



**Restated
Audited Consolidated Financial
Statements**

**For the Years Ended
December 31, 2008 and 2007**

parker simone LLP

Chartered Accountants
129 Lakeshore Road East
Suite 201 Mississauga Ontario
L5G 1E5
T 905 271.7977
F 905 271.7677

Auditors' Report

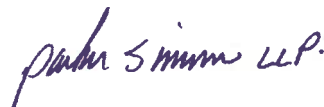
To the Shareholders of
Southeast Asia Mining Corp.

We have audited the consolidated balance sheets of Southeast Asia Mining Corp. as at December 31, 2008 and 2007 and the consolidated statements of loss, comprehensive loss and deficit, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2008 and 2007, and the results of its operations and the changes in its cash flow for the years then ended December 31, 2008 and 2007 in accordance with Canadian generally accepted accounting principles.

We have withdrawn our previously issued Auditors' Report dated August 23, 2010 in which we denied an opinion on the Company's consolidated financial statements as at and for the year ended December 31, 2008. We previously issued a denial of opinion because the Company had lost control of its Thailand-based subsidiary. As such we were unable to obtain access to documentation that substantiated a number of material transactions recorded in the subsidiary's accounting records. As a result of the subsidiary's senior management denying us access to the accounting records, and our inability to support the transactions through alternate audit procedures, we were unable to complete our audit of the subsidiary. In December 2010 the Company regained control of this subsidiary and, as a result, we were able to gain access to the subsidiary's accounting records and complete our audit procedures (see Notes 2 and 3).



June 28, 2011

Licensed Public Accountants

Southeast Asia Mining Corp.
Consolidated Balance Sheets

As at December 31,	2008	2007
Assets	<i>(Note 2)</i>	
Current Assets		
Cash and cash equivalents	\$ 420,390	\$ 9,048,680
GST recoverable	17,606	21,586
Prepaid expenses and other	32,108	23,131
	470,104	9,093,397
Capital Assets (Note 5)	-	150,942
Investment in Geotai (Note 2 and 3)	1	-
Advances to Geotai (Note 2 and 3)	1	-
Deferred Mining and Exploration Costs (Notes 3 and 4)	-	4,780,266
	\$ 470,106	\$ 14,024,605
Liabilities		
Current Liabilities		
Accounts payable and accruals (Note 8)	\$ 314,304	\$ 281,323
Shareholders' Equity		
Capital Stock (Note 6)	13,889,064	13,669,264
Contributed Surplus (Note 7)	648,407	378,687
Deficit	(14,381,669)	(304,669)
	155,802	13,743,282
	\$ 470,106	\$ 14,024,605

Approved by the Board:



Director



Director

See notes to the audited consolidated financial statements

Southeast Asia Mining Corp.

Consolidated Statements of Loss, Comprehensive Loss and Deficit

<i>Years ended December 31,</i>	2008 <i>(Note 2)</i>	2007
Interest Revenues	\$ 129,441	\$ 85,852
Administrative Expenses		
Stock-based compensation <i>(Note 6)</i>	281,520	-
Professional fees	572,940	256,339
Management and consulting fees <i>(Note 8)</i>	620,863	347,308
Travel	563,775	131,996
Office and general	432,008	248,816
Shareholders information	88,804	-
Salaries	170,823	-
Amortization	19,157	11,895
Foreign exchange (gain) loss	228,981	(882,571)
	2,978,871	113,783
Loss before write-downs	2,849,430	27,931
Write-down of deferred mining and exploration costs <i>(Note 4)</i>	1,347,967	-
Advances written off <i>(Note 9)</i>	288,135	-
Write-down of Geotai's net assets resulting from loss of control <i>(Note 3)</i>	9,591,468	-
Net loss and comprehensive loss	14,077,000	27,931
Deficit at the beginning of the Period	304,669	276,738
Deficit at the end of the Period	\$ 14,381,669	304,669
Loss per share	\$ 0.253	\$ 0.002
Weighted average number of shares outstanding:		
Basic and fully diluted	53,124,109	16,040,931

See notes to the audited consolidated financial statements

Southeast Asia Mining Corp.
Consolidated Statements of Cash Flow

<i>Years ended December 31,</i>	2008	2007
	<i>(Note 2)</i>	
Operations		
Net loss and comprehensive loss	\$ (14,077,000)	\$ (27,931)
Adjustments to reconcile net loss to cash flow used in operating activities:		
Write-down of Geotai's non-cash net assets resulting from loss of control <i>(Note3)</i>	5,972,723	-
Write-down of deferred mining and exploration costs <i>(note 4)</i>	1,347,967	-
Amortization	19,157	11,895
Stock-based compensation	281,520	-
Translation gain	(111,039)	-
Net change in non-cash working capital items:		
Prepaid expenses and other	(237,383)	640
GST and other taxes recoverable	319,912	-
Accounts payable and accruals	38,971	173,578
	(6,445,169)	158,182
Financing		
Issuance of common shares	208,000	14,022,731
Issuance of special warrants, net of subscription receivables	-	(4,335,230)
	208,000	9,687,501
Investing		
Additions to capital assets	(81,364)	(162,837)
Additions to deferred mining and exploration costs	(2,453,641)	(4,780,266)
Advances to affiliated company	-	1,931,400
	(2,535,005)	(3,011,703)
Net increase (decrease) in cash and cash equivalents	(8,772,174)	6,833,980
Exchange gain on holding foreign currencies	143,884	-
Cash and cash equivalents at beginning of period	9,048,680	2,214,700
Cash and cash equivalents at end of the period	\$ 420,390	\$ 9,048,680
Cash and cash equivalents are comprised of:		
Cash	375,002	4,395,297
Short-term deposits	45,388	4,653,383
	\$ 420,390	\$ 9,048,680

See notes to the audited consolidated financial statement

Southeast Asia Mining Corp.
Notes to the Audited Financial Statements
Years Ended December 31, 2008 and 2007

General

Southeast Asia Mining Corp. ("Southeast Asia" or the "Company") was incorporated on August 18, 2006 under the Canada Business Corporations Act. Its principal business activity is that of mineral exploration in the South East Asia region. On November 28, 2008 the Company became a reporting issuer in Canada.

1. Summary of Significant Accounting Policies

Going Concern

Southeast Asia is in the process of reviewing exploration opportunities in Thailand and in other countries in the region. The recovery of expenditures on mineral properties will be dependent upon the existence of economically recoverable mineralization, the ability of Southeast Asia to obtain financing necessary to complete the exploration and the development of the mineral properties, and upon future profitable production or alternatively, on the sufficiency of proceeds from disposition.

The Company is in the process of exploring and evaluating its mineral properties. On the basis of information to date, it has not yet determined whether these properties contain economically recoverable mineral deposits. The amounts shown as mineral properties and deferred expenditures represent costs incurred to date, less amounts amortized and/or written off, and do not necessarily represent present or future values. The underlying value of the mineral properties is entirely dependent on the existence of economically recoverable reserves, securing and maintaining title and beneficial interest, the ability of the Company to obtain the necessary financing to complete development, and future profitable production.

At December 31, 2008 the Company had working capital of \$155,800 (2007 – \$8,812,074), had not achieved profitable operations, has accumulated losses of \$14,381,669 (2007 - \$304,669), and expects to incur further losses in the development of its business, all of which casts substantial doubt upon the Company's ability to continue as a going concern. Southeast Asia will require additional financing in order to develop its exploration activities, meet its ongoing levels of corporate overhead and discharge its liabilities as they come due.

These financial statements have been prepared on a going-concern basis which assumes that the Company will be able to realize assets and discharge liabilities in the normal course of business. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. Accordingly, these financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern.

Principles of Consolidation

These consolidated financial statements include the accounts of Southeast Asia and its subsidiary, Geotai Mining & Exploration Co., Ltd. ("Geotai"), which was acquired July 31, 2007. On November 1, 2006 the Company entered into a share exchange agreement to acquire Geotai, a company controlled by a then director, officer and significant shareholder of the Company and his spouse. This agreement was subsequently amended and restated and on July 31, 2007, the Company completed the acquisition by acquiring 99,999 preference shares of Geotai. These shares carry 80 percent of the voting rights of all classes of shares of Geotai and 99.99 percent of all equity rights of all classes of shares which include (i) a right to the underlying assets of Geotai to be distributed on dissolution; (ii) the right to capital repayment in preference to any other shareholder; and (iii) the rights to any dividends declared in preference to any other shareholder.

Southeast Asia Mining Corp.
Notes to the Audited Financial Statements
Years Ended December 31, 2008 and 2007

1. Summary of Significant Accounting Policies (Cont'd)

Principles of Consolidation (Cont'd)

The consolidated financial statements presented include Geotai's operations and cash flow for the year ended December 31, 2008 and for the comparative period from July 31, 2007 (*date of acquisition*) to December 31, 2007. As disclosed in note 2, the Company determined that it had lost control of Geotai and as a consequence the assets and liabilities of Geotai were written down in these financial statements with an effective date of December 31, 2008. As such, as at December 31, 2008 the balance sheet presented represents only the accounts of Southeast Asia and does not include the accounts of Geotai. As at December 31, 2007 the consolidated balance sheet presented include the accounts of Southeast Asia and those of this subsidiary.

Income Taxes

Southeast Asia follows the asset and liability method of accounting for income taxes. Under this method, future tax liabilities and assets are recognized for the estimated tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases. Future tax liabilities and assets are measured using enacted tax rates. The effect on the future tax liabilities and assets of a change in tax rates is recognized in the period that the change occurs.

Capital Assets

Capital assets are recorded at cost less accumulated amortization. Amortization is computed using the straight-line method over the following periods:

Machinery and equipment	10 years
Furniture and fixtures	5 years
Office equipment	5 years
Computer equipment	3 years

Amortization of machinery and equipment is charged to deferred mining and exploration costs.

Loss per Share

Loss per share has been calculated using the weighted average number of common shares outstanding during the period. Fully diluted loss per share has been calculated reflecting the issuance of warrants and options but has not been presented as the factors referred to above are anti-dilutive.

Stock-based Compensation

Southeast Asia uses the fair value method in accounting for stock-based compensation. Under this method, stock-based payments are measured at the fair value of the equity instrument issued and are amortized over the vesting period. The offset to the recorded cost is to contributed surplus.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and balances with banks and short-term deposits having an original maturity of less than or equal to 90 days.

Southeast Asia Mining Corp.
Notes to the Audited Financial Statements
Years Ended December 31, 2008 and 2007

1. Summary of Significant Accounting Policies (Cont'd)

Deferred Mining and Exploration Costs

The Company records its interest in mining and exploration at cost. Direct costs relating to the acquisition, exploration and development of mineral properties, less recoveries, are deferred until such time as the properties are either put into commercial production, sold, determined not to be economically viable or abandoned. If the property is placed into production, deferred costs will be amortized and depleted using the unit-of-production method over the estimated economic life of the mine. The deferred costs would be written off if the property is sold or abandoned. If it is determined that the carrying value of a property exceeds its net recoverable amount as estimated by management, or exceeds the selling value of the property, a provision is made for the decline in value and charged against operations in the year. The amounts shown for mining properties and related deferred costs represent costs incurred to date, less write-offs and recoveries, and do not necessarily reflect present or future values of the particular properties.

Foreign Currency Translation

Southeast Asia uses the temporal method of foreign currency translation in accounting for its integrated foreign operations. Under this method foreign currency denominated monetary assets and liabilities are translated into Canadian dollars at the exchange rate prevailing at the balance sheet date while non-monetary assets and liabilities are translated into Canadian dollars at the exchange rate prevailing on the date of the transaction. Revenue and expenditures denominated in foreign currencies are translated into Canadian dollars at the exchange rate prevailing on the date of the transaction. Foreign exchange gains and losses arising from the translation of these foreign currencies denominated transactions are reflected in operations for the year.

Asset retirement obligations

The Company recognizes a liability for its legal obligations associated with the retirement of its tangible long-lived assets, which includes deferred mining and exploration costs and capital assets with a finite life. The fair value of the liability for an asset retirement obligation is recorded when it is incurred and the corresponding increase to the asset is amortized over the life of the asset, provided a reasonable estimate of the obligations can be made. The liability is increased over time to reflect an accretion element consideration in the initial measurement at fair value. The liability may be adjusted prospectively in future periods as a result of the changes in estimates relating to timing or amounts of underlying cash flows. At December 31, 2008, the Company had not incurred or committed to any asset retirement obligations.

Comprehensive Income (Loss)

Comprehensive income (loss) is the change in equity (net assets) of the Company during a reporting period from transactions and other events and circumstances from non-owner sources. It includes unrealized gains and losses, such as: changes in currency translation adjustments relating to self-sustaining foreign operations; unrealized gains or losses on available-for-sale investments; and the effective portion of gains or losses on derivatives designated as cash flow hedges or hedges of the net investment in self-sustaining foreign operations. Comprehensive income (loss) is comprised of net income (loss) for the period plus other comprehensive income (loss).

Southeast Asia Mining Corp.
Notes to the Audited Financial Statements
Years Ended December 31, 2008 and 2007

1. Summary of Significant Accounting Policies (Cont'd)

Financial Instruments

All financial instruments are classified into one of the following five categories:

- Held-for-trading assets or liabilities;
- Held-to-maturity investments;
- Loans and receivables;
- Available-for-sale financial assets; and
- other financial liabilities.

Held-for-trading financial instruments are measured at fair value with all gains and losses included in net income (loss) in the period in which they arise. Available-for-sale financial instruments are measured at fair value with revaluation gains and losses included in accumulated other comprehensive income (loss) until the instruments are derecognized or impaired. Loans and receivables, investments held-to-maturity and other financial liabilities are measured at amortized cost using the effective interest method.

The Company has classified its assets and liabilities into the following categories:

- | | |
|--|-----------------------|
| • Cash and cash equivalents | Held-for-trading |
| • GST recoverable | Loans and Receivables |
| • Investment in Geotai | Available-for-sale |
| • Advances to Geotai | Held-to-maturity |
| • Accounts payable and accrued liabilities | Other liabilities |

Transaction costs are expensed as incurred for financial instruments classified as held-for-trading. For other financial instruments, transaction costs are expensed on initial recognition.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Changes in Accounting Pronouncements

Effective for year ends commencing on or after October 1, 2007 the CICA issued two new standards which may affect the financial disclosures and results of operations of the Company for interim and annual periods beginning January 1, 2008. The Company adopted the following standards commencing in the year-ended December 31, 2008.

- a) Section 1535 Capital Disclosures establishes disclosure requirements regarding an entity's capital, including (i) an entity's objectives, policies, and processes of managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any externally imposed capital requirements; and (iv) if it has not complied, the consequences of such non-compliance.
- b) Section 3862 Financial instruments – Disclosures and 3863 Financial Instruments – Presentation replaces Section 3861 Financial Instruments - Disclosure and Presentation, revising and enhancing disclosure requirements while leaving presentation requirements unchanged. These new sections place increased emphasis on disclosures about nature and extent of risks arising from financial instruments and how the entity manages those risks.

Southeast Asia Mining Corp.
Notes to the Audited Financial Statements
Years Ended December 31, 2008 and 2007

1. Summary of Significant Accounting Policies (Cont'd)

Future Changes in Accounting Pronouncements

Effective for year ends commencing on or after October 1, 2008 the CICA issued a new standard which may affect the financial disclosure and results of operations of the Company for interim and annual period beginning January 1, 2009. The Company will adopt the requirements commencing in 2009 and is considering the impact this will have on the Company's financial statements. Section 3064, Goodwill and intangible assets, establishes revised standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the introduction of this standard, the CICA amended EIC 27, Revenues and expenditures during the pre-operating period. The CICA also amended AcG-11, Enterprises in the development stage. The company will assess the impact, if any, on its statements for adoption with its 2009 fiscal year.

International Financial Reporting Standards ("IFRS")

The CICA Accounting Standards Board ("ACSB") has confirmed that IFRS will replace current Canadian GAAP for publically accountable enterprises effective for fiscal years beginning on or after January 1, 2011. Consequently Southeast Asia will commence reporting interim and annual financial statements in accordance with IFRS requirements commencing January 1, 2011.

Management is aware of the reporting requirements of IFRS, however the development of an implementation plan was delayed due to the uncertainty of the Company's operations as discussed in Note 2. As operational matters are settled in 2011 the Company will complete a detailed analysis to further assess areas which may require change to current accounting policies and to disclosure requirements. Key areas which will be analyzed will likely include:

- Mineral properties
- Impairment of assets
- Stock based compensation
- Income taxes
- First time adoption of IFRS

2. Loss of Control of Subsidiary

During 2009 management determined that it no longer was able to exercise control over Geotai, its subsidiary company in Thailand. This resulted from the actions of Geotai's former senior management ("Former SM") and subsequent legal actions initiated by the Former SM effectively prohibited the Company from directing operations of Geotai and accessing its assets. The Company defended itself from these legal actions and pursued counter legal actions against the Former SM to regain control of Geotai. The effect of the Former SM's legal actions resulted in the Company losing all ability to manage and control Geotai's assets and operations and was unable to access any of Geotai's books and records. As such, the valuation of the assets of Geotai, and the status of the Company's ownership could not be verified.

Consequently, the Company has written down the carrying value of Geotai's assets and liabilities as at December 31, 2008 to a nominal amount (refer Note 3 below). The write-down of the Company's investment in Geotai to a nominal amount was reflective of the fact that, even though the Company has legal title to its investment in Geotai, it was no longer able to exercise any control or influence over its subsidiary including its day-to-day operations.

Southeast Asia Mining Corp.
Notes to the Audited Financial Statements
Years Ended December 31, 2008 and 2007

2. Loss of Control of Subsidiary (Cont'd)

On December 9, 2010 the Company entered into a Settlement Agreement (see Note 3) with the Former MD, as a result of which the issues that had resulted in Southeast Asia's loss of control were resolved, the pending legal actions withdrawn, and the Company was able to regain control of Geotai and access its assets and records.

3. Investment in and Advances to Geotai Exploration & Mining Co., Ltd.

On November 1, 2006 the Company entered into a share exchange agreement to acquire Geotai, a company domiciled in Thailand and controlled by a former director, officer and significant shareholder of the Company and his spouse. This agreement was subsequently amended and restated and on July 31, 2007, the Company completed the acquisition of Geotai by acquiring 99,999 preference shares of the Company. These shares carry 80 percent of the voting rights of all classes of shares of Geotai and 99.99 percent of all equity rights of all classes of shares which include (i) a right to the underlying assets of Geotai to be distributed on dissolution; (ii) the right to capital repayment in preference to any other shareholder; and (iii) the rights to any dividends declared in preference to any other shareholder. The shares were issued to the Company at a price of 100 baht each for a total cash cost of \$330,000. At the date of the acquisition Geotai had no assets other than those financed by advances from Southeast Asia, which had been made in 2006 and 2007. As at the date of acquisition on July 31, 2007, total advances to Geotai, made in order to commence activities in Thailand, were \$3,677,905. The advances were non-interest bearing and without fixed terms of repayment.

Subsequent to its acquisition of Geotai, the Company continued to advance funds to Geotai in order that exploration and development activities may continue. As at December 31, 2008 total advances to Geotai were \$11,433,552. The majority of these funds were utilized by Geotai in the refurbishment of the Song Toh plant and processing facilities (refer Note 4).

The Company subsequently determined that it no longer had control over Geotai. In February 2010, the Company dismissed the managing director of Geotai, following serious operational issues developed during 2009 within Geotai, including the unavailability of financial records. The Company was therefore unable to access the assets of Geotai and continue the operations that had been contemplated when Geotai was acquired. In addition, legal actions were commenced by the Company to regain control of Geotai and its assets and also by the former officer against the Company. The timing and outcome of legal actions cast serious doubt on the ultimate value of these assets. In view of this situation, management wrote down the book value of both its investment in and advances to Geotai to \$1 pending a resolution of the dispute. This resulted in a total write down as at December 31, 2008 of \$9,591,468.

A summary of the legal claims the former managing director ("Former MD") commenced against the Company is as follows:

- a) On 20 January 2010 the Former MD, who is also the former President and Chief Executive Officer of the Company ("the Plaintiff") filed suit in Thailand claiming that a loan amount of 40,311,190 Thai baht plus interest at 0.75% per annum was due to be paid by the Company to Geotai on December 20, 2009. Under the terms of the loan agreement between the Company and Geotai, Geotai would loan 40,311,190 Thai baht to the Company; and via executed loan payment instructions, Geotai (funded by the Company) would directly pay the Plaintiff's spouse from Geotai funds, as settlement for 306,000 common shares in Geotai to be acquired by the Company, and also to eliminate any potential financial claims that the Plaintiff may have against the Company.

Southeast Asia Mining Corp.
Notes to the Audited Financial Statements
Years Ended December 31, 2008 and 2007

3. Investment in and Advances to Geotai Exploration & Mining Co., Ltd. (Cont'd)

The terms of this agreement, which was originally dated July 17, 2009, with an amendment dated September 22, 2009, were not properly met by the Plaintiff. As such the Company's position was that the claim had no merit. In addition, in the event that the disputed amount was to be paid by the Company then it would be offset against the substantial amount that is owed to the Company by Geotai, which exceeds the disputed amount. This amount, which is comprised of advances made by the Company to Geotai since 2006, is not fully reflected in these financial statements as it has been written down to \$1.

- b) The Plaintiff also initiated an action in the Thai courts on 25 January 2010 to have the Company declared bankrupt as being unable to pay the claim described above. It was the Company's position, as indicated above, that the claim had no merit and that the bankruptcy action was false.
- c) On January 14, 2010 the Plaintiff made an application to the Ontario Superior Court of Justice that the Company be declared bankrupt. This claim was made on the basis that the Company was indebted to the plaintiff in the amounts of \$252,775 and US\$70,653 under previous contractual arrangements with the Company, and that the Company was unable to pay this amount. A hearing was held on March 12, 2010 and after cross examination the Plaintiff was asked to provide certain information to the Court. This was not done therefore the action became dormant. The Company's position was that the amounts indicated above were not due to the Plaintiff and that his action was frivolous and without merit. Also, on April 17, 2009, the Plaintiff resigned as President and Chief Executive Officer of the Company while continuing to hold the position of Managing Director of Geotai. The Company did not agree that the Plaintiff should continue to receive the same remuneration under his management contract given his now reduced responsibilities, together with the need to economize given the unanticipated delays in obtaining mining permits. The alleged debts, denied by the Company, form the basis of the Plaintiff's petition in the bankruptcy.

On December 9, 2010 the Company entered into a Settlement Agreement with the Former SM, as such the issues that had resulted in Southeast Asia's loss of control were resolved, all of the aforementioned pending legal actions indicated above were withdrawn, and the Company was able to regain control of Geotai and access its assets and records. A summary of the Settlement Agreement is as follows:

- a) A full and final release provided on Closing by the Former SM from all contracts and all past, present and future legal actions, and claims against Southeast Asia and its directors and officers;
- b) Former SM to file an order dismissing their Ontario bankruptcy petition against Southeast Asia that acknowledges that the issues between Southeast Asia and the Former SM are settled;
- c) Former SM to withdraw all objections and filings with all regulatory authorities including the Thai Ministry of Commerce;
- d) Former SM immediately ceased acting in any advisory capacity to Kemco (see Note 4)
- e) Former SM transferred 100% of the Geotai ordinary shares held by them to either Southeast Asia or a legally acceptable Thai investor to Southeast Asia;
- f) Former SM to turnover all books, records, reports, data, diagrams, computer files and documents relating to the corporate activities of Geotai;
- g) Former SM to turnover all Geotai Special Exploration License documents issued, unissued and terminated to Southeast Asia;

Southeast Asia Mining Corp.
Notes to the Audited Financial Statements
Years Ended December 31, 2008 and 2007

3. Investment in and Advances to Geotai Exploration & Mining Co., Ltd. (Cont'd)

- h) Geotai and Southeast Asia agree to have released 5.0 million Thai Baht legal action filed with the Thai Central Labour Court and agreed to repay Geotai 1.0 million Thai Baht;
- i) Geotai and Southeast Asia agree to have released 1.69 million Thai Baht in compensation held by the Thai Labour Court and agree to take no further action on this matter;
- j) Southeast Asia agreed to withdraw all objections and filings with all Thai regulatory authorities;
- k) Southeast Asia agreed to the Former SM retaining ownership of all of Geotai's capital assets;
- l) Southeast Asia to pay the Former SM 1,975,000 Thai Baht for life and health insurance; and
- m) Acknowledgment that the Former SM do not owe Geotai 29.0 million Thai Baht in respect of certain advances and personal expenses paid by Geotai on their behalf.

A summary of Geotai's assets and liabilities that were written down are as follows:

Non-cash working capital items	\$	243,533
Capital assets		202,862
Deferred mining and exploration costs		5,526,328
Write-down of Geotai's non-cash net assets resulting from loss of control		5,972,723
Cash and cash equivalents		3,618,745
Write-down of Geotai's net assets resulting from loss of control	\$	9,591,468

4. Deferred Mining and Exploration Costs

<i>As at December 31,</i>	2008	2007
Advances to Kemco and Boh Yai		
Balance at the beginning of the period	\$ 1,735,842	\$ -
Additions	1,294,864	1,735,842
Write-down from loss of control	(3,030,706)	-
	-	1,735,842
Deferred exploration expenditures		
Balance at the beginning of the period	3,044,424	-
Additions		
Exploration and development costs	1,202,802	3,044,424
Amortization	10,547	-
Write off of mineral properties	(1,347,967)	-
Write down from loss of control	(2,909,806)	-
	-	3,044,424
Balance at end of period	\$ -	\$ 4,780,266

Southeast Asia Mining Corp.
Notes to the Audited Financial Statements
Years Ended December 31, 2008 and 2007

4. Deferred Mining and Exploration Costs (Cont'd)

Kemco Interest

On November 27, 2006 Geotai, on behalf of Southeast Asia entered into an agreement with Kanchanaburi Exploration and Mining Co. ("Kemco") and Boh Yai Mining Company Limited ("Boh Yai"), both companies incorporated and operating in Thailand, whereby Geotai obtained an exclusive right to acquire an 80 percent interest in Kemco and Boh Yai upon commencement of commercial production. Under the terms of the agreement, Geotai paid U.S. \$1,000,000 for its right, funded by Southeast Asia with a commitment to refurbish and to re-commission the processing facility.

Under the terms of the agreement, during each of the first five complete calendar years following the commencement of commercial production from the Kemco mine, Geotai is obligated to pay to the owners the greater of US\$2,000,000 or 20 percent of the net profits of the operation and thereafter 20% of the net profits annually.

Upon Southeast Asia reacquiring control of Geotai, Geotai entered into negotiations with Kemco and Boh Yai to reconfirm Geotai's interest in the Kemco project. On March 1, 2011 a new Agreement was entered into, which essentially confirms all of the terms and conditions of the November 27, 2006 agreement except for the following additional provisions:

- a) Geotai agreed to compensate Kemco and Boh Yai a total of 6.4 million Thai Baht as compensation for 40 of their terminated employees as well as reimbursement for twenty of their salaried employees for the period April 2010 to December 2010. Geotai agreed to pay Kemco and Boh Yai 4.0 million Thai Baht upon execution of this agreement with the balance of 2.6 million Thai Baht to be paid on June 1, 2011;
- b) Geotai agreed to pay 200,000 Thai Baht on the first of every month for 20 of Kemco's and Boh Yai's salaried employees commencing January 1, 2011. The 600,000 Thai Baht owing for January, February and March 2011 was paid upon execution of the Agreement;
- c) Geotai agreed to pay for the Environmental Impact Assessment and Health Impact Assessment studies that are required to be filed with the Thai government; and
- d) Southeast Asia agrees to raise a minimum of US\$2.0 million by March 1, 2012. If Southeast Asia is unable to raise these funds then Kemco and Boh Yai reserve the right to raise the funds through other potential investors. If this were to occur then Geotai's interest in Kemco will be reduced to 50% when commercial production commences;

Included in deferred mining and exploration costs are exploration rights which are held by Geotai in certain locations in Thailand. During the year, the Company abandoned certain claims involving the Archayaba Pisets property resulting in a total write-off of \$1,100,057. As a result of the serious operational issues described in Notes 2 and 3 above, and the inability of the Company to access the assets of Geotai, the deferred mining and exploration costs of Geotai, have been written off as at December 31, 2008.

Southeast Asia Mining Corp.
Notes to the Audited Financial Statements
Years Ended December 31, 2008 and 2007

5 Capital Assets

	2008			2007		
	Cost	Accumulated Amortization	NBV	Cost	Accumulated Amortization	NBV
Leasehold	-	-	-	-	-	-
Office equipment	-	-	-	19,470	1,531	17,939
Vehicles	-	-	-	-	-	-
Furniture and fixtures	-	-	-	11,669	1,019	10,650
Computer equipment	-	-	-	14,795	1,560	13,235
Machinery and equipment	-	-	-	116,903	7,785	109,118
	\$ -	\$ -	\$ -	\$ 162,837	\$ 11,895	\$ 150,942

6 Capital Stock

Capital Stock: The Company is authorized to issue an unlimited number of common shares and an unlimited number of special shares issuable in series. The directors may fix from time to time before issue the number of shares that is comprised of each series and the designation, rights privileges, restrictions, and conditions attaching to each series of special shares.

The Company's issued and outstanding voting common shares consist of the following:

	Number	Amount
Balance at December 31, 2006	10,800,000	\$ 10,801
Private Placement August 9, 2007 ⁽¹⁾	500,000	500
Conversion of Special Warrants:		
October 4, 2007	12,355,412	2,032,971
December 9, 2007	10,400,000	2,600,000
December 9, 2007	15,317,500	10,722,250
Penalty shares - December 12, 2007 ⁽²⁾	3,279,350	-
Cost of share issuance – fair value of broker		(378,687)
Cost of share issuance		(1,318,571)
Balance at December 31, 2007	52,652,262	13,669,264
Broker Warrants exercised on June 7, 2008 for cash	832,000	208,000
Value transfer on warrant exercise	-	73,000
Fair market value assigned to warrants issued	-	(61,200)
Balance at December 31, 2008	53,484,262	\$ 13,889,064

In August 2007, and as part of the August 21, 2007 private placement, the Board approved the issuance of an additional 500,000 common shares at \$0.001 for total cash proceeds of \$500. The shares had been initially approved by the Board in August 2006.

Southeast Asia Mining Corp.
Notes to the Audited Financial Statements
Years Ended December 31, 2008 and 2007

6 Capital Stock (Cont'd)

- a) Under the terms of the Special Warrants issued on August 9, 2007, and as the Company had not obtained final receipt of a prospectus by December 7, 2007, an additional 3,279,350 common shares were issued on December 12, 2007, without any additional consideration, to the holders of the Special Warrants that were issued on December 7, 2006 and August 9, 2007.

On April 16, 2010, the Company completed a private placement of 22,400,000 common shares at a price of \$0.05, for total gross proceeds of \$1,120,000. The Company paid broker commissions of \$62,083 as part of this financing.

Special Warrants

	Number	Amount
Balance at December 31, 2006	22,755,412	\$ 4,287,451
Issued for cash:		
August 9, 2007 at \$0.70 per special warrant	15,317,500	10,722,250
Converted to Common Shares:		
October 4, 2007	(12,355,412)	(2,032,971)
December 9, 2007	(10,400,000)	(2,600,000)
December 9, 2007	(15,317,500)	(10,722,250)
Cost of Share issuance conversion		345,520
Balance at December 31, 2007 and 2008	-	\$ -

Stock Options

Southeast Asia has a stock option plan (the "Plan") pursuant to which options to purchase Common Shares of the Company may be granted to certain officers, directors, key employees and consultants. The plan allows for issuance of up to 10% of the aggregate number of Common Shares issued and outstanding from time-to-time on a non-diluted basis. Under the plan, each issued options vests immediately and is exercisable for a maximum of five years from the grant date. As at December 31, 2008, the Company had 748,426 options available for issuance.

On June 5, 2007, Southeast Asia entered into a management agreement with a director and shareholder that stipulated the eventual grant of 600,000 stock options. The stock options were granted on March 17, 2008 with an exercise price of \$0.50. Pursuant to the Company's Stock Option Plan, the options have no vesting period and are exercisable for five years from the grant date. These options have now expired unexercised.

The following table summarizes the assumptions used with the Black-Scholes valuation model for the determination of the stock-based compensation costs for the stock options issued during the year ended December 31, 2008:

Grant date	March 2008
No. of options	600,000
Exercise price	\$ 0.50
Expected life in years	5
Volatility	71%
Risk-free interest rate	2.86%
Dividend yield	-
Fair value of options granted	\$ 281,520
Stock-based compensation expense	\$ 281,520

Southeast Asia Mining Corp.
Notes to the Audited Financial Statements
Years Ended December 31, 2008 and 2007

6 Capital Stock (Cont'd)

On March 17, 2008, the Company reserved 4,000,000 stock options for certain directors, officers and consultants of the Company. These were formally granted upon the Company becoming a reporting issuer on November 28, 2008 and the exercise price was then fixed at \$0.70. All of these stock options have no vesting period and will expire on March 17, 2013. Subsequent to December 31, 2008, 1,400,000 of these options expired or were cancelled.

Warrants

Outstanding warrants as at December 31, 2008 to purchase common shares of the Company are as follows:

Date of Expiry	No. of Warrants	Exercise Price
February 9, 2009	1,225,400	0.70
February 4, 2010	500,000	0.25
	1,725,400	

Upon closing of the December 9, 2006 financing, the Company issued 832,000 Broker Warrants with an exercise price of \$0.25, and those were exercised on June 7, 2008 for cash consideration of \$208,000.

As part of the August 9, 2007 financing, the Company issued 1,225,400 broker warrants at \$0.70 and these expired on February 9, 2009. In addition 500,000 warrants were granted to a former officer of the Company at \$0.25 which vested on the Company becoming a reporting issuer on November 28, 2008.

The following table summarizes the assumptions used with the Black-Scholes valuation model for the determination of the costs for the Warrants issued during the year ended December 31, 2007:

	Dec. 7, 2006	Aug. 9, 2007	Feb. 5, 2007
Grant date			
No. of Broker Warrants	832,000	1,225,400	500,000
Exercise price	\$ 0.25	\$ 0.70	\$ 0.25
Expected life in years	1.5	1.5	3
Volatility	70%	70%	70%
Risk-free interest rate	3.83%	4.70%	4.09%
Dividend yield	-	-	-
Fair value of			
Broker Warrants issued	\$ 73,000	\$ 305,687	\$ 61,200

Subsequent to December 31, 2008, all outstanding warrants expired unexercised.

7 Contributed Surplus

	2008		2007	
Balance at beginning of period	\$	378,687	\$	73,000
Fair value assigned to options granted		281,520		-
Fair value assigned to broker warrants		61,200		305,687
Value transfer on warrant exercise		(73,000)		-
Balance at end of period	\$	648,407	\$	378,687

Southeast Asia Mining Corp.
Notes to the Audited Financial Statements
Years Ended December 31, 2008 and 2007

8 Related Party Transactions

Certain of the Company's officers and directors provide consulting services in their capacities as officers of Southeast Asia. These expenditures, which are for the services of the executive chairman, president, corporate secretary, and chief financial officer, are measured at their exchange amount being the amount of consideration established and agreed to by the related parties. During the year ended December 31, 2008, these expenditures totalled \$224,597 (2007 - \$223,570).

Included in accounts payable and accrued liabilities as at December 31, 2008 is \$23,050 (2007 - \$91,074) due to related parties.

9 Advances written off

Throughout the year, Geotai advanced funds to a former officer of the Company, a substantial amount of which were used to aid in the payment of personal expenditures. Following management's review it was determined that a significant amount of these expenditures, which were recorded as advances, were not considered to be of a business nature, and were in excess of the former officer's compensation. Subsequent to December 31, 2008, the Company and this former officer reached an amicable agreement through the Settlement Agreement (see Note 3) that was completed on December 9, 2010 whereby the advances were forgiven and concurrently both the Company and the officer terminated legal actions that had been commenced. Therefore, the amount of such advances, totalling \$288,135, was deemed uncollectible and written off at December 31, 2008.

10 Income Taxes

As at December 31, 2008, Southeast Asia had non-capital losses of \$2,998,535 for which no benefit has been recognized in the accounts. These losses expire as follows:

Year of Expiry	
2016	\$ 995,300
2027	2,003,235
	\$ 2,998,535

A summary of the future income tax asset resulting from these operating losses carry forward, using a statutory tax rate of 33.5% is as follows:

	2008	2007
Benefit of non-capital losses carry forward	\$ 1,004,509	\$ 334,355
Valuation allowance	(1,004,509)	(334,355)
	\$ -	\$ -

Southeast Asia Mining Corp.
Notes to the Audited Financial Statements
Years Ended December 31, 2008 and 2007

11 Financial Instruments

Fair value

The carrying values of the Company's cash and cash equivalents, accounts payable and accrued liabilities and approximate their fair values due to the relatively short periods to maturity or sale of the instruments.

Interest rate risk

The Company is not exposed to significant interest rate price risk due to the short-term maturity of its monetary assets and liabilities.

Derivatives – mineral properties

The Company has no derivatives relative to its mineral properties.

Currency risk

The Company is exposed to significant currency rate price risk as the majority of the Company's assets are located in Thailand and the majority of its operational expenditures are incurred in Thai baht.

12 Capital Disclosures

The Company manages its capital to ensure that the Company and its subsidiaries will be able to continue as a going concern while attempting to maximize the return to shareholders through the optimization of a reasonable debt and equity balance commensurate with current operating requirements. The current capital structure consists of cash and shareholders' equity excluding accumulated other comprehensive income (loss). The Company raises capital, as necessary, to meet its needs and take advantage of perceived opportunities and, therefore, does not have a numeric target for its capital structure.

	2008	2007
Cash	(420,390)	(9,048,680)
Shareholders' equity	155,802	13,743,282
Total Capital (Deficiency)	\$ (264,588)	\$ 4,694,602

13 Segmented Information

Southeast Asia is in the business of mineral exploration in the Southeast Asia region, and during 2007 and 2008 was operating in Thailand. As such, management has organized the Company's reportable segments by geographic area. The Thai segment is responsible for that country's mineral exploration activities. The information which follows indicates Southeast Asia's reportable segments and for the year ended December 31, 2008, includes income and expenditures of its Thai operations which cannot be fully substantiated as explained in Note 3:

Southeast Asia Mining Corp.
Notes to the Audited Financial Statements
Years Ended December 31, 2008 and 2007

13 Segmented Information (Cont'd)

<i>Year ended December 31,</i>	2008	2007
Interest revenues		
Canada	\$ 75,909	\$ 85,852
Thailand	53,532	
	\$ 129,441	\$ 85,852
Consolidated net (gain) loss		
Canada	\$ 1,456,059	\$ 305,289
Thailand	12,620,941	(288,358)
	\$ 14,077,000	\$ 27,931
Additions to capital assets Thailand	\$ -	\$ 162,837
Identifiable assets		
Canada	\$ 470,106	\$ 5,319,194
Thailand	-	8,705,411
	\$ 470,106	\$ 14,024,605
Significant non-cash items		
Canada Stock-based compensation	\$ 281,520	\$ -
Thailand Amortization	27,911	11,895
	\$ 309,431	\$ 11,895

14 Subsequent Events

- a) On May 15, 2009, the Company was subject to a cease trade order issued by the Ontario Securities Commission as a result of its inability to file its financial statements with the Commission
- b) On April 16, 2010, after a temporary lifting of the cease trade order referred to above, the Company completed a private placement of 22,400,000 common shares at a price of \$0.05, for total gross proceeds of \$1,120,000. The Company paid broker commissions of \$62,083 as part of this financing.