recognized when a temporary difference between the tax basis and the accounting basis of an asset and/or liability exists. Future income tax assets and liabilities are recorded using substantively-enacted tax rates.

(k) Use of estimates and measurement uncertainty

The preparation of consolidated financial statements in conformity with Canadian GAAP requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Significant areas requiring the use of estimates and assumptions include the determination of the fair value of investments and loans, the allowance for doubtful accounts, loan impairment provisions, recognition of future income tax assets and stock-based transactions. Actual results may differ from those estimates.

3. ADOPTION OF NEW ACCOUNTING STANDARDS

Financial Instruments – Disclosures

In June 2009, CICA Handbook Section 3862, "Financial Instruments – Disclosures" was amended to reflect the corresponding amendments made in March 2009 by the International Accounting Standards Board to IFRS 7, "Financial Instruments – Disclosures".

The amendments require that all financial instruments measured at fair value be classified as one of three hierarchy levels set out below for disclosure purposes (see Note 12(b)). Each level is based on the transparency of the inputs used to measure the fair value of the assets or liabilities.

Level 1: Inputs are unadjusted quoted prices of identical instruments in active markets;
Level 2: Valuation models which utilize predominantly observable market inputs; and
Level 3: Valuation models which utilize predominantly non-observable market inputs.

The classification of a financial instrument in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value. The amendments to Section 3862 also require additional disclosure relating to the liquidity risk associated with financial instruments (see Note 12(c)). The amendments improve disclosure of financial instruments specifically as it relates to fair value measurement and liquidity risk. The adoption of the amendments did not impact the Company's financial position or results of operations.

3. ADOPTION OF NEW ACCOUNTING STANDARDS (cont'd...)

New Accounting Pronouncements

The recent accounting pronouncements that have been issued as new sources of GAAP, but are not yet in effect, are described below:

Business combinations

In January 2008, the CICA introduced Handbook Section 1582, "Business Combinations", to replace Handbook Section 1581, "Business Combinations", and Sections 1601, "Consolidated Financial Statements", and 1602, "Non-controlling Interests", to replace Handbook Section 1600, "Consolidated Financial Statements". The adoption of Section 1582 and Sections 1601 and 1602 collectively provides the Canadian equivalent to IFRS 3 "Business Combinations", and International Accounting Standards ("IAS") 27, "Consolidated and Separate Financial Statements". CICA 1582 applies prospectively to business combinations for which the acquisition date is on or after January 1, 2011. CICA 1601 and CICA 1602 apply to interim and annual consolidated financial statements relating to years beginning on or after January 1, 2011. Management is currently reviewing the impact of this standard and does not expect any significant impact on its consolidated financial statements.

International Financial Reporting Standards (IFRS)

Canadian publicly listed enterprises are generally required to adopt IFRS in replacement of Canadian generally accepted accounting principles ("GAAP") on January 1, 2011. This transition would require the Company to present its financial statements under IFRS starting with its first quarterly report dated March 31, 2011, with restated comparative information for the comparative quarter of March 31, 2010, also under IFRS. The conversion to IFRS will impact the Company's accounting policies, information technology processes and financial reporting systems, including internal controls over financial reporting, data systems and disclosure controls and procedures. The transition may also impact certain business processes, accounting for contractual agreements, debt covenants and compensation arrangements.

The Company has elected to defer adoption of IFRS until no later than January 1, 2013. This election is permitted by the Canadian Accounting Standards Board ("AcSB") and applies to Investment Companies and Segregated Accounts of Life Insurance Enterprises. The decision is in response to the International Accounting Standards Board's announcement in late 2010 that its Investment Company project is delayed and will not likely be issued before January 1, 2012. The current rules under IFRS are inconsistent with the rules followed by the Company pursuant to Accounting Guideline 18.

(IN THOUSANDS OF CANADIAN DOLLARS)

4. INVESTMENTS

At December 31, 2010, the Company held the following investments:

Investee	Shares	Warrants	Options	Cost	Fair Value
Public companies:					
Woulfe Mining Corp. (formerly Oriental Minerals Inc.) (i)	25,792,353	1,250,000	-	$ 5,752	$ 7,461
Terreno Resources Corp. (formerly Mega Moly Inc.) (i)	7,288,267	1,666,667	120,000	1,142	5,176
Cue Resources Ltd. (i)	18,901,850	8,860,715	-	5,055	3,991
Lions Gate Metals Inc. (i)	3,167,437	1,225,387	-	4,104	3,034
Pacific Coast Nickel Corp. (i)	12,268,500	-	-	1,034	2,147
Salmon River Resources Ltd. (i)	3,370,338	-	-	386	1,449
Tanzania Minerals Corp. (i)	1,248,000	-	-	69	911
Macarthur Minerals Ltd.	-	500,000	-	-	910
Shoal Point Energy Ltd.	2,470,000	625,000	-	247	904
Teslin River Resources Corp. (i)	10,216,420	1,000,000	-	908	725
Mesa Uranium Corp.	575,000	187,500	-	125	673
Source Exploration Corp.	-	594,360	-	-	216
Galena Capital Corp.	6,000,000	2,000,000	-	300	216
Finavera Renewables Inc. (i)	2,070,522	-	-	113	176
Total of 6 other public company investments, each valued under $150				2,529	331
Total value of public company investments				$ 21,764	$ 28,320
Private companies:					
Tarim Resources Company Inc.	2,500,000	-	-	625	54
Altus Agritech Inc.	100,000	-	-	100	32
Total of 14 other private company investments, each valued under $30				6,536	22
Total value of private company investments				$ 7,261	$ 108
Total value of investments				$ 29,025	$ 28,428

(i) Director or officer of Resinco is also a director or officer of the investee company.

(IN THOUSANDS OF CANADIAN DOLLARS)

4. INVESTMENTS (cont'd...)

At December 31, 2009, the Company held the following investments:

Investee	Shares	Warrants	Options	Cost	Fair Value
Public companies:					
Woulfe Mining Corp. (formerly Oriental Minerals Inc.) (i)	21,649,612	4,974,741	-	$ 5,682	$ 2,746
Mega Moly Inc. (i)	28,108,000	-	600,000	892	2,569
Lions Gate Metals Inc. (i)	2,827,937	1,099,137	-	3,838	2,498
Maudore Minerals Ltd. (i)	500,000	-	-	1,123	2,150
Cue Resources Ltd. (i)	12,520,735	4,575,000	-	4,546	1,282
Teslin River Resources Corp. (i)	10,716,420	-	-	998	804
Pinetree Capital Ltd.	360,000	-	-	640	763
Pacific Coast Nickel Corp. (i)	10,768,500	-	-	929	538
Salmon River Resources Ltd. (i)	2,137,005	-	-	236	331
Galena Capital Corp.	2,000,000	-	-	100	150
Mesa Uranium Corp.	375,000	187,500	-	75	126
Hansa Resources Ltd.	1,509,500	-	-	214	106
Finavera Renewables Inc. (i)	2,070,522	-	-	113	104
Total of 5 other public company investments, each valued under $100				2,194	119
Total value of public company investments				$ 21,580	$ 14,286
Private companies:					
UrAmerica PLC	4,182,983	-	-	$ 699	$ 2,050
Candente Gold Corp..	375,000	187,500	-	150	197
Tarim Resources Company Ltd.	2,500,000	-	-	625	144
Total of 16 other private company investments, each valued under $100				11,344	213
Total value of private company investments				$ 12,818	$ 2,604
Total value of investments				$ 34,398	$ 16,890

(i) Director or officer of Resinco is also a director or officer of the investee company.

(IN THOUSANDS OF CANADIAN DOLLARS)

5. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	Net Book Value
Balance, December 31, 2010			
Computer equipment	$ 161	$ 116	$ 45
Furniture and fixtures	162	122	40
Leasehold improvements	6	1	5
	$ 329	$ 239	$ 90
Balance, December 31, 2009			
Computer equipment	$ 157	$ 98	$ 59
Furniture and fixtures	161	113	48
Leasehold improvements	2	-	2
	$ 320	$ 211	$ 109

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities is an amount in respect of an incentive compensation accrual which is payable in three equal instalments after 4, 12, and 24 months. Interest at prime plus 2% applies on any amounts unpaid by April 30, 2011. Further interest applies if any instalment is not paid by the date payable, at a rate of prime plus 10% per annum for the first 6 months, prime plus 15% for the next 6 months and prime plus 20% for any period thereafter.

(IN THOUSANDS OF CANADIAN DOLLARS)

7. INCOME TAXES

Income tax attributable to income before taxes differs from the amounts computed by applying the combined Federal and B.C. Provincial tax rate of 28.5% (2009 - 30%) on pre-tax income as follows:

		2010		2009
Income before taxes	**$**	**10,061**	$	4,757
Expected income tax expense	**$**	**2,867**	$	1,427
Non deductible expenses		**82**		80
Change in statutory tax rates		**5**		192
Change in future income tax asset valuation allowance		**(2,684)**		(1,346)
Refund of prior year taxes		**(80)**		-
Reversal of temporary differences at capital gain tax rates		**-**		(214)
Reversal of temporary differences at rate different than statutory rate		**(115)**		64
Permanent differences		**(118)**		(148)
Other differences		**(37)**		25
Income tax (recovery) expense	**$**	**(80)**	$	80

The income tax expense (recovery) consists of:

	2010	2009
Current income tax (recovery) expense	**(80)**	80

(IN THOUSANDS OF CANADIAN DOLLARS)

7. INCOME TAXES (cont'd...)

The significant components of the Company's future tax assets and liabilities are as follows:

	2010	2009
Future income tax assets:		
Share issuance costs	**$ -**	$ 118
Non- capital losses	**6,192**	7,227
Loan receivable	**8**	9
Charitable donations	**10**	10
Accrued liabilities	**158**	-
Capital losses	**175**	175
	6,543	7,539
Future income tax liabilities:		
Property and equipment	**(6)**	(7)
Unrealized losses on investments, net	**(2,979)**	(1,290)
	(2,985)	(1,297)
	3,558	6,242
Less: valuation allowance	**(3,558)**	(6,242)
Net future income tax assets	**$ -**	$ -

At December 31, 2010, the Company has approximately $24,617 (2009 - $28,393) of non-capital losses available to reduce future years' taxable income, the tax effect of which has been recorded as a future income tax ("FIT") asset before taking any valuation allowance. These non-capital losses will expire between 2027 and 2030.

The FIT asset relates primarily to the tax benefit that would arise from the realization of unrealized losses on investments. A valuation allowance against the FIT asset is recorded to the extent that the Company considers it more likely than not that all or a portion of the FIT asset will not be realized.

At December 31, 2010, the Company considered the various factors set out in CICA Handbook Section 3465 – Income Taxes in determining whether it was more likely than not that all or a portion of the FIT asset will be realized. Based on these factors, it was concluded that a full valuation allowance should be recognized.

Elements of the income tax rate reconciliation and the table describing future income tax assets and liabilities for the year ended December 31, 2009 were restated. There was no impact on assets, liabilities, or net income for that year.

(IN THOUSANDS OF CANADIAN DOLLARS)

8. SHARE CAPITAL

	Number of Shares	Amount
Authorized:		
An unlimited number of common voting shares without par value		
Issued:		
As at December 31, 2008	112,383,885	$ 38,599
Issued for share exchange (a)	6,250,000	460
Issued for exercise of stock options (b)	320,000	67
As at December 31, 2009	118,953,885	$ 39,126
Issued for exercise of stock options (c)	2,000,000	555
As at December 31, 2010	120,953,885	$ 39,681

(a) On November 17, 2009, the Company acquired 360,000 shares of Pinetree Capital Ltd. at an aggregate price of $640, in exchange for 6,250,000 units of the Company in a private placement. Each unit consists of one common share and one common share purchase warrant with each warrant exercisable at $0.15 for a period of 24 months from the date of closing. $180 was reallocated to contributed surplus representing the fair value of the warrants issued. Fair value was determined using the following parameters under the Black-Scholes pricing model:

	2009
Risk-free interest rate	1.05%-1.50%
Expected life of option	2.5 years
Annualized volatility	115%-130%
Dividend rate	0%

(b) On December 14, 2009, 320,000 stock options were exercised at $0.055 and $0.060 per share for total proceeds of $18. Pursuant to the exercise of these stock options, $49 was reallocated from contributed surplus to share capital.

(c) On January 15, 2010, and May 31, 2010, 1,620,000 stock options and 380,000 stock options, respectively, were exercised at prices from $0.055 to $0.11 per share for total proceeds of $139, including $6 of cash and $133 as a reduction in the Company's accrued liabilities. Pursuant to the exercise of these stock options, $416 was reallocated from contributed surplus to share capital.

(IN THOUSANDS OF CANADIAN DOLLARS)

8. SHARE CAPITAL (cont'd...)

Contributed Surplus

	Amount
Balance, December 31, 2008	$ 8,451
Stock-based compensation	234
Fair Value of warrants issued	180
Exercise of stock options	(49)
Balance, December 31, 2009	$ 8,816
Stock-based compensation	224
Exercise of stock options	(416)
Balance, December 31, 2010	$ 8,624

Warrants

The Company issued 6,250,000 warrants in respect of a private placement in 2009 (Note 8(a)). The warrants, exercisable at $0.15 per share and expiring on November 17, 2011, remain unexercised as at December 31, 2010, unchanged from December 31, 2009.

(IN THOUSANDS OF CANADIAN DOLLARS)

9. STOCK OPTIONS

In its discretion, the Board of Directors of the Company may from time-to-time and in accordance with Exchange requirements, grant to directors, officers, employees and consultants of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares, exercisable for a period of up to five years from the date of grant. The Company's Stock Option Plan requires that options vest 20% immediately, with 20% vesting every six months thereafter; however, the Board may change such provisions at its discretion or as required on a grant-by-grant basis.

The following is a summary of the stock option transactions during 2009 and 2010:

	Number of shares	Weighted average exercise price
Outstanding at December 31, 2008	5,990,000	$ 0.49
Granted	9,095,000	0.08
Exercised	(320,000)	0.06
Expired / forfeited	(6,265,000)	0.36
Outstanding at December 31, 2009	8,500,000	$ 0.08
Granted	1,710,000	0.11
Exercised	(2,000,000)	0.07
Expired / forfeited	(1,000,000)	0.10
Outstanding at December 31, 2010	7,210,000	$ 0.10

At December 31, 2010, the Company had outstanding stock options enabling the holders to acquire 7,210,000 shares as follows:

	Number of Options	Number Vested and Exercisable	Exercise Price	Expiry Date	Life Remaining
	100,000	100,000	$ 0.06	April 19, 2011(1)	0.30
	100,000	100,000	0.06	June 12, 2012(1)	1.45
	25,000	25,000	0.06	September 24, 2012(1)	1.73
	40,000	40,000	0.06	October 1, 2012(1)	1.75
	75,000	60,000	0.06	July 2, 2013(1)	2.50
	615,000	408,000	0.06	February 8, 2014	3.11
	300,000	100,000	0.06	July 1, 2014(1)	3.50
	250,000	150,000	0.06	July 4, 2014	3.51
	1,630,000	978,000	0.08	October 19, 2014	3.80
	2,220,000	1,140,000	0.11	November 25, 2014	3.90
	145,000	87,000	0.11	December 15, 2014	3.96
	400,000	160,000	0.10	January 5, 2015	4.02
	300,000	120,000	0.13	January 22, 2015	4.06
	250,000	100,000	0.10	February 1, 2015	4.09
	200,000	80,000	0.09	March 1, 2015	4.17
	100,000	40,000	0.09	June 1, 2015	4.42
	460,000	92,000	0.14	December 18, 2015	4.97
Total	7,210,000	3,780,000	$ 0.10		3.77

(1) Note – options exercisable between $0.15 and $1.23 were repriced to $0.055 per share on January 30, 2009.

The weighted average exercise price for options exercisable is $0.09.

(IN THOUSANDS OF CANADIAN DOLLARS)

9. STOCK OPTIONS (cont'd...)

The weighted average fair value of stock options granted during the year ended December 31, 2010 was $0.07 (2009 - $0.04), based on the fair value of the options at the date of grant using the Black-Scholes option pricing model with the following assumptions:

	2010	2009
Risk-free interest rate	**1.15%-1.50%**	1.05%-1.50%
Expected life of option	**2.5 years**	2.5 years
Annualized volatility	**125%-135%**	115%-130%
Dividend rate	**0%**	0%

10. RELATED PARTY TRANSACTIONS

(a) For the year ended December 31, 2010, the Company received or accrued revenue from related companies for rent, administrative and accounting services, and loan fees totalling $347 (2009 – $737).

(b) At December 31, 2010, the Company was owed $553 (December 31, 2009 – $544) from related parties, comprised of two components: 1) service fees earned as noted in Note 10(a) above, in the current and prior periods totaling $130 (December 31, 2009 – $159), and 2) an amount of $423 (December 31, 2009 – $385) due from the former CEO and Chairman of the Company. The Company and the former CEO and Chairman have signed a Debt Agreement in respect of the total amount owing and the amount is due on demand, unsecured, and accrues interest at 5% as of December 1, 2010 and increases five percentage points each six months thereafter, until the interest rate is 60% per annum.

(c) Companies where a director or officer of the investee company is or was also a director, officer or a member of management of the Company, and the Company holds greater than 10% of the outstanding share capital of the investee company, are as follows: Cue Resources Ltd., Lions Gate Metals Inc., Pacific Coast Nickel Corp., Terreno Resources Corp. (formerly Mega Moly Inc.), Sheen Resources Ltd. and Teslin River Resources Ltd.

(d) Loans Receivable

At December 31, 2010, the Company had related party loans receivable as follows:

Related party	**Balance December 31, 2009**	**New loans provided**	**Loans repaid in shares**	**Loans repaid in cash**	**Amount offset against accounts payable and accrued liabilities**	**Impairment**	**Balance December 31, 2010**
Cue Resources Ltd.	$ -	$ 777	$ (51)	$ (726)	$ -	$ -	$ -
John Icke	-	145	-	(75)	(70)	-	-
Sheen Resources Ltd.	-	7	-	-	-	(7)	-
Teslin River Resources Inc. *	-	125	-	(50)	-	-	75
	$ -	$ 1,054	$ (51)	$ (851)	$ (70)	$ (7)	$ 75

* The loan receivable from Teslin River Resources Inc. is unsecured, due on July 15, 2012 and bears interest at prime + 3.5%, compounded annually.

(IN THOUSANDS OF CANADIAN DOLLARS)

10. RELATED PARTY TRANSACTIONS (cont'd...)

At December 31, 2009, the Company had total related party loans receivable of $nil, as follows:

Related party	Balance December 31, 2008	New loans provided	Loans repaid in shares	Loans repaid in cash	Impairment	Balance December 31, 2009
Kyoto Planet Group Inc.	$ 210	$ -	$ -	$ (210)	$ -	$ -
Woulfe Mining Corp. (formerly Oriental Minerals Inc.)	564	-	(564)	-	-	-
Pan Asia Biofuels Inc.	54	-	-	(54)	-	-
Sheen Resources Ltd.	-	126	-	-	(126)	-
Teslin River Resources Inc.	50	-	-	(50)	-	-
	$ 878	$ 126	$ (564)	$ (314)	$ (126)	$ -

(e) The Company has a committed obligation, effective January 1, 2008, whereby the Board of Directors and corporate officers have the option to collectively participate in up to 20% of any founding stock in all new private company investments.

Transactions with related parties were conducted at the exchange amount.

11. MANAGEMENT OF CAPITAL

The Company considers the following to comprise its capital, which is equal to its net assets:

	December 31, 2010	December 31, 2009
Share capital	**$ 39,681**	$ 39,126
Contributed surplus	**8,624**	8,816
Deficit	**(20,612)**	(30,753)
Total Capital	**$ 27,693**	$ 17,189

The Company's objectives when managing capital are:

(a) To ensure that the Company maintains the level of capital necessary to meet its operational requirements;
(b) To allow the Company to respond to changes in economic and/or marketplace conditions by maintaining its ability to purchase new investments;
(c) To create sustained growth in shareholder value by increasing shareholders' equity and minimizing shareholder dilution; and
(d) To maintain a flexible capital structure which optimizes the cost of capital at acceptable levels of risk.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its underlying assets. The Company maintains or adjusts its capital level to meet its objectives, in order of preference, by:

(a) Realizing proceeds from the disposition of investments and provision of corporate services; and
(b) Raising funds through equity financings.

(IN THOUSANDS OF CANADIAN DOLLARS)

11. MANAGEMENT OF CAPITAL (cont'd...)

The Company has been able to avoid shareholder dilution by maintaining its capital and liquidity through the sale of investments and has not needed to raise funds by the issuance of equity since 2007.

The Company is not subject to any externally imposed capital requirements. Management monitors the Company's capital to ensure capital resources will be sufficient to discharge its liabilities on an on-going basis.

12. FINANCIAL INSTRUMENTS

(a) Classification

Financial instruments of a company are classified into one of five categories: "Held-for-trading", "Held-to-maturity", "Loans and receivables", "Available-for-sale" and "Other financial liabilities". All financial instruments are measured 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 accounting for changes in the value of these instruments will depend on their initial classification as follows: a) "Held-for-trading" financial assets are measured at fair value with changes in fair value recognized in the statement of operations, and b) "Available-for-sale" financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the change in value is realized or the instrument is derecognized or permanently impaired.

The Company has classified its cash and cash equivalents as "Held-for-trading". The accounting method for the Company's investments under AcG-18 is consistent with a classification as "Held-for-trading", as investments are accounted for at fair value with changes in fair value recognized in the statement of operations. Accounts receivable, amounts due from related parties, loans receivable and related party loans receivable are classified as "Loans and receivables" and are initially measured at amortized cost with a subsequent measurement reduction for an allowance for doubtful accounts or a provision for impairment, if necessary, accounts payable and accrued liabilities are classified as "Other financial liabilities".

(b) Fair value

The Company has determined the fair value of its financial instruments as follows:

(i) The carrying values of cash and cash equivalents, amounts due from related parties, accounts receivable, related party loans receivable, and accounts payable and accrued liabilities in the consolidated balance sheets approximate their fair values due to the short-term nature of these instruments.

(ii) The carrying value of loans receivable approximates their fair value as the amounts presented are stated net of an impairment provision.

(iii) Investments are carried at fair value in accordance with the Company's accounting policies.

(iv) The Company does not have any "Other Comprehensive Income (Loss)" components and, as such, comprehensive income (loss) is equal to net income (loss).

The financial instruments measured at fair value on the Company's balance sheet were classified as follows (refer to Notes 3 and 4):

December 31, 2010	Level 1	Level 2	Level 3	Total
Assets				
Investments	$24,640	$3,680	$108	$28,428

(IN THOUSANDS OF CANADIAN DOLLARS)

12. FINANCIAL INSTRUMENTS (cont'd...)

December 31, 2009	Level 1	Level 2	Level 3	Total
Assets				
Investments	$6,788	$7,498	$2,604	$16,890

The following table reconciles the Company's Level 2 fair value measurements from December 31, 2009, to December 31, 2010:

	Level 2 Investments
Balance at December 31, 2009	$ 7,498
Transferred to level 1	(6,362)
Unrealized gain	2,544
Balance at December 31, 2010	$ 3,680

During the year ended December 31, 2010, $6,362 of the investments which were held in Level 2 as at December 31, 2009, were transferred to Level 1. The transfer was due to the increase in trading activity of the investees' stocks in 2010.

The following table reconciles the Company's Level 3 fair value measurements from December 31, 2009, to December 31, 2010:

	Level 3 Investments
Balance at December 31, 2009	$ 2,604
Purchases/ added	104
Unrealized losses	(2,261)
Transferred out of Level 3	(339)
Balance at December 31, 2010	$ 108

During the year ended December 31, 2010, $339 of the investments which were held in Level 3 as at December 31, 2009, were transferred to Level 1 and Level 2. The transfer was due to the investees going public during 2010.

(c) Risk management

The Company is or may be subject to certain risks including interest rate risk, currency risk, credit risk and market risk. Risk management strategies may expose the Company to further gains or losses, but serve to stabilize future cash flows, reduce the volatility of operating results and increase overall financial strength.

Individual risks are discussed as follows:

Interest rate risk

The Company has loans receivable and, therefore, may be subject to interest rate risk. Management believes the interest amounts are immaterial given the size of the loans outstanding and the current low global interest rate environment. This risk is further mitigated by fixing interest rates at the inception of the loans where possible.

12. FINANCIAL INSTRUMENTS (cont'd...)

Currency risk

The Company has foreign investments and is therefore subject to currency risk. Management believes these investment and transaction amounts are not significant and there are no material foreign currency commitments. The currency risk is therefore manageable and not significant. The Company does not currently use any derivative instruments to reduce its exposure to fluctuations in foreign currency exchange rates.

Credit risk

Credit risk is the risk associated with the inability of a third party to fulfill its payment obligations. The Company is exposed to the risk that third parties that owe money or securities in connection with services provided, or for other purposes, will default on their underlying obligations.

Credit risk from accounts receivable and loans receivable encompasses the default risk of the customers. Prior to accepting any service engagement or providing any loan, the Company assesses future recoverability by examining the entities' financial conditions, properties and assets, business development activities and management. The Company manages its exposure to credit risk by reviewing the outstanding balances on an ongoing basis, monitoring the amount attributable to each customer and the length of time taken for amounts to be settled. Where necessary, Management takes appropriate action to follow up on those balances considered overdue.

The Company is also exposed, in the normal course of business, to credit risk from the sale of its investments and on amounts receivable and loans receivable. The maximum exposure to losses arising from accounts receivable, amounts due from related parties and loans receivable are equal to their carrying amounts. For the year ended December 31, 2010, the Company recorded a loan impairment loss of $38 (2009 - $126) of which $7 (2009 - $126) was due from a related party against overdue accounts, the collections of which are doubtful (Note 10(d)).

Liquidity risk

Liquidity risk is the risk that the Company will have insufficient cash resources to meet its financial obligations as they become due. The Company's liquidity and operating results may be adversely affected if the Company does not have access to the capital markets, whether as a result of a downturn in general market conditions or related to matters specific to the Company, or if the value of the Company's investments decline, resulting in lower proceeds and/or losses on disposition. The Company generates cash flows primarily from the disposition of its investments and from its financing activities. The Company's investments focus on early-stage natural resource and renewable energy companies which can at times be relatively illiquid and if the Company decides to dispose of certain securities, it may not be able to do so at favourable prices at that time, or at all. However, the Company has sufficient marketable securities which are freely tradable and relatively liquid to fund its obligations as they become due under normal operating conditions such that, in the absence of overall market disruptions or exceptional circumstances, liquidity risk can be minimized.

(IN THOUSANDS OF CANADIAN DOLLARS)

12. FINANCIAL INSTRUMENTS (cont'd...)

Market Risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of the financial instruments can be affected by changes in interest rates, foreign exchange rates and equity and commodity prices. The Company is exposed to market risk in trading its investments and unfavourable market conditions could result in dispositions of investments at less than favourable prices. The Company manages market risk by having a portfolio which is not singularly exposed to any one issuer or class of issuers. The Company's investments are primarily concentrated in the natural resource industry, which results in exposure to higher volatility than broader market investments and indexes. The Company's investments are accounted for at estimated fair values and are sensitive to changes in market bid prices, such that changes in market prices result in a proportionate change in the carrying value of the Company's investments. A 10% change in the fair values of the Company's investments at December 31, 2010, would have a $2,843 impact on net income.

Concentration Risk

The Company is subject to concentration risk due to the nature of the Company's operations as an investment company and the number of investments held in the portfolio. The Company invests primarily in early-stage natural resource and renewable energy companies and their related technologies. As a result, the investment portfolio is directly exposed to the risks associated with companies operating in this industry sector.

As at December 31, 2010, approximately 85% (December 31, 2009: 83%) of the fair value of the Company's investment portfolio consisted of investments in seven companies with the largest single investment comprising 26% (December 31, 2009 – 16%) of the total portfolio value.

13. COMMITMENTS

The Company has a three year office lease agreement with the following lease commitments remaining:

	$
2011	82
2012	28

14. SUBSEQUENT EVENTS

Subsequent to year end 307,000 options were exercised for total proceeds of $28.

Subsequent to year end 3,690,000 stock options were granted at exercise prices ranging from $0.11 to $0.16 per share to directors, consultants and employees. All options have five year terms.

Subsequent to year end, the Company and the Canada Revenue Agency reached agreements to increase the Input Tax Credit rate applicable to the Company from 13% to 26% in respect of the Company's 2007 and 2008 GST assessments.