

**ICS COPPER SYSTEMS LTD.**

**CONSOLIDATED FINANCIAL STATEMENTS**

**January 31, 2009**  
**(Expressed in Canadian Dollars)**

*These unaudited financial statements for the periods ended January 31, 2009 have not been reviewed by the Company's auditor.*

# ICS COPPER SYSTEMS LTD

## Notice of No Auditor Review of Interim Financial Information

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

The accompanying unaudited interim financial statements of ICS Copper Systems Ltd (the "Company") for the period ending January 31, 2009 have been prepared by and are the responsibility of the Company's management.

The Company's independent auditors have not performed a review of these financial statements.

*"Graham A Chisholm"*  
(signed)

President and Chief Executive Officer

March 17, 2009

**ICS COPPER SYSTEMS LTD.**  
**CONSOLIDATED BALANCE SHEETS**  
(Expressed in Canadian Dollars)

	January 31 2009	July 31 2008
	(Unaudited)	
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 107,024	\$ 347,690
Short-term investments	305,659	1,378,502
Taxes receivable	79,297	116,028
Accounts receivable	210	9,573
Inventory	-	13,182
Prepaid expenses	1,726	9,498
	<u>493,916</u>	<u>1,874,473</u>
<b>Due from Related Party (Note 2)</b>	<b>43,250</b>	<b>80,000</b>
<b>Equipment</b>	<b>2,629,429</b>	<b>3,376,071</b>
<b>Mineral Properties (Note 3)</b>	<b>243,842</b>	<b>6,320,857</b>
	<u>\$ 3,410,437</u>	<u>\$ 11,651,401</u>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 447,282	\$ 186,920
Due to related parties (Note 2)	180,000	200,000
	<u>627,282</u>	<u>386,920</u>
<b>SHAREHOLDERS' EQUITY</b>		
<b>Share Capital (Note 4)</b>	<b>12,872,324</b>	<b>12,872,324</b>
<b>Contributed surplus (Note 4)</b>	<b>1,696,938</b>	<b>1,625,578</b>
<b>Deficit</b>	<b>(11,786,107)</b>	<b>(3,233,421)</b>
	<u>2,783,155</u>	<u>11,264,481</u>
	<u>\$ 3,410,437</u>	<u>\$ 11,651,401</u>

Approved on behalf of the Board of Directors:

"G Chisholm"  


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Graham A. Chisholm, Director  
President & Chief Executive Officer

"D A Fynn"  


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David A. Fynn, Director  
Chief Financial Officer

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

# ICS COPPER SYSTEMS LTD.

## CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS AND DEFICIT

(Expressed in Canadian Dollars)

	THREE MONTHS ENDED JANUARY 31		SIX MONTHS ENDED JANUARY 31	
	2009	2008	2009	2008
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Administrative Expenses</b>				
Amortization	\$ 1,782	\$ 2,440	\$ 3,709	\$ 5,081
Consulting fees	3,187	4,486	3,387	4,486
Exchange (gain) loss	122,514	(2,558)	236,066	139,095
Insurance	3,824	-	7,562	-
Interest and bank charges	2,330	4,849	4,616	11,351
Investor relations and promotion	8,685	47,443	25,136	104,769
Management fees	27,750	52,375	100,500	95,125
Office	713	11,537	1,333	16,817
Professional fees	26,137	22,452	71,238	52,112
Rent	6,270	6,300	13,600	12,688
Salaries and employee benefits	32,029	38,456	64,497	70,964
Stock-based compensation	3,096	-	71,360	-
Telecommunications	2,885	8,034	5,388	20,379
Travel and accommodation	2,277	13,614	10,644	63,087
	<b>\$ 243,479</b>	<b>\$ 209,428</b>	<b>619,036</b>	<b>\$ 595,954</b>
<b>Loss before other income</b>	<b>(243,479)</b>	<b>(209,428)</b>	<b>(619,036)</b>	<b>(595,954)</b>
<b>Other Income</b>				
Interest Income	1,180	60,382	10,999	131,412
Abandonment of Mokambo property	(7,944,649)	-	(7,944,649)	-
	<b>\$ (7,943,469)</b>	<b>\$ 60,382</b>	<b>(7,933,650)</b>	<b>\$ 131,412</b>
<b>Net Loss &amp; Comprehensive Loss For The Period</b>	<b>(8,186,948)</b>	<b>(149,046)</b>	<b>(8,552,686)</b>	<b>(464,542)</b>
<b>Deficit, Beginning of Period</b>	<b>\$ (3,599,159)</b>	<b>\$ (2,658,878)</b>	<b>(3,233,421)</b>	<b>(2,343,382)</b>
<b>Deficit, End of Period</b>	<b>\$ (11,786,107)</b>	<b>\$ (2,807,924)</b>	<b>(11,786,107)</b>	<b>\$ (2,807,924)</b>
<b>Net Loss Per Share, Basic and diluted</b>	<b>\$ (0.28)</b>	<b>\$ (0.01)</b>	<b>(0.29)</b>	<b>(0.02)</b>
<b>Weighted Average Number Of Shares Outstanding, Basic and Diluted</b>	<b>\$ 29,713,869</b>	<b>\$ 26,963,869</b>	<b>29,713,869</b>	<b>26,963,869</b>

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

# ICS COPPER SYSTEMS LTD.

## CONSOLIDATED STATEMENTS OF CASH FLOWS (Expressed in Canadian Dollars)

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JANUARY 31		JANUARY 31	
	2009	2008	2009	2008
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Cash Provided By (Used In)</b>				
<b>Operating Activities</b>				
Loss for the period	\$ (8,186,948)	\$ (149,046)	\$ (8,552,686)	\$ (464,542)
Items not affecting cash:				
Amortization	1,782	2,440	3,709	5,081
Stock-based compensation	3,096	-	71,360	-
Abandonment of Mokambo property	7,944,649	-	7,944,649	-
	<b>(237,421)</b>	<b>(146,606)</b>	<b>(532,968)</b>	<b>(459,461)</b>
Changes in non-cash operating assets and liabilities:				
Accounts receivable	23,549	56,379	(11,907)	72,790
Taxes receivable	(3,485)	35,487	36,731	28,472
Accounts payable and accrued liabilities	35,145	(76,184)	260,362	88,253
Prepaid expenses	3,824	-	7,772	-
	<b>(178,388)</b>	<b>(130,924)</b>	<b>(240,010)</b>	<b>(269,946)</b>
<b>Investing Activities</b>				
Short-term investments	(1,180)	1,765,244	1,072,843	3,594,340
Acquisition of equipment	(46,608)	(334,979)	(373,809)	(832,960)
Acquisition of mineral properties	(65,215)	(1,203,004)	(716,440)	(2,323,793)
	<b>(113,003)</b>	<b>227,261</b>	<b>(17,406)</b>	<b>437,587</b>
<b>Financing Activities</b>				
Advances and repayments to related parties	(19,800)	(250,000)	16,750	(250,000)
	<b>(19,800)</b>	<b>(250,000)</b>	<b>16,750</b>	<b>(250,000)</b>
<b>Increase (Decrease) In Cash</b>	<b>(311,191)</b>	<b>(153,663)</b>	<b>(240,666)</b>	<b>(82,359)</b>
<b>Cash, Beginning Of Period</b>	<b>418,215</b>	<b>365,380</b>	<b>347,690</b>	<b>294,076</b>
<b>Cash, End Of Period</b>	<b>\$ 107,024</b>	<b>\$ 211,717</b>	<b>\$ 107,024</b>	<b>\$ 211,717</b>

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

# ICS COPPER SYSTEMS LTD.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**JANUARY 31, 2009**

(Expressed in Canadian Dollars)

(Information as at January 31, 2009 and for the six month period ended January 31, 2009 is unaudited)

### 1. BASIS OF PRESENTATION

The interim financial statements of ICS Copper Systems Ltd (the "Company") have been prepared in accordance with accounting principles generally accepted in Canada. The interim financial statements have been prepared following the same accounting policies and methods of computation as the audited financial statements for the fiscal year ended July 31, 2008. The interim financial statements should be read in conjunction with the audited financial statements and the notes thereto for the year ended July 31, 2008.

Results of operations for the interim period are not necessarily indicative of annual results.

### 2. DUE TO RELATED PARTIES AND RELATED PARTY TRANSACTIONS

The Company had the following amounts due to related parties as of January 31, 2009 and July 31, 2008, and incurred the following transactions with related parties during the period ended January 31, 2009:

- a) Paid management and consulting fees to directors and officers of the Company in the amount of \$100,500 (2008 - \$95,125);
- b) Paid consulting fees related to mineral properties of \$37,000 (2008 - \$62,500) to a company owned by a former director;
- c) Reimbursed vehicle lease costs of a director and officer of the Company in the amount of \$3,692 (2008 - \$1,915);
- d) In 2006, the Company acquired mining equipment from a company controlled by a director and officer of the Company having a carrying value of \$555,944. The acquisition was financed by an unsecured 4.5% interest-bearing loan, with no fixed terms of repayment. Interest paid on the loan amounted to \$4,425 (2008 - \$5,835). The balance owing to the related company as of January 31, 2009 was \$180,000 and July 31, 2008 was \$200,000.
- e) On June 3, 2008 the Company advanced to a director a housing loan in the amount of \$80,000 bearing interest at 3%, and due September 30, 2008. On October 31, 2008, the Company cancelled the management contract of that director and recovered \$35,000 plus GST of the outstanding balance by application of management fees due to the director's holding company.

# ICS COPPER SYSTEMS LTD.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**JANUARY 31, 2009**

(Expressed in Canadian Dollars)

(Information as at January 31, 2009 and for the six month period ended January 31, 2009 is unaudited)

### 3. MINERAL PROPERTIES

	ZAMBIA	DRC	January 31, 2009 Total	July 31, 2008 Total
			(Unaudited)	
<b>Balance, Beginning Of Period</b>	\$ 6,079,114	\$ 241,743	\$ <b>6,320,857</b>	\$ 2,064,495
Acquisition cost incurred	61,850	-	<b>61,850</b>	1,144,136
Exploration costs incurred	652,491	2,099	<b>654,590</b>	3,195,700
Abandoned interest	(6,793,455)	-	<b>(6,793,455)</b>	(83,474)
<b>Balance, End Of Period</b>	\$ -	\$ 243,842	\$ <b>243,842</b>	\$ 6,320,857

Mineral properties balance comprises:

	January 31, 2009	July 31, 2008
	(Unaudited)	
<b>DRC</b>		
Acquisition costs	\$ <b>176,816</b>	\$ 176,816
Consulting	<b>28,320</b>	26,221
Consumables	<b>514</b>	514
Licence fees	<b>13,576</b>	13,576
Travel and accommodation	<b>24,616</b>	24,616
	\$ <b>243,842</b>	\$ 241,743
<b>Zambia</b>		
Acquisition costs	-	1,571,522
Exploration costs	-	4,507,592
	-	6,079,114
	\$ <b>243,842</b>	\$ 6,320,857

# ICS COPPER SYSTEMS LTD.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**JANUARY 31, 2009**

(Expressed in Canadian Dollars)

(Information as at January 31, 2009 and for the six month period ended January 31, 2009 is unaudited)

### 4. SHARE CAPITAL

a) Authorized

Unlimited number of Class "A" voting Common shares without par value

Unlimited number of Preferred shares without par value

b) Issued

	<u>NUMBER OF SHARES</u>	<u>AMOUNT</u>	<u>CONTRIBUTED SURPLUS</u>
<b>Balance, January 31, 2009</b>	<b>29,713,869</b>	<b>\$ 12,872,324</b>	<b>\$ 1,696,938</b>

No shares were issued in six month period ended January 31, 2009.

c) Restricted Shares

i) Escrow Shares

As at January 31, 2009, 3,694,554 common shares remained in escrow pursuant to an escrow agreement. The remaining escrow shares will be released in three equal tranches of 1,231,518 shares every six months from May 8, 2009 until May 8, 2010.

d) Share Purchase Warrants

Warrants granted and exercisable for the purchase of 10,220,251 shares as of January 31, 2009 at a weighted average exercise price of \$1.05 per share were as follows:

<u>JULY 31 and JANUARY 31, 2009</u>		
<u>NUMBER OF WARRANTS</u>	<u>EXERCISE PRICES</u>	<u>EXPIRY DATES</u>
1,120,251	\$ 0.85	May 1, 2009
5,750,000	\$ 1.30	May 1, 2009
500,000	\$ 1.50	June 8, 2009
100,000	\$ 1.50	June 8, 2009
2,750,000	\$ 0.50	June 10,2010
<u>10,220,251</u>		

# ICS COPPER SYSTEMS LTD.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**JANUARY 31, 2009**

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(Information as at January 31, 2009 and for the six month period ended January 31, 2009 is unaudited)

### 4. SHARE CAPITAL (Continued)

#### e) Stock Options

The Company has a stock option plan that provides for the issuance of compensatory options to its directors, officers, employees and consultants. The maximum number of outstanding options must be no more than 10% of the issued and outstanding shares at any point in time. Options granted under the plan may have a maximum term of five years. Terms of the vesting period over which the options are earned is determined by the Board of Directors.

On August 19, 2008, 200,000 stock options were issued to a director under the existing stock option plan at an exercise price of \$0.44 per share. On December 29, 2008, the existing 2,150,000 stock options outstanding were re-priced at \$0.10 per share. On the same date, a further 200,000 stock options were issued to a newly appointed director under the existing stock option plan at an exercise price of \$0.10 per share. Stock-based compensation in the amount of \$71,360 was recorded on these grants in the period.

As of January 31, 2009, 2,350,000 (July 31, 2008–1,950,000) options were outstanding and exercisable and the weighted average remaining contractual life of the options was 3.6 years and the weighted average exercise price was \$0.10.

Options outstanding as of January 31, 2009 were as follows:

<b>NUMBER OF OPTIONS</b>	<b>NUMBER OF OPTIONS EXERCISABLE</b>	<b>EXERCISE PRICE</b>	<b>EXPIRY DATE</b>
1,750,000	1,750,000	\$ 0.10	May 8, 2012
200,000	200,000	\$ 0.10	April 11, 2013
200,000	200,000	\$ 0.10	August 19, 2013
200,000	200,000	\$ 0.10	December 29, 2013
<u>2,350,000</u>	<u>2,350,000</u>		

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**JANUARY 31, 2009**

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### 5. SEGMENTED INFORMATION

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operation decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. All of the Company's operations are within the mineral exploration sector. The Company's mining operations are centralized whereby the Company's head office is responsible for the exploration results and for providing support in addressing local and regional issues. The Company's mineral properties are in Zambia and the DRC, Africa.

	THREE MONTHS ENDED JANUARY 31		SIX MONTHS ENDED JANUARY 31	
	2009	2008	2009	2008
<b>Net Loss For The Period</b>				
Canada	\$ (242,299)	\$ (149,046)	\$ (608,037)	\$ (464,542)
Africa	(7,944,649)	-	(7,944,649)	-
	<b>\$ (8,186,948)</b>	<b>\$ (149,046)</b>	<b>\$ (8,552,686)</b>	<b>\$ (464,542)</b>
			<b>JANUARY 31</b>	<b>July 31</b>
			<b>2009</b>	<b>2008</b>
<b>Equipment</b>				
Canada			\$ 10,459	\$ 11,959
Africa			2,618,970	3,364,112
			<b>\$ 2,629,429</b>	<b>\$ 3,376,071</b>
<b>Mineral Properties – Africa</b>			<b>\$ 243,842</b>	<b>\$ 6,320,857</b>

### 6. SUBSEQUENT EVENT

The company has entered into a memorandum of understanding with a foreign company for ICS to receive a 49% interest in a 1,000 hectare prospecting permit in Zambia. A payment of USD \$25,000 has been made and will be recovered from future deferred payments to the vendor equivalent to 5% of the ore extracted.

The foreign company has also agreed to become a strategic joint-venture partner with ICS to carry out prospecting on a further 5,000 km<sup>2</sup> in Zambia on a 50/50 basis.