GOLDEN REIGN RESOURCES LTD.

INTERIM FINANCIAL STATEMENTS

JANUARY 31, 2009

Responsibility for Financial Statements

The accompanying financial statements for Golden Reign Resources Ltd. have been prepared in accordance with Canadian generally accepted accounting principles. These financial statements, which are the responsibility of management, are unaudited and have not been reviewed by the Company's auditors. Management believes the financial statements are free of material misstatement and present fairly, in all material respects, the financial position of the Company as at January 31, 2009 and 2008 and the results of its operations and its cash flows for the periods then ended.

GOLDEN REIGN RESOURCES LTD.
BALANCE SHEETS
(Unaudited)

AS AT		January 31, 2009		April 30, 2008
ASSETS				
Current				
Cash	$	1,252,131	$	1,480,065
Receivables		6,655		38,950
Prepaid expenses		3,250		10,102
		1,262,036		1,529,117
Mineral properties (Note 3)		1		1
Equipment (Note 4)		11,914		14,846
	$	1,273,951	$	1,543,964
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities	$	34,982	$	69,488
Shareholders' equity				
Share capital (Note 5)		4,624,055		4,624,055
Contributed surplus (Note 5)		1,124,343		1,124,343
Deficit		(4,509,429)		(4,273,922)
		1,238,969		1,474,476
	$	1,273,951	$	1,543,964

Nature and continuance of operations (Note 1)
Commitments and contingency (Note 8)

On behalf of the Board:

"Andrew Milligan"	Director	***"Kim Evans"***	Director
Andrew Milligan		Kim Evans	

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

GOLDEN REIGN RESOURCES LTD.
STATEMENTS OF OPERATIONS AND DEFICIT
FOR THE THREE AND NINE MONTHS ENDED JANUARY 31
(Unaudited)

	2009		2008	
	3 months	9 months	3 months	9 months
EXPENSES				
Amortization	$ 977	$ 2,932	$ 1,084	$ 3,252
Consulting	14,500	41,500	13,500	46,500
Management fees	19,500	58,500	19,500	58,500
Office and miscellaneous	8,525	27,153	(2,877)	52,096
Professional fees	11,128	39,611	28,388	64,340
Property investigation	808	1,104	-	-
Regulatory and listing fees	1,411	7,789	1,656	9,893
Stock-based compensation (Note 5)	-	-	-	7,886
Travel and promotion	2,241	17,780	15,375	66,984
Wages and benefits	20,406	61,304	20,411	61,347
	(79,496)	(257,673)	(97,037)	(370,798)
OTHER ITEMS				
Write-down of mineral properties (Note 3)	-	-	(161,044)	(213,088)
Interest income	3,296	22,166	22,346	71,669
	3,296	22,166	(138,698)	(2,721)
Loss and comprehensive loss for the period	(76,200)	(235,507)	(235,735)	(512,217)
Deficit, beginning of period	(4,433,229)	(4,273,922)	(2,671,686)	(2,395,204)
Deficit, end of period	$ (4,509,429)	$ (4,509,429)	$ (2,907,421)	$ (2,907,421)
Basic and diluted loss per common share	$ (0.00)	$ (0.01)	$ (0.01)	$ (0.02)
Weighted average number of basic and diluted common shares outstanding	25,939,716	25,939,716	25,912,182	25,912,182

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

GOLDEN REIGN RESOURCES LTD.
STATEMENTS OF CASH FLOWS
FOR THE THREE AND NINE MONTHS ENDED JANUARY 31
(Unaudited)

	2009		2008	
	3 months	9 months	3 months	9 months
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period	$ (76,200)	$ (235,507)	$ (235,735)	$ (512,217)
Items not affecting cash:				
Amortization	977	2,932	1,084	3,252
Stock-based compensation	-	-	-	7,886
Write-down of mineral properties	-	-	161,044	213,088
Changes in non-cash working capital items				
(Increase) decrease in receivables	32,855	32,295	68,272	27,004
Increase (decrease) in prepaid expenses	(745)	6,852	3,330	(6,286)
Due to related parties	318	(1,324)	(2,713)	(9,070)
Increase (decrease) in accounts payable and accrued liabilities	6,458	(33,182)	22,822	(13,332)
Cash flows used in operating activities	(36,337)	(227,934)	18,104	(289,675)
CASH FLOWS FROM INVESTING ACTIVITIES				
Expenditures on mineral properties	-	-	(1,090,457)	(1,193,382)
Exploration advances	-	-	334,394	420,429
Cash flows used in investing activities	-	-	(756,063)	(772,953)
CASH FLOWS FROM FINANCING ACTIVITIES				
Share issue costs	-	-	-	(260)
Cash flows provided by (used in) financing activities	-	-	-	(260)
Change in cash during the period	(36,337)	(227,934)	(737,959)	(1,062,888)
Cash, beginning of period	1,288,468	1,480,065	2,356,755	2,681,684
Cash, end of period	$ 1,252,131	$ 1,252,131	$ 1,618,796	$ 1,618,796
Cash and cash equivalents consist of:				
Cash	$ -	$ -	$ 18,796	$ 18,796
Guaranteed Investment Certificates	-	-	1,600,000	1,600,000
	-	-	$ 1,618,796	$ 1,618,796
Cash paid during the period for:				
Interest	$ -	$ -	$ -	$ -
Income taxes	-	-	-	-

Supplemental disclosure with respect to cash flows (Note 8)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Golden Reign Resources Ltd. (the "Company") was incorporated on April 1, 2004 under the laws of the Yukon Territory and continued into British Columbia under the *British Columbia Corporations Act* and its principal business activity is the acquisition and exploration of mineral properties. Its principal business activity is the exploration of mineral properties.

The Company is in the process of exploring its mineral properties and has not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties and related deferred exploration costs are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These financial statements have been prepared on a going concern basis in accordance with Canadian generally accepted accounting principles which assume that the Company will continue in operation for the foreseeable future and be able to discharge its liabilities and commitments in the normal course of operations.

The Company's continuance as a going concern is dependent upon its ability to obtain adequate financing. As at January 31, 2009, the Company has no source of operating cash flows and has not yet achieved profitable operations, has accumulated losses since its inception and expects to incur further losses in the development of its business, and has no assurances that sufficient funding, including adequate financing, will be available to conduct further exploration and development of its mineral properties, all of which casts significant doubt as to the validity of the going concern assumption.

The Company plans to raise additional financing through the issuance of share capital, however, there can be no assurance that it will be successful in its efforts to do so and that the terms will be favourable to the Company. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities, or the impact on the statement of operations and balance sheet classifications that would be necessary were the going concern assumption not appropriate. Such adjustments could be material.

	January 31, 2009	April 30, 2008
Working capital	$ 1,227,054	$ 1,459,629
Deficit	(4,509,429)	(4,273,922)

2. SIGNIFICANT ACCOUNTING POLICIES

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 amount of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the year. Significant estimates include carrying values for mineral properties, asset retirement obligations, stock-based compensation and future income taxes. Actual results could differ from these estimates.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Mineral properties

The Company records its interests in mineral properties and areas of geological interest at cost less option payments received and other recoveries. All direct and indirect costs relating to the acquisition and exploration of these interests are capitalized on the basis of specific claim blocks or areas of geological interest until the properties to which they relate are placed into production, sold, abandoned or management has determined there to be an impairment. These costs will be amortized over the proven reserves available on the related property following commencement of production. The amounts shown for mineral properties represent costs incurred to date and are not intended to reflect present or future values.

Mineral properties which are sold before that property reaches the production stage will have all revenues from the sale of the property credited against the cost of the property. Properties which have reached the production stage will have a gain or loss calculated based on the portion of that property sold.

Management's estimates of recoverability of the Company's investment in various projects have been based on current conditions. However, it is reasonably possible that changes could occur in the near term which could adversely affect management's estimates and may result in material future write-downs of capitalized property carrying values.

Equipment

Equipment is recorded at cost and is amortized over the estimated useful life at the following rates:

Computer equipment	30% per annum, declining balance
Equipment and furniture	20% per annum, declining balance

Foreign currency translation and transactions

Monetary items denominated in a foreign currency are translated into Canadian dollars at exchange rates in effect at the balance sheet date and non-monetary items are translated at rates of exchange in effect when the assets were acquired or obligations incurred. Revenues and expenses denominated in a foreign currency are translated at rates approximating those on the transaction date. Foreign exchange gains and losses are included in loss for the period.

Stock-based compensation

The Company accounts for the granting of stock options and compensatory warrants using the fair value method whereby all awards to employees and non-employees will be recorded at fair value on the date of grant. The Company estimates the fair value of each stock option or compensatory warrant at the date of grant using the Black-Scholes option pricing model. Any consideration paid by the option or warrant holders to purchase shares is credited to share capital.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Asset retirement obligations

The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability. The Company does not currently have any asset retirement obligations.

Changes in the liability for an asset retirement obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in the statement of operations. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset.

Loss per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. For the years provided, this calculation proved to be anti-dilutive.

Basic loss per share is calculated using the weighted-average number of shares outstanding during the period.

Future income taxes

Future income taxes are recorded using the asset and liability method. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the year that substantive enactment or enactment occurs. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments

The Company's financial instruments consist of cash, amounts receivable and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

Financial instruments must be classified into one of these five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are measured in the balance sheet at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification, as follows: held-for-trading, financial assets are measured at fair value and changes in fair value are recognized in net income; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is derecognized or impaired at which time the amounts would be recorded in net income.

The Company designates its cash as held-for-trading, which is measured at fair value. GST is classified as loans and receivables, which is measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities.

The Company had no "other comprehensive income or loss" transactions during the period ended January 31, 2009 and no opening or closing balances for accumulated other comprehensive income or loss.

Effective May 1, 2007, the Company adopted CICA Handbook Section 1530, Comprehensive Income; Section 3251, Equity; Section 3855, Financial Instruments – Recognition and Measurement; and, Section 3865, Hedges, retroactively without restatement which provide requirements for the recognition and measurement of financial instruments and on the use of hedge accounting. Section 1530 establishes standards for reporting and presenting comprehensive income, which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income that are excluded from net income calculated in accordance with GAAP. The comparative figures have not been restated and the adoption of these Handbook sections had no impact on opening deficit.

Long-lived assets

The Company follows the recommendations in CICA Handbook Section 3063 – "Impairment of Long-Lived Assets" and the CICA's Emerging Issues Committee ("EIC") emerging extract EIC-126 – "Accounting by Mining Enterprises for Exploration Costs". Section 3063 requires that the Company review long-lived assets, including mineral properties, for impairment. Long-lived assets are assessed for impairment when events and circumstances warrant an assessment. EIC-126 consensus is that a mining enterprise in the development stage is not obliged to conclude that capitalized costs have been impaired due to the absence of a projected estimated future net cash flow from the mining enterprise. Mineral properties in the exploration stage do not have established mineral reserves and a basis for the preparation of a projection of the estimated future net cash flow from the properties does not exist.

However, a mining enterprise is required to consider the conditions in Section 3063 for impairment write-down. The conditions include significant unfavourable economic, legal, regulatory, environmental, political and other factors. In addition, management's development activities towards its planned principal operations are a key factor considered as part of the ongoing assessment of the recoverability of the carrying amount of mineral properties. Whenever events or changes in circumstances indicate that the carrying amount of a mineral property in the exploration stage may be impaired, capitalized costs are written down to the estimated recoverable amount.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Accounting Policy Changes

Effective May 1, 2008, the Company adopted the following CICA Handbook Sections

i) Section 3862, "Financial Instruments – Disclosure" and Section 3863 "Financial Instruments – Presentation"

The new financial statement disclosure requirements of Section 3862 are to enable users to evaluate the significance of financial instruments on the Company's financial position and performance, the nature and extent of risks arising from financial instruments the Company is exposed to during the reporting period and as at the balance sheet date, and how the Company is managing those risks. Section 3863, the presentation requirements enhance user's understanding of the significance of financial instruments to the Company's financial position, performance and cash flows.

ii) Section 1535, "Capital Disclosures"

Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance.

iii) Section 1306, "Accounting Changes"

Section 1506 provides expanded disclosures for changes in accounting policies, accounting estimates and corrections of errors. Under this standard, accounting changes should be applied retrospectively unless otherwise permitted or where impracticable to determine. In addition, voluntary changes in accounting policy are made only when required by a primary source of GAAP or the change results in more relevant and reliable information.

Accounting Policy Developments

i) In April 2007, the CICA approved amendments to Handbook Section 1400, *General Standards of Financial Statement Presentation.* These amendments require management to assess an entity's ability to continue as a going concern. When management is aware of material uncertainties related to events or conditions that may cast doubt on an entity's ability to continue as a going concern, those uncertainties must be disclosed. In assessing the appropriateness of the going concern assumption, the standard requires management to consider all available information about the future, which is at least, but not limited to, twelve months from the balance sheet date. The new requirements of the standard are applicable for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008.

ii) Convergence with International Financial Reporting Standards

The CICA plans to transition Canadian GAAP for public companies to International Financial Reporting Standards ("IFRS"). The effective changeover date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The impact of the transition to IFRS on the Company's consolidated financial statements is not yet determinable.

iii) Section 3064, Goodwill and Intangible Assets, established revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the introduction of this standard, the CICA withdrew EIC 27, Revenues and expenses during the pre-operating period and the previous Goodwill and intangible assets standard (Section 3062). As a result of the withdrawal of EIC 27, the Company will not be able to defer revenues and related costs incurred prior to commercial production at new operations.

3. MINERAL PROPERTIES

Butarni and Dorozhni Properties, Magadan, Russia

On June 8, 2007, the Company entered into an option agreement with Status LLC ("Status"), the mining division of CentroCredit Bank of Moscow, to acquire a 50% interest in the Butarni and Dorozhni mineral properties (the "Properties"), located in the Magadan Region of Russia.

Under the terms of the agreement, the Company may earn its interest in the Properties by incurring aggregate exploration expenditures totalling US$6,000,000 over a three-year period to acquire a 50% equity interest in Gold Mining Corporation LLC ("GMC"), a private Russian company which holds 20-year comprehensive exploration-mining licences for both properties. The aggregate expenditures to be paid to GMC are as follows:

i) US$1,000,000 on or before December 31, 2007(paid);
ii) US$3,000,000 on or before December 31, 2008; and,
iii) US$2,000,000 on or before December 31, 2009.

The Company's interest in GMC will be earned as follows:

i) upon payment of US$2,000,000 a conditional 16.6%;
ii) upon payment of an aggregate US$4,000,000 a further conditional 16.6%; and,
iii) upon payment of an aggregate US$6,000,000 a further 16.8%, for a total vested interest of 50%.

The Company issued 75,000 common shares valued at $16,500 as a finder's fee in connection with this transaction.

At April 30, 2008, the Company had advanced $636 (2007 - $424,572) towards exploration costs.

On April 30, 2008, the Company wrote-down its interest in the Butarni and Dorozhni properties by $1,239,072, as a result of the current destabilization of political relationships between Russia and surrounding countries and the uncertain nature of the Company's ability to continue exploration and development of its Russian projects.

Moray Property, British Columbia

On May 22, 2007, the Company entered into an option agreement with Foxcorp Holdings Ltd. ("Foxcorp") to acquire a 100% undivided interest in the Moray Property ("Moray"), located south-east of Vernon, British Columbia.

On April 24, 2008, the British Columbia government announced the imposition of a ban on uranium exploration and development. As a result, the Company wrote-off an amount of $28,036 at April 30, 2008.

3. MINERAL PROPERTIES (Cont'd…)

	October 31, 2008	April 30, 2008
Butarni and Dorozhni Properties, Russia		
Mineral Properties		
Balance, beginning of year	$ 1	$ -
Finder's fee payments	-	16,500
	1	16,500
Deferred Exploration Costs		
Balance, beginning of year	$ -	$ -
Assaying	-	39,931
Consulting	-	89,840
Camp	-	60,194
Field supplies	-	1,877
Geological mapping	-	40,148
Geochemical survey	-	18,058
Mobilization/demobilization	-	19,262
Office expenses	-	48,934
Project management and related exploration costs	-	162,524
Repair and maintenance	-	18,059
Road construction	-	300,971
Travel and transportation	-	143,477
Trenching and sampling	-	273,718
Translation and reports	-	5,580
Total	-	1,222,573
	-	1,239,073
Write-down of mineral properties	-	(1,239,072)
Butarni and Dorozhni Properties - Balance, end of period	$ -	$ 1

3. MINERAL PROPERTIES (cont'd…)

	October 31, 2008	April 30, 2008
Moray Property, British Columbia		
Mineral Properties		
Balance, beginning of year	$ -	$ -
Option payments	-	5,000
Staking costs	-	1,427
	-	6,427
Deferred Exploration Costs		
Balance, beginning of year	-	-
Assaying	-	1,741
Consulting	-	2,100
Exploration costs	-	12,573
Graphics, mapping	-	745
Recording and reporting fees	-	4,450
Total	-	21,609
	-	28,036
Write-down of mineral properties	-	(28,036)
Moray Property - Balance, end of period	$ -	$ -
Pravo-Berelehskoe and Rodionovskoe Properties, Russia		
Mineral Properties		
Balance, beginning of year	$ -	$ 68,160
Finder's fee payments	-	-
Deferred Exploration Costs		
Balance, beginning of year	-	146,805
Assaying	-	-
Consulting	-	-
Exploration costs	-	-
Field supplies	-	(1,877)
Graphics, mapping	-	-
Office expenses	-	-
Translation and reports	-	-
Transportation and travel	-	-
Total	-	144,928
	-	213,088
Write-down of mineral properties	-	(213,088)
Pravo-Berelehskoe and Rodionovskoe Properties - Balance, end of period	$ -	$ -
Total of all mineral properties and deferred exploration - Balance, end of period	$ 1	$ 1

4. EQUIPMENT

	January 31, 2009			April 30, 2008		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computer equipment	$ 17,944	$ 10,654	$ 7,290	$ 17,944	$ 8,538	$ 9,406
Equipment and furniture	11,066	6,442	4,624	11,066	5,626	5,440
	$ 29,010	$ 17,096	$ 11,914	$ 29,010	$ 14,164	$ 14,846

5. SHARE CAPITAL AND CONTRIBUTED SURPLUS

The following is a description of the authorized and issued share capital:

	Number of Shares	Share Amount	Contributed Surplus
Authorized:			
Unlimited number of common shares, without par value			
Issued:			
Balance at April 30, 2006	12,990,966	$ 1,177,448	$ -
Private placements	1,875,000	187	-
Initial public offering	10,000,000	4,000,000	-
Finder's fee	240,000	96,000	-
Debt settlement	100,000	40,000	-
Convertible notes	387,750	155,100	-
Shares for issue costs	100,000	40,000	-
Stock-based compensation	-	-	728,362
Agent's units	171,000	68,400	-
Agent's warrants	-	(388,095)	388,095
Share issue costs	-	(581,225)	-
Balance at April 30, 2007	25,864,716	4,607,815	1,116,457
Finder's fee on mineral property	75,000	16,500	-
Stock-based compensation	-	-	7,886
Share issue costs	-	(260)	-
Balance at April 30, 2008 and January 31, 2009	25,939,716	$ 4,624,055	$ 1,124,343

During the year ended April 30, 2008, the Company' shareholders approved a shareholder rights plan.

Escrowed shares

At January 31, 2009, a total of 2,504,000 (2007 – 5,008,000) shares are subject to an escrow agreement and will be released in increments of 15% every six months.

Warrants

At January 31, 2008 and April 30, 2008, the following shares purchase warrants were outstanding:

	Expiry Date	Exercise Price	January 31, 2009	April 30, 2008
Promissory notes	November 23, 2008	$ 0.50	-	387,750
Private placement	November 23, 2008	$ 0.50	-	750,000
Offering Warrants	November 23, 2008	$ 0.50	-	10,000,000
Agent's Warrants	November 23, 2008	$ 0.50	-	2,000,000
Agent's Corporate Finance Fee	November 23, 2008	$ 0.50	-	150,000
Agent's Commission	November 23, 2008	$ 0.50	-	21,000
			-	13,308,750

5. SHARE CAPITAL AND CONTRIBUTED SURPLUS (cont'd…)

Stock options

The Company has a stock option plan in accordance with the policies of the TSX-V, under which the board is authorized to grant options to employees, consultants, officers and directors enabling them to acquire up to 10% of the issued and outstanding share capital of the Company. Under the policies of the TSX-V, the exercise price of each option equals the market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of five years. Options granted to investor relations consultants are subject to vesting provisions over a twelve month period, with no more than ¼ vesting during any three month period.

The following options, granted by the Company upon completion of its IPO, were outstanding and exercisable as at January 31, 2009 and April 30, 2008:

	January 31, 2009		April 30, 2008	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Opening balance	2,100,000	$ 0.40	2,550,000	$ 0.40
Granted	-	-	-	-
Expired/Cancelled	(325,000)	-	(450,000)	(0.38)
Ending balance	1,775,000	$ 0.40	2,100,000	$ 0.40
Options exercisable	1,775,000	$ 0.40	2,100,000	$ 0.40

Weighted Average Exercise Price	Expiry Date	Number Outstanding	Number Exercisable	Weighted Average Remaining Contractual Life
$ 0.40	November 27, 2011	1,725,000	1,725,000	2.58 years
0.35	January 11, 2012	50,000	50,000	2.70 years
$ 0.40		1,775,000	1,775,000	2.64 years

5. SHARE CAPITAL AND CONTRIBUTED SURPLUS (cont'd…)

Stock-based compensation

The Company expenses compensation costs over the vesting period of the stock options, with a corresponding credit to contributed surplus. The weighted average fair value of the stock options granted was $Nil (2007 - $0.29) per option. During the period ended January 31, 2009, compensation expense of $Nil (2007 - $7,886) was recorded with respect to previously granted options which vested during the year.

The fair value of the options and warrants granted during the 2007 fiscal year was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk-free interest rate	3.86%
Expected life of options and warrants	3.51 years
Expected volatility	100%
Dividend yield	Nil

6. RELATED PARTY TRANSACTIONS

During the period ended January 31, 2009, the Company paid or accrued:

a) management fees of $58,500 (2007 - $58,500) to a director of the Company; and,
b) consulting fees of $13,500 (2007 - $40,500) to an officer of the Company for the provision of geological consulting services.

Included in accounts payable and accrued liabilities is $Nil (2007 - $952) owing to an officer and director of the Company.

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

7. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, short term investments, receivables, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying value, unless otherwise noted.

Risk management

The Company's has monetary and non-monetary assets represented by mineral exploration interests in Russia. The Company could accordingly be at risk for foreign currency fluctuations and developing legal and political environments. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

The Company relies on local consultants for the management of its exploration activities and for legal and accounting matters.

8. COMMITMENTS AND CONTINGENCY

During the period ended January 31, 2009, the Company was committed to the following:

a) a management agreement with a director of the Company to pay $6,500 per month for management fees. In the event the Company terminates the agreement without cause, the Company is obligated to pay severance equal to one year's salary;

b) a consulting agreement with an officer of the Company to pay $4,500 per month for consulting fees; and

c) an operating lease agreement for office premises expiring December 31, 2009. The minimum lease payments for fiscal year are as follows:

2009	$	17,928
2010	$	11,952

d) the Company is in dispute with a former employee of the Company relating to certain potential litigation costs. The outcome of the dispute is not determinable and no liability has been recorded to date.

9. CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

i) to safeguard its ability to continue as a going concern;

ii) continue the development and exploration of its mineral properties; and

iii) maintain a capital structure which optimizes the cost of capital at acceptable risk.

The management of capital includes cash, cash equivalents and shareholders' equity comprised of share capital, contributed surplus and deficit. The capital structure at the end of the period consists of common shares of $4,624,055 (2008 - $4,624,055). As at year end, the Company had no bank indebtedness.

The Company is involved in mineral exploration which is a high risk activity. As the Company is in the exploration stage, its principal source of funds is from the issuance of common shares.

Management reviews its capital management approach on an ongoing basis and believes this approach, given the relative size of the Company, is reasonable.

10. FINANCIAL RISK FACTORS

The Company's financial instruments are exposed to certain financial risks. The Company's risk exposures and the impact on the Company's financial instruments are summarized below.

<u>Credit and Interest rate risk</u>

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company has significant cash balances but no interest-bearing debt. The Company's maximum exposure to credit risk at the reporting date is the carrying value of cash and other receivables. The Company's current policy is to invest excess cash in variable interest investment-grade short-term deposit certificates issued by reputable financial institutions with which it keeps its bank accounts and management believes the risk to be remote.

10. FINANCIAL RISK FACTORS (cont'd…)

Liquidity risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company manages liquidity risk by ensuring that it has sufficient cash and other financial resources available to meet its short term obligations. The Company forecasts cash flows for a period of twelve months to identify financial requirements. These requirements are met through a combination of cash flows from operations, dispositions of assets and accessing financing through private placements. The exposure of the Company to liquidity risk is considered to be minimal.

Commodity price risk

The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in the market price of commodities for which it is exploring. The Company closely monitors commodity prices to determine the appropriate course of action to be taken.

Sensitivity analysis

As of January 31, 2009, the carrying amount of amounts receivable and payable equals fair market value.

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a three month period:

- The Company does not hold interest bearing debt
- The Company holds balances in foreign currencies which give rise to exposure to foreign exchange risk. However, the balances tend to be very moderate and therefore the exposure to foreign exchange risk is extremely low.
- Price risk is remote as the Company is not currently a producing entity.

11. SEGMENTED INFORMATION

The Company operates in one business segment, being the acquisition and exploration of mineral properties. The Company's identifiable capital assets are located primarily in Russia. Geographic information is as follows:

	January 31, 2009	April 30, 2008
Capital assets		
Russia	$ 1	$ 1
Canada	11,914	14,846
	$ 11,915	$ 14,847