

MOUNTAIN BOY MINERALS LTD.

INTERIM FINANCIAL STATEMENTS

May 31, 2009

(Unaudited – Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

MOUNTAIN BOY MINERALS LTD.
INTERIM BALANCE SHEETS
 May 31, 2009 and November 30, 2008
 (Unaudited – Prepared by Management)

	<u>ASSETS</u>	May 31, <u>2009</u>	November 30, <u>2008</u>
Current			
Cash and cash equivalents		\$ 27,755	\$ 5,747
Receivables – Note 5		-	38,400
Marketable securities		-	3,797
Prepaid expenses		<u>6,667</u>	<u>11,708</u>
		34,422	59,652
Exploration advances – Note 5		714,978	64,982
Reclamation deposits		60,039	60,039
Property and equipment		345,704	396,679
Mineral properties – Schedule 1 and Note 3		<u>11,810,926</u>	<u>11,721,810</u>
		<u>\$ 12,966,069</u>	<u>\$ 12,303,162</u>

LIABILITIES

Current			
Accounts payable and accrued liabilities – Note 5		\$ 281,398	\$ 812,523
GST payable		111,380	54,006
Due to a related company – Note 5		<u>300,000</u>	<u>-</u>
		692,778	866,529
Future income tax liability		<u>2,323,805</u>	<u>1,940,665</u>
		<u>3,016,583</u>	<u>2,807,194</u>

SHAREHOLDERS' EQUITY

Share capital – Notes 4 and 7		10,717,070	10,100,210
Contributed surplus – Note 4		2,694,780	2,510,030
Deficit		<u>(3,462,364)</u>	<u>(3,114,272)</u>
		<u>9,949,486</u>	<u>9,495,968</u>
		<u>\$ 12,966,069</u>	<u>\$ 12,303,162</u>

Nature of Operations and Ability to Continue as a Going Concern – Note 1
 Commitments – Notes 3 and 4
 Subsequent Events – Note 7

APPROVED BY THE DIRECTORS:

<i>“Frank Kamermans”</i> Frank Kamermans	Director	<i>“Randolph Kasum”</i> Randolph Kasum	Director
---	----------	---	----------

SEE ACCOMPANYING NOTES

MOUNTAIN BOY MINERALS LTD.
INTERIM STATEMENTS OF OPERATIONS AND DEFICIT
for the three and six months ended May 31, 2009 and 2008
(Unaudited – Prepared by Management)

	Three months ended May 31,		Six months ended May 31,	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
General and administrative expenses				
Accounting and audit fees	\$ 5,000	\$ 4,650	\$ 10,565	\$ 11,760
Amortization	473	10,081	946	17,113
Consulting fees – Note 5	-	525	600	15,775
Filing fees	6,190	8,078	16,557	12,800
Investor relations	3,750	10,314	22,500	63,412
Legal fees	8,778	21,807	27,107	37,940
Management fees – Note 5	15,000	15,000	30,000	30,000
Office and miscellaneous	1,646	5,836	5,082	11,588
Promotion and trade shows	148	13,174	1,823	16,089
Property investigations – Note 5	8,400	14,710	8,400	14,710
Repairs and maintenance	-	10,759	-	11,518
Stock-based compensation	146,250	252,777	184,750	446,260
Telephone	5,458	3,277	9,936	6,985
Transfer agent fees	<u>3,579</u>	<u>2,816</u>	<u>4,551</u>	<u>4,413</u>
Loss before other items	(204,672)	(373,804)	(322,817)	(700,363)
Other items				
Drilling income – Note 5	-	581,662	-	820,172
Drilling expenses and amortization	(31,774)	(362,560)	(31,774)	(449,291)
Gain on marketable securities	-	(10,551)	142	(6,309)
Interest income – Note 5	<u>6,357</u>	<u>6,781</u>	<u>6,357</u>	<u>18,089</u>
Net loss for the period	(230,089)	(158,472)	(348,092)	(317,702)
Deficit, beginning of the period	<u>(3,232,275)</u>	<u>(3,400,227)</u>	<u>(3,114,272)</u>	<u>(3,240,997)</u>
Deficit, end of the period	<u>\$ (3,462,364)</u>	<u>\$ (3,558,699)</u>	<u>\$ (3,462,364)</u>	<u>\$ (3,558,699)</u>
Basic and diluted loss per share	<u>\$ (0.01)</u>	<u>\$ (0.00)</u>	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>
Weighted average number of shares outstanding	<u>41,997,658</u>	<u>32,819,026</u>	<u>41,200,955</u>	<u>32,775,092</u>

SEE ACCOMPANYING NOTES

MOUNTAIN BOY MINERALS LTD.
INTERIM STATEMENTS OF CASH FLOWS
for the three and six months ended May 31, 2009 and 2008
(Unaudited – Prepared by Management)

	Three months ended May 31,		Six months ended May 31,	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Operating Activities				
Net loss for the period	\$ (230,089)	\$ (158,472)	\$ (348,092)	\$ (317,702)
Add (deduct) items not affecting cash:				
Amortization	473	10,081	13,251	17,113
Stock-based compensation	146,250	252,777	184,750	446,260
Gain on marketable securities	<u>-</u>	<u>10,551</u>	<u>(142)</u>	<u>6,309</u>
	(83,366)	114,937	(150,233)	151,980
Changes in non-cash working capital items related to operations:				
Receivables	-	9,149	38,400	1,590
GST payable	63,173	-	57,374	146,126
Prepaid expenses	5,000	(78,099)	5,041	(93,683)
Accounts payable and accrued liabilities	(34,583)	(31,165)	(531,125)	(148,479)
Due to a related company	<u>-</u>	<u>(61,558)</u>	<u>300,000</u>	<u>(4,185)</u>
	<u>(49,776)</u>	<u>(46,736)</u>	<u>(280,543)</u>	<u>53,349</u>
Financing Activity				
Issuance of shares for cash	<u>-</u>	<u>-</u>	<u>1,000,000</u>	<u>12,000</u>
Investing Activities				
Exploration advances	37,586	-	(649,996)	-
Proceeds on sale of marketable securities	-	-	3,939	-
Mineral properties	27,196	(208,809)	(51,392)	(439,331)
Reclamation deposits	-	(13,500)	-	(13,500)
Purchase of property and equipment	<u>-</u>	<u>(162,125)</u>	<u>-</u>	<u>(162,125)</u>
	<u>64,782</u>	<u>(384,434)</u>	<u>(697,449)</u>	<u>(614,956)</u>
Increase (decrease) in cash during the period	15,006	(431,170)	22,008	(549,607)
Cash and cash equivalents, beginning of period	<u>12,749</u>	<u>913,932</u>	<u>5,747</u>	<u>1,032,369</u>
Cash and cash equivalents, end of period	<u>\$ 27,755</u>	<u>\$ 482,762</u>	<u>\$ 27,755</u>	<u>\$ 482,762</u>
Cash and cash equivalents consist of:				
Cash	\$ 27,755	\$ 82,762	\$ 27,755	\$ 82,762
Guaranteed investment certificates	<u>-</u>	<u>400,000</u>	<u>-</u>	<u>400,000</u>
	<u>\$ 27,755</u>	<u>\$ 482,762</u>	<u>\$ 27,755</u>	<u>\$ 482,762</u>

Non-cash Transactions – Note 6

SEE ACCOMPANYING NOTES

MOUNTAIN BOY MINERALS LTD.
SCHEDULE OF MINERAL PROPERTIES
for the six months ended May 31, 2009
(Unaudited – Prepared by Management)

	<u>Barbara</u>	Iceberg Melt, Freeze <u>Red Cliff</u>	Mountain <u>Boy</u>	Silver Coin <u>Kansas/Indi</u>	Other <u>Properties</u>	<u>Total</u>
Property acquisition costs						
Balance, May 31, 2009 and November 30, 2008	\$ 403,940	\$ 682,775	\$ 920,547	\$ 80,124	\$ 337,096	\$ 2,424,482
Deferred exploration and development costs						
Balance, November 30, 2008	<u>3,350,936</u>	<u>1,554,397</u>	<u>852,379</u>	<u>3,323,909</u>	<u>215,707</u>	<u>9,297,328</u>
Amortization	27,071	-	-	10,653	-	37,724
Assaying	-	-	-	10,955	-	10,955
Drilling	-	-	-	-	-	-
General and administration – Note 5	372	154	7,600	3,097	560	11,783
Geological – Note 5	28,879	3,600	-	8,422	-	40,901
Helicopter	-	-	-	-	-	-
Labour	705	-	-	-	-	705
Road clearing	-	-	-	-	-	-
Stock-based compensation	-	-	-	-	-	-
Supplies and miscellaneous – Note 5	13,908	-	6,523	4,950	-	25,381
Trucking	<u>37,256</u>	<u>-</u>	<u>1,335</u>	<u>904</u>	<u>-</u>	<u>39,495</u>
	<u>108,191</u>	<u>3,754</u>	<u>15,458</u>	<u>38,981</u>	<u>560</u>	<u>166,944</u>
Less: B.C. Mining Tax Credits	<u>-</u>	<u>-</u>	<u>-</u>	<u>(77,828)</u>	<u>-</u>	<u>(77,828)</u>
Balance, May 31, 2009	<u>3,459,127</u>	<u>1,558,151</u>	<u>867,837</u>	<u>3,285,062</u>	<u>216,267</u>	<u>9,386,444</u>
Total	<u>\$ 3,863,067</u>	<u>\$ 2,240,926</u>	<u>\$ 1,788,384</u>	<u>\$ 3,365,186</u>	<u>\$ 553,363</u>	<u>\$ 11,810,926</u>

SEE ACCOMPANYING NOTES

MOUNTAIN BOY MINERALS LTD.
SCHEDULE OF MINERAL PROPERTIES
for the year ended November 30, 2008
(Unaudited – Prepared by Management)

	<u>Barbara</u>	Iceberg Melt, Freeze <u>Red Cliff</u>	Mountain <u>Boy</u>	Silver Coin <u>Kansas/Indi</u>	Other <u>Properties</u>	<u>Total</u>
Property acquisition costs						
Balance, November 30, 2007 and 2008	\$ 403,940	\$ 682,775	\$ 920,547	\$ 80,124	\$ 337,096	\$ 2,424,482
Deferred exploration and development costs						
Balance, November 30, 2007	<u>1,338,158</u>	<u>1,482,347</u>	<u>729,828</u>	<u>2,361,262</u>	<u>191,620</u>	<u>6,103,215</u>
Amortization	32,549	1,165	1,825	15,567	391	51,497
Assaying	26,860	1,272	-	67,457	-	95,589
Drilling	640,780	8,460	9,802	233,079	-	892,121
General and administration – Note 5	36,562	1,631	4,615	13,528	23,696	80,032
Geological – Note 5	136,700	11,299	17,271	96,740	-	262,010
Helicopter	258,223	-	-	-	-	258,223
Labour	447,453	3,526	7,951	401,121	-	860,051
Road clearing	-	16,320	47,615	-	-	63,935
Stock-based compensation	-	-	9,680	-	-	9,680
Supplies and miscellaneous – Note 5	344,642	26,536	22,431	91,387	-	484,996
Trucking	<u>89,009</u>	<u>1,841</u>	<u>1,361</u>	<u>43,768</u>	<u>-</u>	<u>135,979</u>
	<u>2,012,778</u>	<u>72,050</u>	<u>122,551</u>	<u>962,647</u>	<u>24,087</u>	<u>3,194,113</u>
Balance, November 30, 2008	<u>3,350,936</u>	<u>1,554,397</u>	<u>852,379</u>	<u>3,323,909</u>	<u>215,707</u>	<u>9,297,328</u>
Total	<u>\$ 3,754,876</u>	<u>\$ 2,237,172</u>	<u>\$ 1,772,926</u>	<u>\$ 3,404,033</u>	<u>\$ 552,803</u>	<u>\$ 11,721,810</u>

SEE ACCOMPANYING NOTES

MOUNTAIN BOY MINERALS LTD.
NOTES TO THE INTERIM FINANCIAL STATEMENTS
May 31, 2009
(Unaudited – Prepared by Management)

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

The Company's shares are listed for trading on the TSX Venture Exchange.

The Company is in the exploration stage and is in the process of exploring and developing its mineral properties and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of amounts shown for mineral 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 mineral properties and upon future profitable production or proceeds from the disposition thereof.

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 values may be substantially different from carrying values 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 May 31, 2009, the Company had not yet achieved profitable operations, had accumulated losses of \$3,462,364 since incorporation, had a working capital deficiency of \$658,356 and expects to incur further losses in the development of its business, all of which cast substantial doubt about 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 come due.

Note 2 Interim Reporting

While the information presented in the accompanying interim financial statements is unaudited, it includes all adjustments which are, in the opinion of management, necessary to present fairly the financial position, results of operations and cash flows for the interim periods presented. All adjustments are of a normal recurring nature. It is suggested that these interim financial statements be read in conjunction with the Company's audited November 30, 2008 annual financial statements. These interim financial statements follow the same accounting policies and methods of their application as the Company's audited November 30, 2008 annual financial statements.

Note 3 Mineral Properties

a) Barbara Property

By an agreement dated September 21, 2006, the Company acquired a 50% interest in the Barbara property, which consists of ten mineral claims situated in the Skeena Mining Division in the Province of British Columbia. As consideration, the Company paid \$45,000 and assigned a 50% interest in the Stro Property, together with a commitment to drill 800m on the property (completed). The property is subject to a 2% net smelter return to a director of the Company of which 1% may be purchased for \$500,000.

The Company acquired the remaining 50% interest in the property by the issuance of 637,500 shares valued at \$357,000.

b) Iceberg, Melt, Freeze and Red Cliff Properties

The Company acquired a 100% interest in the Iceberg 1-23 claims, the Melt 1-27 claims, the Freeze 1-28 claims and the Red Cliff claims, which are all located in the Skeena mining district of British Columbia. Total consideration paid was \$25,000 cash and the issue of 850,000 common shares valued at \$647,500. The Red Cliff property is subject to a 2% net smelter return of which the Company may purchase 1% for \$1,000,000.

During the year ended November 30, 2008, the Company entered into an option agreement to sell an undivided 60% interest in Red Cliff Properties for the following consideration:

- i) complete an exploration program on the Claims in the amount of \$500,000 on or before October 28, 2009
- ii) complete an additional exploration program on the Claims in the amount of \$500,000 on or before October 28, 2010
- iii) complete an additional exploration program on the Claims in the amount of \$250,000 on or before October 28, 2011

Note 3 Mineral Properties – (cont'd)

c) MB Property

The Company has a 100% interest in seven claims representing 41 units located in the Skeena Mining Division of British Columbia.

The property is subject to a 2% net smelter return which may be purchased for \$1,000,000, or one half of which may be purchased for \$500,000.

d) Silver Coin, Indi and Kansas Properties

The Company has a 100% interest in the Silver Coin Property, a group of eight reverted Crown-granted claims located 25 kilometres north of Stewart, British Columbia. In addition, the Company staked 12 claims that are contiguous to the reverted Crown-granted claims known as the FR and Kansas Properties.

Pursuant to an option agreement dated March 26, 2004, the Company has acquired an undivided 55% interest in four mineral claims known as the Indi property located in the Skeena Mining Division of British Columbia.

By an agreement dated July 29, 2004, the Company granted another company the option to earn up to 51% of the Company's interest in the Silver Coin, FR and Indi properties by incurring \$1,750,000 on exploration expenditures (incurred).

The Company and the optionee have agreed to form a joint venture for further development of the properties. In addition, the optionee has the right to earn an additional 9% interest in the properties by bringing one of the properties into production. Under the terms of the option agreement, if either the Company or the optionee acquires properties within 10 km of the Silver Coin properties, such additional properties will be part of the joint venture.

The Company acquired the remaining 51% interest in the FR property located in the Skeena mining division, by the issue of 37,500 shares valued at \$21,000. As a result of the Company acquiring a 100% interest in the FR property, the other joint venturer agreed to exempt the FR property from the joint venture and it has been reclassified with Other Properties.

Note 3 Mineral Properties – (cont'd)

d) Silver Coin, Indi and Kansas Properties – (cont'd)

By an agreement dated April 19, 2005, the Company entered into an agreement to acquire 49% of the vendor's 60% interest in the Kansas property, which consists of a Crown-granted claim that is contiguous to the Company's Silver Coin property. The vendor's 60% interest in the property is subject to an underlying option agreement requiring the vendor to incur \$1,000,000 in exploration expenditures over a four-year period ending October 13, 2008 (incurred).

e) Other Properties

The Company acquired a 100% interest in mineral claims located in the Skeena Mining Division of British Columbia consisting of the LRJ #6 Property, the FDR/Ben Ali Property, the FR property, the Dave Property, the Big Red 1-4 Property, the Slippery Willow Property and the Abpal #2 claim and 100% interest in the Mackenzie Property located in the Cariboo Mining Division of British Columbia. The LRJ #6 Property is subject to a 1% net smelter royalty to a maximum of \$500,000. During the year ended November 30, 2006, management decided not to pursue the LRJ #6 Property and accordingly wrote-down costs incurred of \$33,479. During the year ended November 30, 2007, management decided not to pursue the Abpal #2 claim and accordingly wrote-down costs incurred of \$50,749.

During the year ended November 30, 2007, the Company acquired a further 50% interest in the STRO property located in the Skeena mining division, by the issue of 75,000 shares valued at \$42,000. As a result, the Company has a 100% interest in the property.

By an agreement dated October 26, 2007, the Company acquired the Booze claims located in the Skeena Mining Division, British Columbia. The total consideration paid was the issue of 200,000 common shares valued at \$102,000.

During the year ended November 30, 2008, the Company entered into an option agreement to sell an undivided 75% interest in FDR and Ben Ali claims; however, the optionee abandoned the agreement before any consideration was received.

Note 4 Share Capital and Contributed Surplus

Authorized:

Unlimited number of common shares without par value

Issued:

	<u>Share Capital</u>		<u>Contributed Surplus</u>
	<u>Number</u>	<u>Amount</u>	
Balance, November 30, 2007	32,699,026	\$ 10,297,367	\$ 1,830,780
For cash:			
Pursuant to exercise of share purchase options - at \$0.10	120,000	12,000	-
Pursuant to private placements - at \$0.20	1,000,000	200,000	-
- at \$0.15	3,178,632	476,795	-
Less: share issue costs	-	(55,287)	12,715
Stock-based compensation expense	-	-	656,855
Stock-based compensation Deferred exploration and development costs	-	-	9,680
Less: renunciation of flow-through shares	-	(830,665)	-
Balance, November 30, 2008	36,997,658	10,100,210	2,510,030
For cash:			
Pursuant to a private placement - at \$0.20	5,000,000	1,000,000	-
Stock-based compensation expense	-	-	184,750
Less: renunciation of flow-through shares	-	(383,140)	-
Balance, May 31, 2009	<u>41,997,658</u>	<u>\$ 10,717,070</u>	<u>\$ 2,694,780</u>

During the six months ended May 31, 2009, the Company issued 5,000,000 flow-through shares at \$0.20 per share pursuant to a private placement agreement for total proceeds of \$1,000,000.

During the year ended November 30, 2008, the Company issued 1,000,000 units at \$0.20 per unit pursuant to a private placement for total proceeds of \$200,000. Each unit consisted of one common share and one share purchase warrant entitling the holder thereof the right to purchase an additional common share at \$0.30 per share until September 2, 2010.

Note 4 Share Capital and Contributed Surplus – (cont'd)

Issued: – (cont'd)

During the year ended November 30, 2008, the Company issued 3,178,632 units at \$0.15 per unit pursuant to a private placement for total proceeds of \$476,795. Each unit consisted of one flow-through common share and one share purchase warrant entitling the holder thereof the right to purchase an additional common share at \$0.25 until September 17, 2010. The Company paid finder's fees of \$42,571 and issued 317,863 compensation units. Each compensation unit is exercisable at \$0.15 into one common share and one share purchase warrant entitling the holder thereof the right to purchase an additional common share at \$0.25 until September 17, 2010.

Commitments:

Share Purchase Warrants:

A summary of share purchase warrant activity is presented below:

	<u>Number</u>	<u>Weighted Average Exercise Price</u>
Outstanding, November 30, 2007	13,680,397	\$0.77
Issued	4,178,632	\$0.26
Expired	<u>(7,547,730)</u>	<u>\$0.79</u>
Outstanding, November 30, 2008	10,311,299	\$0.54
Expired	<u>(1,299,000)</u>	<u>\$0.85</u>
Outstanding, May 31, 2009	<u>9,012,299</u>	<u>\$0.50</u>

At May 31, 2009, there were 9,012,299 share purchase warrants outstanding entitling the holders thereof the right to purchase one common share for each warrant held as follows:

<u>Number</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
500,000	\$0.85	August 10, 2009
1,667,000	\$0.70	September 21, 2009
500,000	\$0.60	September 21, 2009
500,000	\$0.70	October 9, 2009
1,666,667	\$0.70	October 23, 2009
1,000,000	\$0.30	September 2, 2010
<u>3,178,632</u>	\$0.25	September 17, 2010
<u>9,012,299</u>		

Note 4 Share Capital and Contributed Surplus – (cont'd)

Commitments: – (cont'd)

Compensation Units:

During the year ended November 30, 2008, in connection with the private placements, the Company issued 317,863 compensation units. Each compensation unit is exercisable at \$0.15 into one common share and one share purchase warrant entitling the holder thereof the right to purchase an additional common share at \$0.25 until September 17, 2010.

The fair value of the compensation units of \$12,715 was included in share issue costs for the year ended November 30, 2008 and was determined using the Black-Scholes option pricing model with the following assumptions:

Expected dividend yield	0.0%
Expected volatility	51.1%
Risk-free interest rate	2.43%
Expected term in years	2 years

A summary of compensation unit activity is presented below:

	<u>Number</u>	<u>Weighted Average Exercise Price</u>
Outstanding, November 30, 2007	1,247,480	\$0.55
Issued	317,863	\$0.15
Expired	<u>(739,553)</u>	<u>\$0.52</u>
Outstanding, November 30, 2008	825,790	\$0.43
Expired	<u>(17,900)</u>	<u>\$0.60</u>
Outstanding, May 31, 2009	<u>807,890</u>	<u>\$0.42</u>

At May 31, 2009, there were 807,890 compensation units outstanding as follows:

<u>Number</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
100,000	\$0.60	June 26, 2009
50,000	\$0.60	August 10, 2009
133,360	\$0.60	September 21, 2009
40,000	\$0.60	September 21, 2009
166,667	\$0.60	October 23, 2009
<u>317,863</u>	\$0.15	September 17, 2010
<u>807,890</u>		

Note 4 Share Capital and Contributed Surplus – (cont'd)

Commitments: – (cont'd)

Stock-based Compensation Plan

The Company has a stock option plan whereby the maximum number of shares reserved for issue under the plan shall not exceed 20% of the outstanding common shares of the Company, as at the date of the grant, both in aggregate and in any one-year period. The maximum number of common shares reserved for issue to any one person under the plan cannot exceed 5% of the issued and outstanding number of common shares at the date of the grant, both in aggregate and in any one-year period. Options may be granted for a maximum term of five years from the date of the grant, are non-transferable and expire within 90 days of termination of employment or holding office as director or officer of the Company.

Under the stock option plan, 25% of the options vest when granted and 12½ % vest every three months thereafter.

During the year ended November 30, 2008, the Company adopted Shareholder Rights Plan Agreement. The shareholder rights plan has been adopted to ensure the fair treatment of all shareholders with respect to any takeover bid for the common shares of the Company. It is designed to provide shareholders with sufficient time to properly consider a takeover bid without undue time constraints. In addition, it will provide the board with additional time for review and consideration of an unsolicited takeover bid and, if necessary, for the consideration of alternatives.

A summary of stock option plan activity is presented below:

	Six months ended May 31, <u>2009</u>		Year ended November 30, <u>2008</u>	
	<u>Options</u>	Weighted Average Exercise <u>Price</u>	<u>Options</u>	Weighted Average Exercise <u>Price</u>
Outstanding, beginning of period	6,399,000	\$0.31	4,935,000	\$0.53
Granted	2,474,000	\$0.10	1,850,000	\$0.28
Exercised	-	-	(120,000)	\$0.10
Expired	-	-	<u>(266,000)</u>	\$0.51
Outstanding, end of period	<u>8,873,000</u>	\$0.13	<u>6,399,000</u>	\$0.31
Exercisable, end of period	<u>7,095,500</u>	\$0.13	<u>5,705,250</u>	\$0.31

Note 4 Share Capital and Contributed Surplus – (cont'd)

Commitments: – (cont'd)

Stock-based Compensation Plan: – (cont'd)

The weighted average fair value of the 2,474,000 share purchase options granted during the six months ended May 31, 2009 of \$0.04 was determined using the Black-Scholes option pricing model with the following assumptions:

Expected dividend yield	0.0%
Expected volatility	88.1%
Risk-free interest rate	2.48%
Expected term in years	5 years

The weighted average fair value of the 1,850,000 share purchase options granted during the year ended November 30, 2008 of \$0.17 was determined using the Black-Scholes option pricing model with the following assumptions:

Expected dividend yield	0.0%
Expected volatility	102.7% - 103.4%
Risk-free interest rate	3.23%
Expected term in years	5 years

At May 31, 2009, there were 8,873,000 share purchase options outstanding entitling the holders thereof the right to purchase one common share for each option held as follows:

<u>Number</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
144,000	\$0.10	June 25, 2009
100,000	\$0.63	July 5, 2009
250,000	\$0.10	September 3, 2009
300,000	\$0.10	November 30, 2009
164,000	\$0.10	December 13, 2009
305,000	\$0.10	December 22, 2009
250,000	\$0.10	April 1, 2010
500,000	\$0.10	September 1, 2010
370,000	\$0.10	March 24, 2011
60,000	\$0.60	April 7, 2011
75,000	\$0.10	October 19, 2011
1,061,000	\$0.10	January 26, 2012
100,000	\$0.25	January 26, 2012
350,000	\$0.10	January 26, 2012
250,000	\$0.69	February 12, 2012
270,000	\$0.10	March 6, 2012
1,650,000	\$0.10	January 25, 2013
200,000	\$0.10	February 25, 2013
<u>2,474,000</u>	<u>\$0.10</u>	<u>January 8, 2014</u>
<u>8,873,000</u>		

Note 4 Share Capital and Contributed Surplus – (cont'd)

Commitments: – (cont'd)

Stock-based Compensation Plan: – (cont'd)

On April 23, 2009, the Company received disinterested shareholder approval to re-price 5,889,000 share purchase options outstanding at November 30, 2008 exercisable at prices of between \$0.22 and \$0.70 per share to a price of \$0.10 per share. The re-pricing resulted in a stock based compensation charge of \$70,640.

On May 22, 2008, the Company received disinterested shareholder approval to re-price 2,745,000 share purchase options outstanding at November 30, 2007 exercisable at prices of between \$0.33 and \$0.79 per share to a price of \$0.25 per share. The re-pricing resulted in a stock based compensation charge of \$123,230.

As of May 31, 2009, the 8,873,000 share purchase options outstanding have a weighted average remaining contractual life of 2.91 years.

Note 5 Related Party Transactions

The Company incurred the following charges by directors of the Company or by companies with directors in common with the Company during the six months ended May 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Mineral properties		
Deferred exploration costs		
General and administration	\$ 7,600	\$ 2,000
Geological	27,600	28,550
Supplies and miscellaneous	-	14,270
Consulting fees	600	9,775
Management fees	30,000	30,000
Property investigations	<u>8,400</u>	<u>-</u>
	<u>\$ 74,200</u>	<u>\$ 84,595</u>

During the six months ended May 31, 2008, drilling income included \$762,338 charged to a company with directors in common with the Company.

During the six months ended May 31, 2008, interest income included \$3,750 charged to a company with directors in common with the Company.

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

Note 5 Related Party Transactions – (cont'd)

At November 30, 2008, receivables included \$38,400 due from a company with directors in common with the Company. This amount was collected during the three months ended February 28, 2009.

At May 31, 2009, exploration advances included \$6,000 (November 30, 2008: \$41,919) for prepaid rent and for expense advances to directors of the Company or to companies with directors in common with the Company.

At May 31, 2009, accounts payable and accrued liabilities included \$5,000 (November 30, 2008: \$106,151) due to directors of the Company or to companies with directors in common with the Company.

At May 31, 2009, a company with directors in common with the Company advanced \$300,000 to the Company for exploration work to be undertaken by the Company on the Red Cliff property in the summer of 2009.

Note 6 Non-Cash Transactions

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

During the six months ended May 31, 2009:

- a) The Company capitalized amortization on property and equipment of \$37,724 to mineral properties.
- b) The Company renounced exploration expenditures of \$ \$1,473,616 to investors and recorded a charge of \$383,140 to share capital and a corresponding future income tax liability.

During the six months ended May 31, 2008:

- a) The Company capitalized amortization on property and equipment of \$32,126 to mineral properties.
- b) The Company renounced exploration expenditures of \$ \$3,194,867 to investors and recorded a charge of \$830,665 to share capital and a corresponding future income tax liability.
- c) The Company capitalized stock based compensation of \$9,680 to mineral properties.

Note 7 Subsequent Events

Subsequent to May 31, 2009:

- a) The Company received subscriptions of \$100,000 pursuant to a private placement of 2,500,000 units at \$0.04 per unit. Each unit will be comprised of one flow-through common share and one non-flow-through share purchase warrant entitling the holder to purchase an additional common share at \$0.05 in the first year or at \$0.10 in the second year. The private placement is subject to regulatory approval.
- b) The Company announced that it had signed a letter of intent with Pinnacle Mines Ltd. (“Pinnacle”) to sell 19% of the Silver Coin project (including the necessary adjustments to the Kansas and Indi claims percentages) and the Silver Coin field office to Pinnacle for \$440,000. Upon closing of the transaction, Pinnacle will own a 70% interest in the Silver Coin project as a whole with the Company owning the remaining 30% interest.

Pinnacle can earn an additional 10% interest in the project by completing \$4,000,000 in exploration related expenditures over the next five years. The transaction is subject to regulatory approval.