

Year-end financial statements of
Metropolitan Mining Inc.
January 31, 2009

"Forging strong relationships. Providing clear business advice."



AUDITORS' REPORT

To the Shareholders of Metropolitan Mining Inc.

We have audited the balance sheets of Metropolitan Mining Inc. as at January 31, 2009 and 2008 and the statements of operations and comprehensive loss, and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the 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 positions of the Company as at January 31, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink that reads 'Berris Mangan'.

CHARTERED ACCOUNTANTS

Vancouver, B.C.
May 8, 2009

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Metropolitan Mining Inc.

Balance sheets

As at January 31, 2009 and 2008

(Expressed in Canadian Dollars)

	2009	2008
Assets		
Current Assets		
Cash and cash equivalents	\$ 396,864	\$ 609,281
Interest receivable	4,085	-
Goods and services tax recoverable	18,607	-
	419,556	609,281
Investment in Resource Property <i>(note 3)</i>	775,116	135,772
	\$ 1,194,672	\$ 745,053
Liabilities And Shareholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 27,945	\$ 58,696
Asset Retirement Obligations <i>(note 4)</i>	-	20,000
Shareholders' Equity		
Share capital <i>(note 6)</i>	1,362,468	718,886
Contributed surplus <i>(note 8)</i>	216,870	-
Deficit	(412,611)	(52,529)
	1,166,727	666,357
Total Liabilities and Shareholders' Equity	\$ 1,194,672	\$ 745,053

Nature of Business and Going Concern (note 1)

Approved on behalf of the Board:

_____ Director

_____ Director

See accompanying notes to financial statements

Metropolitan Mining Inc.

Statements of operations, comprehensive loss and deficit

Year ended January 31, 2009 and period from incorporation on July 16, 2007 to January 31, 2008

(Expressed in Canadian Dollars)

	Year ended January 31, 2009	July 16, 2007 to January 31, 2008
Revenue	\$ -	\$ -
Expenses		
Accounting (<i>note 5(b)</i>)	25,281	3,281
Audit and other professional fees	18,877	-
Filing and listing fees	38,012	-
Interest and bank charges	268	35
Investor relations	6,308	-
Legal	8,996	15,461
Management and consulting fees (<i>note 5(a)</i>)	71,047	27,963
Office and miscellaneous	14,175	1,097
Stock-based compensation (<i>note 6(c)</i>)	174,870	-
Transfer agent	4,805	-
Travel and accommodation	12,182	11,352
	374,821	59,189
Loss from operations	(374,821)	(59,189)
Loss on foreign exchange	(378)	-
Interest income	15,117	6,660
Net loss and comprehensive loss for the period	(360,082)	(52,529)
Deficit, Beginning of period	(52,529)	-
Deficit, End of period	\$ (412,611)	\$ (52,529)
Loss per common share – basic and diluted	(0.03)	(0.01)
Weighted average number of common shares outstanding – basic and diluted	10,585,558	3,998,831

See accompanying notes to financial statements

Metropolitan Mining Inc.

Statements of cash flows

Year ended January 31, 2009 and period from incorporation on July 16, 2007 to January 31, 2008

(Expressed in Canadian Dollars)

	Year ended January 31, 2009	July 16, 2007 to January 31, 2008
Operating Activities:		
Net loss for the period	\$(360,082)	\$(52,529)
Adjustments for items not involving cash:		
Stock-based compensation	174,870	-
	(185,212)	(52,529)
Changes in non-cash working capital:		
Interest receivable	(4,085)	-
Goods and services tax recoverable	(18,607)	-
Accounts payable and accrued liabilities	(5,622)	58,696
	(213,526)	6,167
Investing Activities:		
Investment in resource property	(644,473)	(115,772)
Financing Activities:		
Proceeds from shares issued, net of issuance costs	645,582	718,886
Increase (decrease) in cash and cash equivalents	(212,417)	609,281
Cash and cash equivalents, beginning of period	609,281	-
Cash and cash equivalents, end of period	\$ 396,864	\$ 609,281

Supplemental cash flow information: (note 13)

See accompanying notes to financial statements

Metropolitan Mining Inc.

Notes to financial statements

January 31, 2009 and 2008

(Expressed in Canadian Dollars)

1. Nature of Business and Going Concern

Metropolitan Mining Inc. (“the Company”) was incorporated on July 16, 2007 under the Business Corporations Act of British Columbia and is engaged principally in the acquisition, exploration and development of resource properties. On June 6, 2008, the Company became a reporting issuer in the Provinces of Ontario, Alberta and British Columbia. On July 15, 2008, the Company completed an initial public offering and its common shares were listed for trading on the TSX Venture Exchange (the “Exchange”) on July 18, 2008.

On July 7, 2008 the Company registered a branch office under the Registry of Commerce of Salta Province, Argentina to facilitate its activities there.

The ability of the Company to recover its cost of investments in resource properties and to attain profitable operations is dependent upon the completion of necessary investment agreements, the completion of exploration programs, discovery and development of economic ore reserves and the ability to arrange sufficient financing to bring the ore reserves into production, and adequate mineral market prices. The continued development of the Company’s Fruso Property (see note 3) is uncertain as explained in Note 3. The ultimate outcomes of these matters cannot presently be determined because they are contingent on future events.

These financial statements have been prepared on the going concern basis which assumes that the Company will be able to continue as a going concern and realize its assets and discharge its liabilities in the normal course of business.

These financial statements do not reflect adjustments to the carrying amounts of assets and liabilities, the reported revenues and expenses and the balance sheet classifications used that would be necessary if the going concern assumption were not appropriate.

2. Significant Accounting Policies

These financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles, including the following:

(a) Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid investments which are readily convertible into cash, with maturity of three months or less when purchased, as well as term deposits with original terms of maturity of more than three months which are cashable without penalty or loss of interest.

Metropolitan Mining Inc.

Notes to financial statements

January 31, 2009 and 2008

(Expressed in Canadian Dollars)

2. Significant Accounting Policies (continued)

(b) Environmental Protection and Asset Retirement Obligations

The Company recognizes the fair value of asset retirement obligations in the period in which they incur if a reasonable estimate of such costs can be made. The asset retirement obligation is recorded as a liability with a corresponding increase to the carrying amount of the related long-lived asset. Subsequently, the asset retirement cost is allocated to expense using a systematic and rational method and is adjusted to reflect period-to-period changes in the liability.

The operations of the Company may be affected by changes in environmental regulations, including those for future removal and site restoration costs. The likelihood of new regulations and their overall effect upon the Company may vary from region to region and are not predictable. The Company's policy is to meet or, if possible, surpass standards set by relevant legislation.

(c) Mineral Interests

The Company follows a method of accounting for its mineral interests whereby all costs related to exploration and development are capitalized when incurred on an individual prospect basis until such time as an economic ore body defined as the prospect is abandoned. Costs for a producing prospect are amortized on a unit-of-production method based on the estimated life of the ore recovered. Costs of abandoned prospects are written off.

The recoverability of the amounts capitalized for undeveloped mineral properties is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the ability to obtain the necessary financing to complete development, and the likelihood of achievement of future profitable production or proceeds from the disposition of the property. Capitalized property costs are written down if it has been determined that impairment in value has occurred. For a producing property, or where cash flows may be projected, estimated values are based on projected discounted future net cash flows.

Title to mineral properties involves certain inherent risks due to common difficulties of determining the validity of certain claims as well as the potential for problems arising from frequently ambiguous conveyancing histories.

From time to time, the Company may acquire or dispose of properties pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded until the payments are made or received. Option payments are recorded as resource property costs or recoveries when the payments are made or received.

(d) Impairment of Long-lived Assets

The Company reviews for the impairment of long-lived assets with finite lives, including property and equipment, whenever changes in circumstances indicate that the carrying amount of an asset may not be recoverable from expected future cash flows. The assessment of recoverability is made based on projected undiscounted future net cash flows that are directly associated with the asset's use and eventual disposition. The amount of the impairment, if any, is measured as the difference between the carrying amount and the fair value of the impaired assets, and is presented as an impairment loss in the current period.

Metropolitan Mining Inc.

Notes to financial statements

January 31, 2009 and 2008

(Expressed in Canadian Dollars)

2. Significant Accounting Policies (continued)

(e) Foreign Currency Translation

The Company's functional currency is the Canadian dollar. The Company follows the temporal method of accounting for the translation of domestic foreign currency transactions and of its integrated foreign operations. Under this method, monetary assets and liabilities are translated to Canadian dollars at the period end exchange rates. Non-monetary assets and liabilities are translated into Canadian dollars using historical rates of exchange. Revenues and expenses are translated into Canadian dollars at average rates for the period. Exchange gains and losses are included in net income. Other transactions denominated in foreign currencies are translated into Canadian dollars at the exchange rates prevailing at the transaction dates.

(f) Income Taxes

The Company follows the liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities, measured using substantially enacted tax rates and laws that will be in effect when the differences are expected to reverse.

(g) Stock-based Compensation

The Company applies the provisions of Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3870 (Stock-based compensation and other stock-based payments) to account for the issuance of stock options. The fair value of stock options is determined using the Black-Scholes Option Pricing Model, which requires assumptions for risk-free interest rates, dividend yields, volatility factors of the expected market price of the Company's common shares, and expected life of the options.

Compensation cost of stock options granted to employees and directors is measured at fair value at the date of grant and is expensed on a systematic basis over the vesting period. The fair value of an option granted by the Company is reported as contributed surplus until the option is exercised, at which time the amount is recorded as share capital.

The fair value of stock-based payments to non-employees is periodically remeasured, until the earliest of the completion of services, a firm commitment to complete services, and the vesting date.

The fair value of direct awards of stock is determined by the quoted market price of the stock.

(h) Share Issue Costs

Professional, agent and regulatory fees as well as other costs directly attributable to specific financing transactions are reported as deferred financing costs until the transactions are completed, if successful completion is considered reasonably assured. Share issue costs are charged to share capital when the related shares are issued. Costs relating to financing transactions that are not completed or for which completion is considered unlikely, are charged to net income.

Metropolitan Mining Inc.

Notes to financial statements

January 31, 2009 and 2008

(Expressed in Canadian Dollars)

2. Significant Accounting Policies (continued)

(i) Earnings (Loss) Per Share

Basic earnings (loss) per share is computed using the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share amounts are calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares, using the treasury stock method. The treasury stock method assumes that proceeds received from the exercise of stock options and warrants are used to repurchase common shares at the prevailing market rate.

(j) Financial Instruments

CICA Handbook Section 3855 prescribes when a financial instrument is to be recognized on the balance sheet and at what amount. It also specifies how financial instrument gains and losses are to be recognized and presented. In accordance with this standard, all financial instruments have been classified into one of the following five categories: held-to-maturity; loans and receivables; other financial liabilities; available-for-sale; and held-for-trading.

Cash and cash equivalents are classified as Held-for-trading and are consequently measured at fair value, with changes in fair value recognized in net income.

Accounts payable is classified as Other financial liabilities and is consequently measured at amortized cost using the effective interest method.

(k) Use of Estimates and Measurement Uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates and assumptions affect the carrying amounts of assets, impact decisions as to when exploration and development costs should be capitalized or expensed, and affect estimates for asset retirement obligations. Other significant estimates made by the Company include assumptions affecting valuations of stock-based compensation, and income tax accounts. The Company regularly reviews its estimates and assumptions, however, actual results may differ from those estimates and these differences could be material.

Metropolitan Mining Inc.

Notes to financial statements

January 31, 2009 and 2008

(Expressed in Canadian Dollars)

2. Significant Accounting Policies (continued)

(I) Adoption of New Accounting Standards

(i) General standards of financial statement presentation

Effective February 1, 2008, the Company adopted an amendment to CICA Handbook Section 1400, General Standards of Financial Statement Presentation, which includes specific requirements to assess and disclose an entity's ability to continue as a going concern. In assessing the appropriateness of the going concern assumption, the standard requires management to consider all available information about the future, which is at least, but not limited to, twelve months from the balance sheet date. The Company discloses its going concern uncertainty in Note 1.

(ii) Financial instruments - disclosures and presentation

Effective February 1, 2008, the Company adopted CICA Handbook Section 3862, Financial Instruments - Disclosures, and Section 3863, Financial Instruments - Presentation. These two sections require enhanced disclosure and presentation standards for financial instruments. The disclosures of the Company related to financial instruments are included in Note 11.

(iii) Capital disclosures

Effective February 1, 2008, the Company adopted CICA Handbook Section 1535, Capital Disclosures. This section establishes standards for disclosing information about an entity's capital and how it is managed, and requires disclosure of information about an entity's objectives, policies and processes for managing capital. These new disclosures are included in Note 12.

(iv) International financial reporting standards

In January of 2006, the CICA adopted a strategic plan to converge Canadian Generally Accepted Accounting Principles with International Financial Reporting Standards ("IFRS") for certain types of entities over a transition period ending in 2011. The Company will assess the impact of the transition to IFRS, on its financial statements.

3. Investment in Resource Property

The Company entered into a Letter of Understanding ("LOU") effective October 18, 2007 with Argentine Frontier Resources Inc. ("AFRI"), a British Columbia company, setting out the principal terms by which Salta Exploraciones S.A. ("SESA"), a wholly owned Argentinean subsidiary of AFRI would be prepared to enter into an option agreement in respect to a 5,684 hectare site located in Salta, Argentina (the "Fruso Property").

Metropolitan Mining Inc.

Notes to financial statements

January 31, 2009 and 2008

(Expressed in Canadian Dollars)

3. Investment in Resource Property (continued)

Under the terms of the LOU, the Company agreed to spend a minimum of U.S.\$100,000 on a pre-defined exploration program on the Fruso Property to facilitate the preparation of a technical report in the form required by National Instrument 43-101 (the "43-101 Report"), by an independent qualified consulting geologist, recommending further exploration work on the Fruso Property at a cost of at least U.S. \$200,000.

Effective March 31, 2008, the Company entered into a formal option agreement with SESA and AFRI (the "Option Agreement") which granted the Company an exclusive option to acquire up to a 60% interest in the Fruso Property and to negotiate a joint venture agreement, by completing the following:

- (i) Payments of cash of U.S. \$25,000 upon receipt of the 43-101 Report, U.S. \$25,000 one year after the initial payment and U.S. \$200,000 upon exercising the option to acquire a 60% interest;
- (ii) Issuance of 200,000 common shares of the Company before the Company files a preliminary prospectus relating to the initial public offering (Note 6(b)); and
- (iii) Incurring minimum qualifying expenditures of U.S. \$1,250,000 in respect to the Fruso Property within three years of the effective date of the Option Agreement, including a minimum of U.S. \$250,000, per year on a cumulative basis.

Following receipt of the 43-101 Report dated February 26, 2008, the Company paid U.S.\$25,000 to AFRI on March 18, 2008 and issued 200,000 common shares on March 31, 2008 to AFRI at a deemed price of \$0.20 per share in accordance with the terms of the Option Agreement.

As at January 31, 2009, the Company had incurred \$709,911 (approximately U.S. \$608,681) of exploration and related expenditures on the Fruso Property.

The Company may terminate the Option Agreement, at any time, subject to certain requirements set out in the Option Agreement, including the Company bearing the cost of any outstanding reclamation procedures.

Metropolitan Mining Inc.

Notes to financial statements

January 31, 2009 and 2008

(Expressed in Canadian Dollars)

3. Investment in Resource Property (continued)

Costs incurred by the Company on the Fruso Property are summarized as follows:

	January 31, 2009	January 31, 2008
Acquisition (Option Payments)	\$ 65,205	\$ -
Deferred Exploration:		
Assaying and laboratory	66,794	4,438
Drilling	471,364	-
Engineering and consulting	35,706	3,815
Trenching and geophysical	275	127,183
Permits and fees	-	336
Total deferred expenditures for the period	574,139	135,772
Balance – beginning of period	135,772	-
Balance – end of period	\$ 775,116	\$ 135,772

Pursuant to the Option Agreement, upon incurring qualifying expenditures on the Fruso Property, within three years of March 31, 2008, of not less than U.S.\$500,000, U.S.\$333,333 and U.S.\$416,667, respectively, the Company will earn the right to acquire 20%, 40% and 60% interests, respectively, in the Fruso Property. As at January 31, 2009, the Company had met the property expenditure requirements in order to acquire a 20% interest in the Fruso Property.

Effective November 24, 2008, the Company, AFRI and SESA amended the Option Agreement to extend the dates for completion of qualifying exploration expenditures for each of the second and third years of the agreement by four months.

The Company conducted drilling activities at the Fruso Property during October of 2008. For a number of technical and financial reasons, the Company was not able to complete the full planned drilling program. Based on the assay results that were obtained, the geologist engaged by the Company recommended further drilling. Management of the Company has not yet made a determination as to whether it will proceed with further exploration of the Fruso Property.

Based on the recommendations of the geologist and the financial ability of the Company to meet its short term expenditure obligations, the carrying amount of capitalized exploration expenditures has not been considered impaired as at January 31, 2009. If management of the company decides not to proceed with further exploration of the Fruso Property, or if other factors arise which raise significant further doubt about the ability of the Company to recover its cost of investment, an impairment loss will be recognized at that time.

Metropolitan Mining Inc.

Notes to financial statements

January 31, 2009 and 2008

(Expressed in Canadian Dollars)

4. Asset Retirement Obligations

As at January 31, 2008, the Company had recognized an estimated liability of \$20,000 in respect to trench filling and other costs, which was recorded as an additional cost of the investment.

During the year ended January 31, 2009, the Company completed currently required reclamation work on the Fruso Property. No additional asset retirement obligation liability was identified as of January 31, 2009.

5. Related Party Transactions

Following is a description of related party transactions undertaken by the Company that are not disclosed elsewhere in the financial statements:

- (a) During the year ended January 31, 2009, the Company paid or accrued \$72,000 (2008: \$25,380) of management fees to directors and officers of the Company.
- (b) During the year ended January 31, 2009, the Company paid or accrued \$25,437 (2008: \$3,281) of accounting fees to an officer of the Company.
- (c) During the year ended January 31, 2009, the Company paid or accrued \$1,540 (2008: nil) in legal fees to a director of the Company.
- (d) As at January 31, 2009, an amount of \$3,769 (2008: \$9,241) was owed by the Company to directors and officers related to expenses and services provided, which is included in accounts payable and accrued liabilities.
- (e) During the period to January 31, 2008, directors and officers subscribed to 1 common share at a price of \$0.01 per share, 1,796,850 common shares at a price of \$0.001 per share and 4,103,150 common shares at a price of \$0.05 per share.

These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties, unless otherwise noted.

6. Share Capital

- (a) *Authorized*

The Company is authorized to issue an unlimited number of common voting shares without par value.

Metropolitan Mining Inc.

Notes to financial statements

January 31, 2009 and 2008

(Expressed in Canadian Dollars)

6. Share Capital (continued)

(b) *Issued and fully paid*

	Number of Shares	Amount \$
Balance, July 16, 2007	-	\$ -
Private placement (i)	8,779,001	718,886
Balance, January 31, 2008	8,779,001	718,886
Property option payment (ii)	200,000	40,000
Initial public offering (iii)	3,000,000	603,582
Balance, January 31, 2009	11,979,001	\$ 1,362,468

- (i) During the period from the date of incorporation to January 31, 2008, the Company raised a total of \$718,886 (net of issuance costs of \$3,868) by way of private placements of shares. Officers and directors directly, or indirectly through their private corporations, subscribed to a total of 5,900,001 shares, all of which were issued at a price of \$0.05 per share with the exception of 1,796,850 shares at a price of \$0.001 per share and 1 share at a price of \$0.01 per share issued to the President.
- (ii) On March 31, 2008, the Company issued 200,000 common shares of the Company at an assigned price of \$0.20 per share to AFRI pursuant to the Option Agreement described in Note 3.
- (iii) On July 15, 2008 the Company completed an initial public offering of 3,000,000 common shares of the Company at a price of \$0.30 per common share, for gross proceeds of \$900,000 (the "Offering"). Net proceeds of the Offering after deduction of the agent's commission of \$81,000 and related legal, disbursement and filing fees, amounted to \$603,582. Issuance costs included agent warrants which are exercisable to 300,000 common shares of the Company at a price of \$0.30 per share for a period of eighteen months from the closing date of the Offering. These warrants were assigned an aggregate value of \$42,000 as detailed in Note 7.

(c) *Stock options*

On April 7, 2008, the Board of Directors approved a stock option plan. Under the plan, the Company may grant options to purchase common shares in the Company to employees, directors, officers, and consultants of the Company. The terms and conditions of the options are determined by the Board of Directors.

The stock option plan provides that, subject to the requirements of the Exchange, the aggregate number of Common Shares reserved for issuance under the stock option may not exceed 20% of the issued and outstanding common shares of the Company at the time of granting of stock options. As of January 31, 2009, the Company had reserved 2,395,800 common shares for issuance of stock options to employees, directors, officers and consultants of the Company of which 595,800 were available for future issuance.

Metropolitan Mining Inc.

Notes to financial statements

January 31, 2009 and 2008

(Expressed in Canadian Dollars)

6. Share Capital (continued)

(c) Stock options (continued)

The following stock options were granted under the Company's stock option plan.

	Exercise price	Expiry Date	Number of options
Outstanding as of January 31, 2008			-
Option granted	\$0.30	April 7, 2013	1,800,000
Outstanding as of January 31, 2009			1,800,000

These options are exercisable for a term of five years from the closing date of the Offering and are subject to a 24 month vesting schedule. 20% of the options vested on the listing date of the common shares on the Exchange and an additional 20% of the options vest every six months thereafter. As at January 31, 2009, 720,000 of the 1,800,000 options granted had vested.

The Company has used the Black-Scholes option pricing model to determine the estimated fair value of the stock options using the following assumptions:

- expected dividend yield of nil;
- annual risk free interest rate of 3.1%;
- expected life of 5 years;
- expected stock price volatility of 100%.

The total estimated fair value of the 1,800,000 options granted totaled \$252,781, or approximately \$0.14 per share. Based on the vesting schedule, stock option expense of \$174,870 was recognized for the year ended January 31, 2009 and a corresponding amount was added to contributed surplus.

Option pricing models require the use of highly subjective estimates and assumptions, changes in which can materially affect the value estimates.

(d) Escrow Shares

The Company entered into an escrow agreement dated April 18, 2008 in respect to 6,480,000 common shares issued to officers, directors and insiders, the release of which is to occur on a staged basis, as follows:

Date of release	Amount of escrowed shares released
On the listing date	1/10 of the escrowed shares
6 months after the listing date	1/6 of the remaining escrowed shares
12 months after the listing date	1/5 of the remaining escrowed shares
18 months after the listing date	1/4 of the remaining escrowed shares
24 months after the listing date	1/3 of the remaining escrowed shares
30 months after the listing date	1/2 of the remaining escrowed shares
36 months after the listing date	The remaining escrowed shares

As at January 31, 2009, a total of 4,860,000 of the issued shares were held in escrow.

Metropolitan Mining Inc.

Notes to financial statements

January 31, 2009 and 2008

(Expressed in Canadian Dollars)

7. Warrants

The Company had the following warrants outstanding:

	Exercise price	Expiry Date	Number of warrants	Fair Value
Outstanding as of January 31, 2008			-	\$ -
Agent warrants issued (<i>note 6(b(iii))</i>)	\$0.30	Jan.15, 2010	300,000	42,000
Outstanding as of January 31, 2009			300,000	\$42,000

The fair value of the agent warrants was estimated as approximately \$0.14 per warrant using the Black-Scholes option pricing model utilizing the following assumptions: expected dividend yield of nil, expected stock price volatility of 100 %, annual risk free interest rate of 3.1%, and expected life of agent warrants of 18 months.

8. Contributed surplus

Balance as of January 31, 2008	\$ -
Stock-based compensation expense (<i>note 6(c)</i>)	174,870
Fair value of agent warrants issued (<i>note 7</i>)	42,000
Balance as of January 31, 2009	\$ 216,870

9. Geographic Information

The Company has operations in Canada and Argentina. Information by geographic region is as follows:

	January 31, 2009	January 31, 2008
Assets by geographic area		
Argentina	\$ 775,116	\$ 135,772
Canada	419,556	609,281
	\$ 1,194,672	\$ 745,053
Revenue by geographic area		
Argentina	\$ -	\$ -
Canada	15,117	6,660
	\$ 15,117	\$ 6,660

Metropolitan Mining Inc.

Notes to financial statements

January 31, 2009 and 2008

(Expressed in Canadian Dollars)

10. Income Taxes

- (a) As at January 31, 2009, the Company had approximately \$289,000 of unutilized non-capital losses for Canadian income tax purposes which will expire if unutilized in the 2027 through 2029 fiscal years.
- (b) Following is a reconciliation of the expected income tax benefit from the loss for the year based on the applicable statutory income tax rate, to the actual amount:

	<u>2009</u>	<u>2008</u>
Tax asset at statutory rate	\$ 111,265 (30.9%)	\$ 16,652 (31.7%)
Effect of financing fees in share capital	78,615	1,226
Net effect of non-deductible expenses	<u>(54,035)</u>	<u>-</u>
Expected increase (decrease) in tax asset	135,845	17,878
Effect of tax rate increase (decrease)	(23,925)	(832)
Increase in allowance for uncertain realization	<u>(111,920)</u>	<u>(17,046)</u>
Increase in tax asset per financial statements	<u>\$ -</u>	<u>\$ -</u>

The income tax effects of losses carried forward and of cumulative temporary differences that give rise to a future tax asset are summarized as follows:

	<u>2009</u>	<u>2008</u>
Tax losses carried forward	\$ 75,353	\$ 16,150
Temporary differences – financing fees	<u>53,613</u>	<u>896</u>
Tax asset before allowance for uncertain realization	128,966	17,046
Allowance for uncertain realization	<u>(128,966)</u>	<u>(17,046)</u>
Tax asset per financial statements	<u>\$ -</u>	<u>\$ -</u>

The potential future income tax benefit which may arise from claiming these losses and temporary differences has not been recognized in these financial statements as the Company's ability to realize the benefit is uncertain.

11. Financial Instruments and Risk Management

Financial instruments of the Company are cash and cash equivalents, interest receivable, and accounts payable.

The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. Until April 30, 2008, the Company held all of its cash funds in trust with its solicitor in an account, in which the balance exceeded the insured amount of \$100,000. Subsequently, the Company transferred all cash funds to a Canadian chartered bank and invested surplus funds in interest-bearing term deposits.

The cost amounts of cash and cash equivalents and accounts payable approximate fair values due to the short-term nature of these instruments.

Metropolitan Mining Inc.

Notes to financial statements

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(Expressed in Canadian Dollars)

11. Financial Instruments and Risk Management (continued)

The Company's objective is to maintain sufficient liquid assets to meet its liabilities when due. The Company monitors its cash balances and cash flows generated from operations in order to meet these requirements.

The Company incurs many of its expenditures, including those related to the Fruso Property described in Note 3, in United States dollars, and as such, is exposed to currency risk due to fluctuations in exchange rates. The Company does not undertake significant hedging activities to reduce its exposure to this risk.

12. Capital Management

The Company's objectives in regard to management of capital are:

- (a) to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk level; and
- (b) to maintain capital in a manner which balances the interests of equity and debt holders.

The Company includes shareholder's equity and long-term debt in the definition of capital.

The Company manages its capital structure and makes adjustments based on changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to the shareholders, issue new shares or issue new debts.

Capital management objectives, policies and procedures are unchanged from the preceding year.

13. Statement of Cash Flows – Supplemental Information

- (a) Cash flows from interest earned were \$9,463 for the 2009 year (2008: \$6,660).
- (b) The Company issued 200,000 common shares pursuant to an option agreement, as described in Note 6(b)(ii), a non-cash transaction.
- (c) The Company granted agent warrants with an assigned value of \$42,000 as described in Note 7, a non-cash transaction.

14. Comparative Figures

Certain of the balances for the 2008 comparative year have been reclassified to conform with the financial statement presentation adopted for the 2009 year.