INTERNATIONAL MONTORO RESOURCES INC.
(An Exploration Stage Company)

Financial Statements

November 30, 2009

Unaudited – Prepared by Management

Notice to Reader:

The following financial statements for the three months ended November 30, 2009 have been prepared by management and have not been reviewed by the auditors of International Montoro Resources Inc.

INTERNATIONAL MONTORO RESOURCES INC.
(An Exploration Stage Company)

Balance Sheets

	November 30 2009	August 31 2009
ASSETS		
Current		
Cash	$ 4,821	$ 13,443
Goods and services tax receivable	912	1,099
Marketable securities (Note 3)	2,250	26,175
Prepaid expenses	1,830	4,540
	9,813	45,257
Equipment (Note 4)	947	1,023
Mineral Interests and Deferred Exploration Costs (Note 5)	1,223,230	1,218,115
	$ 1,233,990	$ 1,264,395
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 40,635	$ 43,740
Owing to related parties (Note 6)	228,393	207,867
	269,028	251,607
SHAREHOLDERS' EQUITY		
Share capital (Note 7)	8,028,499	8,032,399
Share subscription (Note 7)	20,000	4,500
Contributed surplus (Note 7)	350,688	350,688
Accumulated other comprehensive loss	(15,750)	(225)
Deficit	(7,418,475)	(7,374,574)
	964,962	1,012,788
	$ 1,233,990	$ 1,264,395

Going Concern (Note 1)
Subsequent Events (Note 10)
Commitments (Note 5j)

On behalf of the Board: *"Gary Musil"* Director *"Roger Agyagos"* Director

The accompanying notes form an integral part of these financial statements

INTERNATIONAL MONTORO RESOURCES INC.
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Statements of Operations and Deficit

Three months ended November 30,		**2009**		**2008**
Administrative expenses				
Amortization	$	77	$	110
Bank charges and interest		71		111
Consulting and finder's fees		18,000		10,500
Filing fees and transfer agent		3,254		4,002
Management fees (Note 6)		13,500		13,500
Office and miscellaneous		1,745		2,172
Professional fees		3,150		3,395
Property maintenance costs		-		2,740
Rent		2,475		2,475
Salaries and benefits		8,232		7,429
Stock based compensation (Note 7e)		-		33,849
Telephone		526		220
Travel and promotion		2,471		27,667
Loss from operations		53,501		108,170
Other Items				
Interest income		-		(36)
Gain on sale of marketable securities		(9,600)		-
Net loss for the period		43,901		108,134
Deficit, beginning of the period		7,374,574		6,067,535
Deficit, end of the period	$	7,418,475	$	6,175,669
Loss per share – basic and diluted	$	(0.001)	$	(0.005)
Weighted average number of shares outstanding		34,009,872		23,752,042

INTERNATIONAL MONTORO RESOURCES INC.
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Statements of Comprehensive Loss

Three months ended November 30,	2009	2008
NET LOSS FOR THE PERIOD BEFORE OTHER COMPREHENSIVE LOSS	$ (43,901)	$ (108,134)
Unrealized loss on available for sale financial assets (Note 3)	(1,125)	(10,250)
COMPREHENSIVE LOSS FOR THE PERIOD	$ (45,026)	$ (118,384)

INTERNATIONAL MONTORO RESOURCES INC.
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Statements of Accumulated Other Comprehensive Loss

Three months ended November 30,	2009	2008
Unrealized loss on available for sale financial assets (Note 3)	$ (15,750)	$ (45,250)
ACCUMULATED OTHER COMPREHENSIVE LOSS – END OF PERIOD BALANCE	$ (15,750)	$ (45,250)

The accompanying notes form an integral part of these financial statements

INTERNATIONAL MONTORO RESOURCES INC.
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Statements of Cash Flows

Three months ended November 30,	**2009**	**2008**
CASH PROVIDED (USED) BY		
Operating activities		
Net loss for the year	$ (43,901)	$ (108,134)
Items not requiring an outlay of cash		
Amortization	77	110
Stock-based compensation	-	33,849
Gain on disposal of marketable securities	(9,600)	-
	(53,424)	(74,175)
Changes in non-cash working capital items		
Goods and services tax receivable	187	23,061
Prepaid expenses	2,710	11,271
Accounts payable	(8,477)	753
	(59,004)	(39,090)
Financing activities		
Owing to related parties	20,527	16,326
Share capital issued for cash	(3,900)	19,250
Share issuance costs	-	(900)
Share subscription advances	15,500	(6,250)
	32,127	28,426
Investing activities		
Accounts payable and amounts owing to related parties related to exploration	5,370	-
Mineral property interests and deferred exploration costs	(5,115)	(98)
Proceeds from sale of marketable securities	18,000	-
	18,255	(98)
Change in cash for the period	(8,622)	(10,762)
Cash, beginning of period	13,443	27,193
Cash, end of period	$ 4,821	$ 16,431
Supplemental Information		
Interest paid	$ -	$ -
Income taxes paid	$ -	$ -

Supplemental Cash Flow Information (Note 8)

INTERNATIONAL MONTORO RESOURCES INC.
(An Exploration Stage Company)

Schedule of Mineral Interests and Deferred Exploration Costs

	Three months ended November 30, 2009	Year ended August 31, 2009
PROPERTIES IN GOOD STANDING		
Crackingstone Project (Saskatchewan)		
Administration and travel	$ -	$ 10,212
Geological and geophysical	-	1,138
Drilling	-	4,268
Option payment in shares	-	(84,000)
Recover deferred exploration costs	-	(600,000)
	-	(668,382)
Cup Lake Project (British Columbia)		
Administration and reports	-	5,556
	-	5,556
Serpent River Project (Ontario)		
Acquisition costs	-	142,000
Administration and travel	-	736
Assays and sampling	3,915	98
Airborne surveys	-	(7,435)
Geological and geophysical	-	2,472
Reports	1,200	
	5,115	137,871
Central Mineral Belt Project (Newfoundland)		
Acquisition costs	-	-
	-	-
Orbit Lakes Project (Saskatchewan)		
Geological and geophysical	-	1,138
	-	1,138
Voisey Bay Project (Newfoundland)		
Acquisition costs	-	600,000
	-	600,000
EXPENDITURES FOR THE PERIOD	5,115	76,183
WRITEDOWN CUP LAKE COSTS	-	(5,556)
WRITEDOWN MALACHITE PROJECT COSTS	-	(184,701)
WRITEDOWN RED LAKE PROJECT COSTS	-	(197,718)
WRITEDOWN VOISEY BAY PROJECT COSTS	-	(599,999)
DEFERRED COSTS BEGINNING OF PERIOD	1,218,115	2,129,906
DEFERRED COSTS END OF PERIOD	**$ 1,223,230**	**$ 1,218,115**

INTERNATIONAL MONTORO RESOURCES INC.
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Schedule of Mineral Interests and Deferred Exploration Costs

	Three months ended November 30, 2009	Year ended August 31, 2009
PROPERTIES IN GOOD STANDING		
MALACHITE PROJECT (NEW BRUNSWICK)	$ 1	$ 1
RED LAKE PROJECT (ONTARIO)	1	1
CRACKINGSTONE RIVER PROJECT (SASKATCHEWAN)	169,039	169,039
CENTRAL MINERAL BELT PROJECT (NEWFOUNDLAND)	47,042	47,042
CUP LAKE PROJECT (BRITISH COLUMBIA)	1	1
ORBIT LAKES PROJECT (SASKATCHEWAN)	(12,282)	(12,282)
SERPENT RIVER PROJECT (ONTARIO)	1,019,427	1,014,312
VOISEY BAY PROJECT (NEWFOUNDLAND)	1	1
	$ 1,223,230	**$ 1,218,115**

1. GOING CONCERN CONSIDERATIONS

These financial statements have been prepared in accordance with Canadian 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. At November 30, 2009, the Company had not yet achieved profitable operations, has a working capital deficit of $259,215, has accumulated losses of $7,418,475 since its inception, and expects to incur further losses in the development of its business, all of which casts substantial doubt about the Company's ability to continue as a going concern. 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.

2. ACCOUNTING POLICIES

Accounting changes

Effective September 1, 2007, the Company implemented the new CICA Handbook Section 1506 "accounting changes". Under these new recommendations, voluntary changes in accounting policies are permitted only when they result in the financial statements providing reliable and more relevant information. This section requires changes in accounting policies to be applied retrospectively unless doing so is impracticable, requires prior period errors to be corrected retrospectively and requires enhanced disclosures about the effects of changes in accounting policies, estimates and errors on the financial statements.

Changes in Accounting Policies

Assessing going concern

The Canadian Accounting Standards Board ("AcSB") amended CICA Handbook Section 1400 "General Standards of Financial Statement Presentation", 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 and has been adopted by the Company effective September 1, 2008. This section relates to disclosures and does not have an impact on the Company's financial results.

Capital disclosures

The AcSB issued CICA Handbook Section 1535 "Capital disclosures" The section 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. This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007 and was adopted by the Company on September 1, 2008. This section relates to disclosures and does not have an impact on the Company's financial results.

Financial instruments

In December 2006, the CICA issued Handbook Section 3862, "Financial Instruments – Disclosures" and Section 3863, "Financial Instruments – Presentation" to replace Section 3861. These sections apply to interim and annual financial statements for fiscal periods beginning on or after October 1, 2007.

Section 3862 enhances standards for disclosures about financial instruments and non-financial derivatives and identifies the information that should be disclosed about them. Section 3863 carries forward from 3861 the standards for presentation of financial instruments and non-financial derivatives.

2. ACCOUNTING POLICIES (CONTINUED)

Changes in Accounting Policies (continued)

These sections have been adopted by the Company on September 1, 2008. The effect on the Company's financial statements is not material.

Effective September 1, 2007, the Company adopted the recommendations of the Canadian Institute of Chartered Accountants (CICA) under CICA Handbook Section 1530, Comprehensive Income, Section 3251, Equity, Section 3855, Financial Instruments – Recognition and Measurement, Section 3861 Financial Instruments – Disclosure and Presentation and Section 3865, Hedges. These new Handbook Sections provide requirements for the recognition and measurement of financial instruments and on the use of hedge accounting. Section 1530 establishes standards for reporting and presenting comprehensive income which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income but that are excluded from net income calculated in accordance with generally accepted accounting principles.

Under Section 3855, all financial instruments are classified into one of five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments are initially measured in the balance sheet at fair value except for certain related party transactions. Subsequent measurement and changes in fair value will depend on their initial classification. Held-for-trading financial assets and liabilities are measured at fair value and changes in fair value are recognized in net income. Available-for-sale financial instruments are measured at their fair value with changes in fair value recorded in other comprehensive income. Loans and receivables, held-to-maturity instruments and other financial liabilities, are measured at amortized cost.

As a result of the adoption of these new standards, the Company has classified its marketable securities as available-for-sale. Cash is classified as held for trading. Receivables are classified as loans and receivables. Accounts payable and accrued liabilities and amounts owing to related parties are classified as other liabilities, which are measured at amortized cost. There was no effect on the opening balances as a result of adopting these new standards.

Transactions costs on financial assets and financial liabilities classified as other than held for trading are expensed.

Goodwill and Intangible Assets

The AcSB issued CICA Handbook Section 3064 which 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 and was adopted by the Company effective September 1, 2009. There was no impact on the Company's financial results as a result of adopting these new standards.

a. Mineral Interests and Deferred Exploration Costs

The Company is engaged in the exploration and development of mineral resource properties and records mineral interests at cost. The Company includes in costs the lease and option payments made on properties that are held under lease and option agreements. Costs and recoveries relating to exploration and development projects are deferred until the property is sold, abandoned or put into production.

2. ACCOUNTING POLICIES (CONTINUED)

a. Mineral Interests and Deferred Exploration Costs (continued)

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

Management reviews capitalized costs on its mineral properties on a periodic basis and will recognize impairment in value based upon current exploration results and upon management's assessment of the future probability of profitable revenues from the property or sale of the property.

Exploration costs renounced due to Flow-through Share Subscription Agreements remain capitalized, however, for corporate income tax purposes, the Company has no right to claim these costs as tax deductible expenses.

The amounts shown for mineral interests and deferred exploration costs represent accumulated or minimal costs and do not represent present or future values. The properties and carrying values are subject to periodic review for permanent impairment. The recoverability of these amounts is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete their development and upon subsequent profitable production. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that changes in future conditions could require a material change in the recognized amount.

Certain of the Company's exploration activities related to mineral properties are conducted jointly with the others. The accounts reflect only the Company's proportionate interest in such activities.

The Company records mineral exploration tax credits on an accrual basis.

b. Asset Retirement Obligations

Asset retirement obligations are recognized for the legal obligations related to the retirement of long-lived tangible assets that arise from the acquisition, construction, development or normal operation of such assets. An asset retirement obligation is recognized in the period in which it is incurred and when a reasonable estimate of the fair value of the liability can be made with a corresponding asset retirement cost recognized by increasing the carrying amount of the related long-lived asset. The asset retirement cost is subsequently allocated in a rational and systematic method over the underlying asset's useful life. The initial fair value of the liability is accreted, by charges to operations, to its estimated future value.

c. Estimates and Fair Values

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying disclosures. Although these estimates are based on management's best knowledge of current events and actions the Company may undertake in the future, actual results ultimately may differ from the estimates.

2. ACCOUNTING POLICIES (CONTINUED)

d. Flow-Through Common Shares

The Company provides certain share subscribers with a flow-through component for tax benefits available on qualifying Canadian exploration, development and related provincial grants. Upon renunciation forms being filed with the appropriate tax authorities, the Company will reduce share capital and record a temporary future income tax liability for the amount of the tax deduction renounced to shareholders. In instances where the Company has sufficient deductible temporary differences available to offset the renounced tax deductions, the realization of the deductible temporary differences will be credited to income in the period of renunciation.

e. Stock-Based Compensation Plans

The Company has adopted an incentive stock option plan which is described in Note 7d.

The Company accounts for stock options granted to directors, officers, employees and nonemployees using the fair value method of accounting. Accordingly, the fair value of the options at the date of the grant is determined using the Black-Scholes option pricing model and stock-based compensation is accrued and charged to operations, with an offsetting credit to contributed surplus, on a straight-line basis over the vesting periods. The fair value of stock options granted to non-employees is re-measured at the earlier of each financial reporting or vesting date, and any adjustment is charged or credited to operations upon remeasurement. If and when the stock options are exercised, the applicable amounts of contributed surplus are transferred to share capital. The Company has not incorporated an estimated forfeiture rate for stock options that will not vest; rather the Company accounts for actual forfeitures as they occur.

f. Income Taxes

The Company accounts for income taxes whereby the cost (benefit) of current and future income taxes is recognized as income tax expense in the determination of results of operations for the period. Future income tax liabilities (assets) are the amount of income taxes arising from taxable temporary differences between the tax bases of an asset or liability and losses carried forward and its carrying amount in the balance sheet. Income tax assets are recognized when they are more likely than not to be realized and are measured using the income tax rates and laws that are expected to apply at the time of settlement or realization. To the extent that future income tax assets are not considered more likely than not to be realized a valuation allowance is recorded.

g. Loss per Share

Basic loss per share is computed by dividing net loss for the year by the weighted average number of common shares outstanding during the year. Diluted loss per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of shares outstanding used in the calculation of diluted loss per share assumes that the deemed proceeds received from the exercise of stock options, share purchase warrants and their equivalents would be used to repurchase common shares of the Company at the average market price during the period.

Existing stock options and share purchase warrants have not been included in the computation of diluted loss per share as to do so would be anti-dilutive. Accordingly, basic and diluted loss per share are the same.

h. Share Issue Costs

Share issue costs incurred on the issue of the Company's shares are charged directly to share capital.

2. ACCOUNTING POLICIES (CONTINUED)

i. Equipment

Equipment is amortized using the declining-balance method at a rate of 30% per annum for computer equipment.

j. Valuation of warrants

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded as warrants.

Recent accounting pronouncements

International financial reporting standards ("IFRS")

In 2006, the 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 September 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended August 31, 2011. The Company has begun assessing the adoption of IFRS for 2011, however, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

3. MARKETABLE SECURITIES

	November 30 2009	August 31 2009
Ultra Uranium Corp. (37,500 shares; cost of $18,000)	$ 2,250	$ 3,375
Merrex Gold Inc. (60,000 shares; cost of $8,400)	-	22,800
	$ 2,250	$ 26,175

The valuation of the above shares has been determined in whole by reference to the bid price of the shares on the appropriate exchange on November 30, 2009. At that date, the bid price of Ultra Uranium Corp. was $0.06. All shares of Merrex Gold Inc. were sold during the period.

4. EQUIPMENT

	November 30 2009	August 31 2009
Accumulated	Net Book	Net Book

	Cost	Amortization	Value	Value
Computer equipment	$ 1,720	$ 773	$ 947	$ 1,023

5. MINERAL INTERESTS AND DEFERRED EXPLORATION COSTS

The Company has acquired mineral interests in various properties located in Canada.

a. Malachite Project (New Brunswick)

The Company acquired a 100% interest in the project for $27,000 and a contingent payment of $40,000 should the Company dispose of any portion of the properties to a major producing mining company, 300,000 common shares (issued for $33,000) and exploration and staking expenditures of $124,702 on the properties.

During the prior year the management of the Company resolved to write down the value of this project to a nominal value.

b. Red Lake Project (Ontario)

The Company acquired a 50% interest in the project for $15,500, 300,000 common shares (issued for $25,000) and exploration expenditures of $15,000 on the property. The property is subject to a 2% net smelter royalty and a 1% buy-out for consideration of $500,000.

The Company acquired a 50% interest in additional claim blocks in the project for $5,000, 90,000 common shares (issued for $7,000) and exploration expenditures of $2,500. The property is subject to a 2% net smelter royalty.

The Company acquired a 50% interest in certain patented claim mineral rights for $5,000 and 100,000 common shares (issued for $10,000). The property is subject to a 3% net smelter royalty.

The Company and Belmont Resources Inc. (“Belmont”) (a public company with common directors) have entered into a 50:50 joint venture for all the Red Lake properties and mineral rights.

The Company together with Belmont entered into an option agreement with International Alliance Resources Inc. (“Alliance”), whereby Alliance could have acquired a 51% interest in the aforementioned claims. The agreement with Alliance has been terminated.

During the prior year the management of the Company resolved to write down the value of this project to a nominal value.

c. South Trend – Ungava Project (Quebec)

The Company entered into an option agreement to acquire a 100% interest in the project. Subsequently, the Company has granted an option to a third party to acquire its interest in the property. The Company has retained a 1% net smelter interest.

d. Crackingstone River Project (Saskatchewan)

The Company and Belmont has entered into an agreement to acquire a 100% interest (50% interest for the Company) in a 750 hectare claim block in northern Saskatchewan near Uranium City. Terms of the agreement include cash payment of $15,000 (paid) and issuance of 50,000 shares (issued for $12,500). The property is subject to a 2% net smelter royalty.

The Company and Belmont have entered into a 50:50 joint venture for this project.

The Company together with Belmont has entered into an additional agreement to acquire a 100% interest (50% interest for the Company) in an adjoining 232 hectare claim block for $5,000 ($2,500 paid by the Company).

5. MINERAL INTERESTS AND DEFERRED EXPLORATION COSTS (CONTINUED)

d. Crackingstone River Project (Saskatchewan) (continued)

The Company and Belmont have agreed to option to Merrex Gold Inc. (“Merrex”) a 50% interest in their jointly owned Crackingstone uranium property. Terms of the option agreement include the issuance by Merrex of a total of 1,200,000 common shares (600,000 shares to each of Montoro and Belmont - received) and to incur a total of $1,200,000 of exploration expenditures in the first year (incurred by refunding $600,000 of exploration expenses to Montoro and Belmont each) and incurring an additional $2,400,000 of exploration expenditures in the second year to earn up to 50% interest in the Crackingstone property.

e. Central Mineral Belt Project (Labrador)

The Company and Belmont have entered into an agreement to acquire a 100% interest (50% interest for the Company) in three claim blocks (128 units approximately 4,000 hectares) in the Central Mineral Belt Uranium District, Labrador. Terms of the agreement include cash payments totaling $30,000 (paid $15,000) and issuance of 100,000 shares (issued for $25,000). The property is subject to a 2% net smelter royalty with a one percent buy-out for $500,000.

The Company and Belmont have entered into a 50:50 joint venture for this project.

In April 2007 the Company and Belmont staked an additional one claim block (11 units) adjacent to its eastern (Stormy Lake) group.

The Company, together with Belmont, entered into an option agreement with Crosshair Exploration & Mining Corp. (“Crosshair”), whereby Crosshair can acquire a 75% interest in the Central Mineral Belt Project (Stormy Lake & Partridge River) claims by incurring $800,000 in exploration expenditures, issuing to the Companies up to 175,000 common shares (received 25,000 shares) over a three-year period and assuming cash payments to the vendor. Crosshair has decided not to continue with this project and all interests reverted to the Company and Belmont.

The Company and Belmont have decided not to earn any further interest in the CMB properties at this time and have earned a 75% (each as to 37-1/2%) interest in these claims.

f. Cup Lake Project (British Columbia)

The Company has entered into an agreement to acquire a 100% interest in two uranium prospect claims located in the Greenwood Mining District of British Columbia. Terms of the agreement include a cash payment of $75,000 (paid) and issuance of 300,000 units (issued for $120,000). Finder’s fees in the amount of $7,500 cash and 30,000 units (issued for $12,000) have also been paid. Each unit was comprised of one common share and one share purchase warrant. Each warrant was exercisable for an additional share at an exercise price of $0.40 in the first year and $0.50 in the second year. The warrants expired unexercised on June 28, 2008.

The Company has entered into an agreement to acquire a 100% interest in nine additional claims in the Cup Lake area. Terms of the agreement include the issuance of a total of 6,000,000 common shares at prescribed intervals up to December 1, 2008 (issued 4,000,000 for $1,200,000); staged cash payments of $1,000,000 (paid $500,000) to December 1, 2009; and minimum exploration expenditures of $800,000 over four years to December 1, 2010.

On April 24, 2008, the B.C. Government imposed a ban on uranium exploration and development, constructively halting the development of the Cup Lake uranium project. The ban has negatively impaired the property. Consequently, the capitalized mineral property acquisition costs and expenditures of $1,930,059 have been written down to a nominal value of $1.

5. MINERAL INTERESTS AND DEFERRED EXPLORATION COSTS (CONTINUED)

f. Cup Lake Project (British Columbia) (continued)

On May 31, 2008 the Company notified the vendors of the property of initiating the force majeure clause and suspension of obligations including further cash, share payments, and exploration expenditures. In the interim, the Company will keep the Cup Lake claims in good standing until the Company can assess its legal recourse in the property.

On July 16, 2009 the Company filed a statement of claim in the Supreme Court of British Columbia alleging that the Province of British Columbia (the "Province of B.C.") by imposing a uranium and thorium reserve under the Mineral Tenure Act on April 24, 2008, has prevented the Company from exploring for, developing, or producing uranium or thorium from the Cup Lake/Donen uranium property and that the Province of B.C. has expropriated the Company's interest in the property. The statement of claim seeks compensation for the property expropriated and damages for the loss of value of the interests taken, damages arising from disruption of the Company's business and expenses incurred in relation to the Claims as a result of the expropriation, as well as other costs. The outcome of this claim is not determinable at this time.

g. Orbit Lakes Project (Saskatchewan)

The Company has a 50% interest in 11,109 hectares staked in an adjoining claim block to the Crackingstone Project in northern Saskatchewan. The Company and Belmont have entered into a 50:50 joint venture for this project.

The Company and Belmont (its joint venture partner) have entered into an option agreement with Ultra Uranium Corp. ("Ultra"), whereby Ultra could have acquired a 65% interest in the Orbit Lake claims by making cash payments totaling $150,000 (received $25,000 each), issuing 175,000 common shares of Ultra (received 37,500 shares each) and completing $2 million in exploration expenditures over three years, with a minimum of $300,000 (incurred by Ultra) in exploration to occur in the first year. Upon earning its 65% interest, Ultra also had the right to acquire an interest in the adjoining Crackingstone uranium property located in the Uranium City, Saskatchewan area.

The Company was unable to renegotiate the agreement with Ultra and announced termination of the agreement on April 29, 2009.

h. Serpent River Project (Ontario)

The Company has acquired a 100% interest in ten mining claims in the Sault Ste. Marie Mining Division, Elliot Lake area, in Northern Ontario. Terms of the agreement include the issuance of a total 500,000 common shares (300,000 issued for $120,000) and $500,000 in cash payments at prescribed intervals up to December 12, 2010 (paid $200,000). In addition, there is a 2.0% net smelter return relating to the acquisition. The Company may at any time purchase 1.0% of the NSR for $1.5 million. A finders fee of a total of 25,000 common shares (15,000 issued for $6,000) and $25,000 cash (paid/accrued $15,000) is also payable.

i. West Voisey Bay Project (Newfoundland)

The Company and Belmont have agreed to acquire one-half of Merrex Gold Inc.'s 50% interest (net 25%) interest in the West Voisey's Bay Joint Venture ("WVBJV") in Labrador for $1,200,000 (paid). Merrex will retain a net 25% participating interest in the WVBJV. The West Voisey's Bay ("WVB") Property is a joint venture between the Company (12.5%), Belmont (12.5%), Merrex (25%) and Celtic Minerals Ltd. (50%). Celtic is the WVBJV operator.

5. MINERAL INTERESTS AND DEFERRED EXPLORATION COSTS (CONTINUED)

i. West Voisey Bay Project (Newfoundland) (continued)

During the prior year the management of the Company resolved to write down the value of this project to a nominal value.

j. Commitments

In order for the Company to maintain its interest in its mineral properties, it will be required to make the following option payments:

Malachite	$40,000	Should the Company dispose of any portion of the property to a major producing mining company
Cup Lake	$750,000	By December 1, 2009 (See Note 5(f) re Force Majeure in effect)
Serpent River	$200,000	By December 12, 2010

6. RELATED PARTY TRANSACTIONS AND MANAGEMENT

The Company shares office facilities and has common management and directorships with a number of public and private corporations. The Company is charged for office rentals and administrative services on a proportional cost basis. Charges of $6,042 (2008 - $6,048) were made in the period by related companies.

The Company and Belmont Resources Inc. (a public company related through common directors), are 50:50 joint venture partners in the Red Lake Project, Ontario, Crackingstone and Orbit Lake Projects, Saskatchewan, and the Central Mineral Belt Project, Labrador. Belmont Resources Inc. is acting as the operator and incurs the expenditures for the project and bills the Company 50% cost plus a 5% administration fee. No charges have been incurred in the period (2008 - $nil).

The Company has entered into an agreement with the Chief Executive Officer, a director to pay $4,500 per month for management fees. During the period ended November 30, 2009 a total of $13,500 (2008 - $13,500) was accrued. The agreement expires on February 1, 2010.

Management is of the opinion that these transactions were undertaken in the normal course of operations and are measured at the exchange value (the amount of consideration established and agreed to by the related parties).

7. SHARE CAPITAL

a. Authorized: Unlimited common shares without par value

7. SHARE CAPITAL (CONTINUED)

b. Issued and Outstanding

	SHARES	VALUE
Balance August 31, 2008	23,658,526	7,571,263
Shares issued for cash, private placement of units	4,270,000	185,450
Shares issued for mineral interests	105,000	42,000
Shares issued for debt	6,000,000	240,000
Share issue costs	-	(3,748)
Fair value of brokers warrants	-	(152)
Tax benefits renounced	-	(2,414)
Balance August 31, 2009	34,033,526	8,032,399
Shares issued for cash, private placement of units	102,500	4,100
Shares returned, cancellation of private placement	(200,000)	(8,000)
Balance November 30, 2009	33,936,026	$ 8,028,499

On October 20, 2009, the Company returned to treasury 200,000 shares issued at $0.04 pursuant to a private placement closed on May 11, 2009. The Company was unable to complete Delivery Against Payment ("DAP") with the brokerage firm on behalf of the clients, and the clients decided not to proceed with the subscriptions. 200,000 warrants were also cancelled.

On October 2, 2009, the Company issued 102,500 units at $0.04 per unit for gross proceeds of $4,100. The unit financing consisted of one common share and one non-transferable common share purchase warrant. One warrant will entitle the holder to purchase one additional common share of the Company for one year at a price of $0.06 per share, thereafter two share purchase warrants will be required to purchase an additional common share of the Company at a price of $0.12 in year two and $0.20 in year three. The warrants expire October 3, 2012.

On June 25, 2009, the Company issued 1,180,000 units at $0.04 per unit for gross proceeds of $47,200. The unit financing consisted of one common share and one non-transferable common share purchase warrant. One warrant will entitle the holder to purchase one additional common share of the Company for one year at a price of $0.06 per share, thereafter two share purchase warrants will be required to purchase an additional common share of the Company at a price of $0.12 in year two and $0.20 in year three. The warrants expire June 25, 2012. Finders fees of $1,600 in cash were paid.

On May 11, 2009, the Company issued 2,975,000 units at $0.04 per unit for gross proceeds of $119,000. The unit financing consisted of one common share and one non-transferable common share purchase warrant. One warrant will entitle the holder to purchase one additional common share of the Company for one year at a price of $0.06 per share, thereafter two share purchase warrants will be required to purchase an additional common share of the Company at a price of $0.12 in year two and $0.20 in year three. The warrants expire May 11, 2012.

Finders fees of $1,248 in cash were paid in connection with the above private placement and 4,000 broker's warrants with a fair value of $106 were issued on the above financing. The broker's warrants contain the same terms as the private placement warrants. Broker's warrants were valued using an expected volatility of 108.091%, a risk-free interest rate of 1.84%, an expected life of 3.0 years, and an expected dividend yield of 0.00%; resulting in a fair value of $0.0264 per warrant.

On March 20, 2009, the Company issued a total of 6,000,000 shares at $0.04 per share pursuant to a shares for debt settlement for a value of $240,000.

7. SHARE CAPITAL (CONTINUED)

b. Issued and Outstanding –continued

On December 12, 2008, the Company issued a total of 105,000 shares at an agreed price of $0.40 per share pursuant to a property acquisition agreement for a value of $42,000.

On September 17, 2008, the Company issued 75,000 units at $0.15 per unit for gross proceeds of $11,250. The unit financing consisted of one common share and one non-transferable common share purchase warrant. One warrant will entitle the holder to purchase one additional common share of the Company for a period of 180 days (March 16, 2009) at a price of $0.30 per share. For the following 365 days, two share purchase warrants will be required to purchase one additional share of the Company at a price of $0.30 per share. The warrants expire March 17, 2010. Finders fees of $900 in cash were paid and 4,000 broker's warrants were issued with a fair value of $46. Broker's warrants were valued using an expected volatility of 100.812%, a risk free interest rate of 1.11%, an expected life of 1.5 years, and an expected dividend yield of 0.00%, resulting in a fair value of $0.0116.

On September 17, 2008, the Company issued 40,000 flow-through units at $0.20 per unit for gross proceeds of $8,000. The unit financing consisted of one flow-through common share and one non-transferable common share purchase warrant. The warrant terms and price are the same as those attached to the non flow-through units indicated above. The warrants expire March 17, 2010.

c. Share Issue Commitments - Share Purchase Warrants

August 31 2008	Issued	(Canceled) (Expired)	(Exercised)	November30 2009	Terms
1,589,000	-	-	-	1,589,000	$.30 and 1 warrant to December 3, 2009
59,500	-	-	-	59,500	$.30 and 1 warrant to March 17, 2010
2,979,000	-	-	-	2,979,000	$.06 and 1 warrant to May 11, 2010
					$.12 and 2 warrants to May 11, 2011
					$.20 and 2 warrants to May 11, 2012
1,180,000	-	(200,000)	-	980,000	$.06 and 1 warrant to June 25, 2010
					$.12 and 2 warrants to June 25, 2011
					$.20 and 2 warrants to June 25, 2012
-	102,500	-	-	102,500	$.06 and 1 warrant to October 2, 2010
					$.12 and 2 warrants to October 2, 2011
					$.20 and 2 warrants to October 2, 2012
5,807,500	102,500	(200,000)	-	5,710,000	

d. Incentive Stock Options

The Company has an incentive stock option plan (the "Plan"). The essential elements of the Plan provide that the aggregate number of shares of the Company's capital stock issuable pursuant to the options granted under the Plan may not exceed 10% of the number of issued shares of the Company at the time of granting of the options. Options granted under the Plan will not be less than the discounted market price of the common shares (defined as the last closing market price per share of the Company's common shares on the trading day immediately preceding the day on which the Company announces the grant of the options, less the maximum discount permitted under TSX Venture Exchange policies), or such other price as may be agreed to by the Company and accepted by the TSX Venture Exchange. Options granted under the plan vest immediately, except for consultants conducting investor relations activities which will become vested with the right to exercise one-fourth of the option upon the conclusion of each three month period subsequent to the date of the grant of the option.

7. SHARE CAPITAL (CONTINUED)

d. Incentive Stock Options (continued)

Details of directors, employee and consultant share purchase options are as follows:

	Number of Shares		Weighted Average Exercise Price
Outstanding August 31, 2008	2,190,000	$	.29
Granted	100,000		.10
Expired	(1,080,000)		.15
Outstanding August 31, 2009	1,210,000		.10
Granted	-		.10
Expired	(360,000)		.10
Outstanding November 30, 2009	850,000	$	.10
Exercisable November 30, 2009	850,000	$	.10

August 31, 2009	Granted	(Expired)	(Exercised)	November 30, 2009	Terms
100,000	-	(100,000)	-	-	$.10 to October 22, 2009
130,000	-	(130,000)	-	-	$.10 to November 15, 2009
130,000	-	(130,000)	-	-	$.10 to November 15, 2009
550,000	-	-	-	550,000	$.10 to April 16, 2010
200,000	-	-	-	200,000	$.10 to July 16, 2011
100,000	-	-	-	100,000	$.10 to February 25, 2011
1,210,000	-	(360,000)	-	850,000	

e. Stock-Based Compensation

The fair values of options granted and repriced during the year ended August 31, 2009 was estimated at the grant and repricing dates using the Black-Scholes option pricing model with the following weighted average assumptions:

	August 31, 2009 Granted	August 31, 2009 Repriced
Expected volatility	109.56 %	153.64 %
Risk-free interest rate	1.12 %	1.39 %
Expected life	2.00 years	.92 years
Expected dividend yield	0.00 %	0.00 %
Fair value of options granted to employees	$ 0.00	$ 0.00
Fair value of options granted to non-employees	$ 0.02	$ 0.01

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

7. SHARE CAPITAL (CONTINUED)

f. Contributed surplus

	November 30 2009	August 31 2009
Opening balance	$ 350,688	$ 331,302
Value of agents warrants	-	152
Arising from stock-based compensation	-	19,234
	$ 350,688	$ 350,688

8. SUPPLEMENTAL CASH FLOW INFORMATION

The Company incurred non-cash financing and investing activities during the three months ended November 30, 2009 and 2008 as follows:

	2009	2008
Non-cash financing activities:		
Items affecting share capital:		
Fair value of brokers warrants	$ -	(46)
Share issue costs	-	46
	$ -	$ -
Non-cash investing activities:		
Accounts payable and amounts owing to related parties related to exploration	$ (5,115)	$ -
	$ (5,115)	$ -

9. FINANCIAL INSTRUMENTS

Capital risk management

The Company manages its capital to ensure it will be able to continue as a going concern largely through equity financing. These stock issues depend on numerous factors including a positive mineral exploration environment, positive stock market conditions, a company's track record, and the experience of management. The capital structure of the Company consists of shareholder's equity, comprising issued capital, contributed surplus, accumulated other comprehensive loss, and deficit.

Financial risk management

The Company monitors and manages the financial risks relating to operations through analysis of exposures by degree and magnitude of risks. These risks include credit risk, market risk and liquidity risk.

Credit risk
Credit risk refers to the risk that another entity will default on its contractual obligations resulting in financial loss to the Company. The Company has minimal accounts receivable exposure, and its various refundable credits are due from Canadian governments.

9. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management (continued)

Market risk
Market risk includes currency risk, interest rate risk and price risk. The Company's activities expose it primarily to the financial risks of changes in the price of resources. The Company is also exposed to price risk related to potential fluctuations in the market prices of its marketable securities. The Company does not currently hold any financial instruments that mitigate these risks.

Liquidity risk
Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations when they become due, or can only do so at excessive cost. The Company currently has a working capital deficit. The Company's current resources are insufficient to settle its current liabilities and meet its other business requirements. Therefore, the Company will be required to raise additional capital in order to funds its operations in the coming year.

10. SUBSEQUENT EVENTS

a. Subsequent to quarter end, a total of 1,589,000 warrants exercisable at $0.30 expired unexercised.

b. Subsequent to the quarter end, the Company issued a total of 100,000 shares at an agreed value of $0.40 per share pursuant to a property acquisition agreement for a total value of $40,000. Finders fee in the amount of 5,000 shares at an agreed value of $0.40 were also issued.

c. Subsequent to the quarter end, the Company issued a total of 5,835,000 common shares and warrants. A total of 5,200,000 non flow-through units at a price of $0.05 per unit and 635,000 flow-through units at a price of $0.075 per share were issued in the first tranche closing for total proceeds of $307,625. Each flow-through and non flow-through unit comprises one share and one non-transferable share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company for a period of one year at a price of $0.10 per share. Thereafter in the second year, two warrants will be required by the holder thereof to purchase one additional common share at a price of $0.15 per share. Finders fees totaling $13,260 in cash were paid. The shares and warrants have a hold period from trading until May 16, 2010.