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**INTERNATIONAL PBX VENTURES LTD.  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 2010 AND 2009**

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## **INDEPENDENT AUDITORS' REPORT**

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To the Shareholders of  
International PBX Ventures Ltd.

We have audited the accompanying consolidated financial statements of International PBX Ventures Ltd. and its subsidiaries, which comprise the consolidated balance sheets as at December 31, 2010 and 2009, and the consolidated statements of operations and deficit, comprehensive loss and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the 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 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 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 International PBX Ventures Ltd. and its subsidiaries as at December 31, 2010 and 2009, and its financial performance and cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

### Emphasis of Matter

We draw attention to Note 1 to these consolidated financial statements which describes the uncertainty related to International PBX Ventures Ltd. and its subsidiaries' ability to operate as a going concern in the future. Our opinion is not qualified in respect of this matter.

*Manning Elliott LLP*

CHARTERED ACCOUNTANTS

March 25, 2011

Vancouver, British Columbia

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**INTERNATIONAL PBX VENTURES LTD.****CONSOLIDATED BALANCE SHEETS****AS AT DECEMBER 31, 2010 AND 2009**

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	2010 \$	2009 \$
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	3,541,243	1,082,298
Marketable securities	9,290	41,760
Amounts receivable	37,672	6,468
Amounts receivable from related parties	–	1,213
Advances, prepaid expenses and deposits	44,277	13,207
	<u>3,632,482</u>	<u>1,144,946</u>
EQUIPMENT [Note 4]	89,460	42,242
MINERAL PROPERTIES [Note 5]	17,504,755	15,483,742
	<u>21,226,697</u>	<u>16,670,930</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	147,233	66,597
<b>SHAREHOLDERS' EQUITY</b>		
SHARE CAPITAL [Note 6]	39,219,163	32,722,400
SHARE SUBSCRIPTIONS	13,000	–
CONTRIBUTED SURPLUS [Note 10]	2,390,564	2,329,763
	<u>41,622,727</u>	<u>35,052,163</u>
ACCUMULATED OTHER COMPREHENSIVE LOSS [Note 7]	(22,710)	(175,240)
DEFICIT	(20,520,553)	(18,272,590)
	<u>(20,543,263)</u>	<u>(18,447,830)</u>
	<u>21,079,464</u>	<u>16,604,333</u>
	<u>21,226,697</u>	<u>16,670,930</u>

Nature of Operations and Continuance of Business (Note 1)

Commitments (Note 12)

Subsequent Events (Note 17)

Approved on behalf of the Board:

"George Sookochoff"  
George Sookochoff, Director"Gary Medford"  
Gary Medford, Director

(See accompanying notes to these consolidated financial statements)

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**INTERNATIONAL PBX VENTURES LTD.****CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT****FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

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	2010 \$	2009 \$
<b>ADMINISTRATIVE EXPENSES</b>		
Administration fees [Note 11a]	586,522	270,784
Amortization	13,999	19,662
Bank charges	5,975	2,993
Foreign exchange loss	119,967	7,028
Investor relations	150,654	17,556
Office and miscellaneous	196,097	182,275
Other exploration expense	83,264	95,596
Professional fees [Note 11b]	220,565	225,272
Stock based compensation	428,612	107,236
Transfer agent and regulatory	55,604	19,029
Travel, promotion and mining shows	233,249	38,428
	<hr/> 2,094,508	<hr/> 985,859
Net operating loss before other items	(2,094,508)	(985,859)
<b>OTHER ITEMS</b>		
Gain on write-off of accounts payable	–	95,855
Loss on sale of marketable securities	(155,325)	–
Interest income	1,870	28,295
	<hr/> (153,455)	<hr/> 124,150
NET LOSS	(2,247,963)	(861,709)
DEFICIT - BEGINNING OF YEAR	(18,272,590)	(17,410,881)
DEFICIT - END OF YEAR	<hr/> (20,520,553)	<hr/> (18,272,590)
Net Loss Per Share – Basic and Diluted	<hr/> \$ (0.03)	<hr/> \$ (0.01)
Weighted Average Shares Outstanding	<hr/> 85,617,072	<hr/> 77,109,815

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**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS****FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

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	2010 \$	2009 \$
Net loss	(2,247,963)	(861,709)
Unrealized gain (loss) on available-for-sale investments	(7,470)	12,940
Reclassification adjustment for losses included in net loss upon sale of marketable securities	160,000	–
Comprehensive loss	<hr/> (2,095,433)	<hr/> (848,769)

(See accompanying notes to these consolidated financial statements)

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**INTERNATIONAL PBX VENTURES LTD.****CONSOLIDATED STATEMENTS OF CASH FLOWS****FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

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	2010 \$	2009 \$
<b>OPERATING ACTIVITIES</b>		
Net loss for the year	(2,247,963)	(861,709)
Less items not affecting cash		
Amortization	13,999	19,662
Stock based compensation expense	428,612	107,236
Gain on write-off of accounts payable	–	(95,855)
Loss on sale of marketable securities	155,325	–
	(1,650,027)	(830,666)
Change in non-cash components of working capital		
Amounts receivable from related parties	1,213	4,270
Amounts receivable	(31,204)	(104)
Advances, prepaid expenses and deposits	(31,070)	16,363
Accounts payable and accrued liabilities	80,636	17,457
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<b>(1,630,452)</b>	<b>(792,680)</b>
<b>INVESTING ACTIVITIES</b>		
Acquisition of and expenditures on mineral properties	(2,021,013)	(372,255)
Acquisition of equipment	(61,217)	(4,764)
Sale of marketable securities	29,675	–
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<b>(2,052,555)</b>	<b>(377,019)</b>
<b>FINANCING ACTIVITIES</b>		
Cash from share capital issued	6,280,875	–
Share issuance cost	(151,923)	–
Share subscriptions	13,000	–
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>6,141,952</b>	<b>–</b>
<b>INCREASE (DECREASE) IN CASH</b>	<b>2,458,945</b>	<b>(1,169,699)</b>
<b>CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR</b>	<b>1,082,298</b>	<b>2,251,997</b>
<b>CASH AND CASH EQUIVALENTS – END OF YEAR</b>	<b>3,541,243</b>	<b>1,082,298</b>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Interest paid	–	–
Income tax paid	–	–

(See accompanying notes to these consolidated financial statements)

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**INTERNATIONAL PBX VENTURES LTD.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

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**1. NATURE OF OPERATIONS AND CONTINUANCE OF BUSINESS**

The Company is an exploration stage company and is in the business of acquiring and exploring mineral properties in Chile. There has been no determination whether properties held contain ore reserves, which are economically recoverable.

The recoverability of carrying amounts for mineral properties and options is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development and achieve profitable production or alternatively, dispose of the properties. It is reasonably possible that economically recoverable reserves may not be discovered and accordingly a material portion of the carrying value of mineral properties could be written-off.

These consolidated 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 consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. As at December 31, 2010, the Company has incurred significant losses since inception totalling \$20,520,553. The continuing operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. The Company has working capital of \$3,485,249 and believes this is sufficient for the upcoming fiscal year. Management is of the opinion that additional funds will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company.

**2. RECENT ACCOUNTING PRONOUNCEMENTS**International Financial Reporting Standards ("IFRS")

In February 2008, the Canadian Accounting Standards Board ("AcSB") confirmed that January 1, 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canadian GAAP. The IFRS standards will be effective for the Company for interim and annual financial statements relating to the Company's fiscal year beginning on or after January 1, 2011. The effective date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the interim periods and year ended December 31, 2010. The Company has begun the planning and scoping phase of the transition to IFRS and intends to transition to IFRS financial statements during fiscal 2011. While the Company has begun assessing the adoption of IFRS for fiscal 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

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**INTERNATIONAL PBX VENTURES LTD.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

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**3. SIGNIFICANT ACCOUNTING POLICIES****[a] Basis of consolidation**

These consolidated financial statements include the accounts of the Company and its wholly-owned Chilean subsidiary, Minera IPBX Ltda., and its wholly-owned Canadian subsidiaries, Tierra de Oro Resources Ltd., Chilean Metals Exploration Ltd., Pintada Minerals Inc. (formerly known as Copaquire Mining Inc.), Pintada Holdings Inc. (formerly known as Copa Holdings Inc.), Palo Negro Mining Inc. (formerly known as Tabaco Mining Inc.), Palo Negro Holdings Inc. (formerly known as Tabco Holdings Inc.), Verna Explorations Ltd., and Verna Holdings Ltd. All material inter-company balances and transactions have been eliminated on consolidation.

**[b] Cash and cash equivalents**

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance to be cash equivalents.

**[c] Marketable securities**

The Company has classified its marketable securities as available-for-sale and therefore carries them at fair market value with the unrealized gain or loss recorded in accumulated other comprehensive income. Fair values were determined by reference to published price quotations in an active market as at December 31, 2010. As at December 31, 2010 the fair market value of the securities held was \$9,290 (2009 - \$41,760).

**[d] Equipment**

Equipment is recorded at cost less accumulated amortization. Amortization is recognized on the declining balance basis at the following rates per annum:

Automobile	30%
Office equipment	30%
Field equipment	30%

**[e] Mineral properties**

All costs related to the acquisition, exploration and development of mineral properties are capitalized. Upon commencement of commercial production, the related accumulated costs are amortized to income using the units of production method over estimated recoverable ore reserves. Management periodically assesses carrying values of non-producing properties and if management determines that the carrying values cannot be recovered or the carrying values are related to properties that have lapsed, the unrecoverable amounts are expensed.

The recoverability of the carried amounts of mineral properties is dependent on the existence of economically recoverable ore reserves and the ability to obtain the necessary financing to complete the development of such ore reserves and the success of future operations. The Company has not yet determined whether any of its mineral properties contain economically recoverable reserves. Amounts capitalized as mineral properties represent costs incurred to date, less write-downs and recoveries, and do not necessarily reflect present or future values.

When options are granted on mineral properties or properties are sold, proceeds are credited to the cost of the property. If no future capital expenditure is required and proceeds exceed costs, the excess proceeds are reported as a gain.

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**INTERNATIONAL PBX VENTURES LTD.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

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## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

## [f] Long-lived assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying value of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying value of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying value of the asset exceeds the fair value of the asset.

## [g] Asset retirement obligations

The Company follows CICA Handbook Section 3110, "Asset Retirement Obligations", which establishes standards for asset retirement obligations and the associated retirement costs related to site reclamation and abandonment. The fair value of the liability for an asset retirement obligation is recorded when it is incurred and the corresponding increase to the asset is depreciated over the life of the asset. The liability is increased over time to reflect an accretion element considered in the initial measurement at fair value. As at December 31, 2010, the Company has not incurred any asset retirement obligation related to the exploration and development of its mineral properties.

## [h] Foreign currency translation

The accounts of the Company are expressed in Canadian dollars. Transactions and balances in currencies other than the Canadian dollar are translated using the temporal method. Accordingly revenues, expenses and non-monetary balances are translated at the rates of exchange prevailing at the transaction dates and monetary balances are translated at the rate prevailing at the balance sheet date with the resulting exchange gains and losses being included in the determination of net loss.

The Company's Chilean subsidiary is considered an integrated subsidiary which is financially and operationally dependent on the Company. The Company uses the temporal method to translate the accounts of its integrated Chilean operation into Canadian dollars. Monetary assets and liabilities are translated at the exchange rates in effect at the balance sheet date. Non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at average rates for the period, except for amortization, which is translated on the same basis as the related asset. The resulting exchange gains or losses are recognized in income.

## [i] Income taxes

The Company utilizes the asset and liability method of accounting for income taxes. Under the liability method, future income taxes and liabilities are recognized to reflect the expected future tax consequences arising from temporary differences between the carrying value and the tax bases of the Company's assets and liabilities, and are measured using the tax rates expected to apply when these difference reverse. A valuation allowance is recorded against any future income tax asset if it is more likely than not that the asset will not be realized.

## [j] Financial instruments

The Company classifies financial assets and liabilities as held-for-trading, available-for-sale, loans and receivables or other financial liabilities depending on their nature. Financial assets and financial liabilities are recognized at fair value on their initial recognition, except for those arising from certain related party transactions which are accounted for at the transferor's carrying amount or exchange amount in accordance with the Canadian Institute of Chartered Accountant ("CICA") Handbook Section 3840 – Related Party Transactions.

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****[j] Financial instruments (continued)**

Financial assets and liabilities classified as held-for-trading are measured at fair value, with gains and losses recognized in net income. Financial assets classified as held-to-maturity, loans and receivables, and financial liabilities other than those classified as held-for-trading are measured at amortized cost, using the effective interest method of amortization. Financial assets classified as available-for-sale are measured at fair value, with unrealized gains and losses being recognized as other comprehensive income until realized, or if an unrealized loss is considered other than temporary, the unrealized loss is recorded in income. The Company has elected to account for transaction costs related to the issuance of financial instruments as a reduction of the carrying value of the related financial instruments.

Financial instruments included in the balance sheet are comprised of cash and cash equivalents, marketable securities, amounts receivable from related parties and accounts payable. The Company is not exposed to any derivative instruments. The Company is exposed to currency exchange rate risk as certain transactions are denominated in US dollars and Chilean pesos. The Company does not have foreign exchange hedges in place at this time. It is management's opinion that the Company is not exposed to significant interest rate or credit risks.

**[k] Stock-based Compensation**

The Company has a stock option plan, which is described in Note 8. The Company applies the fair value method to all stock-based payments and to all grants that are direct awards of stock that call for settlement in cash or other assets. Compensation expense is recognized over the applicable vesting period with a corresponding increase in contributed surplus. When the options are exercised, share capital is credited for the consideration received and the related contributed surplus is decreased. The Company uses the Black Scholes option pricing model to estimate the fair value of stock based compensation.

**[l] Loss per share**

The Company uses the treasury stock method in computing loss per share. Under this method, basic loss per share is computed by dividing losses available to common shareholders by the weighted average number of common shares outstanding during the year. For the period ended December 31, 2010 and 2009, the existence of warrants and options causes the calculation of fully diluted loss per share to be antidilutive. Accordingly, fully diluted loss per share information has not been shown.

**[m] Measurement Uncertainty**

The preparation of financial statements in accordance 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 amount of revenues and expenses during the period. Significant areas requiring the use of management estimates are the determination of impairment of mineral resource properties, stock-based compensation, amortization of property and equipment, and estimation of future income tax assets and liabilities. Actual results may differ from those estimates.

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**INTERNATIONAL PBX VENTURES LTD.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

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## 4. EQUIPMENT

	Cost	Accumulated Amortization	2010 Net Book Value	2009 Net Book Value
	\$	\$	\$	\$
Automotive	31,869	31,080	789	2,466
Field equipment	23,826	15,784	8,042	10,691
Furniture and office equipment	102,141	78,247	23,894	29,085
Camp	56,735	–	56,735	–
	<u>214,571</u>	<u>125,111</u>	<u>89,460</u>	<u>42,242</u>

## 5. MINERAL PROPERTIES

	Copaquire	Sierra Pintada	Tierra de Oro	Total
	\$	\$	\$	\$
Balance December 31, 2008	10,428,518	649,039	4,033,930	15,111,487
Acquisition and staking	45,402	36,944	73,801	156,147
Exploration				
Field costs	12,463	–	955	13,418
Project management	201,260	–	976	202,236
Other	–	454	–	454
Exploration and acquisition costs 2009	<u>259,125</u>	<u>37,398</u>	<u>75,732</u>	<u>372,255</u>
Balance December 31, 2009	10,687,643	686,437	4,109,662	15,483,742
Acquisition and staking	84,837	34,800	44,612	164,249
Exploration				
Drilling	544,022	–	–	544,022
Field costs	1,253,774	–	–	1,253,774
Project management	58,076	892	–	58,968
Exploration and acquisition costs 2010	<u>1,940,709</u>	<u>35,692</u>	<u>44,612</u>	<u>2,021,013</u>
Balance December 31, 2010	<u>12,628,352</u>	<u>722,129</u>	<u>4,154,274</u>	<u>17,504,755</u>

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**INTERNATIONAL PBX VENTURES LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

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5. MINERAL PROPERTIES (continued)

[a] Copaquire Property, Chile

In 2004, the Company entered into an Option Purchase Agreement with Compania Minera Huatacondo S.C.M. and Sociedad Legal Minera Macate Primera de Huatacondo of Chile to acquire the Copaquire copper-molybdenum porphyry, Region II in Chile. The Company fulfilled its commitment under the agreement during 2008 and owns 100% (1,473 hectares) of the claims, subject to a 2% Net Smelter Royalty (NSR) for total costs of US\$2,100,000 in cash and a US\$2,000,000 in work commitments.

During 2009, the Company staked additional 2,100 hectares exploration claims located 8 kms west of its Copaquire claims.

As at December 31, 2010, the Company owned 100% of the claims.

[b] Sierra Pintada, Chile

The Company owns 100% of fourteen exploitation claims covering 3,170 hectares.

[c] Tierra de Oro, Chile

The Company owns a 100% interest in exploitation and exploration concessions covering 5,758 hectares in Region III, Chile.

[d] Other properties

During the year ended December 31, 2010 the Company incurred a total of \$83,264 (2009 - \$95,596) in other exploration expenses as follows:

[i] Hornitos Property, Chile

The Company has staked eleven claims, covering 3,009 hectares located 35 kilometres south of Copiapo, Chile. During 2007, the Company analysed the property and its future potential for the Company and concluded not to actively pursue the property, but to maintain it in good standing.

During the year ended December 31, 2010, the Company incurred maintenance costs of \$22,361 (2009 - \$22,663) which have been expensed in these consolidated financial statements.

[ii] Palo Negro Property, Chile

The Company acquired 100% of the rights to an exploration concession through staking of an area of 6,028 hectares in Chile. During 2007, the Company analysed the property and its future potential for the Company and concluded not to actively pursue the property, but to maintain it in good standing.

During the year ended December 31, 2010, the Company incurred maintenance costs of \$44,796 (2009 - \$45,401) which have been expensed in these consolidated financial statements.

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**INTERNATIONAL PBX VENTURES LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

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5. MINERAL PROPERTIES (continued)

[d] Other properties (continued)

[iii] Zulema aka. Chicharra Property, Chile

The Company acquired 100% of the rights to an exploitation concession and staked an area of 871 hectares in Chile. During 2006, the Company analysed the property and its future potential for the Company and concluded not to actively pursue the property, but to maintain it in good standing.

During the year ended December 31, 2010, the Company incurred maintenance costs of \$6,510 (2009 - \$6,616) which have been expensed in these consolidated financial statements.

[iv] Tabaco, Chile

The Company holds 100% interest in its remaining Tabaco claims (300 hectares) and maintains its Tabaco mining properties in good standing. Further in fiscal 2008, the Company staked two exploitation (400 hectares) concessions which are 100% owned by the Company.

During the year ended December 31, 2010, the Company incurred maintenance costs of \$3,418 (2009 - \$12,510) which have been expensed in these consolidated financial statements.

[v] Other Exploration, Chile

During the year ended December 31, 2010, the Company engaged in the pursuit of other exploration opportunities and possible mining prospects and expensed \$6,179 (2009 - \$8,406) to operations.

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**INTERNATIONAL PBX VENTURES LTD.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

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## 6. SHARE CAPITAL

[a] Authorized: Unlimited number of common shares without par value

[b] Issued and outstanding

	Number of Common Shares	Total \$
Issued as at December 31, 2009 and 2008	77,109,815	32,722,400
Issued for cash pursuant to:		
Options exercised	2,550,000	272,500
Private placements	24,670,000	5,694,000
Warrants exercised	1,031,250	314,375
Fair value of stock options exercised	-	367,811
Share issuance costs	-	(151,923)
<b>Issued as at December 31, 2010</b>	<b>105,361,065</b>	<b>39,219,163</b>

During the year ended December 31, 2010, the Company closed three private placements, one in April 2010 and one in August 2010 at \$0.20 per unit totalling 9,470,000 units with gross proceeds of \$1,894,000 and one private placement in November 2010 at \$0.25 per unit totalling 15,200,000 with gross proceeds of \$3,800,000. The Company incurred share issuance costs of \$151,923 related to those private placements. Each unit consists of one common share and one half of a common share purchase warrant (a "Warrant").

Each whole Warrant in the two private placements of April 2010 and August 2010 entitles the holder, on exercise, to purchase one common share at a share price of \$0.30 for a period of 12 months, provided that, if the common shares of the Company are traded at the exchange at a price of \$0.40 or more for 10 consecutive trading days (the "Acceleration Event"), then the Warrants will expire on the earlier of the expiry date and on the date which is 30 calendar days after the Company provides notice to the holder of the Warrants that the Acceleration Event has occurred.

Each whole Warrant in the private placements of November 2010 entitles the holder, on exercise, to purchase one common share at a share price of \$0.35 for a period of 12 months, and \$0.45 for a second period of 12 months provided that, if the common shares of the Company are traded at the exchange at a price of \$0.45 or more for 10 consecutive trading days (the "Acceleration Event"), then the Warrants will expire on the earlier of the expiry date and on the date which is 30 calendar days after the Company provides notice to the holder of the Warrants that the Acceleration Event has occurred.

On January 12, 2011, the Acceleration Event occurred for all three private placements entitling the Company to provide such notices to the holders of the Warrants (Note 17 (a)).

**INTERNATIONAL PBX VENTURES LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

7. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

	\$
Balance as at December 31, 2008	(188,180)
Unrealized gain on available-for-sale investments	12,940
Balance as at December 31, 2009	(175,240)
Realization of unrealized loss on marketable securities	160,000
Unrealized loss on available-for-sale investments	(7,470)
Balance as at December 31, 2010	(22,710)

8. STOCK OPTIONS

The Company has implemented a stock option plan ("the Plan") to be administered by the Board of Directors. Pursuant to the Plan the Board of Director's has discretion to grant options for up to a maximum of 10% of the issued and outstanding common shares of the Company at the date the options are granted. The option price under each option shall be not less than the discounted market price on the grant date. The expiry date of an option shall be set by the Board of Directors at the time the option is awarded, and shall not be more than ten years after the grant date. Options granted to directors, employees and consultants, other than consultants engaged in investor relations activities, will vest fully upon the expiry of a four-month hold period, unless otherwise approved by the relevant regulatory authorities. Options granted to employees and consultants engaged in investor relations activities will vest in stages over a minimum period of 12 months with no more than one-quarter of the options vesting in any three-month period.

The continuity of options is as follows:

	Number of shares	Weighted average exercise price \$
Outstanding, December 31, 2008	6,850,000	0.50
Expired	(2,500,000)	0.43
Re-priced	4,350,000	0.10
Granted	1,700,000	0.10
Outstanding, December 31, 2009	6,050,000	0.10
Exercised	(2,550,000)	0.11
Expired	(100,000)	0.10
Granted	3,250,000	0.24
Outstanding, December 31, 2010	6,650,000	0.16

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**INTERNATIONAL PBX VENTURES LTD.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

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## 8. STOCK OPTIONS (continued)

The fair value of the stock-based compensation from vested options recognized during the year ended December 31, 2010 attributed to stock option grants was \$428,612 (2009 - \$42,829) as determined using the Black Scholes Option Pricing model with the following weighted average assumptions.

	2010	2009
Expected volatility	139%	101%
Expected life of options (in years)	1.67 yrs	5 yrs
Risk free interest rate	1.14%	2.54%
Expected dividend yield	0%	0%

The weighted average fair value of the options granted during the year was \$0.13 (2009 - \$0.03).

As at December 31, 2010, the following options were outstanding and exercisable:

Options outstanding				Options exercisable		
Exercise Price \$	Outstanding #	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price \$	Exercisable #	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price \$
0.10	2,050,000	0.22		2,050,000	0.23	
0.10	1,700,000	0.88		1,700,000	0.91	
0.13	100,000	0.00		-	-	
0.22	800,000	0.03		800,000	0.04	
0.23	500,000	0.03		500,000	0.03	
0.27	1,200,000	0.48		1,200,000	0.50	
0.27	150,000	0.01		-	-	
0.30	150,000	0.04		150,000	0.05	
	6,650,000	1.69	0.16	6,400,000	1.76	0.17

Stock options outstanding as at December 31, 2010 expire between January 6, 2011 and June 4, 2014.

## 9. WARRANTS

The continuity of warrants is as follows:

	Number of shares	Weighted Average Exercise Price \$
Balance, December 31, 2008	20,442,501	0.72
Expired	(20,442,501)	0.72
Balance, December 31, 2009	-	-
Issued	12,335,000	0.33
Exercised	(1,031,250)	0.30
Balance, December 31, 2009 (Note 17 (c))	11,303,750	0.33

No fair value was assigned to the warrants upon issuance as they had no intrinsic value at the time of issuance. As at December 31, 2010, there are 933,750 share purchase warrants exercisable at \$0.30 per unit and 7,500,000 share purchase warrants exercisable at \$0.35 per unit remained outstanding.

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10. CONTRIBUTED SURPLUS

The following table summarizes the continuity of the Company's contributed surplus:

	Amount \$
Balance, December 31, 2008	2,222,527
Fair value of stock options granted and vested	42,829
Fair value of stock options re-priced	64,407
<b>Balance, December 31, 2009</b>	<b>2,329,763</b>
Fair value of stock options granted and vested	428,612
Fair value of stock options exercised	(367,811)
<b>Balance, December 31, 2010</b>	<b>2,390,564</b>

11. RELATED PARTY TRANSACTIONS/BALANCES

During the year ended December 31, 2010 and 2009, the Company incurred in the following related party transactions:

- [a] The Company incurred administration expenses from directors or companies controlled by directors of \$267,892 (2009 - \$228,370).
- [b] The Company incurred accounting expenses from officers or companies controlled by officers of \$108,000 (2009 - \$108,000).

All of the above transactions have been in the normal course of operations, and in management's opinion, undertaken with the same terms and conditions as transactions with unrelated parties.

12. COMMITMENTS

The Company has a lease commitment for office space that expires May 31, 2012. Future minimum lease payments over the next two years are as follows:

Year	Commitment \$
2011	36,810
2012	15,338

13. SEGMENTED INFORMATION

The Company operates in one industry segment, namely exploration of mineral resources in one geographic region, Chile.

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**INTERNATIONAL PBX VENTURES LTD.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

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## 14. INCOME TAXES

**Reconciliation to statutory rates** - The following table reconciles the amount of income tax recoverable on application of the statutory Canadian federal and provincial income tax rates of 28.5% (2009: 30.00%):

	2010	2009
Expected income tax benefit computed at statutory rates	\$ 640,669	\$ 255,162
Effect of:		
Permanent differences	(183,622)	(32,171)
Non-taxable portion of realized capital loss	22,134	-
Change in enacted rates and other	(91,181)	(686,991)
Valuation allowance	(388,000)	464,000
	\$ -	\$ -

**Non-capital losses** - The Company has non-capital losses of \$6,855,000 available to offset future taxable income, expiring from 2010 to 2030. As well, the Company has \$1,474,000 of non-capital losses that carry forward indefinitely. The non-capital losses expire as follows:

2010	\$ 509,000
2014	596,000
2015	712,000
2026	974,000
2027	1,192,000
2028	882,000
2029	725,000
2030	1,265,000
	\$ 6,855,000

**Future tax assets** - The tax effects of temporary differences that give rise to significant portions of the future tax assets at December 31, 2010 and 2009 are presented below:

	2010	2009
Combined statutory tax rate	25.00%	25.00%
Future income tax assets		
Non-capital loss carry forwards	\$ 2,083,000	\$ 1,686,000
Capital loss carry forwards	39,000	19,000
Marketable securities	3,000	22,000
Property and equipment	19,000	17,000
Resource pools	1,458,000	1,458,000
Share issuance costs	51,000	63,000
Valuation allowance	(3,653,000)	(3,265,000)
Net future income tax asset	\$ -	\$ -

In assessing the realizability of future income tax assets, management considers whether it is more likely than not that some portion of the future tax assets will not be realized. The ultimate realization of future tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences reverse. Management considers the scheduled reversal of future income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The amount of future income tax assets considered realizable could change materially in the near term based on future taxable income during the carry forward period.

15. CAPITAL MANAGEMENT

The Company's objectives when managing capital 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 for its projects for the benefit of its stakeholders, to maintain creditworthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject. As the Company is in the exploration stage, its principal source of funds is from the issuance of common shares.

The Company includes the components of shareholders' equity in its management of capital.

As at December 31, 2010, the Company had capital resources consisting of cash and cash equivalents and marketable securities. 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. To maintain or adjust the capital structure, the Company may attempt to issue new shares or raise cash.

The Company's investment policy is to invest its cash in investment instruments in high credit quality financial institutions with terms to maturity selected with regards to the expected time of expenditures from continuing operations.

The Company expects its current capital resources will be sufficient to carry its exploration and development plans and operations through its current operating period.

16. FINANCIAL INSTRUMENTS AND RISK

**Financial Instruments**

As at December 31, 2010, the Company's financial instruments consist of cash and cash equivalents, marketable securities, amounts receivable and accounts payable.

The Company classifies its cash and cash equivalents as held-for-trading, its marketable securities as available-for-sale, its amounts receivable and amounts receivable from related parties as loans and receivables and its accounts payable as other financial liabilities. The fair values of these financial instruments approximate their carrying values because of their current nature.

CICA Handbook Section 3862, Financial Instruments – Disclosures establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair values. The Company's financial instruments at December 31, 2010 and 2009 classified as "Level One – Quoted prices in active markets" are cash and cash equivalent and marketable securities.

The Company thoroughly examines the various financial instrument risks to which it is exposed, and assesses the impact and likelihood of those risks. Where material, these risks are reviewed and monitored by management. There have not been any significant changes from the previous year as to how these risks are reviewed and monitored by management. The types of financial instrument risk exposures and the objectives and policies for managing these risks exposures is described below:

**Credit Risk**

Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash and cash equivalents and marketable securities. To minimize the credit risk the Company places these instruments with high credit quality financial institutions. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by reputable financial institutions with which it keeps its bank accounts.

**16. FINANCIAL INSTRUMENTS AND RISK (continued)****Liquidity Risk**

The Company ensures its holding of cash is sufficient to meet its short-term general and administrative expenditures. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. The Company does not have investments in any asset backed deposits.

**Foreign Exchange Risk**

The Company's functional currency is the Canadian dollar. However, the Company is exposed to the currency risk related to the fluctuation of foreign exchange rates as some of the company's operations are located in Chile. The Company also has liabilities denoted in US dollars. A significant change in the currency exchange rates between the Canadian dollar relative to the US dollar and Chilean peso could have an effect on the Company's results of operations, financial position and/or cash flows. The Company has not hedged its exposure to currency fluctuations.

**Interest Rate Risk**

At December 31, 2010, the Company is not exposed to reductions in interest rates, which could impact expected returns from the Company's investment of corporate funds in short-term, commercial paper upon maturity of such instruments.

**Commodity Price Risk**

The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in the market price of molybdenum, gold and copper. The Company closely monitors commodity prices to determine the appropriate course of actions to be taken.

**17. SUBSEQUENT EVENTS**

Subsequent to December 31, 2010,

- a) On January 12, 2011, the Acceleration Event (see Note 6(b)) occurred for all three private placements. The Company has not yet provided any notice to shareholders about the occurrence of the acceleration event and therefore has not yet called the warrants due within 30 days. Subsequent to the year end, 5,577,500 warrants were exercised for proceeds of \$1,923,250.
- b) The Company issued 1,600,000 common shares pursuant to the exercise of stock options for total proceeds of \$310,500.
- c) On January 31, 2011, the Company granted 950,000 stock options to directors and consultants. The options are exercisable at \$0.50 per share and expire on January 31, 2014.
- d) On January 31, 2011, the Company granted 300,000 stock options to consultants. The options are exercisable at \$0.50 per share and expire on January 31, 2012.
- e) On February 4, 2011, the Company granted 1,000,000 stock options to directors and consultants. The options are exercisable at \$0.50 per share and expire on February 4, 2013.
- f) On February 25, 2011, at the Company's Annual General Meeting, shareholders approved through an appropriate transaction subject to additional shareholder approval to spin out certain mineral properties.