

# **SILVER SUN RESOURCE CORP.**

## **INTERIM FINANCIAL STATEMENTS**

**FOR THE THREE AND NINE MONTHS ENDED JANUARY 31, 2011**

### **Notice to Reader:**

These interim financial statements of Silver Sun Resource Corp. have been prepared by management and approved by the Audit Committee and Board of Directors of the Company. These financial statements have not been reviewed by the Company's external auditors in accordance with the standards established by the Canadian Institute of Chartered Accountants.

**BALANCE SHEETS**

**INTERIM STATEMENT OF LOSS AND DEFICIT**

**INTERIM STATEMENT OF CASH FLOWS**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

# SILVER SUN RESOURCE CORP.

## Balance Sheets

(Unaudited - Prepared by Management)

	January 31, 2011	April 30, 2010
	\$	\$
<b>ASSETS</b>		
Current assets:		
Cash	1,930,447	627,853
Receivables	36,980	26,538
Prepaid expense (Note 5)	-	165,600
	1,967,427	819,991
Mineral properties (Note 4)	951,500	87,500
	2,918,927	907,491
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable and accrued liabilities	31,869	21,911
Shareholders' equity:		
Share capital (note 3)	3,928,790	1,433,950
Contributed surplus (note 3(b))	770,296	140,068
Deficit	(1,812,028)	(688,438)
	2,887,058	885,580
	2,918,927	907,491

Nature of operations and going concern (Note 1), Subsequent Events (Note (7))

### APPROVED ON BEHALF OF THE BOARD

*/s/ Mark A. McLeary*

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Mark A. McLeary, CEO, President, and Director

*/s/ Tom A. Kordyback*

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Tom A. Kordyback, CFO and Director

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

# SILVER SUN RESOURCE CORP.

## Interim Statement of Loss and Deficit

(Unaudited - Prepared by Management)

	Three Months ended January 31, 2011 \$	Nine Months ended January 31, 2011 \$	Three Months ended January 31, 2010 \$	Nine Months ended January 31, 2010 \$
<b>EXPENSES</b>				
Administrative costs	29,399	68,575	2,687	8,852
Bank charges and interest	44	693	79	304
Management and consulting fees	38,450	150,600	-	-
Mineral property exploration costs	10,657	26,469	14,234	21,216
Professional fees	37,384	72,240	11,352	19,450
Stock based compensation	630,228	630,228	43,821	43,821
Transfer agent, listing and filing fees	13,325	16,020	4,857	7,767
Write off of mineral properties	-	160,000	-	-
	759,487	1,124,825	77,030	101,410
Interest income	573	1,235	5	28
Loss for the period	758,914	1,123,590	77,025	101,382
Deficit, beginning	1,053,114	688,438	423,633	399,276
Deficit, ending	1,812,028	1,812,028	500,658	500,658
<b>BASIC AND DILUTED LOSS PER SHARE</b>	(0.02)	(0.04)	(0.01)	(0.01)
<b>WEIGHTED AVERAGE OF SHARES OUTSTANDING - BASIC AND DILUTED</b>	34,666,835	28,541,119	9,258,696	9,219,565

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

# SILVER SUN RESOURCE CORP.

## Interim Statement of Cash Flows (Unaudited – Prepared by Management)

	Three Months ended January 31, 2011 \$	Nine Months ended January 31, 2011 \$	Three Months ended January 31, 2010 \$	Nine Months ended January 31, 2010 \$
Cash provided by (used in):				
Operating Activities:				
Loss for the period	(758,914)	(1,123,590)	(77,025)	(101,382)
Items not involving working capital				
Stock based compensation	630,228	630,228	43,821	43,821
Write off of mineral property	-	160,000		
Changes in non-cash working capital:				
Receivables	(2,017)	(10,442)	(941)	(2,040)
Prepaid expenses	92,000	165,600		
Accounts payable and accrued liabilities	14,564	9,958	140	(9,903)
<b>Net cash used in operating activities</b>	<b>(24,139)</b>	<b>(168,246)</b>	<b>(34,005)</b>	<b>(69,504)</b>
Financing Activities:				
Due to related party	-	-	-	(16,304)
Share subscriptions	-	-	69,966	69,966
Proceeds on share issuance, net of costs	1,470,840	1,470,840	-	-
<b>Increase (Decrease) in cash</b>	<b>1,446,701</b>	<b>1,302,594</b>	<b>35,961</b>	<b>(15,842)</b>
Cash, beginning of period	483,746	627,853	70,080	121,883
Cash, end of period	1,930,447	1,930,447	106,041	106,041

### Supplementary cash flow information:

#### Significant non-cash transactions:

January 31, 2011: The Company issued 2,000,000 common shares at a fair value of \$160,000 for a mineral property in the Cariboo (note 4(b)). The Company issued 2,700,000 at a fair value of \$864,000 for the Yoreme mineral property in Mexico (note 4(a(ii))).

January 31, 2010: The Company issued 300,000 common shares at a fair value of \$27,000 for a mineral property in Zacatecas, Mexico (note 4(a(i))).

#### Cash amounts paid for:

Interest	-	-	-	-
Income taxes	-	-	-	-
Fair value of stock options granted to agents	-	-	-	-

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

# SILVER SUN RESOURCE CORP.

Notes to the Interim Financial Statements  
(Unaudited – Prepared by Management)  
January 31, 2011

## 1. Nature of operations and going concern

Silver Sun Resource Corp. (the "Company") was incorporated by a Certificate of Incorporation issued pursuant to the provisions of the *Business Corporations Act* (British Columbia) on March 14, 2007.

The Company completed a Qualifying Transaction in accordance with Policy 2.4 of the TSX Venture Exchange ("Exchange") on December 24, 2008. The details and risks of the Company's Qualifying Transaction are included in the Company's December 5, 2008 filing statement.

The Company is engaged in mineral exploration and development activities. The Company may not have the financial resources to pay its financial commitments or complete these exploration and development activities.

## 2. Basis of presentation

The unaudited interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for annual financial statements. In the opinion of the Company, all adjustments (consisting of normal and recurring accruals) considered necessary for fair presentation have been included.

These interim financial statements have been prepared by management in accordance with the accounting policies described in the Company's financial statements for the period ended April 30, 2010. For further information, refer to the Company's financial statements and footnotes thereto for the period ended April 30, 2010.

## 3. Share capital

### (a) Authorized

Unlimited number of common shares without par value.

### (b) Issued and fully paid

	Number of Shares	Amount	Contributed Surplus
Balance – April 30, 2010	23,500,000	\$1,433,950	\$140,068
Plus: Issued for Mineral Property (note 4 (b))	2,000,000	160,000	-
Plus: Issued for Mineral Property (note 4(a(ii)))	2,700,000	864,000	-
Plus: Issued on exercise or warrants	13,718,400	1,371,840	-
Plus: Issued on exercise of options	900,000	99,000	-
Plus: Value of new option grants	-	-	630,228
Balance – January 31, 2011	42,818,400	\$3,928,790	\$790,296

## SILVER SUN RESOURCE CORP.

Notes to the Interim Financial Statements  
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### 3. Share capital (continued)

#### (b) Issued and fully paid (continued)

Of the issued and outstanding common shares, 789,600 are held in escrow and deposited with a trustee under an escrow agreement.

Under the escrow agreement, 394,800 will be released in June 2011 and every six months thereafter. These escrow shares may not be transferred, assigned or otherwise dealt with without the consent of the regulatory authorities.

#### (c) Share purchase options

Options outstanding:

	Number of options	Weighted average exercise price
Outstanding as at April 30, 2010	900,000	\$ 0.11
Less: exercised during the period	(900,000)	\$ 0.11
Plus: New options granted	2,850,000	\$ 0.26
Outstanding as at January 31, 2011	2,850,000	\$ 0.26

# of Options outstanding and exercisable	Exercise Price (\$)	Weighted Average Exercise Price (\$)	Expiry Date
2,050,000	0.28	0.28	December 22, 2015
750,000	0.21	0.21	December 22, 2011
50,000	0.10	0.10	November 15, 2012
<b>2,850,000</b>		<b>0.26</b>	

#### (d) Share purchase warrants

On February 8, 2010, the Company issued 14,668,000 warrants in connection with a non brokered financing. The warrants have a five year term and are exercisable at \$0.10 in year one, \$0.15 in year two, \$0.25 in year three, \$0.50 in year four, and \$1.00 in year five. At January 31, 2011, 949,600 (2010 – nil) warrants were outstanding. A total of 13,718,400 warrants were exercised during the quarter ended January 31, 2011 (2010 – nil) for a total proceeds of \$1,371,840.

# SILVER SUN RESOURCE CORP.

Notes to the Interim Financial Statements  
(Unaudited)  
January 31, 2011

## 4. Mineral Properties

### (a) Mexico

#### (i) Zacatecas

On August 14, 2008, the Company entered into an Option Agreement with Yale Resources Ltd. whereby the Company entered into an option agreement to acquire 100% of Yale's 65% vested participating interest in a Joint Venture Agreement dated August 8, 2008, between Yale and IMPACT Silver Corp., with respect to certain mining concessions located in Zacatecas, Mexico.

In order to exercise the option, the following consideration is required by the Company:

- Pay a \$25,000 (paid) non-refundable deposit upon execution of the Option Agreement;
- Pay \$25,000 (paid), issue 200,000 common shares (issued at a fair value of \$10,500) of the Company and incur \$100,000 (incurred) on exploration expenditures by December 24, 2008;
- Pay \$100,000 (waived), issue an additional 300,000 common shares (issued at a fair value of \$27,000) of the Company and incur an additional \$100,000 (incurred) in mineral property exploration costs by January 24, 2010.

On January 14, 2010, Yale waived the payment of the final \$100,000 due under agreement. The Company exercised its option for acquire 100% of Yale's 65% vested participating interest in Joint Venture Agreement by issuing the final 300,000 options due under the agreement. The Company also agrees to pay US\$250,000 to Yale if the property is included in a positive feasibility study or is part of a production on the property greater than 500 tonnes per day.

Title to mining claims involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mining claims. The Company has investigated title to its mineral claims and, to the best of its knowledge, title to its claims are in good standing.

#### (ii) Yoreme

On December 20, 2010, the Company entered into a mineral property purchase agreement with Maggiore Capital Limited pursuant to which the Company has acquired one hundred percent (100%) right, title and interest in the Yoreme mineral claim (the "Property"). The Property is 400 hectares in size and is located in the Municipality of Alamos, state of Sonora, Mexico. The consideration paid for this mineral property is 2,500,000 common shares of the Company. The Company agreed to pay an additional 200,000 shares as a finders' fee on this purchase.

### (b) British Columbia

On May 3, 2010, the Company acquired an option to purchase a one hundred percent (100%) interest in and to five contiguous mineral claims covering a combined area of approximately 2431.79 hectares located in the Cariboo mining district in British Columbia. In consideration for this option, the Company issued 2,000,000 common shares valued at \$160,000. On November 25, 2010 the Company announced that it has terminated the option to purchase these claims. The Company has written off the cost of this option.

## **SILVER SUN RESOURCE CORP.**

Notes to the Interim Financial Statements  
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### **5. Commitments**

On January 26, 2010, the Company entered into contracts with three individuals, all of whom were at arms length from the Company, to provide consulting services to the Company for the period February 1, 2010 to January 31, 2011. These individuals were advising the Company in business, business development, exploration and development of properties and identifying business opportunities as well as consulting with the Company regarding the development of new business projects, including land acquisitions and project development.

The Company paid these individuals \$220,800 in total for this one year period. This \$220,800 was paid in advance and expensed at a rate of \$18,400 per month. On November 25, 2010 the Company announced that it has terminated the contracts with these individuals and that the Company has received a refund of \$92,000 from these individuals.

### **6. Related Party Transaction**

During the three months ended January 31, 2011, the Company paid management fees of \$15,000 (2010 - \$nil) to the president and director of the Company.

### **7. Subsequent Events**

On March 21, 2011 the Company announced the signing of the definitive agreement for the purchase of a 51% interest in the Cherry Hill Mining Project, located in Siskiyou County, northern California, whose key asset is the past producing Cherry Hill Mine.

The Cherry Hill Mining Project is fully permitted and consists of a high-grade underground quartz lode mine that is located on a claim block consisting of six unpatented mining claims and one mill site claim that includes a 750-ton-per-month gravity circuit mill with all machinery and equipment.

In consideration of the acquisition of a 51percent interest in the project, the company agreed to pay \$555,000 (U.S.) to Cherry Hill. The company has made a non-refundable deposit of \$10,000 (U.S.) to Cherry Hill to be credited against the purchase price. Closing of the transaction, on or before April 15, 2011, is subject to a number of conditions including the satisfactory completion of the parties' due diligence investigations; and obtaining all applicable regulatory and corporate approvals and consents. There are no finders' fees payable in connection with the proposed transaction.

For the period February 1, 2011 to March 29, 2011 the Company has received \$46,660 in cash from the exercise of 366,600 share purchase warrants and 50,000 share purchase options described in Note 3 above.