ROMIOS GOLD RESOURCES INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared by and are the responsibility of the management of Romios Gold Resources Inc. (the "Company"). The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect management's best estimates and judgments based on currently available information. The Company has developed and maintains a system of internal controls in order to ensure, on a reasonable and cost effective basis, the reliability of the financial information.

The Board of Directors is responsible for ensuring that management fulfils its responsibility and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out this responsibility principally through its Audit Committee. The consolidated financial statements have been audited by Wasserman Ramsay, an independent firm of chartered accountants. Their report outlines the scope of their examination and opinion on the consolidated financial statements.

(*signed*) "*Tom Drivas*"
Chief Executive Officer

(signed) "Errol Farr"
Chief Financial Officer

October 23, 2009

AUDITORS' REPORT

To the Shareholders of
Romios Gold Resources Inc.

We have audited the consolidated balance sheets of Romios Gold Resources Inc. (the "Company) as at June 30, 2009 and 2008 and the consolidated statements of loss, comprehensive loss and deficit and of cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Markham, Ontario
October 23, 2009

(signed) "Wasserman Ramsay"
Chartered Accountants
Licensed Public Accountants

Romios Gold Resources Inc.
Consolidated Balance Sheets

As at	**June 30 2009 $**	June 30 2008 $
Assets		
Current		
Cash and cash equivalents (note 3)	**24,421**	261,505
Cash and cash equivalents for future exploration activities (note 3)	**1,333,779**	4,771,747
Accounts receivable	**103,892**	323,865
Prepaid expenses	**92,782**	131,521
	1,554,873	5,488,638
Mineral properties		
Acquisition costs (note 4)	**1,985,569**	2,036,318
Deferred exploration expenditures (note 4)	**9,911,498**	5,645,276
	13,451,940	13,170,232
Liabilities		
Current		
Accounts payable & accruals	**143,990**	261,797
Common shares subscribed, not issued (note 12)	**40,603**	-
	184,593	**261,797**
Future income tax (note 7)	**2,480,046**	1,910,777
	2,664,639	**2,172,574**
Contingencies and committments (note 10)		
Shareholders' equity		
Share capital (note 5(a))	**14,263,078**	12,813,360
Warrants (note 5(b))	**234,672**	979,349
Contributed surplus 5(c))	**2,855,306**	1,824,227
Deficit	**(6,565,756)**	(4,619,278)
	10,787,301	10,997,658
	13,451,940	13,170,232

The accompanying notes are an integral part of these financial statements

APPROVED ON BEHALF OF THE BOARD

"Signed"
Anastasios (Tom) Drivas

"Signed"
William R. Johnstone

Romios Gold Resources Inc.

Consolidated Statements of Loss, Comprehensive Loss and Deficit

	For the year ended June 30	
	2009	2008
	$	$
Expenses		
Office and general	**348,841**	355,215
Professional fees	**183,981**	329,887
Management fees and salaries	**150,000**	150,000
Stock based compensation	**233,908**	663,500
Depreciation	**-**	9,223
Loss for the year before the following:	**(916,730)**	(1,507,825)
Write down of mineral properties (note 4)	**(978,876)**	(649,555)
Interest income	**40,768**	127,733
Net loss for the year before income tax	**(1,854,838)**	(2,029,647)
Future income tax (recovery)(note 7)	**(91,639)**	380,766
Net loss and comprehensive loss	**(1,946,477)**	(1,648,881)
Deficit, beginning of year	**(4,619,278)**	(2,970,397)
Deficit, end of year	**(6,565,756)**	(4,619,278)
Weighted average number of shares outstanding	**76,287,709**	61,043,464
Basic and diluted loss per share	**(0.03)**	(0.03)

The accompanying notes are an integral part of these financial statements

Romios Gold Resources Inc.
Consolidated Statements of Cash Flows

	For the year ended June 30	
	2009	2008
	$	$
Operating activities		
Net loss for the year	**(1,946,477)**	(1,648,881)
Items not affecting cash:		
Stock based compensation	**233,908**	663,500
Depreciation of capital assets	**-**	9,223
Mineral properties writedowns	**978,876**	649,555
Future income tax recovery	**91,639**	(380,766)
	(642,054)	(707,369)
Net change in non-cash working capital		
Accounts receivable	**219,974**	(171,658)
Prepaid expenses	**38,739**	111,534
Accounts payable and accrued liabilities	**(117,807)**	(139,642)
	(501,148)	**(907,135)**
Investing activities		
Mineral property acquisition costs	**(22,418)**	(108,578)
Deferred exploration expenditures	**(5,065,156)**	(2,760,713)
	(5,087,574)	(2,869,291)
Financing activities		
Private placement of common shares	**1,820,573**	5,346,562
Shares subscribed, not issued	**40,603**	-
Warrants issued	**52,494**	-
	1,913,670	5,346,562
Change in cash and cash equivalents	**(3,675,052)**	1,570,136
Cash and cash equivalents, beginning of year	**5,033,252**	3,463,116
Cash and cash equivalents, end of year	**1,358,200**	5,033,252
Cash comprises:		
Cash and cash equivalents	**24,421**	261,505
Cash and cash equivalents for future exploration activities	**1,333,779**	4,771,747

The accompanying notes are an integral part of these financial statements

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 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.

These 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 June 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 further curtailment of activities and project delays. The Company has working capital of $1,370,280 as at June 30, 2009, and had incurred losses since inception resulting in an accumulated operating deficit of $6,565,756 as at June 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 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 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.

2.Summary of significant accounting policies

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”). The Company is a development stage enterprise that has yet to generate revenue from mining operations.

Principles of consolidation

The consolidated financial statements include the accounts of McLymont Mines Inc., of 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 recorded as an expense in the period in which they are incurred, or deferred if 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 our 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 June 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 is not aware of any significant asset retirement obligations.

Stock based compensation
The Company has a stock-based compensation plan, which is described in Note 6(d). 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.

Change in accounting policy - capital disclosures
Effective January 1, 2008, the Company adopted Section 1535 ("Capital Disclosures"). This section establishes standards for disclosure of qualitative and quantitative information about an entity's capital and how it is managed in order to enable users of its financial statements to evaluate the entity's objectives, policies and processes of managing capital. Beyond additional disclosures, the adoption of these standards did not have an effect on the Company's financial position or results of operations. The new disclosures are included in note 9.

Change in accounting policy – financial instruments – disclosure and presentation
Effective January 1, 2008, the Company adopted Section 3862 ("Financial Instruments – Disclosures") and Section 3863 ("Financial Instruments – Presentation"). Section 3862 replaces the disclosure portion of Section 3861, Financial Instruments – Disclosure and Presentation, and enhances the disclosure requirements on the nature and extent of risks arising from financial instruments, and how these risks are managed. Section 3863 carries forward the presentation requirements from Section 3861. Beyond additional disclosures, the adoption of these new pronouncements did not have an effect on the Company's financial position or results of operations. The new disclosures are included in note 8.

Change in accounting policy - general standards of financial statement presentation
Effective January 1, 2008, the Company adopted the amendment to Section 1400 ("General Standards of Financial Statement Presentation"). The amendment to this section provides revised guidance related to management's responsibility to assess the ability of the entity to continue as a going concern. Beyond additional disclosure, the adoption of this amendment did not have an effect on the Company's financial position or results of operations. The new disclosures are included in note 1.

Future changes in accounting policy

Goodwill and other intangible assets and financial statement concepts
Effective July 1, 2009, the Company will adopt Section 3064. Section 3064 provides guidance on the recognition of intangible assets in accordance with the definition of an asset and the criteria for asset recognition, clarifying the application of the concept of matching revenues and expenses, whether these assets are separately acquired or are developed internally. The Company is currently evaluating the effect of adopting this standard.

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.

Credit risk and the fair value of financial assets and financial liabilities
In January 2009, the Emerging Issues Committee of the CICA issued EIC-173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities, which applies to interim and annual financial statements for periods ending on or after January 20, 2009. The Company has evaluated the new section and determined that adoption of these new requirements will have no impact on the Company's financial statements beyond additional disclosures.

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 very little effect on 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.

During the current year the Company completed flow-through private placements for 10,980,000 shares for gross proceeds of $1,647,000. These funds were committed to be expended on Canadian Exploration Expenditures ("CEE") and as such were not available for current working capital purposes. During the year the Company spent a total of $5,056,966 of the funds raised in the prior and current year on CEE, leaving a balance to be spent at year end in the amount of $1,333,779

4. Mineral properties

Acquisition costs

	British Columbia	Quebec	Ontario	Nevada, USA	Total
	$	$	$	$	$
Balance, June 30, 2007	649,748	-	159,349	204,699	1,013,796
Total additions for the year	1,238,429	-	-	3,600	1,242,029
Abandonments & write-offs	(31,801)	-	(159,347)	(28,359)	(219,507)
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	1,962,469	23,100	-	-	1,985,569

Deferred exploration expenditures

	British Columbia	Quebec	Ontario	Nevada, USA	Total
	$	$	$	$	$
Balance, June 30, 2007	2,176,751	-	394,605	743,256	3,314,612
Additions:					
Assaying	67,563	-	-	-	67,563
Contract flying	536,778	-	-	-	536,778
Drilling	400,213	-	-	35,011	435,224
Field communications	7,096	-	-	-	7,096
Fuel costs	9,569	-	-	-	9,569
Geological surveys	160,403	-	-	-	160,403
Geophysics	458,039	-	-	-	458,039
Contract labour	468,340	-	-	1,300	469,640
Subcontract labour	382,482	-	-	-	382,482
Camp costs	93,213	-	(500)	300	93,013
Other	113	-	-	-	113
General and administrative	133,736	-	-	7,057	140,793
Total additions for the year	2,717,545	-	(500)	43,668	2,760,713
Write-offs	(35,944)	-	(394,105)	-	(430,049)
Balance, June 30, 2008	4,858,352	-	-	786,924	5,645,276
Balance, June 30, 2008	4,858,352	-	-	786,924	5,645,276
Additions:					
Assessment filings	-	24,100	3,820	-	27,920
Assaying	137,382	93,636	-	350	231,368
Contract flying	896,881	-	-	-	896,881
Drilling	993,168	584,299	-	-	1,577,467
Field communications	56,956	27,621	-	-	84,577
Computer rentals	3,560	-	-	-	3,560
Geophysics	680,866	-	-	-	680,866
Contract labour	695,014	184,193	-	7,640	886,847
Subcontract labour	373,130	-	-	-	373,130
Camp costs	125,888	-	-	-	125,888
Other	159,023	17,429	-	200	176,652
Total additions for the year	4,121,868	931,278	3,820	8,190	5,065,156

Write offs	-	-	(3,820)	(795,114)	(798,934)
Balance, June 30, 2009	8,980,220	931,278	-	-	9,911,498

British Columbia

During the year ended June 30, 2008, the Company completed its obligations under an option agreement with Gulf International Minerals Inc. 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 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. This option expires July 31, 2010. The Company has the option to purchase a 0.5% 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.

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. The Company issued a total of 2 million common shares at a price of $0.15 per share and 500,000 warrants to acquire all of the issued and outstanding shares of MMI consisting of 3,000,001 common shares. Each warrant entitled the holder to acquire one additional common share at a price of $0.20 per share in the first year and $0.25 per share in the second year from closing. The warrants issued in the transaction were valued at $34,000.

The acquisition has been recorded using the purchase method of accounting.

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 June 30, 2009 is $2,314,327.

In 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 June 30, 2009 is $90,324.

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 ($15,000 paid to date with the remaining $100,000 due November 21, 2010) and the issue of 500,000 common shares (200,000 issued to date with 100,000 to be issued on November 21, 2009 and the remaining 200,000 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 June 30, 2009 is $636,195.

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 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. 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 may exercise its option at any time to earn a 100 % in the property, subject to the NSR. The amount expended to June 30, 2009 is $984,657.

Ontario

The Company owns a 100% interest in 13 claims (2,751 hectares) in the Lundmark-Akow Lake Area, Patricia Mining Division. These claims are subject to a 3% net smelter returns royalty. The Company has an option to purchase up to 2% net smelter returns royalty in consideration for payment of $1,000,000 for each 1% purchased.

The Company owns a 161 acre mineral property located in the Hislop Township near Timmins, Ontario.

During the year the Company wrote down its investments in the Ontario properties to a nominal value.

Nevada

The Company has a 100% working interest in 16 unpatented mineral claims (388 hectares) in Pershing County, Nevada, USA, subject to a 2% gross proceeds royalty. The Company has the right to purchase up to a 1% gross proceeds royalty in consideration of the payment of US$775,000.

The Company has leased 80 acres private land (32.36 hectares) and acquired by staking 29 unpatented mineral claims (approximately 176 hectares) in Pershing County. These claims are subject to a 1% net proceeds royalty and net smelter return royalties varying between 2.25% and 4.0%.

During the year management determined that this property should be written down 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, 2007	53,746,990	8,042,521
Flow through common shares issued	10,361,800	5,180,900
Common shares issued for cash	525,000	210,000
Common shares issued for acting as agent	480,000	240,000
Exercise of warrants	340,266	241,589
Exercise of options	29,159	7,290
Common shares issued for property acquisition	3,227,778	1,122,450
Share issue expenses	-	(495,788)
Flow through shares future income tax liability	-	(1,735,602)
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 expenses	-	(140,900)
Flow through shares future income tax liability	-	(477,630)
Balance, June 30, 2009	83,108,217	14,263,078

On December 28 and December 31, 2007, the Company entered into private placement agreements for 10,361,800 flow-through common shares for gross proceeds of $5,180,900. As part of the financing, the Company issued 480,000 common shares and 785,424 common share purchase warrants with each full warrant exercisable at $0.50 per share in the first year and at $0.90 per share in the second year until expiry on December 28, 2009. The Company also paid a cash finder's fee in the amount of $152,712. A total of 544,000 flow-through common shares were placed with insiders of the Company and an additional arm's-length subscriber.

On December 31, 2007, the Company entered into a private placement agreement for 525,000 common shares for gross proceeds of $210,000. As part of the financing, the Company issued 40,000 common share purchase warrants with each full warrant exercisable at $0.40 per share in the first year and at $0.90 per share in the second year until expiry on December 31, 2009. The Company also paid a cash finder's fee in the amount of $16,000. A total of 25,000 common shares were placed with an insider of the Company.

On September 10, 2008 the Company issued 100,000 common shares, priced at $0.173 per common share, for an option payment on a mineral property.

On November 18, 2008 the Company completed the sale of 2,258,891 Units (the "Units") priced at $0.12 per Unit for gross proceeds of $271,067. Each Unit comprises one common share of the Corporation (a "Common Share") and one Common Share purchase warrant of the Corporation (a "Warrant") exercisable at $0.25 per Warrant for a term of one year.

On December 23, 2008, the Company completed a flow-through private placement of 10,000,000 flow-through common shares ("Flow-Though Shares") at an priced at $0.15 per Flow-Through Share for gross proceeds of $1,500,000. The Flow-Through Shares were issued through Limited Market Dealer Inc. (the "Agent"). In consideration for acting as Agent in connection with the Flow-Through Offering, the Agent received 483,333 common shares priced at $0.15 per share and 773,333 share purchase warrants to acquire common shares at a price of $0.15 per share for a period of two (2) years from closing expiring on December 23, 2010, and a cash payment of $63,100, including transaction costs.

On December 30, 2008, the Company completed a private placement of 980,000 Flow-Though Shares priced at $0.15 per Flow-Though Share for gross proceeds of $147,000.

On December 30, 2008, the Company also completed a private placement of 180,000 Units priced at $0.13 per unit for gross proceeds of $23,400. Each unit comprises one common share and one-half of a share purchase warrant with each full warrant entitling the holder to acquire a further share at a price of $0.30 per share for a term of one year.

On February 12, 2009, the Company issued 65,000 common shares, priced at $0.105 per common share, for the acquisition of the property at the former producing La Corne mine site near Val d'or, Quebec. A further 585,000 common shares have been reserved for future issuance for the acquisition of the property.

On March 23, 2009, the Company issued 200,000 common shares, priced at $0.345 per common share, for the acquisition of the Trek and RP properties. A further 400,000 common shares have been reserved for the future issuance for the acquisition of the properties,

On April 22, 2009, the Company issued an additional 130,000 common shares, priced at $0.105 per common share, in relation to the February 12, 2009 acquisition of the property at the former producing La Corne mine site near Val d'or, Quebec. A further 455,000 common shares have been reserved for future issuance for the acquisition of the property.

(b) 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 common share purchase warrants:

	Number	***Amount***
	#	$
Balance, June 30, 2007	10,086,805	1,005,778
Compensation warrants issued	825,424	160,685
Warrants issued for property acquisition	50,000	11,000
Common shares purchase warrants exercised	(340,266)	(37,429)
Warrants issue expense	-	(160,685)
Balance, June 30, 2008	10,621,963	979,349
Private placement warrants issued	2,348,891	52,494
Compensation warrants issued	773,333	12,373
Common shares purchase warrants expired	(9,796,539)	(797,171)
Warrants issue expense	-	(12,373)
Balance, June 30, 2009	3,947,648	234,672

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

	June 30, 2009 Warrants	**June 30, 2009** Exercise Price Range	June 30, 2008 Warrants	June 30, 2008 Exercise Price Range
	#	**$**	#	$
Outstanding, beginning of the year	**10,621,963**	**0.60 to 0.90**	10,086,805	0.60 to 0.90
Granted	**3,122,224**	**0.15 to 0.30**	875,424	0.60 to 0.65
Exercised	**-**	**-**	(340,266)	0.60
Expired	**(9,796,539)**	**0.60 to 0.90**	-	-
Outstanding, end of the year	**3,947,648**	**0.15 to 0.90**	10,621,963	0.60 to 0.90

(c) Contributed Surplus

A summary of changes in contributed surplus during 2008 and 2009 is as follows:

	Amount
	$
Balance, June 30, 2007	1,160,727
Common shares purchase warrants expired during the year	-
Stock based compensation	663,500
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

(d) 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 June 30, 2009, 6,260,500 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:

	June 30, 2009 Options	**June 30, 2009** Weighted-average exercise price	June 30, 2008 Options	June 30, 2008 Weighted-average exercise price
	#	$	#	$
Outstanding, beginning of the year	**6,865,500**	**0.39**	4,655,876	0.41
Granted	**850,000**	**0.15**	2,450,000	0.34
Exercised	**-**	**-**	(29,159)	0.25
Expired	**(1,455,000)**	**0.33**	(211,217)	0.31
Outstanding, end of year	**6,260,500**	**0.36**	6,865,500	0.39
Options exercisable at end of the year	**5,998,000**	**0.37**	6,865,500	0.39

Number of stock options	Number exercisable	Remaining contractual life	Exercise price per share	Expiry date
235,500	235,500	0.68 years	$0.21	March 10, 2010
457,000	457,000	1.43 years	$0.12	December 13, 2010
750,000	750,000	1.68 years	$0.25	March 13, 2011
600,000	600,000	1.96 years	$0.32	June 27, 2011
100,000	25,000	2.53 years	$0.15	January 22, 2012
1,518,000	1,518,000	2.95 years	$0.65	June 26, 2012
150,000	150,000	2.98 years	$0.65	July 09, 2012
1,000,000	1,000,000	3.90 years	$0.32	June 12, 2013
700,000	700,000	3.94 years	$0.32	June 27, 2013
750,000	562,500	4.50 years	$0.15	January 22, 2014
6,260,500	5,998,000			

The weighted average fair value of the options granted is $0.37 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 $233,908 (2008 - $663,500) as stock based compensation, being the fair value of the options vested during the year ended June 30, 2009

On January 22, 2009, 750,000 common share purchase options were granted at an exercise price of $0.15 per share and expiring January 22, 2014 and 100,000 common share purchase options were granted at an exercise price of $0.15 per share and expiring January 22, 2012.

The number of common shares outstanding on June 30, 2009 was 83,108,217. Taking into account outstanding share purchase options, warrants and 1,355,000 shares reserved for property transactions, the fully diluted potential common shares outstanding on June 30, 2009 is 94,671,365.

6. Related Party Transactions

During the year ended June 30, 2009, the Company incurred expenses of $406,046 (2008- $299,206), for management and consulting fees to the Company's senior officers or companies controlled by senior officers, of which $37,500 was due and payable at June 30, 2009.

During the year ended June 30, 2009, the Company incurred expenses of $89,231 (2008- $119,373), for legal fees to a company related to a senior officer of the Company, of which $60,969 was due and payable at June 30, 2009.

During the year ended June 30, 2009, the Company incurred expenses of $11,000 (2008- $8,500), related to directors' fees, of which $3,000 was due and payable at June 30, 2009.

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% (2008 - 35.00%) to the net loss for the year for reasons noted below:

	June 30 2009 $	June 30 2009 $
Income tax recovery based on statutory rate	**(630,600)**	(710,375)
Actual provision per financial statements	**91,639**	(380,766)
Non-deductible items for tax purposes	**(81,190)**	(232,225)
Tax effect of renunciation of exploration expenditures	**(641,049)**	(97,384)
Tax effect of renunciation of exploration expenditures	**(630,600)**	(710,375)

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
	1,342,900

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

	June 30 2009 $	June 30 2008 $
Non-capital losses	**389,444**	802,143
Exploration and development expenses per flow through share issues	**5,462**	47,454
Non-deductible items for tax purposes	**(2,874,952)**	(2,760,374)
Tax effect of renunciation of exploration expenditures	**(2,480,046)**	(1,910,777)

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 year this amounted to $477,630 (2008 - $1,735,602) 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 on the consolidated balance sheets are classified into the following categories:

	June 30 2009 $	June 30 2008 $
Held for trading [1]	**1,358,200**	5,033,252
Available for sale [2]	**-**	-
Loans and receivables [3]	**103,891**	323,865
Other financial liabilities [4]	**69,756**	184,300

(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 June 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 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. The Company is not subject to externally imposed capital requirements.

10. Contingencies and commitments

As at June 30, 2009, the Company does not have any contingency obligations.

As at June 30, 2009, the Company is committed to spend $1,333,799 on qualified exploration activities to December 31, 2009.

At June 30, 2009, the Company has the following minimum lease cost commitment for its head office space:

	Amount
	$
2010	13,186
	13,186

As at June 30, 2009, the Company has $36,194 on deposit as property reclamation bonds with various governmental agencies and a $50,000 deposit on account with a drilling services provider. These amounts are included with prepaid expenses.

11. Cash flow statement

	2008	**2007**
	$	**$**
Supplemental information:		
Common shares issued for interest in mineral properties	106,755	1,122,450
Warrants issued for interest in mineral properties	-	11,000
Transferred to common shares on exercise of warrants	-	37,429
Common shares issued as commission on private placement	72,500	450,000
Warrants issued as commission on private placement	12,373	-
Share issue costs – future income tax effect of flow-through shares	477,630	1,735,602

12. Subsequent events

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 common shares 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 fee 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 one year.