



INTERIM FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)

JUNE 30, 2009
SECOND QUARTER

Notice of no Auditor review of Financial Statements.

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 financial statements by an entity's auditor.

GOLDSOURCE MINES INC.
BALANCE SHEETS
(Unaudited - Prepared by Management)

	June 30, 2009	December 31, 2008
		(audited)
ASSETS		
Current		
Cash	\$ 7,389,672	\$ 2,757,014
Short term investments (Note 5)	-	11,723,757
Amounts receivable and prepaid expenses	<u>391,420</u>	<u>235,327</u>
	7,781,092	14,716,098
Equipment (Note 6)	58,365	-
Mineral properties (Note 7)	12,565,526	5,423,156
Advance on drilling contract (Note 8)	<u>79,820</u>	<u>403,375</u>
	\$ 20,484,803	\$ 20,542,629
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LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ <u>669,107</u>	\$ <u>732,854</u>
Shareholders' equity		
Share capital (Note 10)	25,136,469	24,851,469
Contributed surplus (Note 10)	7,124,236	6,398,051
Deficit	<u>(12,445,009)</u>	<u>(11,439,745)</u>
Total shareholders' equity	<u>19,815,696</u>	<u>19,809,775</u>
	\$ 20,484,803	\$ 20,542,629

Nature of operations (Note 1)
Subsequent event (Note 13)

On behalf of the Board:

"J. Scott Drever"

Director

"Graham C. Thody"

Director

GOLDSOURCE MINES INC.STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS and DEFICIT
(Unaudited - Prepared by Management)

	Three Months Ended June 30		Six Months Ended June 30	
	2009	2008	2009	2008
EXPENSES				
Administrative services	\$ 19,657	\$ 12,500	\$ 40,003	\$ 21,900
Insurance	19,993	3,738	35,399	7,713
Investor relations	13,408	2,110	47,011	2,110
Management fees (Note 9)	30,000	22,500	60,000	45,000
Office and general	7,297	2,115	31,477	4,616
Professional fees (Note 9)	83,121	65,945	105,528	84,595
Rent and communications	7,512	5,880	13,959	12,363
Shareholder communications	13,770	6,804	32,556	10,044
Stock based compensation (Note 11)	631,240	623,750	723,336	623,750
Trade shows and conferences	27,019	-	32,478	2,748
Transfer agent and regulatory fees	5,482	6,476	18,128	12,158
Travel and related costs	9,439	-	9,439	2,598
Loss before other items	<u>(867,938)</u>	<u>(751,818)</u>	<u>(1,149,314)</u>	<u>(829,595)</u>
Other items				
Foreign exchange loss	(299)	-	(299)	-
Interest income	68,556	28,151	144,349	65,027
Net and comprehensive loss for the period	<u>(799,681)</u>	<u>(723,668)</u>	<u>(1,005,264)</u>	<u>(764,568)</u>
DEFICIT, beginning of the period	<u>(11,645,328)</u>	<u>(6,502,066)</u>	<u>(11,439,745)</u>	<u>(6,461,166)</u>
DEFICIT, end of the period	<u>\$ (12,445,009)</u>	<u>\$ (7,225,734)</u>	<u>\$ (12,445,009)</u>	<u>\$ (7,225,734)</u>
Loss per share, basic and diluted	\$ (0.04)	\$ (0.04)	\$ (0.05)	\$ (0.04)
Weighted average number of shares outstanding	19,570,472	17,832,708	19,444,554	17,765,445

See accompanying notes

GOLDSOURCE MINES INC.
STATEMENTS OF CASH FLOW
(Unaudited – Prepared by Management)

	Three Months Ended June 30		Six Months Ended June 30	
	2009	2008	2009	2008
OPERATING ACTIVITIES				
Loss for the period	\$ (799,681)	\$ (723,668)	\$ (1,005,264)	\$ (764,568)
Stock based compensation	631,240	623,750	723,336	623,750
Accrued interest	-	11,962	-	125,219
Changes in operating assets and liabilities				
Amounts receivable and prepaid expenses	6,138	(21,201)	(156,093)	(25,461)
Accounts payable and accrued liabilities	(18,837)	47,015	(167,090)	(80,005)
Cash provided by (used in) operating activities	(181,140)	(62,092)	(605,111)	38,945
FINANCING ACTIVITIES				
Issuance of share capital for cash	109,750	18,004,150	119,250	18,004,150
Share issuance costs, net of non-cash items	-	(1,120,048)	-	(1,120,048)
Cash provided by financing activities	109,750	16,884,102	119,250	16,884,102
INVESTING ACTIVITIES				
Redemption (acquisition) of short term investments, net (Note 5)	8,891,395	(11,460,000)	11,723,757	(11,460,000)
Recovery (advance) on drilling contract	-	(500,000)	323,555	(500,000)
Purchase of equipment	(32,935)	-	(64,946)	-
Mineral property expenditures, excluding non-cash items	(2,271,406)	(3,661,521)	(6,863,847)	(3,748,311)
Cash provided by (used in) investing activities	6,587,054	(15,621,521)	5,118,519	(15,708,311)
Increase in cash	6,515,664	1,200,489	4,632,658	1,214,736
Cash, beginning of period	874,008	23,872	2,757,014	9,625
Cash, end of period	\$ 7,389,672	\$ 1,224,361	\$ 7,389,672	\$ 1,224,361

Supplemental disclosure with respect to cash flows (Note 12)

See accompanying notes

1. NATURE OF OPERATIONS

Goldsource Mines Inc. (the "Company") is subject to the jurisdiction of the Province of British Columbia pursuant to the British Columbia Business Corporations Act.

The Company is in the process of exploring its coal properties and has not yet identified a commercial resource. The recoverability of the carrying values of coal properties is dependent upon the discovery of an economically recoverable resource and the Company obtaining the necessary financing to complete exploration, development and construction of processing facilities, obtaining government approvals and attaining future profitable production of the mineral resources.

These financial statements have been prepared using Canadian generally accepted accounting principles applicable to a going concern and do not reflect adjustments related to the carrying values and balance sheet classification of assets and liabilities that would be necessary, were the going concern assumption inappropriate.

2. SIGNIFICANT ACCOUNTING POLICIES**Mineral properties**

The Company records its interests in mineral properties and areas of geological interest at cost. All direct and indirect costs relating to the acquisition 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 or management has determined there to be impairment in value. These costs will be amortized on the basis of units produced in relation to the proven reserves available on the related property following commencement of production. Mineral properties which are sold before they reach the production stage will have all proceeds from the sale credited against the cost of the property. Properties which have reached the production stage before being sold will have a gain or loss calculated based on the portion of that property sold.

The recorded cost of mineral properties is based on cash paid, the value of share considerations and exploration and development costs incurred. The recorded amount may not reflect recoverable value as this will be dependent on the development program, the nature of the mineral deposit, commodity prices, adequate funding and the ability of the Company to bring its projects into production.

Equipment and depreciation

Equipment is recorded at cost and depreciated over its estimated useful life using the straight line method at the following annual rates:

Equipment and furniture	5 years
Field equipment	5 years
Computer hardware	3 years
Computer software	2 years
Vehicles	5 years

Cash and Short term investments

Short term investments comprise highly liquid Canadian dollar denominated guaranteed investment certificates with terms to maturity of greater than ninety days but no more than one year.

Short term investments are carried at the lower of cost or recoverable amount.

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 contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**Stock based compensation plan**

The Company accounts for stock-based compensation using the fair value based method with respect to all stock-based payments to directors, employees and non-employees, including awards that are direct awards of stock and call for settlement in cash or other assets, or stock appreciation rights that call for settlement by the issuance of equity instruments. Under this method, stock-based payments are recorded as an expense or capitalized to mineral costs over the vesting period or when the awards or rights are granted, with a corresponding increase to contributed surplus. When stock options are exercised, the corresponding fair value is transferred from contributed surplus to share capital.

CHANGES IN ACCOUNTING POLICIES

Effective January 1, 2009, the Company adopted the new CICA issued Section 3064, "Goodwill and Intangible Assets", which replaces Section 3062, "Goodwill and Other Intangible Assets". This new standard provides guidance on the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The adoption of this standard did not have a material impact on the Company's interim consolidated financial statements.

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities - EIC-173

In January 2009, the Emerging Issues Committee of the CICA issued EIC-173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities. This abstract provides guidance on how to take into account credit risk of an entity and counterparty when determining the fair value of financial assets and financial liabilities, including derivative instruments. The adoption of this abstract did not have a material impact on the Company's interim consolidated financial statements.

Mining Exploration Costs - EIC-174

In March 2009, the Emerging Issues Committee of the CICA issued EIC-174, Mining Exploration Cost. This abstract provides guidance on the accounting and the impairment review of capitalized exploration costs. The adoption of this abstract did not have a material impact on the Company's interim consolidated financial statements.

FUTURE ACCOUNTING POLICIES**International Financial Reporting Standards ("IFRS")**

In 2006, the Canadian Accounting Standards Board ("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-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual 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. The Company is currently evaluating the future impact of IFRS on its financial statements and will continue to invest in training and additional resources to ensure a timely conversion.

3. MANAGEMENT OF CAPITAL

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties. The Company considers as its capital its shareholders' equity.

The Company manages and adjusts its capital structure when changes to the risk characteristics of the underlying assets or changes in economic conditions occur. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of certain of its assets.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets which are revised periodically based on the results of its exploration programs, availability of financing and industry conditions. Annual and materially updated budgets are approved by the Board of Directors'.

There are no external restrictions on management of capital.

In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company's investment policy is to invest any excess cash in liquid short-term interest-bearing instruments. When utilized, these instruments are selected with regard to the expected timing of expenditures from continuing operations. The Company currently has sufficient capital resources to meet its planned operations and administrative overhead expenses through its current operating period. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration and development activities. The Company believes it will be able to raise capital as required in the long term, but recognizes there will be risks involved that may be beyond its control.

4. FINANCIAL INSTRUMENTS RISK EXPOSURE AND MANAGEMENT

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include liquidity risk, credit risk, and interest rate risk. Where material these risks are reviewed and monitored by the Board of Directors.

a. Capital Risk Management

The Company manages its capital to safeguard the Company's ability to continue as a going concern, to provide adequate returns to shareholders and benefits to other stakeholders, and to have sufficient funds on hand for business opportunities as they arise.

The Company considers the items included in the shareholder's equity as capital. The Company manages the capital structure and makes adjustment to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, sell assets, incur debt, or return capital to shareholders. As of June 30, 2009 the Company did not have any debt and is not subject to externally imposed capital requirements.

b. 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 maintains sufficient cash balances to meet current working capital requirements. The Company is considered to be in the exploration stage. Thus, it is dependent on obtaining regular financings in order to continue its exploration programs. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings. The Company's cash is invested in business accounts with quality financial institutions and which is available on demand for the Company's programs, and is not invested in any asset backed commercial paper.

4. FINANCIAL INSTRUMENTS RISK EXPOSURE AND MANAGEMENT (continued)c. Credit Risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash, short term investments and amounts receivable. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash and short term investments with high-credit quality financial institutions.

The majority of the Company's cash and short term investment are held with major Canadian based financial institutions.

d. Interest Rate Risk

The Company's exposure to interest rate risk arises from the interest rate impact on its cash and cash equivalents. The Company's practice has been to invest cash at floating rates of interest, in cash equivalents, in order to maintain liquidity, while achieving a satisfactory return for shareholders. There is minimal risk that the Company would recognize any loss as a result of a decrease in the fair value of any guaranteed bank investment certificates included in cash as they are generally held with large financial institutions.

5. SHORT-TERM INVESTMENTS

Short-term investments comprise highly liquid Canadian dollar denominated guaranteed investment certificates with term to maturity of greater than 90 days but not more than one year. Short-term investments are carried at the lower of cost or recoverable amount. The counter-parties include Canadian based financial institutions. The Company did not hold any short term investments at June 30, 2009.

6. EQUIPMENT

	Cost	Accumulated Depreciation	June 30, 2009 Net Book Value	December 31, 2008 Net Book Value
Equipment and furniture	\$ 830	\$ -	\$ 830	\$ -
Field equipment	33,423	2,671	30,752	-
Computer hardware	2,300	384	1,916	-
Computer software	11,893	2,701	9,192	-
Vehicles	16,500	825	15,675	-
	\$ 64,946	\$ 6,581	\$ 58,365	\$ -

During the six month period ended June 30, 2009 depreciation of \$6,581 was capitalized to mineral property expenditures.

7. MINERAL PROPERTIES

By agreement ("MPI Agreement") dated April 12, 2006 and amended May 1 and May 15, 2008 with Minera Pacific Inc., ("Minera") the Company acquired the exclusive rights to use certain information generated from Minera's proprietary UMSERT Methodology which will assist the Company in identifying areas in Saskatchewan and Manitoba that may be prospective for minerals.

In order to maintain the exclusive rights to use the Information, the Company has agreed to pay staged cash payments over a period of two years to Minera totalling \$160,000 (\$160,000 paid) and issue a total of 325,000 common shares of the Company (250,000 shares issued) over a period of four years and, by the end of the fifth year, pay an additional \$500,000 or issue 250,000 common shares, whichever is the lesser, as determined by the Company in its sole discretion. The next payment is due on or before April 12, 2010 and consists of the issuance of 75,000 common shares.

The Company has also agreed to pay to Minera \$1,000,000 (Feasibility Payment) in the event that the Company completes an independent feasibility study on any property acquired by the Company as a result of the UMSERT Methodology. The Company has agreed to make non-refundable payments to Minera of \$100,000 (\$100,000 paid) in each of the third, fourth and fifth years from the effective date of the Agreement as advances against the Feasibility Payment. Minera is further entitled to receive a 2% gross overriding royalty ("GOR") on commercial production from any such property, and the Company is entitled at any time to purchase one-half of the GOR for \$2,000,000. The next payment of \$100,000 is due on or before April 12, 2010.

The Agreement may be terminated by the Company at any time upon written notice to Minera, in which case Minera may elect to receive an assignment of any properties acquired by the Company as a result of the UMSERT Methodology.

By amendments dated May 1 and May 15, 2008, the MPI Agreement was extended whereby MPI will use its ability, knowledge and technical methodology to assist the Company in locating properties in other areas in Saskatchewan and Manitoba which may be prospective for minerals. In consideration for this, the Company agreed to pay MPI \$100,000 for each property area acquired by the Company, payable as to \$25,000 within 30 days of the date of acquisition of the first property and a further \$75,000 on the first anniversary of the initial payment on condition that the Company continues to hold at that time a property within such area.

(a) Border Property

The Company has received coal permits on 128,608 hectares located in Saskatchewan.

(b) Ballantyne Property

The Company has received coal permits on 184,496 hectares located in Saskatchewan.

(c) Manitoba Properties

The Company has applied for Quarry Coal Permits comprised of several properties located in the Province of Manitoba. \$1,698,496 has been deposited with the Province of Manitoba in connection with the applications.

GOLDSOURCE MINES INC.
NOTES TO THE FINANCIAL STATEMENTS

For the six month period ended June 30, 2009

TSX.V:GXS

7. MINERAL PROPERTIES (continued)
(c) Mineral Property Expenditures

March 2009	Saskatchewan		Manitoba	Total 2009
	Border Property	Ballantyne Property	Manitoba Properties	
Balance, December 31, 2008	\$ 3,795,566	\$ 215,913	\$ 1,411,677	\$ 5,423,156
Additions:				
Acquisition and holding costs:				
Permit application and holding costs	326,002	7,500	291,069	624,571
Exploration expenditures:				
Air charter	81,899	-	-	81,899
Assays and laboratory	109,174	-	-	109,174
Camp rental	401,262	-	-	401,262
Drilling	2,234,709	-	156,244	2,390,953
Fuel	252,251	-	-	252,251
Geophysical services	354,631	56,030	188,612	599,273
Operations and general	449,592	-	5,653	455,245
Personnel and related costs	325,093	-	349	325,442
Roads and pad construction	553,024	-	-	553,024
Site support	1,077,384	-	5,920	1,083,304
Stock based compensation	67,349	-	-	67,349
Technical consultants	149,749	-	-	149,749
Transport	48,874	-	-	48,874
Subtotal	6,430,993	63,530	647,847	7,142,370
Balance, June 30, 2009	\$ 10,226,559	\$ 279,443	\$ 2,059,524	\$ 12,565,526

2008	Saskatchewan				Manitoba	Total 2008
	Border Property	Ballantyne Property	Big River Property	Crossroads Property	Manitoba Properties	
Balance, December 31, 2007	\$ 708,207	\$ -	\$ 3,282,255	\$ 93,327	\$ -	4,083,789
Additions:						
Acquisition and holding costs:						
Permit application and holding costs	43,875	-	-	43,875	-	87,750
Permit application and holding costs	147,633	215,913	-	-	1,407,427	1,770,973
Exploration expenditures:						
Air charter	381,637	-	-	-	-	381,637
Assays and laboratory	23,411	-	14,346	-	-	37,757
Drilling	272,000	-	307,745	212,287	-	1,009,608
Geophysical services	110,398	-	16,107	-	-	126,505
Operations and general	12,305	-	4,415	330	4,250	21,300
Personnel and related costs	12,512	-	-	-	-	12,512
Roads and pad construction	1,216,716	-	192,310	217,576	-	1,626,602
Site support	388,685	-	192,310	-	-	580,995
Stock-based compensation	77,000	-	-	-	-	77,000
Technical consulting and services	401,187	-	21,929	2,618	-	425,734
	3,087,359	215,913	749,162	476,686	1,411,677	5,940,797
Subtotal	3,795,566	215,913	4,031,417	570,013	1,411,677	10,024,586
Mineral property expenditures written off	-	-	(4,031,417)	(570,013)	-	(4,601,430)
Balance December 31, 2008	\$ 3,795,566	\$ 215,913	\$ -	\$ -	\$ 1,411,677	\$ 5,423,156

GOLDSOURCE MINES INC.**NOTES TO THE FINANCIAL STATEMENTS**

For the six month period ended June 30, 2009

TSX.V:GXS

8. ADVANCE ON DRILLING CONTRACT

The Company advanced \$500,000 as a deposit on a drilling contract during the year ended December 31, 2008. The advance is being applied on a usage basis to drilling contracts and consequently has been recorded as a long term asset. The advance is due on demand and is secured by a registered charge on certain equipment.

	June 30, 2009	December 31, 2008
Balance, beginning of period	\$ 403,375	\$ -
Advance on drilling contract	-	500,000
Less amounts recovered	(323,555)	(96,625)
Balance, end of period	\$ 79,820	\$ 403,375

9. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

- Paid or accrued \$60,000 (2008 - \$45,000) for management fees to a company owned by an officer and director of the company.
- Paid or accrued \$39,483 (2008 - \$70,237) for legal fees which were included in professional fees and \$Nil (2007: \$39,292) for share issue costs paid to a law firm of which an officer of the Company is a partner.

Included in accounts payable and accrued liabilities at June 30, 2009 is \$12,197 (2008: \$67,906) due to a law firm of which an officer of the company is a partner.

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.

10. SHARE CAPITAL AND CONTRIBUTED SURPLUS**Authorized**

Unlimited number of common shares without nominal or par value

Unlimited Class A preference shares without nominal or par value (none outstanding)

Unlimited Class B preference shares without nominal or par value (none outstanding)

Issued and fully paid - common shares	Share Capital		Contributed Surplus
	Number	Amount	Amount
December 31, 2007	17,648,181	\$ 8,918,024	\$ 4,779,299
Issuance pursuant to acquisition of Mineral Properties	75,000	12,750	-
Issuance pursuant to exercise of stock options	31,500	23,990	(8,640)
Issuance pursuant to private placement	1,532,000	18,001,000	-
Share issuance costs	-	(2,104,295)	961,483
Stock-based compensation	-	-	665,909
December 31, 2008	19,336,681	\$ 24,851,469	\$ 6,398,051
Issuance pursuant to acquisition of Mineral Properties	75,000	101,250	-
Issuance pursuant to exercise of stock options	337,500	183,750	(64,500)
Stock-based compensation	-	-	790,685
June 30, 2009	19,749,181	\$ 25,136,469	\$ 7,124,236

10. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

In the six month period ended June 30, 2009, 337,500 stock options were exercised for cash proceeds of \$109,750. As a result, \$59,500 was transferred to capital stock from contributed surplus.

December 31, 2008

On June 27, 2008 the Company issued 1,532,000 common shares pursuant to a private placement, at a price of \$11.75 per share for gross proceeds of \$18,001,000. The Agent received a cash commission of \$980,060 plus a reimbursement of \$58,009 for legal and other expenses relating to the private placement. In addition the Agent was granted a non-transferable compensation warrant entitling the Agent to purchase up to 91,920 common shares of the Company at an exercise price of \$13.80 per share until June 27, 2009. The fair value of the Agent's compensation warrants, calculated using the Black Scholes method, of \$961,483 was allocated to share issuance costs and contributed surplus.

11. STOCK OPTIONS AND WARRANTS**Stock options**

The Company has a stock option plan under which it is authorized to grant stock options to executive officers and directors, employees and consultants enabling them to acquire issued and outstanding common stock of the Company. The exercise price of each option equals the market price of the Company's stock as calculated on the date of the grant. The options can be granted for a maximum term of 10 years and certain options to employees and consultants vest over periods of time, determined by the board of directors. On May 22, 2009 the Company adopted a new stock option plan which in effect changed the stock option plan from a "rolling 10%" plan to a "fixed number" plan, where a maximum of 3,850,000 common shares are reserved for issuance.

Stock option transactions and the number of stock options outstanding are summarized as follows:

	Number of Options	Weighted Average Exercise Price
As at December 31, 2007	1,200,000	\$0.71
Issued	805,000	\$1.43
Exercised	(31,500)	\$0.49
Balance December 31, 2008	1,973,500	\$1.01
Issued	1,475,000	\$1.33
Exercised	(337,500)	\$0.35
Balance June 30, 2009	3,111,000	\$1.04
Exercisable at June 30, 2009	1,862,250	\$0.88

Number of Shares	Exercise Price	Expiry Date
100,000	\$0.30	December 08, 2009
793,500	\$0.90	December 23, 2010
492,500	\$0.38	April 23, 2013
100,000	\$1.33	June 02, 2013
100,000	\$1.33	October 9, 2013
50,000	\$1.50	December 15, 2013
1,475,000	\$1.33	May 22, 2014
3,111,000		

11. STOCK OPTIONS AND WARRANTS (continued)**Warrants**

No share purchase warrant transactions occurred during the six month period ended June 30, 2009. At June 30, 2009 there are no share purchase warrants outstanding enabling holders to acquire common shares.

Stock Based Compensation

The total stock based compensation recognized during the six month period ended June 30, 2009 under the fair value method was \$1,986,541 (2008 - \$670,250). The weighted average fair value per option granted during the period was \$1.16 (2008 - \$1.02). The Company expensed \$723,336 (2008 - \$623,750) and capitalized \$67,349 (2008 - \$Nil) as mineral property expenditures, leaving an unamortized balance of \$1,195,856 (2008 - \$40,500). The following weighted average assumptions were used for the Black-Scholes valuation of stock options and agent's compensation warrants.

June 30	2009	2008
Dividend rate	-	-
Risk-free interest rate	1.51%	3.17%
Expected life (years)	3.1	3.4
Expected volatility	176%	143%

12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash transactions for the Company for the 6 months ended June 30, 2009 were as follows:

- The Company recorded a value of \$790,685 for stock options vested in the period in contributed surplus.
- The Company recorded a value of \$64,500 from contributed surplus to capital stock due to the exercise of stock options.
- Included in mineral properties is \$101,250 incurred by the issuance of common shares pursuant to a property agreement.
- Included in mineral properties is \$578,437 which relates to accounts payable and accrued liabilities for the period.

Significant non-cash transactions for the Company for the 6 months ended June 30, 2008 were as follows:

- The Company recorded a value of \$623,750 for stock options vested in the period in contributed surplus.
- The Company recorded a value of \$961,483 for agent warrants pursuant to the private placement in capital stock and contributed surplus.
- The Company recorded a value of \$1,764 from contributed surplus to capital stock due to the exercise of stock options.
- Included in mineral properties is \$12,750 incurred by the issuance of common shares pursuant to a property agreement.
- Included in mineral properties is \$139,016 which relates to accounts payable and accrued liabilities for the period.

13. SUBSEQUENT EVENT

- On August 11, 2009 options to purchase 10,000 common shares were exercised for proceeds of \$3,800.

14. COMPARATIVE FIGURES

Certain financial statement line items from prior periods have been reclassified to conform with the current period's presentation. These reclassifications had no effect on the net loss and accumulated deficit as previously reported.