

**EASTFIELD RESOURCES LTD.
(An Exploration Stage Company)
Interim Financial Statements for the three months ended May 31, 2009
Unaudited – Prepared by Management**

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(1), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice that the financial statements have not been reviewed by an auditor.

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

EASTFIELD RESOURCES LTD.

Consolidated Balance Sheets
Unaudited – Prepared by Management

	May 31, 2009	February 28, 2009
ASSETS		
Current		
Cash and cash equivalents	\$ 586,820	\$ 548,416
Accounts receivable	12,728	15,670
Receivable from related parties (Note 9)	47,459	32,052
Investments	132,494	131,397
Prepaid expenses	454	3,238
	779,954	730,773
Project Deposits (Note 5)	43,200	38,200
Mineral Property Interests (Note 6)	725,509	694,642
Patented Claims Held For Resale (Note 6)	81,877	81,877
Option Proceeds	(493,771)	(463,773)
Equipment (Note 7)	8,943	8,908
	\$ 1,145,712	\$ 1,090,627
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 9)	\$ 44,880	\$ 46,562
Future Reclamation Costs (Note 8)	19,500	19,500
	64,380	66,062
SHAREHOLDERS' EQUITY		
Share Capital (Note 10)	4,973,272	4,968,272
Contributed Surplus (Note 10)	639,074	639,074
Deficit	(4,373,664)	(4,395,882)
Other Comprehensive Loss	(157,350)	(186,899)
	1,081,332	1,024,565
	\$ 1,145,712	\$ 1,090,627

APPROVED BY THE BOARD

"J.W. Morton" Director

"D.D. Sharp" Director

EASTFIELD RESOURCES LTD.

Consolidated Statements of Loss (Income) and Comprehensive Loss (Income)
Unaudited – Prepared by Management

	May 31, 2009	May 31, 2008
EXPENSES		
Amortization	\$ -	\$ -
Consulting	2,500	1,875
Dues and licenses	338	587
Bank charges	409	337
Investor relations	8,508	3,973
Legal and audit	-	59,989
Office	1,813	5,421
Rent	6,415	3,075
Salaries and benefits	3,805	3,094
Share-based compensation	-	37,500
Telephone	598	535
Transfer and filing fees	1,269	1,530
Write-off of accounts receivable	-	-
Loss before the following	(25,657)	(117,916)
OTHER (INCOME) EXPENSE		
Interest income	2,322	7,726
Other (income) expense	1,663	-
Mineral property option proceeds	25,000	-
Impairment of mineral property	-	-
Gain on sale of investments	18,890	-
Reclamation recovery	-	-
(NET LOSS) / INCOME	22,218	(110,190)
OTHER COMPREHENSIVE (LOSS) GAIN		
Unrealized (loss) gain on investments	29,550	113,874
COMPREHENSIVE (LOSS) / INCOME	\$ 51,768	\$ 3,684
BASIC AND FULLY DILUTED (LOSS)/INCOME PER SHARE	\$ 0.001	\$ 0.000
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	44,594,919	44,394,919

EASTFIELD RESOURCES LTD.

Consolidated Statements of Deficit and Accumulated Other Comprehensive Loss Unaudited – Prepared by Management

	May 31, 2009	May 31, 2008
DEFICIT, BEGINNING OF YEAR	\$ (4,395,882)	\$ (4,359,794)
Net loss / (income)	22,218	110,190
Plan of arrangement costs (Note 1)	-	-
DEFICIT, END OF YEAR	\$ 4,373,664	\$ (4,469,984)
ACCUMULATED OTHER COMPREHENSIVE LOSS (GAIN), BEGINNING OF YEAR	\$ 186,900	\$ (32,013)
Unrealized (gain) loss on investments	(29,550)	113,874
ACCUMULATED OTHER COMPREHENSIVE LOSS, END OF YEAR	\$ 157,350	\$ 81,862

EASTFIELD RESOURCES LTD.

Consolidated Statements of Cash Flows Unaudited – Prepared by Management

	May 31, 2009	May 31, 2008
Cash provided by (used in)		
Operating activities		
Net (loss) / income	\$ 51,768	\$ 3,684
Items not affecting cash		
Amortization	-	-
Reclamation recovery	-	-
Mineral property option proceeds	-	-
Impairment of mineral property	-	-
Gain on sale of investments	(1,095)	6,000
Term Deposit	(5,000)	(8,700)
Share-based compensation	-	37,500
Revaluation gain – marketable securities	-	(113,871)
	45,673	(75,387)
Changes in non-cash working capital components		
Accounts receivable	(5,971)	(84,606)
Receivable from related parties	-	-
Prepaid expenses	2,784	7,109
Accounts payable and accrued liabilities	(8,178)	(17,417)
	34,308	(170,301)
Investing activities		
Purchase of equipment	(36)	(27)
Mineral property acquisition costs	(25,000)	5,500
Mineral property option proceeds	30,000	-
Mineral property exploration expenditures	(5,867)	(11,610)
Project deposits	-	-
Transfer of cash and receivables on plan of arrangement	--	-
Plan of arrangement costs	-	-
Proceeds from sale of investments	-	-
	(903)	(6,137)
Financing Activities		
Issue of shares and warrants, net of share issue costs	5,000	4,500
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	38,405	(171,938)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	548,415	731,605
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 586,820	\$ 559,667
CASH AND CASH EQUIVALENTS ARE COMPRISED OF:		
Cash in bank	62,380	126,127
Short-term deposits	524,440	433,540
	586,820	559,667
Supplemental disclosure of non-cash transactions		
Shares issued for mineral property interests	\$ -	\$ -
Shares received as mineral property option proceeds	-	-
Share purchase options issued to consultants on acquisition of mineral properties	-	-
Mineral property interests transferred to Lorraine	-	-

EASTFIELD RESOURCES LTD.

Consolidated Statements of Mineral Properties Expenditures

Unaudited – Prepared by Management

	<u>Three Months Ended May 31, 2009</u>				<u>Three Months Ended May 31, 2008</u>			
	<u>Indata</u>	<u>Zymo</u>	<u>Other *</u>	<u>Total</u>	<u>Indata</u>	<u>Zymo</u>	<u>Other *</u>	<u>Total</u>
<u>Acquisition Costs</u>								
Balance, beginning of year	\$ 140,000	53,584	195,500	389,084	\$ 140,000	30,000	\$ 427,420	\$ 597,420
Incurred during year	-	25,000	-	25,000	-	10,000	(20,000)	(10,000)
Mineral properties abandoned	-	-	-	-	-	-	-	-
Balance, end of year	<u>140,000</u>	<u>78,584</u>	<u>195,500</u>	<u>414,084</u>	<u>140,000</u>	<u>40,000</u>	<u>407,420</u>	<u>587,420</u>
<u>Exploration Expenditures</u>								
Professional fees, field crews	-	1,020	4,080	5,100	-	5,780	2,720	8,500
Geological	-	-	14	14	-	1,956	648	2,604
Rental of Vehicles and equipment	72	-	650	722	-	-	80	80
Transportation and Fuel	-	-	-	-	-	-	165	165
Field Equipment	-	-	-	-	-	-	-	-
Communications	-	-	2	2	-	58	4	62
Food and Accommodation	-	-	-	-	-	-	-	-
Freight	-	-	-	-	-	-	-	-
Drilling	-	-	-	-	-	-	-	-
Assaying	-	-	20	20	-	-	-	-
Other	-	-	9	9	-	-	199	199
	72	1,020	4,774	5,867	-	7,794	3,816	11,610
Balance, beginning of year	14,021	140,603	150,935	305,558	12,661	122,609	2,800,496	2,935,766
Written off during the year	-	-	-	-	-	-	-	-
Total Expenditures	<u>14,093</u>	<u>141,623</u>	<u>155,709</u>	<u>311,425</u>	<u>12,661</u>	<u>130,404</u>	<u>2,804,312</u>	<u>2,947,377</u>
<u>Option Proceeds</u>								
Balance, beginning of year	(61,250)	(120,000)	(281,014)	(462,264)	(43,000)	-	(227,330)	(270,330)
Additions	-	(30,000)	-	(30,000)	-	-	-	-
Balance, end of year	<u>(61,250)</u>	<u>(150,000)</u>	<u>(281,014)</u>	<u>(492,264)</u>	<u>(43,000)</u>	<u>-</u>	<u>-</u>	<u>(270,330)</u>
<u>Mineral Property: METC</u>	<u>(408)</u>	<u>(5,398)</u>	<u>4,298</u>	<u>(1,508)</u>				
Cumulative mineral property Costs	<u>\$ 92,435</u>	<u>\$ 64,809</u>	<u>\$ 74,493</u>	<u>\$ 231,737</u>	<u>\$ 109,661</u>	<u>\$ 170,404</u>	<u>\$ 2,984,402</u>	<u>\$3,264,467</u>

*Other properties include Iron Lake, Crowsnest, Howell, Lorraine and OK

EASTFIELD RESOURCES LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS

Eastfield Resources Ltd. (the “Company”) is incorporated in the Province of British Columbia. Its principal business activities are the acquisition and exploration of gold, copper and other precious and base metal properties in Canada and, through its wholly-owned subsidiary, the United States.

These consolidated financial statements have been prepared on the basis that the Company is a going concern, which presumes that the Company will continue operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The ability of the Company to continue as a going concern is dependent on obtaining additional financing through the issue of treasury shares and/or debt and on meeting the requirements, from time to time, of any lenders. These consolidated financial statements do not reflect any adjustments or reclassifications which would be necessary if the Company was unable to continue as a going concern.

On April 16, 2008, the Company completed a plan of arrangement with Lorraine Copper Corp. (“Lorraine”), and, at that time the Company:

- increased its authorized share capital by an unlimited number of new common shares and an unlimited number of reorganization shares
- exchanged each issued and outstanding common share for one new common share and one reorganization share
- exchanged the reorganization shares for 20,000,000 common shares of Lorraine
- redeemed all of the reorganization shares held by Lorraine in exchange for \$150,000 in cash and the Jajay-Lorraine project, at its carrying value of \$2,913,986, and cancelled the reorganization shares

As a result of this transaction, the Company’s cash balance decreased by \$132,500, receivables from related parties decreased by \$17,500, mineral property interests decreased by \$2,913,986, share capital decreased by \$3,041,118, and contributed surplus decreased by \$22,868.

Holders of common shares of the Company now hold common shares in both the Company and Lorraine.

When share purchase warrants issued by the Company prior to October 23, 2007 are exercised, Lorraine will receive 40 per cent of the proceeds and will issue an equal number of shares as the Company to the warrant holders.

2. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”), and reflect the following significant accounting policies:

Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Eastfield Resources (U.S.A.) Inc., (collectively, the “Company”). All significant inter-company transactions and balances have been eliminated upon consolidation.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

Cash and cash equivalents consist of cash balances and investments in highly liquid short-term deposits.

Financial Instruments

The Company's financial assets, other than cash and cash equivalents, and financial liabilities are classified as:

- Accounts receivable and receivables from related parties are classified as "loans and receivables" and are measured at amortized cost. At February 28, 2009 and 2008, the recorded amounts approximate fair value.
- Investments are classified as "available for sale" and are measured at fair value. Unrealized gains and losses are recorded in other comprehensive loss (income) until the instrument is either sold or suffers an impairment that is other than temporary. Fair values of investments which are traded on a recognized exchange are reported at the bid prices on the last day when they were traded.
- Accounts payable and accrued liabilities are classified as "other financial liabilities" and are measured at amortized cost. At February 28, 2009 and 2008, the recorded amount approximates fair value.

Transaction costs directly attributable to the acquisition or issue of a financial asset or liability are added to the carrying amount of the financial asset or financial liability, and are amortized to operations using the effective interest rate method.

Comprehensive Loss (Income)

Comprehensive loss (income) is the change in net assets arising from transactions and other events and circumstances from non-owner sources. Financial assets that are classified as available for sale will have revaluation gains and losses included in other comprehensive loss (income) until the asset is removed from the balance sheet. At present, the Company's only available for sale financial assets are its investments.

Foreign currencies

The Company's reporting currency is the Canadian dollar, and its foreign subsidiary is considered an integrated foreign operation. Monetary assets and liabilities denominated in foreign currencies have been translated into Canadian dollars at the exchange rate in effect at the balance sheet date and non-monetary assets and liabilities at the exchange rates in effect at the time of acquisition or issue. Revenues and expenses denominated in foreign currencies have been translated at rates approximating exchange rates in effect at the time of the transactions.

Equipment

Equipment is recorded at cost less accumulated amortization. Amortization is recorded using the declining balance method at the following annual rates:

Technical equipment	20%
Office equipment	20%
Computer equipment	30%
Furniture and fixtures	20%

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Mineral Property Interests

The Company is currently in the exploration stage and accounts for its mineral properties, whereby costs relative to the acquisition of, exploration for and development of these properties are capitalized by property. All sales and option proceeds received are first credited against the costs of the related property, with any excess credited to income. No gains or losses are recognized on the partial sale or dispositions of properties except in circumstances which result in significant disposition of reserves. Once commercial production has commenced, these net costs are charged to future operations using the unit-of-production method based on estimated recoverable reserves by property. The net costs related to abandoned properties are charged to operations.

The Company reviews the carrying values of its mineral properties whenever events or changes in circumstances indicate that their carrying values may exceed their estimated net recoverable amounts determined by reference to estimated future operating results and undiscounted net cash flows. An impairment loss is recognized when the carrying value of those assets exceeds their fair value.

Future Reclamation Costs

The Company recognizes liabilities for statutory, contractual or legal obligations associated with the reclamation of mineral property interests, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for an asset retirement obligation is recognized at its fair value in the period in which it is incurred. Upon initial recognition of the liability, the corresponding asset retirement cost is added to the carrying amount of the related asset and amortized to operations over the economic life of the asset using either the unit-of-production method or the straight-line method, as appropriate. Following the initial recognition of the asset retirement obligation, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the amount or timing of the underlying cash flows needed to settle the obligation.

Share-based Compensation

The Company grants options to purchase shares under the terms described in Note 10.

When options to purchase shares are granted to directors, officers and employees, the fair value of the options on the date of the grant is recognized as a compensation expense, with a corresponding increase in contributed surplus, over the period during which the related options vest. When options to purchase shares are granted to non-employees in return for goods or services, the fair value of the options is recognized as an expense, with a corresponding increase in contributed surplus, in the period in which the goods or services are received or are expected to be received.

The consideration received on the exercise of options is credited to share capital and the previously recorded compensation related to the options is transferred from contributed surplus to share capital to fully reflect the consideration for the shares issued.

Flow-through Shares

The Company has issued flow-through shares to finance some of its exploration activities. These shares were issued for cash in exchange for the Company giving up the tax benefits arising from the exploration expenditures, in accordance with tax legislation. The Company records these share issuances by crediting share capital for the full value of cash consideration received, recognizing the related future income tax liability as a share issue cost and recording a recovery of future income taxes in operations when the tax benefits are renounced to the investors.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Exploration Tax Credits

The Company may receive refundable exploration tax credits and grants from provincial jurisdictions in Canada equal to a specified rate of qualifying exploration expenditures incurred on properties located within that jurisdiction. The Company records these exploration tax credits or grants as a reduction of qualifying exploration expenditures as it incurs the related expenditures.

Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Using this method, future income tax assets and liabilities are recognized for the estimated tax consequences attributable to differences between the amounts reported in the financial statements of the Company and their respective tax bases, and for losses and other deductions carried forward, using enacted or substantially enacted income tax rates. The effect of a change in income tax rates on future tax assets and liabilities is recognized in operations in the period in which the change occurs. A future income tax asset is recognized when the probability of realization of the asset is more likely than not.

Income (Loss) per Share

The basic income (loss) per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the year. The diluted income per share reflects the potential dilution of common share equivalents, such as outstanding share purchase options and warrants, in the weighted average number of common shares outstanding during the year, if dilutive. For this purpose, the "treasury stock method" is used for the assumed proceeds upon the exercise of share purchase options and warrants that are used to purchase common shares at the average market price during the year.

Income Recognition

Interest from cash and investments is recorded on an accrual basis when collection is reasonably assured.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions about future events that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Significant estimates used in these financial statements include, among others, the determination of the net recoverable value of assets, share based compensation, and future income tax assets and liabilities.

Comparative Amounts

Certain prior period amounts have been reclassified to conform to the classifications adopted in the current year's presentation.

3. RESTATEMENT

The issue of flow-through shares in 2006 and 2007 resulted in the recording of an estimated future income tax liability of \$137,440. Renunciation of the expenses associated with these flow through shares in December 2007 resulted in a recovery of this future income tax liability, which should have been credited to operations in the year ended February 29, 2008. Accordingly, the Company has included \$137,440 in future income tax recoveries in the statement of loss for the year ended February 29, 2008 and has made the following additional changes to the previously reported amounts in the financial statements.

	Previously Reported	Future Income Tax Recovery	Restated
Consolidated Balance Sheets			
Future income liability	\$ 137,440	\$ (137,440)	\$ -
Deficit	(4,359,794)	137,440	(4,222,354)
Consolidated Statements of Operations			
Future income tax recovery	\$ -	\$ 137,440	\$ 137,440
Net loss / (income)	17,488	(137,440)	(119,952)
Consolidated Statements of Deficit and Accumulated Other Comprehensive Loss (Income)			
Net loss / (income)	\$ 17,488	\$ (137,440)	\$ (119,952)
Deficit, end of year	(4,359,794)	137,440	(4,222,354)
Consolidated Statements of Cash Flows			
Net loss / (income)	\$ 17,488	\$ (137,440)	\$ (119,952)
Future income tax recovery	-	137,440	137,440

4. NEW ACCOUNTING STANDARDS

On March 1, 2008, the Company adopted three new accounting standards described in Section 1535 *Capital Disclosures*, Section 3862 *Financial Instruments – Disclosures* and Section 3863 *Financial Instruments – Presentation* of the Handbook of the Canadian Institute of Chartered Accountants (the “CICA”). The requirements of these new standards are:

Capital Disclosures

Section 1535 requires the disclosure of an entity’s objectives, policies and processes for managing capital, quantitative data about what the entity regards as capital, whether the entity has complied with any external capital requirements and, if it has not complied, the consequences of such non-compliance.

As a result of the adoption of this standard, additional disclosure on the Company’s capital management has been included in Note 14 to the financial statements.

Financial Instruments - Disclosures and Financial Instruments – Presentation

Sections 3862 and 3863 replace Handbook Section 3861 *Financial Instruments - Disclosure and Presentation*, revising its disclosure requirements and carrying forward its presentation requirements. These new sections place increased emphasis on disclosure about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

Section 3862 requires disclosure which enable users to evaluate the significance of financial instruments for the entity’s financial position and performance, the nature and extent of and exposure to risks arising from financial instruments and how the entity manages those risks. As a result of the adoption of this standard, additional disclosure on these risks has been included in Note 15 to the financial statements.

Section 3863 establishes standards for the presentation and classification of financial instruments and non-financial derivatives. The adoption of this standard did not have any impact on the classification or presentation of the Company’s financial instruments.

4. NEW ACCOUNTING STANDARDS (continued)

Future Accounting Changes

The Accounting Standards Board of the CICA ratified a strategic plan in 2006 that will result in Canadian GAAP, as used by the Company, evolving and being converged with International Financial Reporting Standards (“IFRS”) over a transitional period to be completed by 2011. The International Accounting Standards Board also has projects currently under way that should result in new pronouncements which will be included in the convergence process. The Company is conducting a detailed assessment of the requirements of IFRS, with the intention of identifying differences, if any, in accounting policies, selecting the policies which are appropriate for the Company, identifying the appropriate disclosure in financial statements prepared under IFRS and developing an implementation plan to complete the transition to IFRS by January 1, 2011.

5. PROJECT DEPOSITS

The project deposits represent term deposits in favour of regulatory authorities held as site restoration deposits. These deposits will be released to the Company on satisfactory reclamation of the properties.

6. MINERAL PROPERTY INTERESTS

Crowsnest Property, Fort Steele Mining Division, British Columbia

On August 20, 2006, the Company made the final option payment and completed the purchase of the 101 claims in the project area. The claims are subject to a 2.0% net smelter royalty. On July 14, 2009, the Company entered into a revised option agreement with Max Resource Corp. (“Max”) under which Max can earn a 60% interest in both the Crowsnest and Howell properties (see Howell Property below for general terms of the agreement).

Howell Property, Fort Steele Mining Division, British Columbia

The Company holds an agreement to acquire a 100% interest in five mineral claims in the Fort Steele Mining Division, B.C., subject to the issue of 500,000 common shares (issued), payment of \$200,000 on or before August 31, 2010 and cumulative expenditures on the property of \$1,000,000 by August 31, 2010. The Company’s payments will increase if it makes a production decision on the property, based on the mineable resource.

Net smelter royalties of 3.0% are payable upon commercial production. The Company has the option to purchase 1.0% of the net smelter royalties within 120 days of making a production decision, for a cash payment of \$2,000,000.

On July 25, 2007, Goldcorp Inc. and Teck Resources Ltd. agreed to an extension of the previously amended option agreement. The extension requires the Company to complete \$1,000,000 in exploration on the Howell Property by August 31, 2010. To date, the Company has completed \$576,241 in exploration, with the most recent work being performed in 2006.

On July 14, 2009, the Company entered into a revised option agreement under which Max Resource Corp. (“Max”) may earn a 60% interest in both the Howell and Crowsnest properties by making staged share issuances totalling 900,000 shares, option payments totalling \$240,000 and completing exploration work totalling \$3,150,000 over a four-year term. Expenditures incurred by Max may be applied against the Company’s earn-in requirement with Goldcorp and Teck Resources Ltd. In addition, the option provides for Max to make a \$120,000 payment towards the \$200,000 payment due to Goldcorp and Teck Resources Ltd. by August 31, 2010.

6. MINERAL PROPERTY INTERESTS (continued)

Iron Lake Property, Clinton Mining Division, British Columbia

The Company acquired 100% of the Iron Lake property from Canevex Resources Ltd., and a director of the Company. Canevex Resources Ltd. is owned by two other directors of the Company. The Company has reserved a 1.5% net smelter royalty for the vendors.

The Company has also entered into an option agreement under which Cobre Exploration Corp. ("Cobre") may earn a 60% interest in the Iron Lake property by making staged share issuances totalling 600,000 shares (300,000 now issued), option payments totalling \$195,000 and completing exploration work totalling \$1,500,000 over a four-year term to June 1, 2012.

Indata Property, Omineca Mining Division, British Columbia

The Company has a 87.6% interest in the Indata property. Another company owns a 11.9% interest in the Indata property, and this interest will be reduced if that company fails to make its proportionate share of exploration and other payments on the property.

The Company has also entered into an option agreement under which Max Resources Corp. may earn a 60% interest in the Indata property by making staged share issuances totalling 300,000 shares (50,000 now issued), option payments totalling \$120,000 (\$10,000 now paid) and completing exploration work totalling \$1,150,000 (approximately \$350,000 now completed) over a three-year term to June 1, 2011.

OK Property, Vancouver Mining Division, British Columbia

On March 6, 2003, the Company acquired an option to earn a 100% interest in the property, subject to a 2.5% net smelter royalty, for cash payments of \$88,000 and the issue of 125,000 shares over a six year period.

On March 8, 2004, as amended on March 2, 2005, the Company granted Goldrush Resources Ltd. ("Goldrush") an option to earn a 70% interest in the property by making cash or share payments totalling \$120,000 (\$25,000 received), cash payments of \$81,500 to the underlying vendor of the property and incurring \$1,000,000 in mineral exploration expenditures (approximately \$94,000 now completed) prior to April 2008. On March 8, 2006, Goldrush assigned its option interest in the OK Property to Prophecy Resources Ltd. ("Prophecy"), a company with two directors in common with the Company. Pursuant to this assignment Prophecy may earn a 60% interest in the property by incurring an additional \$1,000,000 (completed) in mineral exploration costs by March 8, 2010 and making \$110,000 in cash or share option payments (\$60,000 paid to date).

Zymo Property, Omineca Mining Division, British Columbia

On June 5, 2007 the Company entered into an agreement with 811537 Alberta Ltd. to acquire a 100% interest in the Zymo property by issuing 600,000 shares (200,000 now issued), paying \$250,000 (\$20,000 paid to date) in cash and incurring expenditures of \$1,000,000 (approximately \$141,000 now completed) by June 5, 2012.

The Company has also entered into an option agreement under which Canadian Gold Hunter Corp. ("CGH") may earn a 60% interest in the Zymo property by making staged share issuances totalling 50,000 shares (issued), option payments totalling \$350,000 (\$20,000 received to date) and completing exploration work totalling \$10,200,000 over a five-year term to May 16, 2013.

6. MINERAL PROPERTY INTERESTS (continued)

Kilometre 26 Property, Omineca Mining Division, British Columbia

The Company has staked mineral claims totalling 1,840 hectares located 55 kilometres northwest of Fort St. James, British Columbia.

Tonopah Project, Nevada Patented Claims Held For Resale

The Company holds a 100% interest in 25 patented claims in the Tonopah district, Nevada, U.S.A., subject to certain royalty interests. The property has not been actively explored in the past five years. Patented claims entitle the Company to ownership of the land for any use and the Company may sell the land for purposes other than mineral exploration.

7. EQUIPMENT

	2009			2008
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Technical equipment	\$ 8,936	\$ 6,442	\$ 2,494	\$ 3,118
Office equipment	48,420	43,422	4,998	5,316
Computer equipment	7,421	7,325	96	121
Furniture and fixtures	19,654	18,334	1,320	1,650
	<u>\$ 84,431</u>	<u>\$ 75,523</u>	<u>\$ 8,908</u>	<u>\$ 10,205</u>

8. FUTURE RECLAMATION COSTS

The Company's exploration activities are subject to various federal and provincial laws and regulations governing the protection of the environment and it believes its operations are materially in compliance with all applicable laws and regulations. The Company has accrued the estimated reclamation costs associated with exploration activities on its mineral property interests. The timing of these obligations is not currently known. The eventual amounts and timing of the reclamation costs will depend on a number of factors, including exploration success and future development and mining of the resource.

9. RELATED PARTY TRANSACTIONS

During the quarter ended May 31, 2009, geological services of \$5,879 (2008 - \$9,689) were provided to the Company by Mincord Exploration Consultants Ltd. ("Mincord"), a geological services company owned by two directors of the Company. Mincord's relationship with the Company is non-exclusive and without retainer and is used on a project by project basis. Services provided include the hiring of field and professional personnel, rental of vehicular, camp and technical equipment, transportation and mobilization costs. The amounts for geological and exploration services also include payments for services on properties managed by the Company on behalf of joint venturers.

In the normal course of business, the Company enters into transactions with related companies for the use of equipment, services and rental of office space. The Company is related to Cariboo Rose Resources Ltd. and Lorraine Copper Corp. through directors in common.

10. SHARE CAPITAL

Authorized

Unlimited new common shares without par value
 Unlimited reorganization shares without par value

Issued and fully paid	Number of Shares	Amount
<u>Common Shares</u>		
Balance, February 28, 2007	41,939,919	\$ 7,627,820
Issued for mineral properties	160,000	32,375
Issued on exercise of options	1,520,000	168,100
Transfer from contributed surplus on the exercise of options	-	147,170
Issued for cash on private placement	750,000	150,000
Fair value assigned to warrants issued on private placement	-	(57,169)
Share issue costs	-	(48,535)
Exchanged for new common shares and reorganization shares (Note 1)	(44,369,919)	(8,019,761)
<hr/>		
Balance, February 29, 2008	-	-
 <u>New Common Shares</u>		
Balance, February 29, 2008	-	-
Issued on exchange of common shares (Note 1)	44,369,919	4,955,772
Issued for mineral properties	125,000	12,500
<hr/>		
Balance, February, 28, 2009	44,494,919	4,968,272
 <u>Reorganization Shares</u>		
Balance, February 29, 2008	-	-
Issued on exchange of common shares (Note 1)	44,369,919	3,063,989
Shares redeemed and cancelled (Note 1)	(44,369,919)	(3,063,989)
<hr/>		
Balance, February 28, 2009	-	-
<hr/>		
Total, February 28, 2009		\$ 4,968,272

10. SHARE CAPITAL (continued)

Share Purchase Options

The Company issues options to directors, officers, and employees of the Company and persons who provide ongoing services to the Company under an incentive stock option plan. Under the plan, the Company has reserved 10% of issued share capital for the grant of options. Options will normally vest at the date of grant for directors, officers, and employees, and at the rate of 25% on the date of the grant and 25% every three months thereafter for consultants. Options will expire no later than ten years from the grant date, except that they will expire within thirty days when the holder is no longer qualified to hold the option (other than for cause, when the option will expire immediately). Details of outstanding common share purchase options are as follows:

	2009		2008	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Balance, beginning of year	2,510,000	\$0.17	4,150,000	\$0.15
Granted	2,100,000	0.10	-	-
Exercised	-	-	(1,520,000)	0.11
Expired	(200,000)	0.30	(120,000)	0.19
Balance, end of year	4,410,000	\$0.13	2,510,000	\$0.17
Options exercisable, end of year	4,410,000	\$0.13	2,510,000	\$0.17

The following options are outstanding at February 28, 2009:

Expiry Date	Options Outstanding			Options Exercisable	
	Number of shares	Exercise price	Weighted Average Remaining Life	Number of shares	Exercise price
09-Nov-09	775,000	0.19	0.12	775,000	0.19
19-Dec-10	425,000	0.12	0.18	425,000	0.12
31-July-11	880,000	0.15	0.48	880,000	0.15
13-Feb-12	230,000	0.20	0.15	230,000	0.20
30-Apr-13	750,000	0.10	0.71	750,000	0.10
19-Dec-18	1,350,000	0.10	3.00	1,350,000	0.10
	4,410,000		4.65	4,410,000	

The contractual weighted average remaining life of the outstanding options at February 28, 2009 was 4.65 years (2008 – 2.62 years).

10. SHARE CAPITAL (continued)

Warrants

Details of outstanding warrants are as follows:

	2009		2008	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding, beginning of year	750,000	\$ 0.22	-	\$ -
Issued	-	-	750,000	0.22
Exercised	-	-	-	-
Expired	(750,000)	(0.22)	-	-
Outstanding, end of year	-	\$ -	750,000	\$ 0.22

The Company determines the fair value of the options granted and warrants issued during a year using the Black-Scholes model. The weighted average fair value of options granted during the year was \$0.03 (2008 - \$0.22) using the following assumptions:

	2009	2008
Average risk-free interest rate	2.11%	4.65%
Expected share price volatility	94%	104%
Expected average period until exercise	8 years	1 year
Expected dividend yield	-	-

Contributed Surplus

The total compensation expense and contributed surplus included in these financial statements for director and employee options which have vested and warrants issued is:

Balance, February 28, 2007	\$ 674,724
Fair value assigned to warrants issued on private placement	57,169
Transfer to share capital on the exercise of options	(147,170)
Balance, February 29, 2008	584,723
Share-based compensation expense	54,351
Balance, February 28, 2009	\$ 639,074

11. INCOME TAXES

The Company's future income tax assets and liabilities arise from the following items:

	2009	2008
Future income tax assets arising from:		
Losses deductible against future taxable income	\$ 295,834	\$ 370,367
Investments	25,222	5,214
Equipment	95,474	97,037
Valuation allowance	(416,530)	(472,618)
Net future income tax assets	\$ -	\$ -

The reconciliation of the provision for income taxes is as follows:

	Years Ended February 28 and 29	
	2009	2008
		<i>(restated – Note3)</i>
Loss before income taxes	\$ (114,276)	\$ (17,488)
Combined statutory federal and provincial income tax rates	30.8%	31.5%
Recovery of income taxes based on combined statutory income tax rates	\$ (35,197)	\$ (5,509)
Add (deduct):		
Tax effect of losses not recognized	28,522	7,769
Share-based compensation	13,352	-
Recovery of future income taxes on renunciation of exploration expenses	-	(137,440)
Other	(6,677)	(2,260)
Provision for (recovery of) income taxes	\$ -	\$ (137,440)

As at February 28, 2009, the Company has no available non-capital losses for deduction against future years' taxable income, having applied all available losses and most of its resource-related tax pools to offset the proceeds from the transfer of its 50% interest in the Lorraine property to Lorraine Copper Corp. (Note 1). The Company has resource related expenditures of approximately \$131,000, net of renounced exploration expenditures, which can be used to offset future Canadian taxable income and can be carried forward indefinitely.

The future benefits which may arise from these deductions have not been recognized in these financial statements.

12. SEGMENTED DISCLOSURES

The Company operates principally in one industry segment within two geographical areas, Canada and United States. The assets attributable to each geographical area as at February 28, 2009 and February 29, 2008 are:

	Canada		United States		2009	2008
	2009	2008	2009	2008	Total	Total
Cash and cash equivalents	\$ 548,405	\$ 731,594	\$ 11	\$ 11	\$ 548,416	\$ 731,605
Accounts receivable	15,670	13,950	-	-	15,670	13,950
Receivable from related parties	32,052	75,275	-	-	32,052	75,275
Investments	131,397	146,678	-	-	131,397	146,678
Prepaid expenses	3,238	68,978	-	-	3,238	68,978
Project deposits	38,200	19,500	-	-	38,200	19,500
Equipment	8,908	10,205	-	-	8,908	10,205

13. RENTAL LEASE COMMITMENT

The Company is committed to monthly rentals of \$3,751 to June 30, 2009, \$3,985 to June 30, 2010 and \$4,220 to June 30, 2011 for its office premises, including estimated operating costs. The Company has an option to extend the term of the lease for a further term of three years. These costs are shared with related companies, Lorraine Copper and Cariboo Rose, on an equal basis.

14. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable level.

In the management of capital, the Company includes the components of shareholders' equity and any loans payable.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, or acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and any updated budgets are approved by the Board of Directors.

In order to maximize ongoing development efforts, the Company does not pay out dividends.

The Company's investment policy is to invest its cash in highly liquid short-term interest-bearing investments with maturities 90 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

14. MANAGEMENT OF CAPITAL (continued)

The Company currently has sufficient capital resources to meet its administrative overhead expenses through its current operating period and is confident it can raise additional funds to undertake all of its planned exploration and development activities. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration and development activity. Management believes it will be able to raise capital as required in the long term, but recognize there will be risks involved that may be beyond their control.

15. MANAGEMENT OF FINANCIAL RISK

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk, other market risk, and interest rate risk.

Currency Risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada and the USA, and most of its expenditures are incurred in Canada. The Company has not hedged its exposure to currency fluctuations.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company's cash and cash equivalents are held through large Canadian financial institutions. The Company's receivables consist mostly of GST and Mineral Exploration Tax Credit due from the federal government of Canada. As such, the Company considers this risk to be minimal.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to interest rate risk as a result of holding fixed rate cash equivalent investments of varying maturities. The risk that the Company will realize a loss as a result of a decline in the fair value of the cash equivalent investments is limited because these investments are generally highly liquid securities with short-term maturities.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined in Note 14.

Accounts payable and accrued liabilities are due within the current operating period.

Market risk

The Company is exposed to other market risk related to the fluctuation in the market price of its investments. Although considered available for sale, the Company's investments have been acquired as a result of property transactions and, to a large extent, represent strategic investments in related mining companies and their properties. The Company closely monitors market values to determine the most appropriate course of action.