

Financial statements of

Metropolitan Mining Inc.

For the three month period ended

April 30, 2009
(Unaudited)

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Metropolitan Mining Inc.
April 30, 2009

Notice to reader

The financial statements which follow are prepared by management and are neither audited nor reviewed by the Company's auditors.

Metropolitan Mining Inc.

Statement of operations, comprehensive loss and deficit
For the three month periods ended April 30, 2009 and 2008
(Expressed in Canadian Dollars)

	Three months ended April 30	
	2009	2008
Revenue	\$ -	\$ -
Expenses		
Accounting (<i>note 5(b)</i>)	11,313	4,625
Audit & other professional fees	1,400	12,500
Filing and listing fees	5,000	7,500
Interest and bank charges	48	-
Investor relations	2,475	-
Legal	15,840	596
Management and consulting fees (<i>note 5(a)</i>)	18,000	19,663
Office and miscellaneous	1,336	938
Stock-based compensation (<i>note 6(c)</i>)	21,955	-
Transfer agent	1,709	-
Travel and accomodation	-	2,803
	\$ 79,076	\$ 48,625
Loss from operations	\$ (79,076)	\$ (48,625)
Loss on foreign exchange	\$ -	\$ (378)
Interest Income	700	4,196
Net loss and comprehensive loss for the period	\$ (78,376)	\$ (44,807)
Deficit, Beginning of period	(412,611)	(52,529)
Deficit, End of period	\$ (490,987)	\$ (97,336)
Loss per common share - basic and diluted	\$ (0.007)	\$ (0.005)
Weighted average number of common shares outstanding - basic and diluted	11,979,001	8,912,334

Metropolitan Mining Inc.

Balance sheets

As at April 30, 2009 and January 31, 2009

(Expressed in Canadian Dollars)

	<u>April 30</u> <u>2009</u>	<u>January 31</u> <u>2009</u>
Assets		
Current Assets		
Cash & cash equivalents	\$ 344,821	\$ 396,864
Interest receivable	432	4,085
Prepaid expenses	1,453	
Goods and services tax recoverable	20,604	18,607
	<u>\$ 367,310</u>	<u>\$ 419,556</u>
	-	-
Investment in Resource Property (<i>note 3</i>)	794,348	775,116
	<u>\$ 1,161,658</u>	<u>\$ 1,194,672</u>
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 35,513	\$ 27,945
	<u>\$ 35,513</u>	<u>\$ 27,945</u>
Shareholders' Equity		
Share capital (<i>note 6</i>)	1,378,307	1,362,468
Contributed surplus (<i>note 8</i>)	238,825	216,870
Deficit	(490,987)	(412,611)
	<u>\$ 1,126,145</u>	<u>\$ 1,166,727</u>
	<u>\$ 1,161,658</u>	<u>\$ 1,194,672</u>

Approved on behalf of the Board:

Signed by "Michael G. Thomson"

Director

Signed by "Douglas F. Good"

Director

Metropolitan Mining Inc.

Statement of cash flows

For the three month periods ended April 30, 2009 and 2008

(Expressed in Canadian Dollars)

	Three months ended April 30	
	2009	2008
Operating Activities		
Net Loss for period	\$ (78,376)	\$ (44,807)
Adjustments for items not involving cash		
Stock-based compensation	21,955	-
	\$ (56,421)	\$ (44,807)
Change in non-cash working capital items		
Accounts receivable	1,656	(6,057)
Prepays	(1,453)	-
Accounts payable and accrued liabilities	\$ 7,568	\$ 10,899
	\$ (48,650)	\$ (39,965)
Financing Activities		
Issuance of shares	-	40,000
Investing Activities		
Investment in resource property	(19,232)	(106,585)
Deferred financing costs	15,839	(83,532)
	\$ (3,393)	\$ (190,117)
Increase(decrease) in cash and cash equivalents	\$ (52,043)	\$ (190,082)
Cash and cash equivalents, beginning of period	396,864	609,281
Cash and cash equivalents, end of period	\$ 344,821	\$ 419,199
Supplemental cash flow information		
Interest received	\$ 700	\$ 4,196

Metropolitan Mining Inc.

Notes to interim financial statements

April 30, 2009

(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.

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.

(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.

Metropolitan Mining Inc.

Notes to interim financial statements

April 30, 2009

(Expressed in Canadian Dollars)

2. Significant Accounting Policies (continued)

(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.

(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.

Metropolitan Mining Inc.

Notes to interim financial statements

April 30, 2009

(Expressed in Canadian Dollars)

2. Significant Accounting Policies (continued)

(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.

(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.

Metropolitan Mining Inc.

Notes to interim financial statements

April 30, 2009

(Expressed in Canadian Dollars)

2. Significant Accounting Policies (continued)

(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.

(l) 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.

Metropolitan Mining Inc.

Notes to interim financial statements

April 30, 2009

(Expressed in Canadian Dollars)

2(I) Adoption of New Accounting Standards (continued)

(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”).

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. A further U.S. \$15,000 was paid toward the 2009 option payment with the balance of U.S. \$10,000 due on or before July 31, 2009.

As at April 30, 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 interim financial statements

April 30, 2009

(Expressed in Canadian Dollars)

3. Investment in Resource Property (continued)

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

	April 30, 2009	January 31, 2009
Acquisition (Option Payments)	\$ 84,437	\$ 65,205
Deferred Exploration:		
Assaying and laboratory	66,794	66,794
Drilling	471,364	471,364
Engineering and consulting	35,706	35,706
Trenching and geophysical	275	275
Permits and fees	-	-
Total deferred expenditures for the period	574,139	574,139
Balance – beginning of period	135,772	135,772
Balance – end of period	\$ 794,348	\$ 775,116

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 April 30, 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 April 30, 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 interim financial statements

April 30, 2009

(Expressed in Canadian Dollars)

4. Asset Retirement Obligations

No additional asset retirement obligation liability was identified as of April 30, 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 three month period ended April 30, 2009, the Company paid or accrued \$18,000 (2008: \$18,000) of management fees to directors and officers of the Company.
- (b) During the three month period ended April 30, 2009, the Company paid or accrued \$11,312 (2008: \$4,625) of accounting fees to an officer of the Company.
- (c) As at April 30, 2009, an amount of \$10,828 (2008: \$8,625) was owed by the Company to directors and officers related to expenses and services provided, which is included in accounts payable and accrued liabilities.

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.

(b) *Issued and fully paid*

	Number of Shares	Amount \$
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
<u>Balance, January 31, 2009 and April 30, 2009</u>	<u>11,979,001</u>	<u>\$ 1,362,468</u>

- (i) 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.
- (ii) 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.

Metropolitan Mining Inc.

Notes to interim financial statements

April 30, 2009

(Expressed in Canadian Dollars)

6. Share Capital (Continued)

(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 April 30, 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.

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, 2009	\$0.30	April 7, 2013	1,800,000
Option granted during the three month period ended April 30, 2009			
Outstanding as April 30, 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 April 30, 2009, 720,000 of the 1,800,000 options granted had vested.

No stock options were granted, exercised or cancelled during the three month period ended April 30, 2009.

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 \$21,955 was recognized for the three month period ended April 30, 2009 (2008: Nil) 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.

Metropolitan Mining Inc.

Notes to interim financial statements

April 30, 2009

(Expressed in Canadian Dollars)

6. Share Capital (Continued)

(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 April 30, 2009, a total of 4,860,000 of the issued shares were held in escrow.

7. Warrants

The Company had the following agent warrants outstanding:

	Exercise price	Expiry Date	Number of warrants	Fair Value
Outstanding as of January 31, 2009	\$0.30	Jan.15, 2010	300,000	42,000
Issued or exercised during the period			-	-
Outstanding as of April 30, 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, 2009	\$216,870
Stock-based compensation expense for the period (note 6(c))	21,955
Balance as of April 30, 2009	<u>\$ 238,825</u>

Metropolitan Mining Inc.

Notes to interim financial statements

April 30, 2009

(Expressed in Canadian Dollars)

9. Geographic Information

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

	April 30, 2009	January 31, 2009
Assets by geographic area		
Argentina	\$ 794,394	775,116
Canada	367,264	419,556
	<u>\$ 1,161,658</u>	<u>1,194,672</u>
Revenue by geographic area		
Argentina	\$ -	-
Canada	700	15,117
	<u>\$ 700</u>	<u>15,117</u>

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 ended January 31, 2009 based on the applicable statutory income tax rate, to the actual amount:

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

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

Metropolitan Mining Inc.

Notes to interim financial statements

April 30, 2009

(Expressed in Canadian Dollars)

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. The Company maintains all cash funds in a Canadian chartered bank and invests 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.

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.