AMAZON GOLDSANDS LTD.
Form 10-Q
November 23, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(Mark One)

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2009

¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number: 000-51203

Amazon Goldsands Ltd.
(Exact name of registrant as specified in its charter)

Nevada	98-0425310
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

Jiron Caracas 2226, Jesus Maria, Lima, Peru
(Address of principal executive offices)

(51 1) 989 184 706
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the issuer was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.ý Yes¨ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ý Yes ¨ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," "non-accelerated filer," and "a smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ¨ Accelerated filer ¨
Non-accelerated filer ¨ (Do not check if a smaller reporting company) Smaller reporting company ý

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
¨ Yes ý No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Class	Outstanding at September 30, 2009
Common Stock, $0.00001 par value	13,103,585

Table of Contents

FORM 10-Q
AMAZON GOLDSANDS LTD.
SEPTEMBER 30, 2009
TABLE OF CONTENTS

		Page
PART I – FINANCIAL INFORMATION		
Item 1.	Financial Statements.	4
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations.	5
Item 3.	Quantitative and Qualitative Disclosures About Market Risk.	13
Item 4T.	Controls and Procedures.	13
PART II – OTHER INFORMATION		
Item 1.	Legal Proceedings.	15
Item 1A.	Risk Factors.	15
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds.	15
Item 3.	Defaults Upon Senior Securities.	15
Item 4.	Submission of Matters to a Vote of Security Holders.	15
Item 5.	Other Information.	15
Item 6.	Exhibits.	15

Signatures
Exhibits
Certifications

Table of Contents

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

Our unaudited consolidated financial statements included in this Form 10-Q for the three and nine months ended September 30, 2009 are as follows:

F-1	Unaudited Consolidated Balance Sheet as of September 30, 2009.
F-2	Unaudited Consolidated Statements of Operations for the three and nine months ended September 30, 2009 and 2008 and from inception on September 5, 1997 to September 30, 2009.
F-3	Unaudited Consolidated Statements of Cash Flows for the three and nine months ended September 30, 2009 and 2008 and from inception on September 5, 1997 to September 30, 2009.
F-4	Unaudited Consolidated Statement of Changes in Stockholders' Equity from inception on September 5, 1997 to September 30, 2009.
F-5	Notes to Unaudited Consolidated Financial Statements.

These unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and the SEC instructions to Form 10-Q. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Operating results for the interim period ended September 30, 2009 are not necessarily indicative of the results that can be expected for the full year.

Table of Contents

Amazon Goldsands Ltd.
(formerly Finmetal Mining Ltd.)
(An Exploration Stage Company)
Interim Consolidated Balance Sheets
(Expressed in U.S. Dollars)
(Unaudited – Prepared by Management)

	As at 30 September 2009 $	As at 31 December 2008 (Audited) $
Assets		
Current		
Cash and cash equivalents (Note 2)	3,952	492,903
Taxes recoverable	-	4,394
Prepaid expenses and deposit	-	1,962
	3,952	499,259
Mineral property interests (Note 4)	1,510,000	875,000
Property and equipment (Note 5)	19,335	25,964
Website development cost (Note 6)	14,167	24,167
	1,547,454	1,424,390
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 3)	635,605	312,804
Stockholders' equity		
Common stock (Note 7)		
Authorized		
200,000,000 common shares, par value $0.00001 and		
200,000,000 blank check preferred shares, par value $0.001		
Issued and outstanding		
30 September 2009 – 13,103,585 common shares, par value $0.00001		
31 December 2008 – 4,191,252 common shares, par value $0.00001	131	42
Share subscriptions received in advance (Note 7)	-	613,583
Additional paid in capital	12,809,984	11,694,408
Deficit, accumulated during the exploration stage	(11,898,266)	(11,196,447)
	911,849	1,111,586

	1,547,454	1,424,390

Nature, Basis of Presentation and Continuance of Operations (Note 1), Commitments (Note 9), Contingency (Note 13) and Subsequent Events (Note 14)

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

Table of Contents

Amazon Goldsands Ltd.
(formerly Finmetal Mining Ltd.)
(An Exploration Stage Company)
Interim Consolidated Statements of Operations
(Expressed in U.S. Dollars)
(Unaudited – Prepared by Management)

	For the period from the date of inception on 5 September 1997 to 30 September 2009	For the three month period ended 30 September 2009	For the three month period ended 30 September 2008	For the nine month period ended 30 September 2009	For the nine month period ended 30 September 2008
	$	$	$	$	$
Expenses					
Amortization – property and equipment	30,274	2,210	2,466	6,629	9,208
Amortization – website development costs	25,835	3,333	3,333	10,000	8,333
Bank charges and interest (Note 4)	10,696	1,421	759	2,616	2,265
Consulting and management fees (recovery) (Note 8)	4,889,135	57,013	142,803	328,560	(2,244,105)
Foreign exchange (gain) loss	18,636	1,040	4,296	2,253	(2,878)
Investor communication and promotion	618,571	-	81,786	61,347	161,986
Office and administrative	124,510	-	2,603	1,700	34,365
Professional fees	551,825	13,500	46,272	115,540	155,184
Rent	51,416	3,000	2,737	9,000	15,807
Telephone	54,659	-	544	276	17,257
Transfer agent and filing fees	41,465	1,140	380	4,223	3,298
Travel and accommodation	377,754	-	-	1,118	83,813
Website maintenance	63,500	7,500	4,500	22,500	13,500
Mineral property acquisition and exploration expenditures	5,179,264	-	(9,360)	136,057	351,170
Net operating income (loss) before other items	(12,037,540)	(90,157)	(283,748)	(701,819)	1,390,797
Other items					
Forgiveness of debt	39,000	-	-	-	-
Gain on sale of oil and gas property	10,745	-	-	-	-
Interest income	102,561	-	803	-	9,148
Recovery of expenses	4,982	-	-	-	-
	(12,500)	-	-	-	-

Write-down of incorporation cost					
Write-down of assets	(5,514)		(5,514)		(5,514)
Net operating income (loss) and comprehensive income (loss) for the period	(11,898,266)	(90,157)	(288,459)	(701,819)	1,394,431
Basic and diluted income (loss) per common share		(0.01)	(0.16)	(0.08)	0.80
Weighted average number of common shares used in per share calculations		13,103,585	1,799,855	9,086,976	1,740,037

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

F - 2

Table of Contents

Amazon Goldsands Ltd.
(formerly Finmetal Mining Ltd.)
(An Exploration Stage Company)
Interim Consolidated Statements of Cash Flows
(Expressed in U.S. Dollars)
(Unaudited – Prepared by Management)

	For the period from the date of inception on 5 September 1997 to 30 September 2009	For the three month period ended 30 September 2009	For the three month period ended 30 September 2008	For the nine month period ended 30 September 2009	For the nine month period ended 30 September 2008
	$	$	$	$	$
Cash flows used in operating activities					
Net income (loss) for the period	(11,898,266)	(90,157)	(288,459)	(701,819)	1,394,431
Adjustments to reconcile income (loss) to net cash used by operating activities					
Accrued interest (Note 4)	1,233	1,233	-	1,233	-
Amortization (Notes 5 and 6)	56,108	5,543	5,798	16,629	17,541
Consulting fees	40,200	-	-	-	-
Forgiveness of debt	(24,000)	-	-	-	-
Gain on sale of oil and gas property	(10,745)	-	-	-	-
Mineral property acquisition	1,816,000	-	-	-	-
Stock-based compensation (recovery)	3,587,000	-	86,698	-	(2,519,736)
Write-down of assets	3,940	-	5,514	-	5,514
Changes in operating assets and liabilities					
(Increase) decrease in taxes recoverable	-	-	(1,967)	4,394	16,761
Decrease in exploration program advances	-	-	-	-	87,600
(Increase) decrease in prepaid expenses and deposits	-	-	796	1,962	(163)
Increase (decrease) in accounts payable and accrued liabilities	634,372	78,144	(74,837)	321,568	(616,429)
Decrease in advances from related parties	-	-	(9,685)	-	(54,365)
	(5,794,158)	(5,237)	(276,142)	(356,033)	(1,668,846)
Cash flows from financing activities					
Advances	-	-	32,889	-	32,889
Shares subscriptions received in advance	-	-	-	(613,583)	-
Cost of repurchase of common stock	(1,000)	-	-	-	-
Proceeds from issuance of common stock, net of share issue costs	6,371,915	-	-	730,665	-
	6,370,915	-	32,889	117,082	32,889
Cash flows from (used in) investing activities					
Proceeds from sale of oil and gas property	46,200	-	-	-	-

Oil and gas property acquisitions	(2,846)	-	-	-	-
Oil and gas exploration	(22,609)	-	-	-	-
Acquisition of mineral rights	(500,000)	-	-	(250,000)	-
Purchase (disposition) of equipment	(53,550)	-	2,627	-	(7,040)
Website development costs	(40,000)	-	-	-	(30,000)
	(572,805)	-	2,627	(250,000)	(37,040)
Increase (decrease) in cash and cash equivalents	3,952	(5,237)	(240,626)	(488,951)	(1,672,997)
Cash and cash equivalents, beginning of period	-	9,189	525,485	492,903	1,957,856
Cash and cash equivalents, end of period	3,952	3,952	284,859	3,952	284,859

Supplemental Disclosures with Respect of Cash Flows (Note 11)

The accompanying notes are an integral part of the interim consolidated financial statements.
F - 3

Table of Contents

Amazon Goldsands Ltd.
(formerly Finmetal Mining Ltd.)
(An Exploration Stage Company)
Interim Consolidated Statements of Changes in Stockholders' Equity (Deficiency)
(Expressed in U.S. Dollars)
(Unaudited – Prepared by Management)

	Number of shares issued	Share capital $	Additional paid-in capital $	Deferred stock-based compensation $	Share subscriptions received $	Deficit, accumulated during the exploration stage $	Total stockholders' equity (deficiency) $
Balance at 5 September 1997 (inception)	-	-	-	-	-	-	-
Common shares issued for cash ($0.25 per share)	4,000	1	999	-	-	-	1,000
Net loss for the period	-	-	-	-	-	(2,522)	(2,522)
Balance at 30 September 1997	4,000	1	999	-	-	(2,522)	(1,522)
Common shares issued for acquisition of oil and gas properties ($25 per share)	400	-	10,000	-	-	-	10,000
Common shares issued for cash ($0.25 per share)	4,000	1	999	-	-	-	1,000
Net loss for the year	-	-	-	-	-	(1,246)	(1,246)
Balance at 30 September 1998	8,400	2	11,998	-	-	(3,768)	8,232
Common shares issued for cash ($25 per share)	4,000	1	99,999	-	-		100,000
Common shares repurchased for cash ($0.25 per share)	(4,000)	(1)	(999)	-	-	-	(1,000)

Net loss for the year	-	-	-	-	-	(9,569)	(9,569)
Balance at 30 September 1999	8,400	2	110,998	-	-	(13,337)	97,663
Net loss for the year	-	-	-	-	-	(34,290)	(34,290)
Balance at 30 September 2000	8,400	2	110,998	-	-	(47,627)	63,373
Net loss for the year	-	-	-	-	-	(14,296)	(14,296)
Balance at 30 September 2001	8,400	2	110,998	-	-	(61,923)	49,077
Net income for the year	-	-	-	-	-	10,954	10,954
Balance at 30 September 2002	8,400	2	110,998	-	-	(50,969)	60,031
Net income for the year	-	-	-	-	-	2,387	2,387
Balance at 30 September 2003	8,400	2	110,998	-	-	(48,582)	62,418
Common shares issued for cash ($1.50 per share) and for services ($6 per share)	8,569	1	62,699	-	-	-	62,700
Donated capital	-	-	5,000	-	-	-	5,000
Net loss for the year	-	-	-	-	-	(64,175)	(64,175)
Balance at 30 September 2004	16,969	3	178,697	-	-	(112,757)	65,943
Donated capital	-	-	3,000	-	-	-	3,000
Net loss for the period	-	-	-	-	-	(7,750)	(7,750)
Balance at 31 December 2004	16,969	3	181,697	-	-	(120,507)	61,193
Common shares repurchased ($0.25 per share)	(4,000)	(1)	(999)	-	-	-	(1,000)
Donated capital	-	-	8,200	-	-	-	8,200
Net loss for the year	-	-	-	-	-	(40,652)	(40,652)

Balance at 31 December 2005	12,969	2	188,898	-	-	(161,159)	27,741

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

Table of Contents

Amazon Goldsands Ltd.
(formerly Finmetal Mining Ltd.)
(An Exploration Stage Company)
Interim Consolidated Statements of Changes in Stockholders' Equity (Deficiency)
(Expressed in U.S. Dollars)
(Unaudited – Prepared by Management)

	Number of shares issued	Share capital $	Additional paid-in capital $	Deferred stock-based compensation $	Share subscriptions received $	Deficit, accumulated during the exploration stage $	Total stockholders' equity (deficiency) $
Balance at 31 December 2005	12,969	2	188,898	-	-	(161,159)	27,741
Common shares issued for cash ($0.125 per share)	1,200,000	12	149,988	-	-	-	150,000
Common shares cancelled	(8,467)	(1)	1	-	-	-	-
Common shares issued for purchase of Finmetal OY (deemed at $25.60 per share)	50,000	1	1,279,999	-	-	-	1,280,000
Common shares issued as stock-based compensation (deemed at $24.80 per share)	97,500	1	2,417,999	(2,321,280)	-	-	96,720
Common shares issued for cash ($10 per share)	279,950	2	2,799,498	-	-	-	2,799,500
Share issue costs		-	(254,500)	-	-	-	(254,500)
Net loss for the year	-	-	-	-	-	(2,506,896)	(2,506,896)
Balance at 31 December 2006	1,631,952	17	6,581,883	(2,321,280)	-	(2,668,055)	1,592,565
Common shares issued for cash ($25 per unit)	121,800	1	2,944,578	-	-	-	2,944,579

(Note 7)							
Share issue costs	-	-	(212,450)	-	-	-	(212,450)
Warrants issued (Note 7)	-	-	100,421	-	-	-	100,421
Common shares issued as stock-based compensation (deemed at $29 per share) (Note 7)	46,250	1	1,341,249	(1,341,250)	-	-	-
Common shares issued for finder's fee for mineral interests (deemed at $26.80) per share (Note 7)	20,000	1	535,999	-	-	-	536,000
Stock-based compensation	-	-	3,023,282	2,936,734	-	-	5,960,016
Stock awards cancelled	(97,500)	(1)	1	-	-	-	-
Net loss for the year	-	-	-	-	-	(9,511,457)	(9,511,457)
Balance at 31 December 2007	1,722,502	18	14,314,964	(725,796)	-	(12,179,512)	1,409,674
Stock-based compensation (Note 7)	-	-	-	725,796	-	-	725,796
Stock awards cancelled (Note 7)	(31,250)	(1)	1	-	-	-	-
Stock options forfeited (Note 7)	-	-	(3,245,532)	-	-	-	(3,245,532)
Common shares issued for acquisition of mineral rights ($0.25 per share) (Note 7)	2,500,000	25	624,975	-	-	-	625,000
Share subscriptions received in advance	-	-	-	-	613,583	-	613,583
Net income for the year	-	-	-	-		983,065	983,065
Balance at 31 December 2008	4,191,252	42	11,694,408	-	613,583	(11,196,447)	1,111,586

Common shares issued for cash ($0.15 per unit) (Note 7)	5,412,333	54	811,796	-	(613,583)	-	198,267
Share issue costs	-	-	(81,185)	-	-	-	(81,185)
Common shares issued for acquisition of mineral rights ($0.11 per share) (Note 7)	3,500,000	35	384,965	-	-	-	385,000
Net loss for the period	-	-	-	-	-	(701,819)	(701,819)
Balance at 30 September 2009	13,103,585	131	12,809,984	-	-	(11,898,266)	911,849

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

Amazon Goldsands Ltd.
(formerly Finmetal Mining Ltd.)
(An Exploration Stage Company)
Notes to Interim Consolidated Financial Statements
(Expressed in U.S. Dollars)
(Unaudited – Prepared by Management)
30 September 2009

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1. Nature, Basis of Presentation and Continuance of Operations

Amazon Goldsands Ltd. (the "Company") was incorporated under the laws of the State of Nevada, U.S.A. under the name "Gondwana Energy, Ltd." on 5 September 1997. On 23 January 2007, the Company changed its name to "FinMetal Mining Ltd.". On 27 November 2006, the Company completed the acquisition of 100% of the shares of Finmetal Mining OY ("Finmetal OY"), a company incorporated under the laws of Finland. During the fiscal year ended 31 December 2006, the Company changed its operational focus from development of oil and gas properties, to acquisition of, exploration for and development of mineral properties in Finland. On 22 May 2008, the Company changed its name to "Amazon Goldsands Ltd." and on 18 September 2008, the Company entered into a Mineral Rights Option Agreement and concurrently re-focused on the acquisition of, exploration for and development of mineral properties located in Peru. The Company is currently in the exploration stage.

The accompanying interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Finmetal OY, a company incorporated under the laws of Finland, since its date of acquisition on 27 November 2006.

The Company is an exploration stage enterprise, as defined in Statement of Financial Accounting Standards ("SFAS") No. 7. The Company is devoting all of its present efforts in securing and establishing a new business, and its planned principle operations have not commenced, and, accordingly, no revenue has been derived during the organization period.

The interim consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") applicable to exploration stage enterprises, and are expressed in U.S. dollars. The Company's fiscal year end is 31 December.

The Company's interim consolidated financial statements as at 30 September 2009 and for the nine month period then ended have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company had a loss of $701,819 for the nine month period ended 30 September 2009 (30 September 2008 – income of $1,394,431) and has a working capital deficit of $631,653 at 30 September 2009 (31 December 2008 – working capital of $186,455).

Management cannot provide assurance that the Company will ultimately achieve profitable operations or become cash flow positive, or raise additional debt and/or equity capital. Management believes that the Company's capital resources should be adequate to continue operating and maintaining its business strategy during the fiscal year ending 31 December 2009. However, if the Company is unable to raise additional capital in the near future, due to the Company's liquidity problems, management expects that the Company will need to curtail operations, liquidate assets, seek additional capital on less favorable terms and/or pursue other remedial measures. These interim consolidated financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

F - 6

Table of Contents

Amazon Goldsands Ltd.
(formerly Finmetal Mining Ltd.)
(An Exploration Stage Company)
Notes to Interim Consolidated Financial Statements
(Expressed in U.S. Dollars)
(Unaudited – Prepared by Management)
30 September 2009

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2. Significant Accounting Policies

The following is a summary of significant accounting policies used in the preparation of these interim consolidated financial statements.

Principles of consolidation

All inter-company balances and transactions have been eliminated in these interim consolidated financial statements.

Cash and cash equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance to be cash equivalents. As at 30 September 2009, the Company has cash and cash equivalents in the amount of $3,952 (31 December 2008 – $492,903).

Website and software development costs

The Company recognizes the costs incurred in the development of the Company's website in accordance with Emerging Issues Task Force ("EITF") 00-2, "Accounting for Website Development Costs" and, with the provisions of American Institute of Certified Public Accountants ("AICPA") Statement of Position No. 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use". Accordingly, direct costs incurred during the application stage of development are capitalized and amortized over the estimated useful life of three years on a straight line basis. Fees incurred for website hosting are expensed over the period of the benefit. Costs of operating a website are expensed as incurred.

Property and equipment

Furniture and office and computer equipment is carried at cost and is amortized over its estimated useful life at rates of 20 to 30% per year. The property and equipment is written down to its net realizable value if it is determined that its carrying value exceeds estimated future benefits to the Company.

Mineral property costs

Mineral property acquisition costs are initially capitalized as tangible assets when purchased in accordance with Emerging Issues Task Force ("EITF") 04-2, "Whether Mineral Rights Are Tangible or Intangible Assets". At the end of each fiscal quarter end, the Company assesses the carrying costs for impairment. If proven and probable reserves are established for a property and it has been determined that a mineral property can be economically developed, costs will be amortized using the units-of-production method over the estimated life of the probable reserve.

Mineral property exploration costs are expensed as incurred.

F - 7

Amazon Goldsands Ltd.
(formerly Finmetal Mining Ltd.)
(An Exploration Stage Company)
Notes to Interim Consolidated Financial Statements
(Expressed in U.S. Dollars)
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30 September 2009

Estimated future removal and site restoration costs, when determinable are provided over the life of proven reserves on a units-of-production basis. Costs, which include production equipment removal and environmental remediation, are estimated each period by management based on current regulations, actual expenses incurred, and technology and industry standards. Any charge is included in exploration expense or the provision for depletion and depreciation during the period and the actual restoration expenditures are charged to the accumulated provision amounts as incurred.

As of the date of these interim consolidated financial statements, the Company has not established any proven or probable reserves on its mineral properties and incurred only acquisition and exploration costs.

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

Environmental costs

Environmental expenditures that related to current operations are charged to operations or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations, and which do not contribute to current or future revenue generation, are charged to operations. Liabilities are recorded when environmental assessments and/or remedial efforts are probable, and the cost can be reasonably estimated. Generally, the timing of these accruals coincides with the earlier of completion of a feasibility study or the Company's commitments to plan of action based on the then known facts.

Comprehensive loss

SFAS No. 130, "Reporting Comprehensive Income", establishes standards for the reporting and display of comprehensive loss and its components in the financial statements. As at 30 September 2009, the Company has no items that represent a comprehensive loss and, therefore, has not included a schedule of comprehensive loss in the interim consolidated financial statements.

Foreign currency translation

The Company's functional and reporting currency is U.S. dollars. The consolidated financial statements of the Company are translated to U.S. dollars in accordance with SFAS No. 52, "Foreign Currency Translation." Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate prevailing at the balance sheet date. Gains and losses arising on translation or settlement of foreign currency denominated transactions or balances are included in the determination of income. The Company has not, to the date of these interim consolidated financial statements, entered into derivative instruments to offset the impact of foreign currency fluctuations.

F - 8

Amazon Goldsands Ltd.
(formerly Finmetal Mining Ltd.)
(An Exploration Stage Company)
Notes to Interim Consolidated Financial Statements
(Expressed in U.S. Dollars)
(Unaudited – Prepared by Management)
30 September 2009

Stock-based compensation

Effective 1 January 2006, the Company adopted the provisions of SFAS No. 123(R), "Share-Based Payment", which establishes accounting for equity instruments exchanged for employee services. Under the provisions of SFAS No.123(R), stock-based compensation cost is measured at the grant date, based on the calculated fair value of the award, and is recognized as an expense over the employees' requisite service period (generally the vesting period of the equity grant). Before 1 January 2006, the Company accounted for stock-based compensation to employees in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and complied with the disclosure requirements of SFAS No. 123, "Accounting for Stock-Based Compensation". The Company adopted SFAS No. 123(R) using the modified prospective method, which requires the Company to record compensation expense over the vesting period for all awards granted after the date of adoption, and for the unvested portion of previously granted awards that remain outstanding at the date of adoption. Accordingly, financial statements for the periods prior to 1 January 2006 have not been restated to reflect the fair value method of expensing share-based compensation.

The adoption of SFAS No. 123(R) does not change the way the Company accounts for share-based payments to non-employees, with guidance provided by SFAS No. 123 (as originally issued) and EITF No. 96-18, "Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services".

Basic and diluted net loss per share

The Company computes net income (loss) per share in accordance with SFAS No.128, "Earnings per Share". SFAS No. 128 requires presentation of both basic and diluted earnings per share ("EPS") on the face of the income statement. Basic EPS is computed by dividing net income (loss) available to common shareholders (numerator) by the weighted average number of shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period using the treasury stock method and convertible preferred stock using the if-converted method. In computing diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS excluded all dilutive potential shares if their effect is anti-dilutive.

Income taxes

Deferred income taxes are reported for timing differences between items of income or expense reported in the financial statements and those reported for income tax purposes in accordance with SFAS No. 109, "Accounting for Income Taxes", which requires the use of the asset/liability method of accounting for income taxes. Deferred income taxes and tax benefits 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, and for tax losses and credit carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The Company

provides for deferred taxes for the estimated future tax effects attributable to temporary differences and carry-forwards when realization is more likely than not.

Table of Contents

Amazon Goldsands Ltd.
(formerly Finmetal Mining Ltd.)
(An Exploration Stage Company)
Notes to Interim Consolidated Financial Statements
(Expressed in U.S. Dollars)
(Unaudited – Prepared by Management)
30 September 2009

Long-lived assets impairment

Long-term assets of the Company are reviewed for impairment whenever events or circumstances indicate that the carrying amount of assets may not be recoverable, pursuant to guidance established in SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets".

Management considers assets to be impaired if the carrying value exceeds the future projected cash flows from related operations (undiscounted and without interest charges). If impairment is deemed to exist, the assets will be written down to fair value. Fair value is generally determined using a discounted cash flow analysis.

Asset retirement obligations

The Company has adopted SFAS No. 143, "Accounting for Assets Retirement Obligations", which requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred. SFAS No. 143 requires the Company to record a liability for the present value of the estimated site restoration costs with corresponding increase to the carrying amount of the related long-lived assets. The liability will be accreted and the asset will be depreciated over the life of the related assets. Adjustments for changes resulting from the passage of time and changes to either the timing or amount of the original present value estimate underlying the obligation will be made. As at 30 September 2009, the Company does not have any asset retirement obligations.

Accounting for derivative instruments and hedging activities

The Financial Accounting Standards Board ("FASB") issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities". SFAS No. 133 requires companies to recognize all derivatives contracts as either assets or liabilities in the balance sheet and to measure them at fair value. If certain conditions are met, a derivative may be specifically designated as a hedge, the objective of which is to match the timing of gain or loss recognition on the hedging derivative with the recognition of (i) the changes in the fair value of the hedged asset or liability that are attributable to the hedged risk or (ii) as a hedging instrument, the gain or loss is recognized in income in the period of change.

The Company has not, to the date of these interim consolidated financial statements, entered into derivative instruments to offset the impact of foreign currency fluctuations.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP 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 period. Actual results may differ from those estimates.

F - 10

Table of Contents

Amazon Goldsands Ltd.
(formerly Finmetal Mining Ltd.)
(An Exploration Stage Company)
Notes to Interim Consolidated Financial Statements
(Expressed in U.S. Dollars)
(Unaudited – Prepared by Management)
30 September 2009

Financial instruments

The carrying value of cash and cash equivalents and accounts payable and accrued liabilities approximates their fair value because of the short maturity of these instruments. The Company's operations are in Canada and virtually all of its assets and liabilities are giving rise to significant exposure to market risks from changes in foreign currency rates. The Company's financial risk is the risk that arises from fluctuations in foreign exchange rates and the degree of volatility of these rates. Currently, the Company does not use derivative instruments to reduce its exposure to foreign currency risk.

Comparative figures

Certain comparative figures have been adjusted to conform to the current period's presentation.

International Financial Reporting Standards

In November 2008, the Securities and Exchange Commission ("SEC") issued for comment a proposed roadmap regarding potential use of financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. Under the proposed roadmap, the Company would be required to prepare financial statements in accordance with IFRS in fiscal year 2014, including comparative information also prepared under IFRS for fiscal 2013 and 2012. The Company is currently assessing the potential impact of IFRS on its consolidated financial statements and will continue to follow the proposed roadmap for future developments.

Changes in accounting policies

In June 2009, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 168, "The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principle – a replacement of FASB Statement No. 162" (the "Codification" or "ASC"). The Codification reorganized existing U.S. accounting and reporting standards issued by the FASB and other related private sector standard setter into a single source of authoritative accounting principles arranged by topic. The Codification supersedes all existing U.S. accounting standards; all other accounting literature not included in the Codification (other than Securities and Exchange Commission guidance for publicly-traded companies) is considered non-authoritative. The Codification was effective on a prospective basis for interim and annual reporting periods ending after 15 September 2009. The adoption of the Codification changed the Company's references to U.S. GAAP accounting standards but did not impact the Company's results of operations, financial position or liquidity.

In May 2009, the FASB issued new guidance for accounting for subsequent events. The new guidance, which is now part of ASC 855, "Subsequent Events" is intended to establish general standards of accounting for and disclosure of events that occur after the balance sheet date, but before financial statements are issued or are available to be issued. It requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for

that date. This disclosure should alert all users of financial statements that an entity has not evaluated subsequent events after that date in the set of financial statements being presented. The new guidance was effective on a prospective basis for interim or annual reporting periods ending after 15 June 2009. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

Amazon Goldsands Ltd.
(formerly Finmetal Mining Ltd.)
(An Exploration Stage Company)
Notes to Interim Consolidated Financial Statements
(Expressed in U.S. Dollars)
(Unaudited – Prepared by Management)
30 September 2009

In May 2008, the FASB issued new guidance for accounting for convertible debt instruments that may be settled in cash. The new guidance, which is now part of ASC 470-20, "Debt with Conversion and Other Options" requires the liability and equity components to be separately accounted for in a manner that will reflect the entity's nonconvertible debt borrowing rate. The Company will allocate a portion of the proceeds received from the issuance of convertible notes between a liability and equity component by determining the fair value of the liability component using the Company's nonconvertible debt borrowing rate. The difference between the proceeds of the notes and the fair value of the liability component will be recorded as a discount on the debt with a corresponding offset to paid-in capital. The resulting discount will be accreted by recording additional non-cash interest expense over the expected life of the convertible notes using the effective interest rate method. The new guidance was to be applied retrospectively to all periods presented upon those fiscal years. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

In April 2008, the FASB issued new guidance for determining the useful life of an intangible assets. The new guidance, which is now part of ASC 350, "Intangibles – Goodwill and Other". In determining the useful life of intangible assets, ASC 350 removes the requirement to consider whether an intangible asset can be renewed without substantial cost of material modifications to the existing terms and conditions and, instead, requires an entity to consider its own historical experience in renewing similar arrangements. ASC 350 also requires expanded disclosure related to the determination of intangible asset useful lives. The new guidance was effective for financial statements issued for fiscal years beginning after 15 December 2008. The adoption of this guidance did not have a material impact on the company's consolidated financial statements.

In March 2008, the FASB issued new guidance on the disclosure of derivative instruments and hedging activities. The new guidance, which is now part of ASC 815, "Derivatives and Hedging Activities" requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of, and gains and losses on, derivative instruments, and disclosures about credit-risk-related contingent features in derivative agreements. The new guidance was effective prospectively for financial statements issued for fiscal years beginning after 15 November 2008, with early application encouraged. The adoption of this guidance did not have a significant impact on the Company's consolidated financial statements.

Table of Contents

Amazon Goldsands Ltd.
(formerly Finmetal Mining Ltd.)
(An Exploration Stage Company)
Notes to Interim Consolidated Financial Statements
(Expressed in U.S. Dollars)
(Unaudited – Prepared by Management)
30 September 2009

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements – an amendment of Accounting Research Bulletin No. 51". SFAS No. 160 establishes accounting and reporting standards for ownership interests in subsidiaries held by parties other than the parent, the amount of consolidated net income attributable and to the noncontrolling interest, changes in a parent's ownership interest, and the valuation of retained noncontrolling equity investments when a subsidiary is deconsolidated. SFAS No. 160 also establishes disclosure requirements that clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners. SFAS No. 160 is effective for fiscal years beginning after 15 December 2008. The adoption of SFAS No. 160 did not have a material impact on the Company's interim consolidated financial statements.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), "Business Combinations". SFAS No. 141(R) establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any noncontrolling interest in the acquiree and the goodwill acquired. SFAS No. 141(R) also establishes disclosure requirements to enable the evaluation of the nature and financial effects of the business combination. SFAS No. 141(R) is effective for fiscal years beginning after 15 December 2008. The adoption of SFAS No. 141(R) did not have a material impact on the Company's interim consolidated financial statements.

Recent accounting pronouncements

In June 2009, the FASB issued Statement of Financial Accounting Standards ("SFAS") No. 167, "Amendments to FASB Interpretation No. 46(R)". SFAS No. 167, which amends ASC 810-10, "Consolidation", prescribes a qualitative model for identifying whether a company has a controlling financial interest in a variable interest entity ("VIE") and eliminates the quantitative model. The new model identifies two primary characteristics of a controlling financial interest: (1) provides a company with the power to direct significant activities of the VIE, and (2) obligates a company to absorb losses of and/or provides rights to receive benefits from the VIE. SFAS 167 requires a company to reassess on an ongoing basis whether it holds a controlling financial interest in a VIE. A company that holds a controlling financial interest is deemed to be the primary beneficiary of the VIE and is required to consolidate the VIE. SFAS No. 167, which is referenced in ASC 105-10-65, has not yet been adopted into the Codification and remains authoritative. SFAS No. 167 is effective 1 January 2010. The Company does not expect that the adoption of SFAS No. 167 will have a material impact on its consolidated financial statements.

Table of Contents

Amazon Goldsands Ltd.
(formerly Finmetal Mining Ltd.)
(An Exploration Stage Company)
Notes to Interim Consolidated Financial Statements
(Expressed in U.S. Dollars)
(Unaudited – Prepared by Management)
30 September 2009

In June 2009, the FASB issued SFAS No. 166, "Accounting for Transfer of Financial Assets – an amendment of FASB Statement". SFAS No. 166 removes the concept of a qualifying special-purpose entity from ASC 860-10, "Transfers and Servicing", and removes the exception from applying ASC 810-10, "Consolidation". This statements also clarifies the requirements for isolation and limitations on portions of financial assets that are eligible for sale acconting. SFAS No. 166, which is referenced in ASC 105-10-65, has not yet been adopted into the Codification and remains authoritative. This statement is effective 1 January 2010. The Company does not expect that the adoption of SFAS No. 166 will have a material impact on its consolidated financial statements.

In August 2009, the FASB issued Accounting Standards Update ("ASU") No. 2009-05, "Fair Value Measurement and Disclosure (Topic 820) – Measuring Liabilities at Fair Value", which provides valuation techniques to measure fair value in circumstances in which a quoted price in an active market for the identical liability is not available. The guidance provided in this update is effective 1 January 2010. The Company does not expect that the adoption of this guidance will have a material impact on its consolidated financial statements.
not expect that the adoption of SFAS No. 167 will have a material impact on its consolidated financial statements.

3. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities as at 30 September 2009 are amounts due to a director and officer of the Company of $58,435 (31 December 2008 – $Nil). The amount is non-interest bearing, unsecured and due on demand.

Included in accounts payable and accrued liabilities as at 30 September 2009 is an advance received from a former officer of the Company of $28,084 (31 December 2008 – $28,084). The amount is non-interest bearing, unsecured and has no fixed terms of repayment.

4. Mineral Property Interests

	31 December 2008 (Audited) $	Acquisition costs $	Write-off to operations $	30 September 2009 $
Temasek Propeties	875,000	635,000	-	1,510,000
Apofas Properties	-	-	-	-
Magnus Properties	-	-	-	-
	875,000	635,000	-	1,510,000

The Temasek Properties

Effective 18 September 2008 (the “Effective Date”), the Company entered into a Mineral Right Option Agreement with Temasek Investments Inc. (“Temasek”), a company incorporated under the laws of Panama (the “Temasek Agreement”).

Pursuant to the Temasek Agreement, the Company acquired four separate options from Temasek, each providing for the acquisition of a 25% interest in certain mineral rights in Peru potentially resulting in the acquisition of 100% of the mineral rights (the "Mineral Rights"). The Mineral Rights are owned by Rio Santiago Minerales S.A.C. ("Rio Santiago"). Beardmore Holdings, Inc. ("Beardmore"), a wholly-owned subsidiary of Temasek, owns 999 shares of the 1,000 shares of Rio Santiago that are issued and outstanding. Temasek owns the single remaining share of Rio Santiago. The acquisition of each 25% interest in the Mineral Rights will occur through the transfer to the Company of 25% of the outstanding shares of Beardmore.

The Company may exercise the initial 25% option to acquire a 25% interest in the Mineral Rights after fulfilling the following conditions:

- Pay $250,000 (paid) to Temasek on the date the Agreement is executed;
- Issue 2,500,000 common shares of the Company to Temasek within five business days from the Effective Date (issued) (Note 7); and
- Pay an additional $250,000 (paid) to Temasek within ninety days of the Effective Date.

The Company entered into an amending agreement dated 12 May 2009 with Temasek related to the Temasek Properties (the "Amending Temasek Agreement"). Under the Amending Temasek Agreement, the Company may now exercise the second 25% option resulting in the acquision of a 50% interest in the Mineral Rights by fulfilling the following conditions as set out in the Amending Temasek Agreement within six months from the Effective Date or as soon as practicable thereafter (Note 13):

- Exercise and complete the initial 25% option (completed);
- Issue 3,500,000 additional common shares of the Company to Temasek (issued) (Note 7); and
- Pay an additional $750,000 to Temasek by 18 September 2009 (not paid).
- The Company must also pay interest on any unpaid amount of the option payment of $750,000 at 5% per annum accruing from 12 May 2009 to the date that payment is made (Note 11).

The Company may exercise the third 25% option resulting in the acquisition of a 75% interest in the Mineral Rights after fulfilling the following conditions by 18 September 2009 (Note 13):

- Exercise and complete the initial and second 25% options (not completed);
- Pay an additional $1,250,000 to Temasek (not paid); and
- Issue 4,500,000 additional common shares of the Company to Temasek (not issued).

The Company may exercise the fourth and final 25% option resulting in the acquisition of a 100% interest in the Mineral Rights after fulfilling the following conditions by 18 March 2010:

- Exercise and complete the initial, second and third 25% options;
- Pay an additional $2,500,000 to Temasek; and

- Issue 5,500,000 additional common shares of the Company to Temasek.

Table of Contents

Amazon Goldsands Ltd.
(formerly Finmetal Mining Ltd.)
(An Exploration Stage Company)
Notes to Interim Consolidated Financial Statements
(Expressed in U.S. Dollars)
(Unaudited – Prepared by Management)
30 September 2009

Upon the acquisition of a 100% interest in the Mineral Rights, Temasek will hold its single share of Rio Santiago in trust for the Company's sole benefit and hold the share strictly in accordance with the Company's instructions. Upon the Company's acquisition of a 100% interest in the Mineral Rights, Temasek is entitled to an annual 2.5% net returns royalty. However, if the Company pays Temasek $2,000,000 within ninety days of the acquisition of a 100% interest in the Mineral Rights, Temasek will only be entitled to an annual 1% net returns royalty.

If the Company exercises the second 25% option, resulting in the Company's acquisition of a 50% interest in the Mineral Rights, and fails to acquire a 100% interest in the Mineral Rights, the Company and Temasek will form a joint venture in which the Company will be wholly responsible for developing a feasible mining project and all necessary facilities and Temasek shall retain a carried free interest in the mining rights. If the Company does not develop a feasible mining project within three years from the Effective Date, the Company will be responsible to pay Temasek an advance minimum mining royalty of $500,000 per year, which will be deducted from Temasek's net return royalty.

Temasek became a significant shareholder of the Company through the issuance of the 2,500,000 common shares on exercise of the option to acquire the initial 25% interest in the Mineral Rights and an additional 3,500,000 common shares on exercise of the partial payment toward the exercise of the option to acquire the second 25% interest.

The Apofas Properties

Pursuant to an agreement dated 22 January 2007, the Company had the option to acquire a 100% interest in five mineral concessions, known as the Poronmannikko and Sarkiahonkangas projects, located in Finland (the "Apofas Agreement"). Under the terms of the Apofas Agreement, the Company had the right to acquire a 100% interest in two projects by making cash payments totalling €1,000,000:

- Initial payment of €150,000 due on or before 1 April 2007 (paid);
- Second payment of €150,000 due on or before 1 April 2008 (extended by agreement to 30 April 2008);
- Third payment of €300,000 due on or before 1 April 2009; and
- Final payment of €400,000 due on or before 1 April 2010.

Concurrent with ratification of the Apofas Agreement on 4 May 2007, the Company issued 20,000 common shares as a finder's fee. The mineral concessions were subject to a 2% gross proceeds royalty. The Apofas Agreement was signed with a company controlled by a former president of the Company. During the year ended 31 December 2008, the Company determined not to proceed with the option to acquire these projects.

Amazon Goldsands Ltd.
(formerly Finmetal Mining Ltd.)
(An Exploration Stage Company)
Notes to Interim Consolidated Financial Statements
(Expressed in U.S. Dollars)
(Unaudited – Prepared by Management)
30 September 2009

The Magnus Properties

Pursuant to an agreement dated 6 October 2006 with Magnus Minerals Oy ("Magnus"), a company in which the Company's former president has an ownership interest, the Company had the option to acquire a 100% interest in four different mineral properties (Petrovaara, Poskijarvi-Kokka, Rautavaara and Tainiovaara) by paying option payments for a total of €1,000,000 in cash for each property over a period of four years (the "Magnus Agreement"). The option payments were to be paid annually at the beginning of each year as follows: first year of €100,000 (paid); second year of €100,000; third year of €300,000; and fourth year of €500,000 per property for a total of €4,000,000 if all 4 properties are acquired fully; and by making a work commitment of €1,000,000 on each property, of which 25% must be conducted annually. All properties were subject to a 2% net smelter return.

The first year payments for all 4 properties totaling $523,400 (€400,000) were paid during the year ended 31December 2006. The due date of the second option payment of €100,000 with respect to the Rautavaara Property was extended pursuant to an amendment agreement to 30 April 2008 in consideration of a €10,000 extension payment (paid) and payment of applicable government and landowner payments according to Finnish law (paid). The due date for the first year work commitment of €250,000 with respect to the Rautavaara Property was extended to 31 August 2008 and the first year work commitment of €250,000 with respect to the Tainiovarra.

The Property was extended to 31 May 2008. During the year ended 31 December 2008, the Company determined not to proceed with the option to acquire this Property.

On 11 June 2007, the Company entered into an Option Agreement with Magnus (the "Option Agreement"), pursuant to which the Company entered into a joint venture to explore the "Enonkoski area" in Finland primarily for nickel-copper-platinum group elements.

Under the terms of the Option Agreement, the Company had the right to acquire ownership from Magnus of up to a 51% interest in certain claim reservations, and pending claims comprising the Property as more particularly set forth in the Option Agreement.

It was intended that the Company be the operator of the joint venture and can earn a 51% interest in the Property by fulfilling $10,000,000 in work commitments and €3,000,000 in option payments.

In order to exercise the option, the Company was required to spend $10,000,000 in work commitments with minimum expenditures as follows: $1,800,000 by 30 November 2008; $2,200,000 by 30 November 2009; $2,800,000 by 30 November 2010; and $3,200,000 by 30 November 2011.

In addition, the Company was required to make a total of €3,000,000 in option payments to Magnus over four years as follows: €30,000 by 22 May 2007 (paid); €270,000 upon execution of the Option Agreement (paid); €600,000 by 30 November 2008; €900,000 by 30 November 2009; and €1,200,000 by 30 November 2010.

During the year ended 31 December 2008, the Company decided not to exercise the option with respect to this Property.

Table of Contents

Amazon Goldsands Ltd.
(formerly Finmetal Mining Ltd.)
(An Exploration Stage Company)
Notes to Interim Consolidated Financial Statements
(Expressed in U.S. Dollars)
(Unaudited – Prepared by Management)
30 September 2009

5. Property and Equipment

			Net Book Value	
	Cost	Accumulated amortization	30 September 2009	31 December 2008 (Audited)
	$	$	$	$
Furniture, computer and office equipment	38,505	19,545	18,960	24,464
Computer software	8,928	8,553	375	1,500
	47,433	28,098	19,335	25,964

During the nine month period ended 30 September 2009, total additions to property and equipment were $Nil (30 September 2008 - $7,040).

6. Website Development Cost

			Net Book Value	
	Cost	Accumulated amortization	30 September 2009	31 December 2008 (Audited)
	$	$	$	$
Website development	40,000	25,833	14,167	24,167

During the nine month period ended 30 September 2009, total additions to website development were $Nil (30 September 2008 - $30,000).

7. Common Stock

Authorized

The total authorized capital consists of

- 200,000,000 of common shares with par value of $0.00001
- 200,000,000 of blank check preferred shares with par value of $0.001

Issued and outstanding

As at 30 September 2009, the total issued and outstanding capital stock is 13,103,585 common shares with a par value of $0.00001 per share.

F - 18

Table of Contents

Amazon Goldsands Ltd.
(formerly Finmetal Mining Ltd.)
(An Exploration Stage Company)
Notes to Interim Consolidated Financial Statements
(Expressed in U.S. Dollars)
(Unaudited – Prepared by Management)
30 September 2009

On 23 June 2009, the Company issued 3,500,000 common shares valued at a $385,000 ($0.11 per common share) pursuant to the Temasek Agreement (Note 4). The fair value is equal to the market price of the Company's stock on the date of the transaction.

On 8 May 2009, the Company issued 140,000 common shares for total proceeds of $18,900 ($0.15 per common share), net of share issue costs of $2,100.

On 31 March 2009, the Company issued 5,272,333 common shares for total proceeds of $711,765 ($0.15 per common share), net of share issue costs of $79,085.

During the year ended 31 December 2008, a total of 167,500 stock options expired.

During the year ended 31 December 2008, the Company issued 2,500,000 common shares valued at $625,000 ($0.25 per common share) pursuant to the Temasek Agreement (Note 4). The fair value is equal to the market price of the Company's stock on the date of the transaction.

During the year ended 31 December 2008, the Company completed a one new for twenty old share reverse stock split. The Company's share transactions, including the weighted average number of common shares outstanding calculation for purposes of determining earnings per share, have been restated retroactively to reflect all of the above corporate capital transactions in these interim consolidated financial statements.

During the year ended 31 December 2007, the Company issued 121,800 units at a price of $25 per share for proceeds of $2,832,550, net of share issue costs of $212,450. Each unit consists of one share of common stock with par value $0.00001 and one-half share purchase warrant. Each full share purchase warrant entitles the holder to purchase one common share at a price of $35 up to 17 April 2008. As at 31 December 2007, all of the related share purchase warrants in this series remain outstanding.

During the year ended 31 December 2007, the Company granted 37,500 restricted shares at a deemed price of $29 per share to officers and directors of the Company. The deemed price is equal to the market price of the Company's stock on the date of the transaction. During the year ended 31 December 2008, 30,000 restricted shares were cancelled and returned to treasury. Fifty percent of the remaining 7,500 shares vested during the year ended 31 December 2008 and the balance have been deemed to have vested. The related stock-based compensation of $705,365 has been recorded in the consolidated statement of operations during the year ended 31 December 2008.

During the year ended 31 December 2007, the Company granted 8,750 restricted shares at a deemed price of $3.60 per share to consultants of the Company. The deemed price is equal to the market price of the Company's stock as of 31 December 2007. During the year ended 31 December 2008, 1,250 restricted shares were cancelled and returned to treasury. Fifty percent of the remaining shares vested during the year ended 31 December 2008 and the balance have been deemed to have vested. The related stock-based compensation of $20,431 has been recorded in the consolidated statement of operations during the year ended 31 December 2008.

F - 19

Table of Contents

Amazon Goldsands Ltd.
(formerly Finmetal Mining Ltd.)
(An Exploration Stage Company)
Notes to Interim Consolidated Financial Statements
(Expressed in U.S. Dollars)
(Unaudited – Prepared by Management)
30 September 2009

Stock options

As at 30 September 2009, there are Nil incentive stock options outstanding (31 December 2008 – Nil).

During the year ended 31 December 2007, the Company granted 167,500 incentive stock options to officers, directors and consultants of the Company to purchase common stock of the Company at a price of $25 per common share on or before 17 April 2017 and vesting as to one-quarter of the common shares under the stock option on 17 April 2007 and one-quarter every six months thereafter in accordance with the terms and conditions of the Company's Stock Incentive Plan (the "Plan"). As at 31 December 2007, all of the related stock options in this series remain outstanding. During the year ended 31 December 2008, all of the related stock options in this series were forfeited.

During the year ended 31 December 2007, the Company adopted the Plan, which provides for the grant of incentive stock options, non-qualified stock options, stock appreciation rights, restricted stock, performance shares and performance units, and stock awards to officers, directors or employees of, as well as advisers and consultants to, the Company.

All stock options and rights are to vest over a period determined by the Board of Directors and expire not more than ten years from the date granted. Pursuant to the Plan, the maximum aggregate number of shares that may be issued for awards is 500,000 and the maximum aggregate number of shares that may be issued for incentive stock options is 500,000.

The following is a summary of option activities during the nine month periods ended 30 September 2009 and 2008:

	Number of options	Weighted average exercise price $
Outstanding and exercisable at 1 January 2009	-	-
Granted	-	-
Exercised	-	-
Expired	-	-
Outstanding and exercisable at 30 September 2009	-	-
Weighted average fair value of options granted during the period		-

F - 20

Table of Contents

Amazon Goldsands Ltd.
(formerly Finmetal Mining Ltd.)
(An Exploration Stage Company)
Notes to Interim Consolidated Financial Statements
(Expressed in U.S. Dollars)
(Unaudited – Prepared by Management)
30 September 2009

	Number of options	Weighted average exercise price $
Outstanding and exercisable at 1 January 2008	167,500	24.47
Granted	-	-
Exercised	-	-
Expired	(167,500)	(24.47)
Outstanding and exercisable at 30 September 2008	-	-
Weighted average fair value of options granted during the period		-

Warrants

As at 30 September 2009, there are Nil warrants outstanding (31 December 2008 – Nil).

During the year ended 31 December 2007, as part of the 121,800 unit private placement, the Company issued 60,900 share purchase warrants. Each share purchase warrant entitles the holder to purchase one common share at a price of $35 up to 17 April 2008. As at 31 December 2007, all of the related share purchase warrants in this series remain outstanding. During the nine months ended 30 September 2008, all of the related share purchase warrants in this series expired.

During the year ended 31 December 2007, the Company issued 8,358 agent compensation warrants for services rendered by a private placement agent. Each warrant entitles the holder to purchase one common share at a price of $35 up to 17 April 2008. As at 31 December 2007, all of the related share purchase warrants in this series remain outstanding. During the nine months ended 30 September 2008, all of the related share purchase warrants in this series expired.

Table of Contents

Amazon Goldsands Ltd.
(formerly Finmetal Mining Ltd.)
(An Exploration Stage Company)
Notes to Interim Consolidated Financial Statements
(Expressed in U.S. Dollars)
(Unaudited – Prepared by Management)
30 September 2009

The following is a summary of warrant activities during the nine month periods ended 30 September 2009 and 2008:

	Number of warrants	Weighted average exercise price $
Outstanding and exercisable at 1 January 2009	-	-
Granted	-	-
Exercised	-	-
Expired	-	-
Outstanding and exercisable at 30 September 2009	-	-
Outstanding and exercisable at 1 January 2008	69,258	35.00
Granted	-	-
Exercised	-	-
Expired	(69,258)	(35.00)
Outstanding and exercisable at 30 September 2008	-	-

8. Related Party Transactions

During the nine month period ended 30 September 2009, the Company paid or accrued $58,435 (30 September 2008 – $236,350) for consulting and management fees to officers and directors of the Company.

During the nine month period ended 30 September 2009, the Company paid or accrued $6,169 (2008 – $25,486) for consulting fees included in mineral property exploration expenditures, to a company controlled by an officer of the Company.

Table of Contents

Amazon Goldsands Ltd.
(formerly Finmetal Mining Ltd.)
(An Exploration Stage Company)
Notes to Interim Consolidated Financial Statements
(Expressed in U.S. Dollars)
(Unaudited – Prepared by Management)
30 September 2009

9. Commitments

a. During the year ended 31 December 2008, the Company entered into a one-year contract for consulting services, commencing 1 December 2008, with a party to provide consulting services at 10% on all costs incurred related to providing exploration management and mineral property development services for the Company's mineral project in Peru, as well as a one time fee of $125,000 due within sixty days of execution of the agreement (paid).

b. During the year ended 31 December 2008, the Company entered into a one-year contract for consulting services, commencing 1 November 2008, with a firm to provide website maintenance services for a monthly payment of $2,500.

c. During the year ended 31 December 2008, the Company entered into a one-year contract for consulting services, commencing 1 October 2008, with a party to provide investor relation services for a monthly payment of $10,000. This contract was terminated effective 31 May 2009.

d. During the year ended 31 December 2008, the Company entered into a one-year contract for consulting services, commencing 1 June 2008, with a party to provide investor relations services for a monthly payment of $10,000. This contract was terminated effective 30 June 2009.

e. During the year ended 31 December 2008, the Company entered into a two-year contract for consulting services, commencing 1 April 2008, with a party to provide management services in Europe for a monthly payment of $5,000.

10. Geographic Areas

Prior to the operations of acquisition and exploration of mineral properties, the Company's areas of operations were primarily in Canada. Since the commencement of acquisition and exploration of mineral properties, during the year ended 31 December 2006, the Company's principal mineral property activities have been in Finland. During the year ended 31 December 2008, the Company re-focused its acquisition and exploration of mineral properties operations to Peru. As at 30 September 2009, the Company does not have any material assets outside of North America.

Table of Contents

Amazon Goldsands Ltd.
(formerly Finmetal Mining Ltd.)
(An Exploration Stage Company)
Notes to Interim Consolidated Financial Statements
(Expressed in U.S. Dollars)
(Unaudited – Prepared by Management)
30 September 2009

11. Supplemental Disclosures with Respect to Cash Flows

	For the period from the date of inception on 5 September 1997 to 30 September 2009 $	For the three month period ended 30 September 2009 $	For the three month period ended 30 September 2009 $	For the nine month period ended 30 September 2009 $	For the nine month period ended 30 September 2008 $
Supplemental cash flows information					
Interest expense	3,139	1,233	-	1,233	-
Foreign exchange (gain) loss	17,559	1,250	1,299	1,213	(7,804)
Supplemental disclosure of non-cash investing and financing					
Common shares issued for oil and gas property ($25 per share)	10,000	-	-	-	-
Common shares issued for services ($6 per share)	50,000	-	-	-	-
Donated consulting services	16,200	-	-	-	-
Common shares cancelled and returned	(2)	-	-	-	-
Common shares issued for equity acquisition of Finmetal ($25.60 per share)	1,280,000	.-	-	-	-
Restricted shares issued ($24.80 per share)	2,418,000	-	-	-	-
Common shares issued for finder's fee ($10 per unit)	254,500	-	-	-	-
Warrants issued	100,421	-	-	-	-
Common shares issued for finder's fee for mineral	536,000	-	-	-	-

property interests ($26.80 per share)					
Common shares issued for acquisition of mineral rights (deemed at $0.25 per share)	625,000	-	-	-	-
Common shares issued for acquisition of mineral rights (deemed at $0.11 per share)	385,000	-	-	385,000	-

Table of Contents

Amazon Goldsands Ltd.
(formerly Finmetal Mining Ltd.)
(An Exploration Stage Company)
Notes to Interim Consolidated Financial Statements
(Expressed in U.S. Dollars)
(Unaudited – Prepared by Management)
30 September 2009

During the nine month period ended 30 September 2009, the Company accrued interest expense of $1,233 related to unpaid amount of the Temasek option payment (Note 4).

12. Income Taxes

The Company has losses carried forward for income tax purposes to 30 September 2009. There are no current or deferred tax expenses for the period ended 30 September 2009 due to the Company's loss position. The Company has fully reserved for any benefits of these losses. The deferred tax consequences of temporary differences in reporting items for financial statement and income tax purposes are recognized, as appropriate. Realization of the future tax benefits related to the deferred tax assets is dependent on many factors, including the Company's ability to generate taxable income within the net operating loss carry-forward period. Management has considered these factors in reaching its conclusion as to the valuation allowance for financial reporting purposes.

The provision for refundable federal income tax consists of the following:

	For the nine month period ended 30 September 2009 $	For the nine month period ended 30 September 2008 $
Refundable federal tax asset (liability) attributable to:		
Current operations	238,618	(474,106)
Contributions to capital by related parties	-	
Less: Change in valuation allowance	(238,618)	474,106
Net refundable amount	-	-

Table of Contents

Amazon Goldsands Ltd.
(formerly Finmetal Mining Ltd.)
(An Exploration Stage Company)
Notes to Interim Consolidated Financial Statements
(Expressed in U.S. Dollars)
(Unaudited – Prepared by Management)
30 September 2009

The composition of the Company's deferred tax assets as at 30 September 2009 and 31 December 2008 are as follows:

	As at 30 September 2009 $	As at 31 December 2008 (Audited) $
Net income tax operating loss carryforward	5,169,247	4,467,428
Statutory federal income tax rate	34 %	26% - 34 %
Deferred tax asset	1,757,544	2,506,592
Less: Valuation allowance	(1,757,544)	(2,506,592)
Net deferred tax asset	-	-

The potential income tax benefit of these losses has been offset by a full valuation allowance.

As at 30 September 2009, the Company has an unused net operating loss carry-forward balance of approximately $5,169,247 that is available to offset future taxable income. This unused net operating loss carry-forward balance expires between 2024 and 2029.

13. Contingency

The Company is in default of certain terms related to its mineral property agreements and is in the process of renegotiating the terms of the agreements (Note 4).

14. Subsequent Events

There are no subsequent events from the date of the period ended 30 September 2009 to the date the interim consolidated financial statements were available to be issued on 9 November 2009.

Table of Contents

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. The words "believe," "expect," "anticipate," "intend," "estimate," "may," "should," "could," "will," "plan," "future," "continue," and other expressions that are predictions indicate future events and trends and that do not relate to historical matters identify forward-looking statements. These forward-looking statements are based largely on our expectations or forecasts of future events, can be affected by inaccurate assumptions, and are subject to various business risks and known and unknown uncertainties, a number of which are beyond our control. Therefore, actual results could differ materially from the forward-looking statements contained in this document, and readers are cautioned not to place undue reliance on such forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. A wide variety of factors could cause or contribute to such differences and could adversely impact revenues, profitability, cash flows and capital needs. There can be no assurance that the forward-looking statements contained in this document will, in fact, transpire or prove to be accurate.

Factors that could cause or contribute to our actual results differing materially from those discussed herein or for our stock price to be adversely affected include, but are not limited to: (i) our short operating history; (ii) our ability to manage business expansion; (iii) risks and uncertainties relating to the interpretation of drill results, the geology, grade and continuity of mineral deposits; (iv) results of initial feasibility, pre-feasibility and feasibility studies, and the possibility that future exploration, development or mining results will not be consistent with our expectations; (v) mining and development risks, including risks related to accidents, equipment breakdowns, labor disputes or other unanticipated difficulties with or interruptions in production; (vi) the potential for delays in exploration or development activities or the completion of feasibility studies; (vii) risks related to the inherent uncertainty of production and cost estimates and the potential for unexpected costs and expenses; (viii) risks related to commodity price fluctuations; (ix) the uncertainty of profitability based upon our history of losses; (x) risks related to failure to obtain adequate financing on a timely basis and on acceptable terms for our planned exploration and development projects; (xi) risks related to environmental regulation and liability; (xii) risks that the amounts reserved or allocated for environmental compliance, reclamation, post-closure control measures, monitoring and on-going maintenance may not be sufficient to cover such costs; (xiii) risks related to tax assessments; (xiv) political and regulatory risks associated with mining development and exploration; (xv) other risks and uncertainties related to our prospects, properties and business strategy; (xvi) potential that shareholders may lose all or part of their investment if we are unable to compete in our industry; (xvii) our dependence on key personnel; (xvii) sale of substantial amounts of our common stock that may have a depressive effect on the market price of the outstanding shares of our common stock; (xviii) possible issuance of common stock subject to options and warrants that may dilute the interest of shareholders; (xix) our ability to comply with Sarbanes-Oxley Act of 2002 Section 404; (xx) our nonpayment of dividends and lack of plans to pay dividends in the future; (xxi) future sale of a substantial number of shares of our common stock that could depress the trading price of our common stock, lower our value and make it more difficult for us to raise capital; (xxii) our additional securities available for issuance, which, if issued, could adversely affect the rights of the holders of our common stock; (xxiii) our stock price which is likely to be highly volatile because of several factors, including a relatively limited public float; and (xxiv) indemnification of our officers and directors.

As used in this Quarterly Report, the terms "we," "us," "our," and "Amazon" mean Amazon Goldsands Ltd. and our subsidiaries unless otherwise indicated.

Table of Contents

Overview

We were incorporated in the state of Nevada under the name Gondwana Energy, Ltd. on September 5, 1997, and previously operated under the name Finmetal Mining Ltd. We were previously focused on the acquisition and development of our interests in the mineral rights on properties located in Finland.

In September 2008, we reorganized our operations and our current focus is on the acquisition and development of our interests in the mineral rights on properties located in northeastern Peru. Effective June 6, 2008, we merged with our wholly-owned subsidiary, Amazon Goldsands Ltd., pursuant to Articles of Merger that we filed with the Nevada Secretary of State. We decided to change our name to "Amazon Goldsands Ltd." to better reflect our current focus on the acquisition and development of the mineral and mining rights underlying properties located in South America.

We are considered an exploration or exploratory stage company because we are involved in the examination and investigation of land that we believe may contain valuable minerals, for the purpose of discovering the presence of ore, if any, and its extent. There is no assurance that a commercially viable mineral deposit exists on any of the properties underlying any of our mineral property interests, and a great deal of further exploration will be required before a final evaluation as to the economic and legal feasibility for our future exploration is determined. We have no known reserves of any type of mineral. To date, we have not discovered an economically viable mineral deposit on any of the properties underlying our mineral property interests, and there is no assurance that we will discover one. If we cannot acquire or locate mineral deposits, or if it is not economical to recover any mineral deposits that we do find, our business and operations will be materially and adversely affected.

We no longer have any interest in any properties located in Finland and have allowed our options on these properties to lapse and revert back to the optionors so that we can pursue the development of our interests in the mineral rights on properties located in northeastern Peru. As a result of our decision to not pursue the development of any interests in properties located in Finland, we dissolved our wholly-owned subsidiary, FinMetal OY, a corporation organized under the laws of Finland, effective July 17, 2009. A description of each of our options to acquire the mineral and mining rights underlying properties located in Peru and the conditions that we must meet in order to exercise these options is set forth below.

The Peru Property

Our properties are located in northeastern Peru are in the exploration stage. These properties are without known reserves and the proposed plan of exploration detailed below is exploratory in nature. These properties are described below.

On September 18, 2008 (the "Effective Date"), we entered into a Mineral Right Option Agreement (the "Temasek Option Agreement") with Temasek Investments Inc. ("Temasek"), a company incorporated under the laws of Panama. Pursuant to the Temasek Option Agreement, we acquired four separate options from Temasek, each providing for the acquisition of a twenty-five percent interest in certain mineral rights (the "Mineral Rights") in certain properties in Peru (the “Peru Property”), potentially resulting in our acquisition of one hundred percent of the Mineral Rights. The Mineral Rights are owned by Rio Santiago Minerales S.A.C. ("Rio Santiago"). Beardmore Holdings, Inc. ("Beardmore"), a wholly-owned subsidiary of Temasek, owns 999 shares of the 1,000 shares of Rio Santiago that are issued and outstanding. Temasek owns the single remaining share of Rio Santiago. The acquisition of each 25% interest in the Mineral Rights will occur through the transfer to us of twenty-five percent of the outstanding shares of Beardmore.

Table of Contents

A description of the Mineral Rights is set forth below:

Name	Area (ha)	Code	Title Nº	Owner
Bianka 1	1000	01-03905-08	00074599	Rio Santiago Minerales SAC
Bianka 2	1000	01-03878-08	00074599	Rio Santiago Minerales SAC
Bianka 3	900	01-03879-08	00074599	Rio Santiago Minerales SAC
Bianka 4	1000	01-03883-08	00074599	Rio Santiago Minerales SAC
Bianka 6	1000	01-03881-08	00074599	Rio Santiago Minerales SAC
Bianka 7	1000	01-03888-08	00074599	Rio Santiago Minerales SAC
Dalma 1	1000	01-03859-08	00074599	Rio Santiago Minerales SAC
Dalma 2	1000	01-03863-08	00074599	Rio Santiago Minerales SAC
Dalma 3	1000	01-03857-08	00074599	Rio Santiago Minerales SAC
Dalma 4	800	01-03865-08	00074599	Rio Santiago Minerales SAC
Dalma 5	500	01-03866-08	00074599	Rio Santiago Minerales SAC
Dorotea 1	1000	01-03909-08	00074599	Rio Santiago Minerales SAC
Dorotea 2	900	01-03906-08	00074599	Rio Santiago Minerales SAC
Dorotea 3	1000	01-03904-08	00074599	Rio Santiago Minerales SAC
Dorotea 4	800	01-03908-08	00074599	Rio Santiago Minerales SAC
Dorotea 5	1000	01-03910-08	00074599	Rio Santiago Minerales SAC
Dorotea 6	1000	01-03901-08	00074599	Rio Santiago Minerales SAC
Dorotea 7	1000	01-03899-08	00074599	Rio Santiago Minerales SAC

In December 2008, we fulfilled the following conditions, resulting in our exercise of the initial option to acquire a twenty-five percent interest in the Mineral Rights:

- Payment of $250,000 to Temasek on the date the Temasek Option Agreement was executed;
- Issuance of 2,500,000 shares of Common Stock to Temasek within five business days from the Effective Date; and
- Payment of an additional amount of $250,000 to Temasek within ninety days of the Effective Date.

The Temasek Option Agreement provided that we may exercise the second twenty-five percent option, resulting in our acquisition of a fifty percent interest in the Mineral Rights, after fulfilling the following conditions within six

months of the Effective Date (September 18, 2008):

- Payment of an additional amount of $750,000 to Temasek, and
- Issuance of 3,500,000 additional shares of Common Stock to Temasek.

On May 12, 2009, we entered into an agreement with Temasek to amend the Temasek Option Agreement (the "Amended Option Agreement") in order to revise the conditions required for us to exercise the second twenty-five percent option. Under the terms of the Amended Option Agreement, we may exercise the second twenty-five percent option, resulting in our acquisition of a fifty percent interest in the Mineral Rights, after fulfilling the following conditions:

- Issuance of 3,500,000 additional shares of our common stock to Temasek within 6 months from the Effective Date (September 18, 2008) or as soon as practicable thereafter, and
- Payment within 12 months from the Effective Date (September 18, 2008) of an additional $750,000 to Temasek plus interest at a rate of 5% per annum accruing from the date of the Amended Option Agreement to the date that payment is made.

Table of Contents

On June 23, 2009, we issued 3,500,000 shares of our common stock to Temasek and its designees as partial consideration for the exercise of the second twenty-five percent option to acquire an aggregate fifty percent interest in the Mineral Rights. Under the terms of the Amended Option Agreement, we were required to pay Temasek on or before September 18, 2009 the sum of $750,000, plus interest at a rate of 5% per annum accruing from May 12, 2009, the date of the Amended Option Agreement, to the date that such payment is made. If we have made such payment, we would have exercised the second twenty-five percent option, resulting in our acquisition of an aggregate fifty percent interest in the Mineral Rights. However, such payment has not been made as of September 30 2009 and we have not exercised the second twenty-five percent option.

The Temasek Option Agreement provides that we may exercise the third twenty-five percent option, resulting in our acquisition of a seventy-five percent interest in the Mineral Rights, after fulfilling the following conditions within twelve months of the Effective Date (September 18, 2009):

- Exercise and complete the initial and second twenty-five percent options;
- Payment of an additional amount $1,250,000 to Temasek; and
- Issuance of 4,500,000 additional shares of Common Stock to Temasek.

As of the date of this report, we have not had sufficient financing to be able to make the required cash payment to exercise of the second twenty-five percent option and we have not paid any of the consideration required to exercise the third twenty-five percent option. As a result, we are in default of the Temasek Option Agreement, as amended. We have not received any notice of default from Temasek, but we would have thirty calendar days to cure the default if we were to receive a notice of default. We are currently seeking additional financing in the form of equity financing from the sale of our common stock in order to cure this default and to fund our planned exploration program. We may also seek to enter into another amendment to the Temasek Option Agreement in order provide us with additional time to secure the required financing for us to exercise the second, third and fourth twenty-five percent options. There can be no assurance that we will be successful in amending the Temasek Option Agreement or securing the necessary funding to exercise the second, third or fourth twenty-five percent options. In the event that we failed to cure the default within thirty calendar days of being provided with such notice, we could lose our options to acquire the second, third and fourth twenty-five percent options to acquire an aggregate fifty, seventy-five and one hundred percent interest in the Mineral Rights, respectively, and not be entitled to recover the 3,500,000 shares of our common stock issued as partial consideration for the exercise of the second twenty-five percent option. In the event that Temasek were to terminate the Temasek Option Agreement, as amended, resulting from our default, our ownership interest in the Mineral Rights may be limited to our twenty-five percent interest currently held by the Company.

We may exercise the fourth twenty-five percent option, resulting in our acquisition of a one hundred percent interest in the Mineral Rights, after fulfilling the following conditions by March 18, 2010, which is within eighteen months of the Effective Date (September 18, 2008):

- Exercise and complete the initial, second and third twenty-five percent options;
- Payment of an additional amount $2,500,000 to Temasek, and
- Issuance of 5,500,000 additional shares of Common Stock to Temasek.

We will require additional financing in order to be able to exercise the fourth twenty-five percent option. There can be no assurance that we will be successful in securing the necessary funding to exercise the fourth twenty-five percent option. Provided we are successful in securing additional financing, we intend to exercise the fourth twenty-five percent option. In the event that we have exercised the third twenty-five percent option, but are unable to secure sufficient financing in order to be able to exercise the fourth twenty-five percent option in the time frame set forth above, our ownership interest in the Mineral Rights may be limited to a seventy-five percent interest.

- 7 -

Table of Contents

If we are able to complete the acquisition of a one hundred percent interest in the Mineral Rights, Temasek will hold its single share of Rio Santiago in trust for our sole benefit and hold the share strictly in accordance with our instructions.

If we are able to complete the acquisition of a one hundred percent interest in the Mineral Rights, Temasek will be entitled to an annual 2.5% net returns royalty. However, if we pay Temasek $2,000,000 within ninety days of our acquisition of a one hundred percent interest in the Mineral Rights, Temasek will only be entitled to an annual 1.5% net returns royalty.

If we exercise the second twenty-five percent option, resulting in our acquisition of a fifty percent interest in the Mineral Rights, but fail to acquire a one hundred percent interest in the Mineral Rights, the Temasek Option Agreement provides that we and Temasek will form a joint venture for the purpose of placing the Peru Property into commercial production. In the event that this condition is satisfied and we enter into a joint venture with Temasek, our responsibilities under the joint venture would include developing a feasible mining project and all necessary facilities and Temasek shall retain a carried free interest in the mining rights. If we enter into a joint venture with Temasek, but do not develop a feasible mining project within three years of the Effective Date, (or by September 18, 2011), we will be required to pay Temasek an advance minimum mining royalty of $500,000 per year, which will be deducted from Temasek's net return royalty .

Planned Exploration Program

An exploration base is being set up in the town of Saramiriza, which is located in the center of the Manseriche alluvial camp on the western bank of the Marañón.

Provided we are successful in securing additional financing, we intend to conduct a seismic survey along selected lines across the Marañón gravels in order to define the gravel-bedrock contact. This information is needed to plan a drilling program and to assist with locating drill collar positions. The selection of seismic lines will made on the basis of interpretation of aerial photos and satellite images, as well as from reconnaissance-scale mapping of sedimentary features. Scout drilling utilizing churn drills will be undertaken on favorable areas, and anomalous zones will be followed up with reverse circulation drilling (Becker) in order to fully develop resources and reserves.

Provided we are successful in securing additional financing and before implementing the drilling plan, we intend to identify the landowners of the plots on which the mines are located so as to determine who the legal owners or current occupants are and/or the kind of tenancy or tenancy claim over the surface of the land, as well as the location of Native or Creole communities within the project’s area of influence. This process has commenced, but cannot be completed without securing additional financing.

An Environmental Impact Report will also be required to be drafted so as to obtain the Environmental Impact Declaration from the Peruvian Mining Authorities, which is an essential requirement for any kind of exploration in Peru.

We intend to collect by backhoe and excavator a number of bulk samples for metallurgical testing, and to confirm drill results. At the same time, mine development planning, process design, and other engineering studies will be conducted with a view to completing a feasibility study within an eighteen month period. Permitting work will be initiated as early in the exploration and development cycle as possible, so that trial or pilot dredging can be started as soon as feasibility has been established. Provided we are successful in securing additional financing, we anticipate that shortly thereafter we will commence the mapping and geophysics with the initial drilling to follow.

Table of Contents

Our current cash on hand is insufficient to complete any of the activities set forth in our planned exploration program and we are currently in default of the Temasek Option Agreement, as amended. If we are unable to secure additional financing in the near future, we will be forced to postpone the commencement of our exploration and development program. Provided we are able to secure additional financing through private equity offerings, we anticipate that we will incur the following costs for the next twelve months:

Activity	USD 000s
MINERAL PROPERTY COSTS:	
Annual Fee	50
Surface Rights Access	15
EXPLORATION	
Mapping	45
Geophysics – Seismic	130
DRILLING	
Churn Drilling	500
TECHNICAL SERVICES	
Consultants	180
Personnel	230
CAMP AND FIELD EXPENSES	
Camp	180
Field	150
TRANSPORT AND LOGISTICS	
Air Transport	180
Water Transport	80
Ground Transport	50
EQUIPMENT & PERMITTING	110
COMMUNITY OUTREACH	50
ADMINISTRATION	
NEW BUSINESS	150
TOTAL	2,100

We also, as part of new business activities, intend to focus on seeking additional mining opportunities, some of which may be mineral deposits that are fully defined and have already completed the feasibility stage of development and are ready to produce. In other cases, the mineral deposits we may seek to acquire may have a significant amount of proven and probable resources with what we believe to be excellent potential for expansion. We may also seek to acquire other drill-ready exploration projects that contain little or no proven resources, as with the options we currently hold to acquire existing mining projects in Peru, but that are strategically positioned to offer what we perceive as exceptional potential at a comparatively minimal expense. In order to acquire any additional mining properties or exploration projects, we will need to secure additional financing. We have not made any progress in indentifying any such properties due to our current financial position and require additional financing to perform the requisite due diligence and complete the acquisition of any property interest.

Due to the extensive and expensive development programs required to prove mineral resources and reserves, as is typical in the mining business, companies such as ours sometimes are able to acquire deposits at significant discounts of the known in-the-ground value of the gold, silver, or other minerals. In the event that we do locate a commercially exploitable mineral deposits, we may determine that it is commercially advantageous to sell our property interests rather than enter into production of any commercially mineral deposits on the property ourselves.

- 9 -

Table of Contents

Results of Operations

We have not generated any revenues from our operations in either of the past two fiscal years.

We reported operating expenses in the amount of $90,157 for the three months ended September 30, 2009, compared to operating expenses of $283,748 for the three months ended September 30, 2008. The decrease in our operating expenses for the three months ended September 30, 2009, as compared to the three months ended September 30, 2008, relates to a significant decrease in consulting and management fees, investor communication and promotion expenditures and professional fees. Our management determine that a decrease in these expenditures was prudent and in the company's best interest in light of our lack of sufficient financing to be able to make our planned exploration expenditures and pay for our general administrative expenses over the next twelve months.

We reported total expenses in the amount of $701,819 for the nine months ended September 30, 2009, compared to a credit balance in operating expenses of $1,390,797 for the nine months ended September 30, 2008. The decrease in reported expenses was attributable to stock-based compensation being credited to operations in the amount of $2,244,105 for the nine months ended September 30, 2008 as a result of the expiration and cancellation of stock options during the these period.

We reported no other expenses or income for the three months ended September 30, 2009 compared to other expenses of $4,711 for the three months ended September 30, 2008. Other expenses for the three months ended September 30, 2008 consisted primarily of a write-down of certain assets. We reported no other expenses or income for the nine months ended September 30, 2009 compared to other income of $3,634 for the nine months ended September 30, 2008. Other income for the nine months ended September 30, 2008 consisted primarily of interest income.

We had net loss of $90,157 for the three months ended September 30, 2009, as compared to a net loss of $288,459 for the three months ended September 30, 2008. This decrease in net loss is attributable to a decrease in discretionary expenditures relating to consulting and management fees, investor communication and promotion expenditures and professional fees. We had net loss of $701,819 for the nine months ended September 30, 2009, as compared to a net gain of $1,394,431 for the nine months ended September 30, 2008. This decrease in net gain for the nine months ended September 30, 2009 to a net loss for the nine months ended September 30, 2009 was primarily attributable to stock-based compensation being credited to operations as a result of the expiration and cancellation of stock options during three and nine months ended September 30, 2008.

As a result of the above, the basic and diluted loss per common share was $0.01 for the three months ended September 30, 2009 and $0.16 for the nine months ended September 30, 2009, as compared to basic and diluted loss per common share of $0.08 for the three months ended September 30, 2008 and basic and diluted income per common share of $0.80 for the nine months ended September 30, 2008.

Liquidity and Capital Resources

At September 30, 2009, we had cash and cash equivalents of $3,952 at September 30, 2009 and a working capital deficit of $631,653. Our proposed plan of exploration anticipates that we will incur exploration related expenditures of $2,100,000 over the next twelve months. Over the next twelve months, we will be required to make a payment of $750,000 if we elect to increase our ownership interest in the Mineral Rights from a twenty-five percent interest to a fifty percent interest and a payment of $1,250,000 if we elect to further increase our interest in the Mineral Rights from a fifty percent interest to a seventy-five percent interest. We anticipate spending approximately $50,000 in ongoing general and administrative expenses per month for the next twelve months, for a total anticipated expenditure of $600,000 over the next twelve months. The general and administrative expenses for the year will consist primarily of professional fees for the audit and legal work relating to our regulatory filings throughout the year, as well as

transfer agent fees and general office expenses.

Table of Contents

Our current cash on hand is insufficient to be able to make our planned exploration expenditures and to pay for our general administrative expenses over the next twelve months. Accordingly, we must obtain additional financing in order to complete the landowner studies and environmental report and commence the mapping and geophysics and initial drilling program described above. We believe that debt financing will not be an alternative for funding additional phases of exploration as we do not have limited tangible assets to secure any debt financing. We anticipate that additional funding will be in the form of equity financing from the sale of our common stock. We are currently seeking additional funding in the form of equity financing from the sale of our common stock, but cannot provide investors with any assurance that we will be able to raise sufficient funding from the sale of our common stock to fund our complete exploration program. In the absence of such financing, we will not be able to pursue our exploration program and cure our default of the Temasek Option Agreement, as amended. If we do not fulfill the terms of our outstanding option agreements according to our business plan, then our ability to commence or continue operations could be materially limited. We also may be forced to abandon our mineral property interests. We are currently experiencing liquidity problems. If we are unable to raise additional capital in the near future, management expects that we will need to further curtail operations, liquidate assets, seek additional capital on less favorable terms and/or pursue other remedial measures and potentially cease operations.

If we are able to locate an appropriate partner, we may consider entering into a joint venture arrangement to provide the required funding to explore the properties underlying our mineral property interests. We have not undertaken any efforts to locate a joint venture participant. Even if we determine to pursue a joint venture participant, there is no assurance that any third party would enter into a joint venture agreement with us in order to fund exploration of the properties underlying our mineral property interests. If we enter into a joint venture arrangement, we would likely have to assign a percentage of our interest in our mineral property interests to the joint venture participant.

Cash Used in Operating Activities

Operating activities in the nine months ended September 30, 2009 and 2008 used cash of $356,033 and $1,668,846, respectively, which reflect our recurring operating losses. Our net loss of $701,819 for the nine months ended September 30, 2009 was the primary reason for our negative operating cash flow.

Cash Used in Investing Activities

For the nine months ended September 30, 2009, we used $250,000 in investing activities, as compared to $37,040 used in investing activities during the nine months ended September 30, 2008. For the nine months ended September 30, 2009, we paid Temasek $250,000 for the acquisition of mineral rights pursuant to the Temasek Option Agreement.

Cash from Financing Activities

As we have had no revenues since inception, we have financed our operations primarily by using existing capital reserves and through private placements of our stock. Net cash flows provided by financing activities for the nine months ended September 30, 2009 was $117,082, as compared to $32,889 provided by financing activities during the nine months ended September 30, 2008. There was no cash flows provided by financing activities for nine months ended September 30, 2008. Net cash flows provided by financing activities for the nine months ended September 30, 2009 related to proceeds received from the issuance of common stock.

Off Balance Sheet Arrangements

We do not have any off-balance sheet debt nor did we have any transactions, arrangements, obligations (including contingent obligations) or other relationships with any unconsolidated entities or other persons that may have material current or future effect on financial conditions, changes in the financial conditions, results of operations, liquidity,

capital expenditures, capital resources, or significant components of revenue or expenses.

Table of Contents

Going Concern

We have incurred net losses for the period from inception on September 5, 1997 to September 30, 2009 of $11,898,266 and have no source of revenue. The continuity of our future operations is dependent on our ability to obtain financing and upon future acquisition, exploration and development of profitable operations from our mineral properties. These conditions raise substantial doubt about our ability to continue as a going concern.

Critical Accounting Policies

In December 2001, the SEC requested that all registrants list their most "critical accounting polices" in the Management Discussion and Analysis. The SEC indicated that a "critical accounting policy" is one which is both important to the portrayal of a company's financial condition and results, and requires management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. We believe the following critical accounting estimates affect our more significant judgments and estimates used in the preparation of our consolidated financial statements:

Mineral Claim Payments and Exploration Expenditures

Mineral property acquisition costs are initially capitalized as tangible assets when purchased in accordance with Emerging Issues Task Force ("EITF") 04-2, "Whether Mineral Rights Are Tangible or Intangible Assets". At the end of each fiscal quarter end, we assess the carrying costs for impairment. If proven and probable reserves are established for a property and it has been determined that a mineral property can be economically developed, costs will be amortized using the units-of-production method over the estimated life of the probable reserve.

Mineral property exploration costs are expensed as incurred. Estimated future removal and site restoration costs, when determinable are provided over the life of proven reserves on a units-of-production basis. Costs, which include production equipment removal and environmental remediation, are estimated each period by management based on current regulations, actual expenses incurred, and technology and industry standards. Any charge is included in exploration expense or the provision for depletion and depreciation during the period and the actual restoration expenditures are charged to the accumulated provision amounts as incurred.

As of the date of these interim consolidated financial statements, we had not established any proven or probable reserves on its mineral properties and incurred only acquisition and exploration costs.

Although we have taken steps to verify title to mineral properties in which we have an interest, according to the usual industry standards for the stage of exploration of such properties, these procedures do not guarantee our title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Environmental Costs

Environmental expenditures that related to current operations are charged to operations or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations, and which do not contribute to current or future revenue generation, are charged to operations. Liabilities are recorded when environmental assessments and/or remedial efforts are probable, and the cost can be reasonably estimated. Generally, the timing of these accruals coincides with the earlier of completion of a feasibility study or our commitments to plan of action based on the then known facts.

- 12 -

Table of Contents

Stock-Based Compensation

Effective January 1, 2006, we adopted the provisions of SFAS No. 123(R), “Share-Based Payment”, which establishes accounting for equity instruments exchanged for employee services. Under the provisions of SFAS No.123(R), stock-based compensation cost is measured at the grant date, based on the calculated fair value of the award, and is recognized as an expense over the employees’ requisite service period (generally the vesting period of the equity grant). Before January 1, 2006, we accounted for stock-based compensation to employees in accordance with Accounting Principles Board Opinion No. 25, “Accounting for Stock Issued to Employees,” and complied with the disclosure requirements of SFAS No. 123, “Accounting for Stock-Based Compensation”. We adopted SFAS No. 123(R) using the modified prospective method, which requires us to record compensation expense over the vesting period for all awards granted after the date of adoption, and for the unvested portion of previously granted awards that remain outstanding at the date of adoption. Accordingly, financial statements for the periods prior to January 1, 2006 have not been restated to reflect the fair value method of expensing share-based compensation.

The adoption of SFAS No. 123(R) does not change the way we account for share-based payments to non-employees, with guidance provided by SFAS No. 123 (as originally issued) and EITF No. 96-18, “Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services”.

Foreign Currency Translation

Our functional and reporting currency is U.S. dollars. The consolidated financial statements of the Company are translated to U.S. dollars in accordance with SFAS No. 52, “Foreign Currency Translation.” Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate prevailing at the balance sheet date. Gains and losses arising on translation or settlement of foreign currency denominated transactions or balances are included in the determination of income. We have not, to the date of these interim consolidated financial statements, entered into derivative instruments to offset the impact of foreign currency fluctuations.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not Applicable.

Item 4T. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

We carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of September 30, 2009. This evaluation was carried out under the supervision and with the participation of our former Chief Executive Officer, Mr. Hector Ponte, and former Chief Financial Officer, Mr. Gustavo Janeiro. Based upon that evaluation, our former Chief Executive Officer and former Chief Financial Officer concluded that, as of September 30, 2009, our disclosure controls and procedures are effective.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act are recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Table of Contents

Limitations on the Effectiveness of Internal Controls

Our management does not expect that our disclosure controls and procedures or our internal control over financial reporting will necessarily prevent all fraud and material error. Our disclosure controls and procedures are designed to provide reasonable assurance of achieving our objectives and our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective at that reasonable assurance level. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the internal control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal controls over financial reporting during the quarter ended September 30, 2009 that have materially affected or are reasonably likely to materially affect such controls.

Table of Contents

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

We are not a party to any pending legal proceeding. We are not aware of any pending legal proceeding to which any of our officers, directors, or any beneficial holders of five percent or more of our voting securities are adverse to us or have a material interest adverse to us.

Item 1A. Risk Factors.

Not Applicable.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults upon Senior Securities.

None.

Item 4. Submission of Matters to a Vote of Security Holders.

No matters have been submitted to our security holders for a vote, through the solicitation of proxies or otherwise, during the quarterly period ended September 30, 2009.

Item 5. Other Information.

None.

Item 6. Exhibits.

See the Exhibit Index following the signatures page of this report, which is incorporated herein by reference.

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	Amazon Goldsands Ltd.
Date:	November 23, 2009
	By: /s/ Kenneth Phillippe Kenneth Phillippe Title: Chief Executive Officer and Chief Financial Officer

Table of Contents

AMAZON GOLDSANDS LTD.
(the "Registrant")
(Commission File No. 000-51203)
Exhibit Index
to
Quarterly Report on Form 10-Q
for the Quarter Ended September 30, 2009

Exhibit No.	Description	Incorporated Herein by Reference to	Filed Herewith
31.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002		X
31.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002		X
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002		X

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