

Cedar Mountain Exploration Inc.

Consolidated Financial Statements

For the three and six months ended March 31, 2011 and 2010

To the shareholders of Cedar Mountain Exploration Inc.:

The interim consolidated balance sheets of Cedar Mountain Exploration Inc. as at March 31, 2011 and 2010, and the interim consolidated statements of net loss, comprehensive loss, and deficit and cash flows for the periods then ended have been compiled by management.

No audit or review of this information has been performed by the Company's auditors.

Cedar Mountain Exploration Inc.

Consolidated Balance Sheets

As at	(unaudited)	(audited)
	March 31, 2011	September 30, 2010
	\$	\$
Assets		
Current		
Cash	3,990,088	733,200
Goods and services tax receivable	18,947	16,300
Mineral exploration tax credit receivable	36,437	36,437
Prepaid expenses and deposits	301,994	21,900
	4,347,466	807,837
Equipment (note 3)	63,438	58,344
Mineral properties (note 4)	1,371,965	1,073,872
	5,782,869	1,940,053
Liabilities		
Current		
Accounts payable and accrued liabilities	38,931	249,831
Shareholders' equity		
Share capital (note 5)	8,519,762	4,307,979
Contributed surplus (note 6)	1,051,708	735,640
Deficit	(3,827,532)	(3,353,397)
	5,743,938	1,690,222
	5,782,869	1,940,053

Approved on behalf of the Board

Signed "Charles Chebry" Director

Signed "Sean Mager" Director

See accompanying notes to the consolidated financial statements

Cedar Mountain Exploration Inc.

Consolidated Statements of Net Loss, Comprehensive Loss, and Deficit
For the three and six months ended March 31, 2011 and 2010

(unaudited)

	2011 3 months \$	2010 3 months \$	2011 6 months \$	2010 6 months \$
Expenses				
Management fees and salaries	60,320	64,097	131,240	137,017
Marketing and investor relations	34,942	28,438	47,555	57,554
Office and administration	52,615	43,551	80,641	70,836
Professional fees	5,185	836	13,019	10,217
Project generation	-	3,864	-	7,855
Stock-based compensation (note 5)	108,000	-	186,000	-
	(261,062)	(140,786)	(458,455)	(283,479)
Other income (expenses)				
Interest income	4,056	7,855	5,531	17,135
Gain (loss) on foreign exchange	(1,845)	422	643	23
Write down of mineral properties (note 4)	(20,218)	(79,679)	(1,854)	(79,679)
	(279,069)	(212,188)	(454,135)	(346,000)
Net loss and comprehensive loss for the period	(279,069)	(212,188)	(454,135)	(346,000)
Deficit - beginning of period	(3,548,463)	(2,040,167)	(3,353,397)	(1,906,355)
Deficit - end of period	(3,827,532)	(2,252,355)	(3,807,532)	(2,252,355)
Basic and diluted net loss from continuing operations per common share (note 5)	(0.01)	(0.01)	(0.01)	(0.01)
Weighted average number of common shares outstanding	39,003,150	25,568,424	36,455,409	25,529,962

See accompanying notes to the consolidated financial statements

Cedar Mountain Exploration Inc.

Consolidated Statements of Cash Flows

For the three and six months ended March 31, 2011 and 2010

(unaudited)

	2011	2010	2011	2010
	3 months	3 months	6 months	6 months
	\$	\$	\$	\$
Cash provided by (used in)				
Operating activities				
Net loss from continuing operations for the period	(279,069)	(212,188)	(474,135)	(346,000)
Items not affecting cash:				
Stock-based compensation	108,000	-	186,000	-
Write-down of mineral properties	21,854	79,679	21,854	79,679
	(149,215)	(132,509)	(266,281)	(266,321)
Change in non cash working capital items	(342,907)	(66,743)	(493,641)	(67,630)
Cash used in operating activities	(492,122)	(199,252)	(759,922)	(333,951)
Investing activities				
Acquisition of mineral properties (note 4)	(52,344)	(65,973)	(71,744)	(65,973)
Expenditures on mineral properties (note 4)	(211,962)	(613)	(241,471)	(8,364)
Purchase of Equipment	(11,826)	-	(11,826)	-
	(276,132)	(66,406)	(325,041)	(74,337)
Financing activities				
Proceeds from issuance of shares	4,553,310	-	4,574,300	700,000
Share issuance costs	(232,449)	-	(232,449)	(39,746)
Advance share subscriptions received	-	-	-	(92,000)
	4,320,861	-	4,341,851	568,254
Increase (decrease) in cash	3,552,607	(265,838)	3,256,888	159,966
Cash - beginning of period	437,481	566,586	733,200	140,782
Cash - end of period	3,990,088	300,748	3,990,088	300,748

See accompanying notes to the consolidated financial statements

Cedar Mountain Exploration Inc.

Notes to the Consolidated Financial Statements
For the three months ended March 31, 2011 and 2010

(unaudited)

1. Nature of operations

Cedar Mountain Exploration Inc. (the “Company” or “Cedar”) was incorporated in Alberta and commenced operations on March 16, 2006. On October 18, 2007, the Company closed its initial public offering and began trading on the TSX-V stock exchange under the symbol CED on October 29, 2007.

Cedar is in the business of acquiring and exploring mineral properties. The Company has not yet determined whether these properties contain mineral reserves that are economically recoverable and the Company is presently, or is planning to carry out active exploration efforts on all of its mineral properties. The Company has not yet earned significant revenues and is considered to be in the development stage. The recoverability of the amounts shown for mineral properties is dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain necessary financing to complete the development, and ultimately upon future profitable production or proceeds from disposition of the mineral properties. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets should the Company be unable to continue as a going concern.

2. Principles of consolidation and preparation of financial statements

The accompanying unaudited interim financial statements have been prepared by the Company following the same accounting policies and methods as those disclosed in the audited financial statements for the year ended September 30, 2010, unless otherwise stated. Certain information and note disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles (“GAAP”) in Canada have been omitted. These interim financial statements should be read in conjunction with the September 30, 2010 audited financial statements and the notes thereto. In the opinion of management, all adjustments of a normal and recurring nature that are necessary for a fair presentation of the balance sheet, results of operations, and cash flows of those interim periods have been included.

The consolidated balance sheet at March 31, 2011 includes the assets and liabilities of the Company’s wholly owned subsidiary Cedar Mountain Exploration (Alaska) Inc. (“Cedar Alaska”) and the consolidated statement of net loss, comprehensive loss and deficit and cash flows for the period ended March 31, 2011 includes the accounts of Cedar Alaska from the date of its incorporation.

The financial statements use the Canadian Dollar as the unit of measurement. Where foreign currency-denominated balance sheet items or commitments are disclosed, the Canadian Dollar equivalent amount is presented, at the rate in effect at the related balance sheet date, unless otherwise indicated.

Future accounting pronouncements

International Financial Reporting Standards

In February 2008, the Accounting Standards Board confirmed that Canadian Generally Accepted Accounting Principles for publicly accountable enterprises will be converged with International Financial Reporting Standards (“IFRS”) effective for the Company’s interim and annual financial statements beginning on October 1, 2011. The Company is currently evaluating the impact of the adoption of IFRS.

Cedar Mountain Exploration Inc.

Notes to the Consolidated Financial Statements
For the three months ended March 31, 2011 and 2010

(unaudited)

3. Equipment

As at March 31, 2011	Cost	Accumulated amortization	Net
Field equipment	\$ 73,240	\$ 9,802	\$ 63,438

The Company has estimated that its field equipment has a useful life of 5 years and will have no residual value at the end of its useful life. During the period ended March 31, 2011, amortization of \$3,661 was capitalized to the Kelly Creek Project (note 4).

The Company did not own any equipment as at March 31, 2010.

4. Mineral properties

	<u>Canada</u>	<u>U.S.A.</u>	<u>Total</u>
	<u>BC Properties</u>	<u>Kelly Creek Project</u>	
Additions	\$	\$	\$
Balance – September 30, 2009	764,398	-	764,398
Acquisition	-	65,973	65,973
Analysis	183	7,819	8,002
Geological consulting	14	-	14
Fieldwork	348	-	348
Mineral tax credits	(164)	-	(164)
Write down of mineral property	(79,679)	-	(79,679)
Balance – March 31, 2010	685,100	73,792	758,892
Acquisition	-	286,250	286,250
Analysis	1,308	(7,819)	(6,511)
Geological consulting	7,551	59,194	66,745
Fieldwork	535	622,455	622,990
Mineral tax credits	(2,818)	-	(2,818)
Write down of mineral property	(107,421)	-	(107,421)
Disposition of mineral property	(544,255)	-	(544,255)
Balance – September 30, 2010	40,000	1,033,872	1,073,872
Acquisition	-	73,548	73,548
Analysis	872	-	872
Assay	-	10,022	10,022
Geological consulting	-	60,272	60,272
Fieldwork	982	174,251	175,233
Write down of mineral property	(21,854)	-	(21,854)
Balance – March 31, 2011	20,000	1,351,965	1,371,965
	<u>Canada</u>	<u>U.S.A.</u>	
	<u>Lemon Lake Property</u>	<u>Kelly Creek Project</u>	<u>Total</u>
Balances	\$	\$	\$
Acquisition	121,845	425,771	547,616
Exploration	29,709	926,194	955,903
Mineral tax credits	(10,845)	-	(10,845)
Write down of mineral property	(120,709)	-	(120,709)
Balance – March 31, 2010	20,000	1,351,965	1,371,965

Cedar Mountain Exploration Inc.

Notes to the Consolidated Financial Statements
For the three months ended March 31, 2011 and 2010

(unaudited)

Kelly Creek Project, Alaska, United States of America

On February 15, 2010, the Company entered into an agreement (“Kelly Creek Agreement”) with an arm’s length party (the “Vendor”) to lease, with an option to purchase, a gold exploration project (“Kelly Creek Project”) located in the State of Alaska in the United States of America (“USA”).

Under the terms of the Kelly Creek Agreement, Cedar may lease the Kelly Creek Project (the “Lease”) from the Vendor by paying aggregate lease payments of USD 1.5 Million (of which USD 50,000 was paid upon entering the Kelly Creek Agreement) and incurring USD 2.15 Million in exploration (“Work Commitments”) over six years. Cedar has the option (the “Option”) to purchase 100% of the project at any time during the term of the lease for USD 1.5 Million (the “Purchase Price”), with any lease payments paid prior to exercise of the Option being deducted from the Purchase Price. If Cedar exercises the Option, it will not be required to complete the Work Commitments. The Kelly Creek Agreement also requires Cedar, during the term of the Lease, to maintain the Kelly Creek Project in good standing. The Kelly Creek Agreement may be terminated at any time by Cedar.

Provided Cedar exercises the Option, the Vendor would retain a production royalty equal to 5% of the net smelter returns (“NSR”) and, if commercial production has not yet commenced, Cedar must make advance royalty payments to the Vendor as follows: USD 100,000 upon exercise of the Option; USD 100,000 on the first anniversary of the exercise of the Option; and USD 200,000 on or before each subsequent anniversary of the exercise of the Option. Upon commencement of commercial production such advance royalty payments shall be recovered by deducting 50% from each NSR payment until the aggregate sum of previously paid advance royalty payments has been deducted. Cedar may purchase up to 3/5 of the NSR at any time by paying the Vendor the sum of USD 2 Million for each 1% of the NSR, whereupon subsequent advance royalty payments, if applicable, shall be adjusted proportionately.

In conjunction with the Kelly Creek Agreement, the Company agreed to pay a finder’s fee (“Finder’s Fee”), subject to regulatory approval, to an arm’s length third party (the “Finder”) for total consideration of USD 70,000 over five years. Provided the Kelly Creek Agreement is not terminated, the Company shall pay to the Finder an aggregate USD 55,000 in cash and USD 15,000 in common shares of the Company. Should Cedar choose to exercise the Option, the full unpaid amount of the Finder’s Fee is payable within 30 days of such exercise. The first two payments to the Finder of totalling USD 60,000 were paid as at March 31, 2011.

In April 2010, the Company staked additional State of Alaska claims surrounding the Kelly Creek Project bringing the total claims on the property to 204 covering 13,209 hectares.

During September, 2010, the Company staked additional State of Alaska Claims expanding the Kelly Creek Project area to 36,260 hectares of prospective structure and stratiography contiguous with the historic Kelly Creek prospect.

In February 8, 2011, the Company staked additional State of Alaska Claims on the Kelly Creek Project area bringing the total claims on the property to 658 covering 42,605 hectares.

Cedar Mountain Exploration Inc.

Notes to the Consolidated Financial Statements
For the three months ended March 31, 2011 and 2010

(unaudited)

Lemon Lake Property, British Columbia, Canada

During the three months ended December 31, 2010, the Company entered into a letter of intent with two arm's length individuals to sell the Company's Lemon Lake mineral property in British Columbia to a newly formed private company in exchange for 400,000 common shares of the private company with a deemed value of \$0.10 per common share. The Company therefore recorded an impairment to the Lemon Lake property in the amount of \$98,855, as a component of net loss to reflect the negotiated sale value of \$40,000.

Subsequent to the period ended March 31, 2011, the Company amended the terms of the sale of Lemon Lake property for 400,000 common shares of the above mentioned private company with a deemed value of \$0.05 per common share. As a result, the Company has recorded an additional impairment to the Lemon Lake Property in the amount of \$20,000, recorded as a component of net loss, to reflect the amended sale value of \$20,000.

5. Share capital

Common shares

Authorized:

Unlimited number of common shares

	Six months ended March 31, 2011		Year ended September 30, 2010	
	Common Shares #	Amount \$	Common Shares #	Amount \$
Issued:				
Balance – beginning of period	33,953,224	4,307,979	18,568,424	2,503,819
Shares issued in private placements	17,389,000	4,347,250	13,686,500	1,702,975
Shares issued as finders' fees	-	-	248,300	37,245
Shares issued on agent option exercise	45,250	9,050	-	-
Adjustment for agent option exercise	-	4,525	-	-
Shares issued on warrant exercise	1,090,000	218,000	1,450,000	217,500
Share issuance costs	-	(367,042)	-	(153,560)
Balance – end of period	52,477,474	8,519,762	33,953,224	4,307,979

On March 9, 2011, the Company announced that it has completed a non-brokered private placement to raise gross proceeds of \$4,347,250 by the issuance of 17,389,000 units (the "Units") of the Company at a price of \$0.25 per Unit. Each Unit consisted of one common share and one non-transferable common share purchase warrant (a "Warrant"). Each Warrant is exercisable to acquire one additional common share in the capital of the Company at an exercise price of \$0.35 per share until March 8, 2012 and thereafter at an exercise price of \$0.45 per share until March 8, 2013. The Company paid aggregate cash Finder's fees of \$186,935 and issued an aggregate of 747,740 common share purchase warrants (each a "Finder's Warrant") as payment of finder's fees. Each Finder's Warrant is exercisable to purchase one common share of the Company at an exercise price of \$0.26 per share until March 8, 2013.

Cedar Mountain Exploration Inc.

Notes to the Consolidated Financial Statements
For the three months ended March 31, 2011 and 2010

(unaudited)

Warrants

The following table summarizes activity related to warrants:

	Six months ended March 31, 2011		Year ended September 30, 2010	
	Number of warrants #	Weighted average exercise price \$	Number of warrants #	Weighted average exercise price \$
Balance – beginning of period	12,236,500	0.18	4,583,336	0.25
Issued	17,389,000		13,686,500	0.17
Price adjustment – old price	(5,550,000)	0.15	-	-
Price adjustment – new price	5,550,000	0.20	-	-
Exercised	(1,090,000)	0.20	(1,450,000)	0.15
Expired	-	-	(4,583,336)	0.25
Balance – end of period	28,535,500	0.29	12,236,500	0.18

Warrant price adjustment

On October 1, 2010, the exercise price of 5,550,000 warrants originally issued on October 1, 2009 changed from \$0.15 per common share to \$0.20 per common share as per the original terms of these warrants.

The following table summarizes information about warrants outstanding:

As at		March 31, 2011			September 30, 2010		
Number of warrants outstanding #	Weighted average exercise price \$	Weighted average remaining contractual life Years	Number of warrants outstanding #	Weighted average exercise price \$	Weighted average remaining contractual life Years		
4,820,000	0.20	0.5	5,550,000	0.15	1.0		
6,326,500	0.20	1.3	6,686,500	0.20	1.8		
17,389,000	0.35	1.9	-	-	-		
28,535,500	0.29	1.5	12,236,500	0.18	1.4		

Cedar Mountain Exploration Inc.

Notes to the Consolidated Financial Statements
For the three months ended March 31, 2011 and 2010

(unaudited)

Agent options and Finder's warrants

On March 9, 2011, the Company issued 747,740 finder's warrants as previously described. The estimated fair value of the finder's warrants, aggregating \$134,593 or \$0.18 per finder's warrant, has been recorded as an increase to contributed surplus and a reduction of share capital. The fair value of the agents' options was estimated using the Black Scholes option pricing model with the following grant date assumptions: a risk-free interest rate of 1.88%; expected hold prior to exercise of 2 years; expected volatility of 130.6%; and a dividend yield per share of 0%.

The following table summarizes activity related to agent options and finder's warrants:

	Six months ended March 31, 2011		Year ended September 30, 2010	
	Number of agent options #	Weighted average exercise price \$	Number of agent options #	Weighted average exercise price \$
Balance – beginning of period	550,300	0.15	400,000	0.40
Issued	747,740	0.26	550,300	0.15
Exercised	(45,250)	0.20	-	
Expired	-	-	(400,000)	0.40
Balance – end of period	1,252,790	0.21	550,300	0.15

The following table summarizes information about agent options and finder's warrants outstanding:

As at	March 31, 2011			September 30, 2010		
Number of agent options outstanding #	Weighted average exercise price \$	Weighted average Remaining contractual life Years	Number of agent options outstanding #	Weighted Average exercise price \$	Weighted average remaining contractual life Years	
302,000	0.10	0.5	302,000	0.10	1.0	
203,050	0.20	1.3	248,300	0.20	1.8	
747,740	0.26	1.9				
1,252,790	0.21	1.5	550,300	0.15	1.4	

Cedar Mountain Exploration Inc.

Notes to the Consolidated Financial Statements
For the three months ended March 31, 2011 and 2010

(unaudited)

Stock options

Pursuant to a stock option plan (the “Plan”) for directors, officers, employees, and consultants, the Company may reserve a maximum of 10% of the issued and outstanding listed common shares; the exercise price to be determined on the date of issuance of the options. The options are non-transferable and will expire, if not exercised, 90 days following the date the optionee ceases to be a director, officer, employee or consultant of the Company for reasons other than death, one year after the death of an optionee or on the fifth anniversary of the date the option was granted.

The following table summarizes activity related to stock options:

	Six months ended March 31, 2011		Year ended September 30, 2010	
	Number of options #	Weighted average exercise price \$	Number of options #	Weighted average exercise price \$
Balance – beginning of period	3,250,000	0.21	1,855,000	0.32
Issued	750,000	0.29	1,445,000	0.15
Expired	(250,000)	0.40	(50,000)	0.40
Repriced – old price	-	-	(500,000)	0.40
Repriced – new price	-	-	500,000	0.15
Balance – end of period	3,750,000	0.23	3,250,000	0.21

The following table summarizes information about stock options outstanding:

As at	March 31, 2011			September 30, 2010		
Number of stock options outstanding #	Weighted average exercise price \$	Weighted average Remaining contractual life Years	Number of stock options outstanding #	Weighted Average exercise price \$	Weighted average remaining contractual life Years	
730,000	0.40	1.60	730,000	0.40	2.0	
500,000	0.15	1.60	500,000	0.15	2.0	
525,000	0.15	2.80	525,000	0.15	3.3	
50,000	0.12	3.40	50,000	0.12	3.9	
1,195,000	0.15	4.30	1,445,000	0.15	4.8	
300,000	0.30	4.70	-	-	-	
450,000	0.28	4.90				
3,750,000	0.23	3.30	3,250,000	0.21	3.5	

Cedar Mountain Exploration Inc.

Notes to the Consolidated Financial Statements
For the three months ended March 31, 2011 and 2010

(unaudited)

Stock options issued

On December 21, 2010, the Company issued stock options pursuant to the Company's stock option plan to consultants of the Company to acquire an aggregate of 300,000 common shares, exercisable at a price of \$0.30 per common share, and vested upon issuance for a term of 5 years.

The Company has recorded stock based compensation expense in the amount of \$78,000 as calculated using the following grant date assumptions: a risk-free interest rate of 2.38%; expected hold prior to exercise of 5 years; expected volatility of 145.3%; and a dividend yield per share of 0%.

On March 9, 2011, The Company announced that its Board of Directors has granted an aggregate of 450,000 stock options to directors, officers and consultants of the Company, pursuant to the Company's stock option plan. Each stock option is exercisable to acquire one common share of the Company at a price of \$0.28 per share for a term of five years and vested upon issuance.

The Company has recorded stock based compensation expense in the amount of \$108,000 as calculated using the following grant date assumptions: a risk-free interest rate of 2.81%; expected hold prior to exercise of 5 years; expected volatility of 140.8%; and a dividend yield per share of 0%.

Subsequent to period ended March 31, 2011, The Company's Board of Directors has approved the grant of 1,500,000 incentive stock options, exercisable at \$0.27 per share over a five-year period of which 1,100,000 are issued to directors and officers. These options vested upon issuance.

6. Contributed surplus

Contributed surplus arises from the recognition of estimated fair value of stock options and agent options as follows:

	Six months ended March 31, 2011	Year ended September 30, 2010
	\$	\$
Balance – beginning of period	735,640	474,350
Agent options issued	134,593	48,990
Agent options exercised	(4,525)	-
Stock options issued	186,000	212,300
Balance – end of period	1,051,708	735,640

7. Financial instruments

Financial instrument classification

Cedar's financial instruments recognized on the balance sheet consist of cash, and accounts payable and accrued liabilities.

Upon initial recognition, Cedar has designated its cash as held for trading, and accordingly it is recognized on the balance sheet at its fair value, and changes in fair value are recognized in net income in the period in which the change arises.

Accounts payable and accrued liabilities have been classified as other liabilities, and are measured at amortized cost.

Cedar Mountain Exploration Inc.

Notes to the Consolidated Financial Statements
For the three months ended March 31, 2011 and 2010

(unaudited)

The estimated fair market values of Cedar's financial instruments approximate their carrying values due to their short-term nature.

The Company has no unrecognized financial instruments or derivative financial instruments.

Capital management

Cedar's capital consists of share capital.

Cedar's objectives in managing its capital are: to maintain corporate and administrative functions necessary to support its operations and corporate functions; to perform mineral exploration activities on its exploration projects; and to seek out and acquire new projects of merit.

Cedar manages its capital structure in a manner that provides sufficient funding for operational and capital expenditure activities. Funds are secured, when necessary, through debt funding or equity capital raised by means of private placements. There can be no assurances that the Company will be able to obtain debt or equity capital in the case of working capital deficits.

There have been no changes in the Company's capital management in the current period.

Risk management

Cedar may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of Cedar's risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

Interest risk

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments.

The Company had \$3,990,088 in cash at March 31, 2011, on which it earns variable rates of interest, and may therefore be subject to a certain amount of risk, though this risk is deemed to be immaterial by management of Cedar.

Credit risk

Credit risk is the risk of potential loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations.

Cedar's cash is held with a financial institution in Canada and is guaranteed in full by the Crown in Right of Alberta. Cedar's receivables are due from the government of British Columbia for refundable mineral exploration tax credits and from the Government of Canada for goods and services tax receivable. Management does not consider this concentration of credit to pose any substantial risk to the Company.

Foreign currency risk

Foreign currency risk is the risk that the fair value of, or future cash flows from, Cedar's financial instruments will fluctuate because of changes in foreign exchange rates.

Cedar Mountain Exploration Inc.

Notes to the Consolidated Financial Statements
For the three months ended March 31, 2011 and 2010

(*unaudited*)

Cedar maintains the majority of its cash reserves in Canadian Dollars. A portion of the Company's funds are held in US Dollars and are therefore subject to fluctuations in foreign exchange rates. Cedar's corporate costs and share capital, as well as Cedar's reporting currency, is denominated in Canadian Dollars.

Liquidity risk

Liquidity risk is the risk that Cedar will not meet its financial obligations as they fall due.

At March 31, 2011, Cedar's working capital is \$4,308,535, and does not have any long-term liabilities. The continuing operations of the Company are dependent upon its ability to obtain adequate financing and to commence profitable operations in the future. Cedar may have to seek additional debt or equity financing, and there can be no assurance that such financing will be available on terms acceptable to Cedar.

8. Related party transactions

During the six months ended March 31, 2011, management fees of \$84,260 (2010 – 66,545) were paid to officers and directors or companies controlled by officers and directors of the Company. Capitalized geological consulting fees of \$2,553 (2010 - nil) were paid to a company controlled by a director.

At March 31, 2011, the Company had no outstanding accounts payable to its directors and officers or companies controlled by directors and officers.

These transactions were in the normal course of operations and were measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

9. Comparative figures

Certain comparative amounts have been reclassified to conform to the current period's presentation.