

**ROMIOS GOLD RESOURCES INC.**

**QUARTERLY REPORT**

**For the three and six months ended  
December 31, 2008**

# Romios Gold Resources Inc.

## Consolidated Balance Sheets

(Unaudited)

As at	December 31 2008 \$	June 30 2008 \$
<b>Assets</b>		
Current		
Cash and cash equivalents	337,460	261,505
Cash and cash equivalents for future exploration activities	1,647,000	4,771,747
Accounts receivable	253,559	323,865
Prepaid expenses	157,669	131,521
	<b>2,395,687</b>	<b>5,488,638</b>
Acquisition costs	2,045,961	2,036,318
Deferred exploration expenditures	10,471,698	5,645,276
	<b>14,913,346</b>	<b>13,170,232</b>
<b>Liabilities</b>		
Current		
Accounts payable & accruals	338,489	261,797
Future Income tax	1,880,777	1,910,777
	<b>2,219,266</b>	<b>2,172,574</b>
<i>Contingencies and commitments</i>		
<b>Shareholders' equity</b>		
Share capital	15,688,376	13,792,709
Contributed surplus	1,960,227	1,824,227
Deficit	(4,954,523)	(4,619,278)
	<b>12,694,080</b>	<b>10,997,658</b>
	<b>14,913,346</b>	<b>13,170,232</b>

The accompanying notes are an integral part of these financial statements

## Romios Gold Resources Inc.

### Consolidated Statements of Loss, Comprehensive Loss and Deficit

(Unaudited)

	For the six months ended December 31		For the three months ended December 31	
	2008	2007	2008	2007
	\$	\$	\$	\$
<b>Expenses</b>				
Professional fees	80,476	152,283	47,184	97,218
Stock based compensation	136,000	292,875	80,000	126,125
Office and general	111,745	228,486	56,700	170,137
Interest	-	84,000	-	84,000
Management fees and salaries	75,000	75,000	37,500	37,500
Depreciation	-	4,476	-	2,238
	<b>403,221</b>	837,120	<b>221,384</b>	517,218
Interest income	<b>37,977</b>	39,619	<b>13,410</b>	18,952
Net loss for the period before income tax	<b>365,245</b>	797,501	<b>207,975</b>	498,266
Future income tax recovery	<b>30,000</b>	135,000	-	90,000
<b>Net loss and comprehensive loss</b>	<b>335,245</b>	662,501	<b>207,975</b>	408,266
Deficit, beginning of period	<b>4,619,278</b>	2,970,397	<b>4,746,548</b>	3,224,632
<b>Deficit, end of period</b>	<b>4,954,523</b>	3,632,898	<b>4,954,523</b>	3,632,898
Weighted average number of shares outstand	<b>69,140,676</b>	54,095,669	<b>69,161,040</b>	54,095,669
Basic and diluted loss per share	<b>0.01</b>	0.02	<b>0.01</b>	0.01

*The accompanying notes are an integral part of these financial statements*

**Romios Gold Resources Inc.**  
**Consolidated Statements of Cash Flows**  
(Unaudited)

	December 31		December 31	
	2008	2007	2008	2007
	\$	\$	\$	\$
<b>Operating activities</b>				
Net loss for the period	(335,245)	(662,501)	(207,975)	(498,266)
Items not affecting cash:				
Stock based compensation	136,000	292,875	80,000	126,125
Depreciation of capital assets	-	4,476	-	2,238
Future income tax recovery	(30,000)	(135,000)	-	(90,000)
	(229,245)	(500,150)	(127,975)	(459,903)
Change in non-cash working capital	120,851	129,168	(13,242)	(92,229)
	(108,394)	(370,982)	(141,217)	(552,131)
<b>Investing activities</b>				
Additions to capital equipment	7,657	(107,447)	15,000	(105,021)
Additions to mineral properties	(4,826,422)	(2,244,604)	(1,087,340)	(433,232)
	(4,818,765)	(2,352,051)	(1,072,340)	(538,253)
<b>Financing activities</b>				
Issuance of common shares	1,941,467	5,366,307	1,941,467	5,366,307
Share issue expense	(63,100)	-	(63,100)	-
	1,878,367	5,366,307	1,878,367	5,366,307
Change in cash and cash equivalents	(3,048,792)	2,643,274	664,810	4,380,943
Cash and cash equivalents, beginning of period	5,033,252	3,463,116	1,319,650	1,740,468
<b>Cash and cash equivalents, end of period</b>	<b>1,984,460</b>	<b>6,106,390</b>	<b>1,984,460</b>	<b>6,121,411</b>
<b>Cash comprises:</b>				
Cash and cash equivalents	337,460	925,490	337,460	925,490
Cash and cash equivalents for future exploration activities	1,647,000	5,180,900	1,647,000	5,180,900
<b>Supplemental cash flow information</b>				
Non-cash investing and financing activities				
Common shares and warrants issued for property acquisition	35,900	64,450	-	28,550
Common shares and warrants issued for finders fee	-	350,031	-	350,031
Common shares and warrants issued for broker compensation	188,450	-	188,450	-

*The accompanying notes are an integral part of these financial statements*

**ROMIOS GOLD RESOURCES INC.**  
**Notes to Consolidated Financial Statements**  
**December 31, 2008**

**Accounting Policies**

These interim, unaudited, consolidated financial statements follow the same accounting policies as the consolidated financial statements for the year ended June 30, 2008, and are prepared in accordance with Canadian Generally Accepted Accounting Principles (“GAAP”). The disclosures contained in these interim statements do not include all requirements of GAAP for annual financial statements, and accordingly, these interim, unaudited, consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended June 30, 2008.

In the opinion of management, all adjustments considered for a fair presentation have been included. As the Company does not have any operations, the operating results reflected in the financial statements are largely a function of the level of exploration and project evaluation activity, which fluctuates from quarter to quarter.

**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.

**Mineral properties**

	<b>British Columbia</b>	<b>Quebec</b>	<b>Ontario</b>	<b>Nevada, USA</b>	<b>Total</b>
	\$	\$	\$	\$	\$
Balance, June 30, 2008	1,856,376	-	2	179,940	2,036,318
Additions	22,093	2,550			24,643
Balance, September 30, 2008	1,878,469	2,550	2	179,940	2,060,961
Additions	(15,000)	-	-	-	(15,000)
Balance, December 31, 2008	1,863,469	2,550	2	179,940	2,045,961

**Deferred Exploration**

	<b>British Columbia</b>	<b>Quebec</b>	<b>Ontario</b>	<b>Nevada, USA</b>	<b>Total</b>
	\$	\$	\$	\$	\$
Balance, June 30, 2008	4,858,352	-	-	786,924	5,645,276
Additions:					
Assessment filings	43,402	3,708	-	-	47,110
Assaying	136,917	75,303	-	-	212,220
Contract flying	895,871	-	-	-	895,871
Drilling	987,484	595,155	-	-	1,582,639
Field communications	56,775	20,370	-	-	77,146
Computer rentals	3,560	-	-	-	3,560
Geophysics	680,866	-	-	-	680,866
Contract labour	581,976	114,624	-	7,640	704,241
Subcontract labour	373,130	-	-	-	373,130
Camp costs	107,005	-	-	-	107,005
Other	124,204	18,432	-	-	142,636
	3,991,190	827,593	-	7,640	4,826,423
Balance, December 31, 2008	8,849,542	827,593	-	794,564	10,471,699

## Share Capital

### *Common shares outstanding as at December 31, 2008*

	<i>Number</i>	<i>Amount</i>
		\$
Balance, June 30, 2008	68,710,993	13,792,709
Issued for property acquisition	100,000	17,300
Balance, September 30, 2008	68,810,993	13,810,009
Flow through shares issued	10,980,000	1,647,000
Common shares issued for cash	2,438,891	294,467
Common shares issued for acting as agent	483,333	72,500
Share issue expenses	-	(135,600)
Balance, December 31, 2008	82,713,217	15,688,376

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 period of one year (until November 18, 2009).

On December 23, 2008, the Company completed a flow-through private placement of 10,000,000 flow-through common shares ("Flow-Through Shares") at an issue price of \$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.

On December 30, 2008, the Company completed an insider private placement of 980,000 Flow-Through Shares at an issue price of \$0.15 per Flow-Through Share for gross proceeds of \$147,000.

The gross proceeds of the Flow-Through Offering will be used to incur exploration expenditures which are eligible as Canadian Exploration Expenses under the *Income Tax Act* (Canada). The exploration expenditures will be used to advance and accelerate development on its exploration properties.

On December 30, 2008, the Company also completed an insider unit private placement of 180,000 units (the "Units") priced at \$0.13 per Unit with each Unit consisting of one common share (the "Share") and one-half of a share purchase warrant (a "Warrant") with each full Warrant entitling the holder to acquire a further share at a price of \$0.30 per Share until December 30, 2010 for a gross proceeds of \$23,400.

In the previous quarter the Company issued 100,000 common shares for an option payment on a mineral property.

Subsequent to the quarter-end, 65,000 common shares were issued for the acquisition of the property at the former producing Lacorne mine site near Val d'or, Quebec. A further 585,000 common shares have been reserved for future issuance for further acquisition of the same property.

### **Warrants outstanding as at December 31, 2008**

	<b>Number</b>
Balance, June 30, 2008	10,621,963
Expired	(50,000)
Balance, September 30, 2008	10,571,963
Granted	3,122,224
Expired	(9,639,396)
Balance, December 31, 2008	4,054,791

Subsequent to the quarter-end, 107,143 \$0.90 common share purchase warrants expired unexercised.

### **Options outstanding as at December 31, 2008**

	<b>Number</b>
Balance, June 30, 2008	6,965,500
Expired	-
Balance, September 30, 2008	6,965,500
Expired	(1,005,000)
Balance, December 31, 2008	5,910,500

At December 31, 2008, all of the options outstanding were exercisable at a weighted-average exercise price of \$0.39.

Subsequent to the quarter-end, 750,000 options were granted at an exercise price of \$0.15 per share and expiring January 22, 2014 and 100,000 options were granted at an exercise price of \$0.15 per share and expiring January 22, 2012. Also, options to purchase 700,000 shares expired unexercised.

The number of common shares outstanding on December 31, 2008 was 82,713,217. Taking into account outstanding share purchase options, warrants and 1,100,000 shares reserved for property transactions, the fully diluted potential common shares outstanding on December 31, 2008 is 93,778,508.

### **Financial Instruments, Comprehensive Income and Hedges**

CICA Handbook Sections 3855, "Financial Statements-Recognition and Measurement", 1530, "Comprehensive Income", and 3865, "Hedges" were adopted effective July 1, 2007, on a prospective basis; accordingly, comparative amounts for prior years have not been restated.

#### **(i) Financial Instruments – Recognition and Measurement**

Section 3855 prescribes when a financial instrument is to be recognized on the balance sheet and at what amount. It also specifies how financial instrument gains and losses are to be presented and requires that:

- (i) All financial assets to be measured at fair value on initial recognition and certain financial assets to be measured at fair value subsequent to initial recognition;
- (ii) All financial liabilities to be measured at fair value if they are classified as held for trading purposes. Other financial liabilities are measured at amortized cost using the effective interest method; and
- (iii) All derivative financial instruments to be measured at fair value on the balance sheet, even when they are part of an effective hedging relationship.

(ii) Comprehensive Income

Section 1530 introduces a new requirement to temporarily present certain gains and losses from changes in fair value outside net income. It includes unrealized gains and losses, such as: changes in currency translation adjustment relating to self-sustaining foreign operations; unrealized gains or losses on available-for-sale investments; and the effective portion of gains or losses on derivatives designated as cash flow hedges or hedges of the net investment in self-sustaining foreign operations.

(iii) Hedges

Section 3865 provides alternative treatments to Section 3855 for entities which choose to designate qualifying transactions as hedges for accounting purposes. It replaces and expands on Accounting Guideline 13 "*Hedging Relationships*" and the hedging guidance in Section 1650 "*Foreign Currency Translation*" by specifying how hedge accounting is applied and what disclosures are necessary when it is applied. The Company currently does not have any components of hedges in place and, therefore, this policy has had no impact on the financial statements.

(iv) Impact upon adoption of Sections 1530, 3855 and 3865

The Company has evaluated the impact of Sections 1530, 3855, and 3865 on its financial statements and determined that no adjustments are currently required.

The Company has made the following classifications:

- (i) Cash and cash equivalents and cash and cash equivalents held for future exploration are classified as a financial asset "held for trading" and is measured at fair value. Gains and losses resulting from periodic revaluation are recorded in net loss.
- (ii) GST receivable is classified as "loans and receivables" and is recorded at amortized cost, which upon their initial measurement is equal to their fair value. Subsequent measurements are recorded at amortized costs using the effective interest rate method.
- (iii) Accounts payable are classified as "other financial liabilities" and are initially measured at its fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method.

### **New Accounting Pronouncements**

CICA Handbook Section 1535 Capital Disclosures; 3862 Financial Instruments-Disclosures; and 3863 Financial Instruments-Presentation, are effective for interim and annual financial statements beginning on July 1, 2008. Section 1535 specifies the disclosure of (i) the entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. Sections 3862 and 3863 replace Handbook Section 3861 Financial Instruments-Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and the extent of risks arising from financial instruments and how the entity manages those risks.

In 2006, the Canadian Accounting Standards Board published a new strategic plan that will significantly affect financial reporting requirements for Canadian public companies. The Standards Board plan outlines the convergence of Canadian Generally Accepted Accounting Principles ("GAAP") with International Financial Reporting Standards ("IFRS") over an extended five year transitional period. In February, 2008, the Board announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after



January 1, 2011. The transition date of July 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended June 30, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time. The Company's management will continue to monitor these developments.

### **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**

The Company is exposed to various credit and market risks associated with its financial instruments.

- (i) Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
- (ii) Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.
- (iii) Market risk comprises currency risk, interest rate risk and other price risks.

The Company manages its risks as follows:

- (i) Cash and cash equivalents and cash and cash equivalents held for future exploration: The credit risk is limited to the amount on the balance sheet. All amounts are on deposit with a Canadian Chartered bank and are not considered to be at risk. The functional currency for the Company is the Canadian dollar. Cash held in non-Canadian funds is limited to funds for the corporate expenses incurred in the United States.
- (ii) G.S.T. receivable: These are taxes paid on goods and services purchased that are recoverable from the Canadian government and are not considered to be at credit risk.
- (iii) Accounts payable: The exposure to market risk relates to changes in the currency rates for that portion of the accounts payable that is in United States dollars.

### **Capital Disclosures**

The Company's current objectives when managing capital are:

- (i) to ensure the Company's financial capacity to safeguard its assets and advance its exploration activity.

During the current fiscal year the Company has raised gross proceeds of \$1,647,000 through the issue of flow-through shares to finance ongoing exploration activities. The sum is expected to be sufficient to cover the Company's proposed exploration activities to December 31, 2009.

Also during the current fiscal year, the Company has raised gross proceeds of \$294,467 through the issue of common shares to finance operating expenses.

Liquidity risk is managed to the best of the Company's ability by raising capital when market conditions permit.

**Notice of No Auditor Review**

As required to be stated under National Instrument 51-102, these interim, unaudited, consolidated financial statements have not been reviewed by the Company's independent auditors, Wasserman Ramsay, Chartered Accountants.