ROMIOS GOLD RESOURCES INC.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended September 30, 2009
(unaudited)

Romios Gold Resources Inc.

Consolidated Balance Sheets

(unaudited)

As at	**September 30 2009 $**	June 30 2009 $
Assets		
Current		
Cash and cash equivalents (note 3)	**481,904**	24,421
Cash and cash equivalents for future exploration activities (note 3)	**230,930**	1,333,779
Accounts receivable	**88,504**	103,892
Prepaid expenses	**53,612**	92,782
	854,950	1,554,873
Mineral properties		
Acquisition costs (note 4)	**1,985,569**	1,985,569
Deferred exploration expenditures (note 4)	**11,266,089**	9,911,498
	14,106,608	13,451,940
Liabilities		
Current		
Accounts payable & accruals	**304,263**	143,990
Common shares subscribed, not issued	**-**	40,603
	304,263	184,593
Future income tax (note 7)	**2,480,046**	2,480,046
	2,784,309	2,664,639
Contingencies and committments (note 10)		
Shareholders' equity		
Share capital (note 5(a))	**14,869,670**	14,263,078
Warrants (note 5(c))	**307,357**	234,672
Contributed surplus (note 5(d))	**2,865,085**	2,855,306
Deficit	**(6,719,812)**	(6,565,756)
	11,322,300	10,787,301
	14,106,608	13,451,940

The accompanying notes are an integral part of these financial statements

APPROVED ON BEHALF OF THE BOARD

"Anastasios (Tom) Drivas"
Anastasios (Tom) Drivas

"William R. Johnstone"
William R. Johnstone

Romios Gold Resources Inc.

Consolidated Statements of Loss, Comprehensive Loss and Deficit

(unaudited)

	For the three months ended September 30	
	2009	2008
	$	$
Expenses		
Professional fees	**71,633**	33,292
Management fees and salaries	**37,922**	37,500
Office and general	**34,864**	55,045
Stock based compensation	**9,779**	56,000
Depreciation	**-**	-
Loss for the year before the following	**(154,198)**	(181,837)
Write down of mineral properties (note 4)	**-**	-
Interest income	**141**	24,567
Net loss for the year before income tax	**(154,057)**	(157,270)
Future income tax (recovery)(note 7)	**-**	30,000
Net loss and comprehensive loss	**(154,057)**	(127,270)
Deficit, beginning of year	**6,565,756**	(4,619,278)
Deficit, end of the period	**6,719,812**	(4,746,548)
Weighted average number of shares outstanding	**88,046,788**	68,732,732
Basic and diluted loss per share	**(0.00)**	(0.00)

The accompanying notes are an integral part of these financial statements

Romios Gold Resources Inc.

Consolidated Statements of Cash Flows

(unaudited)

	For the three months ended Septmber 30	
	2009	2008
	$	$
Operating activities		
Net loss for the year	**(154,057)**	(127,270)
Items not affecting cash:		
Stock based compensation	**9,779**	56,000
Future income tax recovery	**-**	(30,000)
	(144,278)	(101,270)
Net change in non-cash working capital		
Accounts receivable	**15,388**	(175,932)
Prepaid expenses	**39,170**	552
Accounts payable and accrued liabilities	**119,668**	309,473
	29,948	32,823
Investing activities		
Mineral property acquisition costs	**-**	(7,343)
Deferred exploration expenditures	**(1,354,591)**	(3,739,082)
	(1,354,591)	(3,746,425)
Financing activities		
Private placement of common shares	**623,742**	-
Warrants issued	**77,060**	-
Share issue expense	**(21,525)**	-
	679,277	-
Change in cash and cash equivalents	**(645,366)**	(3,713,602)
Cash and cash equivalents, beginning of year	**1,358,200**	5,033,252
Cash and cash equivalents, end of year	**712,834**	1,319,650
Cash comprises:		
Cash and cash equivalents	**481,904**	279,345
Cash and cash equivalents for future exploration activities	**230,930**	1,040,305

The accompanying notes are an integral part of these financial statements

ROMIOS GOLD RESOURCES INC.

Notes to Consolidated Financial Statements
September 30, 2009
(expressed in Canadian dollars unless otherwise stated)
(Unaudited)

1. Nature of Operations

Romios Gold Resources Inc. ("Romios" or "the Company") has interests in resource properties and is in the process of determining whether its properties contain resources that are economically recoverable.

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by, and are the responsibility of, the Company's management. The Company's independent auditor has not performed a review of these consolidated interim financial statements.

These interim consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at September 30, 2009 the Company had no sources of operating cash flows. The Company will therefore require additional funding which, if not raised, would result in the curtailment of activities and project delays. The Company had working capital of $587,687 as at September 30, 2009, and has incurred losses since inception, resulting in an accumulated deficit of $6,805,812 as at September 30, 2009. The Company's ability to continue as a going concern is uncertain and is dependent upon its ability to continue to raise adequate financing. There can be no assurances that the Company will be successful in this regard, and therefore, there is doubt regarding the Company's ability to continue as a going concern, and accordingly, the use of accounting principles applicable to a going concern. These interim consolidated financial statements do not reflect adjustments that would be necessary if the "going concern" assumption were not appropriate. If the "going concern" assumption were not appropriate for these interim consolidated financial statements, then adjustments to the carrying values of the assets and liabilities, the expenses and the balance sheet classifications, which could be material, would be necessary.

The recoverability of expenditures on its resource properties and related deferred exploration expenditures is dependent upon the existence of resources that are economically recoverable, confirmation of the Company's ownership interests in the claims, the ability of the Company to obtain necessary financing to complete the exploration and the development of the properties, and upon future profitable production or proceeds from disposition thereof.

2. Summary of significant accounting policies

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") on a basis consistent with the Company's audited annual consolidated financial statements as at and for the year ended June 30, 2009 (except as noted below) and should be read in conjunction with those statements as they do not contain all information or disclosure to be in accordance with GAAP for annual financial reporting. In the opinion of management, all adjustments considered necessary for fair presentation have been included in these interim consolidated financial statements. Operating results for the three months ended September 30, 2009 may not be indicative of the results that may be expected for the year ending June 30, 2010.

Basis of presentation

The Canadian dollar is the principal currency of the Company's business and, accordingly, these consolidated financial statements are expressed in Canadian dollars

Principles of consolidation
The consolidated financial statements include the accounts of McLymont Mines Inc., in which the Company holds a 100% ownership interest. All inter-company accounts and transactions have been eliminated on consolidation.

Interest in mineral properties
Exploration and development expenditures related to mineral properties are deferred as it is anticipated that these costs will be recovered from future operations as a result of established proven and probable reserves. Determination as to reserve potential is based on the results of feasibility studies, which indicate whether production from a property is economically feasible. Significant acquisition costs for mineral properties are deferred unless it is determined that these costs will not be recovered from future operations, at which point these costs are written down to fair market value or a nominal value. Acquisition costs and deferred exploration and development expenditures will be depleted on a unit-of-production basis commencing at the onset of commercial production for the related property.

Mining exploration costs
In March 2009, the Canadian Institute of Chartered Accountants ("CICA") issued EIC-174, "Mining Exploration Costs." The EIC provides guidance on accounting for capitalization and impairment of exploration costs. This standard became effective for the Company's fiscal year beginning July 1, 2008. Management has considered the guidance under EIC 174 and has determined that no impairment exists in its capitalized exploration costs at September 30, 2009.

Asset retirement obligations
The Company is required to record a liability for the estimated future costs associated with legal obligations relating to the reclamation and closure of its exploration properties. This amount is initially recorded at its discounted present value with subsequent annual recognition of an accretion amount on the discounted liability. An equivalent amount is recorded as an increase to exploration properties and deferred exploration expenditures and is amortized over the useful life of the property. Management has determined that the Company has no significant asset retirement obligations.

Stock based compensation
The Company has a stock-based compensation plan, which is described in Note 6(b). The Company accounts for stock options using the fair value method. Under this method, compensation expense for stock options granted is measured at fair value at the grant date using the Black-Scholes valuation model and recognized over the vesting period of the options granted.

Flow-through shares
The Company has financed a portion of its exploration activities through the issuance of flow-through shares, which transfer the tax deductibility of exploration expenditures to the investor. The proceeds received on the issuance of such shares have been credited to share capital and the related exploration costs are written off to expense when incurred. Resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. When these expenditures are renounced, temporary taxable differences created by the renunciation will reduce share capital.

Income taxes
The Company follows the liability method of accounting for income taxes. Under the liability method future tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the substantively enacted tax rates and laws that will be in effect when the differences are expected to reverse.

Transaction costs
Transaction costs related to the acquisition or issue of held-for-trading financial instruments are charged to the statement of loss as incurred. Transaction costs related to financial instruments not designated as held-for-trading are included in the financial instrument's initial recognition amount.

Loss per share
Loss per share is calculated using the weighted average number of common shares outstanding during the year. Since the Company is in a loss position, the effects of exercising share purchase options and warrants are anti-dilutive.

Cash and cash equivalents
Cash and cash equivalents represent cash and short-term deposits with maturity dates at the date of purchase of less than three months.

Financial instruments
Cash, short-term investments and committed cash are classified as held for trading and are carried at fair values on the consolidated balance sheets. Accounts receivable are designated as loans receivable, and accounts payable and bank overdraft are designated as other financial liabilities. The carrying amount of these items approximates fair value due to the short term nature of these financial instruments.

Use of estimates and assumptions
The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Hedging
The CICA Handbook Section 3865 specifies the circumstances under which hedge accounting is permissible and how hedge accounting may be performed. The Company does not engage in hedging transactions and, therefore, does not have any financial instruments which are subject to hedge accounting.

Comprehensive income
Comprehensive income is the change in shareholders' equity of a company, during a period, other than those resulting from investments by owners and distributions to owners. These items may include holding gains and losses on certain investments, gains and losses on certain derivative instruments, and foreign currency gains and losses related to self-sustaining foreign operations.

Future changes in accounting policy

Business combinations
In January 2009, the CICA issued Section 1582, Business Combinations, replacing Section 1581 of the same name. The new section will apply prospectively to business combinations for which the acquisition date is on or after January 1, 2011. Section 1582, which provides the Canadian equivalent to International Financial Reporting Standard 3, Business Combinations, establishes standards for the accounting for a business combination. Section 1582 requires business acquisitions (including non-controlling interests and contingent consideration) to be measured at fair value on the acquisition date, generally requires acquisition-related costs to be expensed, requires gains from bargain purchases to be recorded in net earnings, and expands the definition of a business. As Section 1582 will apply only to future business combinations, it will not have a significant effect on the Company's consolidated financial statements prior to such acquisitions.

Consolidated financial statements and non-controlling Interests
In January 2009, the CICA issued Sections 1601 “Consolidated Financial Statements”, and 1602, “Non-controlling Interests”, which replaces existing guidance. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 provides guidance on accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. These standards are effective on or after the beginning of the first annual reporting period beginning on or after January 2011 with earlier application permitted.

International financial reporting standards
In February 2008, the Accounting Standards Board confirmed that Canadian GAAP for publicly accountable enterprises will be replaced by IFRS for fiscal years beginning on or after January 1, 2011. IFRS uses a conceptual framework similar to Canadian GAAP, however there may be significant differences on recognition, measurement and disclosures required by some companies.

A detailed analysis of the differences between IFRS and the Company’s accounting policies as well as an assessment of the impact of various alternatives is being carried out. The Company’s project plan involves four phases, analysis, identification of changes, solution development and implementation.

The Company is in a preproduction stage and therefore has not adopted a number of accounting policies that a producing company would have. In a number of cases, the Company will be adopting IFRS as an initial policy, rather than a change from existing policies to IFRS. The current analysis indicates that there will be no material impact on the Company’s financial reporting as a result of the adoption of IFRS.

3. Cash and cash equivalents

Cash and cash equivalents and cash and cash equivalents held for future exploration consists of cash and investments in Canadian Chartered Bank demand money market funds.

On July 31, 2009 the Company completed a private placement of 1,750,000 flow-through shares for gross proceeds of $245,000. These funds were committed to be expended on Canadian Exploration Expenditures ("CEE") and are therefore not available for current working capital purposes. During the three months to September 30, 2009 the Company spent a total of $1,354,591 on exploration activities, including committed funds raised in the prior fiscal year, leaving a balance of $230,930 at September 30, 2009 to be spent on CEE.

4. Mineral properties

Acquisition costs

	British Columbia	Quebec	Ontario	Nevada, USA	Total
	$	$	$	$	$
Balance, June 30, 2008	1,856,376	-	2	179,940	2,036,318
Total additions for the year	106,093	23,100	-	-	129,193
Abandonments & write-offs	-	-	(2)	(179,940)	(179,942)
Balance, June 30, 2009 and September 30, 2009	1,962,469	23,100	-	-	1,985,569

Deferred exploration expenditures

	British Columbia	Quebec	Ontario	Nevada, USA	Total
Balance, June 30, 2009	8,980,220	931,278	100	100	9,911,698
Additions:					
Assessment filings	6,991	-	-	5,880	12,871
Assaying	48,240	-	-	-	48,240
Contract flying	514,348	-	-	-	514,348
Drilling	438,173	-	-	-	438,473
Field communications	1,912	-	-	-	1,912
Computer rentals	1,500	-	-	-	1,500
Geophysics	-	-	-	-	-
Contract labour	232,732	-	-	250	232,982
Subcontract labour	70,685	-	-	-	70,685
Camp costs	78,356	-	-	-	78,356
Other	(43,787)	300	(1,500)	512	(44,775)
Total additions for the year	1,349,149	300	(1,500)	6,642	1,354,591
Write offs	-	-	-	-	-
Balance, September 30, 2009	10,329,369	931,578	(1,400)	6,742	11,266,289

British Columbia

On March 1, 2005, the Company acquired, through an exchange of shares, a 100% interest in McLymont Mines Inc. ("MMI") a company whose only significant asset is an interest in the Newmont Lake Property in British Columbia.

In 2006, the Company entered into an option agreement with Galore Creek Staking Syndicate, 2003 to acquire a 100% interest in 5 land tenures (2,693 hectares) located in the Liard Mining Division of British Columbia, known as the Trek Property. The agreement calls for payments of $115,000 cash ($15,000 paid to date with the remaining $100,000 due April, 2010) and the issue of 500,000 common shares (300,000 issued to date and the remaining 200,000 to be issued April, 2010). The Company is also required to expend a total of $2 million in exploration expenditures on or before April, 2010. The amount expended to September 30, 2009 is $3,385,322.

During the year ended June 30, 2008, the Company completed its obligations under an option agreement with Gulf International Minerals Inc. ('Gulf") to earn a 50% interest in the Newmont Lake property in British Columbia which consists of 18 mineral claims (6,175 hectares) in the Liard Mining Division of British Columbia. The Company also exercised its option to acquire an additional 25% interest in the property by issuing 2,777,778 common shares at a deemed value of $0.36 per share. The Company has an option until July 31, 2010 to acquire the remaining 25% interest, subject to a 1.5% net smelter return royalty, for payment of $2,000,000 in cash and/or shares. If the Company elects not to exercise the option, a 75/25 joint venture will be formed with Gulf. The Company also has the option to purchase 0.5% of the net smelter return royalty for the payment of $1,000,000.

During the year ended June 30, 2008, the Company completed its obligations under an option agreement with Roca Mines Inc. ("Roca") to earn a 50% interest in 8 mineral properties (4,000 hectares) in the Liard Mining Division of British Columbia. On August 14, 2008 the Company entered into a joint venture with Roca for the further exploration and development on the property.

During the year ended June 30, 2006, the Company entered into an option agreement with Galore Creek Staking Syndicate, 2003 to acquire a 100% interest in 2 land tenures (1,321 hectares) located in the Liard

Mining Division of British Columbia, known as the Royce/Pork Property. The agreement calls for payments of $115,000 cash ($15,000 paid to date with the remaining $100,000 due April, 2010) and the issue of 500,000 common shares (300,000 issued to date and the remaining 200,000 to be issued April, 2010). The Company is also required to expend a total of $1 million in exploration expenditures on or before April, 2010. The amount expended to September 30, 2009 is $63,802.

In 2006, the Company entered into an option agreement with Galore Creek Staking Syndicate, 2003 to acquire a 100% interest, subject to a 2% net smelter returns royalty, in 1 land tenure (614 hectares) located in the Liard Mining Division of British Columbia, known as the JW Property. The agreement calls for payments of $115,000 cash, of which $15,000 has been paid and the remaining $100,000 is due November 21, 2010, and the issue of 500,000 common shares of which 200,000 common shares have been issued. An additional 100,000 common shares were to be issued on November 21, 2009, however the Company is renegotiating the agreement. The remaining 200,000 common shares are to be issued November 21, 2010. The Company is also required to expend a total of $2 million in exploration expenditures on or before November 21, 2010. The amount expended to September 30, 2009 is $182,119.

The Company also holds a 100% interest in 72 mineral properties (26,291 hectares) in the Liard Mining Division of British Columbia.

Quebec

During the year ended June 30, 2009 the Company concluded an option agreement to acquire a molybdenum property that was the site of the former producing La Corne molybdenum mine approximately 30 kilometers from the town of Val d'Or, Quebec. The agreement provides for an initial payment schedule of $20,000 cash, completion of a minimum of $50,000 in exploration expenditures and the issuance of 650,000 shares of the Company over the three year period. To September 30, 2009, the Company has issued 65,000 common shares as per the agreement. The agreement is subject to a 3% Net Smelter Return (NSR) retained by the vendors, of which half (1.5%) can be repurchased for $500,000. Romios has exercised its option to earn a 100% interest in the property, subject to the NSR. The amount expended to September 30, 2009 is $931,578.

Ontario

At the year ending June 30, 2009 the Company wrote down the carrying value of its Ontario properties to a nominal amount.

Nevada

At the year ending June 30, 2009 the Company wrote down the carrying value of this property to a nominal amount as the Company’s focus is currently on its BC and Quebec properties.

5. Share capital

(a) Common Shares

The Company is authorized to issue an unlimited number of no par common shares. The following table provides the details of changes in the number of issued common shares

	Number #	***Amount*** $
Balance, June 30, 2008	68,710,993	12,813,360
Flow through common shares issued	10,980,000	1,647,000
Common shares issued for property acquisition	495,000	106,775
Common shares issued for cash	2,438,891	241,973
Common shares issued for acting as agent	483,333	72,500
Share issue costs	-	(140,900)
Flow through shares future income tax liability	-	(477,630)
Balance, June 30, 2009	83,108,217	14,263,078
Common shares issued July 15, 2009	4,514,267	392,742
Flow through common shares issued July 31, 2009	1,750,000	231,000
Share issue costs	-	(17,150)
Balance, September 30, 2009	89,372,484	14,869,670

On July 15, 2009, the Company completed a private placement of 4,514,267 units priced at $0.10 per unit for gross proceeds of $451,427. Each unit consists of one common share and one-common share purchase warrant with each warrant entitling the holder to acquire a further share at a price of $0.15 per share for a term of one year.

On July 31, 2009, the Company completed a flow-through private placement of 1,750,000 flow-through units at an issue price of $0.14 per flow-through share and one-half common share purchase warrant for gross proceeds of $245,000. Each full warrant entitles the holder to acquire a further share at a price of $0.20 per share for a term of one year. The Company paid a finder's of $17,150 in cash and 175,000 share purchase warrants to acquire common shares at a price of $0.14 per share for a term of 18 months.

(b) Common share purchase options

The Company has created a stock option plan for the benefit of directors, officers, key employees, and consultants. The total number of shares which may be reserved and set aside for issuance to eligible persons may not exceed 10% of the issued and outstanding common shares. As at September 30, 2009, 6,910,500 common shares were reserved for the exercise of stock options granted under the Company's stock option plan (the "Plan").

The following table provides the details of changes in the number of issued common share purchase options during the period:

	Options #	**Weighted-average exercise price** $
Outstanding at June 30, 2009	6,260,500	0.36
Granted	650,000	0.15
Outstanding at September 30, 2009	6,910,500	0.34
Options exercisable at September 30, 2009	6,348,000	0.35

On July 24, 2009 the Company granted 350,000 options to a consultant of the Company. These options, which are priced at $0.15, vest over a four month period commencing July 24, 2009.

On August 1, 2009 the Company granted 300,000 options to a consultant of the Company. These options, which are priced at $0.15, vest over a one year period commencing October 31, 2009 on the basis that the consultant continues to provide services to the Company during that period.

Number of stock options	Number exercisable	Remaining contractual life	Exercise price per share	Expiry date
235,500	235,500	0.43 years	$0.21	March 10, 2010
457,000	457,000	1.18 years	$0.12	December 13, 2010
750,000	750,000	1.43 years	$0.25	March 13, 2011
600,000	600,000	1.71 years	$0.32	June 27, 2011
100,000	50,000	2.28 years	$0.15	January 22, 2012
1,518,000	1,518,000	2.70 years	$0.65	June 26, 2012
150,000	150,000	2.73 years	$0.65	July 09, 2012
1,000,000	1,000,000	3.65 years	$0.32	June 12, 2013
700,000	700,000	3.69 years	$0.32	June 27, 2013
750,000	625,000	4.25 years	$0.15	January 22, 2014
350,000	262,500	4.75 years	$0.15	July 24, 2014
300,000	-	2.80 years	$0.15	August 1, 2012
6,910,500	6,348,000			

The weighted average fair value of the all the options granted and outstanding is $0.35 per option, each contract fair value having been estimated at the date of grant using the Black-Scholes pricing model with the following assumptions: risk-free weighted-average interest rate ranging from 3.45% to 4.75%, expected dividend yield of nil, average expected volatility ranging from 66.48% to 105.5% and expected life term ranging from 24 to 60 months. Under this method of calculation, the Company has recorded $9,779 as stock based compensation, being the fair value of the options granted during the three months ended September 30, 2009.

(c) Warrants

On certain issuances of common shares, the Company grants warrants entitling the holder to acquire additional common shares of the Company. On certain issuances of common shares, the Company grants warrants as consideration for services associated with the placement such common share issues.

The following table provides the details of changes in the number of outstanding common share purchase warrants:

	Number	***Amount***
	#	$
Balance, June 30, 2009	3,947,648	234,672
Private placement warrants issued	5,389,267	72,685
Compensation warrants issued	175,000	4,375
Compensation warrants issue expense	-	(4,375)
Balance, September 30, 2009	9,511,915	307,357

A summary of outstanding warrants and broker warrants is as follows:

	Number exercisable	Remaining contractual life	Exercise price per share	Expiry date
Warrants	2,258,891	0.13 years	$0.25	November 18, 2009
Compensation warrants	785,424	0.24 years	$0.90	December 28, 2009
Compensation warrants	40,000	0.25 years	$0.90	December 28, 2009
Warrants	90,000	0.25 years	$0.30	December 30, 2009
Warrants	4,514,267	0.78 years	$0.15	July 15, 2010
Warrants	875,000	0.82 years	$0.20	July 31, 2010
Broker warrants	773,333	1.21 years	$0.15	December 23, 2010
Compensation warrants	175,000	1.32 years	$0.14	January 31, 2011

On November 16, 2009 the Company granted an extension to the expiry date of 2,258,891 common share purchase warrants. These warrants, set to expire November 18, 2009, have been amended to extend the expiry date to May 18, 2010. There is no change to the warrant exercise price of $0.25 per common share.

(d) Contributed Surplus

A summary of changes in contributed surplus is as follows:

	Amount $
Balance, June 30, 2008	1,824,227
Common shares purchase warrants expired during the year	797,171
Stock based compensation	233,908
Balance, June 30, 2009	2,855,206
Stock based compensation	9,779
Balance, September 30, 2009	2,865,085

The number of common shares outstanding on September 30, 2009 is 89,372,484. Taking into account outstanding share purchase options, warrants and 1,355,000 shares reserved for property transactions, the fully diluted common shares that could be outstanding on September 30, 2009 is 107,149,899.

6. Related Party Transactions

During the three months ended September 30, 2009, the Company incurred expenses of $101,280 for management and consulting fees to the Company's senior officers or companies controlled by senior officers. At September 30, 2009, $45,865 was due and payable to these related parties.

During the three months ended September 30, 2009, the Company incurred expenses of $26,456 for legal fees to a company related to a senior officer of the Company. At September 30, 2009, $75,715 was due and payable to this related party.

During the three months ended September 30, 2009, the Company incurred expenses of $3,000 related to directors' fees. At September 30, 2009, $2,000 was due and payable to the directors.

These amounts were expensed in the period incurred as administrative and general expenses. Expenses and amounts paid and owing are measured at the exchange amount.

7. Income taxes

The Company's effective income tax rate differs from the amount that would be computed by applying the combined Federal and Provincial statutory tax rate of 34.00% to the net loss for the year for reasons noted below:

	Three months ended September 30 2009 $	Three months ended September 30 2008 $
Loss before income taxes	(154,057)	(157,270)
Expected income tax benefit`	52,000	53,000
Future income tax adjustment	-	30,000
Valuation allowance	(52,000)	(53,000)
Provision for income taxes	-	30,000

The Company has incurred tax losses of $1,342,900 which may be used to reduce future taxable income. The potential benefit of these losses will expire in the fiscal years ended June 30, if unused, as follows:

	Amount $
2014	7,400
2015	36,000
2026	20,500
2027	641,800
2029	637,200
2030	52,000
	1,394,900

The components of future income tax asset (liability) are as noted below:

	September 30 2009 $
Non-capital losses	389,444
Exploration and development expenses per flow through share issues	5,462
Non-deductible items for tax purposes	(2,874,952)
Tax effect of renunciation of exploration expenditures	(2,480,046)

As required by CICA Handbook EIC 146, the Company has, for renunciations of flow-through amounts subsequent to March 2004, treated the future income tax liability related to this temporary difference as a reduction in share capital at the time that the expenditure is renounced. During the three months ended September 30, 2009 this amounted to $nil (2008 - $nil) and is included in share issue costs.

8. Financial instruments and risk management

Categories of financial assets and liabilities

Under Canadian GAAP, financial instruments are classified into one of the following five categories: held-for-trading, held to maturity investments, loans and receivables, available-for-sale financial assets and other financial liabilities. The carrying values of the Company's financial instruments, including those held for sale are classified into the following categories:

	September 30 2009 $	June 30 2009 $
Held for trading [(1)]	**712,834**	1,358,200
Available for sale [(2)]	**-**	-
Loans and receivables [(3)]	**88,504**	103,891
Other financial liabilities [(4)]	**231,378**	69,756

(1) Includes cash, committed cash and short-term investments.
(2) Includes marketable securities.
(3) Includes accounts receivable related to GST tax refunds.
(4) Includes accounts payable and bank overdraft.

Financial Instruments
The carrying amounts for the Company's financial instruments approximate their fair values because of the short-term nature of these items.

(i) Cash and cash equivalents and cash and cash equivalents held for future exploration are designated as financial assets held for trading and are recorded at market value. The interest on deposits is insignificant.
(ii) G.S.T. receivable is designated as loans and receivables and is recorded at cost.
(iii) Accounts payable is designated as other financial liabilities and is recorded at cost.

Risks arising from financial instruments and risk management

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company.

The Company uses various methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks.

(a) Market risk

(i) Price risk

Commodity price risk
Commodity price risk is the risk of financial loss resulting from movements in the price of the Company's commodity inputs and outputs. The Company is exposed to commodity price risk arising from the fluctuation of the value of the metals it is exploring for. The Company does not manage commodity price risk through the use of derivative instruments.

Sensitivity
At September 30, 2009, a change in the value of gold and base metals would not change the recognized value of any of the Company's financial instruments.

(ii) Cash flow fair value interest rate risk

The Company does not have interest-bearing borrowings for which general rate fluctuations apply. The Company is exposed to interest rate risk to the extent of the balance of the bank accounts.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. Credit risk arises from cash and deposits with banks and financial institutions as well as credit exposures to outstanding receivables.

The Company has no concentration of credit risk. The carrying amount of financial assets recorded in the consolidated financial statements are adjusted for any impairment and represent the Company's maximum exposure to credit risk.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining at all times sufficient cash, liquid investments and committed credit facilities to meet the Company's commitments as they arise. The Company manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecast and actual cash flows. Prior to the world-wide financial liquidity crisis the Company maintained operations by way of equity financings. The Company is currently assessing all options to address its liquidity issues. It is not possible to determine with any certainty the success and adequacy of these initiatives.

9. Capital disclosures

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The capital of the Company consists of capital stock, warrants and contributed surplus.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and will raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year ended June 30, 2009 and the period ended September 30, 2009. The Company is not subject to externally imposed capital requirements.

10. Contingencies and commitments

As at September 30, 2009;

- the Company has no contingency obligations,

- the Company is committed to spend $230,930, on qualified exploration activities to December 31, 2009,

- the Company has $40,894 on deposit as property reclamation bonds with various governmental agencies and a $5,000 deposit on account with an investor relations services provider. These amounts are included with prepaid expenses,

- the Company has the following minimum lease cost commitment for its head office space:

	Amount $
2009	5,771
2010	11,542
	17,313

11. Subsequent events

On October 31, 2009 a total of 26 new claims encompassing an area of approximately 9,874 hectares (approximately 24,400 acres) were staked to cover extensions of the Dirk Property mineral trend.

On November16, 2009 the Company granted an extension to the expiry date of 2,258,891 common share purchase warrants. These warrants, set to expire November 18, 2009, have been amended to extend the expiry date to May 18, 2010. There is no change to the warrants exercise price of $0.25 per common share.