SUPREME RESOURCES LTD.

FINANCIAL STATEMENTS

(prepared by management without audit)

For the period ended December 31, 2009

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of the interim financial statements by an entity's auditor.

"Allan Levien""

Allan Levien, President

SUPREME RESOURCES LTD.

Balance Sheets
(prepared by management without audit)

		Dec. 31, 2009		June 30, 2009
Assets				
Current assets				
Cash and cash equivalents	$	45,273	$	443
Short term investment		-		-
Receivables		28,617		5,981
Prepaid expenses		1,958		2,500
		75,848		8,924
Mineral properties and deferred costs (Note 3)		588,509		406,225
Reclamation bonds (Note 3)		10,000		7,500
	$	674,357	$	422,649
Liabilities and Shareholders' Equity				
Current liabilities				
Accounts payable and accrued liabilities	$	60,142	$	225,630
Due to related party		765		-
		60,907		225,630
Shareholders' equity				
Share capital (Note 6)		7,033,403		6,550,913
Share capital subscribed		-		-
Contributed surplus (Note 6)		346,493		346,493
Deficit		(6,766,446)		(6,700,387)
		613,450		197,019
	$	674,357	$	422,649

Nature and continuance of operations (Note 1)
Subsequent events and commitments (Note 12)

Approved on behalf of the Board:

"Allan Levien"
________________________ Director
Allan Levien

"John Davies"
________________________ Director
John Davies

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

SUPREME RESOURCES LTD.

Consolidated Statements of Operations and Deficit
(prepared by management without audit)
Six-month period ended December 31

	3 months ended Dec. 31, 2009	3months ended Dec. 31, 2008	6 months ended Dec. 31, 2009	6 months ended Dec. 31, 2008
Expenses				
Consulting & investor relations	$ 10,394	$ -	$ 27,894	$ -
Filing, transfer agent and reporting fees	7,404	5,401	11,481	7,229
Interest and bank charges	1,427	64	2,523	139
Management and administration	-	7,500	-	15,000
Occupancy cost	-	2,600	-	3,900
Office and miscellaneous	7,814	1,400	8,306	4,106
Professional fees	8,446	950	9,668	1,650
Promotion, advertising, website	838	15,504	1,224	19,833
Travel and meals	2,204	4,432	3,476	5,197
Taxes and penalties	1,520	-	1,520	-
Loss for period before other item	(40,047)	(37,851)	(66,092)	(57,054)
Other Item:				
Currency exchange gain (loss)	-	-	-	-
Interest income	-	2,343	33	2,343
Net loss and comprehensive loss for the year	(40,047)	(35,508)	(66,059)	(54,711)
Deficit, beginning of period	(6,726,399)	(6,631,863)	(6,700,387)	(6,612,660)
Deficit, end of period	$(6,766,446)	$(6,667,371)	$ (6,766,446)	$(6,667,371)
Basic and diluted loss per common share	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)
Weighted average number of common shares outstanding - basic and diluted	34,684,509	31,578,996	33,218,166	31,552,766

SUPREME RESOURCES LTD.

Consolidated Statements of Cash Flows
(prepared by management without audit)
Six-month period ended December 31

	3 months ended Dec. 31, 2009	3 months ended Dec. 31, 2008	6 months ended Dec. 31, 2009	6 months ended Dec. 31, 2008
Cash flows from operating activities:				
Loss for the period	$ (40,047)	$ (35,508)	$ (66,059)	$ (54,711)
Items not affecting cash:				
Stock based compensation	-	-	-	-
Write-off of mineral property	-	-	-	-
Changes in non-cash working capital items:				
Decrease (increase) - receivables	(22,045)	5,645	(22,636)	(245)
Increase (decrease) - prepaid expenses	481	13,500	542	4,833
Increase (decrease) – accounts payable	(91,323)	(91,902)	(165,489)	(17,258)
Net cash used in operating activities	(152,934)	(108,265)	(253,642)	(67,381)
Cash flows from financing activities:				
Advances from (to) related parties	765	-	765	-
Shares issued for cash	379,200	-	479,200	-
Share issue costs	(17,710)	-	(22,710)	-
Share capital subscribed	(220,000)	-	-	-
Net cash provided by financing activities	142,255	-	457,255	-
Cash flows from investing activities:				
Acquisition of mineral properties	(25,000)	-	(65,000)	(45,000)
Exploration & Development	(90,533)	2,687	(91,283)	(127,893)
Reclamation Bond	(2,500)		(2,500)	
Net cash used in investing activities	(118,033)	2,687	(158,783)	(172,893)
Change in cash for the quarter	(128,712)	(105,578)	(44,830)	(240,274)
Cash (bank indebtedness), beginning of period	173,985	120,283	443	254,979
Cash (bank indebtedness), end of period	$ 45,273	$ 14,705	$ 45,273	$ 14,705
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 consolidated financial statements.

1. Nature of and continuance of operations:

Supreme Resources Ltd. (the “Company”) was incorporated under the British Columbia Company Act on June 12, 1979 and is listed on the TSX Venture Exchange (“TSX-V”). On February 9, 2007 the Company changed its name from Universal Energy Corp. Previously, on January 9, 2006, the Company had changed its name from U.S. Platinum Inc. The Company’s principal business activities changed from acquiring and developing oil and gas properties in central United States and Canada to acquiring and developing mining properties in Canada. To date the Company has not yet generated revenues from its operations and is considered to be in the exploration stage.

The attached consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes the realization of assets and the settlement of liabilities in the normal course of business. The appropriateness of the going concern assumption is dependent upon the Company’s ability to generate future profitable operations and/or generate continued financial support in the form of share issuances. These consolidated financial statements are prepared in accordance with accounting principles generally accepted in Canada.

The consolidated financial statements do not include any adjustments relating to the recoverability of assets and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

	Dec. 31, 2009	June 30, 2009
Working capital (deficiency)	$ 31,532	$ (216,706)
Deficit	$ (6,726,399)	$ (6,700,387)

2. Significant accounting policies:

Principles of consolidation

These consolidated financial statements previously include the accounts of the Company and its wholly-owned subsidiary, Supreme Resources USA Ltd. (“Supreme USA”), formerly Universal Energy USA Ltd. (“Universal USA”), a company incorporated under the laws of Nevada, USA. As of June 30, 2009 all accounts of the subsidiary were written-off.

Foreign currency translation

No longer applicable as the accounts of the subsidiary were written-off as of June 30, 2009.

2. Significant accounting policies (cont'd):

Oil and gas exploration

The Company follows the full cost method of accounting for its oil and gas exploration whereby all costs related to the acquisition of, exploring for and developing oil and natural gas reserves are capitalized. These costs, together with the estimated future costs to be incurred in developing proved reserves, are depleted or depreciated using the unit-of-production method based on the proved reserves before royalties as estimated by independent petroleum engineers. The costs of undeveloped properties are excluded from the costs subject to depletion, depreciation and amortization until it is determined whether proved reserves are attributable to the properties or impairment occurs.

Reserve estimates can have a significant impact on earnings, as they are a key component in the calculation of depletion, depreciation and amortization. A downward revision to the reserve estimate could result in higher depletion, depreciation and amortization and thus lower net earnings. In addition, estimated reserves are also used in the ceiling test. If the net capitalized costs exceed the calculated ceiling, the excess must be written off as an expense charged against earnings. The ceiling is equal to the estimated undiscounted future net revenue from proved reserves, based on year-end prices, plus the cost (net of impairments) of unproved properties less estimated future capital costs, future site restoration, general and administrative, financing and income tax costs.

Proceeds from the sale of oil and natural gas properties are applied against capitalized costs, with no gain or loss recognized, unless such a sale would result in a change in the depletion rate of 20% or more.

The Company's oil and gas reserves will be evaluated and reported on by an independent petroleum engineer. The estimates of reserves is a subjective process as forecasts are based on engineering data, projected future rates of production, estimated future commodity prices and the timing of future expenditures, which are all subject to uncertainty and interpretation.

Management relies on professional industry consultants to determine whether losses from environmental, legal, and other contingencies are probable, and if so, how much to accrue for each contingency. On an ongoing basis, management evaluates its estimates and assumptions; however, actual amounts could differ from those based on such estimates and assumptions.

Asset Retirement Obligations

An asset retirement obligation is a legal obligation associated with the retirement of tangible long-lived assets that the Company is required to settle. This would include obligations related to future removal of property and equipment, and site restoration costs. 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 currently does not have any significant asset retirement obligations.

2. Significant accounting policies (cont'd):

Mineral properties and deferred costs

The Company defers the cost of acquiring, maintaining its interest, exploring and developing mineral properties until such time as the properties are placed into production, abandoned, sold or considered to be impaired in value. Costs of producing properties will be amortized on a unit of production basis and costs of abandoned properties are written-off. Proceeds received on the sale of interests in mineral properties are credited to the carrying value of the mineral properties, with any excess included in operations. Write-downs due to impairment in value are charged to operations.

The Company is in the process of exploring and developing its mineral properties and has not yet determined the amount of reserves available. Management reviews the carrying value of mineral properties on a periodic basis and will recognize impairment in value based upon current exploration results, the prospect of further work being carried out by the Company, the assessment of future probability of profitable revenues from the property or from the sale of the property. Amounts shown for properties represent costs incurred net of write-downs and recoveries, and are not intended to represent present or future values.

The Company has taken steps to verify title to the mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, but these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

Estimates and measurement uncertainty

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of the assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of environmental obligations, impairment of minerals claims and deferred exploration expenditures and stock-based compensation. Actual results could differ from those estimates.

Significant areas requiring the use of management estimates include assumptions and estimates relating to but not limited to, the determining of mineral resources, fair values for purposes of impairment analysis, reclamation obligations, stock-based compensation and warrants, valuation allowances for future income tax assets, and future income tax liabilities.

2. Significant accounting policies (cont'd):

Impairment of Long-Lived Assets

The Company follows the recommendations of the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3063, "Impairment of Long-Lived Assets". Section 3063 establishes standards for recognizing, measuring and disclosing impairment of long-lived assets held for use. The Company conducts its impairment test on long-lived assets when events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment is recognized when the carrying amount of an asset to be held and used exceeds the undiscounted future net cash flows expected from its use and disposal. If there is an impairment, the impairment amount is measured as the amount by which the carrying amount of the asset exceeds its fair value, calculated using discounted cash flows when quoted market prices are not available.

Income taxes

The Company follows the asset and liability method of accounting for income taxes whereby future income tax assets and liabilities are determined based on differences between the financial statement carrying values and their respective income tax basis (temporary differences). Future income tax assets and liabilities are measured using the tax rates expected to be in effect when the temporary differences are likely to reverse. The effect on future income tax assets and liabilities of a change in tax rates is included in operations in the period in which the change is enacted or substantially assured. The amount of future income tax assets recognized is limited to the amount of the benefit that is likely to be realized.

Deferred charges

Professional, consulting and regulatory fees as well as other costs that are directly attributable to financing transactions are deferred until such time as the transactions are completed. Share issue costs are charged to capital stock when the related shares are issued. Costs relating to financing transactions that are not completed are charged to operations.

Loss per share

The Company uses the treasury stock method to calculate diluted loss per share. Diluted loss per share considers the dilutive impact of the exercise of outstanding stock options, warrants and similar instruments as if the events had occurred at the beginning of the period or at time of issuance, if later. For the fiscal year ended June 30, 2009 and the period ending December 31, 2009, this calculation proved to be anti-dilutive. Basic loss per share is calculated using the weighted average number of common shares outstanding during the year.

Stock-based compensation

The Company accounts for stock options using the fair value method. Under the fair value method, options granted to employees and non-employees are charged against income over the period of vesting. The fair value of each option granted is estimated on the date of the grant using the Black-Scholes options pricing model. Any consideration paid upon exercise of stock options is credited to share capital.

2. Significant accounting policies (cont'd):

Comprehensive income

Comprehensive income is the change in shareholders' equity during a period from transactions and other events and circumstances from non-owner sources. In accordance with this new standard, when applicable, the Company's financial statements will include a statement of comprehensive income/loss and a new category, accumulated other comprehensive income/loss, will be added to the shareholders' equity section of the balance sheet. The components of this new category will include unrealized gains and losses on financial assets classified as available-for-sale and the effective portion of cash flow hedges, if any. There were no such components to be recognized in comprehensive income for the year ended June 30, 2009 and the period ending December 31, 2009.

Financial instruments

The Company's financial instruments consist of cash and cash equivalent, short term investment, accounts payable and accrued liabilities. The Company has classified its cash and cash equivalents and short term investment as held for trading, which is measured at fair value. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost. As at June 30, 2009 and December 31, 2009, the carrying and fair value amounts of the Company's financial instruments related to cash and cash equivalents, short term investment, accounts payable and accrued liabilities are the same due to their short terms to maturity. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Newly adopted accounting policies

As of July 1, 2008, the Company adopted the new CICA Handbook Section 1535, Capital Disclosures, which requires the disclosure of both qualitative and quantitative information that provides users of financial statements with information to evaluate the entity's objectives, policies and processes for managing capital. The new capital disclosure requirements were issued in December 2006 and the Company has included disclosure recommended by the new Handbook section in note 9 to these audited consolidated financial statements.

Effective July 1, 2008, the Company adopted two new CICA Handbook Sections, Section 3862, Financial Instruments – Disclosures ("Section 3862"), and Section 3863, Financial Instruments – Presentation ("Section 3863") which replace CICA, Section 3861, Financial Instruments – Disclosure and Presentation. The objective of Section 3862 is to provide users with information to evaluate the significance of the financial instruments on the entity's financial position and performance, the nature and extent of risks arising from financial instruments, and how the entity manages those risks. The provisions of Section 3863 deal with the classification of financial instruments, related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. The Company has included the disclosure recommended by the new Handbook sections in note 10 to these audited consolidated financial statements.

2. Significant accounting policies (cont'd):

As of July 1, 2008, the Company adopted amended CICA Handbook Section 1400 to include requirements for management to assess and disclose an entity's ability to continue as a going concern. The Company has included the disclosure recommended by the new Handbook sections in note 1 to these audited consolidated financial statements.

On March 27, 2009, the Emerging Issues Committee of the CICA issued EIC-174, "Mining Exploration Costs", which provides guidance on capitalization of exploration costs related to mining properties in particular and on impairment of long-lived assets in general. The Company has applied this new abstract for the year ended June 30, 2009. There was no impact on the consolidated financial statements of the Company.

New Accounting Pronouncements

On July 1, 2009, the Company will be required to adopt CICA Section 3064, Goodwill and Intangible Assets. This new standard provides guidance on the recognition, measurement, presentation and disclosure of goodwill and other intangible assets. The adoption of this standard is not expected to have any material impact on the Company's financial statements.

In January 2009, the CICA issued Section 1582 "Business Combinations" to replace Section 1581. Prospective application of the standard is effective January 1, 2011, with early adoption permitted. This new standard effectively harmonizes the business combinations standard under Canadian GAAP with International Financial Reporting Standards ("IFRS"). The new standard revises guidance on the determination of the carrying amount of the assets acquired and liabilities assumed, goodwill and accounting for non-controlling interests at the time of a business combination.

The CICA concurrently issued Section 1601 "Consolidated Financial Statements" and Section 1602 "Non-Controlling Interests" which replace Section 1600 "Consolidated Financial Statements. Section 1601 provides revised guidance on the preparation of consolidated financial statements and Section 1602 addresses accounting for non-controlling interests in consolidated financial statements subsequent to a business combination. These standards are effective January 1, 2011, unless they are early adopted at the same time as Section 1582 "Business Combinations".

In January 2009, the CICA issued EIC Abstract 173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities". The EIC requires the Company to take into account the Company's own credit risk and the credit risk of the counterparty in determining the fair value of financial assets and financial liabilities, including derivative instruments. The abstract applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2010. The Company is currently assessing the impact of the new standard on its financial statements.

2. Significant accounting policies (cont'd):

On February 13, 2008, Canada's Accounting Standard Board confirmed January 1, 2011 as the effective date for complete convergence of Canadian GAAP to International Financial Reporting Standards ("IFRS"). The official changeover date will apply for interim and financial statements relating to fiscal years beginning on or after January 1, 2011. The Company has determined that the key elements of this IFRS changeover on the Company will be in the areas of accounting for resource properties' acquisition and exploration costs, impairment of long-lived assets, accounting for share capital including stock options and warrant valuations and general IFRS disclosure requirements. The Company is currently assessing the specific impact on the Company's financial reporting and developing an implementation timetable.

Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

3. Mineral properties and deferred exploration costs:

	Ample-Goldmax	TAS	Total
	$	$	$
Mineral acquisition costs			
Opening balance, June 30, 2009	67,660	54,000	121,660
Cash payment	-	45,000	45,000
Shares issued for mineral property	-	46,000	46,000
Ending balance, December 31, 2009	67,660	145,000	212,660
Deferred exploration costs			
Opening balance, June 30, 2009	168,443	116,122	284,565
Assays and reports	-	3,225	3,225
Consultants	-	22,948	22,948
Drilling	-	59,657	59,657
Field costs & miscellaneous	-	5,454	5,454
Ending balance, December 31, 2009	168,443	207,406	375,849
Total cost as at December 31, 2009	236,103	352,406	588,509
Mineral acquisition and staking costs			
Opening balance, June 30, 2008	67,660	5,000	72,660
Cash payment	-	25,000	25,000
Shares issued for mineral property	-	24,000	24,000
Ending balance, June 30, 2009	67,660	54,000	121,660
Deferred exploration costs			
Opening balance, June 30, 2008	21,143	-	21,143
Assays and reports	5,359	-	5,359
Field costs	46,567	-	46,567
Food, travel and lodging	95,374	116,122	211,496
Ending balance, June 30, 2009	168,443	116,122	284,565
Total as at June 30, 2009	236,103	170,122	406,225

3. Mineral properties and deferred costs (cont'd):

Ample-Goldmax, Lillooet, BC

On May 5, 2007 the Company signed an Option Agreement securing an option to acquire a block of mining claims located southwest of Lillooet, British Columbia. The option is being acquired for an initial payment of $10,000 and the issuance of 500,000 common shares of the Company, of which 300,000 are issuable upon acceptance of the Agreement by the TSX Venture Exchange and the remaining 200,000 to be issued in the subsequent two years, detailed as follows:

a) $10,000 upon Regulatory Approval of the agreement; (Fulfilled)
b) 300,000 shares upon Regulatory Approval of this agreement; (Fulfilled)
c) 100,000 shares on or before April 15, 2008; and (Fulfilled)
d) 100,000 shares on or before April 15, 2009. (Fulfilled)

Upon fulfilling the above criteria, title of 25 claims of the property has been transferred to the Company. Claim #529926 was re-staked and replaced by #569211.

TAS Project, Copper Mountain, BC

On June 21, 2008 the Company signed an Option Agreement securing an option on the TAS mineral claim, Tenure #511400, comprising 1,306 hectares (3,227 acres) and located in the Similkameen Mining Division. The TAS Project is in the Copper Mountain Mining Camp, approximately 160kms east of Vancouver and 17kms southeast of the town of Princeton in southern British Columbia. The claim adjoins the Copper Mountain Mining Corporation's property (Similco Mines) on its southeastern boundary.

The option is being acquired for for the following consideration and commitments:

a) Upon signing, $5,000 (Fulfilled)
b) Pay a further $25,000 and issue 200,000 common shares on August 1, 2008 (fulfilled, shares issued at $0.12 per share)
c) Incurred exploration expenditures of $150,000 by July 31, 2009 (incurred subsequent to the year end)
d) Pay a further $40,000 and issue 200,000 common shares on August 1, 2009 (fulfilled, shares issued at $0.10 per share)
e) Incurred exploration expenditures of $400,000 by July 31, 2010
f) Pay a further $60,000 and issue 200,000 common shares on August 1, 2010
g) Incurred exploration expenditures of $750,000 by July 31, 2011
h) Pay a further $100,000 and issue 150,000 common shares on August 1, 2011
i) Incurred exploration expenditures of $1,000,000 by July 31, 2012
j) Pay a further $200,000 and issue 100,000 common shares on August 1, 2012
k) Incurred exploration expenditures of $1,250,000 by July 31, 2013.

On July 24, 2009, the Company issued 200,000 common shares at a deemed price of $0.10 per share, as part of the Option Agreement to acquire the TAS Project, Copper Mountain, BC. On July 31, 2009 the Company paid $40,000 as part of the same Option.

3. Mineral properties and deferred costs (cont'd):

Reclamation bonds

The reclamation bonds represent term deposits which have been pledged to the Province of British Columbia as security for reclamation obligations pursuant to the Mines Act of British Columbia. The financial institution will hold the security until it receives instructions from the applicant to redeem the security for re-investment of the proceeds in a security specified by the applicant and approved in writing by the Province. The bond bears a 2% interest.

On September 10, 2009, the reclamation bonds of $7,500 represent term deposits which have been pledged to the Province of British Columbia as security for reclamation obligations pursuant to the Mines Act of British Columbia was deposited. The deposit bears an interest of prime rate less 2% and will be matured on September 9, 2010.

4. Oil and gas properties and deferred costs:

Saturn I and Saturn II Properties, Daniels County Montana, USA:

In February 2008, the Company signed a Settlement Agreement with Primary Petroleum whereby Supreme Resources agreed to assign, transfer and convey all of its rights, title and interest in and to the Leases to Primary Petroleum and pay Primary US$45,000. In turn Primary Petroleum agreed to execute and file a Release of the Mortgage in the records of Daniels County, Montana and file UCC Termination Statements with the Montana Secretary of State's office.

5. Related party transactions:

During the period ended December 31, 2009 the Company entered into the following transactions with related parties:

a) Paid or accrued $Nil (2008 - $Nil) for management and administration costs to former directors.
b) Paid or accrued $Nil (2008 - $Nil) for accounting services provided by a former officer of the Company
c) Paid or accrued $Nil (2008 - $Nil) for legal services provided by a former director of the Company.

Included in accounts payable and accrued liabilities is $765 (June 30, 2009 - $68,949) owed to directors or to companies owned by directors and former directors for services provided.

These transactions were in the normal course of operations and have been recorded at the exchange amount, which is the amount agreed to by the related parties.

6. Share capital and contributed surplus:

(a) Authorized:

Unlimited common shares without par value
10,000,000 Class "A" preference shares with a par value of $10 each
10,000,000 Class "B" preference shares with a par value of $50 each

6. Share capital and contributed surplus (cont'd):

(b) Common shares issued:

	Number of shares	Share Capital	Contributed Surplus
Balance, June 30, 2008	**31,378,996**	**$ 6,526,913**	**$ 346,943**
Issued during year:			
Property option payment	200,000	24,000	-
Balance, June 30, 2009	**31,578,996**	**6,550,913**	**346,493**
Issued during period:			
Private placement	5,031,600	503,160	
Share issue costs	-	(46,670)	
Property option payment	260,000	26,000	
Balance, December 31, 2009	**36,870,596**	**$ 7,033,403**	**$ 346,493**

On April 4, 2008 the Company issued 100,000 common shares at a deemed price of $0.07 per share as part of the option agreement on the Ample-Goldmax Property.

On April 17, 2008, 300,000 warrants were exercised at $0.12 for net proceeds of $36,000.

On April 28, 2008, 32,910 options were exercised at $0.10 for net proceeds of $3,291.

On May 14, 2008, 50,000 warrants exercised at $0.12 for net proceeds of $6,000.

On May 28, 2008 the Company issued 100,000 common shares at a deemed price of $0.13 per share as part of the option agreement on the Ample-Goldmax Property.

On July 25, 2008 the Company issued 200,000 common shares at a deemed price of $0.12 per share pursuant to the acquisition of the option agreement on the TAS Project located in the Copper Mountain Mining Camp, British Columbia.

On July 24, 2009 the Company issued 200,000 common shares at a deemed price of $0.10 per share pursuant to the acquisition of the option agreement on the TAS Project located in the Copper Mountain Mining Camp, British Columbia.

On September 29, 2009 the Company issued 1,050,000 common shares as part of a flow-through brokered private placement of 4,972,000 units.

On November 19, 2009 the Company issued 4,161,600 common shares as part of a flow-through brokered private placement 4,972,000 units.

6. Share capital and contributed surplus (cont'd):

(c) Share purchase warrants:

As December 31, 2009, the Company had outstanding warrants enabling the holders to acquire common shares as follows:

Number Of Warrants	Exercise Price	Expiry Date
500,000	$ 0.20	September 29, 2011
1,896,000	0.20	November 19, 2011
2,486,000	$ 0.20	

Warrant transactions are summarized as follows:

	Number of Warrants		Weighted Average Exercise Price
Outstanding as at June 30, 2009	4,888,887		0.20
Issued	2,486,000		0.20
Expired unexercised	(4,888,887)		0.20
Outstanding as at December 31, 2009	2,486,000	$	0.20

(d) Stock options:

Option transactions are summarized as follows:

	Number of Options		Weighted Average Exercise Price
Outstanding as at June 30, 2008	3,046,698	$	0.10
Granted	-		-
Expired/cancelled	(98,000)		(0.10)
Outstanding as at June 30, 2009	2,948,698		0.10
Expired/cancelled	-		-
Outstanding and exercisable as at December 31, 2009	2,948,698	$	0.10

6. Share capital and contributed surplus (cont'd):

The Company has the following options outstanding and exercisable.

Year	Range of exercise prices	Number of options	Weighted average remaining contractual life	Weighted average exercise price
2009	$0.10	2,948,698	3.28	0.10

The following assumptions were used for the Black-Scholes valuation of stock options granted during fiscal 2008:

	2008
Risk-free interest rate	3.79%
Expected dividend yield	0.00%
Expected stock volatility	127%
Expected option life in years	5 years

(e) Flow through shares:

The Company issued flow-through common shares to finance part of its exploration expenditures. The income tax deductions related to the exploration expenditures are claimable only by the investors of the flow-through common shares. As at December 31, 2009, the Company has not renounced the flow-through shares issued.

7. Income taxes:

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

		2009		**2008**
Loss before income taxes	$	87,727	$	234,243
Expected income tax recovery	$	26,318	$	73,787
Items not deductible for income tax purposes		(65)		(72,547)
Items deducted for income tax purposes		6,789		7,128
Unrecognized benefit of non-capital losses		(33,041)		(8,367)
Total income tax recovery	$	-	$	-

7. Income taxes (cont'd):

The significant components of the Company's future income tax assets are as follows:

		2009		2008
Future income tax assets:				
Non-capital loss carry forwards	$	296,000	$	306,000
Resource properties		159,000		173,000
Financing costs		13,000		21,000
		468,000		500,000
Valuation allowance		(468,000)		(500,000)
Net future income tax assets	$	-	$	-

The Company has approximately $1,019,600 of non-capital losses, which may be applied to reduce taxable income in future years. If not utilized, the losses expire through from 2010 to 2029 as follows:

2010	$	79,176
2011		123,614
2014		77,435
2015		120,711
2026		278,023
2027		203,939
2028		26,563
2029		110,138
	$	1,019,599

As at December 31, 2009, the Company has cumulative Canadian Exploration Expenses of $688,000 (2008 – $375,000) which are deductible at a rate of 100% each year against future years' resource property income and have no expiry date. As at June 30, 2009, the Company has cumulative Canadian Development Expenses of $111,000 (2008 - $111,000), which is deductible at a rate of 30% each year against future years' resource property income and have no expiry date. As at June 30, 2009, the Company has cumulative Foreign Exploration and Development Expenses of $157,000 (2008 - $157,000), which is deductible at a rate of 10% each year against future years' resource property income and have no expiry date.

Future tax benefits which may arise as a result of these non-capital losses and resource deductions have not been recognized in these financial statements and have been offset by a valuation allowance.

8. Supplemental disclosure with respect to cash flows:

During fiscal **2009**, the significant non-cash transactions included:

(a) 260,000 common shares were issued for the acquisition of mineral properties at a deemed cost of $26,000.

9. Capital disclosure:

The Company's objective when managing capital is to safeguard its accumulated capital in order to provide adequate return to shareholders by maintaining a sufficient level of funds, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company is dependent on external financing to fund its activities. In order to carry out property acquisitions and exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential, and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

10. Financial instruments

The Company's financial instruments are exposed to a number of financial and market risks, including credit, liquidity, foreign exchange, interest rate and price risks. The Company may, or may not, establish from time to time active policies to manage these risks. The Company does not currently have in place any active hedging or derivative trading policies to manage these risks since the Company's management does not believe that the current size, scale and pattern of its operations would warrant such hedging activities.

The Company's cash and cash equivalents are held in a Canadian financial institution. The Company does not have any asset-backed commercial paper in its cash and cash equivalents.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure (Note 9).

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

10. Financial instruments (cont'd):

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of the cash and cash equivalents is limited because they are generally held to maturity.

11. Segmented information:

The Company's principal business activities changed from acquiring and developing oil and gas properties in central United States and Canada to acquiring and developing mining properties in Canada. At June 30, 2008, the Company disposed all of its oil and gas properties in central United States, therefore, there are no assets and liabilities in U.S. subsidiary as at June 30, 2009 and December 31, 2009.

12. Subsequent events and commitments:

Nil