GUYANA PRECIOUS METALS INC.

(formerly known as Coronation Minerals Inc.)

(an exploration stage company)

Consolidated Financial Statements

(Expressed in Canadian Dollars)

Years ended December 31, 2009 and 2008

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AUDITORS' REPORT

To the Shareholders of
Guyana Precious Metals Inc.
(an exploration stage company)

We have audited the consolidated balance sheets of Guyana Precious Metals Inc. (an exploration stage company) as at December 31, 2009 and 2008 and the consolidated statements of operations and comprehensive loss, deficit, changes in shareholders' equity and cash flows for the years then ended. These financials 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, 2009 and 2008 and the results of its operations, changes in shareholders' equity and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Collins Barrow Toronto LLP

Licensed Public Accountants
Chartered Accountants
Toronto, Ontario
April 1, 2010

GUYANA PRECIOUS METALS INC.
(formerly Coronation Minerals Inc.)
(an exploration stage company)
Consolidated Balance Sheets
(Expressed in Canadian Dollars)

As at December 31,	2009	2008
Assets		
Current assets		
Cash and cash equivalents	**$ 2,872,044**	$ 3,018,945
Short-term investment (Note 5)	**160,000**	215,000
Prepaid expenses and other receivables	**25,443**	21,586
GST receivable	**43,254**	308,215
	3,100,741	3,563,746
Fixed assets (net of accumulated amortization of $5,332)	**42,066**	-
Mineral properties and deferred exploration costs (Note 6)	**3**	184,106
	$ 3,142,810	$ 3,747,852
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 10)	**$ 447,991**	$ 478,666
Shareholders' equity		
Share capital (Note 7)	**16,464,838**	17,252,328
Contributed surplus	**2,525,674**	2,270,680
Warrants (Note 9)	**3,538,936**	2,016,027
Deficit	**(19,834,629)**	(18,269,849)
	2,694,819	3,269,186
	$ 3,142,810	$ 3,747,852

See accompanying notes to consolidated financial statements.

Contingency (Note 12)

Approved by the board of directors

Signed "J.Patrick Sheridan"	Signed "Alan Ferry"
Director	Director

GUYANA PRECIOUS METALS INC.
(formerly Coronation Minerals Inc.)
(an exploration stage company)
Consolidated Statements of Operations and Comprehensive Income (Loss)
(Expressed in Canadian Dollars)

Years ended December 31,	2009	2008
Operating expenses and other income		
Amortization	**$ 5,332**	$ -
Loss (gain) on foreign exchange	**1,279**	(18,550)
Management fees	**144,000**	22,000
Office	**66,089**	66,809
Professional fees	**93,962**	410,909
Shareholder communications	**23,093**	24,789
Stock-based compensation (Note 8)	**254,994**	898,570
Transfer, listing and filing fees	**17,987**	46,774
Travel and promotion	**-**	6,831
Loss from operations	**(606,736)**	(1,458,132)
Interest	**60,229**	86,772
Recovery of mineral property costs previously written off	**95,057**	-
Unrealized loss on short-term investment	**(55,000)**	(485,000)
Mineral exploration property - holding costs and royalties	**(104,252)**	-
Write-off of mineral properties (Note 6)	**(218,659)**	(12,265,795)
	(222,625)	(12,664,023)
Loss before income taxes	**(829,361)**	(14,122,155)
Future income tax recovery (Note 11)	**787,490**	326,048
Loss and comprehensive loss for the year	**$ (41,871)**	$ (13,796,107)
Loss per share - basic and diluted	**$ (0.00)**	$ (0.17)
Weighted average number of shares outstanding	**104,295,690**	82,847,189

See accompanying notes to consolidated financial statements.

GUYANA PRECIOUS METALS INC.
(formerly Coronation Minerals Inc.)
(an exploration stage company)
Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Share Capital	Contributed Surplus	Warrants	Deficit	Total
Balance, December 31, 2007	**$ 9,363,206**	**$ 2,361,453**	**$ 824,136**	**$ (4,473,742)**	**$ 8,075,053**
Issued on private placements	6,779,260	-	-	-	6,779,260
Value allocated to warrants	(2,080,839)	-	2,080,839	-	-
Issued to acquire mineral properties	1,258,875	-	-	-	1,258,875
Issued on exercise of options	269,000	-	-	-	269,000
Value allocated on exercise of options	989,343	(989,343)	-	-	-
Expiry of warrants	824,136	-	(824,136)	-	-
Share issue expenses	(150,653)	-	(64,812)	-	(215,465)
Stock-based compensation	-	898,570	-	-	898,570
Net loss for the year	-	-	-	(13,796,107)	(13,796,107)
Balance, December 31, 2008	**17,252,328**	**2,270,680**	**2,016,027**	**(18,269,849)**	**3,269,186**
Future income taxes related to flow-through financing	(787,490)	-	-	-	(787,490)
Stock-based compensation	-	254,994	-	-	254,994
Warrant modification (Note 9)	-	-	1,522,909	(1,522,909)	-
Net loss for the year	-	-	-	(41,871)	(41,871)
Balance, December 31, 2009	**$ 16,464,838**	**$ 2,525,674**	**$ 3,538,936**	**$ (19,834,629)**	**$ 2,694,819**

See accompanying notes to consolidated financial statements.

GUYANA PRECIOUS METALS INC.
(formerly Coronation Minerals Inc.)
(an exploration stage company)
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

Years ended December 31,	2009	2008
Cash (used in) provided by		
Operations		
Net loss	**$ (41,871)**	$ (13,796,107)
Items not affecting cash		
Amortization	**5,332**	-
Stock-based compensation (Note 8)	**254,994**	898,570
Unrealized loss on short-term investment	**55,000**	485,000
Write-off of mineral properties (Note 6)	**218,659**	12,265,795
Recovery of mineral property costs previously written off	**(95,057)**	-
Future income tax recovery	**(787,490)**	(326,048)
Net change in non-cash working capital		
Prepaid expenses and other receivables	**(3,857)**	31,636
GST receivable	**264,961**	(142,917)
Accounts payable and accrued liabilities	**64,382**	(71,833)
	(64,947)	(655,904)
Financing		
Issuances of common shares	**-**	7,048,260
Share issue costs	**-**	(215,465)
	-	6,832,795
Investing		
Additions to mineral properties	**(34,556)**	(4,368,451)
Purchase of fixed asset	**(47,398)**	-
	(81,954)	(4,368,451)
Net change in cash and cash equivalents	**(146,901)**	1,808,440
Cash and cash equivalents, beginning of year	**3,018,945**	1,210,505
Cash and cash equivalents, end of year	**$ 2,872,044**	$ 3,018,945
Cash and cash equivalents consist of:		
Cash	**$ 352,044**	$ 179,529
Cash equivalents	**2,520,000**	2,839,416
	$ 2,872,044	$ 3,018,945

See accompanying notes to consolidated financial statements.

1. Nature and continuance of operations

Guyana Precious Metals Inc. (the "Company" or "Guyana") (formerly known as Coronation Minerals Inc.) was incorporated under the Alberta Business Corporations Act on March 16, 1994 under the name of Minera Sierra Madre Inc. Effective December 15, 1999, the Company changed its name to MSA Capital Corp. and, subsequently, on October 28, 2002, changed its name to Coronation Minerals Inc. Pursuant to a resolution passed by shareholders on June 18, 2009, the Company changed its name to Guyana Precious Metals Inc. which management believes better reflects the activities of the Company of acquiring early stage properties for mineralization in Guyana, South America and surrounding regions. The Company's long-term goal is to develop properties and achieve production on the new acquisitions in Guyana, South America.

On August 17, 2009, the Company announced that it has filed articles of amendment to change its name to “Guyana Precious Metals Inc.” The Company commenced trading under its new name on the TSX Venture Exchange at the open on August 18, 2009, under the new stock symbol “GPM”.

Guyana Goldfields Inc. ("GGI") has agreed to provide established logistical and geological support to Guyana in connection with Guyana's new strategic direction. GGI is a significant shareholder of Guyana and four directors act on both the boards of Guyana and GGI. In addition, the Chief Executive Officer and Chief Financial Officer are common to both companies. GGI and Guyana have signed an "area of influence" agreement, which restricts Guyana from participating in property acquisition and development within a defined area of GGI's exploration and development activities in Guyana. In addition, GGI will have a right of first opportunity to acquire advanced stage properties in which there is a defined resource.

The Company is engaged in the exploration and development of mineral properties. The Company is in the process of determining whether these properties contain ore reserves that are economically recoverable. The recoverability of amounts shown for mineral properties and deferred exploration costs is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete their development and future profitable production or proceeds from the disposition of such mineral properties.

The acquisition of title to mineral properties is a very time consuming process. Although the Company has taken every precaution to ensure that legal title to its mineral properties is properly recorded in the name of the Company, there can be no assurance that such title will ultimately be secured.

As at December 31, 2009, the Company had an accumulated deficit of $19,834,629. This condition, combined with the uncertainties surrounding the recoverability of the mineral properties, cast significant doubt as to the ability of the Company to continue as a going concern. Management is considering various financing alternatives, including private placements, to raise capital. However, it is not possible to determine with certainty whether these initiatives will be successful or adequate.

The consolidated financial statements have been prepared on the basis that contemplates the realization of assets and discharge of liabilities in the ordinary course of business into the foreseeable future. No adjustments to assets or liabilities have been made in these consolidated financial statements in the event that the Company is not able to continue normal business operations. Should it be determined that the Company is no longer a going concern, the financial statements will need to include material adjustments that reflect a liquidation basis of preparation.

2. Significant accounting policies

The accompanying consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") and include the following significant accounting policies:

Basis of consolidation
On October 5, 2009, Guyana Precious Metals (Barbados) Inc., a wholly owned subsidiary of Guyana, was incorporated.

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries Guyana Precious Metals (Barbados) Inc. All significant intercompany balances and transactions have been eliminated on consolidation.

Use of estimates
The preparation of consolidated financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the year. The most significant estimates and assumptions include those related to any impairment of the mineral exploration properties, value of warrants and valuation of stock-based compensation. Actual results could differ from these estimates. Management believes that the estimates are reasonable.

Financial instruments and comprehensive income (loss)
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 or other financial liabilities. Held-for-trading financial instruments are measured at fair value and all gains and losses are included in net income 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 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 made the following classifications:

Cash and cash equivalents	Held-for-trading
Short-term investment	Held-for-trading
Other receivables	Loans and receivables
Accounts payable and accrued liabilities	Other liabilities

Transaction costs are expensed as incurred for financial instruments.

Comprehensive income is the change in equity of an enterprise during a reporting period from transactions and other events and circumstances from non-owner sources. It includes all changes in equity during a period except those resulting from investments by owners and distribution to owners. There was no other comprehensive income during the year.

Capital disclosures
This standard requires disclosure of information that enables users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital. The Company has included disclosures in Note 3 to these consolidated financial statements.

2. Significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks, including guaranteed investment certificates with maturity dates of 3 months or less or which are cashable without penalty.

Short-term investment

Short-term investment consists of common shares in a public company, recorded at fair value. Fair value of the investment is determined based on the quoted market price.

Fixed assets

Fixed assets are recorded at cost. Amortization of vehicles is recorded on the declining balance basis at an annual rate of 30%.

Mineral exploration properties

The Company records its interest in mineral exploration properties at cost. Direct costs relating to the acquisition, exploration and development of mineral exploration 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 would be amortized over the estimated life of the mineral property. 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 of impairment.

The amounts shown for mineral exploration 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.

Asset retirement obligations

The Company records the estimated fair value of any asset retirement obligations as a liability in the period in which the liability is incurred and the present value of the associated future costs can be reasonably estimated. As at December 31, 2009, the Company has not incurred any asset retirement obligations in respect of its mineral properties.

Income taxes

The provision for future income taxes is based on the liability method. Under this method, future income tax assets and liabilities are recognized for the estimated income taxes recoverable or payable that would arise if assets and liabilities were recovered and settled at the consolidated financial statement carrying amounts. Future income tax assets and liabilities are measured using the substantively enacted income tax rates expected to be in effect when the income tax assets or liabilities are recovered or settled, respectively. Changes to these amounts are recognized in income in the period in which the changes occur. A valuation allowance is provided to the extent that future income tax assets, including the income tax benefit of losses carried forward, are not more likely than not to be realized.

2. Significant accounting policies (continued)

Foreign currency translation

The Company translates monetary assets and liabilities at the rate of exchange at the balance sheet date and non-monetary assets and liabilities at historical exchange rates. Income and expenses are translated at average rates in the month they occurred. Gains and losses on translation are recorded in loss from operations.

Loss per share

Basic loss per share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year, including contingently issuable shares that are included when the conditions necessary for issuance have been met. Diluted loss per share is calculated in a manner similar to basic loss per share, except that the weighted average number of shares outstanding is increased to include potential common shares from the assumed exercise of options and warrants, if dilutive. The number of additional shares included in the calculation is based on the treasury stock method for options and warrants.

Stock-based compensation and other stock-based payments

The Company uses the fair value method to account for stock options granted. Under the fair value method, the Company recognizes estimated compensation expense related to stock options over the vesting period of the options granted, with the related credit being allocated to contributed surplus. Upon exercise of these stock options, amounts previously credited to contributed surplus are reversed and credited to share capital.

The Company accounts for other stock-based payments based on the fair value of services granted for the equity instruments issued in exchange for the receipt of goods and services from non-employees or the fair value of the goods and services received, whichever is the more reliable basis of measurement.

Flow-through shares

Under the Canadian Income Tax Act a company may issue securities referred to as flow-through shares, whereby the investor may claim the tax deductions arising from the qualifying expenditure of the proceeds by the Company. When resource expenditures are renounced to the investors and the Company has reasonable assurance that the expenditures will be completed, future income tax liabilities are recognized (renounced expenditures multiplied by the effective corporate tax rate), thereby reducing share capital. Previously unrecognized tax assets may offset or eliminate the liability recorded.

Goodwill and Intangible Assets

Effective January 1, 2009, the Company adopted CICA Section 3064, “Goodwill and Intangible Assets” which replaces CICA Sections 3062, “Goodwill and Other Intangible Assets” and 3450 “Research and Development Costs”, as well as EIC-27, "Revenues and Expenditures During the Pre-operating Period", and part of Accounting Guideline 11, "Enterprises in the development stage". Under previous Canadian standards, a greater number of items were recognized as assets than are recognized under the new rules. The provisions relating to the definition and initial recognition of intangible assets reduce the differences with IFRS in the accounting for intangible assets. The objectives of CICA 3064 are: 1) to reinforce the principle-based approach to the recognition of assets; 2) to establish the criteria for asset recognition; and 3) to clarify the application of the concept of matching revenues and expenses such that the current practice of recognizing items that do not meet the recognition criteria is eliminated. The standard also provides guidance for the recognition of internally developed intangible assets (including research and development activities), ensuring consistent treatment of all intangible assets. The portions in the standard relating to goodwill remain unchanged. The adoption of this standard had no impact on the Company's presentation of its financial position or results of operations as at December 31, 2009.

2. Significant accounting policies (continued)

Fair Value Hierarchy and Liquidity Risk Disclosure

In June 2009, the Canadian Accounting Standards Board issued an amendment to CICA Section 3862, “Financial Instruments – Disclosures” in an effort to make Section 3862 consistent with IFRS Section 7 – Disclosures (“IFRS 7”). The purpose was to establish a framework for measuring fair value in Canadian GAAP and expand disclosures about fair value measurements. To make the disclosures an entity shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following levels: (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); (b) inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3). These standards apply to annual financial statements relating to fiscal years ending after September 30, 2009. The adoption of the new standard resulted in additional disclosures in the notes to the consolidated financial statements (refer to Note 4).

Future accounting changes

International Financial Reporting Standards (“IFRS”)
In January 2006, the CICA’s Accounting Standards Board ("AcSB") formally adopted the strategy of replacing Canadian GAAP with IFRS for Canadian enterprises with public accountability. The current conversion timetable calls for financial reporting under IFRS for accounting periods commencing on or after January 1, 2011. On February 13, 2008, the AcSB confirmed that the use of IFRS will be required in 2011 for publicly accountable profit-oriented enterprises. For these entities, IFRS will be required for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011.

The Company is currently assessing the impact of IFRS on its consolidated financial statements.

Business Combinations, Consolidated Financial Statements and Non-Controlling Interests
The CICA issued three new accounting standards in January 2009: Section 1582, "Business Combinations", Section 1601, "Consolidated Financial Statements" and Section 1602, "Non-Controlling interests". These new standards will be effective for fiscal years beginning on or after January 1, 2011. Section 1582 replaces section 1581 and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to IFRS 3 - Business Combinations. Sections 1601 and 1602 together replace section 1600, Consolidated Financial Statements. Section 1601, establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS IAS 27 - Consolidated and Separate Financial Statements. The Company is in the process of evaluating the requirements of the new standards.

3. Capital management

The Company's objective when managing capital is to maintain adequate levels of funds to support the acquisition, exploration and development of mineral properties.

The Company considers its capital to be equity, which is comprised of share capital, contributed surplus, warrants and deficit, which at December 31, 2009 totalled $2,694,819 (2008 - $3,269,186).

The Company manages its capital structure in a manner that provides sufficient funding for development, exploration and development of mineral properties and operational activities. Funds are primarily secured through equity capital raised by way of private placements. There can be no assurances that the Company will be able to continue raising equity capital in this manner.

The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management team to sustain the future development of the business.

The Company invests all capital that is surplus to its immediate needs in short-term, liquid and highly rated financial instruments, such as cash and other short-term guaranteed deposits, all held with major Canadian financial institutions.

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

There were no changes in the Company's approach to capital management during the year ended December 31, 2009. The Company is not subject to externally imposed capital requirements.

4. Property and financial risk factors

The Company’s activities expose it to a variety of financial risks: credit risk, liquidity risk, market risk (including interest rate risk, foreign currency risk, and commodity and equity price risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit risk
Credit risk is the risk of loss associated with a counterparty’s inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and short-term investments. Cash and cash equivalents and short-term investments are held with reputable Canadian and Barbadian chartered banks, from which management believes the risk of loss to be minimal.

Liquidity risk
Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations when they become due, or can only do so at excessive cost. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2009, the Company had a cash and cash equivalents balance of $2,872,044 (December 31, 2008 - $3,018,945) to settle current liabilities of $447,991 (December 31, 2008 - $478,666). All of the Company's financial liabilities have contractual maturities of less than 30 days or are repayable on demand and are subject to normal trade terms.

4. Property and financial risk factors (continued)

Market risk

Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of financial instrument will fluctuate due to changes in market interest rates. The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by banks with which it keeps its bank accounts. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its banks. The Company regularly monitors its cash management policy.

Foreign currency risk
Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using cash flow forecasting. The Company incurs expenditures in Canada and Barbados and its functional and reporting currency is the Canadian dollar. Purchases are transacted in Canadian and US dollars. The Company maintains a Canadian dollar bank account in Canada and a US dollar bank account in Barbados. The Company does not undertake currency hedging activities.

Equity price risk
The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company's investment in common shares of Northern Platinum Ltd. ("Northern") is subject to fair value fluctuations arising from changes in the equity market.

Fair value

The Company has, for accounting purposes, designated its cash and cash equivalents and short-term investment as held-for-trading, which are measured at fair value. Other receivables are classified for accounting purposes as loans and receivables, which are measured at amortized cost which equals fair market value due to their short term nature. Accounts payable and accrued liabilities are classified for accounting purposes as other financial liabilities, which are measured at amortized cost which also equals fair market value due to its short term nature.

Fair market value represents the amount that would be exchanged in an arm's length transaction between willing parties and is best evidenced by a quoted market price, if one exists.

4. Property and financial risk factors (continued)

Sensitivity analysis

The sensitivity analysis shown in the notes below may differ materially from actual results.

(i) Interest rate risk is minimal as cash and cash equivalents include investment-grade short-term deposit certificates with fixed interest rates.

(ii) Cash denominated in US dollars is subject to foreign currency risk. As at December 31, 2009, had the US dollar weakened/strengthened by 10% against the Canadian dollar with all other variables held constant, the Company's loss for the year ended December 31, 2009 would have been approximately $11,000 higher/lower as a result of foreign exchange losses/gains on translation of US dollar denominated financial instruments. Similarly, as at December 31, 2009, reported shareholders' equity would have been approximately $11,000 lower/higher had the US dollar weakened/strengthened by 10% as a result of foreign exchange losses/gains on translation of US dollar denominated financial instruments.

(iii) The Company's investment in the common shares of Northern is subject to fair value fluctuations. As at December 31, 2009, if the quoted market price of Northern had decreased/increased by 10% with all other variables held constant, net loss for the year ended December 31, 2009 would have been $16,000 higher/lower. Similarly, as at December 31, 2009, reported shareholders' equity would have been $16,000 lower/higher as a result of the 10% decrease/increase in the quoted market price of Northern.

Fair value hierarchy and liquidity risk disclosure

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at December 31, 2009:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents:				
- Cash	$ -	$ 352,044	-	$ 352,044
- Cash equivalents	-	2,520,000	-	2,520,000
Short-term investment	160,000	-	-	160,000
	$ 160,000	$ 2,872,044	$ -	$ 3,032,044

(Expressed in Canadian Dollars)

5. Short-term investment

During 2005, the Company entered into an agreement with Northern to purchase a 100% interest in Northern's Wellgreen Project. Under the terms of the agreement the Company purchased a $1 million private placement of Northern capital stock in the form of 1,000,000 units. Each unit consisted of one common share and one half share purchase warrant with each full warrant giving the holder the right to purchase an additional share of Northern for $1.50 for a period of 24 months. These warrants expired unexercised during 2007. During 2008, the agreement was terminated due to current commodity and equity market conditions.

6. Mineral properties and deferred exploration costs

Description	Balance December 31, 2008	Expenditures	Write-down	Balance December 31, 2009
Coppermine River, Nunavut	$ 1	$ -	$ -	$ 1
Rory Group, Yukon	184,104	34,556	(218,659)	1
RC Group, Nunavut	1	-	-	1
	$ 184,106	$ 34,556	$ (218,659)	$ 3

Description	Balance December 31, 2007	Expenditures	Write-down	Balance December 31, 2008
Coppermine River, Nunavut	$ 4,935,503	$ 2,177,965	$ (7,113,467)	$ 1
Wellgreen, Yukon	1,887,072	3,265,256	(5,152,328)	-
Rory Group, Yukon	-	184,104	-	184,104
RC Group, Nunavut	-	1	-	1
	$ 6,822,575	$ 5,627,326	$ (12,265,795)	$ 184,106

Coppermine River Project

Effective August 12, 2002, the Company and Coppercorp Inc. ("Coppercorp"), a wholly-owned subsidiary of Guyana Goldfields Inc. ("GGI"), entered into a definitive option agreement (the "option agreement"). Under the terms of the option agreement, the Company may earn a 50% interest in Coppercorp's right, title and interest in mining lease number 2797 located in the Coronation Gulf area, west of the Coppermine River (Coppermine River Property), approximately 60-75 km, southwest of Kugluktuk, Nunavut, Canada, in consideration of the following:

i) payment of $100,000 in cash (paid) and issue of 3,000,000 common shares (issued) in the capital of the Company in 2002;
ii) delivery of 3,000,000 common shares (issued) in the capital of the Company on September 12, 2003, subject to receipt of regulatory and shareholders' approval;
iii) cash payments of $100,000 on September 12, 2003 (paid) and $100,000 on August 12, 2004 (paid); and
iv) incurring $1,500,000 in exploration expenditures (incurred) over three years.

6. Mineral properties and deferred exploration costs (continued)

Coppermine River Project (continued)

The exploration property is subject to annual holdings costs of $14,588 and ongoing royalty of $100,000 per annum.

On April 29, 2005, the Company and Coppercorp entered into an agreement which allows for the Company to acquire the remaining 50% of the Coppermine River Project. Terms of the agreement call for the Company to issue to Coppercorp 6,000,000 common shares of the Company. Coppercorp will retain a 1.5% net smelter royalty.

On June 26, 2008, Guyana and GGI announced that they have entered into an amended agreement which allows for Guyana to acquire the remaining 50% interest of the Coppermine River Project (the "Coppermine Agreement"). Guyana had originally acquired its initial 50% in the Coppermine River Project in 2002. Terms of the Coppermine Agreement call for Guyana to issue 5,000,000 common shares to Coppercorp. Coppercorp will also retain a 1.5% net smelter return royalty over the unpatented claims only, and a right of first refusal to participate in future financing of Guyana.

On November 6, 2008, Guyana has acquired the remaining 50% interest of the Coppermine River Project. Guyana has issued 5,000,000 common shares to Coppercorp; the shares were subject to a four month hold period that expired on March 6, 2009.

As at December 31, 2008, the Company wrote off a total of $7,113,467 recorded as mineral properties and deferred exploration costs. This is the cost of the Coppermine River Project. Management decided to write -off the project because there is significant deterioration in the economic environment. The Company does not possess any external valuation appraisal to support the value of the project. The Company intends to retain its ownership rights in the project by making any required payments to retain the property on a care and maintenance basis.

Wellgreen Project

During 2005, the Company and Northern entered into an agreement which gives the Company the right to purchase 100% interest in Northern's Wellgreen property for $25 million within a three year period that commences after certain approvals and conditions have been met. The property will be subject to a 3% net smelter royalty during the first two years of production from the property and a 5% net smelter royalty thereafter in favour of Northern. A further 1.5% net smelter royalty can be purchased for $7.5 million.

The Wellgreen platinum group metal (PGM) rich, copper-nickel deposit is located in the southwestern Yukon, approximately 317 km northwest of Whitehorse and 125 km northwest of the town of Haines Junction. The property consists of 91 claims held under a renewable 21 year mining lease.

During 2008, the Company terminated its agreement with Northern due to current commodity and equity market conditions. Unprecedented uncertainty in the credit markets has led to increased difficulties in borrowing/raising funds. The purchase price of $25 million for the Wellgreen Project would put the Company in financial hardship. The accumulated costs on the property of $5,152,328 have been written off. In 2009, the Company recovered $95,057 of these costs previously written off.

(Expressed in Canadian Dollars)

6. Mineral properties and deferred exploration costs (continued)

Rory Group

The Company has a 100% interest in the Rory Group consisting of 265 staked claims located in the Yukon Territory, Canada. The Company has decided that this property was not appropriate for further exploration. The accumulated costs on the property of $218,659 have been written off.

RC Group

The Company has a 100% interest in the RC Group consisting of 30 staked claims located in Nunavut, Canada.

7. Share capital

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preferred, non-voting redeemable shares. The issued and outstanding common shares consist of the following:

	Number of Shares	Amount
Balance, December 31, 2007	59,308,136	$ 9,363,206
Private placement of flow-through units (i)(ii)	17,999,778	3,239,960
Private placement of common share units (i)(ii)	19,662,776	3,539,300
Value allocated to warrants (i)(ii)	-	(2,080,839)
Issued to acquire mineral properties	25,000	8,875
Issued to acquire mineral properties (Note 6)	5,000,000	1,250,000
Issued on exercise of options	2,300,000	269,000
Value allocated on exercise of options	-	989,343
Expiry of warrants	-	824,136
Share issue expenses	-	(150,653)
Balance, December 31, 2008	104,295,690	17,252,328
Future income taxes related to flow-through financing (iii)	-	(787,490)
Balance, December 31, 2009	104,295,690	$ 16,464,838

(i) On June 5, 2008, Guyana closed a non-brokered offering to raise gross proceeds of $4,779,300. Pursuant to the offering, Guyana issued an aggregate of (i) 9,862,778 flow-through units at $0.18 per flow-through unit, and (ii) 16,688,888 hard dollar units at $0.18 per hard dollar unit. Each flow-through unit was comprised of one flow-through (within the meaning of the Income Tax Act (Canada)) common share of Guyana and one half of one common share purchase warrant which was not a flow-through share under the Income Tax Act (Canada). Each hard dollar unit was comprised of one common share and one common share purchase warrant.

Insiders of Guyana, and their affiliates, subscribed for 800,000 of the flow-through units and 3,568,888 of the hard dollar units being distributed under the non-brokered offering. All securities issued in connection with the offering were subject to a statutory hold period which expired on October 6, 2008.

(Expressed in Canadian Dollars)

7. Share capital (continued)

(i) (continued) The fair value of the share purchase warrants was estimated using the Black-Scholes pricing model as follows: dividend yield 0%; expected volatility 144.8%; risk-free interest rate 2.91% and an expected average life of 1.5 years. Value assigned was $1,509,232. The warrants were modified in the current year. (Note 9).

(ii) On June 27, 2008, Guyana closed a non-brokered offering to raise gross proceeds of $1,999,960. Pursuant to the offering, Guyana issued an aggregate of (i) 8,137,000 flow-through units at $0.18 per flow-through unit, and (ii) 2,973,888 hard dollar units at $0.18 per hard dollar unit. Each flow-through unit was comprised of one flow-through (within the meaning of the Income Tax Act (Canada)) common share of Guyana and one half of one common share purchase warrant which was not a flow-through share under the Income Tax Act (Canada). Each hard dollar unit was comprised of one common share and one share purchase warrant.

All securities issued in connection with the offering were subject to a statutory hold period which expired on October 28, 2008.

The fair value of the share purchase warrants was estimated using the Black-Scholes pricing model as follows: dividend yield 0%; expected volatility 146.0%; risk-free interest rate 3.21% and an expected average life of 1.5 years. Value assigned was $571,607. The warrants were modified in the current year. (Note 9).

(iii) Pursuant to the terms of the flow-through share agreements completed in fiscal 2008, the tax attributes of the related expenditures were renounced to subscribers. As a result, in accordance with EIC-146 of the CICA Handbook, the Company recognized a foregone tax benefit of $787,490.

8. Stock options

The Company adopted a stock option plan for employees, consultants, officers and directors on April 24, 1995. The number of common shares reserved for issue under the stock option plan may not exceed 10% of the issued and outstanding capital of the Company at any given time. The term of options granted under the stock option plan may not exceed five years from the date of the grant and the option price, which may be determined by the directors of the Company, may not be less than the market price for the common shares at the grant date, less an approved discount.

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2007	5,930,000	$ 0.21
Exercised	(2,300,000)	0.12
Granted (i)(ii)(iii)	4,270,000	0.24
Expired	(3,230,000)	0.24
Balance, December 31, 2008	4,670,000	0.25
Granted (iv)	3,950,000	0.10
Expired	(400,000)	0.27
Balance, December 31, 2009	8,220,000	0.17

(Expressed in Canadian Dollars)

8. Stock options (continued)

(i) On June 24, 2008, the Company granted 3,900,000 options to acquire 3,900,000 shares of the Company at a price of $0.25 per share. The fair value of these options at the date of grant was estimated using the Black-Scholes valuation model with the following assumptions: a five year expected term; 129% volatility; risk-free interest rate of 3.4% per annum; and a dividend rate of 0%. The fair value assigned to these options was $842,400 which was expensed to the statement of operations with a corresponding amount allocated to contributed surplus as all options vested when granted.

(ii) On August 26, 2008, the Company granted 350,000 options to acquire 350,000 shares of the Company at a price of $0.18 per share. The fair value of these options at the date of grant was estimated using the Black-Scholes valuation model with the following assumptions: a five year expected term; 126% volatility; risk-free interest rate of 3.12% per annum; and a dividend rate of 0%. The fair value assigned to these options was $53,550 which was expensed to the statement of operations with a corresponding amount allocated to contributed surplus as all options vested when granted.

(iii) On October 3, 2008, the Company granted 20,000 options to acquire 20,000 shares of the Company at a price of $0.16 per share. The fair value of these options at the date of grant was estimated using the Black-Scholes valuation model with the following assumptions: a five year expected term; 125% volatility; risk-free interest rate of 3.02% per annum; and a dividend rate of 0%. The fair value assigned to these options was $2,620 which was expensed to the statement of operations with a corresponding amount allocated to contributed surplus as all options vested when granted.

(iv) On May 11, 2009, the Company granted 3,950,000 options to management, directors and consultants of the Company at a price of $0.10 per share. The options expire May 11, 2012. The options vest over eighteen months as to 25% immediately, 25% after six months, 25% after one year and 25% after eighteen months. The fair value of these options at the date of the grant was estimated using the Black-Scholes valuation model with the following assumptions: a three year expected term, 158% volatility, risk-free interest rate of 1.53% per annum; and a dividend rate of 0%. The fair value assigned to these options was $327,850 which will be expensed to the statement of operations and comprehensive loss with the corresponding amount allocated to contributed surplus as the options vest. For the year ended December 31, 2009, the impact on expenses was $254,994.

(v) The weighted average grant date fair value of the options granted was $0.08 (2008 - $0.21) per option.

The following are the stock options outstanding at December 31, 2009:

Number of Options Granted	Number of Options Vested	Fair Value	Weighted Average Exercise Price	Remaining Contractual Life (in years)	Expiry Date
3,950,000	1,975,000	$ 327,850	$ 0.10	2.36	May 11, 2012
3,900,000	3,900,000	842,400	0.25	3.48	June 24, 2013
350,000	350,000	53,550	0.18	3.65	August 26, 2013
20,000	20,000	2,620	0.16	3.76	October 3, 2013
8,220,000	6,245,000	$ 1,226,420	$ 0.17	2.95	

(Expressed in Canadian Dollars)

9. Warrants

The following table shows the continuity of warrants during the period:

	Number of Warrants	Allocated Value
Balance, December 31, 2007	4,030,857	$ 824,136
Granted	28,662,665	2,080,839
Expired	(4,030,857)	(824,136)
Share issue expenses	-	(64,812)
Balance, December 31, 2008	28,662,665	2,016,027
Warrant modification	-	1,522,909
Balance, December 31, 2009	28,662,665	$ 3,538,936

The following are the warrants outstanding at December 31, 2009:

Number of Warrants	Fair Value	Exercise Price	Expiry Date
21,620,277	$ 2,677,541	$ 0.30	June 30, 2011 (a)
7,042,388	926,207	0.30	June 30, 2011 (a)
-	(64,812)	-	Share issue expenses
28,662,665	$ 3,538,936	$ 0.30	

(a) On July 13, 2009, the TSX Venture Exchange consented to the extension of the expiry date of 21,620,277 (Series 2008-I) and 7,042,388 (Series 2008-II) warrants exercisable at $0.30 per share with an original expiry date of December 5, 2009 and December 27, 2009, respectively to June 30, 2011.

The amended warrants will expire at 5:00 p.m. (Toronto time) on June 30, 2011, provided that if the closing price of the common shares for any 20 consecutive trading days exceeds $0.50, the Company may accelerate the expiry time to the date which is the later of (A) 30 days following the date of mailing of written notice of the accelerated expiry time to the holders, and (B) 30 days following the date a press release is issued by the Company announcing the accelerated expiry time. The exercise price for both series of warrants will remain the same.

The Company has recorded the incremental difference as a capital transaction based on the fair value of these warrants immediately prior to and after the modification.

The fair value of the 21,620,277 warrants was estimated using the Black-Scholes pricing model using the following assumptions prior to the date of extension: dividend yield 0%; expected volatility 168%; risk free interest rate 1.33% and an expected average life of 0.48 years. The fair value was estimated using the Black-Scholes pricing model using the following assumptions as at the date of extension: dividend yield 0%; expected volatility 161%; risk free interest rate 1.33% and an expected average life of 2.05 years. The resulting incremental fair value of $1,168,309 associated with the common share purchase warrants held by shareholders was recorded as a charge to the deficit, with a corresponding entry to warrants.

(Expressed in Canadian Dollars)

9. Warrants (continued)

The fair value of the 7,042,388 warrants was estimated using the Black-Scholes pricing model using the following assumptions prior to the date of extension: dividend yield 0%; expected volatility 168%; risk free interest rate 1.33%and an expected average life of 0.54 years. The fair value was estimated using the Black-Scholes pricing model using the following assumptions as at the date of extension: dividend yield 0%; expected volatility 161%; risk free interest rate 1.33% and an expected average life of 2.05 years. The resulting incremental fair value of $354,600 associated with the common share purchase warrants held by shareholders was recorded as a charge to the deficit, with a corresponding entry to warrants.

10. Related party transactions

The Company had the following related party transactions:

Years ended December 31,	**2009**	**2008**
Management fees paid to the Chief Executive Officer (3)	$ 120,000	$ -
Management fees paid to the Chief Financial Officer (4)	$ 24,000	$ 22,000
Consulting fees (included in deferred exploration costs) accrued to the Chief Executive Officer (3)	$ -	$ 98,065
Office expenses accrued to GGI (1)	$ 25,787	$ 6,897
Professional fees paid/accrued (4)	$ 61,948	$ -

(1) Included in accounts payable and accrued liabilities is $1,961 (December 31, 2008 - $6,897) payable to GGI with which three (3) directors act on both the Boards of Guyana and GGI. In addition, the President and Chief Executive Officer is common to both companies The balance pertains to office expenses paid on behalf of Guyana by GGI.

(2) As at December 31, 2009, accounts payable and accrued liabilities include $221,301 (2008 - $221,301) payable to a former officer of the Company for services provided. This amount is unsecured, non-interest bearing and has no specific terms of repayment.

(3) Included in accounts payable and accrued liabilities is $nil (December 31, 2008 - $20,000) due to the Chief Executive Officer. The balance is non interest bearing and is payable on demand.

(4) The Chief Financial Officer of Guyana is the president of a company providing accounting services to Guyana. Included in accounts payable and accrued liabilities is $7,697 (December 31, 2008 - $nil) payable to this company. The balance is non interest bearing and is payable on demand.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The transactions referred to in Note 6 between GGI and Guyana are not in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

(Expressed in Canadian Dollars)

11. Income taxes

(a) Provision for income taxes

Income taxes differ from the amount that would be computed by applying the combined statutory income tax rates of 33% (2008 - 33.5%). The reasons for the differences are as follows:

	2009	2008
Loss before income taxes	$ **(829,361)**	$ (14,122,155)
Expected tax recovery at statutory rates	**(273,689)**	(4,730,922)
Increase (decrease) resulting from		
Non-deductible stock-based compensation	**84,148**	301,021
Taxable portion of capital gain on expiry of warrants	**-**	138,043
Unrealized loss (gain) on short-term investment	**18,150**	162,475
Unrealized foreign exchange gain	**421**	(6,214)
Losses not benefited	**119,370**	47,424
Share issue costs	**(20,557)**	(20,868)
Write-off of mineral properties	**72,157**	4,109,041
Rate change of future tax assets	**498,068**	-
Change in valuation allowance and other	**(498,068)**	-
Recovery due to flow-through shares renounced	**(787,490)**	(326,048)
	$ **(787,490)**	$ (326,048)

(b) Future tax balances

The tax effects of temporary differences that give rise to future tax assets and future income tax liabilities at December 31, 2009 and 2008 are as follows:

	2009	2008
Resource expenditure pools	$ **1,863,315**	$ 3,007,556
Non-capital tax losses carry-forward	**397,355**	431,621
Unpaid management fees	**55,325**	-
Unrealized loss on short-term investment	**105,000**	113,825
Cost of issue of shares	**34,416**	57,988
Valuation allowance for future tax assets (i)	**(2,455,411)**	(3,610,990)
Balance, end of year	$ **-**	$ -

(i) The Company has provided a valuation allowance equal to the future tax assets because it is not presently more likely than not that they will be realized.

(Expressed in Canadian Dollars)

11. Income taxes (continued)

(c) Non-capital losses

The Company has accumulated non-capital losses for income tax purposes of which can be carried forward to be applied against future taxable income. The right to use these losses expires as follows:

Year	Tax loss
2010	$ 207,995
2014	206,995
2015	265,380
2026	80,186
2027	458,287
2028	7,080
2029	363,502
	$ 1,589,425

12. Contingency

Effective January 1, 2008 the former president of the Company signed a Consulting Agreement (“Agreement”) with the Company which provided for a compensation settlement of $8,000 per month for a period of 24 months if there was a change in control of the Company. On March 3, 2008, a Special Meeting of the Shareholders of the Company (“Meeting”) was held. During the Meeting, there was a change in the composition of the board of directors which, under the Agreement, constituted a change in control.

The current Board of Directors of the Company disputes the validity of the Agreement and as such has not accrued any liability in these consolidated financial statements.

13. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation. Net loss previously reported has not been affected by this reclassification.