NOTICE TO SHAREHOLDERS

METALS CREEK RESOURCES CORP.

(A Development Stage Enterprise)

Financial Statements

For the Three Months Ended March 31, 2009

Responsibility for Financial Statements

The accompanying financial statements for Metals Creek Resources Corp. have been prepared by management in accordance with Canadian generally accepted accounting principles consistently applied. The most significant of these accounting principles have been set out in the December 31, 2008 audited consolidated financial statements. Recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these financial statements have been fairly presented. In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited interim financial statements for the period ended March 31, 2009.

METALS CREEK RESOURCES CORP.
(A Development Stage Enterprise)

March 31, 2009

Balance Sheets	1
Statements of Loss, Comprehensive Loss and Deficit	2
Statements of Cash Flows	3
Notes to the Financial Statements	4

METALS CREEK RESOURCES CORP.
(A Development Stage Enterprise)

BALANCE SHEETS
(Prepared by Management)

As at	**March 31, 2009 $ (Unaudited)**	December 31, 2008 $ (Audited)
ASSETS		
Current		
Cash – flow through funds (note 5)	**76,957**	176,446
Staking security deposits (note 13)	**13,800**	85,950
G.S.T. and other receivables	**64,489**	206,063
Prepaid expenses	**5,297**	14,115
	160,543	482,574
Property and equipment (note 4)	**46,944**	53,429
Mineral properties and deferred development expenditures (note 6)	**2,452,176**	2,317,628
	2,659,663	2,853,631
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (note 9)	**128,348**	215,913
Future income taxes (note 12)	**179,869**	-
Shareholders' Equity		
Common shares (note 7)	**2,631,457**	2,611,457
Warrants (notes 7 and 8)	**712,403**	712,403
Contributed Surplus (note 7)	**161,043**	143,543
Deficit	**(1,153,457)**	(829,685)
	2,351,446	2,637,718
	2,659,663	2,853,631

Ability to continue as a going concern (note 1)
Subsequent Event (note 16)

Approved by the Board:

"Alexander Stares" Director

"Nick Tsimidis" Director

METALS CREEK RESOURCES CORP.
(A Development Stage Enterprise)

STATEMENT OF LOSS, COMPREHENSIVE LOSS AND DEFICIT
(Prepared by Management – Unaudited)

	Three Months Ended March 31, 2009 $	Three Months Ended March 31, 2008 $
EXPENSES		
Business development	41,090	16,531
Amortization	7,241	2,307
Office and general	24,424	40,351
Professional fees (note 9)	2,888	110,525
Salaries and wages	66,608	-
Part XII.6 tax	7,013	-
Stock-based compensation	17,500	-
	166,764	169,714
Loss before the following:	166,764	169,714
Administrative fees on mineral properties	(341)	(4,268)
Sale of resource property, net (note 9)	(22,520)	
Interest income	-	(5,418)
Net loss before taxes	143,903	160,028
Provision for future income taxes (note 12)	179,869	-
Net loss and comprehensive loss for the period	323,772	160,028
Deficit - Beginning of Period	829,685	236,858
Deficit - End of Period	1,153,457	396,886
Net Loss Per Share – basic and diluted	0.01	0.009
Weighted Average Shares Outstanding – basic and diluted	25,853,435	18,514,536

METALS CREEK RESOURCES CORP.
(A Development Stage Enterprise)

STATEMENTS OF CASH FLOWS
(Prepared by Management – Unaudited)

	Three Months Ended March 31, 2009 $	Three Months Ended March 31, 2008 $
CASH FLOWS FROM (USED IN):		
OPERATING ACTIVITIES		
Net loss and comprehensive loss for the period	(323,772)	(160,028)
Amortization	7,241	2,307
Stock-based compensation	17,500	-
Provision for future income taxes	179,869	-
Write-down of mineral properties	-	
Decrease (increase) in G.S.T. and other receivables	141,574	(149,979)
Decrease (increase) in prepaid expenses	8,818	40,872
Increase (decrease) in accounts payable and accrued liabilities	(87,565)	(182,145)
Cash flows used in operating activities	(56,335)	(448,972)
FINANCING ACTIVITIES		
Issuance of capital stock for cash	-	-
Redemption (purchase) of short term investments	-	(200,000)
Cash flows from (used in) financing activities	-	(200,000)
INVESTING ACTIVITIES		
Cash – flow through funds	99,489	682,310
Decrease (increase) in staking security deposits	72,150	(61,800)
Expenditures on mineral properties	(114,548)	(150,103)
Acquisition of property and equipment	(756)	(6,378)
Cash flows used in investing activities	56,335	464,029
Increase (decrease) in cash	-	(184,943)
Cash - beginning of period	-	226,618
Cash - end of period	-	41,675

Supplemental information (see note 14)

METALS CREEK RESOURCES CORP.
(A Development Stage Enterprise)

NOTES TO THE FINANCIAL STATEMENTS
March 31, 2009
(Prepared by Management – Unaudited)

1. HISTORY, NATURE OF OPERATIONS AND GOING CONCERN

Metals Creek Resources Corp. (formerly "The Endurance Fund Corporation") (the "Company") was incorporated on June 21, 2004 under the Business Corporations Act (Ontario). Prior to completion of the reverse takeover with North American Uranium Corp. ("NAUC") on December 21, 2007, (the "Acquisition" or "Reverse Takeover"), the Company was classified as a capital pool company pursuant to the policies of the TSX Venture Exchange ("Exchange"). The. Company was a non-operating public enterprise and did not meet the definition of a business under the CICA Handbook EIC -124; therefore, the Acquisition did not constitute a business combination under the provision of EIC-10. Accordingly, the Acquisition has been accounted for as a capital transaction rather than a business combination. The net assets acquired at fair value were $587,647.

Under the provisions of EIC-10 the Company is considered to be a continuation of NAUC and, as such, the figures shown for comparative purposes are those of NAUC.

REVERSE TAKEOVER

On December 21, 2007, the Company completed its Qualifying Transaction, as defined under the policies of the Exchange, with NAUC pursuant to which the Company acquired all of the issued and outstanding common shares and common share purchase warrants of NAUC. Pursuant to the Acquisition, the Company issued 9,859,286 common shares at a deemed price of $1 per share, and warrants to acquire 357,143 commons shares at an exercise price of $0.50. The Exchange issued a Final Exchange Bulletin on January 25, 2008 approving the Acquisition.

The Company changed its name to Metals Creek Resources Corp. on February 20, 2008, and the Exchange issued an Exchange Bulletin on March 13, 2008.

GOING CONCERN

The Company is an exploration stage company, and is in the process of exploring its resource properties and has not yet determined whether these properties contain ore reserves that are economically recoverable.

The accompanying financial statements have been prepared on the basis of Canadian generally accepted accounting principles ("GAAP") applicable to a going concern. The appropriateness of using the going concern basis is dependent upon, among other things, future profitable operations, and the ability of the Company to raise additional capital. Specifically, the recovery of the Company's investment in mineral properties and related deferred expenditures is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to develop its properties and establish future profitable production from the properties, or from the proceeds of their disposition. The Company has working capital in the amount of $32,195 (December 31, 2008 - $266,661) and has a deficit in the amount of $1,153,457 (December 31, 2008 - $829,685). The Company has not earned any revenues to date and is considered to be in the exploration stage.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

On January 1, 2009, the Company amalgamated the Company with NAUC. Prior to this date, the Company prepared its consolidated financial statements in accordance with Canadian generally accepted accounting principles. The consolidated financial statements include all accounts of the Company and NAUC, its wholly-owned subsidiary. All intercompany balances and transactions had been eliminated.

Mineral Properties and Deferred Exploration Expenditures

Mineral property acquisition and deferred exploration and development expenditures are deferred until the properties are placed into production, sold or abandoned. These deferred costs will be amortized over the estimated useful life of the properties following commencement of production or written down if the properties are allowed to lapse or are abandoned.

Costs include the cash consideration and the fair market value of the common shares or other consideration issued for the acquisition of mineral properties. The carrying value is reduced by option proceeds and government grants received until such time as the property cost and deferred exploration expenditures are reduced to nominal amounts. Properties acquired under option agreements or by joint ventures, whereby payments are made at the sole discretion of the Company, are recorded in the accounts at the time of payments.

Land Reclamation Costs

During the course of acquiring and exploring potential mineral properties, the Company must comply with government regulated environment evaluation, updating and reclamation requirements. The costs of complying with these requirements are capitalized, as deferred costs as incurred, until such time as the properties are put into commercial production, at which time the costs incurred will be charged to operations on a unit-of-production basis over the estimated mine life. Upon abandonment or sale of a property all deferred costs relating to the property will be expensed in the year of such abandonment or sale. The cost and extent of future site cleanup, reclamation or remediation cannot be determined at this time, and no amount has been recorded in these financial statements.

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the related reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of impairment of assets, resource property values, expected tax rates for future income tax recoveries and useful lives of amortization of long-lived assets. Actual results could differ from those reported. Management believes that the estimates used are reasonable.

Income Taxes

The Company follows the CICA Handbook Section 3465 in accounting for corporate income taxes which focuses on the amounts of income taxes payable or receivable that will arise if an asset is realized or a liability is settled for its carrying amount. The resulting future income tax asset or liability is recorded based on substantially enacted income tax rates. In the case of unused tax losses, income tax reductions and certain items that have a tax basis but cannot be identified with an asset or liability on the balance sheet, the recognition of future income tax assets is determined by reference to the likely realization of such benefits at the balance sheet date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Flow-Through Financing

The Company raises equity through the issuance of flow-through shares. Under this arrangement, shares are issued which transfer the tax deductibility of mineral property exploration expenditures to investors. Proceeds received on the issuance of these shares are credited to capital stock and the related exploration costs are charged to mineral properties and deferred exploration expenditures in the year in which they are incurred.

The entire amount of proceeds from the sale of flow-through shares received will be renounced to the investors under the provisions of the Income Tax Act (Canada). Accordingly, as the actual expenditures are incurred, they will carry no tax deductibility and will be recorded in the period in which the expenditures are incurred, and the result will be tax differences. Future income tax liabilities resulting from these tax differences are recorded in the period in which the expenditures are renounced as a reduction of capital stock, provided there is reasonable assurance that the expenditures will be made.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a maximum period.

Risk Management

The Company is engaged primarily in the mineral exploration field and manages related industry risk issues directly. The Company is at risk for environmental issues and fluctuations in commodity pricing.

The Company is not exposed to significant credit concentration risk or interest rate risk.

The Company's functional currency is the Canadian dollar. All current exploration occurs within Canada. There is no significant foreign exchange risk to the Company.

Property and Equipment

Purchased property and equipment are recorded at cost. Amortization is provided using the declining balance method using annual rates as follows:

Furniture and fixtures and general equipment	20%
Computer equipment	55%
Computer software	100%
Leasehold improvements	20%

Asset Retirement Obligation

The Company follows the CICA Handbook Section 3110, "Asset Retirement Obligations" which requires companies to record the fair value of an asset retirement obligations as a liability in the period in which it incurred a legal obligation associated with the retirement of tangible long-lived assets that result from the acquisition, construction, development and/or normal use of the assets. The obligation is measured initially at fair value using present value methodology and the resulting costs are capitalized into the carrying amount of the related asset. In subsequent periods, the liability will be adjusted for any changes in the amount of timing of the underlying future cash flows. Capitalized asset retirement costs are depreciated on the same basis as the related asset and the discounted accretion of the liability is included in determining the results of operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Impairment of Long-lived Assets

The Company periodically evaluates the future recoverability of its long-lived assets. Impairment losses or write-downs are measured as the difference between the carrying amount and the fair value of the asset and are recorded in the event the net book value of such assets are determined to be not recoverable based on the estimated undiscounted future cash flows attributes to these assets.

Revenue Recognition

Revenue is recognized when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the sales price is fixed or determinable and collectibility is reasonably assured. To date the Company has not earned any revenue other then interest income earned on its short-term investments.

General and Administrative Expenses

The Company charges all general and administrative expenses not directly related to exploration activity to operations as incurred.

Financial Instruments

The carrying amount of cash in bank, accounts and other receivables, accounts payable and accrued liabilities is comparable to its fair value due to the approaching maturity of these financial instruments.

3. CHANGE IN ACCOUNTING POLICIES

The Canadian Institute of Chartered Accountants ("CICA") issued the following new Handbook Sections, which were effective for interim periods beginning on or after October 1, 2007 which were adopted by the Company in the current fiscal year:

(i) Section 3862, "Financial Instruments – Disclosures", describes the required disclosure for the assessment of the significance of financial instruments for an entity's financial position and performance and of the nature and extent of risks arising from financial instruments to which the entity is exposed and how the entity manages those risks. This section and Section 3863, "Financial Instruments – Presentation" replaced Section 3861, "Financial Instruments – Disclosure and Presentation".

(ii) Section 3863, "Financial Instruments – Presentation", establishes standards for presentation of financial instruments and non-financial derivatives.

The additional disclosures, required as a result of the adoption of Sec 3862 and 3863, have been included in Note 11, Risk Management.

(iii) Section 1535, "Capital Disclosures", establishes standards for disclosing information about an entity's capital and how it is managed. It describes the disclosure requirements of the entity's objectives, policies and processes for managing capital, the quantitative data relating to what the entity regards as capital, whether the entity has complied with capital requirements, and, if it has not complied, the consequences of such non-compliance.

The additional disclosures, required as a result of the adoption of Sec 1535, have been included in Note 10, Capital Disclosure.

3. CHANGE IN ACCOUNTING POLICIES (Cont'd)

New pronouncements

(i) Sections 3064 and 1000 – Goodwill and Intangible Assets

In February 2008, the CICA issued new Section 3064, "Goodwill and Intangible Assets", replacing Section 3062, "Goodwill and Other Intangible Assets", and Section 3450, "Research and Development Costs". Section 3064 addresses when an internally developed intangible asset meets the criteria for recognition as an asset. The Section also issued amendments to Section 1000, "Financial Statement Concepts". These changes are effective for fiscal years beginning on or after October 1, 2008, with earlier adoption permitted, and will be adopted by the Company effective January 1, 2009. The objectives of the changes are to reinforce a principles-based approach to the recognition of costs as assets and to clarify the application of the concept of matching revenues and expenses in Section 1000. Collectively, these changes bring Canadian practice closer to International Financial Reporting Standards and U.S. GAAP by eliminating the practice of recognizing as assets a variety of startup, preproduction and similar costs that do not meet the definition and recognition criteria of an asset. The Company has determined that adoption of the new standards will not have a significant effect on the Company's financial statements.

(ii) Section 1582 - Business Combinations

In January 2009, the ACSB issued section 1582, Business Combinations which replaces former guidance on business combinations. Section 1582 establishes principles and requirements of the acquisition method for business combinations and related disclosures. This statement applies prospectively to business combinations for which the acquisition date is on or after January 1, 2011, with earlier adoption permitted. The Company is in the process of assessing the impact of this new section on its financial statements, but does not anticipate material changes to arise on the adoption of this standard.

(iii) Section 1601 Consolidated Financial Statements and Non-controlling Interests

In January 2009, the ACSB 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 non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. These standards are effective for the first annual reporting beginning on or after January 1, 2011 with earlier adoption permitted. The Company is in the process of assessing the impact of this new section on its financial statements, but does not anticipate material changes to arise on the adoption of this standard.

(iv) International Financial Reporting Standards ("IFRS")

In 2006, the ACSB published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The ACSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the ACSB announced that 2011 is the changeover date for publicly accountable enterprises to use IFRS, replacing Canada's own-GAAP. The transition date is for interim and financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010, and restatement of the opening balance sheet as at January 1, 2010. The Company is developing an IFRS conversion plan and has completed a preliminary assessment which prioritizes how each IFRS standard will impact the financial statements. The Company anticipates there will be changes in accounting policies and these changes may materially impact the financial statements but the impact cannot be reasonably estimated at this time.

4. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	Mar 31, 2009 Net
Computer equipment	$ 10,271	$ 4,350	$ 5,921
Furniture and fixtures	13,467	1,953	11,514
Computer software	55,128	39,941	15,187
General equipment	11,939	1,731	10,208
Leasehold improvements	4,812	698	4,114
	$ 95,617	$ 48,673	$ 46,944

	Cost	Accumulated Amortization	Dec 31, 2008 Net
Computer equipment	$ 10,271	$ 3,406	$ 6,865
Furniture and fixtures	13,467	1,347	12,120
Computer software	54,372	35,004	19,367
General equipment	11,939	1,194	10,745
Leasehold improvements	4,812	481	4,331
	$ 94,861	$ 41,432	$ 53,429

5. RESTRICTION ON THE USE OF CASH AND CASH EQUIVALENTS

As an element of each of the private placements completed in September, and October 2008 and in fiscal 2007 the Company issued common shares that were designated as being flow through shares. One of the conditions of issuing flow through shares is that the Company is required to retain the gross proceeds for the exclusive purpose of paying for qualified exploration and development expenditures associated with its resource mineral properties.

	March 31, 2009	December 31, 2008
Future payments to be made, beginning of year	$792,800	$1,585,000
Gross proceeds received upon the issuance of flow through shares	-	889,700
Qualified exploration expenditures paid from these funds	(121,556)	(1,681,900)
Future payments to be made, end of year	$671,244	$ 792,800
Cash – flow-through funds, end of year	$ 76,957	$ 176,446
Deficiency of funds	$594,287	$ 616,354

The Company is obligated to fund this deficiency through working capital and to do so no later than December 31, 2009.

6. MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

Mineral properties and deferred exploration expenditures are comprised as follows:

Three months ended March 31, 2009:

	Opening	Additions	Abandonment Recoveries	Closing
Deferred Exploration expenditures	$ 1,823,150	$ 124,971	$ (3,415)	$ 1,944,706
Acquisition costs and staking cost of properties	494,478	20,472	(7,480)	507,470
TOTAL	**$ 2,317,628**	**$ 145,443**	**$ (10,895)**	**$ 2,452,176**

	Opening	Additions	Abandonment Recoveries	Closing
Dog Paw Gold (a)	$ 697,280	$ 7,143	$ -	$ 704,423
Wicks Lake and Panama Lake (b)	31,112	1,364	-	32,476
Sheffield Lake (c)	41,577	325	-	41,902
Sops Arm (d)	-	1,372	-	1,372
Tilt Cove (e)	359,184	21,144	-	380,328
Gabbro Lake (f)	99,714	6,829	(3,415)	103,128
Currie Bowman/Tillex (g)	674,626	18,424	-	693,050
Staghorn (h)	168,436	15,758	-	184,194
Other Properties (i)	245,699	73,084	(7,480)	311,303
TOTAL	**2,317,628**	**145,443**	**(10,895)**	**2,452,176**

Year ended December 31, 2008:

	Opening	Additions	Abandonment Recoveries	Closing
Deferred Exploration expenditures	$ 459,081	$ 2,161,499	$ (797,430)	$ 1,823,150
Acquisition costs and staking cost of properties	187,923	314,305	(7,750)	494,478
TOTAL	**$ 647,004**	**$ 2,475,804**	**$ (805,180)**	**$ 2,317,628**

	Opening	Additions	Abandonment Recoveries	Closing
Dog Paw Gold (a)	$ 524,538	$ 172,742	$ -	$ 697,280
Wicks Lake and Panama Lake (b)	-	31,112	-	31,112
Sheffield Lake (c)	36,002	218,036	(212,461)	41,577
Sops Arm (d)	27,864	267,286	(295,150)	-
Tilt Cove (e)	-	359,184	-	359,184
Gabbro Lake (f)	3,178	216,960	(120,424)	99,714
Currie Bowman/Tillex (g)	-	674,626	-	674,626
Staghorn (h)	-	168,436	-	168,436
Other Properties (i)	55,422	367,422	(177,145)	245,699
TOTAL	**647,004**	**2,475,804**	**(805,180)**	**2,317,628**

a) Dog Paw Gold Property

The Company acquired an option on the Dog Paw Gold project which is located approximately 40 km east of Kenora, Ontario and consists of 23 claims totaling 269 units. The Company entered into an option agreement with Endurance Gold Corp (an unrelated company) whereby under the Initial Option the Company can earn a 70% interest in the property by making share payments totaling 400,000 (completed in 2008) shares and completing work commitments of $200,000 on the property. Provided the Initial Option is exercised, the Company may exercise a Second Option to earn a further 5% in the property by issuing a further 50,000 common shares (completed in 2008) and spending an additional $250,000 on the property. After the Company has earned a 75% interest a joint venture will be formed on a 75% the Company and 25% Endurance Gold Corp. basis.

6. MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (Cont'd)

b) Wicks Lake and Panama Lake

The Panama Lake gold property is located in the southern portion of the Birch-Uchi Lake Greenstone belt in Northwestern Ontario and consists of 2 claims totaling 24 units. The Wicks Lake gold property is located in the Northwestern Ontario approximately 1.5 km south of the Dog Paw Gold property and consists of 1 claim totaling 11 units.

The properties were purchased from Stares Contracting Corp., (a related company) subject to a 2% NSR royalty. Consideration for the acquisition was $20,000 cash and 150,000 shares (issued in 2007).

c) Sheffield Lake

The Sheffield Lake project consists of 395 claims located approximately 30 km northeast of Deer Lake, Newfoundland. During 2008, the Company reduced the carrying cost of this project by $188,236 as a result of the receipt of non-repayable government grants from the Province of Newfoundland.

d) Sops Arm

The Sops Arm project consists of 739 claims located approximately 50 km northeast of Deer Lake, Newfoundland. During 2008, the Company reduced the carrying cost of this property by $270,924 as a result of the receipt of non-repayable government grants from the Province of Newfoundland.

e) Tilt Cove

During 2008, the Company acquired by staking and option agreement a land package totaling 56 claim units, in four separate blocks, covering portions of the Betts Cove Ophiolite Suite on the Baie Verte Peninsula, Newfoundland. Three of the blocks were recently staked by the Company, while rights to the fourth were obtained through the execution of an option agreement ("Option Agreement") with an arm's length prospector. Pursuant to the Option Agreement, the Company has the option to earn a 100% interest in the claims forming the fourth block by making staged cash payments totaling $67,500 and issuing 220,000 shares to the optionor over three years. On production, the optioned claim block is subject to a 2% net smelter return in favor of the optionor, subject in turn to a 1% buyback right in favor of the Company at the cost of $1,250,000.

The Company issued 40,000 common shares to the optionor, on June 11, 2008, upon signing of the Option Agreement.

f) Gabbro Lake

The Gabbro Lake project consists of 313 claims located approximately 120 km Northeast of Labrador City, Labrador.

During the year, the Company entered into a formal joint venture agreement with Golden Dory Resources for the Gabbro Lake Project. Under the terms of the agreement the Company and Golden Dory Resources formed the joint venture on a 50:50 basis with the Company being the primary operator. During 2008, the Company reduced the carrying cost of this property by $96,199 as a result of the receipt of non-repayable government grants from the Province of Newfoundland.

g) Currie Bowman/Tillex

On March 6th, 2008, the Company entered into an option agreement with Kinross Gold Corporation ("Kinross") on the Currie Bowman Property, located 54 kilometers east of Timmins, Ontario, whereby the Company can acquire 100% of the 60% participating interest currently held by Kinross: the remaining 40% interest is held by Selkirk Metals Holdings Corp.. The option requires expenditures totaling $250,000 over 2 years, with the first $100,000 to be expended during the first year of the agreement and staged share payments totaling 750,000 shares of which 150,000 were issued on October 19, 2008.. Kinross retains a 1% NSR, 50%

6. MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (Cont'd)

(or 0.5%) of which can be purchased the Company for $500,000.The property consists of 134 units in 30 claims located along an altered felsic fragmental horizon.

h) Staghorn

During the period, the Company entered into an agreement with a group of prospectors to earn a 100%interest in a group of 76 claim units spread over 1,216 hectares in the Wood Lake area in west central Newfoundland. Terms of the option agreement include making a series of staged option payments totaling $95,000 and issuing 250,000 shares to the optionors over three years. During 2008, the Copmany issued 50,000 common shares. The optionors will retain a 2% Net Smelter Royalty, 50% of which can be purchased for $1,000,000

i) Other Properties

Included in Other Properties (both Ontario and Newfoundland) are the Mundiregina Property; Newfoundland Dog Pond Property; Bolton Bay Property; Ogden Property; Junction Property; Betts Cove; Long Pond; Black Ridge; Donnes Brook and Genex. During 2008, the Company issued 238,205 common shares pursuant to agreements for Bolton, Betts Cove, Black Ridge and Ogden. During 2008, the Company wrote-down the carrying cost of the Genex, Mundiregina, Creelman and Black Ridge properties as a result of no further work being planned.

7 CAPITAL STOCK

(a) Share Capital

The authorized capital of the Company consists of an unlimited number of common shares

Details of share capital transactions for the period ended March 31, 2009 and December 31, 2008 are as follows:

	Number of Shares	Amount
Balance, December 31, 2007	18,514,536	$ 1,675,710
Common shares issued for cash		
September 2008 Private Placement		
Flow-through common shares issued	2,165,000	389,700
Common shares issued	1,174,583	176,187
Less: share issue costs		(35,120)
Less: value of warrants issued with common shares		(72,678)
Less: value of broker warrants issued	-	(12,915)
October 2008 Private Placement		
Flow-through common shares issued	3,125,000	500,000
Less: share issue costs		(40,000)
Less: value of warrants issued with common shares		(113,438)
Less: value of broker warrants issued	-	(16,875)
Common shares issued to acquire properties	828,205	160,886
Balance, December 31, 2008	25,807,324	$ 2,611,457
Common shares issued to acquire properties	200,000	20,000
Balance, March 31, 2009	26,007,324	$ 2,631,457

7 CAPITAL STOCK (continued)

(b) Share Purchase Warrants

Details of share purchase warrant transactions for the period are as follows:

	# of Warrants	Amount	Weighted Average Exercise Price	Expiry
Granted during 2007				
- Pursuant to private placements	357,143	$ 49,390	$0.50	Mar 2008
- Pursuant to private placements	1,855,250	481,944	$1.25	Dec 2009
- Broker warrants	120,000	14,553	$1.00	Dec 2009
Balance December 31, 2007	2,332,393	545,887		
Granted during 2008				
- Pursuant to private placements	2,257,083	72,678	$0.25	Mar 2010
- Broker warrants pursuant to above	194,800	12,915	$0.25	Mar 2010
- Pursuant to private placements	3,125,000	113,438	$0.25	Apr 2010
- Broker warrants pursuant to above	312,500	16,875	$0.16	Apr 2010
- Expired in 2008	(357,143)	(49,390)	$0.50	Mar 2008
Balance December 31, 2008/March 31, 2009	7,864,633	$ 712,403		

(c) Stock Options

A summary of the Company's options at March 31, 2009 and the changes for the year then ended is as follows:

	Options Outstanding	Carrying Value	Exercise Price	Expiry
Balance, December 31, 2006 and 2007	739,500	$ -	$ 0.15	Sep 2009
Expired	(50,000)	-	0.15	
Granted	1,110,000	94,153	0.25-0.35	Apr 2011/June 2011
Balance, December 31, 2008/March 31, 2009	1,799,500	$ 94,153		

The following table summarizes information about the options outstanding at March 31, 2009:

	Options outstanding	Average Remaining
Exercise Price	1,799,500	1.5 years

As of March 31, 2009, 1,344,500 options have vested

(d) Share Issuance – Option Agreements

The Company has issued the following shares in acquiring options on mineral properties:

	Number	Amount
Issued in 2009		
Betts Cove Property – January 28, 2009	50,000	$ 5,000
Currie Bowman Property – March 24, 2009	150,000	15,000
Balance, March 31, 2009	**200,000**	**20,000**

7 CAPITAL STOCK (continued)

Issued in 2008		
Dog Paw	50,000	17,500
Tilt Cove	40,000	14,000
Bolton	15,000	4,200
Staghorn	145,000	21,750
Tillex	300,000	51,000
Currie Bowman	150,000	30,000
Ogden	128,205	22,436
	828,205	**160,886**
Balance, December 31, 2008	**1,378,205**	**$ 250,318**

(e) Shares held in escrow

Pursuant to the requirements of the Exchange on closing of the Acquisition, 9,060,879 common shares remain subject to escrow of which 6,457,248 are subject to a value escrow agreement and 2,603,631 are subject to a surplus escrow agreement.

(f) Contributed Surplus

	Amount
Balance, December 31, 2007	-
Stock based compensation	94,153
Expiry of warrants	49,390
Balance, December 31, 2008	$ 143,543
Stock based compensation	17,500
Balance, March 31, 2009	$ 161,043

8 WARRANTS

Balance, December 31, 2007	545,887
Fair value of warrants issued in 2008	
Note 7(b)	85,593
Note 7(b)	130,313
Warrants expired	(49,390)
Balance, December 31, 2008 and March 31, 2009	$ 712,403

9 RELATED PARTY TRANSACTIONS

During the period, the Company sold its interest in the Cheeseman Lake property claims to Benton Resources Corp. (“Benton”) (a related party as a result of the common directorship of Michael Stares) for net proceeds of $22,520. The Company previously had a joint venture agreement with Benton on the property and now will hold a 1% NSR on the project.

9 RELATED PARTY TRANSACTIONS (continued)

The Company paid or accrued the following amounts to related parties during the period ended March 31, 2009 and March 31, 2008:

Payee	Description of Relationship	Nature of Transaction	2009 Amount ($) (Unaudited)	2008 Amount ($) (Unaudited)
Stares Prospecting Ltd.	Company controlled by Alexander Stares, Director and Officer	Payments for equipment rentals, supply of labour and reimbursement of expenses capitalized in deferred development expenditures	35,182	93,131
Stares Contracting Corp.	Company controlled by Michael Stares, Director	Payments property claims and exploration activities capitalized in deferred development expenditures	-	48,131
Eastrock Exploration/ Wayne Reid	Company controlled by Wayne Reid, Director and Officer	Payments for geological consulting services, and reimbursement of expenses capitalized in deferred development expenditures	22,281	26,226
Michael MacIsaac	Officer	Payments for geological consulting services, and reimbursement of expenses capitalized in deferred development expenditures	-	30,648
Nick Tsimidis	Director and Officer	Payments for consulting fees and reimbursement of expenses	25,000	21,537

The purchases from/fees charged by related parties are in the normal course of operation and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Included in accounts payable and accrued liabilities at March 31, 2009 is:

- $7,882 payable to Stares Prospecting Ltd., (2008: $5,581) ;
- $NIL payable to Stares Contracting Corp, (2007: $22,921) ;
- $11,078 payable to Eastrock Exploration and Wayne Reid (2008: $9,865);
- $NIL payable to Michael MacIsaac (2008: $8,475);

10. CAPITAL DISCLOSURES

CICA Handbook Section 1535 requires disclosure of an entity’s objectives, policies and process for managing capital, qualitative date about what an entity regards as capital and whether the entity has complied with any capital requirements and, if it has not complied, the consequences of such noncompliance.

The Company’s objectives when managing capital are as follows:

- To safeguard the Company’s ability to continue as a going concern;
- To raise sufficient capital to finance its exploration and development activities on its mineral exploration properties;
- To raise sufficient capital to meet its general and administrative expenditures;

10. CAPITAL DISCLOSURES (continued)

The Company manages its capital structure and makes adjustment to it, based on the general economic conditions, its short term working capital requirements, and its planned exploration and development program expenditure requirement. The capital structure of the Company is composed of working capital and shareholders' equity. The Company may manage its capital by issuing flow through or common shares, or by obtaining additional financing.

The Company utilizes annual capital and operating expenditure budgets to facilitate the management of its capital requirement. These budgets are approved by management and updated for changes in the budgets underlying assumptions as necessary.

There were no changes in the Company's approach to managing capital during the period.

In order to maintain or adjust the capital structure, the Company considers the following;

i) incremental investment and acquisition opportunities;
ii) equity and debt capital available from capital markets;
iii) equity and debt credit that may be obtainable from the marketplace as a result of growth in mineral reserves;
iv) availability of other sources of debt with different characteristics than the existing bank debt;
v) the sale of assets;
vi) limiting the size of the investment program; and
vii) new share issuances if available on favorable terms.

Except as otherwise disclosed, the Company is not subject to any external financial covenants at March 31, 2009.

11. RISK MANAGEMENT

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

(a) Credit risk

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. Financial instruments that potentially subject the Company to credit risk consist of cash, G.S.T. and other receivables and staking security deposits. The Company's cash is held through a large Canadian Financial Institution. A large part of other receivables pertains to GST refunds with the Canada Revenue Agency. Staking security deposits are held by the Government of Newfoundland. The Company has no significant concentration of credit risk arising from operations. Management believes the risk of loss to be remote.

(b) 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. Any surplus funds are invested in fixed income securities issued by federally or provincially regulated Canadian financial institutions. At the balance sheet date, the Company did not have any significant interest bearing investments that would be subject to interest rate fluctuations.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company monitors and reviews current and future cash requirements and matches the maturity profile of financial assets and liabilities. This is generally accomplished by ensuring that cash is always available to settle financial liabilities. At year end, the Company had $266,661 (2007 - $2,009,722) in working capital. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

11. RISK MANAGEMENT (continued)

(d) Currency risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. All of the Company's operations are in Canada; therefore, management believes the foreign exchange risk derived from any currency conversions is negligible and therefore does not hedge its foreign exchange risk.

(e) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices and is comprised of currency risk, interest rate risk, and other price risk. The Company currently does not have any financial instruments that would be impacted by changes in market prices.

12. INCOME TAXES

(a) Income tax recovery

The provision for (recovery of) income taxes differs from the amount that would have resulted by applying Canadian federal and provincial statutory tax rates of 33.5%.

Loss before taxes	$ (143,903)
Expected income tax expense (recovery) calculated using statutory rates	(48,208)
Non-deductible expenses and other	8,702
Share issue costs	(4,146)
Recognized benefit of future tax assets	(575,414)
Income taxes recognized as a result of renunciation of flow-through expenditures	798,935
Income tax expense (recovery)	$ 179,869

(b) Future Tax Balances

The tax effects of temporary differences that give rise to future income tax assets and future income tax liabilities at the combined Canadian federal and provincial statutory tax rates of 33.5% are as follows:

Non-capital losses	$ 582,160
Deferred exploration expenditures	(798,935)
Share issue costs	50,636
Property and equipment	16,108
Valuation allowance	(29,838)
	$ (179,869)

12. INCOME TAXES (continued)

(c) Income Tax Information

The Company has $725,549 of undeducted exploration and exploration costs which are available for deduction against future income for Canadian tax purposes. In addition, the Company has non-capital losses which will expire, if unused, as follows:

Year of Expiry	Amount
2014	$ 21,566
2015	67,503
2026	50,507
2027	426,007
2028	1,041,905
2029	130,303
TOTAL	**$ 1,737,791**

The Company evaluates its valuation allowance requirements based on projected future operations. When circumstances change and this causes a change in management's judgment about the recoverability of future tax assets, the impact of the change on the valuation allowance is reflected in current income.

13. STAKING SECURITY DEPOSITS

Staking security deposits of $13,800 (December 31, 2008 – $85,950) represents security amounts paid to the Government of Newfoundland and Labrador in connection with mineral property claims located in the Province of Newfoundland. These staking security deposits are refundable to the company upon submission by the company of a report covering the first year work requirements which meets the requirements of the Government of Newfoundland and Labrador.

14. SUPPLEMENTAL CASH FLOW INFORMATION

	March 31, 2009	**December 31, 2008**
Shares issued for option on mineral properties	$20,000	$160,886
Brokers warrants issued	$ -	$29,790

15. LOSS PER SHARE

Basic loss per share figures are calculated using the weighted average number of common shares outstanding during the period.

Fully diluted loss per share figures are calculated after taking into account all stock options and warrants granted. Exercise of the outstanding warrants and options would be anti-dilutive with respect to loss per share calculations and therefore fully-diluted loss per share is not presented.

16. SUBSEQUENT EVENT

Subsequent to March 31, 2009, the Company completed a private placement in four separate tranches of 4,763,750 non flow-through units at a subscription price of $0.08 per unit, and 4,763,818 flow-through units at a subscription price of $0.11 per unit. Each non-flow through unit issued in the private placement consists of one common share and one common share purchase warrant, each warrant entitling the holder to acquire one common share at an exercise price of $0.15 for a period of 18 months following the issuance date. Each flow-through unit issued in the private placement consists of one common share and one half of one common share purchase warrant, each whole warrant entitling the holder to acquire one common share at an exercise price of $0.20 for a period of 18 months following the issuance date.

Arm's length parties assisting in the private placement received cash commission of $33,500 equal to 8% of gross proceeds raised and 250,000 and 318,182 broker warrants (each broker warrant entitling the holder to acquire one common share of the Corporation for $0.10 and $0.11, respectively) for a period of 18 months following the issuance date of the unit.