

SARISSA RESOURCES INC.

(An exploration stage company)

Consolidated Financial Statements

For the 3 months ended December 31, 2009

(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

SARISSA RESOURCES INC.
CONSOLIDATED BALANCE SHEETS
(Expressed in Canadian dollars)
AS at December 31
(Expressed in Canadian \$)

	December 31, 2009 (unaudited)	December 31, 2008 (unaudited) (restated)
ASSETS		
Current		
Cash	\$ -	\$ 12,217
Accounts receivable	3,431	241
Notes receivable	-	74,040
Due from related parties (Note 6(i))	<u>8,670</u>	<u>32,628</u>
	12,101	119,126
Other Assets		
Mineral property interests (Note 4)	864,780	604,842
Investment in private company	27,290	27,290
Capital assets (Note 5)	<u>4,275</u>	<u>5,123</u>
	\$ 908,446	\$ 756,381
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank Indebtedness	\$ 15,686	\$ -
Accounts payable and accrued liabilities	781,047	503,906
Due to related parties (Note 6(i))	1,369,400	756,776
Note payable (Note 6(i))	<u>6,870</u>	<u>8,020</u>
	<u>2,173,003</u>	<u>1,268,702</u>
Long Term Liabilities		
Loan payable – Nemegosenda property (Note 6(ii))	39,743	305,707
Notes payable (Note 6(iii))	<u>66,061</u>	<u>77,125</u>
	<u>105,804</u>	<u>382,832</u>
Shareholders' equity		
Capital stock (Note 5)	2,032,258	1,206,758
Contributed surplus (Note 5)	1,254,626	1,047,336
Deficit	<u>(4,657,245)</u>	<u>(3,149,247)</u>
	<u>(1,370,361)</u>	<u>(895,153)</u>
	\$ 908,446	\$ 756,381

Nature and continuance of operations (Note 1)

Commitments and contingencies (Note 7)

On behalf of the Board:

“Scott Keevil” Director “Cam Cheriton” Director

The accompanying notes are an integral part of these consolidated financial statements.

SARISSA RESOURCES INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
(Expressed in Canadian dollars)
TWELVE MONTHS ENDED DECEMBER 31

	<u>December 31, 2009</u>		<u>December 31, 2008</u> (Restated)	
	<u>3 Month Period</u>	<u>Year to Date</u>	<u>3 Month Period</u>	<u>Year to Date</u>
OPERATING EXPENSES				
Geological and consulting	\$ 266,003	\$774,757	\$ 187,172	\$429,690
Management fees	240,000	240,000	-	-
Investor relations	59,576	71,004	50,285	291,326
Stock based compensation	207,290	207,290	1,047,336	1,047,336
General and administrative	23,112	105,758	276,013	333,351
Professional fees	(15,962)	9,830	(26,714)	30,624
Travel	11,549	18,224	11,847	17,726
OPERATING LOSS	791,568	1,426,863	1,545,939	2,150,053
Other items				
Foreign exchange (gain)/loss	(14,549)	(14,549)	12,344	48,828
Write off of notes receivable	74,040	74,040	-	-
Write off of mining interests	21,644	21,644	-	-
Loss on investment	-	-	-	19,741
NET LOSS FOR THE PERIOD	872,703	1,507,998	1,598,283	2,218,622
DEFICIT, BEGING OF PERIOD	<u>3,784,542</u>	<u>3,149,247</u>	<u>1,590,964</u>	<u>930,625</u>
DEFICIT, END OF PERIOD	<u>\$ 4,657,245</u>	<u>\$ 4,657,245</u>	<u>\$3,149,247</u>	<u>\$ 3,149,247</u>
Weighted average number of Common shares outstanding	752,850,318	752,850,318	725,866,058	725,866,058
Loss per share	\$0.012	\$ 0.021	\$0.022	\$0.086

The accompanying notes are an integral part of these consolidated financial statements.

SARISSA RESOURCES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)
TWELVE MONTH PERIOD ENDED DECEMBER 31

	December 31, 2009 (Unaudited)	December 31, 2008 (Unaudited) (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	\$ (1,507,998)	\$ (2,218,622)
Add: Items not affecting cash;		
Depreciation	475	-
Stock-based compensation	<u>207,290</u>	<u>1,047,336</u>
	(1,300,283)	(1,171,286)
Changes in non-cash working capital balances:		
(Increase) decrease in receivables	(3,190)	-
Increase (decrease) in notes receivable	74,040	-
Increase (decrease) in due from related parties	23,958	-
Increase (decrease) in accounts payable and accrued liabilities	277,141	283,573
Increase (decrease) in advances from shareholder	612,624	(48,253)
(Increase) decrease in loan payable – current	<u>(1,150)</u>	<u>321,030</u>
Net cash used in operating activities	<u>(316,810)</u>	<u>(518,430)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
(Addition) to mineral property interests	(259,938)	18,500
Reduction (Addition) to capital assets	<u>373</u>	<u>-</u>
Net cash (used in) investing activities	<u>(259,565)</u>	<u>17,489</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase(decrease) in loan payable – long term	(265,964)	(73,305)
Increase(decrease) in note payable – long term	(11,064)	-
Issuance of capital stock	<u>825,500</u>	<u>-</u>
Net cash provided by financing activities	<u>548,472</u>	<u>51,895</u>
Increase (decrease) in cash for the year	(27,903)	322
Cash, beginning of year	<u>12,217</u>	<u>78</u>
Cash, end of year	<u>\$ (15,686)</u>	<u>\$ 400</u>

The accompanying notes are an integral part of these consolidated financial statements.

SARISSA RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
December 31, 2009

1. NATURE AND CONTINUANCE OF OPERATIONS

Sarissa Resources Inc. (the "Company") was incorporated in the State of Delaware on November 8, 2005 as Ecological Recycling Co. Inc. On November 14, 2005, the name was changed to Michigan Mining Investment Inc. On December 5, 2006 the Company changes its name to Sarissa Resources Inc. and changed jurisdiction from the State of Delaware to the State of Nevada.

The Company's principal business activity is the acquisition, exploration and development of mineral property interests in Canada. The Company is considered to be in the exploration stage and substantially all of the Company's efforts are devoted to financing and developing these property interests. There has been no determination whether the Company's interests in unproven mineral properties contain mineral reserves which are economically recoverable.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

The Company currently earns no operating revenues. The Company's ability to continue as a going concern is uncertain and is dependent upon the generation of profits from mineral properties, obtaining additional financing or maintaining continued support from its shareholders and creditors. In the event that additional financial support is not received or operating profits are not generated, the carrying values of the Company's assets may be adversely affected.

Current market conditions make the present environment for raising additional equity financing less favorable. The inability to raise additional financing may impact the future assessment of the Company as a going concern under CICA 1400 General Standards of Financial Statement Presentation.

2. Accounting presentation and disclosure

These unaudited consolidated financial statements of the Company have been prepared using accounting policies that are consistent with the policies used in preparing the Company's annual financial statements. These policies are listed below. Generally accepted accounting principles for interim financial statements do not conform in all respects to the disclosures required for annual financial statements, and accordingly, these consolidated financial statements should be read in conjunction with the annual consolidated financial statements.

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its 100% interest in 1208172 Ontario Limited, a Canadian company. All inter-company balances and transactions have been eliminated upon consolidation.

Use of estimates

The preparation of consolidated financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount 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 year. Actual results could differ from these estimates. Significant accounts that require estimates relate to the impairment of mineral properties, valuation of agents' warrants and units granted as finder's fees, warrants issued as part of private placements and the valuation taken on future income tax assets, and stock-based compensation.

SARISSA RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
December 31, 2009

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Investment in private company

The investment in private company is recorded at the lower of cost and net realizable value.

Short-term investment

Short term investment consists of an investment in a privately held company and is not traded in active markets. The short term investment is recorded at fair value using a valuation technique based upon management's estimates. The initial cost of the investment is considered to be the fair value on the date of the purchase transaction. Adjustments to fair value are made when there is persuasive and objective evidence of a change in the value of an investment as indicated by an assessment of the financial condition of the company, forecasts and business developments since the investment was made and subsequent transactions with unrelated third parties subsequent to the initial investment.

Stock-based compensation

The Company uses the fair value method whereby the Company recognizes compensation costs for the granting of all stock options and direct awards of stock based on its fair value over the period of vesting. Any consideration paid by the option holders to purchase shares is credited to capital stock.

Future income taxes

Future income taxes are recorded using the asset and liability method whereby future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment or enactment occurs. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

Loss per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period.

Basic loss per share is calculated using the weighted-average number of shares outstanding during the year.

Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

SARISSA RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
December 31, 2009

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Mineral properties

All costs related to the acquisition of mineral properties are capitalized to the applicable property. If economically recoverable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. When a property is abandoned, all related costs are written off to operations. If, after management review, it is determined that the carrying amount of a mineral property is impaired, that property is written down to its estimated net realizable value. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

The amounts shown for mineral properties do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Asset retirement obligations

An asset retirement obligation is a legal obligation associated with the retirement of tangible long-lived assets that the Company is required to settle. The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability. The Company currently does not have any asset retirement obligations.

Capital assets

Capital assets are recorded at cost.

Foreign currency translation

Financial statements of the Company's foreign subsidiaries are translated into Canadian dollar equivalents using the temporal method whereby all monetary assets and liabilities are translated at the rate of exchange at the balance sheet date. Non-monetary assets and liabilities are translated at exchange rates prevailing at the transaction date. Income and expenses are translated at rates which approximate those in effect on transaction dates. Exchange gains and losses arising from translation are included in the consolidated statement of operations.

Flow-through common shares

Resource expenditures for income tax purposes related to exploration activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian income tax legislation. The Company records a future income tax liability and a reduction in capital stock for the estimated tax benefits transferred to shareholders. When the Company renounces flow-through expenditures, a portion of the Company's future income tax assets that were not recognized in previous years, due to the recording of a valuation allowance, will be recognized as a recovery of future income taxes in the statement of operations.

SARISSA RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
December 31, 2009

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Financial instruments

The Company has adopted the new recommendations of the Canadian Institute of Chartered Accountants (CICA) under CICA Handbook Section 1530, Comprehensive Income, Section 3251, Equity, Section 3855, Financial Instruments – Recognition and Measurement, Section 3861 Financial Instruments – Disclosure and Presentation and Section 3865, Hedges. These new Handbook Sections, which apply to fiscal years beginning on or after October 1, 2006, provide requirements for the recognition and measurement of financial instruments and on the use of hedge accounting. Section 1530 establishes standards for reporting and presenting comprehensive income which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income but that are excluded from net income calculated in accordance with generally accepted accounting principles.

Under Section 3855, all financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments and derivatives are measured in the balance sheet at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification. Held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income. Available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired.

As a result of the adoption of these new standards, the Company has classified its cash and marketable securities as held-for-trading. Receivables and loans receivable are classified as loans and receivables. Short-term investments are classified as other financial assets, which are measured at amortized cost. Accounts payable and accrued liabilities and due to related party are classified as other liabilities, which are measured at amortized cost.

There were no transitional adjustments on the adoption of the financial instruments standard.

Accounting changes

The Canadian Institute of Chartered Accountants (“CICA”) has issued new standards which may affect the financial disclosures and results of operations of the Company for interim and annual periods beginning January 1, 2009. With the exception of the move to International Financial Reporting Standards, the Company adopted the requirements commencing in the interim period ended March 31, 2009 and is currently considering the impact this will have on the Company’s financial statements.

International financial reporting standards (“IFRS”)

In 2006, the Canadian Accounting Standards Board (“AcSB”) published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada’s own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of February 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended January 31, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

SARISSA RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
December 31, 2009

Accounting changes (cont'd...)

Business combinations, non-controlling interest and consolidated financial statements

In January 2009, the CICA issued Handbook Sections 1582 “Business Combinations”, 1601 “Consolidated Financial Statements” and 1602 “Non-controlling Interests” which replace CICA Handbook Sections 1581 “Business Combinations” and 1600 “Consolidated Financial Statements”. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under IFRS. Section 1582 is applicable for the Company’s business combinations with acquisition dates on or after January 1, 2011. Early adoption of this Section is permitted. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. Section 1601 is applicable for the Company’s interim and annual consolidated financial statements for its fiscal year beginning January 1, 2011. Early adoption of this Section is permitted and all three Sections must be adopted concurrently.

Goodwill and intangible assets

The AcSB issued CICA Handbook Section 3064 which replaces Section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research and Development Costs and amendments to Accounting Guideline 11, Enterprises in the Development Stage and CICA 1000, Financial Statement Concepts. This new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. Standards concerning goodwill remain unchanged from the standards included in the previous Section 3062. The new standard also provides guidance for the recognition of internally developed intangible assets (including research and development activities), ensuring consistent treatment of all intangible assets. The section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008. The Company is currently assessing the impact of this new accounting pronouncement on its financial statements.

SARISSA RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
December 31, 2009

3. MINERAL PROPERTY INTERESTS

	December 31, 2009	December 31, 2008 (Restated)
a) Nemegosenda Property, Chewett and Collins Township, Northern Ontario	\$ 643,911	\$ 393,911
b) Deadmoose Property, Shillington Township, Northern Ontario	189,287	189,287
c) Shiningtree Property, Northern Ontario	31,582	-
d) Timmons Township, Northern Ontario	-	18,938
e) Pacaud Township, Kirkland Lake, Ontario	-	2,706
	<u>\$ 864,780</u>	<u>\$ 604,842</u>

a) The Nemegosenda Property comprises approximately 9,000 acres consisting of 1,800 patented, and an additional 7,200 contiguous acres staked in Northern Ontario. The patented claims were purchased in December 2007 for \$380,000 payable over a four year period and are subject to a 2% NSR. During 2009 the Company paid \$250,000 and must pay an additional \$130,000 to acquire ownership of these claims. In addition the Company can purchase 1.5% of the NSR at any time subject to a predetermined price.

b) The Company owns a 100% interest in the Deadmoose Property located in Shillington Township, Northern Ontario.

c) The Company staked certain other claims in the Shiningtree Property during the fourth quarter of 2009.

d) In November 2007, the Company acquired 1,150 acres in Timmons Township, Northern Ontario. The property was abandoned in 2009.

e) In November 2007, the Company acquired 40 acres in Pacaud Township, Kirkland Lake, Ontario. The property was abandoned in 2009.

Title to mineral property interests

Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

4. CAPITAL ASSETS

	December 31, 2009	December 31, 2008 (Restated)
Automobile	\$ 4,275	\$ 4,818
Other	-	305
	<u>\$ 4,275</u>	<u>\$ 5,123</u>

SARISSA RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
December 31, 2009

5. CAPITAL STOCK AND CONTRIBUTED SURPLUS

	Number of Shares	Capital Stock (Restated)	Additional Paid in Capital (Restated)
Authorized			
Unlimited common shares, at issue price			
Issued			
Balance, January 31, 2007	448,566,048	\$ 589,970	\$ -
Issued for services	185,000,000	236,365	-
Issued for services	10	-	-
Issued for note receivable	60,000,000	249,866	-
Issued for services	<u>32,300,000</u>	<u>3,320</u>	<u>-</u>
Balance, December 31, 2007	725,866,058	1,079,431	-
Issued for cash	6,250,000	127,127	-
Issued for services	2,000,000	200	-
Stock based compensation	-	-	1,047,336
Balance, December 31, 2008	<u>734,116,058</u>	<u>1,206,758</u>	<u>1,047,336</u>
Issued for cash	1,099,134	25,500	-
Issued for debt	21,429,078	572,500	-
Issued for options	3,959,136	62,500	-
Issued for property	1,099,134	31,000	-
Stock based compensation	-	-	207,290
Issued for services	4,894,424	94,000	-
Issued for warrants	<u>1,875,000</u>	<u>40,000</u>	<u>-</u>
Balance, December 31, 2009	<u>769,122,830</u>	<u>2,032,258</u>	<u>1,254,626</u>

Stock options

The Company has a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock, less an applicable discount, as calculated on the date of the grant. The options can be granted for a maximum term of five years and vest at the discretion of the board.

As at December 31, 2009 the Company had 48,918,864 options outstanding as follows:

- 47,918,864 at a price per share of \$0.02 per share expiring August 4, 2010
- 750,000 at a price per share of \$0.02 per share expiring February 10, 2010; and
- 250,000 at a price per share of \$0.03 per share expiring February 10, 2010.

SARISSA RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
December 31, 2009

6. RELATED PARTY TRANSACTIONS

The amounts due from Advances from Related Parties, Loan Payable and Note Payable are payable to either shareholders or privately owned companies that are controlled by shareholders, who may be officers and/or directors of the Company. The amounts payable are non-interest bearing and without fixed terms of repayment.

(i) At December 31, 2009 the balance due from related parties was \$8,670 (2008-\$32,628); Loan Payable was \$1,369,700 (2008-\$756,776) and Note Payable was \$6,870 (2008- \$8,020).

(ii) The Loan Payable – Nemogosenda Purchase” is current and the balance outstanding at December 31, 2009 is \$39,743 (2008-\$305,707).

iii) In 2008 the Company issued subordinated notes for \$(US) 62,500 to certain shareholders. The note holders was to receive a total of 3,125,000 restricted shares and a warrant to purchase a further 3,125,000 restricted shares at (US) \$0.02 for a two year period from the date of the notes. 1,875,000 were exercised during the year leaving a balance of 625,000 warrants outstanding at the year end

iv) Included in accounts payable and accrued liabilities is \$155,976 (2008 – \$165,903) due to the president of the Company. In addition \$8,500 (2008 – nil) was paid to a Company controlled by the president of the Company.

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.