ERIN VENTURES INC.

CONSOLIDATED FINANCIAL STATEMENTS

Years ended June 30, 2009 and June 30, 2008

AUDITORS' REPORT

To the Shareholders of
Erin Ventures Inc.

We have audited the consolidated balance sheets of Erin Ventures Inc, as at June 30, 2009 and 2008 and the consolidated statements of operations, comprehensive loss and deficit, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Vancouver, Canada — "Morgan & Company"

October 28, 2009 — Chartered Accountants

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ERIN VENTURES INC.
CONSOLIDATED BALANCE SHEETS
June 30, 2009 and 2008

ASSETS	2009	2008
Current		
Cash	$ 63,923	$ 49,105
GST and other receivables	21,360	12,652
Gold on hand	-	100,855
	85,283	162,612
Equipment – Note 3	407,687	487,343
Resource properties – Notes 4, 5 and 6	1,852,595	1,484,431
	$ 2,345,565	$ 2,134,386
LIABILITIES		
Current		
Accounts payable and accrued liabilities – Note 6	$ 441,376	$ 222,453
SHAREHOLDERS' EQUITY		
Share capital – Notes 5 and 12	13,278,420	12,868,665
Share subscriptions – Note 12	146,572	-
Contributed surplus – Note 5	597,550	563,680
Deficit	(12,118,353)	(11,520,412)
	1,904,189	1,911,933
	$ 2,345,565	$ 2,134,386

Nature of Operations and Ability to Continue as a Going Concern – Note 1
Commitments – Note 5
Subsequent Events – Notes 4 and 12

APPROVED ON BEHALF OF THE
BOARD OF DIRECTORS:

"Tim Daniels" Director *"Dennis La Point"* Director

SEE ACCOMPANYING NOTES

ERIN VENTURES INC.
CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT
for the years ended June 30, 2009 and 2008

	2009	2008
Administrative expenses		
Accounting and audit fees	$ 76,840	$ 93,910
Amortization	23,079	4,759
Consulting fees – Note 6	51,239	44,557
Filing fees	13,564	19,296
Interest and bank charges	8,409	9,457
Interest on note payable	-	19,243
Investor relations	73,132	202,693
Legal fees	19,567	14,897
Management fees – Note 6	96,000	90,000
Office and miscellaneous – Note 6	86,369	104,464
Property investigation	-	5,273
Rent – Note 6	11,750	11,000
Stock-based compensation	-	188,676
Telephone	27,092	20,853
Transfer agent fees	12,929	12,244
Travel and promotion – Note 6	97,370	113,734
Loss before other items	(597,340)	(955,056)
Other items:		
Foreign exchange gain (loss)	(6,601)	3,456
Recovery of advances receivable – Note 6	6,000	6,000
Net loss and comprehensive loss for the year	(597,941)	(945,510)
Deficit, beginning of the year	(11,520,412)	(10,574,902)
Deficit, end of the year	$ (12,118,353)	$ (11,520,412)
Basic and diluted loss per share	$ (0.01)	$ (0.01)
Weighted average number of shares outstanding	80,873,227	73,356,513

SEE ACCOMPANYING NOTES

ERIN VENTURES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
for the years ended June 30, 2009 and 2008

	2009	2008
Operating Activities		
Net loss for the year	$ (597,941)	$ (945,510)
Items not affecting cash:		
Amortization	23,079	4,756
Foreign exchange loss	(7,909)	-
Stock-based compensation	-	226,230
	(582,771)	(714,524)
Changes in non-cash working capital items related to operations:		
GST and other receivable	(8,708)	(517)
Prepaid expenses	-	32,664
Gold on hand	100,855	(100,855)
Accounts payable	79,898	(119,833)
	(410,726)	(903,065)
Financing Activities		
Issuance of common shares	391,755	526,000
Shares subscribed	146,572	-
Repayment of note payable	-	(230,918)
	538,327	295,082
Investing Activities		
Resource property expenditures (net of incidental revenue)	(114,091)	(145,214)
Purchase of equipment	-	(115,128)
	(114,091)	(260,342)
Effect of foreign exchange on cash	1,308	-
Increase (decrease) in cash during the year	14,818	(868,325)
Cash, beginning of the year	49,105	917,430
Cash, end of the year	$ 63,923	$ 49,105
Supplemental disclosure of cash flow information;		
Cash paid for:		
Interest	$ -	$ 49,243
Income taxes	$ -	$ -

Non-cash Transactions – Note 7

SEE ACCOMPANYING NOTES

Note 1 Nature of Operations and Ability to Continue as a Going Concern

The Company was incorporated under the laws of the Province of Alberta on July 19, 1993 and on May 28, 2001 registered in the Province of British Columbia as an extra-provincial company. The Company's common shares are listed for trading on the TSX Venture Exchange ("TSX").

The Company is in the development stage and is in the process of exploring and developing its resource properties and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of amounts shown for resources properties and related deferred exploration expenditures are dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development of the properties and upon future profitable production or proceeds from the disposition thereof. Managements' plan in this regard is to secure additional funds through future equity financings, which either may not be available or may not be available on reasonable terms.

These financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization value may be substantially different from carrying value as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. At June 30, 2009, the Company had not yet achieved profitable operations, had a working capital deficiency of $356,093 and expects to incur further losses in the development of its business, all of which casts substantial doubt on the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate and maintain future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they become due.

Note 2 Summary of Significant Accounting Policies

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada ("GAAP") as prescribed by The Canadian Institute of Chartered Accountants ("CICA") and are stated in Canadian dollars unless otherwise noted. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates which have been made using careful judgment. Actual results may differ from these estimates.

Significant areas requiring the use of management estimates relate to the identification and capitalization of exploration costs, determination of impairment in the carrying values for long-lived assets, the existence of contingent assets and liabilities, and values ascribed to related party transactions and balances, stock based compensation, and future income taxes. Management reviews significant estimates on a periodic basis and, when changes in estimates are necessary, makes adjustments.

Note 2 Summary of Significant Accounting Policies – (cont'd)

The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

a) Principles of Consolidation

The financial statements include the accounts of the Company and its wholly owned subsidiaries 766072 Alberta Inc., Ceibo Resources Ltd., Balkan Gold Corp., and Carolina Gold Corp. Balkan Gold Corp. was incorporated in Serbia for the purposes of complying with Serbian regulatory requirements related to the Piskanja property and is inactive. Carolina Gold Corp. was incorporated in the State of Delaware, USA, on January 16, 2007, for purposes of developing mineral properties in the US. Ceibo Resources Ltd. was incorporated in Belize for the purposes of developing mineral properties. All inter-company transactions and balances have been eliminated.

b) Cash and cash equivalents

Cash includes cash on hand. Cash equivalents comprise short-term, highly liquid investments that are readily convertible to known amounts of cash which are subject to insignificant risk of change and have maturities of three months or less from the date of acquisition, held for the purpose of meeting short-term cash commitments rather than for investing or other purposes. As at June 30, 2009 and 2008, the Company had no cash equivalents.

c) Equipment

Equipment is recorded at cost less accumulated amortization. Amortization is recorded when equipment is put in use over the estimated useful life using the following methods and rates:

Office equipment	5 year straight line
Computer equipment	5 year straight line
Mining equipment	10 year straight line
Vehicle	5 year straight line

d) Resource Properties

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 optionor 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. Incidental revenues received while the properties are in the development stage are credited to the carrying value of the mineral properties.

Note 2 Summary of Significant Accounting Policies – (cont'd)

d) Resource Properties – (cont'd)

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 optionor 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. Incidental revenues received while the properties are in the development stage are credited to the carrying value of the mineral properties.

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.

Title to resource properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history as is characteristic of many resource properties. The Company has investigated title to all of its resource properties and, to the best of its knowledge, title to all of its properties are in good standing.

e) Foreign Currency Translation

Monetary items denominated in a foreign currency are translated into Canadian dollars at exchange rates prevailing at the balance sheet date and non-monetary items are translated at exchange rates prevailing when the assets were acquired or obligations incurred. Foreign currency denominated revenue and expense items are translated at exchange rates prevailing at the transaction date. Gains or losses arising from the translations are included in operations.

f) Incidental Revenue

Revenue is recognized from the sale of gold when the price is determinable, the product has been delivered and title has been transferred to the customer and collection of the sales price is reasonably assured. Incidental revenue is set off against related project and exploration expenditures.

g) Gold on Hand

Gold on hand is valued at the net realized value.

Note 2 Summary of Significant Accounting Policies – (cont'd)

h) Basic and Diluted Loss Per Share

Basic loss per share is calculated by dividing the net loss for the year available to common shareholders by the weighted average number of shares outstanding during the year. Diluted earnings per share reflect the potential dilution of securities that could share in earnings of an entity. In a loss year, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive.

Basic and diluted loss per share are the same for the years presented.

i) Stock-based Compensation

The fair value of all share purchase options granted is expensed over their vesting period with a corresponding increase to contributed surplus. Upon exercise of share purchase options, the consideration paid by the option holder, together with the amount previously recognized in contributed surplus, is recorded as an increase to share capital.

The Company uses the Black-Scholes option valuation model to calculate the fair value of all share purchase options at the date of grant. Option pricing models require the input of highly subjective assumptions, including the expected price volatility.

Changes in these assumptions can materially affect the fair value estimate.

j) Share Consideration

Agent's warrants, stock options and other equity instruments issued as purchase consideration in non-cash transactions are recorded at fair value determined by management using the Black-Scholes option pricing model. The fair value of the shares issued as purchase consideration is based upon the trading price of those shares on the TSX.V on the date of the agreement to issue shares as determined by the Board of Directors. Proceeds from unit placements are allocated between shares and warrants issued according to their relative fair value using the residual method.

k) Asset Retirement Obligations

The fair value of obligations associated with the retirement of tangible long-lived assets is recorded in the period the asset is put into use, with a corresponding increase to the carrying amount of the related asset. The obligations recognized are statutory, contractual or legal obligations. The liability is accreted over time for changes in the fair value of the liability through charges to accretion, which is included in depletion, depreciation and accretion expense. The costs capitalized to the related assets are amortized in a manner consistent with the depletion and depreciation of the related asset. At June 30, 2009, the Company cannot reasonably estimate the fair value of the resource properties' site restoration costs, if any.

Note 2 Summary of Significant Accounting Policies – (cont'd)

l) Environmental Costs

Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations and which do not contribute to current or future revenue generation are expensed. Liabilities are recorded when environmental assessments and/or remedial efforts are probable, and the costs can be reasonably estimated. Generally, the timing of these accruals coincides with the earlier of completion of a feasibility study or the Company's commitment to a plan of action based on the then known facts.

m) Financial Instruments

The Company follows CICA Handbook Sections 1530, "Comprehensive Income", Section 3251, "Equity", Section 3855, "Financial Instruments – Recognition and Measurement", Section 3862, Financial Instruments – Disclosures, and Handbook Section 3863, Financial Instruments – Presentation, and Section 3865, "Hedges". 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 Canadian generally accepted accounting principles.

Sections 3862 and 3863 establish standards for disclosure and presentation of financial instruments and non-financial derivatives and identifies the information that should be disclosed about them (Note 8). Section 3865 describes when and how hedge accounting can be applied as well as the disclosure requirements. Hedge accounting enables the recording of gains, losses, revenues and expenses from derivative financial instruments in the same period as for those related to the hedged item.

Section 3855 prescribes when a financial asset, financial liability or non-financial derivative is to be recognized on the balance sheet and at what amount, requiring fair value or cost-based measures under different circumstances. Under Section 3855, 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 earnings; 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 earnings.

Note 2 Summary of Significant Accounting Policies – (cont'd)

The Company has made the following designations of its financial instruments: cash as held-for-trading; and accounts payable and accrued liabilities as other financial liabilities. The Company has determined that no adjustments are currently required for transaction costs related to the acquisition of financial assets and financial liabilities that are classified as other than held-for-trading. (Note 8)

n) Capital Disclosures

The Company has adopted CICA Handbook 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. (Note 9)

o) Assessing Going Concern

The Canadian Accountability Standards Board ("AcSB") amended CICA Handbook Section 1400, to include requirements for management to assess and disclose an entity's ability to continue as a going concern. This section applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008. The Company has adopted this amendment.

p) Future Accounting Changes

i) Goodwill and Intangible Assets

CICA Handbook Section 3064 replaces Section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research and Development Costs. This new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. Standards concerning goodwill remain unchanged from the standards included in the previous Section 3062. The section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008. Accordingly, the Company will adopt the new standards for its fiscal year beginning July 1, 2009. The Company is currently evaluating the impact of the adoption of this new Section on its financial statements.

ii) 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 adoption date of July 1, 2011 will require the restate-

Note 2 Summary of Significant Accounting Policies – (cont'd)

p) Future Accounting Changes – (cont'd)

ment for comparative purposes of amounts reported by the Company for the year ended June 30, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

iii) Business Combinations

In January 2009, the CICA issued CICA Handbook Section 1582, "Business Combinations", Section 1601, "Consolidations", and Section 1602, "Non-controlling Interests". These sections replace the former CICA Handbook Section 1581, "Business Combinations" and Section 1600, "Consolidated Financial Statements" and establish a new section for accounting for a non-controlling interest in a subsidiary. CICA Handbook Section 1582 establishes standards for the accounting for a business combination, and states that all assets and liabilities of an acquired business will be recorded at fair value. Obligations for contingent consideration and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date.

It provides the Canadian equivalent to International Financial Reporting Standard ("IFRS") 3, "Business Combinations" (January 2008). The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011.

CICA Handbook Section 1601 establishes standards for the preparation of consolidated financial statements.

CICA Handbook Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in the preparation of consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of International Financial Reporting Standard IAS 27, "Consolidated and Separate Financial Statements" (January 2008).

CICA Handbook Section 1601 and Section 1602 apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year. All three sections must be adopted concurrently. The Company is currently valuating the impact of the adoption of these sections.

Note 2 Summary of Significant Accounting Policies – (cont'd)

p) Future Accounting Changes – (cont'd)

iv) Financial Statement Concepts

CICA Handbook Section 1000 has been amended to focus on the capitalization of costs that meet the definition of an asset and de-emphasizes the matching principle. The revised requirements are effective for annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008. The Company is currently evaluating the impact of the adoption of this change on its financial statements.

Note 3 Equipment

	June 30, 2009		
	Cost	Accumulated Amortization	Net
Office equipment	$ 7,555	$ 7,240	$ 315
Mining equipment	565,692	166,263	399,429
Computer equipment	25,009	21,418	3,591
Vehicle	15,329	10,977	4,352
	$ 613,585	$ 205,898	$ 407,687

	June 30, 2008		
	Cost	Accumulated Amortization	Net
Office equipment	$ 7,555	$ 5,629	$ 1,926
Mining equipment	565,692	95,544	470,148
Computer equipment	25,009	17,558	7,451
Vehicle	15,329	7,511	7,818
	$ 613,585	$ 126,242	$ 487,343

Note 4 Resource Properties – Note 6

	Triangle USA	Ceibo Belize	Total
Balance, June 30, 2007	$ 590,465	$ 631,860	$ 1,222,325
Acquisition costs			
Cash	-	17,305	17,305
Deferred exploration costs			
Administration and rent	47,595	33,322	80,917
Advances	31,197	76,516	107,713
Amortization	-	46,756	46,756
Assaying	20,075	9,792	29,867
Drilling	3,167	-	3,167
Fuel and vehicle	-	70,119	70,119
Geological consulting – Note 6	67,776	129,749	197,525
Geophysical	-	25,619	25,619
Supplies	3,289	127,147	130,436
Trenching and excavating	-	30,485	30,485
Wages	-	123,912	123,912
	173,099	673,417	846,516
Less: incidental revenue	-	(601,715)	(601,715)
Balance, June 30, 2008	763,564	720,867	1,484,431
Acquisition costs			
Cash	21,055	67,696	88,751
Share purchase options – Notes 5 and 6	33,870	-	33,870
	54,925	67,696	122,621

…/cont'd

Note 4 Resource Properties – Note 6 – (cont'd)

	Triangle USA	Ceibo Belize	Total
Deferred exploration costs			
Administration and rent – Note 6	40,049	4,124	44,173
Advances	461	45,361	45,822
Prior year advances applied	-	(76,516)	(76,516)
Amortization	-	56,577	56,577
Assaying	-	19,792	19,792
Fuel and vehicle	-	65,492	65,492
Geological consulting – Notes 5 and 6	67,206	38,891	106,097
Geophysical	-	4,865	4,865
Royalties – Note 6	-	143,325	143,325
Supplies	-	56,749	56,749
Wages	-	98,517	98,517
	107,716	457,177	564,893
Less: incidental revenue	-	(319,350)	(319,350)
Balance, June 30, 2009	$ 926,205	$ 926,390	$ 1,852,595

Triangle Property

By agreement dated June 15, 2006, the Company entered into a strategic alliance with another company to acquire, explore and develop mineral properties in the Southeastern United States. The term of the agreement is five years, in which the Company will acquire a 100% interest in the project subject to completion of a work program totaling US$400,000, to be funded during the first year of the agreement. In addition, the Company advanced $55,897 (US$50,000) for land acquisition costs.

The agreement also includes a five-year management contract with the other company, which requires the Company to make annual stock-based payments of US$30,000 as compensation for facilities rental (subsequent to June 30, 2009, the Company issued 300,000 common shares); issue 600,000 stock options per year, up to a maximum of 1,800,000 unexercised stock options held at one time by the other company (600,000 granted to June 30, 2008 and 900,000 granted during the year ended June 30, 2009; pay annual lease costs to third party owners as required; and pay consulting fees at a rate of US$550 per day for a minimum of 100 days annually. The other company will retain a 0.80% production royalty on the property.

The Company has the option to purchase the production royalty during the 60 day period following completion of a positive feasibility study for 1% of the value of proven and probable gold plus 1% of the other economically recoverable minerals to a maximum of $4,000,000.

Note 4 Resource Properties – Note 6 – (cont'd)

Ceibo Chico Property

By agreement dated May 26, 2005, the Company was granted an option to earn a 90% interest in mineral claims located in Belize. The Company issued 200,000 common shares as a finder's fee in connection with this acquisition. Consideration is US$100,000 cash and US$200,000 in exploration expenditures. As of June 30, 2009 the exploration expenditures were incurred. Cash payments are payable as follows:

a) US$5,000 to be paid by May 31, 2005 to earn a 4.5% interest (paid CDN$6,328);
b) US$10,000 to be paid by May 31, 2006 to earn a 13.5% interest (paid CDN$11,484);
c) US$15,000 to be paid by May 31, 2007 to earn a 27% interest (paid CDN$16,930);
d) US$25,000 to be paid by May 31, 2008 to earn a 49.5% interest (paid CDN$21,063);
e) US$45,000 to be paid by May 31, 2009 (subsequently amended to December 31, 2009) to earn a 90% interest; and

The optionor has retained a 2.5% net smelter return royalty which may be purchased by the Company for US$400,000. Under the terms of the agreement, the Company will also pay US$24,000 per year, for a minimum of three years, to the optionor to act as general foreman on the exploration program.

By amending agreement dated November 14, 2008 (the "Amending Agreement"), the Company will pay a royalty to a consultant equal to 10% of the total gold production, effective as of May 26, 2005. Furthermore, notwithstanding the interest earned to date by the Company, and as a result of the Company paying 100% of the costs associated with property, the Company is now considered to have earned the 90% interest in the mineral claims, for the purpose of entitlement to the placer gold production as of May 26, 2005. During the year ended June 30. 2009, total royalties in the amount of $89,198 were incurred pursuant to the Amending Agreement.

In October of 2009, the parties to this agreement agreed to extend the final payment due date to December 31, 2009.

By agreement dated September 29, 2008, the Company committed to a consulting services contract with respect to the Ceibo Chico property wherein the Company will compensate the consultant, as follows:

a. $600 per day for each day that services are provided;
b. A 6% royalty interest on all placer gold production from the Ceibo Chico property, retroactive to the commencement of production, which amount was approximately $54,127 as of June 30, 2009 and was recorded as royalties;
c. 350,000 stock options (granted) with an exercise price of $0.15 per share expiring on October 12, 2012 were retained; and
d. Debt settlement of any amount of debt owing to the consultant by the Company at $0.05 per share, subject to TSX approval. As of June 30, 2009 debt owing to the consultant totalled $129,525.

Note 5 Share Capital – Note 12

a) Authorized:

Unlimited voting common shares without par value
Unlimited preferred shares without par value

b) Issued and fully paid common shares:

	Number	Amount	Contributed Surplus
Balance, June 30, 2007	71,382,349	$ 12,404,637	243,450
Fair value of warrants extended	-	(94,000)	94,000
Options vested	-	-	226,230
For services	300,000	32,028	-
Issued for cash:			
Pursuant to private placement – at $0.11	2,853,327	313,869	-
Less: share issue costs	-	(11,969)	-
Pursuant to private placement – at $0.06	4,015,000	240,900	-
Less: share issue costs	-	(16,800)	-
Balance, June 30, 2008	78,550,676	$ 12,868,665	$ 563,680
For services	300,000	18,000	-
Issued for cash:			
Pursuant to private placements – at $0.035	11,193,000	391,755	-
Stock-based compensation	-	-	33,870
Balance, June 30, 2009	90,043,676	$ 13,278,420	$ 597,550

During the year ended June 30, 2009 the Company issued 11,193,000 units at $0.035 per unit. Each unit consisted of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one common share at $0.075 per share until March 9, 2010 and at $0.15 per share until March 9, 2011.

During the year ended June 30, 2008, the Company issued 2,853,327 common shares pursuant to a private placement consisting of 2,853,327 units at $0.11 per unit for total proceeds of $313,869. Each unit consisted of one common share and one share purchase warrant. Each warrant entitles the holder thereof to purchase an additional common share for each warrant held for $0.18 per share until December 12, 2009 and at $0.25 per share until December 12, 2010.

The Company also issued 4,015,000 common shares pursuant to a private placement consisting of 4,015,000 units at $0.06 per unit, for total proceeds of $240,900. Each unit consisted of one common share and one share purchase warrant. Each warrant has a term of two years and an exercise price of $0.10 per share in the first year and $0.15 per share in the second year. The warrants expire April 24, 2010.

Note 5 Share Capital – Note 12 – (cont'd)

b) Issued and fully paid common shares: – (cont'd)

As of June 30, 2008 the Company had put a stop trade on the 200,000 shares issued in error in 2007.

c) Commitments:

Stock-based Compensation

The Company has granted directors and employees common share purchase options. Additional common share purchase options were also granted pursuant to resource property acquisition agreements. These options are granted with an exercise price equal to the market price of the Company's shares on the date of the grant. The aggregate number of options are restricted to 10% of the total common shares issued and outstanding, and the number of options to any individual is restricted to 5% of the total common shares issued and outstanding, unless that individual is a consultant, in which case the number is restricted to 2%. The options may not be assigned nor transferred, and can have a term of no more than 5 years. The options vest at the discretion of the directors.

A summary of the status of share purchase options outstanding is presented below:

	Year ended June 30, 2009		2008	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at beginning of year	3,380,000	$0.15	3,730,000	$0.15
Expired	-	-	(2,600,000)	$0.14
Granted	900,000	$0.10	2,250,000	$0.15
Options outstanding at end of year	4,280,000	$0.14	3,380,000	$0.15
Options exercisable at end of year	4,280,000	$0.14	3,255,000	$0.15

Note 5 Share Capital – Note 12 – (cont'd)

c) Commitments: – (cont'd)

Stock-based Compensation – (cont'd)

At June 30, 2009, the Company has 4,280,000 share purchase options outstanding entitling the holder thereof the right to purchase one common share for each option held as follows:

Number of Options	Exercise Price	Expiry Date
500,000	$0.15	July 23, 2009
330,000	$0.135	September 12, 2009
300,000	$0.18	December 18, 2009
600,000	$0.10	July 25, 2011
300,000	$0.135	September 12, 2011
100,000	$0.15	February 16, 2012
100,000	$0.30	February 16, 2012
300,000	$0.10	June 30, 2012
1,750,000	$0.15	October 15, 2012
4,280,000		

The value of the stock-based compensation during the year ended June 30, 2009 was $33,870 (2008: $226,230) of which $nil (2008: $24,262) is included in investor relations expense, $nil (2008: $188,676) is included in stock-based compensation expense to directors and officers, $nil (2008: $13,292) is included in consulting fees, and $33,870 (2008: $nil) is included in resource property acquisition costs. Unless otherwise noted, all share purchase options vest when granted. The Company uses the Black-Scholes option pricing model to estimate the fair value of the options using the following assumptions:

	2009	2008
Dividend yield	Nil	Nil
Annualized volatility	90.0%- 179.5%	109.1% - 150.7%
Risk-free interest rate	1.48% - 3.5%	3.15% - 4.59%
Expected life	3-4 years	2 – 5 years

Subsequent to June 30, 2009, 830,000 share purchase options exercisable at $0.135 - $0.15 expired unexercised.

Note 5 Share Capital – Note 12 – (cont'd)

c) Commitments: – (cont'd)

Share Purchase Warrants

A summary of the status of share purchase warrants outstanding is presented below:

	Year ended June 30, 2009		Year ended June 30, 2008	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at June 30, 2008	24,156,946	$0.22	19,575,925	$0.16
Issued	11,193,000	$0.11	6,868,327	$0.13
Expired	(17,288,619)	$0.26	(2,287,306)	$0.20
Outstanding at end of year	18,061,327	$0.14	24,156,946	$0.22

During the year ended June 30, 2008, 17,075,925 common share purchase warrants previously set to expire between April 25, 2007 and January 11, 2008, were extended for one year. The warrant extensions were deemed to have a fair value of $94,000 which was adjusted against share capital. The total fair value of the extended warrants was estimated using the Black-Scholes valuation model, assuming a risk-free interest rate of 3%, no dividend and a volatility factor of 124.5%.

At June 30, 2009, the Company has 18,061,327 common share purchase warrants outstanding entitling the holders thereof the right to purchase one common share for each warrant held as follows:

Number of Warrants	Exercise Price	Expiry Date
2,853,327	$0.18/$0.25	December 12, 2009/2010
4,015,000	$0.15	April 23, 2010
11,193,000	$0.075/$0.15	March 9, 2010/2011
18,061,327		

Note 6 Related Party Transactions

The Company incurred the following costs charged by directors of the Company and companies controlled by Directors of the Company:

	Year ended June 30, 2009	Year ended June 30, 2008
Resource property costs		
Geological consulting	$ 92,341	$ 117,830
Royalties	54,127	-
Administration and rent	18,000	-
Acquisition costs	33,870	-
Office and miscellaneous	65,000	55,280
Management fees	96,000	90,000
Consulting fees	24,500	9,052
Rent	11,750	11,000
Recovery of advances receivable	(6,000)	(6,000)
Travel and promotion	3,000	3,000
	$ 392,588	$ 280,162

The charges were measured by the exchange amount, which is the amount agreed upon by the transacting parties.

As at June 30, 2009 accounts payable includes $177,993 (June 30, 2008: $27,690) due to directors of the Company and companies with common directors. This amount is comprised of unpaid geological fees, consulting fees, office costs, royalties and travel costs. All amounts due to related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

Note 7 Non-cash Transactions

Investing and financing activities that do not have a direct impact on cash flows are excluded from the statement of cash flows. The following transactions have been excluded from the statement of cash flows:

During the year ended June 30, 2009, the Company:

- issued 300,000 common shares valued at $18,000 for one year of facilities rental on a resource property.
- granted share purchase options which vested immediately and were valued at $33,870 for resource property costs;
- recorded $56,577 of amortization in resource property costs
- recorded accounts payable of $145,626 in respect to resource property costs.

During the year ended June 30, 2008, the Company:

- issued 300,000 common shares valued at $32,028 for one year of facilities rental on a resource property.
- accrued $11,969 for share issuance costs.
- extended 17,075,925 warrants valued at $94,000 for a term of up to one year.

Note 8 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one party and a financial liability or equity instrument of another party. A financial asset is any asset that is i) cash; ii) a contractual right to receive cash or another financial asset from another party; iii) a contractual right to exchange financial instruments with another party under conditions that are potentially favourable to the entity; or iv) an equity instrument of another entity. A financial liability is any liability that is a contractual obligation to i) deliver cash or another financial asset to another party; or ii) exchange financial instruments with another party under conditions that are potentially unfavourable to the entity. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Financial Instrument Risk Exposure and Risk Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management process. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. The types of risk exposure and the way in which such exposure is managed is provided as follows:

Credit Risk

The Company is primarily exposed to credit risk on its bank accounts. Credit risk exposure is limited by placing its cash with high-credit quality financial institutions.

Liquidity Risk

The Company ensures that there is sufficient capital in order to meet short term business requirements, after taking into account the Company's holdings of cash. The Company believes that these sources will be sufficient to cover the expected short and long term cash requirements.

Market Risk

The significant market risk exposures to which the Company is exposed are foreign exchange risk, interest rate risk, and commodity price risk.

Foreign Currency Risk

The Company has operations in Canada, the United States and Belize subject to foreign currency fluctuations. The Company's operating expenses are incurred in Canadian dollars, United States dollars ("US dollars") and Belize dollars, and the fluctuation of the Canadian dollar in relation to these other currencies will have an impact upon the profitability of the Company and may also affect the value of the Company's assets and the amount of shareholders' equity. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks.

Note 8 Financial Instruments – (cont'd)

Financial assets and liabilities denominated in currencies other than the Canadian dollar are as follows:

	June 30, 2009	
	Financial Assets	Financial Liabilities
US dollar	$ 8,057	$ 126,489

Based on the above net exposures at June 30, 2009, and assuming that all other variables remain constant a 10% appreciation or depreciation of the Canadian dollar against the U.S. dollar would result in an increase/decrease of $11,843 in the Company's loss from operations

Interest Rate Risk

As at June 30, 2008, the Company does not have any interest bearing financial instruments and accordingly the Company is not exposed to interest rate risks.

Note 9 Capital Disclosures

The Company was formed for the purpose of acquiring exploration and development stage natural resource properties. The directors determine the Company's capital structure and make adjustments to it based on funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The directors have not established quantitative return on capital criteria for capital management.

The Company is dependent upon incidental sales of gold from mining operations and external financing to fund future exploration programs and its administrative costs. The Company will spend existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and to seek to acquire an interest in additional properties if management feels there is sufficient geologic or economic potential provided it has adequate financial resources to do so.

The directors review the Company's capital management approach on an ongoing basis and believe that this approach, given the relative size of the Company, is reasonable. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern.

The Company considers the items included on the balance sheet in shareholders' equity as capital. The Company manages the capital structure and makes adjustments 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 to reduce debt or return capital to shareholders. The Company is not subject to externally imposed capital requirements.

Note 10 Income Taxes

A reconciliation of the income tax provision computed at statutory rates to the reported income tax provision is as follows:

	2009	2008
Statutory rate	30.25%	32.81%
Loss before income taxes	$ (597,941)	$ (945,510)
Expected income tax recovery	$ 181,000	$ 310,000
(Increase) decrease in income tax recovery resulting from:		
Permanent differences	15,000	(65,000)
Effect on reduction in statutory rates	(125,000)	(753,000)
Expiry of loss carryforward	(111,000)	-
Change in valuation allowance for future income tax assets	40,000	508,000
Income tax provision	$ -	$ -

The significant components of the Company's future income tax assets, after applying enacted corporate income tax rates, are as follows:

	2009	2008
Resource properties and deferred exploration	$ 1,378,000	$ 1,452,000
Non-capital losses carried forward	982,000	973,000
Unused share issuance costs	26,000	44,000
Equipment	(73,000)	(97,000)
Valuation allowance for future income tax assets	(2,313,000)	(2,372,000)
	$ -	$ -

The Company has recorded a valuation allowance against its future income tax assets based on the extent to which it is more likely-than-not that sufficient taxable income will not be realized in the future to utilize all future tax assets.

Note 10 Income Taxes – (cont'd)

At June 30, 2009, the Company has accumulated Canadian and foreign exploration and development expenditures of approximately $7,337,000 and non-capital losses of approximately $3,929,000, that may be applied against future income for tax purposes. The non-capital losses expire as follows:

2010	371,000
2014	423,000
2015	466,000
2026	530,000
2027	743,000
2028	765,000
2029	631,000
	$ 3,929,000

Note 11 Segmented Information

Assets by geographic segment, at cost:

	2009	2008
Belize	$ 1,330,171	$ 1,309,065
Canada	79,819	61,757
United States	935,575	784,967
	$ 2,345,565	$ 2,155,789

Note 12 Subsequent Events

a) The Company granted to an independent marketing consultant 500,000 options which vested immediately, each of which is exercisable into one common share at $0.10 each, expiring July 15, 2010.

b) The Company issued 6,500,000 units for proceeds of $227,500 pursuant to a private placement. Each unit consisted of one common shares and one common share purchase warrant, Each warrant is exercisable into one common share for $0.75 until May 15, 2010 and for $0.15 until May 15, 2011. At June 30, 2009 the Company had received $146,572 with respect to this private placement. Subsequent to year end the balance of $80,928 was received.

c) The Company has received $265,000 with respect to a private placement of up to six million units at a price of $0.05 per unit. Each unit will consist of one common share and one warrant, with each warrant entitling the holder to purchase one common share at a price of $0.10 per share if exercised in the first year or $0.20 if exercised in the second year.

Note 12 Subsequent Events – (cont'd)

d) The Company has jointly entered into an agreement to purchase majority control of the assets of the Santa Rosa Gold Mine in Panama in exchange for US $1,550,000:

1. A US$75,000 down payment at the time of signing of the agreement (paid).
2. A second payment of $75,000 due upon the completion of transfer of land title at Santa Rosa.
3. US$500,000 due and payable when the mineral rights and mining permits associated with the Santa Rosa Mine have been re-established by the Panamanian government and granted exclusively to the Optionor.
4. A second payment of US$500,000 is payable 90 days after the first payment of $500,000.
5. A final payment of US $400,000 is payable 180 days after the first payment of $500,000.

The Company is currently in the process of co-venturing the Santa Gold Mine acquisition and will retain an undivided 75% interest and will be responsible for its pro-rata share of the purchase price and the payments and expenditures. The Optionor is entitled to receive 10% of the net profits of the Santa Rosa Gold Mine's operations.