Consolidated financial statements of

EurOmax Resources Ltd.

December 31, 2010 and 2009

EurOmax Resources Ltd.

December 31, 2010 and 2009

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Deloitte & Touche LLP
2800 - 1055 Dunsmuir Street
4 Bentall Centre
P.O. Box 49279
Vancouver BC V7X 1P4
Canada

Tel: 604-669-4466
Fax: 604-685-0395
www.deloitte.ca

Independent Auditor's Report

To the Shareholders of EurOmax Resources Ltd.

We have audited the accompanying consolidated financial statements of EurOmax Resources Ltd., which comprise the consolidated balance sheets as at December 31, 2010 and December 31, 2009, and the consolidated statements of operations and comprehensive (loss) income, shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of EurOmax Resources Ltd. as at December 31, 2010 and December 31, 2009 and its financial performance and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that the Company has incurred losses since inception and has an accumulated deficit of $27,885,000 at December 31, 2010. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

(Signed) Deloitte & Touche LLP

Chartered Accountants
Vancouver, Canada
April 25, 2011

EurOmax Resources Ltd.

Consolidated statements of operations and comprehensive (loss) income
years ended December 31, 2010 and 2009

(Expressed in Canadian dollars)

	2010	2009
	$	$
Expenses		
Write-down of property (Note 7)	**3,520,765**	-
General and administrative (Note 11)	**1,946,960**	1,262,404
Shareholder meeting	**1,847,434**	-
Stock-based compensation	**524,440**	253,760
Foreign exchange loss	**356,436**	1,343,585
General exploration expenses	**97,343**	500,369
Depreciation	**80,422**	65,581
Accretion of note receivable	**-**	(14,742)
Other income	**(13,436)**	(24,698)
	(8,360,364)	(3,386,259)
Other income (expenses)		
Interest income (expense)	**3,351**	(49,387)
Gain on settlement of derivative	**-**	183,081
Loss on stock options held	**-**	(4,058)
(Loss) gain on disposal of property and equipment	**(4,513)**	3,657,580
Loss on sale of investment (Note 8)	**(146,688)**	-
	(147,850)	3,787,216
Net (loss) income	**(8,508,214)**	400,957
Other comprehensive (loss) income		
(Loss) gain on mark-to-market of investment, net of tax (Note 8)	**(156,352)**	156,352
	(8,664,566)	557,309
Basic and diluted (loss) earnings per share	**(0.07)**	0.00
Basic and diluted weighted average number of shares outstanding	**120,062,039**	90,637,662

See accompanying notes to the consolidated financial statements.

EurOmax Resources Ltd.
Consolidated balance sheets
as at December 31, 2010 and 2009
(Expressed in Canadian dollars)

	2010	2009
	$	$
Assets		
Current assets		
Cash	**1,252,773**	8,234,111
Accounts receivable, prepaids and deposits	**969,480**	689,580
	2,222,253	8,923,691
Investment (Note 8)	**-**	475,190
Restricted cash (Note 6)	**49,900**	47,223
Property and equipment (Note 7)	**7,038,675**	7,240,205
	9,310,828	16,686,309
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**248,780**	295,349
Shareholders' equity		
Share capital (Note 9)	**34,061,257**	33,101,084
Warrants	**378,494**	897,038
Contributed surplus	**2,507,297**	1,613,272
Accumulated other comprehensive income	**-**	156,352
Deficit	**(27,885,000)**	(19,376,786)
	9,062,048	16,390,960
	9,310,828	16,686,309

Nature of operations and continuation of business (Note 1)
Subsequent events (Note 15)

Approved by the Board

(Signed) Mark Gustafson
Mark Gustafson, Director

(Signed) Donald R. Siemens
Donald R. Siemens, Director

EurOmax Resources Ltd.

Consolidated statements of shareholders' equity
years ended December 31, 2010 and 2009
(Expressed in Canadian dollars)

	Common shares				Accumulated other comprehensive		
	Shares	Amount	Warrants	Contributed surplus	income (loss)	Deficit	Total
		$	$	$	$	$	$
Balance at December 31, 2008	56,772,487	23,577,652	548,544	1,160,912	-	(19,777,743)	5,509,365
Net income and comprehensive income	-	-	-	-	-	400,957	400,957
Other comprehensive income on							
mark-to-market of investment, net of							
tax (Note 8)	-	-	-	-	156,352	-	156,352
Shares issued for:							
Issue for acquisition (Note 4)	62,289,552	9,343,432	378,494	198,600	-	-	9,920,526
Exercise of warrants	1,000,000	180,000	(30,000)	-	-	-	150,000
Stock-based compensation (Note 9 (e))	-	-	-	253,760	-	-	253,760
Balance at December 31, 2009	120,062,039	33,101,084	897,038	1,613,272	156,352	(19,376,786)	16,390,960
Net loss and comprehensive loss	-	-	-	-	-	(8,508,214)	(8,508,214)
Other comprehensive loss on							
mark-to-market of investment, net of							
tax (Note 8)	-	-	-	-	(303,040)	-	(303,040)
Transfer of accumulated other comprehensive							-
loss on sale of investment (Note 8)	-	-	-	-	146,688	-	146,688
Expired warrants	-	-	(403,044)	403,044			-
Shares issued for:							
Exercise of stock options	198,403	74,673	-	(33,459)	-	-	41,214
Exercise of warrants	3,850,000	885,500	(115,500)	-	-	-	770,000
Stock-based compensation (Note 9 (e))	-	-	-	524,440	-	-	524,440
Balance at December 31, 2010	124,110,442	34,061,257	378,494	2,507,297	-	(27,885,000)	9,062,048

The total of deficit and accumulated other comprehensive income (loss) as at December 31, 2010 was ($27,885,000) (2009 - ($19,220,434)).

EurOmax Resources Ltd.

Consolidated statements of cash flows
years ended December 31, 2010 and 2009

(Expressed in Canadian dollars)

	2010	2009
	$	$
Operating activities		
Net (loss) income	**(8,508,214)**	400,957
Items not involving cash		
Gain on settlement of derivative	**-**	(183,081)
Loss (gain) on disposal of property and equipment (Note 7)	**4,513**	(3,657,580)
Unrealized foreign exchange (gain) loss	**(30,518)**	738,918
Loss on stock options held	**-**	4,058
Loss on sale of investment	**146,688**	-
Depreciation	**80,422**	65,581
Accretion of note receivable	**-**	(14,742)
Stock-based compensation	**524,440**	253,760
Write-down of property and equipment	**3,520,765**	-
Net change in non-cash working capital balances (Note 12)	**(154,319)**	(1,444,866)
Cash used by continuing operations	**(4,416,223)**	(3,836,995)
Cash provided by discontinued operations	**-**	15,809
	(4,416,223)	(3,821,186)
Investing activities		
Acquisition of property and equipment	**(3,404,170)**	(1,833,060)
Restricted cash deposits (Note 6)	**(2,677)**	(31,482)
Corporate acquisitions, net of cash acquired (Notes 4 and 5)	**-**	(167,452)
Proceeds on sale of mineral properties, net of costs (Note 7 (d))	**-**	14,946,346
	(3,406,847)	12,914,352
Financing activities		
Repayment of short-term loan	**-**	(853,750)
Issue of shares, net of issuance costs	**811,214**	150,000
Loan receivable	**-**	250,000
	811,214	(453,750)
Effect of foreign exchange rate changes on cash and cash equivalents	**30,518**	(736,317)
Net (decrease) increase in cash	**(6,981,338)**	7,903,099
Cash, beginning of year	**8,234,111**	331,012
Cash, end of year	**1,252,773**	8,234,111

Supplemental cash flow information (Note 12)

EurOmax Resources Ltd.

Notes to the consolidated financial statements
December 31, 2010 and 2009

1. Nature of operations and continuation of business

The consolidated financial statements include the accounts of EurOmax Resources Ltd. (the “Company” or “EurOmax”) and the accounts of its wholly-owned subsidiaries, Power Fortune Limited, Silk Road Exploration Limited, Omax International Ltd., Omax Energy Ltd., Martern EOOD (“Martern”), EOX Services Ltd., Thrace Resources EOOD, EurOmax Macedonia dooel, Skopje, Martern Macedonia dooel, EurOmax Resources Serbia d.o.o., South Danube Metals Beograd d.o.o and Scala Mines EOOD (“Scala”).

The Company operates in one segment being the exploration and development of mineral properties.

The Company is in the process of exploring its mineral properties in Bulgaria, Serbia and Macedonia and has not yet determined whether its mineral properties contain reserves that are economically recoverable. The measurement of certain assets and liabilities is dependent on future events, therefore the preparation of these consolidated financial statements requires the use of estimates, which may vary from actual results. The success of the Company’s exploration and development of its mineral interests is influenced by significant financial risks, legal and political risks, commodity prices, and the ability of the Company to discover economically recoverable reserves and to bring such reserves into future profitable production. The amounts shown for mineral interests represent net costs incurred to date less amounts written-off and do not necessarily represent present or future values. Such estimates have been made using careful judgments and conform to the significant accounting policies summarized below.

As of December 31, 2010, the Company has no source of operating cash flows, has not yet achieved profitable operations, has accumulated losses of $27,885,000 (December 31, 2009 - $19,376,786) and expects to incur further losses in the development of its business, all of which cast substantial doubt about the Company’s ability to continue as a going concern. The Company’s ability to continue as a going concern is dependent upon the Company obtaining additional equity and/or debt financing and/or new strategic partners and obtaining the necessary permits in connection with the development of its properties in Southeastern Europe. Subsequent to December 31, 2010, the Company completed a financing for gross proceeds of $7,875,000 (Note 15). However, there is no assurance that further financings and/or strategic partnerships or the necessary permits will be obtained on favorable terms or at all. Failure to obtain future financing and/or strategic partnerships and the necessary permits could result in the delay or indefinite postponement of further exploration of the Company’s properties and may result in the Company not meeting any of its operational and capital requirements.

The Company’s consolidated financial statements do not include any adjustments to the recoverability and classification or recorded assets, or the amount or classification of liabilities, all of which would be necessary if the going concern assumption was not appropriate. Such adjustments could be material.

Uncertainty also exists with respect to the recoverability of the carrying value of certain mineral properties. The ability of the Company to realize on its investment in resource properties is contingent upon resolution of the uncertainties and confirmation of the Company’s title to the mineral properties.

2. Change in accounting policies

Business combinations, consolidated financial statements and non-controlling interests

For interim and annual financial statements relating to its fiscal year commencing on or after January 1, 2010, the Company adopted new Canadian Institute of Chartered Accountants (“CICA”) Section 1582, *Business Combinations*, Section 1601, *Consolidated Financial Statements*, and Section 1602, *Non-Controlling Interests*. Section 1582 replaces existing Section 1581, *Business Combinations*, and Sections 1601 and 1602 together replace Section 1600, *Consolidated Financial Statements*

2. Change in accounting policies (continued)

The adoption of Sections 1582 and, collectively, 1601 and 1602 provides the Canadian equivalent to International Financial Reporting Standards "(IFRS") 3 *Business Combinations* and International Accounting Standards ("IAS") 27 *Consolidated and Separate Financial Statements*, respectively. The adoption of these new standards did not significantly impact the Company's consolidated financial statements.

International Financial Reporting Standards ("IFRS")

Publicly listed companies will be required to adopt IFRS for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. EurOmax's first consolidated financial statements presented in accordance with IFRS will be for the three month period ended March 31, 2011, which will include presentation of its comparative results for fiscal 2010 under IFRS.

3. Significant accounting policies

(a) Principles of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries, all of which are wholly owned. All intercompany balances and transactions have been eliminated.

(b) Measurement uncertainties

Canadian generally accepted accounting principles ("GAAP") require management to make assumptions and estimates that affect the reported amounts and other disclosures in these consolidated financial statements. Actual results may differ from those estimates.

The consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. The most significant estimates relate to the calculation of asset retirement obligations, the impairment of property and equipment, the calculation of depreciation; recoverability of accounts receivable, valuation of future income tax amounts and the calculation of stock-based compensation.

(c) Cash and cash equivalents

Cash equivalents consist of balances with banks and investments in highly liquid short-term deposits with maturities from the date of acquisition of three months or less. The Company had no cash equivalents at December 31, 2010 (2009 - $Nil).

(d) Property and equipment

(i) Office and other equipment

Office and other equipment are depreciated over their estimated useful lives on a straight-line basis over 3 to 10 years.

3. Significant accounting policies (continued)

(d) Property and equipment

(ii) Mineral properties

Direct costs relating to the acquisition, exploration and development of mineral properties are capitalized on an area of interest and mineral basis. These expenditures will be charged against income through unit-of production depletion when properties are developed to the stage of commercial production. Where the Company's exploration commitments are performed under option agreements with a third party, the proceeds of any option payments under such agreements are applied to the area of interest to the extent of costs incurred. The excess, if any, is credited to operations. If an area of interest is abandoned or management determines that the carrying value cannot be supported by future production or sale, the related costs are charged to operations.

(e) Asset retirement obligations

The estimated fair value of each asset retirement obligation is recorded in the period a reclamation obligation is created. Fair value is estimated using the present value of the estimated future cash outflows to rehabilitate the asset at the Company's credit-adjusted risk-free interest rate. The obligation is reviewed regularly by Company management based upon current regulations, costs, technologies and industry standards. The discounted obligation is initially capitalized as part of the carrying amount of the related mineral property. The increase in mineral properties is depleted on the same basis as the remainder of the costs associated with the mineral property. The liability is subsequently adjusted for the passage of time and is recognized as an accretion expense in the statement of loss. Actual restoration expenditures are charged to the accumulated obligation as incurred. As at December 31, 2010, the Company has no asset retirement obligations related to its mineral properties in Bulgaria, Serbia and Macedonia (2009 - $Nil).

(f) Income taxes

Income taxes are accounted for using the asset and liability method of income tax allocation. Under the liability method, income tax assets and liabilities are recorded to recognize future income tax inflows and outflows arising from the settlement or recovery of assets and liabilities at their carrying values. Income tax assets are also recognized for the benefits from tax losses and deductions that cannot be identified with particular assets or liabilities, provided those benefits are more likely than not to be realized. Future income tax assets and liabilities are determined based on the substantively enacted tax rates in the period of anticipated realization.

(g) Stock-based compensation

All stock-based awards are measured and recognized using a fair value method based on the Black-Scholes option pricing model. The fair value of the stock-based compensation awards at the date of the grant is accrued and charged to operations, with the offsetting credit to contributed surplus, on a straight-line basis over the vesting period. When options are exercised, the proceeds, together with the amount recorded in contributed surplus, are recorded to share capital. The Company accounts for the forfeiture of stock options as they occur.

3. Significant accounting policies (continued)

(h) Earnings (loss) per share

Net earnings (loss) per share are calculated based on the weighted average number of common shares outstanding during the period. The diluted weighted average number of shares takes into account the dilutive effect of options and warrants. Under the treasury stock method, only “in the money” options and warrants are included in the weighted average diluted number of shares. It is assumed that any proceeds obtained upon the exercise of options and warrants plus the unamortized portion of stock-based compensation would be used to purchase common shares at the average price during the period. The weighted average number of shares is then reduced by the number of shares acquired.

(i) Foreign currency translation

The Company follows the temporal method when translating foreign currency transactions and the financial statements of its integrated subsidiaries.

Under this method, foreign currency denominated assets and liabilities are translated at the exchange rate prevailing at the balance sheet date for monetary items and at the transaction date for non-monetary items. Revenues and expenses, except depletion and depreciation, are translated at average exchange rates for the year.

Depletion and depreciation are translated at the same rate as the related assets. Exchange gains or losses on translation of current and non-current monetary items are included in the determination of net income (loss).

(j) Financial instruments - recognition and measurement

All financial instruments are initially recorded at fair value. Financial assets are designated upon inception into one of the following four categories: held-to-maturity, held-for-trading, available-for-sale or loans-and-receivables. Financial liabilities are designated upon inception as either held-for-trading or other-financial-liabilities.

Financial instruments classified as held-for-trading are measured at fair value with unrealized gains and losses recognized in net income for the period. The Company’s cash is classified as held-for-trading.

Financial instruments classified as loans-and-receivables, held-to-maturity and other-financial-liabilities are measured at amortized cost. The Company’s accounts receivable are classified as loans-and-receivables while accounts payable and accrued liabilities are classified as other-financial-liabilities.

Financial instruments classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary. An investment classified as available-for-sale was sold in the year ended December 31, 2010.

Transactions costs associated with held-for-trading financial instruments are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the instrument.

4. Acquisition of Silk Road Resources Ltd.

In June 2009, a subsidiary of the Company acquired 100% of the outstanding common shares of Silk Road Resources Ltd. (“Silk Road”) pursuant to a court approved Plan of Arrangement between Silk Road and the Company’s subsidiary. The Company issued 62,289,552 common shares or 2.2535 common shares for each common share of Silk Road outstanding at the closing. Silk Road owned interests in two Chinese joint ventures. The purchase cost of Silk Road was $10,145,157. The Plan of Arrangement was accounted for as an asset acquisition as Silk Road was not considered to constitute a business in accordance with EIC-124 “Definition of a Business”. The expenses associated with Silk Road have been recognized from the date of the closing of the transaction, which was June 30, 2009.

The purchase consideration of $10,145,157 was comprised of 62.3 million common shares, the outstanding options and warrants from Silk Road and transaction costs. Each common share was valued at $0.15, being the closing price on the date of the closing of the transaction. The Company exchanged the options and warrants of Silk Road which were outstanding at the closing date for options and warrants of the Company at an exchange ratio of 2.2535 and at a price equivalent to the original price divided by 2.2535. The following weighted average assumptions were used for the Black Scholes option pricing model to estimate the fair value of the stock options and warrants.

Risk-free interest rate	1.52%
Expected life of options and warrants (years)	2.6
Expected volatility of each option granted	150%
Dividend yield per share	Nil

Purchase consideration was as follows:

	$
Share capital	9,343,432
Fair value stock options	198,600
Fair value warrants	378,494
Transaction costs	224,631
Consideration	10,145,157

The allocation of the purchase price assigned to the assets and liabilities of Silk Road was based on estimates of fair value and was as follows:

	$
Cash	11,704
Accounts receivable and prepaid expenses	56,956
Loan to EurOmax	250,000
Investment in Chinese mineral properties	11,260,770
Accounts payable	(580,523)
Short-term loan	(853,750)
Net value of assets and liabilities at fair market value	10,145,157

5. Purchase of Thrace Resources EOOD

(a) On March 16, 2009, the Company entered into an agreement to purchase all of the outstanding shares of Thrace Resources EOOD ("Thrace") from International Resource Holdings Limited ("IRH"). This agreement was subject to all necessary regulatory approvals, including approval of the IRH shareholders, which was received on September 23, 2009. Thrace holds the Bulgarian properties sold by EurOmax to IRH in 2006. The consideration paid by the Company is the fair value of the cancellation of one-half of the convertible note issued by IRH to the Company on December 10, 2008 or $241,892.

The allocation of the purchase price assigned to the assets and liabilities of Thrace was based on estimates of fair value and was as follows:

	$
Cash	45,475
Mineral properties	232,267
Accounts payable	(35,850)
	241,892

(b) During the year ended December 31, 2009, IRH also entered into an agreement with a private Australian company, Clean Global Energy Pty. Ltd., to acquire all of its assets. One of the conditions to this agreement was the conversion of the balance of the convertible note outstanding with EurOmax into common shares of IRH. Effective October 7, 2009, the convertible note was converted to common shares of IRH. As a result of the conversion, the Company was issued an additional 3,679,152 common shares of IRH for a total of 12,679,152 common shares. As part of the transaction, the common shares of IRH were consolidated on a 1 new share for each 4 previous shares, thereby giving EurOmax 3,169,788 common shares of IRH, and the name was changed to Clean Global Energy Limited ("CGEL"). As of the date of the transaction, the Company held a 2.25% interest in CGEL (Note 8).

6. Restricted cash

During the year ended December 31, 2004, under the terms of the mineral licenses granted to the Company in Bulgaria, a bond for potential environmental reclamation was required to be deposited with the Ministry of Environment and Water. The Company's bank provided the government with a guarantee to cover these bonds in the amount of US$50,000 (2009 - US$45,000). As a condition of providing these guarantees, the Company's banker required that the Company place a deposit in the amount of US$50,000 (2009 - US$45,000) in a segregated account.

7. Property and equipment

			2010
	Cost	**Accumulated depreciation**	**Net book value**
	$	**$**	**$**
Office and other equipment	**468,975**	**295,261**	**173,714**
Mineral properties			
Bulgaria, Macedonia and Serbia	**6,813,961**	**-**	**6,813,961**
	7,282,936	**295,261**	**6,987,675**

7. Property and equipment (continued)

			2009
	Cost	Accumulated depreciation	Net book value
	$	$	$
Office and other equipment	428,049	214,839	213,210
Mineral properties			
Bulgaria, Macedonia and Serbia	7,026,995	-	7,026,995
	7,455,044	214,839	7,240,205

No general and administrative costs have been capitalized in 2010 or 2009.

Mineral properties

Mineral interest additions by area of interest

	Bulgaria			Macedonia		Serbia		
	Trun	Rakitovo	Breznik	Kazandol	Ilovitza	Ceovishte	Karavansalija	Total
	$	$	$	$	$	$	$	$
Balances								
December 31, 2008	-	-	-	683,757	1,509,878	1,387,828	1,607,422	5,188,885
Additions								
Acquisition	-	-	232,267	-	-	-	-	232,267
Assays and analysis	-	-	21,420	1,082	-	21,724	100	44,326
Drilling	-	-	79,405	-	-	520,866	239,715	839,986
Geological consulting	-	-	34,306	80,157	55,430	124,082	67,687	361,662
Geophysical contractors	-	-	-	-	-	70,705	-	70,705
Other	-	-	17,289	48,462	23,869	142,604	56,940	289,164
Balances								
December 31, 2009	-	-	384,687	813,458	1,589,177	2,267,809	1,971,864	7,026,995
Additions								
Acquisition	2,828	-	2,196	-	-	-	-	5,024
Assays and analysis	19,757	-	83,815	15,974	15,453	-	13,714	148,713
Drilling	242,203	130,398	483,338	214,623	734,468	-	284,059	2,089,089
Geological consulting	33,500	42,373	2,627	105,391	134,614	28,504	157,392	504,401
Geophysical contractors	5,587	-	134,884	-	-	-	-	140,471
Other	963	21,779	34,262	55,439	241,947	19,567	97,076	471,033
Property write-offs	-	-	-	(1,204,885)	-	(2,315,880)	-	(3,520,765)
Balances								
December 31, 2010	304,838	194,550	1,125,809	-	2,715,659	-	2,524,105	6,864,961

7. Property and equipment (continued)

Mineral properties (continued)

Mineral interest by category

	Bulgaria			Macedonia		Serbia		
	Trun	Rakitovo	Breznik	Kazandol	Ilovitza	Ceovishte	Karavansalija	Total
	$	$	$	$	$	$	$	$
Acquisition	2,828	-	234,463	273,390	410,085	520,200	851,545	2,292,511
Assays and analysis	19,756	-	105,235	21,207	63,618	50,164	52,056	312,036
Drilling	242,203	130,398	562,743	371,291	1,339,055	1,044,639	1,072,379	4,762,708
Geological consulting	33,501	42,373	36,933	303,897	423,995	313,763	293,985	1,448,447
Geophysical contractors	5,587	-	134,884	-	40,102	70,705	-	251,278
Other	963	21,779	51,551	235,100	438,804	316,409	254,140	1,318,746
Property write-downs	-	-	-	(1,204,885)	-	(2,315,880)	-	(3,520,765)
Balances December 31, 2010	304,838	194,550	1,125,809	-	2,715,659	-	2,524,105	6,864,961

The Company is currently engaged in exploring on three properties in Bulgaria, one property in Macedonia and one property in Serbia. During 2010, the Company discontinued exploration on one property in Macedonia and one property in Serbia and wrote off $3,520,765 related to costs incurred to date on those properties.

(a) Bulgaria

These properties are held pursuant to an exploration licence ("Licence") issued by the government of Bulgaria. These Licences have an initial term of three years with a right to extend the term up to eight years under certain circumstances. In the event of an economic discovery on a Licence, the Company has the right to obtain a mineral concession ("Concession"). The term for a Concession is for the necessary period to extract the mineralization discovered but generally runs from 35 to 50 years.

(i) Rakitovo

The Rakitovo Licence was granted pursuant to an agreement entered into between the Ministry of Environment and Water of Bulgaria (the "Ministry") and Martern, a Bulgarian subsidiary, dated May 28, 2004. This Licence covers an area of 33.3 square kilometres. In order to maintain this Licence in good standing, Martern was required to conduct work programs approved by the Ministry. These work programs were completed and the property was sold to CGEL on October 24, 2006. The term of the Rakitovo licence was extended to May 28, 2011 and the Company is seeking a further extension to this licence.

On October 7, 2009, the Company reacquired the Rakitovo licence through the acquisition of CGEL's Bulgarian subsidiary Thrace Resources EOOD (Note 5). As of December 31, 2010, the Company has expended $194,550 (December 31, 2009 - $Nil) in exploration expenditures on the Rakitovo property.

(ii) Breznik

The Breznik Licence was granted pursuant to an agreement entered into between the Ministry and Martern dated May 28, 2004. This Licence covers an area of 19.1 square kilometres. In order to maintain this Licence in good standing Martern was required to conduct work programs approved by the Ministry. These work programs were completed and the property was sold to CGEL on October 24, 2006.

7. Property and equipment (continued)

Mineral properties (continued)

(a) Bulgaria (continued)

(ii) Breznik (continued)

On October 7, 2009, the Company reacquired the Breznik licence through the acquisition of CGEL's Bulgarian subsidiary Thrace Resources EOOD (Note 5). As of December 31, 2010, the Company has expended $891,346 (December 31, 2009 - $154,420) in exploration expenditures on the Breznik property. The term of the Breznik licence was extended to May 28, 2011. The Company is planning to apply for an extension of the licence.

(iii) Trun

The Trun Licence was granted pursuant to an agreement entered into between the Ministry and Martern dated July 7, 2004. This Licence covers an area of 67.5 square kilometres. In order to maintain this Licence in good standing, Martern is required to complete work programs approved by the Ministry. This work was completed and the Licence has been extended until July 7, 2011. The Company wrote-off its investment in Trun in 2008, but after a re-examination of prior results re-commenced exploration in 2010. As of December 31, 2010, the Company has expended $302,010 (December 31, 2009 - $Nil) in exploration expenditures on the Trun property.

(b) Macedonia

On July 11, 2007, the Company acquired an option to earn a 100% interest in nine properties in Macedonia. Under the terms of the option agreement, the Company paid US$500,000 and issued 100,000 common shares in order to acquire this option. In order to exercise the option, the Company completed a US$1.5 million exploration program over 3 years . The vendor retains a one- time only 90 day back-in right, whereby the vendor may elect to earn a 70% interest, after the Company has completed 10,000 metres of drilling on any of the properties. In order to earn a 70% interest in any of such properties, the vendor must pay the Company an amount equal to twice the total of the Company's exploration expenditure on that property and fund the property though completion of a final feasibility study.

These properties are held pursuant to an Exploration Permit ("Permit") granted by the Ministry of Economy. These Permits have an initial term of four years with a right to extend the term under certain circumstances. In the event of an economic discovery on a Permit, the Company has the right to apply for a mineral concession ("Concession"). The Concession runs for an initial term of 30 years.

7. Property and equipment (continued)

Mineral properties (continued)

(b) Macedonia (continued)

(i) Ilovitza

The Ilovitza property is comprised of two Permits. The Ilovitza 4 Permit was issued on May 10, 2004 with a primary term to May 10, 2008. The work commitment under this primary term is a drilling commitment. This Permit covers 15.3 square kilometres. The Company applied for extension of this Permit under the prior legislation and the Amended Law but was denied the extension. The property covered by this Permit will be the subject of a new tender by the Macedonian government. The Ilovitza 6 Permit, which covers 1.98 square kilometres, was issued on May 26, 2005 with a primary term to May 26, 2009. This permit was extended until May 26, 2011 by the Macedonian government. The work commitment under this Permit is the drilling of ten holes. As of December 31, 2010, a total of 20 holes (December 31, 2009 - 13) have been drilled on the Ilovitza Permits. As of December 31, 2010, the Company has expended $2,305,574 (December 31, 2009 - $1,179,092) in exploration expenditures on the Ilovitza property.

(ii) Kazandol

The Kazandol Permit was issued on July 3, 2005 with a primary term until July 3, 2009. This permit was extended until July 3, 2011 by the Macedonian government. The work commitment under this Permit is the drilling of 20 holes. As of December 31, 2010, a total of 48 holes (December 31, 2009 - 5) had been drilled on the Kazandol Permits. On September 30, 2010 the Company wrote-off the carrying value of the Kazandol Permit because results were not sufficient to justify future exploration. The Company will maintain its ownership of the Kazandol Permit as allowed pursuant to Macedonian law.

(c) Serbia

On July 11, 2007, the Company acquired an option to earn a 100% interest in five properties in Serbia. Under the terms of the option agreement, the Company paid US$100,000 and issued 2.4 million common shares in order to acquire this option. In order to exercise the option, the Company completed a US$1.5 million exploration program over 3 years. The vendor retains a one- time only 90 day back-in right, whereby the vendor may elect to earn a 70% interest, after the Company has completed 10,000 metres of drilling on any of the properties. In order to earn a 70% interest in any of such properties, the vendor must pay the Company an amount equal to twice the total of the Company’s exploration expenditures on that property, and fund the property though completion of a final feasibility study.

This option agreement was amended on June 6, 2008 to add the Karavansalija (“KMC”) property by payment of US$50,000 and the issuance of 2.5 million common shares. On the KMC property the vendor retains a one-time only 90 day back-in right, whereby the vendor may elect to earn a 70% interest, after the Company has completed 20,000 metres of drilling, including 4,000 metres at the direction of the vendor on this property. In order to earn its interest in KMC, the vendor must pay the Company an amount equal to 150% of its exploration expenditures on the property and fund KMC through completion of a final feasibility study. If the vendor does not exercise this back-in right or the Company does not complete the required drilling then the party which does not fulfill its obligations will be entitled to a 1% Net Smelter Return royalty on KMC.

7. Property and equipment (continued)

Mineral properties (continued)

(c) Serbia (continued)

Exploration Permits are issued by the Serbian Ministry of Energy and Mines. An Exploration Permit is valid until the end of the calendar year in which it was issued and can be extended until the end of the following calendar year by filing an annual report on the previous year's work program and a proposed work program for the current year. In case of a discovery under the terms of an Exploration Permit, the transfer of the ownership rights to an Exploitation License are similar to mineral concessions in Bulgaria and Macedonia.

(i) Ceovishte

The Ceovishte Exploration Permit was issued on December 7, 2005 and was extended on an annual basis since that time. This Exploration Permit covers 47.8 square kilometres. On September 30, 2010, the Company wrote-off the carrying value of the Ceovishte Exploration Permit, which will be returned to the Serbian Ministry of Energy and Mines.

(ii) KMC

The KMC Exploration Permit was issued on July 7, 2004 and extended on an annual basis since. This Exploration Permit covers 60 square kilometres. As of December 31, 2010, the Company has expended $1,672,560 (December 31, 2009 - $1,120,319) in exploration expenditures on the KMC property.

(d) China

On July 16, 2009, the Company closed the sale of its interest in Jiaxin Minerals Co. Ltd., a Chinese joint venture company. This resulted in a gain on the disposal of the interest of $3,657,580. The summary of the sale is set out below.

	$
Proceeds	18,717,219
Chinese withholding taxes paid	(1,335,203)
Legal fees	(237,614)
Commission	(1,870,774)
Other expenses	(327,282)
	14,946,346
Less	
Property and equipment	11,288,766
Gain on disposal of property and equipment	3,657,580

8. Investment

In 2006, the Company sold three of its mineral properties to CGEL, a company listed on the Australian Stock Exchange. A portion of the consideration was nine million shares of IRH valued at $769,878 at the time of issue. These shares were classified as an “available-for-sale” investment and a mark-to-market gain of $314,982 was recorded in 2007. In 2008, the Company recorded an other than temporary impairment on its investment in CGEL of $1,008,846.

On October 7, 2009, CGEL acquired IRH and the IRH shares were consolidated on a 4:1 basis. In addition, in 2009 the Company acquired an additional 919,788 shares of CGEL upon conversion of a convertible note issued by CGEL with a value of $242,824. As a result, the Company held 3,169,788 shares of CGEL.

During the year ended December 31, 2010, the Company sold its investment in CGEL for proceeds of $172,150. In connection with this sale, the Company realized a loss on sale of investment of $146,688.

9. Share capital

(a) *Authorized*

Unlimited common voting shares

(b) *Share capital*

During the year ended December 31, 2010, the Company issued 3,850,000 common shares on the exercise of warrants, for proceeds of $770,000 and issued 198,403 shares on exercise of stock options, for proceeds of $41,214.

(c) *Stock options*

The Company has a stock option plan under which directors, officers, consultants and employees of the Company are eligible to receive stock options. The maximum number of shares reserved for issuance upon exercise of all options granted under the plan is equal to 10% of the then issued and outstanding common shares. The Board of Directors determines the terms and provisions of the options at the time of grant. Options under the plan generally have a term of five years and, in most cases, vest one third at the date of grant, one third after six months and one third one year from the date of grant. The exercise price of each option equals the market value of the Company’s common shares on the day preceding the date of grant.

9. Share capital (continued)

(c) Stock options (continued)

A summary of the status of the Company's stock option plan as at December 31, 2010 and 2009 and changes during the years then ended are as follows:

	Number of options	Weighted average exercise price per share
		$
Balance, December 31, 2008	3,007,500	1.50
Options granted	4,887,268	0.33
Options forfeited	(82,500)	0.33
Balance, December 31, 2009	7,812,268	0.40
Options granted	5,200,000	0.13
Options exercised	(198,403)	0.21
Options expired	(515,770)	0.33
Options forfeited	(1,614,867)	0.37
Balance, December 31, 2010	10,683,228	0.28

The weighted average remaining term of the stock options as at December 31, 2010 is 3.44 years.

Stock options outstanding			Options exercisable	
Number of stock options	Weighted average exercise price	Weighted average remaining contractual life (years)	Number of stock options	Weighted average exercise price
	$			$
169,013	0.64	0.49	169,013	0.64
67,605	0.49	0.31	67,605	0.49
225,350	0.53	0.39	225,350	0.53
80,000	0.36	0.43	80,000	0.36
40,000	0.36	0.53	40,000	0.36
600,000	0.42	0.64	600,000	0.42
540,840	0.60	0.65	540,840	0.60
900,000	0.72	1.45	900,000	0.72
195,000	0.72	1.53	195,000	0.72
567,500	0.32	2.12	567,500	0.32
35,000	0.32	2.66	35,000	0.32
270,420	0.20	2.66	270,420	0.20
1,752,500	0.21	2.67	1,752,500	0.21
40,000	0.31	3.77	40,000	0.31
5,200,000	0.13	4.92	1,734,250	0.13
10,683,228	0.28	3.44	7,217,478	0.28

9. Share capital (continued)

(d) Share purchase warrants

Number of warrants outstanding as at January 1, 2010	**Issued during the year**	**Number of warrants expired/ exercised during the year**	**Balance of warrants outstanding as at December 31, 2010**	**Exercise price per warrant**	**Expiry date**
				$	
3,850,000	**-**	**3,850,000**	**-**	**0.20**	**December 31, 2010**
750,000	**-**	**750,000**	**-**	**0.60**	**August 20, 2010**
3,154,900	**-**	**-**	**3,154,900**	**0.12**	**May 25, 2012**
7,754,900	**-**	**4,600,000**	**3,154,900**		

Number of warrants outstanding as at January 1, 2009	Issued during the year	Number of warrants expired/ exercised during the year	Balance of warrants outstanding as at December 31, 2009	Exercise price per warrant	Expiry date
				$	
4,850,000	-	1,000,000	3,850,000	0.15	December 31, 2010
750,000	-	-	750,000	0.60	August 20, 2010
-	3,154,900	-	3,154,900	0.12	May 25, 2012
5,600,000	3,154,900	1,000,000	7,754,900		

(e) Stock-based compensation

The estimated fair value of the options granted were calculated on the date of grant using the Black-Scholes option pricing model with weighted average assumptions for grants as follows:

	2010	2009
Weighted average risk-free interest rate	**2.20%**	2.29%
Expected life of options (years)	**3.5**	3.5
Expected volatility of each option granted	**178%**	150%
Dividend yield per share	**Nil**	Nil

The weighted average fair value of the stock options granted during the year is $0.12 (2009 - $0.14).

10. Income taxes

(a) Significant components of the Company's future tax assets include the following:

	2010	2009
	$	$
Tax values in excess of net book value of property and equipment	**42,948**	42,948
Foreign exploration	**123,136**	123,136
Financing fees	**2,116**	3,963
Non-capital loss carryforwards	**1,061,820**	348,952
Capital loss carryforwards	**88,454**	88,454
Valuation allowance	**(1,318,474)**	(607,453)
	-	-

(b) Income tax expense differs from that which would be expected from applying the combined effective Canadian federal and provincial income tax rates of 28.5% (2009 - 30%) to net loss as follows:

	2010	2009
	$	$
Expected income tax (recovery) expense	**(2,424,841)**	120,287
Change resulting from		
Stock-based compensation and expired warrants	**173,765**	76,128
Differences in tax rates between Canada and foreign jurisdictions	**1,365,747**	(331,953)
Other	**174,308**	(13,889)
Income tax benefit not recorded	**711,021**	149,427
	-	-

(c) At December 31, 2010, the Company has non-capital operating losses of approximately $4,247,000 (2009 - $1,396,000) and net capital losses of approximately $708,000 (2009 - $708,000) in Canada for which no benefit has been recognized in the consolidated financial statements. The capital losses are without expiry and the operating losses expire as follows:

	$
2025	143,000
2027	153,000
2028	446,000
2029	654,000
2030	2,851,000
	4,247,000

10. Income taxes (continued)

(c) (continued)

At December 31, 2010, the Company has losses of Bulgarian Lev ("BGN") 2,941,000 (2009 - BGN 3,404,000). These losses expire as follows:

	BGN
2011	237,000
2012	248,000
2013	-
2014	1,720,000
2015	736,000
2016	-
	2,941,000

11. Selected general and administrative expenses

During the year ended December 31, 2010, the Company paid or accrued salaries, management fees, consulting fees, directors fees and severance payments in the amount of $1,146,712 (2009 - $322,668) to current and former directors and officers, or companies controlled by current and former directors and officers. These amounts include $511,013 (2009 - $Nil) associated with severance payments to two former officers of the Company. Of these amounts, $12,178 (2009 -$15,749) is included in accounts payable and accrued liabilities at December 31, 2010.

Management and consulting fees have been recorded at the exchange amount, which is the amount of consideration established and agreed to by the parties based on standard commercial terms.

12. Supplementary cash flow information

(a) *Net change in non-cash operating working capital*

	2010	2009
	$	$
Increase in accounts receivable, prepaids and deposits, derivative on convertible note, and note receivable	**(107,750)**	(353,250)
Decrease in accounts payable and accrued liabilities	**(46,569)**	(1,091,616)
	(154,319)	(1,444,866)

12. Supplementary cash flow information (continued)

(b) Non-cash investing and financing activities

	2010	2009
	$	$
Transfer of contributed surplus on exercise of options	**33,459**	-
Transfer of contributed surplus on exercise of warrants	**115,500**	30,000
Shares issued on acquisition of Silk Road	**-**	9,343,432
Issue of options and warrants on acquisition of Silk Road	**-**	577,094
Repayment of note receivable on acquisition of Thrace	**-**	241,892
Repayment of note receivable in exchange for shares of CEGL	**-**	241,892

(c) Supplementary cash flow information

	2010	2009
	$	$
Interest paid	**-**	(49,387)
Interest received	**3,351**	-

13. Financial risk management

(a) Fair value of financial instruments

Section 3862, Financial Instruments - Disclosures, requires an explanation about how fair value is determined for assets and liabilities measured in the financial statements at fair value, and establishes a hierarchy for which these assets and liabilities must be grouped based on whether inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtain from independent sources, while unobservable inputs reflect the Company's assumptions. The two types of inputs create the following fair value hierarchy:

- Level 1 - observable inputs such as quoted prices in active markets;
- Level 2 - inputs, other than the quoted market prices in active markets, which are observable, either directly and/or indirectly; and
- Level 3 - unobservable inputs for the asset or liability in which little or no market data exists, therefore require an entity to develop its own assumptions.

At December 31, 2010, the Company's cash was measured at fair value was and is classified as a "Level 1" instrument.

13. Financial risk management (continued)

(a) Fair value of financial instruments (continued)

The Company's financial instruments include cash, accounts receivable and accounts payable and accrued liabilities. Due to the demand and short-term maturity of these financial instruments, the fair value approximates the carrying amount.

The Company's financial instruments are exposed to certain financial risks, including market risk with respect to currency risk, interest risk, credit risk, liquidity risk, market risk and commodity price risk.

(b) Currency risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Bulgaria, Canada, Macedonia, and Serbia. Its functional currency is the Canadian dollar. The majority of its cash is held in Canadian dollars. As a result, a change in the currency exchange rates between the Canadian dollar and the United States dollar or Euro would not have a material effect on the Company's results of operations, financial position or cash flows. The Bulgarian leva is fixed to the Euro as part of its entry into the European Union. Most of the Company's costs in Macedonia and Serbia are denominated in either United States dollars or Euros. The Company has minimal expenditures which are actually paid in Macedonian denar and Serbian dinar. The Macedonian denar and the Serbian dinar, although not fixed to the Euro, are closely associated to it. As of December 31, 2010, the Company is exposed to currency risk through assets and liabilities denominated in Canadian dollars, Bulgarian leva, Serbian dinar, Macedonian denar, Euros and United States dollars.

	United States dollars	Euros	Macedonian denar	Bulgarian leva	Serbian dinar
	$	$	$	$	$
Cash	174,677	63,297	28,289	50,203	14,764
Accounts receivable and prepaid expenses	198,709	-	40,102	331,923	1,308
Accounts payable and accrued liabilities	5,466	2,136	41,020	22,311	-
As stated in Canadian dollars	378,852	65,433	109,411	404,437	16,072

Based on the above net exposures as of December 31, 2010 and assuming that all other variables remain constant, a 10% depreciation or appreciation of the United States dollar, Euro, Macedonian denar, Bulgarian leva and Serbian dinar against the Canadian dollar would result in an increase/decrease of approximately $97,300 (for increases of $37,900 for the United States dollar; $6,500 for the Euro; $10,900 for the Macedonian denar; $40,400 for the Bulgarian leva and $1,600 for the Serbian dinar) in the Company's net income.

13. Financial risk management (continued)

(c) Credit risk

Credit risk is the risk of an unexpected loss if a third party to a financial instrument fails to meet its contractual obligations. The Company's cash is held in large Canadian financial institutions and large European international financial institutions. The Company's accounts receivable consists primarily of receivables from an international mining company that provides operating services for the Company's projects in Serbia and Macedonia and value added taxes from the governments of Canada, Bulgaria and Macedonia. The Company's maximum credit exposure was $2,129,863 at December 31, 2010.

(d) 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 manages liquidity risk through the management of its capital structure and financial leverage, as disclosed in Note 14.

Accounts payable and accrued liabilities are generally payable within ninety days or less.

(e) Interest rate risk

Included in the results of operation of the Company is interest income earned on cash deposits. Interest income is not material to the Company. The Company has no outstanding debt subject to interest. Accordingly the Company's opinion is that there currently is no interest rate risk for the Company.

(f) Commodity price risk

The ability of the Company to develop its mineral properties and the future profitability of the Company are directly related to the market price of copper and gold. These commodities are priced in United States dollars but the cost of operation will be denominated in Bulgarian leva, Macedonian denar or Serbian dinar, depending on the location of any economic resources discovered.

14. Capital risk management

The Company includes as capital its common shares, warrants and contributed surplus. The Company's objectives are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. As the Company does not have cash flow from operations, to maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including capital deployment, results from the exploration of its properties and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

14. Capital risk management (continued)

In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company's investment policy is to invest its cash in highly liquid short-term interest-bearing investments with maturities 365 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

The Company does not expect to need additional capital resources in order to carry out an optimal exploration plan and operations through the next year. Any new capital resources may be provided by the attempted sale of investments or the issue of new shares.

15. Subsequent events

Subsequent to December 31, 2010:

- The Company completed a non-brokered private placement consisting of 22,500,000 units ("Units") in the Company at a price of $0.35 per Unit, for gross proceeds of $7,875,000. Each unit is comprised of one common share and one-half of one common share purchase warrant. Each full warrant entitles the holder to acquire one additional common share of the Company at an exercise price of $0.50 until February 24, 2012. All securities issued pursuant to the private placement are subject to a four-month hold period, expiring on June 25, 2011.

- The Company received $312,150 from the exercise of 1,290,000 stock options and warrants.

- The Company granted 2,175,000 stock purchase options.