

Financial Statements of

**ORSA VENTURES CORP.**  
**(An Exploration Stage Company)**

**March 31, 2010**  
(un-audited prepared by management)

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NOTICE TO READER

CONSOLIDATED BALANCE SHEETS

CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT

CONSOLIDATED STATEMENTS OF CASH FLOWS

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

The accompanying unaudited interim consolidated financial statements of Orsa Ventures Corp. for the three months ended March 31, 2010 have been prepared by and are the responsibility of the Company's management.

These interim consolidated financial statements have not been reviewed by Orsa Venture Corp's external auditors.

**ORSA VENTURES CORP.**

(An Exploration Stage Company)

**CONSOLIDATED BALANCE SHEETS**

As at March 31, 2010 and December 31, 2009

	<b>March 31</b>		December 31
	<b>2010</b>		2009
<b>ASSETS</b>			
Current			
Cash and cash equivalents	\$ 647,244	\$	688,390
Receivables	1,723		1,345
Prepaid expenses and advances	12		1,289
	<b>648,979</b>		691,024
	<b>\$ 648,979</b>	<b>\$</b>	<b>691,024</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Current			
Accounts payable and accrued liabilities	\$ 24,930	\$	25,857
Share capital (Note 4)	27,514,512		27,514,512
Contributed surplus (Note 4)	1,879,086		1,879,086
Deficit	(28,769,549)		(28,728,432)
Total shareholders' equity	<b>624,049</b>		665,166
	<b>\$ 648,979</b>	<b>\$</b>	<b>691,024</b>

Nature of Operations and Ability to Continue as a Going Concern (Note 1)

**Approved on behalf of the Board:**

"Brian Flower" Director "Ken Wang" Director

**ORSA VENTURES CORP.****(An Exploration Stage Company)****CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT**

For the three months ended March 31

	2010	2009
<b>ADMINISTRATIVE EXPENSES</b>		
Accounting and legal	\$ 4,989	\$ 7,237
Consulting (Note 6)	9,750	7,500
Office and administration fees	7,126	7,238
Property evaluation	3,581	—
Regulatory fees	5,022	5,045
Rent (Note 6)	6,000	6,000
Shareholder communications	200	220
Transfer agent fees	2,067	2,063
Travel	2,964	4,752
<b>Loss before other items</b>	<b>(41,699)</b>	<b>(40,055)</b>
<b>OTHER ITEMS</b>		
Interest income	582	262
<b>Net loss from continuing operations</b>	<b>(41,117)</b>	<b>(39,793)</b>
<b>Net loss and comprehensive loss for the period</b>	<b>(41,117)</b>	<b>(39,792)</b>
<b>Deficit, beginning of period</b>	<b>(28,728,432)</b>	<b>(28,554,028)</b>
<b>Deficit, end of period</b>	<b>\$ (28,769,549)</b>	<b>\$ (28,593,820)</b>
<b>Basic and diluted loss per common share from continuing operations</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>
<b>Weighted average number of common shares outstanding</b>	<b>14,305,666</b>	<b>14,305,666</b>

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

**ORSA VENTURES CORP.**

(An Exploration Stage Company)

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

For the three months ended March 31

	2010	2009
<b>OPERATING ACTIVITIES</b>		
Net loss for the period	(41,117) \$	(39,793)
Items not involving cash		
Changes in non-cash working capital items related to operations:		
Receivables	(378)	(884)
Accounts payable and accrued liabilities	(928)	(12,671)
Prepays	1,277	1,340
Net cash used in operating activities	(41,146)	(52,008)
<b>Decrease in cash for the period</b>	<b>(41,146)</b>	<b>(52,008)</b>
<b>Cash and equivalents, beginning of period</b>	<b>688,390</b>	<b>818,352</b>
<b>Cash and equivalents deposits, end of period</b>	<b>647,244 \$</b>	<b>766,344</b>
<b>Cash paid during the period for interest expense</b>	<b>\$ —</b>	<b>\$ —</b>
<b>Cash paid during the period for income taxes</b>	<b>\$ —</b>	<b>\$ —</b>

Supplemental disclosure with respect to cash flows (Note 5)

**ORSA VENTURES CORP.**

(An Exploration Stage Company)

**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

For the three months ended March 31

	Common Shares		Total
	Number	Amount	
Balance, December 31, 2009	14,305,666	\$27,514,512	\$27,514,512
	—	—	—
<b>Balance, March 31, 2010</b>	<b>14,305,666</b>	<b>\$27,514,512</b>	<b>\$27,514,512</b>

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

**1. NATURE OF OPERATIONS AND ABILITY TO CONTINUE AS A GOING CONCERN**

Orsa Ventures Corp. (the "Company") was incorporated in British Columbia, continued under the Business Corporations Act (Yukon Territory) and continued again under the Business Corporations Act (British Columbia). The Company is primarily engaged in the acquisition and exploration of mineral properties. To date, the Company has not earned significant revenues and is considered to be in the exploration stage. The Company is currently in the process of evaluating mineral property opportunities.

These financial statements have been prepared on the basis of generally accepted accounting principles as applicable to a going concern. Those principles contemplate the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. As at March 31, 2010 the Company has no source of operating cash flow and has an accumulated deficit of \$28,769,549. Operations historically have been funded primarily from the issuance of capital stock. The future viability of the Company will depend upon its ability to continue to obtain adequate financing and commence profitable business operations. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they come due.

If the going concern assumptions were not appropriate for these financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported net loss and the balance sheet classifications used.

**2. BASIS OF PRESENTATION**

These interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP").

These unaudited interim consolidated financial statements do not contain all of the information required for annual financial statements and they should be read in conjunction with the Company's annual audited financial statements for the fiscal year ended December 31, 2009. All material adjustments, which in the opinion of management are necessary for a fair presentation of the results of the interim periods, have been reflected.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The results for the three months ended March 31, 2010 are stated utilizing the same accounting policies and methods of application as the most recent annual audited financial statements, but are not necessarily indicative of the results to be expected for the full year.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**Recent Accounting Pronouncements**

**Business Combinations**

In January 2009, the CICA issued Section 1582 – Business Combinations, which replaces Section 1581 – Business Combinations, and Section 1601 – Consolidated Financial Statements and Section 1602 – Non Controlling Interests, which replace Section 1600 – Consolidated Financial Statements. These new sections are effective for years beginning on or after January 1, 2011 with earlier adoption permitted. Section 1582 and 1602 will require net assets, non-controlling interests and goodwill acquired in a business combination to be recorded at fair value and non-controlling interests will be reported as a component of equity. In addition, the definition of a business is expanded and is described as an integrated set of activities and assets that are capable of being managed to provide a return to investors or economic benefits to owners. As well acquisition costs are not part of the consideration and are to be expenses when incurred. These new sections are not expected to have a material impact on the Company's financial condition or operating results.

International financial reporting standards ("IFRS"):

In February 2008, the CICA Accounting Standards Board ("AcSB") confirmed the changeover to IFRS from Canadian GAAP will be required for publicly accountable enterprises effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The eventual changeover to IFRS represents changes due to new accounting standards. The transition from current Canadian GAAP to IFRS is a significant undertaking that may materially affect the Company's reported financial position and results of operations.

The Company is assessing the potential impacts of this changeover and is developing its IFRS changeover plan, which will include project structure and governance, resourcing and training, analysis of key GAAP differences and a phased plan to assess accounting policies under IFRS as well as potential IFRS 1 exemptions

**4. CAPITAL STOCK AND CONTRIBUTED SURPLUS**

**a) Authorized**

The Company's authorized share capital is unlimited number of common shares with no par value.

**b) Escrow Shares**

As at March 31, 2010, included in capital stock are 19,500 (December 31, 2009 – 19,500) common shares currently held in escrow, their release being subject to regulatory approval.

**c) Stock option plan**

The Company has a stock option plan in place under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of five years. Vesting is determined by the Board of Directors.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2010

**4. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd)**

**c) Stock option plan (cont'd)**

As at March 31, 2010, the Company has outstanding stock options enabling the holders to acquire common shares as follows:

Number of Shares	Exercise Price	Expiry Date
340,000	\$ 0.22	May 18, 2012
477,500	\$0.10	September 10, 2014
<b>817,500</b>		

Stock options transactions and the number of stock options outstanding are summarized as follows:

	March 31, 2010		December 31, 2009	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning of period	1,420,000	\$ 0.32	1,057,500	\$ 0.32
Granted	-	-	477,500	0.10
Cancelled / forfeited	-	-	(115,000)	0.36
Expired	(602,500)	0.36	-	-
Balance, outstanding and exercisable, end of period	817,500	\$ 0.15	1,420,000	\$ 0.24

**d) Stock-based compensation**

During the period ended March 31, 2010 and March 31, 2009 there were no options granted.

**e) Warrants**

As at March 31, 2010 there were no warrants outstanding.

**5. NON-CASH TRANSACTIONS**

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the consolidated statements of cash flows. During the period ended March 31, 2010 and March 31, 2009 the Company did not enter into any non-cash transactions.

## **6. RELATED PARTY TRANSACTIONS**

During the period ended March 31, 2010, Company entered into the following transactions with related parties:

- a) Paid or accrued rent of \$6,000 (2009 - \$6000) to companies in which common directors have a beneficial interest.
- b) Paid or accrued consulting fees of \$9,750 (2009 - \$7,500) to a company controlled by the CFO.

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

## **7. FINANCIAL INSTRUMENTS**

### Financial Instrument Risk Exposure and Risk Management

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities. The Company has exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments. This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing these risks.

Financial instruments issued by the Company are treated as equity only to the extent that they do not meet the definition of a financial liability. The Company's common shares are classified as equity instruments.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has implemented and monitors compliance with risk management policies as set out herein:

#### Credit Risk

The Company is primarily exposed to credit risk on its bank accounts. Credit risk exposure is limited through maintaining its cash with high-credit quality financial institutions.

#### Liquidity Risk

The Company ensures that there is sufficient capital in order to meet short term business requirements, after taking into account the Company's holdings of cash. The Company believes that these sources will be sufficient to cover the expected short and long term cash requirements.

#### Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is exposed to interest rate risk on its cash and cash equivalents. The Company estimates that the fluctuation in interest rate of 1% would affect the net loss by approximately \$6,500.

## **8. CAPITAL DISCLOSURE**

The Company was formed for the purpose of acquiring exploration and development stage natural resource properties. The management determines the Company's capital structure and makes adjustments to it based on funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The management has not established quantitative return on capital criteria for capital management.

The Company will be dependent in the future upon external financing to fund future acquisition and exploration programs and its administrative costs. The Company will spend existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and to seek to acquire an interest in additional properties if management feels there is sufficient geologic or economic potential provided it has adequate financial resources to do so.

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

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Company considers the items included in shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, sell assets to reduce debt or return capital to shareholders. The Company is not subject to externally imposed capital requirements. There have been no changes made to the capital management policy during the period.