



SLATER

MINING

FINANCIAL STATEMENTS
(Audited)

December 31, 2009

(Expressed in Canadian Dollars)

AUDITORS' REPORT

To the Shareholders of
Slater Mining Corporation

We have audited the balance sheets of **Slater Mining Corporation** [the "Company"] as at December 31, 2009 and 2008 and the statements of loss, comprehensive loss and deficit, and cash flows for the periods 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, 2009 and 2008 and the results of its operations and its cash flows for the periods then ended in accordance with Canadian generally accepted accounting principles.

Ernst & Young LLP

Vancouver, Canada,
January 18, 2010.

Chartered Accountants

SLATER MINING CORPORATION
STATEMENT OF LOSS, COMPREHENSIVE LOSS AND DEFICIT
YEAR ENDED DECEMBER 31
(Expressed in Canadian Dollars)

	<u>2009</u>	<u>2008</u>
REVENUE		
Interest income	\$ 846	\$ 5,650
EXPENSES		
Filing fees	\$ 20,668	\$ 2,253
General and administration (Note 5)	62,160	11,416
Professional fees (Note 5)	38,593	10,000
Project evaluation	283,223	27,436
Stock based compensation (Note 6)	<u>60,000</u>	<u>45,000</u>
	<u>\$ 464,644</u>	<u>\$ 96,105</u>
Loss and comprehensive loss for the year	\$ (463,798)	\$ (90,455)
Deficit, beginning of year	<u>(90,455)</u>	<u>-</u>
Deficit, end of year	<u>(554,253)</u>	<u>(90,455)</u>
Basic and diluted loss per common share	<u>\$ (0.03)</u>	<u>\$ (0.01)</u>
Weighted average number of common shares outstanding	<u>16,653,425</u>	<u>12,430,769</u>

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

SLATER MINING CORPORATION
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31
(Expressed in Canadian Dollars)

	<u>2009</u>	<u>2008</u>
OPERATING ACTIVITIES		
Loss for the year	\$ (463,798)	\$ (90,455)
Stock based compensation	60,000	45,000
Increase in prepaid expenses	(23,894)	-
Increase in receivables	(2,599)	(7,030)
Increase in accounts payable	<u>1,908</u>	<u>10,556</u>
Net cash used in operating activities	<u>\$ (428,383)</u>	<u>\$ (41,929)</u>
INVESTING ACTIVITIES		
Redemption (purchase) of short term investments	<u>\$ 200,000</u>	<u>\$ (700,000)</u>
Net cash provided by (used in) investing activities	<u>\$ 200,000</u>	<u>\$ (700,000)</u>
FINANCING ACTIVITIES		
Exercise of warrants	\$ 5,000	\$ -
Common shares issued for cash, net of issue costs	<u>200,000</u>	<u>951,865</u>
Net cash provided by financing activities	<u>\$ 205,000</u>	<u>\$ 951,865</u>
Increase (decrease) in cash and cash equivalents for the year	(23,383)	209,936
Cash and cash equivalents, beginning of year	<u>209,936</u>	<u>-</u>
Cash and cash equivalents, end of year	<u>\$ 186,553</u>	<u>\$ 209,936</u>
Cash paid during the year for interest	\$ -	\$ -
Cash paid during the year for income taxes	\$ -	\$ -
Supplemental disclosure of non-cash items		
Issuance of warrants – consideration for initial public offering	\$ -	\$ 10,000

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

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company was incorporated under the *Business Corporations Act* (British Columbia) on June 5, 2008 and is classified as a Capital Pool Company as defined in the TSX Venture Exchange (“TSX-V”) Policy 2.4. The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval and acceptance by regulatory authorities.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company’s continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition of, a participation in or an interest in properties, assets or businesses and its ability to raise capital sufficient to attain profitable operations. Such an acquisition will be subject to shareholder and regulatory approval.

The Company has entered into a legally binding letter agreement to earn-in to a 60% interest in multiple copper/silver deposits in Kazakhstan. The transaction is expected to close during 2010.

2. SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents consist of cash and highly liquid investments, with a maturity of 90 days or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Short term investments

Short term investments are classified as held for trading and recorded at their fair value, with movements in fair value recorded in income. Short term investments have maturities less than one year.

Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the amount of revenues and expenses reported during the year. The assumptions used in determining stock based compensation are a significant area requiring the use of management estimates. Actual results could differ from these estimates.

Income taxes

Future income taxes are recorded using the asset and liability method whereby future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the year that substantive enactment or enactment occurs. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

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

Loss per share

Basic loss per share is calculated using the weighted-average number of shares outstanding during the year. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year.

Stock-based compensation

The fair value method of accounting is used for stock-based awards. Under this method, the compensation cost of options are estimated at fair value at the grant date and charged to earnings over the vesting period, with the offsetting credit recorded as an increase in contributed surplus. If the stock options are exercised, the proceeds are credited to share capital and the fair value at the date of grant is reclassified from contributed surplus to share capital.

Adopted standards

The following accounting pronouncements are applicable to the year ending December 31, 2009:

CICA 3064, Goodwill and Intangible Asset establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises.

EIC-173, Credit Risk and the Fair Value of Financial Assets and Liabilities requires that in determining the fair value of financial assets and financial liabilities an entity should take into account the credit risk of the entity and the counterparty.

EIC-174, Mining Exploration Costs provides guidance on capitalization of exploration costs related to mining properties in particular and on impairment of long-lived assets in general.

The adoption of these new pronouncements did not have a material effect on the Company's financial statements.

Future accounting changes

The Canadian Accounting Standards Board ("AcSB") in 2006 published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with International Financial Reporting Standards ("IFRS") over a five-year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-accountable enterprises to use IFRS. The date is for interim and annual financial statement relating to fiscal years beginning on or after January 1, 2011. For the Company the transition date will be effective January 1, 2011 and will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

In January 2009, the AcSB issued Handbook sections: 1582 – Business Combinations, 1601 – Consolidated Financial Statements, and 1602 – Non-controlling Interests. These new Sections will be applicable to financial statements relating to the Company's interim and fiscal year end beginning on or after January 1, 2011. Early adoption is permitted. The Company has not yet determined the impact of the adoption of these new sections on its financial statements.

3. FINANCIAL INSTRUMENTS

Fair Values

The company's financial instruments include cash and cash equivalents, short term investments, receivables and accounts payable. The fair value of these financial instruments equals their carrying value, due to the short-term nature of these instruments. Cash and cash equivalents and short term investments are classified as "held for trading" for accounting purposes. Receivables and accounts payable are recorded at cost.

Credit risk

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to fulfill its contractual obligations. The Company's credit risk is attributable to its liquid financial assets including cash and cash equivalents and receivables. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash and cash equivalents with high-credit quality financial institutions. The Company does not have financial assets that are invested in asset backed commercial paper. The Company is not exposed to significant credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures that there is sufficient capital and liquidity to meet liabilities when due. As at December 31, 2009 the Company had a cash balance of \$686,553 to settle current liabilities of \$12,464. All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. The Company is not exposed to significant liquidity risk.

Interest rate risk

The Company has cash balances, investment-grade short-term deposit certificates issued by its banking institutions and no interest-bearing debt. Interest income is not material to the Company. The Company is not exposed to significant interest rate risk.

Foreign currency risk

The Company is not exposed to significant foreign currency risk.

4. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard its ability to continue as a going concern. The Company considers the components of shareholders' equity, as well as its cash and cash equivalents, as capital. The Company's cash resources at December 31, 2009 are sufficient for its present needs, specifically the identification and evaluation of assets or a business for acquisition. There were no changes to the Company's approach to capital management during the year. The Company has no externally imposed capital requirements.

SLATER MINING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

5. RELATED PARTY TRANSACTIONS

The Company incurred expenses of \$48,000 (\$0 – 2008) with a private corporation owned by an officer and director, for office space and out-of-pocket expenses. The Company incurred professional fees of \$23,573 (\$22,727 – 2008) for legal services to a director. There were no accounts payable due to related parties as of December 31, 2009 (\$0 – 2008). These transactions were in the normal course of operations, do not have future commitments and were recorded at the exchange amount as determined by management.

6. SHARE CAPITAL

	Share Capital		Contributed Surplus
	Number of Shares	Amount	
Private placement, July 2008	13,600,000	\$ 860,000	\$ -
Initial public offering, October 2008	2,000,000	91,865	
Warrants granted	-	(10,000)	10,000
Stock options granted	-	-	45,000
Balance - December 31, 2008	15,600,000	\$ 941,865	\$ 55,000
Stock options granted	-	-	60,000
Warrants exercised	50,000	7,500	(2,500)
Private placement, June 2009	2,000,000	200,000	-
Balance – December 31, 2009	17,650,000	\$ 1,149,365	\$ 112,500

The Company has authorized unlimited common shares, without par value. On June 24, 2009, the Company issued 2,000,000 common shares at a price of \$0.10 per common share to directors of the Company for gross proceeds of \$200,000.

Stock options

On June 1, 2009, the Company adopted an amended incentive stock option plan (the “Option Plan”) which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with TSX-V regulations, grant to directors, officers, employees and technical consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares. Such options will be exercisable for a period of up to 5 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

During the year, options were granted to new directors to acquire 360,000 common shares with an exercise price of \$0.12 and 500,000 common shares with an exercise price of \$0.14, exercisable until October 1, 2013. The options vested immediately on the date of grant.

SLATER MINING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

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

	Number of Options	Weighted Average Exercise Price
Stock options granted October 1, 2008, expiry October 1, 2013	900,000	\$ 0.10
Stock options granted and exercisable at December 31, 2008	900,000	\$ 0.10
Stock options granted February 9, 2009, expiry October 1, 2013	500,000	\$ 0.14
Stock options granted July 22, 2009, expiry October 1, 2013	360,000	\$ 0.12
Stock options granted and exercisable at December 31, 2009	1,760,000	\$ 0.12

The following assumptions were used for the Black-Scholes valuation of the options granted during the year. The fair value of each option on the grant date was calculated at \$0.07, resulting in stock based compensation of \$60,000 for the year.

Risk free interest rate	1%
Expected life of options	2 years
Expected volatility	100%
Dividend rate	0%

Warrants

On October 1, 2008, Agent's warrants were issued to acquire 200,000 common shares at a price of \$0.10 per common share exercisable for a period of 2 years from the date of grant. These warrants have been recorded as a share issuance cost.

	Number of Warrants	Exercise Price
Warrants issued, expiry October 1, 2010	200,000	\$ 0.10
Balance - December 31, 2008	200,000	\$ 0.10
Exercised	50,000	\$ 0.10
Balance - December 31, 2009	150,000	\$ 0.10

SLATER MINING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

7. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

Loss for the year	\$ (463,798)
Expected income tax-recovery	\$ (139,139)
Adjustment for non-deductible amounts	18,386
Adjustment for deductible share issuance costs	(6,488)
Difference due to tax rate change	21,207
Change in valuation allowance	<u>106,035</u>
Total income tax recovery	<u>\$ -</u>

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

Loss carry forwards	\$ 120,509
Share issuance costs	<u>18,531</u>
	139,040
Valuation allowance	<u>(139,040)</u>
Net future income tax assets	<u>\$ -</u>

The Company has available for deduction against future taxable income non-capital losses of \$482,037 and share issuance costs of \$74,124. The losses, if not utilized, will expire in 2028 and 2029. Future tax benefits which may arise as a result of these non-capital losses and share issuance costs have not been recognized in these financial statements and have been offset by a valuation allowance due to the uncertainty of their realization.