Cedar Mountain Exploration Inc.

Consolidated Financial Statements

For the three and nine months ended June 30, 2011 and 2010

To the shareholders of Cedar Mountain Exploration Inc.:

The interim consolidated balance sheets of Cedar Mountain Exploration Inc. as at June 30, 2011 and September 30, 2010, and the interim consolidated statements of net loss, comprehensive loss, and deficit and cash flows for the three and nine months ended June 30, 2011 and 2010 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)* **June 30, 2011** **$**	*(audited)* September 30, 2010 $
Assets		
Current		
Cash	**2,910,726**	733,200
Goods and services tax receivable	**1,139**	16,300
Mineral exploration tax credit receivable	**36,437**	36,437
Prepaid expenses and deposits	**473,786**	21,900
	3,422,088	807,837
Equipment (note 3)	**89,010**	58,344
Investments (note 4)	**20,000**	-
Mineral properties (note 5)	**2,362,475**	1,073,872
	5,893,573	1,940,053
Liabilities		
Current		
Accounts payable and accrued liabilities	**240,954**	249,831
Shareholders' equity		
Share capital (note 6)	**8,567,516**	4,307,979
Contributed surplus (note 7)	**1,409,481**	735,640
Deficit	**(4,324,378)**	(3,353,397)
	5,652,619	1,690,222
	5,893,573	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 nine months ended June 30, 2011 and 2010 ***(unaudited)***

For the period ended June 30	**2011 3 months $**	2010 3 months $	**2011 9 months $**	2010 9 months $
Expenses				
Management fees and salaries	**70,661**	110,566	**201,901**	247,583
Marketing and investor relations	**41,691**	26,981	**89,246**	84,535
Office and administration	**25,977**	41,918	**106,618**	112,754
Professional fees	**4,188**	24,264	**17,207**	34,481
Project generation	**-**	-	**-**	7,855
Stock-based compensation (note 6)	**360,000**	-	**546,000**	-
	(502,517)	(203,729)	**(960,972)**	(487,208)
Other income (expenses)				
Interest income	**10,203**	7,590	**15,734**	24,725
Gain (loss) on foreign exchange	**(4,532)**	(594)	**(3,889)**	(571)
Loss on disposition of mineral property	**-**	(44,255)	**-**	(44,255)
Write down of mineral properties (note 5)	**-**	-	**(21,854)**	(79,679)
Provision for debenture	**-**	(325,233)	**-**	(325,233)
Net loss and comprehensive loss for the period	**(496,846)**	(566,221)	**(970,981)**	(912,221)
Deficit - beginning of period	**(3,827,532)**	(2,252,355)	**(3,353,397)**	(1,906,355)
Deficit - end of period	**(4,324,378)**	(2,818,576)	**(4,324,378)**	(2,818,576)
Basic and diluted net loss per common share (note 6)	**(0.01)**	(0.02)	**(0.02)**	(0.04)
Weighted average number of common shares outstanding	**45,721,595**	25,568,424	**41,850,840**	25,542,783

See accompanying notes to the consolidated financial statements

Cedar Mountain Exploration Inc.

Consolidated Statements of Cash Flows

For the three and nine months ended June 30, 2011 and 2010 *(unaudited)*

For the period ended June 30	2011	2010	2011	2010
	3 months	3 months	9 months	9 months
	$	$	$	$
Cash provided by (used in)				
Operating activities				
Net loss for the period	(496,846)	(566,221)	(970,981)	(912,221)
Items not affecting cash:				
Stock-based compensation	360,000	-	546,000	-
Write-down of mineral properties	-	-	21,854	79,679
Loss on disposition of mineral property	-	44,255	-	44,255
Provision for debenture	-	325,233	-	325,233
	(136,846)	(196,733)	(403,127)	(463,054)
Change in non cash working capital items	48,039	(218,638)	(445,602)	(286,268)
Cash used in operating activities	(88,807)	(415,371)	(848,729)	(749,322)
Investing activities				
Acquisition of mineral properties (note 5)	(60,333)	(82,639)	(132,077)	(148,612)
Proceeds on disposition of mineral property	-	500,000	-	500,000
Expenditures on mineral properties (note 5)	(944,987)	(61,927)	(1,186,458)	(70,291)
Purchase of equipment	(30,762)	-	(42,588)	-
	(1,036,082)	355,434	(1,361,123)	281,097
Financing activities				
Proceeds from issuance of shares	55,456	-	4,629,756	700,000
Share issuance costs	(9,929)	(5,951)	(242,378)	(45,697)
Advance share subscriptions received	-	422,225	-	330,225
	45,527	416,274	4,387,378	984,528
Increase (decrease) in cash	(1,079,362)	356,337	2,177,526	516,303
Cash - beginning of period	3,990,088	300,748	733,200	140,782
Cash - end of period	2,910,726	657,085	2,910,726	657,085

See accompanying notes to the consolidated financial statements

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 June 30, 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 June 30, 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.

<u>Future accounting pronouncements</u>

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.

3. Equipment

As at			**June 30, 2011** $			September 30, 2010 $
	Cost	**Accumulated amortization**	**Net**	Cost	Accumulated Amortization	Net
Field equipment	**104,002**	**14,992**	**89,010**	61,414	3,070	58,344

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 nine months ended June 30, 2011, amortization of $11,922 (September 30, 2010 - $3,070) was capitalized to the Kelly Creek Project (note 5).

4. Investments

On April 28, 2011, the Company acquired 400,000 common shares of Metalogic Exploration Inc. ("Metalogic"), a private arms-length corporation, pursuant to a sale agreement of the Lemon Lake Property (note 5). This investment has been classified an available-for-sale financial instrument and has been recorded at a value of $20,000 (note 8).

5. Mineral properties

	Canada	U.S.A.	
	BC Properties	**Kelly Creek Project**	**Total**
Additions	$	$	$
Balance – September 30, 2009	764,398	-	764,398
Acquisition	-	148,612	148,612
Analysis	837	-	837
Geological consulting	188	58,250	58,438
Fieldwork	348	10,899	11,247
Mineral tax credits	(395)	-	(395)
Write down of mineral property	(79,679)	-	(79,679)
Disposition of mineral property	(544,255)	-	(544,255)
Balance – June 30, 2010	141,442	217,761	359,203
Acquisition	-	203,611	203,611
Analysis	654	-	654
Geological consulting	7,377	944	8,321
Fieldwork	535	611,556	612,091
Mineral tax credits	(2,587)	-	(2,587)
Write down of mineral property	(107,421)	-	(107,421)
Balance – September 30, 2010	40,000	1,033,872	1,073,872
Acquisition	**-**	**133,694**	**133,694**
Analysis	**872**	**-**	**872**
Assay	**-**	**10,022**	**10,022**
Geological consulting	**-**	**103,916**	**103,916**
Fieldwork	**982**	**1,080,971**	**1,081,953**
Write down of mineral property	**(21,854)**	**-**	**(21,854)**
Disposition of mineral property	**(20,000)**	**-**	**(20,000)**
Balance – June 30, 2011	**-**	**2,362,475**	**2,362,475**

	U.S.A.
	Kelly Creek Project
Balances	**$**
Acquisition	**485,917**
Exploration	**1,876,558**
Balance – June 30, 2011	**2,362,475**

Kelly Creek Project, Alaska, United States of America

Kelly Creek Agreement

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

Under the terms of the KC Agreement, Cedar may lease the KC Project (the "Lease") from the Vendor by paying aggregate lease payments of USD 1.5 Million (of which USD 100,000 has been paid to date) 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 KC Agreement also requires Cedar, during the term of the Lease, to maintain the KC Project in good standing. The KC 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 KC 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 KC 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 20,000 were paid as at June 30, 2011.

In April 2010, the Company staked additional State of Alaska claims surrounding the KC 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 KC 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 KC Project area bringing the total claims on the property to 658 covering 42,605 hectares.

All of the additional State of Alaska claims staked by the Company fall within the area-of-interest of the KC Agreement.

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.

During the three months 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.

On April 28, 2011, the Company sold the Lemon Lake Property to Metalogic pursuant to a proposed sale agreement for consideration of 400,000 common shares in the capital of Metalogic at a deemed value of $0.05 per common share of Metalogic (note 4).

6. Share capital

Common shares

Authorized:
Unlimited number of common shares

	Nine months ended June 30, 2011		Year ended September 30, 2010	
Issued:	**Common Shares #**	**Amount $**	Common Shares #	Amount $
Balance – beginning of period	**33,953,224**	**4,307,979**	18,568,424	2,503,819
Shares issued for cash	**18,801,525**	**4,629,755**	15,384,800	1,957,720
Reclassified from contributed surplus	**-**	**6,752**	-	-
Share issuance costs	**-**	**(376,970)**	-	(153,560)
Balance – end of period	**52,754,749**	**8,567,516**	33,953,224	4,307,979

On March 9, 2011, the Company 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 of the Company ("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 Common Share until March 8, 2012 and thereafter at an exercise price of $0.45 per Common 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 Common Share until March 8, 2013.

Warrants

The following table summarizes activity related to warrants:

	Nine months ended June 30, 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**	**0.35**	13,686,500	0.17
Price adjustment – old price	**(5,550,000)**	**0.15**	-	-
Price adjustment – new price	**5,550,000**	**0.20**	-	-
Exercised	**(1,345,000)**	**0.20**	(1,450,000)	0.15
Expired	**-**	**-**	(4,583,336)	0.25
Balance – end of period	**28,280,500**	**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 in accordance with the original terms of these warrants.

The following table summarizes information about warrants outstanding:

As at		**June 30, 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**	**0.3**	5,550,000	0.15	1.0
6,071,500	**0.20**	**-**	6,686,500	0.20	1.8
17,389,000	**0.35**	**1.7**	-	-	-
28,280,500	**0.29**	**1.1**	12,236,500	0.18	1.4

Agent options and finder's warrants

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

	Nine months ended June 30, 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	**(67,525)**	**0.20**	-	-
Expired	**-**	**-**	(400,000)	0.40
Balance – end of period	**1,230,515**	**0.21**	550,300	0.15

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

As at		**June 30, 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**	**0.3**	302,000	0.10	1.0
180,775	**0.20**	**1.0**	248,300	0.20	1.8
747,740	**0.26**	**1.7**			
1,230,515	**0.21**	**1.3**	550,300	0.15	1.4

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. Options granted under the plan may not exceed 5 years and vest at terms to be determined by the board of directors at the time of grant, but shall not be less than the price permitted by the policy or policies of the stock exchange(s) on which the Company's common shares are then listed, or $0.10 per share. Occasionally, the Company issues stock options to agents which do not fall under the plan.

The following table summarizes activity related to stock options:

	Nine months ended June 30, 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	**2,250,000**	**0.28**	1,445,000	0.15
Expired	**(500,000)**	**0.40**	(50,000)	0.40
Repriced – old price	**-**	-	(500,000)	0.40
Repriced – new price	**-**	-	500,000	0.15
Balance – end of period	**5,000,000**	**0.24**	3,250,000	0.21

The following table summarizes information about stock options outstanding:

As at		**June 30, 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**	**1.3**	730,000	0.40	2.0
500,000	**0.15**	**1.3**	500,000	0.15	2.0
275,000	**0.15**	**2.6**	525,000	0.15	3.3
50,000	**0.12**	**3.2**	50,000	0.12	3.9
1,195,000	**0.15**	**4.0**	1,445,000	0.15	4.8
300,000	**0.30**	**4.5**	-	-	-
450,000	**0.28**	**4.7**	-	-	-
1,500,000	**0.27**	**4.8**	-	-	-
5,000,000	**0.24**	**3.6**	3,250,000	0.21	3.5

All of the Company's outstanding options, agent options, and finder's warrants were exercisable as at June 30, 2011.

Stock based compensation

The Company accounts for options, agent options and finder's warrants granted in accordance with the fair value based method of accounting for stock-based compensation. The application of the fair value based method requires the use of certain assumptions regarding the risk-free market interest rate, expected volatility of the underlying stock and the life of the options and warrants.

The Company recorded stock based compensation expense in the amount of $360,000 and $546,000 for the three and nine months ended June 30, 2011 respectively (2010 – nil) in the consolidated statement of net loss and deficit for options vested in the period. The stock-based compensation expense has been determined based on the fair value of an aggregate 1,500,000 and 2,250,000 options respectively (2010 – nil) at the grant date, with a weighted average fair value of $0.24 per option (2010 – nil).

The Company recorded share issuance costs in the amount of $134,593 for the nine months ended June 30, 2011 (2010 – $12,080) relating to the agent options and finder's warrants issued during the period. The share issuance cost has been determined based on the fair value of 747,740 agent options and finder's warrants (2010 – 302,000) at the grant date, with a weighted average fair value of $0.18 per agent option and finder's warrant (2010 – $0.08).

The fair value of each option, agent option and finder's warrant granted is estimated on the date of grant, using the Black-Scholes option-pricing model with the following weighted average assumptions:

	Options		**Agent options**	
	Nine months ended June 30, 2011	Nine months ended June 30, 2010	**Nine months ended June 30, 2011**	Nine months ended June 30, 2010
Risk-free interest rate	**2.62%**	-	**1.88%**	1.20%
Expected volatility	**143%**	-	**131%**	167.02
Annual dividend yield	**0**	-	**0**	0
Expected life of options	**5 years**	-	**2 years**	2 years

7. Contributed surplus

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

	Nine months ended June 30, 2011	Year ended September 30, 2010
	$	$
Balance – beginning of period	**735,640**	474,350
Agent options issued	**134,593**	48,990
Agent options exercised	**(6,752)**	-
Stock options issued	**546,000**	212,300
Balance – end of period	**1,409,481**	735,640

8. 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.

Investments have been classified as available-for-sale (Level 2), and are carried at their fair value, and changes in fair value are recognized as a compound of other comprehensive loss.

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.

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

Capital management

Cedar's capital consists of shareholder's equity.

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 $2,910,726 in cash at June 30, 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 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 June 30, 2011, Cedar's working capital is $3,181,134, 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.

9. Comparative figures

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