CONTINENTAL PRECIOUS MINERALS INC.

(A DEVELOPMENT STAGE ENTERPRISE)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED FEBRUARY 28, 2009

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

Management's Responsibility for Financial Reporting

The accompanying unaudited interim consolidated financial statements of Continental Precious Minerals Inc. (A Development Stage Enterprise) were prepared by management in accordance with Canadian generally accepted accounting principles. The most significant of these accounting principles have been set out in the May 31, 2008 audited consolidated financial statements. Only changes in accounting policies have been disclosed in these unaudited interim consolidated financial statements. Management acknowledges responsibility for the preparation and presentation of the period end unaudited interim consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for ensuring that management fulfills its financial reporting responsibilities and for reviewing and approving the period end unaudited interim consolidated financial statements together with other financial information. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the internal controls over the financial reporting process and the period end unaudited interim consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the period end unaudited interim consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate control over financial reporting. Management conducted an evaluation of the effectiveness of internal control over financial reporting based on "Internal Control Over Financial Reporting – Guidance For Smaller Public Companies" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that the Company's internal control over financial reporting was effective as at February 28, 2009.

Conclusion Relating to Disclosure Controls and Procedures

An evaluation was performed under the supervision of and with the participation of management, including the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the Company's disclosure controls and procedures as defined in the Multilateral Instrument 52-109. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the design and operation of the Company's disclosure controls and procedures were effective as at February 28, 2009.

Notice to Reader

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 consolidated 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 unaudited interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Continental Precious Minerals Inc.
(A Development Stage Enterprise)
Interim Consolidated Balance Sheets
(Expressed in Canadian Dollars)
(Prepared by Management - Unaudited)

	February 28, 2009	May 31, 2008
Assets		
Current assets		
Cash and cash equivalents	**$ 24,752,665**	$ 323,674
Marketable securities	**34,529**	44,986
Short-term investments	**-**	28,132,776
Accounts receivable	**22,688**	10,921
Prepaid expenses	**25,533**	12,600
	24,835,415	28,524,957
Mineral property (Note 5)	**10,447,983**	8,278,830
Technology licence	**80,000**	80,000
	$ 35,363,398	$ 36,883,787
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**$ 202,834**	$ 312,511
Shareholders' equity	**35,160,564**	36,571,276
	$ 35,363,398	$ 36,883,787

Nature of operations (Note 1)
Contingency (Note 10)
Commitment (Note 11)
Subsequent event (Note 12)

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

Continental Precious Minerals Inc.
(A Development Stage Enterprise)
Interim Consolidated Statements of Loss
(Expressed in Canadian Dollars)
(Prepared by Management - Unaudited)

	Three Months Ended February 28, 2009	Three Months Ended February 29, 2008	**Nine Months Ended February 28, 2009**	Nine Months Ended February 29, 2008	Cumulative since inception of Uranium and other minerals project March 21, 2005 to February 28, 2009
Expenses					
Consulting fees	**$ (6,000)**	$ 52,750	**$ 93,000**	$ 190,750	$ 514,250
Director fees (Note 8)	**33,000**	36,000	**129,000**	131,750	503,500
Management compensation (Note 8)	**69,690**	37,740	**191,690**	109,740	723,007
Office and general	**115,726**	37,061	**184,580**	92,289	450,725
Professional fees	**271,640**	20,505	**439,951**	255,814	962,565
Shareholder relations	**16,494**	4,450	**70,153**	47,731	204,232
Stock exchange fees	**14,455**	21,445	**16,455**	10,913	254,682
Transfer agent fees	**7,939**	9,022	**25,153**	21,904	148,105
Travel and business development	**100,789**	205,443	**434,326**	666,887	1,925,826
Stock-based compensation (Note 6(d))	**70,422**	292,875	**94,457**	4,219,076	10,819,043
	694,155	717,291	**1,678,765**	5,746,854	16,505,935
Net operating loss before the following:	**(694,155)**	(717,291)	**(1,678,765)**	(5,746,854)	(16,505,935)
Interest and other income	**48,698**	319,960	**278,826**	974,085	2,249,744
Recovery of management fees	**-**	-	**-**	-	(105,000)
Gain on sale of marketable securities	**-**	-	**-**	26,210	31,408
Gain on sale of subsidiary	**-**	-	**-**	-	100
Write-down of marketable securities	**-**	-	**-**	-	(12,825)
Write-off of investment in Ekwan Technology Corporation	**-**	-	**-**	-	130,439
	48,698	319,960	**278,826**	1,000,295	2,293,866
Net loss for the period	**$ (645,457)**	$ (397,331)	**$ (1,399,939)**	$ (4,746,559)	$(14,212,069)
Loss per share (Note 7)					
Basic and diluted	**$ (0.01)**	$ (0.01)	**$ (0.03)**	$ (0.10)	

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

Continental Precious Minerals Inc.

(A Development Stage Enterprise)

Interim Consolidated Statements of Deficit
(Expressed in Canadian Dollars)
(Prepared by Management - Unaudited)

	Three Months Ended February 28, 2009	Three Months Ended February 29, 2008	**Nine Months Ended February 28, 2009**	Nine Months Ended February 29, 2008	Cumulative since inception of Uranium and other minerals project March 21, 2005 to February 28, 2009
Deficit, beginning of period	**$(17,634,794)**	$(15,893,161)	**$(16,880,312)**	$(11,543,933)	$ (4,068,182)
Net loss for the period	**(645,457)**	(397,331)	**(1,399,939)**	(4,746,559)	(14,212,069)
Deficit, end of period	**$(18,280,251)**	$(16,290,492)	**$(18,280,251)**	$(16,290,492)	$(18,280,251)

Interim Consolidated Statements of Comprehensive Loss
(Expressed in Canadian Dollars)
(Prepared by Management - Unaudited)

	Three Months Ended February 28, 2009	Three Months Ended February 29, 2008	**Nine Months Ended February 28, 2009**	Nine Months Ended February 29, 2008	Cumulative since inception of Uranium and other minerals project March 21, 2005 to February 28, 2009
Net loss for the period	**$ (645,457)**	$ (397,331)	**$ (1,399,939)**	$ (4,746,559)	$(14,212,069)
Other comprehensive loss					
Net unrealized (loss) gain on available-for-sale marketable securities	**2,100**	(3,872)	**(20,765)**	(29,942)	(43,324)
Reclassification of gain on available-for-sale marketable securities	**-**	-	**-**	(4,725)	(10,575)
Total comprehensive loss	**$ (643,357)**	$ (401,203)	**$ (1,420,704)**	$ (4,781,226)	$(14,265,968)

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

Continental Precious Minerals Inc.

(A Development Stage Enterprise)

Interim Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

(Prepared by Management - Unaudited)

	Three Months Ended February 28, 2009	Three Months Ended February 29, 2008	**Nine Months Ended February 28, 2009**	Nine Months Ended February 29, 2008	Cumulative since inception of Uranium and other minerals project March 21, 2005 to February 28, 2009
Cash and Cash Equivalents (Used in) Provided by:					
Operating Activities					
Net loss for the period	**$ (645,457)**	$ (397,331)	**$ (1,399,939)**	$ (4,746,559)	$(14,212,069)
Adjustments for non-cash items:					
Stock-based compensation (Note 6(d))	**70,422**	292,875	**94,457**	4,219,076	10,819,043
Write-down of marketable securities	**-**	-	**-**	-	12,825
Gain on sale of marketable securities	**-**	-	**-**	(26,210)	(31,408)
Gain on sale of subsidiary	**-**	-	**-**	-	(100)
Write-off of investment in Ekwan Technology Corporation	**-**	-	**-**	-	(130,439)
Changes in non-cash working capital balances:					
Accounts receivable	**11,696**	7,125	**(11,767)**	9,886	90,079
Prepaid expenses	**8,925**	7,560	**(12,933)**	88,726	(25,533)
Accounts payable and accrued liabilities	**(135,374)**	609,930	**(109,677)**	799,884	196,097
	(689,788)	520,159	**(1,439,859)**	344,803	(3,281,505)
Investing Activities					
Purchase of marketable securities	**(10,093)**	(134)	**(10,308)**	(408)	(12,063)
Proceeds from sale of marketable securities	**-**	-	**-**	42,635	42,635
Short-term investments	**-**	205,818	**28,132,776**	(4,600,905)	-
Expenditures on mineral properties	**(460,616)**	(1,841,911)	**(2,169,153)**	(4,403,312)	(10,405,982)
Proceeds on sale of subsidiary	**-**	-	**-**	-	100
	$ (470,709)	$ (1,636,227)	**$ 25,953,315**	$ (8,961,990)	$(10,375,310)

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

Continental Precious Minerals Inc.

(A Development Stage Enterprise)

Interim Consolidated Statements of Cash Flows (Continued)
(Expressed in Canadian Dollars)
(Prepared by Management - Unaudited)

	Three Months Ended February 28, 2009	Three Months Ended February 29, 2008	**Nine Months Ended February 28, 2009**	Nine Months Ended February 29, 2008	Cumulative since inception of Uranium and other minerals project March 21, 2005 to February 28, 2009
Cash and Cash Equivalents (Used in) Provided by:					
Financing Activities					
Proceeds from issuance of share capital (net of share issue costs)	**$ -**	$ -	**$ 19,833**	$ 2,200,500	$ 38,311,819
Repurchase of common shares	**(104,298)**	-	**(104,298)**	-	(104,298)
	(104,298)	**-**	**(84,465)**	2,200,500	38,207,521
Increase (decrease) in cash and cash equivalents during the period	**(1,264,795)**	(1,116,068)	**24,428,991**	(6,416,687)	24,550,706
Cash and cash equivalents, beginning of period	**26,017,460**	1,482,042	**323,674**	6,782,661	201,959
Cash and cash equivalents, end of period	**$ 24,752,665**	$ 365,974	**$ 24,752,665**	$ 365,974	$ 24,752,665
Cash and cash equivalents consists of:					
Cash	**$ 1,155,036**	$ 365,974	**$ 1,155,036**	$ 365,974	$ 1,155,036
Cash equivalents	**23,597,629**	-	**23,597,629**	-	23,597,629
	$ 24,752,665	$ 365,974	**$ 24,752,665**	$ 365,974	$ 24,752,665
Supplement Schedule of Non-Cash Transactions					
Shares issued as part of acquisition of mineral properties	**$ -**	$ -	**$ -**	$ -	$ 42,000
Shares issued as part of acquisition of technology license	**$ -**	$ -	**$ -**	$ -	$ 80,000
Interest paid	**$ 5,177**	$ -	**$ 7,345**	$ -	$ 12,277

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

Continental Precious Minerals Inc.

(A Development Stage Enterprise)

Interim Consolidated Statements of Shareholders' Equity

(Expressed in Canadian Dollars)

(Prepared by Management - Unaudited)

	Share Capital	Warrants	Contributed Surplus	Deficit	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
Balance, May 31, 2007	$ 26,644,380	$ 13,855,304	$ 5,858,629	$ (11,543,933)	$ -	$ 34,814,380
Exercise of warrants	2,311,000	-	-	-	-	2,311,000
Fair value of warrants exercised	1,489,232	(1,489,232)	-	-	-	-
Exercise of stock options	33,500	-	-	-	-	33,500
Fair value of options exercised	31,465	-	(31,465)	-	-	-
Fair value of warrants expired	-	(2,170,764)	2,170,764	-	-	-
Fair value of options expensed	-	-	4,750,811	-	-	4,750,811
Cumulative transition adjustment	-	-	-	-	31,098	31,098
Net unrealized loss on available-for-sale marketable securities	-	-	-	-	(22,559)	(22,559)
Reclassification of gain on available-for-sale marketable securities	-	-	-	-	(10,575)	(10,575)
Net loss for the year	-	-	-	(5,336,379)	-	(5,336,379)
Balance, May 31, 2008	$ 30,509,577	$ 10,195,308	$ 12,748,739	$ (16,880,312)	$ (2,036)	$ 36,571,276
Exercise of stock options	19,833	-	-	-	-	19,833
Fair value of options exercised	14,718	-	(14,718)	-	-	-
Fair value of warrants expired	-	(5,903,704)	5,903,704	-	-	-
Fair value of options expensed	-	-	94,457	-	-	94,457
Cancellation of shares	(184,172)	-	79,874	-	-	(104,298)
Net unrealized loss on available-for-sale marketable securities	-	-	-	-	(20,765)	(20,765)
Net loss for the period	-	-	-	(1,399,939)	-	(1,399,939)
Balance, February 28, 2009	**$ 30,359,956**	**$ 4,291,604**	**$ 18,812,056**	**$ (18,280,251)**	**$ (22,801)**	**$ 35,160,564**

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

Continental Precious Minerals Inc.

(A Development Stage Enterprise)

Interim Consolidated Statements of Mineral Properties

(Expressed in Canadian Dollars)

(Prepared by Management - Unaudited)

	Three Months Ended February 28, 2009	Three Months Ended February 29, 2008	**Nine Months Ended February 28, 2009**	Nine Months Ended February 29, 2008	Cumulative since inception of Uranium and other minerals project March 21, 2005 to February 28, 2009
Sweden Uranium and Other Minerals Project**					
Balance, beginning of period	**$ 9,987,367**	$ 4,760,669	**$ 8,278,830**	$ 2,199,268	$ -
Drilling	**-**	875,759	**290,153**	1,705,358	3,698,515
Consulting	**62,465**	317,991	**315,449**	956,501	1,791,566
Geology	**112,972**	31,623	**402,404**	598,259	1,160,770
Assays, maps and reports	**42,695**	132,559	**198,614**	305,842	761,535
General	**141,681**	142,461	**450,162**	264,895	772,643
Exploration management	**36,246**	-	**115,992**	-	340,070
Transportation	**124**	76,570	**62,418**	165,691	280,778
Licence acquisition and holding costs	**331**	143,858	**116,451**	177,489	739,158
Travel and meals	**3,247**	76,215	**86,516**	106,903	269,334
Acquiring data, selecting targets, map preparation and landowner data	**-**	33,462	**-**	77,702	314,664
Professional fees	**60,855**	11,413	**92,424**	24,000	202,198
Geophysics and geochemical	**-**	-	**38,570**	16,352	54,922
Data management	**-**	-	**-**	4,320	28,080
Equipment	**-**	-	**-**	-	33,750
Activity during the period	**460,616**	1,841,911	**2,169,153**	4,403,312	10,447,983
Balance, end of period	**$ 10,447,983**	$ 6,602,580	**$ 10,447,983**	$ 6,602,580	$ 10,447,983

*** For a description of the above noted property, refer to Note 5 of the May 31, 2008 audited consolidated financial statements.*

1. Nature of Operations

Continental Precious Minerals Inc. ("Continental" or the "Company") is a reporting issuer that trades on the Toronto Stock Exchange, under the Symbol "CZQ". The Company was amalgamated with Fin Resources Inc. under the laws of the Province of Ontario, Canada by Articles of Amalgamation dated July 7, 1987. Since amalgamation, Continental's main business focus had been in the natural resource industry which included portfolio investments in common shares of other companies involved in exploration, development and production of natural resources. As of March 21, 2005, the Company changed its main business focus to acquiring and exploring mineral properties for Uranium and other minerals. As a result, the efforts of the Company have been devoted to the development of properties for production of Uranium and other minerals in Sweden. To date, Continental has not earned significant revenues from Uranium or other mineral exploration and is considered to be in the development stage. As such, the Company will be applying Accounting Guideline 11 "Enterprises in the Development Stage" from March 21, 2005 onwards.

As at February 28, 2009, the Company had working capital of $24,632,581 and an accumulated deficit of $18,280,251. Management of the Company believes that it has sufficient funds to pay its ongoing administrative expenses and to meet its liabilities for the ensuing twelve months as they fall due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. The Company's ability to continue operations and fund its mineral property expenditures is dependent on management's ability to manage its cash resources.

The recoverability of exploration and development expenditures is dependent upon the discovery of economically recoverable reserves, the preservation of the Company's interest in the underlying mineral claims, the ability to obtain necessary financing, obtain government approval and attain profitable production, or alternatively, upon the Company's ability to dispose of its interest on an advantageous basis. Changes in future conditions could require material write-downs of the carrying amounts of deferred exploration expenditures.

2. Accounting Policies

The unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and notes to the consolidated financial statements required by Canadian generally accepted accounting principles for annual consolidated financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Operating results for the three and nine months ended February 28, 2009 may not necessarily be indicative of the results that may be expected for the year ending May 31, 2009.

The consolidated balance sheet at May 31, 2008 has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by Canadian generally accepted accounting principles for annual consolidated financial statements. The interim consolidated financial statements have been prepared by management in accordance with the accounting policies described in the Company's annual audited consolidated financial statements for the year ended May 31, 2008, except as noted below. For further information, refer to the audited consolidated financial statements and notes thereto for the year ended May 31, 2008.

2. Accounting Policies (Continued)

Capital Disclosures and Financial Instruments – Disclosures and Presentation

On December 1, 2006, the Canadian Institute of Chartered Accountants (the "CICA") issued three new accounting standards: Capital Disclosures (Handbook Section 1535), Financial Instruments – Disclosures (Handbook Section 3862), and Financial Instruments – Presentation (Handbook Section 3863). These new standards became effective for the Company on June 1, 2008.

Capital Disclosures

Handbook Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. The Company has included disclosures recommended by the new Handbook section in Note 3 to these unaudited interim consolidated financial statements.

Financial Instruments

Handbook Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments – Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The Company has included disclosures recommended by the new Handbook sections in Note 4(b) to these unaudited interim consolidated financial statements.

Going Concern

In June 2007, the CICA amended Handbook Section 1400, Going Concern, to assess an entity's ability to continue as a going concern and disclose any material uncertainties that cast doubt on its ability to continue as a going concern. Section 1400 is effective for interim and annual reporting periods beginning on or after January 1, 2008. The application of this new standard had no impact on the Company's unaudited interim consolidated financial statements as at and for the three and nine months ended February 28, 2009.

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

In January 2009, the Emerging Issues Committee of the CICA issued EIC-173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities, which applies to interim and annual financial statements for periods ending on or after January 20, 2009. The adoption of this standard had no impact on the Company's presentation of its financial position or results of operations as at February 28, 2009.

Mining Exploration Costs

On March 27, 2009, the Emerging Issues Committee of the CICA approved an abstract EIC-174, "Mining Exploration Costs", which provides guidance on capitalization of exploration costs related to mining properties in particular, and on impairment of long-lived assets in general. The Company has applied this new abstract for the three and nine months ended February 28, 2009 and there was no significant impact on its consolidated financial statements as a result of applying this abstract.

2. Accounting Policies (Continued)

Future Accounting Changes

International Financial Reporting Standards ("IFRS")

In January 2006, the CICA's Accounting Standards Board ("AcSB") formally adopted the strategy of replacing Canadian generally accepted accounting principles with IFRS for Canadian enterprises with public accountability. The current conversion timetable calls for financial reporting under IFRS for accounting periods commencing on or after January 1, 2011. On February 13, 2008 the AcSB confirmed that the use of IFRS will be required in 2011 for publicly accountable profit-oriented enterprises. For these entities, IFRS will be required for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011.

Goodwill and Intangible Assets

In November 2007, the CICA approved Handbook Section 3064, "Goodwill and Intangible Assets" which replaces the existing Handbook Sections 3062, "Goodwill and Other Intangible Assets" and 3450 "Research and Development Costs". This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009, with earlier application encouraged. The standard provides guidance on the recognition, measurement and disclosure requirements for goodwill and intangible assets.

The Company is currently assessing the impact of these new accounting standards on its unaudited interim consolidated financial statements.

Business Combinations, Consolidated Financial Statements and Non-Controlling Interests

The CICA issued three new accounting standards in January 2009: Section 1582, "Business Combinations", Section 1601, "Consolidated Financial Statements" and Section 1602, "Non-Controlling interests". These new standards will be effective for fiscal years beginning on or after January 1, 2011. Section 1582 replaces section 1581 and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to IFRS 3 - Business Combinations. Sections 1601 and 1602 together replace section 1600, Consolidated Financial Statements. Section 1601, establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS IAS 27 - Consolidated and Separate Financial Statements. The Company is in the process of evaluating the requirements of the new standards.

3. Capital Management

When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary, in order to support the acquisition, exploration and development of its projects. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company considers its capital to be equity, which is comprised of share capital, warrants, contributed surplus, deficit and accumulated other comprehensive loss which at February 28, 2009 totaled $35,160,564 (May 31, 2008 - $36,571,276).

The properties in which the Company currently has an interest are in the exploration stage. As such the Company is dependent on external financing to fund its activities. In order to carry out its planned exploration programs and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts when economic conditions permit it to do so.

3. Capital Management (Continued)

Management has chosen to mitigate the risk and uncertainty associated with raising additional capital in current economic conditions by:

(i) maintaining a liquidity cushion in order to address any potential disruptions or industry downturns;
(ii) minimizing discretionary disbursements;
(iii) reducing or eliminating exploration expenditures that are of limited strategic value; and
(iv) exploring alternative sources of liquidity.

In light of the above, the Company will continue to assess new properties and seek to acquire an interest in additional properties if the Company believes there is sufficient potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate. There were no changes in the Company's approach to capital management during the three and nine months ended February 28, 2009.

The Company is not subject to any capital requirements imposed by a regulator or lending institution. The Company expects that its current capital resources will be sufficient to discharge its liabilities as at February 28, 2009.

4. Property and Financial Risk Factors

(a) Property Risk

The Company’s sole mineral property is the Sweden Uranium and Other Minerals Project. Unless the Company acquires or develops additional significant properties, the Company will be entirely dependent upon this project. If no additional mineral properties are acquired by the Company, any adverse development affecting this project would have a material adverse effect on the Company's financial condition and results of operations.

(b) Financial Risk

The Company’s activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign exchange rate and equity and commodity price risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit Risk

Credit risk is the risk of loss associated with a counterparty’s inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and accounts receivable. Cash and cash equivalents consist of cash and investment-grade short-term guaranteed investment certificates, which have been invested with the Company's banking institution, from which management believes the risk of loss to be minimal.

Financial instruments included in accounts receivable consist of sales tax receivable from government authorities in Canada. Accounts receivable are in good standing as of February 28, 2009. Management believes that the credit risk concentration with respect to financial instruments included in accounts receivable is minimal.

4. Property and Financial Risk Factors (Continued)

(b) Financial Risk (Continued)

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at February 28, 2009, the Company had a cash and cash equivalents and short term investments balance of $24,752,665 (May 31, 2008 - $28,456,450) to settle current liabilities of $202,834 (May 31, 2008 - $312,511). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market Risk

Interest rate risk
The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by the Company's Canadian chartered bank. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its bank.

Foreign currency risk
The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company funds certain operational, exploration and development expenses in Sweden Krona from its Canadian dollar bank accounts held in Canada. Management monitors the foreign exchange risk derived from currency conversions and does not hedge its foreign exchange risk.

Price risk
The Company is exposed to price risk with respect to equity and commodity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices as it relates to uranium and other minerals, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

The Company's marketable securities are subject to fair value fluctuations. Management believes that the price risk with respect to marketable securities is minimal.

4. Property and Financial Risk Factors (Continued)

Sensitivity analysis

The Company has, for accounting purposes, designated its cash and cash equivalents as held for trading, which are measured at fair value. Marketable securities are classified for accounting purposes as available-for-sale, which are measured at fair value. Accounts receivable are classified for accounting purposes as loans and receivables, which are measured at amortized cost which equals fair value. Accounts payable and accrued liabilities are classified for accounting purposes as other financial liabilities, which are measured at amortized cost which also equals fair value.

As of February 28, 2009, the carrying and fair value amounts of the Company's financial instruments are approximately equivalent.

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a nine month period:

(i) Cash and cash equivalents are subject to floating interest rates. As at February 28, 2009, if interest rates had decreased/increased by 1% with all other variables held constant, the loss for the nine months ended February 28, 2009 would have been approximately $177,000 higher/lower, as a result of lower/higher interest income from cash and cash equivalents. Similarly, as at February 28, 2009, reported shareholders' equity would have been approximately $177,000 lower/higher as a result of lower/higher interest income from cash and cash equivalents due to a 1% decrease/increase in interest rates.

(ii) The Company does not hold significant balances in foreign currencies to give rise to exposure to foreign exchange risk.

(iii) Commodity price risk could adversely affect the Company. In particular, the Company’s future profitability and viability of development depends upon the world market price of uranium and other minerals. Uranium and other minerals have fluctuated widely in recent years. There is no assurance that, even if commercial quantities of uranium and other minerals may be produced in the future, a profitable market will exist for them. A decline in the market price of uranium and other minerals may also require the Company to reduce its mining rights and deferred exploration expenditures, which could have a material and adverse effect on the Company’s value. As of February 28, 2009, the Company was not a uranium or other minerals producer. As a result, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

(Expressed in Canadian Dollars)

5. Mineral property

On a quarterly basis, management of the Company reviews exploration costs to ensure deferred expenditures include only costs and projects that are eligible for capitalization. For a description of the exploration licenses and deferred exploration expenditures owned by the Company, refer to Note 5 of the audited consolidated financial statements as at May 31, 2008. Specific changes to exploration licenses and deferred exploration expenditures that occurred from June 1, 2008 to February 28, 2009 are as follows:

On June 24, 2008, the Company was granted two additional mineral exploration licenses in Sweden; on September 3, 2008, the Company was granted one additional mineral exploration license in Sweden; on October 4, 2008, two mineral exploration licenses in Sweden were allowed to lapse; on November 26, 2008, the Company acquired one additional mineral exploration license in Sweden; on December 17, 2008, the Company was granted two additional mineral exploration licenses in Sweden; on January 12, 2009, the Company was granted one additional mineral exploration license in Sweden; on February 21, 2009, one mineral exploration license in Sweden was allowed to lapse; and on February 22, 2009, two mineral exploration licenses in Sweden were allowed to lapse. These licenses are valid for three years renewable subject to specified work carried out. Continental now has a total of 67 mineral exploration licenses in Sweden.

6. Share capital

(a) Authorized

Unlimited number of Class A preference shares

Class A Preference shares are issuable in one or more series, the terms of which are subject to the discretion of the directors at the date of issuance.

Unlimited number of Common shares

(b) Issued

	Number of common shares	Stated value
Balance, May 31, 2008	47,576,329	$ 30,509,577
Exercise of stock options	104,382	19,833
Fair value of options exercised	-	14,718
Cancellation of shares (ii)	(287,500)	(184,172)
Balance, February 28, 2009	**47,393,211**	**$ 30,359,956**

(i) On November 7, 2008, the board of directors of Continental approved the adoption of a shareholder rights plan (the “Rights Plan”) designed to encourage the fair and equal treatment of shareholders in connection with any take-over bid for the outstanding securities of the Company.

6. Share capital (Continued)

(b) Issued (Continued)

(i) (Continued) The Rights Plan is intended to provide the Company's board with adequate time to assess a takeover bid, to consider alternatives to a take-over bid as a means of maximizing shareholder value, to allow competing bids to emerge, and to provide the Company's shareholders with adequate time to properly assess a take-over bid without undue pressure.

Under the terms of the Rights Plan, one right (a "Right") was issued by the Company in respect of each outstanding common share at the close of business on November 7, 2008 and in respect of each common share issued thereafter (subject to the terms of the Rights Plan). The Rights issued under the Rights Plan become exercisable only if a person acquires or announces its intention to acquire 20% or more of the common shares of the Company without complying with the "permitted bid" provisions of the Rights Plan or without the approval of the Company's board.

Should such an acquisition occur, Rights holders (other than the acquiring person or related persons) can purchase common shares of the Company at a substantial discount to the prevailing market price (as defined in the Rights Plan) at the time the Rights become exercisable.

"Permitted bids" under the Rights Plan must be made to all holders of the Company's common shares and must be open for acceptance for a minimum of 60 days. If at the end of 60 days at least 50% of the outstanding common shares other than those owned by the offeror and certain related parties have been tendered and not withdrawn, the bidder may take up and pay for the shares but must extend the bid for a further 10 days to allow other shareholders to tender to the bid.

Although the Rights Plan is effective on November 7, 2008, the Rights Plan is subject to ratification by the Company's shareholders within six months. If not ratified within six months from November 7, 2008, the Rights Plan and all of the Rights outstanding at the time will terminate.

(ii) On February 25, 2009, the Company purchased, for cancellation, 287,500 common shares for total cash consideration of $104,298. Of the $104,298 paid, $184,172 was charged to share capital and $79,874 was credited to contributed surplus.

(Expressed in Canadian Dollars)

6. Share capital (Continued)

(c) Warrants

The following summarizes the warrant activity for the period:

	Number of warrants	Weighted average exercise price
Balance, May 31, 2008	11,927,460	$ 1.34
Expired	(5,927,460)	(1.68)
Balance, February 28, 2009	**6,000,000**	**$ 1.00**

As of February 28, 2009, the following warrants were outstanding:

Expiry Date	Number of warrants	Exercise price ($)	Black-Scholes value ($)
March 29, 2009	2,560,378	1.00	1,846,033
May 11, 2009	3,439,622	1.00	2,445,571
	6,000,000	**1.00**	**4,291,604**

(d) Stock options and contributed surplus

The continuity of outstanding options for the purchase of common shares of the Company is as follows:

	Number of stock options	Weighted average exercise price ($)
Balance, May 31, 2008	5,841,516	1.92
Granted (i)	250,000	0.35
Exercised	(104,382)	(0.19)
Cancelled	(700,000)	(2.48)
Balance, February 28, 2009	**5,287,134**	**1.79**

(i) On December 3, 2008, the Company issued 250,000 incentive stock options to a director of the Company exercisable at a price of $0.35 for a period of 5 years.

For the purposes of the 250,000 stock options, the fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 125%; risk-free interest rate of 2.27% and an expected average life of 5 years. The estimated fair value was determined to be $67,250. The impact on expenses for the three and nine months ended February 28, 2009 was $67,250 and was charged to stock-based compensation and credited to contributed surplus.

(Expressed in Canadian Dollars)

6. Share capital (Continued)

(d) Stock options and contributed surplus (Continued)

As of February 28, 2009, the following stock options were outstanding:

	Options Outstanding			Options Exercisable	
Expiry Date	**Number of options**	**Weighted average remaining contractual life (years)**	**Weighted average exercise price ($)**	**Number of options**	**Weighted average exercise price ($)**
March 1, 2009	500,000	-	1.80	500,000	1.80
March 1, 2009	250,000	-	2.15	250,000	2.15
March 10, 2010	134,634	1.03	0.19	134,634	0.19
April 12, 2010	40,000	1.12	0.25	40,000	0.25
October 7, 2010	172,500	1.61	0.90	172,500	0.90
April 25, 2011	800,000	2.15	2.15	800,000	2.15
July 7, 2011	100,000	2.35	2.76	100,000	2.76
December 7, 2011	1,550,000	2.77	1.80	1,550,000	1.80
December 8, 2011	50,000	2.78	1.83	50,000	1.83
December 13, 2011	300,000	2.79	1.81	300,000	1.81
June 25, 2010	50,000	1.32	2.55	50,000	2.55
October 22, 2012	980,000	3.65	2.15	980,000	2.15
March 6, 2013	75,000	4.02	0.98	75,000	0.98
March 25, 2013	35,000	4.07	0.85	35,000	0.85
December 3, 2013	250,000	4.76	0.35	250,000	0.35
	5,287,134	**2.45**	**1.79**	**5,287,134**	**1.79**

A continuity of contributed surplus and stock option valuations are as follows:

	Cumulative expense at May 31, 2008	**Expensed**	**Exercised**	**Cancelled/ Expired**	**Contributed surplus**	**Remainder to be expensed**
(1)	$ 33,701	$ -	$ (14,718)	$ -	$ 18,983	$ -
(2)	7,320	-	-	-	7,320	-
(3)	176,725	-	-	-	176,725	-
(4)	1,714,400	-	-	-	1,714,400	-
(5)	274,900	-	-	-	274,900	-
	692,000	-	-	(692,000)	-	-
(6)	3,488,155	11,195	-	-	3,499,350	-
(7)	546,096	2,004	-	(456,750)	91,350	-
(8)	538,880	3,220	-	-	542,100	-
	443,400	-	-	(443,400)	-	-
(9)	85,962	10,788	-	-	96,750	-
(10)	2,460,000	-	-	-	2,460,000	-
(11)	71,474	-	-	-	71,474	-
(12)	28,875	-	-	-	28,875	-
(13)	-	67,250	-	-	67,250	-
(14)	2,186,851	-	-	7,575,728	9,762,579	-
	$ 12,748,739	$ 94,457	$ (14,718)	$ 5,983,578	$ 18,812,056	$ -

(Expressed in Canadian Dollars)

6. Share capital (Continued)

(d) Stock options and contributed surplus (Continued)

Expiry Date	Number	Exercise Price ($)
(1) March 10, 2010	134,634	0.19
(2) April 12, 2010	40,000	0.25
(3) October 7, 2010	172,500	0.90
(4) April 25, 2011	800,000	2.15
(5) July 7, 2011	100,000	2.76
(6) March 1, 2009 (500,000) and December 7, 2011 (1,550,000)	2,050,000	1.80
(7) December 8, 2011	50,000	1.83
(8) December 13, 2011	300,000	1.81
(9) June 25, 2010	50,000	2.55
(10) March 1, 2009 (250,000) and October 22, 2012 (980,000)	1,230,000	2.15
(11) March 6, 2013	75,000	0.98
(12) March 25, 2013	35,000	0.85
(13) December 3, 2013	250,000	0.35
(14) Stock Options/Warrants Expired/Other		
	5,287,134	**1.79**

7. Loss Per Share

The following table sets forth the computation of basic and diluted loss per share:

	Three Months Ended February 28, 2009	Three Months Ended February 29, 2008	**Nine Months Ended February 28, 2009**	Nine Months Ended February 29, 2008
Numerator:				
Loss for the period	**$ (645,457)**	$ (397,331)	**$ (1,399,939)**	$ (4,746,559)
Denominator:				
Denominator for basic loss per share	**47,678,348**	47,384,329	**47,610,927**	46,826,158
Effect of dilutive securities:				
Stock options**	**-**	-	**-**	-
Warrants**	**-**	-	**-**	-
Denominator for diluted loss per share	**47,678,348**	47,384,329	**47,610,927**	46,826,158
Basic and diluted loss per share	**$ (0.01)**	$ (0.01)	**$ (0.03)**	$ (0.10)

*** Stock options and warrants were not included in the computation of diluted loss per share as their inclusion would be anti-dilutive.*

(Expressed in Canadian Dollars)

8. Related party transactions not disclosed elsewhere

(i) The Company paid $4,000 and $13,000, respectively for the three and nine months ended February 28, 2009 ($2,750 and $5,750, respectively for three and nine months ended February 29, 2008) to the Company's Chief Financial Officer. Included in accounts payable and accrued liabilities are fees totaling $3,500 (May 31, 2008 - $3,000) payable to the Company's Chief Financial Officer.

(ii) During the three and nine months ended February 28, 2009, the Company paid $33,000 and $129,000, respectively (three and nine months ended February 29, 2008 - $36,000 and $131,750, respectively) in fees to directors for their services.

(iii) For the three and nine months ended February 28, 2009, a total of $37,740 and $159,740, respectively (three and nine months ended February 29, 2008 - $36,000 and $108,000, respectively) was paid as management compensation to the President and CEO of the Company.

(iv) During the three and nine months ended February 28, 2009, the President of the Company received $4,500 and $13,500, respectively (three and nine months ended February 29, 2008 - $4,500 and $13,500, respectively) as an expense allowance.

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

9. Segmented Information

The Company operates in one segment within the mining industry. The Company operates in two territorial segments as it is managed in Canada and conducts its exploration activities in Sweden.

	February 28, 2009	May 31, 2008
Canada	$ 24,835,415	$ 28,524,957
Sweden	10,527,983	8,358,830
Total assets	**$ 35,363,398**	**$ 36,883,787**

10. Contingency

The Company's exploration activities are subject to various government laws and regulations relating to the protection of the environment. These environmental regulations are continually changing and generally becoming more restrictive. The Company believes that its operations comply in all material respects with all applicable past and present laws and regulations.

11. Commitment

The Company is committed to pay a management fee of $12,000 per month to President of the Company. The President is also entitled to an expense allowance of $1,500 per month.

12. Subsequent event

Subsequent to February 28, 2009, the following stock options have expired:

(1) 500,000 stock options with an exercise price of $1.80 and expiry date of March 1, 2009; and
(2) 250,000 stock options with an exercise price of $2.15 and expiry date of March 1, 2009.