METAL CREEK RESOURCES CORP.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

Wasserman Ramsay

Chartered Accountants

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AUDITORS' REPORT

To the Shareholders of
Metals Creek Resources Corp.
(formerly The Endurance Fund Corporation):

We have audited the consolidated balance sheets of Metals Creek Resources Corp. as at December 31, 2008 and 2007 and the consolidated statements of loss and comprehensive loss, deficit and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2008 and 2007 and its results of its operations and cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Wasserman Ramsay

Markham, Ontario
April 23, 2009

Chartered Accountants
Licensed Public Accountants

METAL CREEK RESOURCES CORP.
(A Development Stage Enterprise)

CONSOLIDATED BALANCE SHEETS - DECEMBER 31, 2008 AND 2007

	2008	2007
ASSETS		
Current assets:		
Cash and cash equivalents	$ -	$ 226,618
Short term investments	-	300,000
Cash - flow through funds *(Note 5)*	176,446	1,585,000
Staking security deposits	85,950	196,650
G.S.T. and other receivables	206,063	76,997
Prepaid expenses	14,115	-
	482,574	2,385,265
Property and equipment *(Note 4)*	53,429	8,875
Mineral properties and deferred exploration expenditures *(Note 6)*	2,317,628	647,004
	$ 2,853,631	$ 3,041,144
LIABILITIES		
Current:		
Accounts payable and accrued liabilities *(Note 9)*	$ 215,913	$ 375,543
Future income taxes *(Note 12)*	-	680,862
SHAREHOLDERS' EQUITY		
Common shares *(Note 7)*	2,611,457	1,675,710
Warrants *(Note 8)*	712,403	545,887
Contributed surplus *(Note 7)*	143,543	-
Deficit	(829,685)	(236,858)
	2,637,718	1,984,739
	$ 2,853,631	$ 3,041,144

Going Concern - Note 1
Subsequent events - Note 16

Approved on behalf of the Board:

"Alexander Stares"	*"Nick Tsimidis"*
Alexander Stares, Director	Nick Tsimidis, Director

The accompanying notes form an integral part of these consolidated financial statements

METAL CREEK RESOURCES CORP.

CONSOLIDATED STATEMENT OF LOSS AND COMPREHENSIVE LOSS

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008	2007
Expenses:		
Business development	$ 139,937	$ 3,043
Amortization	33,213	8,219
Office and general	152,377	10,988
Professional fees *(Note 9)*	390,663	105,701
Salaries and wages	201,105	-
Part XII.6 tax	45,073	-
Stock-based compensation	94,153	-
Adjustment on acquisition of mineral properties	-	20,000
	1,056,521	147,951
Net loss for the year before undernoted item	(1,056,521)	(147,951)
Administrative fees on mineral properties	22,979	-
Write down of mineral properties	(249,820)	-
Interest income	9,673	1,326
Net loss before recovery of income taxes	(1,273,689)	-
Recovery of income taxes *(Note 12)*	680,862	-
Net loss and comprehensive loss for the period	$ (592,827)	$ (146,625)
Net loss per share - basic and diluted	$ (0.03)	$ (0.01)
Weighted average number of shares outstanding - basic and diluted	20,339,767	9,930,426

CONSOLIDATED STATEMENT OF DEFICIT

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008	2007
Deficit, beginning of period	$ (236,858)	$ -
Adjustment, reverse takeover accounting	-	(90,233)
Net loss for the period	(592,827)	(146,625)
Deficit, end of year	$ (829,685)	$ (236,858)

The accompanying notes form an integral part of these consolidated financial statements

METAL CREEK RESOURCES CORP.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008	2007
Cash was provided by (used in) the following activities:		
Operating activities:		
Net loss for the period	$ (592,827)	$ (146,625)
Add: Item not involving an outlay of cash		
Amortization	33,213	8,219
Stock-based compensation	94,153	-
Recovery of future income tax	(680,862)	-
Write down of mineral properties	249,820	-
Net change in non-cash working capital balances:		
G.S.T and other receivables	(129,067)	(76,997)
Prepaids	(14,115)	-
Accounts payable and accrued liabilities	(159,630)	375,543
	(1,199,315)	160,140
Financing activities:		
Issuance of capital stock for cash	990,768	2,174,342
Short term investments	300,000	-
	1,290,768	2,174,342
Investing activities:		
Cash - flow through funds	1,408,554	(1,585,000)
Staking security costs	110,700	(196,650)
Expenditures on mineral properties	(1,759,558)	(610,831)
Cash received on Reverse Takeover transaction	-	301,711
Acquisition of property and equipment	(77,767)	(17,094)
	(318,071)	(2,107,864)
Net change in cash and cash equivalents	(226,618)	226,618
Cash and cash equivalents, beginning of year	226,618	-
Cash and cash equivalents, end of year	$ -	$ 226,618

The accompanying notes form an integral part of these consolidated financial statements

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 rakeover 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 principals ("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 $266,661 (2007 - $2,009,722) and has a deficit in the amount of $829,685 (2007 - $263,585). The Company has not earned any revenues to date and is considered to be in the exploration stage.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

<u>Basis of Presentation</u>

The Company prepares 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 have been eliminated.

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

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%

Cash and cash equivalents

Cash and cash equivalents are comprised of cash and cashable guaranteed investment certificates.

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	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

	Cost	Accumulated Amortization	Dec 31, 2007 Net
Computer equipment	$ 1,458	$ 401	$ 1,057
Computer software	15,636	7,818	7,818
	$ 17,094	8,219	8,875

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

5. RESTRICTION ON THE USE OF CASH AND CASH EQUIVALENTS (Cont'd)

	2008	2007
Future payments to be made, beginning of year	$ 1,585,000	$ -
Gross proceeds received upon the issuance of flow through shares	889,700	1,585,000
Qualified exploration expenditures paid from these funds	(1,681,900)	-
Future payments to be made, end of year	$ 889,700	$ 1,585,000
Cash – flow-through funds, end of year	176,446	1,585,000
Deficiency of funds	$ 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:

Year ended December 31, 2007

	Opening	Additions	Abandonment Recoveries	Closing
Deferred exploration expenditures	$ -	$ 459,081	$ -	$ 459,081
Acquisition costs and staking cost of properties	-	187,923	-	187,923
TOTAL	**$ -**	**$ 647,004**	**$ -**	**$ 647,004**
Dog Paw Gold (a)	$ -	$ 524,538	$ -	$ 524,538
Sheffield Lake (c)	-	36,002	-	36,002
Sops Arm Project (d)	-	27,864	-	27,864
Gabbro Lake (f)	-	3,178	-	3,178
Other Properties (i)	-	55,422	-	55,422
TOTAL	**$ -**	**$ 647,004**	**$ -**	**$ 647,004**

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

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	267286	(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.

The share payments were issued as follows:

First Option	400,000 common shares (issued March 30, 2007)
Second Option	50,000 common shares (issued June 8, 2008)

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).

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

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 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% (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.

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

(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; Cheeseman Lake 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 December 31, 2008 and 2007 are as follows:

	Number of Shares	Amount
Balance, December 31, 2006	7,545,000	$ 936,989
Cancellation of shares, failure to complete a Qualifying Transaction within the time limit imposed by the Exchange (June 2007)	(745,000)	-
Adjustment for Reverse Takeover Transaction	-	(349,342)
Balance, time of Reverse Takeover	6,800,000	587,647
Common shares issued for cash at $0.01 per share (i)	8,880,000	88,800
Less: common shares surrendered for cancellation and returned to treasury	(685,000)	(6,850)
Common shares issued for cash at $0.35 per share pursuant to private placement (ii)	714,286	250,000
Less: value of warrants issued with common shares		(49,390)
Flow-through common shares issued pursuant to private placements (net of tax effect valuation adjustment of $57,792)(iii)	400,000	102,208
Common shares issued under option agreement (Dog Paw Gold property - net) (note 6(a))	400,000	89,432
Common shares issued to acquire gold properties (Stares Contracting Corp.- net) (note 6(b))	150,000	-

7. CAPITAL STOCK

(a) Share Capital (Cont'd)

	Number of Shares		Amount
Common shares issued for cash at $1 per unit in conjunction With Closing of Acquisition (iv)			
Flow through common shares issued (net of tax effect valuation adjustments of $572,502)	1,585,000		1,012,498
Common shares issued	270,250		270,250
Less: share issue costs			(172,388)
Less: value of warrants issued with common shares			(481,944)
Less: value of broker warrants issued	-		(14,553)
Balance, December 31, 2007	18,514,536	$	1,675,710
Common shares issued for cash			
September 2008 Private Placement (v)			
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 (vi)			
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 gold properties (note 7(d))	828,205		160,886
Balance, December 31, 2008	25,807,324	$	2,611,457

During 2007, the Company completed the following private placements:

(i) 8,880,000 common shares at a price of $0.01 per common share for gross proceeds of $88,000. 685,000 common shares were later surrendered for cancellation and returned to treasury.

(ii) 714,286 common share units at a price of $0.35 per unit for gross proceeds of $250,000. Each unit is comprised of one common share and one-half of a common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one common share at an exercise price of $0.50 at any time until March 2008. The fair value of the 357,143 common share purchase warrants received by investors have been estimated at $49,390 using the Black-Scholes option pricing model and the following assumptions: dividend yield of 0%, expected volatility of 128%, a risk-free interest rate of 3.87% and an expected life of 12 months. The value of these warrants reduced the proceeds attributable to share capital and are recognized under capital stock as warrants.

7. CAPITAL STOCK

(a) Share Capital (cont'd)

(iii) 400,000 flow-through common shares at a price of $0.40 per flow-through share for gross proceeds of $160,000.

(iv) In connection with closing of the Acquisition, the Company completed a private placement of 1,855,250 units, at $1 per unit, for gross proceeds of $1,855,250 Each unit is comprised of one common share and one common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one common share at an exercise price of $1.25 at any time until December 2009. Of the private placement units sold, 1,585,000 were flow-through with the balance of 270,250 being non-flow through. The fair value of the 1,855,250 common share purchase warrants received by investors have been estimated at $481,944 using the Black-Scholes option pricing model and the following assumptions: dividend yield of 0%, expected volatility of 30%, a risk-free interest rate of 4.5% and an expected life of 24 months. The value of these warrants reduced the proceeds attributable to share capital and are recognized under capital stock as warrants.

In connection with the above private placement, the Company paid finders fees of $144,152 and issued 120,000 agent warrants, each agent warrant being exercisable into a common share of the Company at $1 per share, expiring in December 2009. The warrants issued were valued at $14,553.

During 2008, the Company completed the following private placements:

(v) The Company completed a private placement in which the Company received gross proceeds of $565,887 through the sale of:

1) 1,174,583 units at $0.15 per unit, each unit consisting of one common share and one common share purchase warrant, each warrant entitling the purchaser to acquire an additional common share of the Company for $0.25 for a period of 18 months following the closing date and;
2) 2,165,000 flow through units at a price of $0.18 per unit, each unit consisting of one common share and one half of one common share purchase warrant, each full warrant entitling the purchaser to acquire an additional common share of the company for $0.25 for a period of 18 months following the closing date.

The fair value of the 2,257,083 common share purchase warrants received by investors have been estimated at $72,678 using the Black-Scholes option pricing model and the following assumptions: dividend yield of 0%, expected volatility of 100%, a risk-free interest rate of 2.95% and an expected life of 18 months.

In accordance with the terms of the offering, the Company paid a finder's fee of $27,876, being 8% of the gross proceeds raised by them. The Company also issued 194,800 broker options, each option comprised of one unit for a subscription price of $0.18 made up of one common share and one half of one common share purchase warrant, each full warrant entitling the holder to acquire an additional common share of the Company for $0.25 for a period of 18 months following the date of issuance. The warrants issued were valued at $12,915.

7. CAPITAL STOCK

(a) Share Capital (Cont'd)

(vi) The Company completed a private placement for gross proceeds of $500,000 through the issuance of 3,125,000 flow-through units at a price of $0.16 per unit. Each flow-through unit consisted of one flow through common share and one common share purchase warrant, each warrant entitling the purchaser to acquire one non-flow through common share of the Company at an exercise price of $0.25 for a period of 18 months following the issuance date.

The fair value of the 3,125,000 common share purchase warrants received by investors have been estimated at $113,438 using the Black-Scholes option pricing model and the following assumptions: dividend yield of 0%, expected volatility of 75%, a risk-free interest rate of 2.46% and an expected life of 18 months

In connection with the private placement , the Company paid a finder's fee in the amount of $25,000 and issued 312,500 broker options, each option entitling the holder to acquire, at an exercise price of $0.16 for a period of 18 months following the closing date, a unit comprised of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share for $0.25 for a period of 18 months from the closing date. The warrants issued were valued at $16,875.

(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 (note 7(a)(ii))	357,143	$ 49,390	$0.50	Mar 2008
- Pursuant to private placements(note 7(a)(iv))	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(note 7(a)(v)	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(note 7(a)(vi)	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	7,864,633	$ 712,403		

(c) Stock Options

A summary of the Company's options at December 31, 2008 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	1,799,500	$ 94,153		

7. CAPITAL STOCK

(c) Stock Options

The following table summarizes information about the options outstanding at December 31, 2008:

	Options outstanding	Average Remaining
Exercise Price	1,799,500	1.75 years

As of December 31, 2008, 1,294,500 options have vested

(d) Share Issuance – Option Agreements

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

	Number	Amount
Issued in 2007		
Dog Paw Property - February 24, 2007	400,000	$ 89,432
Wicks Lake and Panama Lake – February 24, 2007	150,000	-
Balance, December 31, 2007	**550,000**	**89,432**
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, 10,819,836 common shares remain subject to escrow of which 8,071,559 are subject to a value escrow agreement and 2,748,277 are subject to a surplus escrow agreement.

(f) Contributed Surplus

Balance, December 31, 2006	$ 102,000
Reversed on closing of the Reverse Takeover	(102,000)
Balance, December 31, 2007	-
Stock based compensation	94,153
Expiry of warrants	49,390
Balance, December 31, 2008	$ 143,543

8 WARRANTS

Balance, December 31, 2006	$ -
Fair value of warrants issued in 2007:	
Note 7(a)(ii)	49,390
Note 7(a)(iv)	481,944
Fair value of agents warrants issued	14,553
Balance, December 31, 2007	545,887
Fair value of warrants issued in 2008	
Note 7(a)(v)	85,593
Note 7(a) (vi)	130,313
Warrants expired	(49,390)
Balance, December 31, 2008	$ 712,403

9 RELATED PARTY TRANSACTIONS

The option on the mineral property referred to in note 6(b) was acquired by the Company from Stares Contracting Corp. Michael Stares is the President of Stares Contracting Corp. and a director of the Company. Under the terms of the agreement, Stares Contracting Corp. received $20,000 and 150,000 common shares in the Company plus a royalty. The transactions were recorded at the carrying amount.

The Company paid or accrued the following amounts to related parties during the period ended December 31, 2008 and 2007:

Payee	Description of Relationship	Nature of Transaction	($)
Alexander Stares/ Stares Prospecting Ltd.	Director/Company controlled by Alexander Stares activities,	Payments for exploration capitalized in deferred exploration expenditures, reimbursement of expenses	439,016
Michael MacIsaac	Officer	Payment for exploration activities capitalized in deferred exploration expenditures, reimbursement of expenses prior to employment	52,881
Eastrock Exploration	Controlled by Wayne Reid	Consulting fees and expense reimbursement	43,272
Wayne Reid	Director	Payment for consulting fees and Expense reimbursements	50,332
Nick Tsimidis	Officer and Director	Consulting fees and expense Reimbursement of expenses	56,207

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.

9. RELATED PARTY TRANSACTIONS (Cont'd)

Included in accounts payable and accrued liabilities at December 31, 2008 is:

- NIL payable to Michael MacIsaac (2007: $26,719);
- NIL payable to Wayne Reid, (2007: $15,857) ;
- $6,607 payable to Stares Prospecting Ltd. for exploration activities capitalized in deferred exploration expenditures (2007: NIL)
- $2,159 payable to Alexander Stares for expense reimbursements (2007: NIL)

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;

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 December 31, 2008.

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.

(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	$ (1,273,689)
Expected income tax expense (recovery) calculated using statutory rates	(426,686)
Non-deductible expenses and other	31,542
Write-down of mineral properties	51,228
Share issuance costs	(16,583)
Losses of prior years recognized to offset future income tax recognized as a result of renunciation of flow-through expenditures	(320,363)
Income tax expense (recovery)	$ (680,862)

(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	$	(538,500)
Mineral properties		519,467
Valuation allowance		(19,033)
	$	-

(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
TOTAL	**$**	**1,607,478**

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.

During 2007, the company recorded a future tax liability of $680,862 in accordance with the accounting treatment of Canadian flow-through shares and the issuance of warrant and option share agreements under CICA Handbook EIC-146.

13. STAKING SECURITY DEPOSITS

Staking security deposits 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. During 2008, $327,350 was refunded and a further $216,650 was advanced.

14. SUPPLEMENTAL CASH FLOW INFORMATION

	2008	**2007**
Income taxes paid	-	-
Interest paid	-	-
Shares issued for option on mineral properties	$160,886	$89,432
Brokers warrants issued	$29,790	$14,553

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 EVENTS

Subsequent to 2008, the Company completed a private placement of 3,051,250 non flow-through units at a subscription price of $0.08 per unit, and 3,753,818 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.