

Cedar Mountain Exploration Inc.

Consolidated Financial Statements

For the three and six months ended March 31, 2010 and 2009

To the shareholders of Cedar Mountain Exploration Ltd:

The interim consolidated balance sheets of Cedar Mountain Exploration Ltd. as at March 31, 2010 and 2009, 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	<i>(unaudited)</i> March 31, 2010	<i>(audited)</i> September 30, 2009
	\$	\$
Assets		
Current		
Cash	300,748	140,782
Accounts receivable	62,997	150,988
Prepaid expenses and deposits	21,900	21,900
Debenture (note 3)	300,000	300,000
	<u>685,645</u>	<u>613,670</u>
Mineral properties (note 4)	<u>758,892</u>	<u>764,398</u>
	<u>1,444,537</u>	<u>1,378,068</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	58,469	214,254
Advance share subscriptions received	-	92,000
	<u>58,469</u>	<u>306,254</u>
Shareholders' equity		
Share capital (note 5)	3,151,993	2,503,819
Contributed surplus (note 6)	486,430	474,350
Deficit	(2,252,355)	(1,906,355)
	<u>1,386,068</u>	<u>1,071,814</u>
	<u>1,444,537</u>	<u>1,378,068</u>

Approved on behalf of the Board

Signed "John Williamson" 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, 2010 and 2009

(unaudited)

Period ended March 31	2010 3 months \$	2009 3 months \$	2010 6 months \$	2009 6 months \$
Expenses				
Management fees and salaries	64,197	39,343	137,017	86,513
Marketing and investor relations	28,438	22,131	57,554	35,580
Office and administration	43,551	45,426	70,836	67,003
Professional fees	836	6,123	10,217	11,656
Project generation	3,864	-	7,855	-
Stock-based compensation (note 5)	-	52,500	-	52,500
	(140,886)	(165,523)	(283,479)	(253,252)
Other				
Interest income	7,855	170	17,135	735
Gain (loss) on foreign exchange	422	-	23	-
Mineral property write downs (note 4)	(79,679)	-	(79,679)	-
Net loss before discontinued operations	(212,288)	(165,353)	(346,000)	(252,517)
Discontinued operations (note 3)	-	(15,560)	-	(31,403)
Net loss and comprehensive loss	(212,288)	(180,913)	(346,000)	(283,920)
Deficit - beginning of period	(2,040,167)	(1,142,081)	(1,906,355)	(1,039,074)
Deficit - end of period	(2,252,355)	(1,322,994)	(2,252,355)	(1,322,994)
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	25,568,424	18,568,424	25,529,962	16,954,798

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, 2010 and 2009

(unaudited)

Period ended March 31	2010 3 months \$	2009 3 months \$	2010 6 months \$	2009 6 months \$
Cash provided by (used in)				
Operating activities				
Net loss for the period	(212,188)	(180,913)	(346,000)	(283,920)
Items not affecting cash:				
Stock-based compensation	-	52,500	-	52,500
Mineral interest write down	79,679	-	79,679	-
	(132,509)	(128,413)	(266,321)	(231,420)
Change in non cash working capital items	(66,743)	11,355	(67,630)	(5,659)
	(199,252)	(117,058)	(333,951)	(237,079)
Investing activities				
Acquisition of Sterling Mexico (note 3)	-	-	-	(170,485)
Acquisition of mineral properties	(65,793)	-	(65,973)	(340,445)
Expenditures on mineral properties	(613)	(40,113)	(8,364)	(64,908)
	(66,406)	(40,113)	(74,337)	(575,838)
Financing activities				
Proceeds from issuance of shares	-	-	700,000	686,500
Share issuance costs	-	(220)	(39,746)	(21,097)
Advance share subscriptions	-	-	(92,000)	-
	-	(220)	568,254	665,403
Increase (decrease) in cash	(265,838)	(157,391)	159,966	(147,514)
Cash - beginning of period	566,586	388,601	140,782	378,724
Cash - end of period	300,748	231,210	300,748	231,210

See accompanying notes to the consolidated financial statements

Cedar Mountain Exploration Inc.

Notes to the Consolidated Financial Statements

For the three and six months ended March 31, 2010 and 2009

(unaudited)

1. Nature of operations

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

Cedar Mountain 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, 2009, 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, 2009 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 statements of net loss, comprehensive loss and deficit and cash flows for the three months ended March 31, 2008 include the accounts of Evoba from the date of its incorporation (September 30, 2008) and the accounts of Sterling Mexico from the date of acquisition (note 3).

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.

New accounting policies

The following new accounting policy has been adopted by the Company effective October 1, 2009:

Financial instruments

In June 2009, the CICA Handbook Section 3862 was amended to include additional disclosure requirements about fair value measurements of financial instruments and to enhance liquidity risk disclosure, effective for the Company beginning October 1, 2009. The additional fair value measurements disclosures include classification

Cedar Mountain Exploration Inc.

Notes to the Consolidated Financial Statements

For the three and six months ended March 31, 2010 and 2009

(unaudited)

of financial instrument fair values in a fair value hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements, described as follows:

- Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and
- Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

Additional disclosure concerning the fair value hierarchy of the Company's financial instruments will be included in the Company's financial statements for the year ended September 30, 2010.

3. Acquisitions and discontinued operations

Kelly Creek Project, Alaska, United States of America

On March 26, 2010, the Company announced that its wholly owned subsidiary Cedar Mountain Exploration (Alaska) Inc. ("Cedar Alaska") had 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 Alaska may lease the Kelly Creek Project (the "Lease") from the Vendor by paying aggregate lease payments of USD 1 Million and incurring USD 2.15 Million in exploration ("Work Commitments") over six years. Cedar Alaska 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 Alaska 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 Alaska.

Provided Cedar Alaska exercises the Option, the Vendor would retain a production royalty equal to 5% of the net smelter returns ("NSR") and Cedar Alaska 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. Cedar Alaska has a further option to purchase up to 3/5 of the NSR by paying the Vendor the sum of USD 2 Million for each 1% of the NSR, whereupon the advance minimum royalty payments shall be adjusted proportionately.

In conjunction with the Kelly Creek Agreement, Cedar Alaska 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, Cedar Alaska shall pay to the Finder an aggregate USD 55,000 in cash and USD 15,000 in common shares of the Company. Should Cedar Alaska choose to exercise the Option, the full unpaid amount of the Finder's Fee is payable within 30 days of such exercise.

Cedar Mountain Exploration Inc.

Notes to the Consolidated Financial Statements

For the three and six months ended March 31, 2010 and 2009

(unaudited)

País del Elephante and Jimenez del Tuel, Zacatecas State, Mexico

On December 22, 2008, the Company announced that it had acquired 99% of the issued and outstanding shares of Sterling Mining de Mexico S.A. de C.V. (“Sterling Mexico”), a company incorporated in Mexico, from an arm’s length party for USD 222,000 (\$265,419) (the “Acquisition”). The following table shows the allocation of the total acquisition cost to the fair value of the assets acquired and liabilities assumed in the Acquisition.

Cash	\$ 265,419
Acquisition costs	5,531
Total purchase price	<u>\$ 270,950</u>
Cash	\$ 122,093
Non-cash working capital	18,766
Mineral properties	130,091
Net assets acquired	<u>\$ 270,950</u>

The mineral properties acquired with Sterling Mexico, comprising approximately 5,400 ha of mineral rights in the State of Zacatecas in central Mexico, were added to the Company’s País del Elephante area of interest (note 4).

On August 27, 2009, the Company divested of its interests in its two Mexico subsidiaries, Sterling Mexico and Evoba, including the Company’s interest in the Jimenez del Tuel and País del Elephante mineral properties. The shares of Evoba and Sterling Mexico were sold to an unrelated third party, a Canadian private corporation (the “Buyer”), in exchange for a debenture with a face value of \$300,000 bearing simple interest at 10% per annum payable semi-annually (the “Debenture”). The principal amount and unpaid accrued interest is payable on August 27, 2010. In the event that the Buyer defaults on payment of the Debenture, the Company has the right to repurchase the Buyer’s interest in Evoba and Sterling in exchange for cancellation of the Debenture.

The results of operations and cash flows for the current year on the statements of net loss, comprehensive loss and deficit and the statements of cash flows include the results of operations and cash flows of Evoba and Sterling Mexico as well as the effects of the acquisition of Sterling and the disposal of both Sterling and Evoba, classified as discontinued operations. A summary of these amounts follows:

Period ended March 31	2010	2009	2010	2009
	3 months	3 months	6 months	6 months
	\$	\$	\$	\$
Revenues	-	-	-	-
Expenses	-	(15,560)	-	(31,403)
Discontinued operations	-	(15,560)	-	(31,403)
Basic and diluted net loss from discontinued operations per common share (note 5)	-	(0.00)	-	(0.00)

Cedar Mountain Exploration Inc.
Notes to the Consolidated Financial Statements
For the three and six months ended March 31, 2010 and 2009

(unaudited)

4. Mineral properties

	Canada	U.S.A	Mexico	
	BC Properties	Alaskan Properties	Jimenez del Teul & País del Elephante	Total
	\$	\$	\$	\$
Balance – September 30, 2008	794,148	-	-	794,148
Acquisition	-	-	497,368	497,368
Claims and land use	1,229	-	19,282	20,511
Geological consulting	10,286	-	30,276	40,562
Analysis	3,282	-	-	3,282
Fieldwork	548	-	-	548
Balance – March 31, 2009	809,493	-	546,926	1,356,419
Acquisition	-	-	6,060	6,060
Claims and land use	1,402	-	48,183	49,585
Geological consulting	2,096	-	14,370	16,466
Analysis	-	-	2,848	2,848
Fieldwork	90	-	-	90
Mineral tax credits	(48,683)	-	-	(48,683)
Properties disposed (note 3)	-	-	(618,387)	(618,387)
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	-	-	-
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	260,285	65,793	-	326,078
Exploration	555,738	7,819	-	563,200
Mineral tax credits	(130,923)	-	-	(130,817)
Balance –March 31, 2010	685,100	73,792	-	758,892

During the period ended March 31, 2010, the Company wrote off the carrying value of the Venus property, in British Columbia, and has allowed the underlying mineral claims to lapse. The carrying value of the Venus property was \$79,679.

During the period ended March 31, 2010, the Company entered an option to acquire the Kelly Creek Project in Alaska as described in note 3 to the consolidated financial statements.

Cedar Mountain Exploration Inc.

Notes to the Consolidated Financial Statements

For the three and six months ended March 31, 2010 and 2009

(unaudited)

During the year ended September 30, 2009, the Company acquired, and subsequently sold, several projects in Zacatecas State, Mexico, as described in note 3 to the consolidated financial statements.

5. Share capital

Authorized:

Unlimited number of common shares

	Six months ended March 31, 2010		Year ended September 30, 2009	
	Common Shares #	Amount \$	Common Shares #	Amount \$
Issued:				
Balance – beginning of period	18,568,424	2,503,819	13,985,088	1,839,166
Shares issued for cash	7,000,000	700,000	4,576,669	686,500
Shares issued to commissions	-	-	6,667	1,000
Share issuance costs	-	(51,826)	-	(22,847)
Balance – end of period	25,568,424	3,151,993	18,568,424	2,503,819

On October 1, 2009, the Company closed a non-brokered private placement of 7,000,000 units (each, a “Unit”) at a price of \$0.10 per Unit for gross proceeds of \$700,000 (the “Offering”). Each Unit consisted of one common share of the Company (“Common Share”) and one Common Share purchase warrant (“Warrant”). Each Warrant entitles the holder to acquire one Common Share until October 1, 2011 (the “Exercise Period”) at an exercise price of \$0.15 per Common Share within the first 12 months of the Exercise Period, and at a price of \$0.20 per Common Share within the remaining 12 months of the Exercise Period. The securities issued pursuant to the Offering are subject to a four-month hold period which expires on February 2, 2010.

Finders acting in connection with the Offering received finder’s fees totalling \$30,200 and agent’s options to acquire up to 302,000 Common Shares at a price of \$0.10 per Common Share until October 1, 2011. The estimated fair value of the agents’ warrants, aggregating \$12,080 has been recorded as an increase to contributed surplus and a reduction of share capital. The fair value of the Agents’ Warrants was estimated using the Black Scholes option pricing model with the following grant date assumptions: a risk-free interest rate of 1.20%; expected hold prior to exercise of 2 years; expected volatility of 80%; and a dividend yield per share of 0%.

Cedar Mountain Exploration Inc.

Notes to the Consolidated Financial Statements

For the three and six months ended March 31, 2010 and 2009

(unaudited)

Warrants

The following table summarizes activity related to warrants:

	Six months ended March 31, 2010		Year ended September 30, 2009	
	Number of warrants #	Weighted average exercise price \$	Number of warrants #	Weighted average exercise price \$
Balance – beginning of period	4,583,336	0.25	-	-
Issued	7,000,000	0.15	4,583,336	0.25
Expired	(4,583,336)	0.25	-	-
Balance – end of period	7,000,000	0.15	4,583,336	0.25

The following table summarizes information about warrants outstanding:

Number of warrants outstanding #	Weighted average exercise price \$	As at March 31, 2010	Number of warrants outstanding #	Weighted average exercise price \$	As at September 30, 2009
		Weighted average remaining contractual life Years			Weighted average remaining contractual life Years
7,000,000	0.15	1.5	2,091,670	0.25	0.35
-	-	-	2,491,666	0.25	0.50
7,000,000	0.15	1.5	4,583,336	0.25	0.43

Cedar Mountain Exploration Inc.

Notes to the Consolidated Financial Statements

For the three and six months ended March 31, 2010 and 2009

(unaudited)

Agent options

The following table summarizes activity related to agent options:

	Six months ended March 31, 2010		Year ended September 30, 2009	
	Number of agent options #	Weighted average exercise price \$	Number of agent options #	Weighted average exercise price \$
Balance – beginning of period	400,000	0.40	400,000	0.40
Issued	302,000	0.10	-	-
Expired	(400,000)	0.40	-	-
Balance – end of period	302,000	0.10	400,000	0.40

The following table summarizes information about agent options outstanding:

As at March 31, 2010			As at September 30, 2009		
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	1.5	400,000	0.40	1.0
302,000	0.10	1.5	400,000	0.40	1.0

Stock options

The following table summarizes activity related to stock options:

	Six months ended March 31, 2010		Year ended September 30, 2009	
	Number of options #	Weighted average exercise price \$	Number of options #	Weighted average exercise price \$
Balance – beginning of period	1,855,000	0.32	1,380,000	0.40
Granted	-	-	575,000	0.15
Expired	-	-	(100,000)	0.40
Balance – end of period	1,855,000	0.32	1,855,000	0.32

Cedar Mountain Exploration Inc.

Notes to the Consolidated Financial Statements

For the three and six months ended March 31, 2010 and 2009

(unaudited)

The following table summarizes information about stock options outstanding:

Number of stock options outstanding #	Weighted average exercise price \$	As at	Number of stock options outstanding #	Weighted Average exercise price \$	As at
		March 31, 2010			September 30, 2009
		Weighted average remaining contractual life Years			Weighted average remaining contractual life Years
1,280,000	0.40	1.8	1,280,000	0.40	3.1
525,000	0.15	3.1	525,000	0.15	4.3
50,000	0.12	3.7	50,000	0.12	4.9
1,855,000	0.32	2.22	1,855,000	0.32	3.5

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, 2010	Year ended September 30, 2009
	\$	\$
Balance – beginning of period	474,350	444,600
Agent options granted	12,080	-
Stock options granted	-	29,750
Balance – end of period	486,430	474,350

7. Financial instruments

Financial instrument classification

Cedar's financial instruments recognized on the balance sheet consist of cash, accounts receivable, debenture, 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 receivable and debenture have been classified as loans and receivables, and are measured at amortized cost.

Cedar Mountain Exploration Inc.

Notes to the Consolidated Financial Statements

For the three and six months ended March 31, 2010 and 2009

(unaudited)

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

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

Purchases and sales of financial assets will be accounted for using trade-date accounting, and transaction costs on financial instruments other than those classified as held for trading will be recognized in net income in the period in which they occur.

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

Capital management

Cedar's capital consists of cash and 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.

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 approximately \$300,748 in cash at March 31, 2010, on which it may earn 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 a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to a debenture with a face value of \$300,000 (note 3).

Cedar Mountain Exploration Inc.

Notes to the Consolidated Financial Statements

For the three and six months ended March 31, 2010 and 2009

(unaudited)

Cedar's cash is held with a financial institution in Canada. Cash held with a Canadian financial institution 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 maintains its cash reserves in Canadian Dollars and United States Dollars and is 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, 2010, Cedar's working capital is \$627,176, and it 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. Subsequent to March 31, 2010, the Company announced a non-brokered private placement (note 9).

8. Related party transactions

At March 31, 2010, the Company had an outstanding payable to a company with common officers and directors in the amount of \$14,430 (September 30, 2009 - \$21,093) for reimbursement of staffing, general and administrative costs. 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.

From January 1, 2010, the Company's accounting and administrative support services are delivered in the normal course of business on normal commercial terms by a corporate services partnership (the "Partnership") which is managed exclusively by an arms-length principal. The services do not include authority or responsibility for planning, directing and controlling the Company's activities. Corporations controlled by immediate family members of certain directors and an officer of the Company are non-managing, non-controlling members of the Partnership and, in each case, have no active role in the provision of the services. During the three months ended March 31, 2010, the Company paid fees aggregating \$24,000 to the Partnership for the provision of accounting and administrative support services, which are included in "management fees and salaries" in the consolidated statements of net loss, comprehensive loss, and deficit and are measured at the exchange amount, which is the consideration agreed to between the Company and the Partnership, and were fully paid as at March 31, 2010.

Cedar Mountain Exploration Inc.

Notes to the Consolidated Financial Statements

For the three and six months ended March 31, 2010 and 2009

(unaudited)

9. Subsequent events

Enlargement of Kelly Creek Project

On April 8th, 2010, the Company announced that it had staked 147 additional state claims bringing the contiguous land package at Kelly Creek to 32,640 acres (13,209 hectares).

Non-brokered private placement

On May 19, 2010, the Company announced a non-brokered private placement (“Offering”) of up to 13,333,334 units (“Units”) of the Company at a price of \$0.15 per Unit for gross proceeds of up to \$2,000,000 if the Offering is fully subscribed. Each Unit will consist of one common share of the Company (“Common Share”) and one Common Share purchase warrant (“Warrant”) entitling the holder to acquire one additional Common Share at a price of \$0.20 if exercised within 12 months of issuance and \$0.30 if exercised after 12 months of issuance. The Warrants will expire on the earlier of: (a) 30 days following the issuance of a news release by the Company that the trading price of the Common Shares on the TSX Venture Exchange is at or greater than \$0.40 per Common Share for 10 consecutive trading days; and (b) 24 months from the date of issuance.

The Offering is subject to acceptance by the TSX Venture Exchange and, if permitted under applicable securities laws and exchange policies, the Company will pay a finder’s fee to registered dealers equal to 10% of the gross proceeds realized from the sales of Units made to purchasers referred to the Company by such dealer (which may be paid in cash or Common Shares at a deemed price of \$0.15 per Common Share, at the sole discretion of the Company) and issue to such dealer non-transferable Common Share purchase warrants entitling the dealer to acquire that number of Common Shares equivalent to 10% of the Units sold to purchasers referred to the Company by such dealer on terms identical to the Warrants.

9. Comparative figures

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