



NAVASOTA
RESOURCES LTD.

(AN EXPLORATION STAGE COMPANY)

INTERIM FINANCIAL STATEMENTS

JANUARY 31, 2009

(Unaudited)

(Expressed in Canadian Dollars)

**MANAGEMENT'S COMMENTS ON
UNAUDITED INTERIM FINANCIAL STATEMENTS**

The accompanying unaudited interim financial statements of Navasota Resources Ltd as at January 31, 2009 and the three months and nine months ended January 31, 2009 and 2008 have been prepared by and are the responsibility of the Company's management. These statements have not been reviewed by the Company's external auditors.

NAVASOTA RESOURCES LTD.
(AN EXPLORATION STAGE COMPANY)
INTERIM BALANCE SHEETS
AS AT JANUARY 31 AND APRIL 30, 2008
(UNAUDITED)

	January 31, 2009	(Note 13) April 30, 2008
ASSETS		
Current Assets		
Cash and cash equivalents (Note 2a)	\$ 448,656	\$ 321,279
Amounts receivable	6,065	3,813
Amounts receivable – related parties	5,144	
Prepaid expenses	23,107	21,680
	482,972	346,772
Equipment (Note 5)	5,479	54,326
Advances On Share Option (Note 6)	-	197,268
Mineral Property Interests (Statement) (Note 6)	434,316	1
Deferred Exploration Expenditures (Statement)	4,855,036	2,250,847
	\$ 5,777,803	\$ 2,849,214

LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 110,099	\$ 460,112

SHAREHOLDERS' EQUITY		
Share Capital (Note 7b)	21,119,654	17,315,586
Contributed Surplus (Note 8)	1,303,052	275,296
Deficit	(16,755,002)	(15,201,780)
	5,667,704	2,389,102
	\$ 5,777,803	\$ 2,849,214

Going Concern (Note 1)

Commitments (Note 11)

Approved By The Directors:

James T. Gillis Director
James T. Gillis

Andriyko Herchak Director
Andriyko Herchak

NAVASOTA RESOURCES LTD.
INTERIM STATEMENTS OF OPERATIONS AND DEFICIT
FOR THE THREE AND NINE MONTHS ENDED JANUARY 31, 2009 AND 2008
(UNAUDITED)

	Three Months Ended January 31, 2009	Three Months Ended January 31, 2008	Nine Months Ended January 31, 2009	Nine Months Ended January 31, 2008
Administrative Expenses				
Amortization	\$ 3,932	\$ 2,554	\$ 11,796	\$ 7,662
Advertising	8,100	4,188	13,760	8,962
Consulting fees				
-Cash	8,000	-	20,000	3,279
-Stock-based compensation (Note 8)	34,412	-	776,497	-
Conferences	19,449	40,535	33,555	40,716
Corporate development				
-Cash (Note 9)	12,924	7,047	25,490	13,053
-Stock-based compensation (Note 8)	72,513	-	72,513	-
Insurance	22	-	271	-
Interest, bank charges and foreign exchange	(442)	(13,948)	(115,695)	38,586
Investor relations				
-Cash	12,005	18,775	37,868	52,992
-Stock-based compensation (Note 8)	8,584	-	26,598	-
Management fees (Note 9)	13,500	13,500	40,500	40,500
Office	2,659	1,286	7,495	5,200
Professional fees	18,882	5,788	45,204	18,462
Property Investigation	-	-	3,109	-
Rent (Note 9)	1,499	2,137	5,825	6,229
Stock- based compensation	6,906	-	105,295	-
Transfer agent and regulatory fees	6,786	9,073	30,890	18,766
Travel and promotion	10,109	10,961	26,416	13,334
Wages and benefits	10,946	9,049	32,837	32,806
Net Loss Before Undernoted Items	(250,786)	(110,945)	(1,200,224)	(300,547)
Other Income (Expense)				
Loss on abandonment of mineral property interest (Note 5(c))	-	-	-	(384,278)
Interest income	2,097	3,818	16,214	22,604
Net Loss	(248,689)	(107,127)	(1,184,010)	(662,221)
Deficit, Beginning Of Period	(16,506,313)	(14,977,677)	(15,201,780)	(14,357,812)
Share Issuance Costs	-	-	(369,212)	(64,771)
Deficit, End Of Period	\$(16,755,002)	\$(15,084,804)	\$(16,755,002)	\$(15,084,804)
Basic And Diluted Loss Per Common Share (Note 1)	\$(0.01)	\$(0.01)	\$(0.02)	\$(0.02)
Weighted Average Common Shares Outstanding	56,106,896	38,372,639	54,214,242	37,652,401

NAVASOTA RESOURCES LTD.
INTERIM STATEMENTS OF CASH FLOWS
FOR THE THREE AND NINE MONTHS ENDED JANUARY 31, 2009 AND 2008
(UNAUDITED)

	Three Months Ended January 31, 2009	Three Months Ended January 31, 2008	Nine Months Ended January 31, 2009	Nine Months Ended January 31, 2008
Cash Provided By (Used For):				
Operating Activities				
Net loss	\$ (248,689)	\$ (107,127)	\$ (1,184,010)	\$ (662,221)
Items not requiring (providing) cash:				
Amortization	3,932	2,554	11,796	7,662
Investor relations	-	3,198	-	11,897
Loss on abandonment of mineral property interest	-	(634)	-	383,644
Stock-based compensation	122,415	-	980,903	-
Net change in non-cash working capital items	(322,616)	98,247	(358,854)	(95,634)
Cash used for operating activities	(444,958)	(3,762)	(550,165)	(354,652)
Investing Activities				
Acquisition of equipment	-	-	-	(56,243)
Mineral property interest costs recovered (paid)	-	-	(237,047)	(13,144)
Deferred exploration expenditures paid	(365,249)	(560,232)	(2,567,120)	(1,185,099)
Cash used for investing activities	(365,249)	(560,232)	(2,804,167)	(1,254,486)
Financing Activities				
Receipt of share subscriptions	287,500	821,000	3,798,525	821,000
Shares issued for cash	-	70,875	-	648,975
Share issuance costs paid	-	-	(316,816)	(21,298)
Cash provided by financing activities	287,500	891,875	3,481,709	1,448,677
Increase (Decrease) In Cash	(522,707)	327,881	127,377	(160,461)
Cash, And Cash Equivalents, Beginning Of Period	971,363	583,187	321,279	1,071,529
Cash, And Cash Equivalents, End Of Period	\$ 448,656	\$ 911,068	\$ 448,656	\$ 911,068

Supplemental Disclosure of Non-Cash Investing and Financing Activities:

During the nine month period ending January 31, 2009, the company issued 120,000 share purchase warrants in payment of finder's fees in respect of a financing which closed during the period. The finder's fees are disclosed as share issuance costs in the amount of \$52,396 using the Black-Scholes pricing model.

During the nine month period ending January 31, 2009, the Company issued 40,000 share purchase warrants in payment of finder's fees in respect of a financing which closed during the period. The finder's fees are disclosed as share issuance costs in the amounts of \$3,025 using the Black-Scholes pricing model.

NAVASOTA RESOURCES LTD.
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INTERIM STATEMENTS OF MINERAL PROPERTY INTERESTS
AS AT JANUARY 31, 2009 AND APRIL 30, 2008
(UNAUDITED)

	(Note 13) April 30, 2008	Additions	January 31, 2009
Koba (formerly called AMIG), Guinea, West Africa 45% option interest	\$ -	\$ 434,316	\$434,316
Gold Creek, Kamloops Mining Division of BC 100% interest	1	-	1
	\$ 1	\$ 434,316	\$ 434,317

	April 30, 2007	Write Down For Valuation	(Note 13) April 30, 2008
Gold Creek, Kamloops Mining Division of BC 100% interest	\$ 1	\$ -	\$ 1
	\$ 1	\$ -	\$ 1

NAVASOTA RESOURCES LTD.
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INTERIM STATEMENTS OF DEFERRED
EXPLORATION EXPENDITURES
AS AT JANUARY 31, 2009 AND APRIL 30, 2008
(UNAUDITED)

	January 31, 2009	(Note 13) April 30, 2008
Koba (formerly called, AMIG)		
Balance, beginning of period	\$ 2,250,847	\$ -
Assays and geochemical	1,439,790	376,004
Camp	93,595	113,743
Consulting (Note 9)	260,431	314,824
Corporate administration costs	21,269	11,976
Drilling	329,514	652,065
Field supplies	110,468	360,572
Fuel	154,759	190,499
Geological	20,708	23,437
Local administration costs	1,196	7,491
Technical and field staff	51,981	47,095
Travel and accommodations	25,498	76,245
Vehicle	94,980	76,896
Balance, end of period	4,855,036	2,250,847
Missamana		
Balance, beginning of period	-	376,275
Local administrative costs	-	52
Technical and field staff	-	6,472
Vehicle	-	1,479
Write-off on abandonment	-	(384,278)
Balance, end of period	-	-
Totals	\$ 4,85,036	\$2,250,847

NAVASOTA RESOURCES LTD.
(AN EXPLORATION STAGE COMPANY)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
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(UNAUDITED)

1. Nature Of Operations And Going Concern

The Company was incorporated under the British Columbia Business Corporations Act on March 7, 1980 as Nirvana Oil & Gas Ltd., and on October 6, 1986 changed its name to Nirvana Industries Ltd. On February 22, 1989 the Company changed its name from Nirvana Industries Ltd. to Consolidated Nirvana Industries Ltd. On June 2, 1995 the Company then changed its name to Navasota Resources Ltd. The common shares of the Company are listed for trading on the TSX Venture Exchange (“TSXV”).

The Company’s major activities are the acquisition and exploration of mineral property interests. To date, the Company has not earned significant revenues and is considered to be in the exploration stage. The recoverability of amounts shown for mineral property interests and their related deferred exploration expenditures is dependent upon the discovery of economically recoverable reserves. The Company does not generate sufficient cash flow from operations to adequately fund its exploration activities and has therefore relied principally upon the issuance of securities for financing. The Company intends to continue relying upon the issuance of securities to finance its operations and exploration activities to the extent such instruments are issuable under terms acceptable to the Company. Accordingly, the Company’s financial statements are presented on a going concern basis, which assume that the Company will continue to realize its assets and discharge its liabilities in the normal course of operations. The Company has incurred significant losses and as at January 31, 2009 the Company had a deficit of \$16,755,002 and working capital of \$372,873. If future financing is unavailable, the Company may not be able to meet its ongoing obligations, in which case the realizable value of its assets may decline materially from current estimates.

2. Significant Accounting Policies

The financial statements of the Company have been prepared by management in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”) as prescribed by The Canadian Institute of Chartered Accountants (“CICA”) and reflect the following significant policies:

a) Cash And Cash Equivalents

Cash equivalents consist of temporary investments in commercial paper that are highly liquid and readily convertible to known amounts of cash and generally have maturities of ninety days or less at the time of acquisition. All cash equivalents are carried at their current market values, with any adjustments from cost recorded as interest income in the Company’s statements of operations. Amounts receivable are inclusive of accrued interest as receipt of these amounts is also considered to be certain and measurable. As at January 31, 2009, cash and equivalents of \$60,224 (April 30, 2008 - \$16,663) are held in US dollars and are disclosed in these financial statements at their Canadian dollar equivalent.

	January 31, 2009	(Note 13) April 30, 2008
Cash	\$ 448,656	\$ 40,378
Money markets funds	-	280,901
	\$ 448,656	\$ 321,279

b) Use Of Estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of any contingent assets and liabilities as at the date of the financial statements, as well as the reported amounts of revenues earned and expenses incurred during the years. Actual results could differ from these estimates.

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The Company's current items involving substantial measurement uncertainty are the carrying costs of its mineral property interests and their related deferred exploration expenditures, the provision for future site restoration and abandonment costs, the determination of stock-based compensation and the future income tax asset valuation allowance. By their nature, these estimates are subject to measurement uncertainty, and the impact on the financial statements of future changes in such estimates could be material.

c) Foreign Currency Translation

The Company's reporting currency is the Canadian dollar and the Company uses the temporal method of foreign currency translation for US dollars. Transactions are translated into Canadian dollars as follows:

- monetary items are translated at the rate of exchange prevailing at the balance sheet date;
- non-monetary items are translated at the rates of exchange prevailing at the dates the assets were acquired or liabilities were incurred;
- revenues and expenses are translated at the exchange rate in effect on the dates they occur.

The resulting foreign exchange gains and/or losses are included in the Company's statements of operations.

d) Mineral Property Interests And Deferred Exploration Expenditures

The cost of mineral property interests and their related direct exploration expenditures are deferred until the property interests are placed into production, sold or abandoned. These deferred expenditures will be amortized on a unit-of-production basis over the estimated useful life of the mineral property interests following the commencement of production, or written-off if the property interests are sold, allowed to lapse or abandoned. Mineral property interest option payments are recorded when receivable and are charged against the related mineral property interests' costs. Option payments received in excess of costs incurred are disclosed as revenue in the Company's statements of operations.

Cost includes the cash consideration and the fair market value of common shares issued on the acquisition of mineral property interests. The recorded costs of mineral property interests and related deferred exploration expenditures represent costs incurred, and are not intended to reflect present or future values. The Company does not accrue the estimated future costs of maintaining its mineral property interests in good standing.

The Company reviews capitalized costs on its mineral property interests on a periodic basis, or annually, and will recognize an impairment in value based upon current exploration or production results, if any, and upon management's assessment of the future profitability or profitable revenues from the interests or from sale of the interests. Management's assessment of the interest's estimated current fair market value is also based upon its review of other mineral property interest transactions in the same geographic area.

Although the Company had taken steps to verify title to mineral property interests in which it has an interest in accordance with industry standards for the current stage of exploration of such property interests, these procedures do not guarantee the Company's title. Property interest title may be subject to unregistered prior agreements or transfers and may be affected by undetected defects and non-compliance with regulatory requirements.

e) Long-Lived Assets

Long-lived assets of the Company are reviewed when changes in circumstances suggest their carrying value has become impaired. Management considers assets to be impaired if the carrying value exceeds the future projected cash flows from related operations (undiscounted and without interest charges). If impairment is deemed to exist, the assets will be written down to fair value.

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f) Future Income Taxes

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

g) Asset Retirement Obligations

The Company recognizes the fair value of liabilities for asset retirement obligations in the period in which they occur and/or in which a reasonable estimate of such costs can be made. The asset retirement obligation is recorded as a liability with a corresponding increase to the carrying amount of the related long-lived asset. Subsequently, the asset retirement cost is allocated to expenditures using a systematic and rational method and is also adjusted to reflect year-to-year changes in the liability resulting from passage of time and revisions to either timing or the amount of the original estimate of the undiscounted cash flow. As at January 31, 2009 and April 30, 2008, the Company did not have any asset retirement obligations.

h) Flow-Through Common Shares

The Company applies the accounting pronouncement of CICA Handbook EIC 146 in respect of its accounting for all flow-through renunciations. Canadian Income Tax Legislation permits an enterprise to issue securities referred to as flow-through shares whereby the investor may claim the tax deductions arising from the related resources expenditures. When resource expenditures are renounced to the investors, and the Company has reasonable assurance that the expenditures will be completed, future income tax liabilities are recognized (renounced expenditures multiplied by the effective corporate tax rate) thereby reducing share capital. The Company records the initial share issuances by crediting share capital for the full value of the cash consideration received.

i) Share Capital Issued For Other Than Cash

Share capital issued for other than cash is valued at the price at which the Company's common shares traded on the TSXV at the time the related agreement to issue common shares is made or, if such issuance is at the option of the Company, at the time the Company determines to issue such common shares.

j) Stock-Based Compensation

All stock-based awards made to employees and non-employees are measured and recognized using a fair value method. For employees, the fair value of the options is measured at the date of the grant. For non-employees, the fair value of the options is measured on the earlier of the date at which the counterparty performance is complete or the date the performance commitment is reached or the date at which the equity instruments are granted if they are fully vested and non-forfeitable. For employees and non-employees, the fair value of the options is accrued and charged to operations over the vesting period, with the offsetting credit to contributed surplus. If and when the stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital.

k) Loss Per Share

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The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on loss per common share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. Diluted loss per common share has not been presented separately as this calculation proved to be anti-dilutive. Basic and diluted loss per common share is calculated using the weighted average number of shares outstanding during the period.

1) Variable Interest Entities

The Canadian Accounting Standards Board (“AcSB”) issued Accounting Guideline AcG 15 “Consolidation of Variable Interest Entities”, to harmonize the Guideline with the equivalent FASB Interpretation No. 46R, “Consolidation of Variable Interest Entities” (“VIE”). The Guideline provides criteria for identifying VIEs and further criteria for determining what entity, if any, should consolidate them. The adoption of this Guideline does not materially impact the Company’s results of operations and financial position.

3. Adoption Of New Accounting Policies

Current Changes In Accounting Policies

a) Comprehensive Income And Financial Instruments

Effective May 1, 2007, the Company adopted 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. Under these new accounting standards, which apply to fiscal years beginning on or after October 1, 2006, comprehensive requirements are provided for the recognition and measurement of financial instruments, as well as standards on when and how hedge accounting may be applied. Section 1530 establishes standards for reporting and presenting comprehensive income or loss, which is defined as the change in equity from transactions and other events from sources other than the Company’s shareholders. Other comprehensive income or loss refers to items recognized in comprehensive income or loss that are excluded from net income calculated in accordance with Canadian GAAP such as unrealized gains or losses on available-for-sale investments. Amounts initially recorded to other comprehensive income or loss are reclassified to net income when the financial instrument is derecognized or impaired.

Under these new standards, financial instruments are classified as one of the following: loans and receivables, held-to-maturity, held-for-trading, available-for-sale and other financial liabilities. Financial instruments are measured on the balance sheet at amortized cost or fair value depending on the classification. Loans and receivables, held-to-maturity and other financial liabilities are accounted for at amortized cost. Held-for-trading and available-for-sale financial instruments are recorded at fair value on the balance sheet. Changes in fair value of held-for-trading financial instruments are recognized in net income while changes in fair value of available-for sale financial instruments are initially recorded in other comprehensive income or loss. Transaction costs are included in the acquisition cost of individual marketable securities and recognized as part of the realized gains or losses when they are sold or written down. Direct investment expenses such as external custodial and management fees, as well as internal investment management expenses, are netted against investment income.

Effective May 1, 2007, the Company classified its accounts payable and accrued liabilities as other financial liabilities and accounted for them at amortized cost.

b) Accounting Changes

Effective May 1, 2007, the Company adopted the new CICA Handbook Section 1506 Accounting

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Changes. Under these new accounting standards, 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 retroactively unless doing so is impracticable, requires prior period errors to be corrected retroactively and requires enhanced disclosures about the effects of changes in accounting policies, estimates and errors on the financial statements. These accounting standards also require the disclosure of new primary sources of Canadian GAAP that have been issued but are not yet effective. The impact that the adoption of this section will have on the Company's financial statements will depend on the nature of future accounting changes and the required additional disclosure of Recent Accounting Pronouncements.

c) Capital Disclosures

Effective May 1, 2008, the Company adopted the new CICA Handbook Section 1535 Capital Disclosures. This standard requires disclosure of an entity's objectives, policies and processes for managing capital, quantitative data about what the entity regards as capital and whether the entity has complied with any capital requirements and, if it has not complied, the consequences of such noncompliance.

d) Financial Instruments

Effective May 1, 2008, the Company adopted the new CICA Handbook Sections 3862 Disclosure and 3863 Presentation. These standards will replace CICA 3861, Financial Instruments – Disclosure and Presentation. They increase the disclosures currently required, which will enable users to evaluate the significance of financial instruments for an entity's financial position and performance, including disclosures about fair value. In addition, disclosure is required of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk, currency risk, interest rate risk, and market risk. The quantitative disclosures must provide information about the extent to which the entity is exposed to risk, based on information provided internally to the entity's key management personnel.

e) Going Concern

Effective May 1, 2008, the Company adopted the new CICA Handbook Section 1400 Going Concern. CICA Handbook Section 1400, General Standards of Financial Statement Presentation, was amended to include requirements to assess and disclose an entity's ability to continue as a going concern.

Future Changes In Accounting Policies

a) Goodwill And Intangible Assets

CICA Handbook Section 3064 replaces CICA Handbook Section 3062, "Goodwill and Intangible Assets" and establishes revised standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The new standard also provides guidance for the treatment of pre-production and start-up costs and requires that these costs be expensed as incurred. Concurrent with the introduction of this standard, the CICA withdrew EIC27, Revenues and Expenses during the pre-operating period. This standard is effective for the Company for interim and annual periods relating to fiscal years beginning on or after October 1, 2008. The Company is currently evaluating the effects of adopting this standard.

b) 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 Canadian GAAP.

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The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended April 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.

4. Fair Value Of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, amounts receivable, and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from the financial instruments. The fair values of these financial instruments approximate their carrying values due to their short-term maturity or repayment or capacity for prompt liquidation.

5. Equipment

	January 31, 2009				(Note 13) April 30, 2008
	Rate	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Automotive	30%	\$ -	\$ -	\$ -	\$ 47,806
Computer equipment	30%	12,695	12,046	649	838
Office equipment	20%	25,791	20,961	4,830	5,682
		\$ 38,486	\$ 33,007	\$ 5,479	\$ 54,326

Equipment is recorded at cost and amortized using the declining balance method at the rates disclosed above. In the year of acquisition, one half of the normal rate is applied, and in the year of disposal no amortization is claimed.

6. Mineral Property Interests

a) Koba (formerly disclosed as AMIG)

During the year ended April 30, 2007, the Company entered into an Option Agreement with Société AMIG Mining International S.A.R.L. ("AMIG") and its shareholders to earn and acquire up to 100% of the issued share capital of AMIG. AMIG is a Guinean corporation and its shareholders are residents of Conakry, Guinea, West Africa.

AMIG is the legal and recorded holder of one mineral exploration permit for two mining research licenses granted by the Ministry of Mines and Geology of the Republic of Guinea on May 10, 2006; covering two contiguous areas aggregating 1,064 kilometres, located in the prefectures of Télemélé and Gaoual (the Project), for the exploration of bauxite. The exploration permit is valid for three years to May 9, 2009, and is renewable for a further two terms of two years each under conditions of Article 30 of the mining code of the Republic of Guinea.

Under the terms of the Option Agreement, the Company has been granted an option to acquire an initial 45% of the issued share capital of AMIG by incurring a minimum aggregate US\$2,000,000 in exploration expenditures on the Project (incurred) and by paying US\$350,000(paid) to the AMIG shareholders, within a period of three years.

The Company has exercised such option and thereby acquired 45% of the issued share capital of AMIG and has the further option to elect to earn and acquire an additional 6% of the issued share capital of AMIG. To exercise such further option, the Company must incur all exploration and development expenditures necessary to complete and deliver to AMIG a bankable feasibility study in respect of the Project and must issue 1,000,000 of its common shares to the shareholders of AMIG.

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Additionally, now that it has acquired 45% of the issued share capital of AMIG, the Company may elect to acquire all remaining issued shares of AMIG by paying US\$15,000,000 and issuing 15,000,000 of its common shares to the shareholders of AMIG.

b) Missamana And Gueliban Licenses

During the year ended April 30, 2005, the Company entered into a Letter of Agreement with Mano River Resources Inc. ("Mano") to acquire up to a 60% interest in the Missamana and Gueliban exploration licenses (the "Licences") covering 498 square kilometres located in Guinea, West Africa. The Licences were issued September 28, 2004 and were valid for a period of two years and were re-issued July 11, 2006 and were again valid for a period of two years. Starting from this date, the titleholder is required to undertake in conformance with the mining regulations in force, its programs of work with an approved budget of US\$810,000 per licence.

During the year ended April 30, 2008, the Company announced that it has terminated its interest in the Missamana and Gueliban exploration licences and wrote off all of its costs in its statement of operations.

7. Share Capital

a) Authorized

Unlimited common shares without par value

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b) Common Shares Issued

	<u>Number Of Shares</u>	<u>Amount</u>
Balance, April 30, 2007	30,207,954	\$ 14,649,010
Issued during the year:		
Private placements (Note 7c)	12,421,333	2,167,600
Issued for finder's fee	80,000	16,000
Exercise of stock options	75,000	10,500
Exercise of share purchase warrants	3,087,500	458,125
Contributed surplus allocated on option exercise	-	7,928
Contribution surplus allocated on warrant exercise	-	6,423
Balance, April 30, 2008 (Note 13)	45,871,787	17,315,586
Issued during the period:		
Private placement (Note 7c)	5,500,000	2,750,000
Exercise of stock options	30,000	6,900
Exercise of share purchase warrants	5,797,500	1,041,625
Contributed surplus allocated on option exercise	-	5,543
	<u>57,199,287</u>	<u>\$ 21,119,654</u>

c) Private Placement Financings

For the following private placement financings, the Company applied the residual approach and allocated total gross proceeds received to the common shares and \$Nil to the attached share purchase warrants.

During the nine month period ended January 31, 2009, the Company closed a brokered and non-brokered private placement of 5,500,000 units at a price of \$0.50 per unit, for proceeds totaling \$2,750,000. Each unit is comprised of one common share and one-half of one warrant, each whole warrant entitles the holder to purchase one additional common share at an exercise price of \$0.75 during a period of 18 months. The Company may shorten the exercise price to 30 days if its shares trade on the TSXV at a price of \$1.50 or more for 20 consecutive trading days. In conjunction with this private placement, the Company paid cash of \$220,000 (8% of gross proceeds) and issued 120,000 warrants which are exercisable at a price of \$0.50 per share as commission and finders' fees. 80,000 of these warrants expire on December 31, 2009 and the remaining 40,000 expire on January 4, 2010.

During the year ended April 30, 2008, the Company completed a non-brokered private placement of 6,088,000 units at a price of \$0.20 per unit for gross proceeds of \$1,217,600. Each unit is comprised of one common share and one-half of one non-transferable share purchase warrant; each whole warrant exercisable for a common share at \$0.30 per share to May 7, 2008. In conjunction with this private placement, the Company paid cash of \$21,820 and issued 80,000 units (on the same terms as the units comprising the offering) as a finder's fee, and incurred legal costs and filing fees of \$23,926.

During the year ended April 30, 2008, the Company completed a non-brokered private placement of 6,333,333 units at a price of \$0.15 per unit for proceeds of \$950,000. Each unit is comprised of one common share and one non-transferable share purchase warrant exercisable for a common share at \$0.25 per share to February 4, 2009. In connection with this private placement, the Company incurred legal costs and filing fees of \$16,799.

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d) Stock Options

The Company has a stock option plan whereby a maximum of 10% of the issued and outstanding common shares of the Company may be reserved for issuance pursuant to the exercise of stock options. The term of stock options granted are fixed by the board of directors and are not to exceed five years. The exercise prices of the stock options are determined by the board of directors, but shall not be less than the closing price of the Company's common shares on the day preceding the day on which the directors grant the stock options, less any discount permitted by the TSXV, but shall not be less than \$0.10 per share. The stock options vest immediately on the date of grant unless otherwise required by the TSXV, however, a four month hold period applies to all shares issued under each stock option, commencing on the date of grant. Other terms and conditions are as follows: all stock options are non-transferable; no more than 5% of the issued shares may be granted to any one individual in any 12 month period; no more than 2% of the issued shares may be granted to a consultant, or an employee performing investor relations activities, in any 12 month period; disinterested shareholder approval must be obtained for (i) any reduction in the exercise price of an outstanding option, if the holder is an insider, (ii) any grant of stock options to insiders, within a 12 month period, exceeding 5% of the Company's issued shares; and stock options will be reclassified in the event of any consolidation, subdivision, conversion or exchange of the Company's common shares. Options granted shall expire within thirty days after the optionee ceases to be director, officer, consultant, or employee of the Company.

	Number Of Shares	Weighted Average Exercise Price	Weighted Average Remaining Life (Years)
Options outstanding, April 30, 2007	2,600,000		3.03
Granted	200,000	\$0.20	
Exercised	(75,000)	(\$0.14)	
Expired/Cancelled	(75,000)	(\$0.12)	
Options outstanding, April 30, 2008 (Note 13)	2,650,000		1.96
Granted	3,900,000	(\$0.51)	
Exercised	(30,000)	(\$0.23)	
Expired	(920,000)	(\$0.20)	
Options outstanding, January 31, 2009	5,600,000		3.62
Options exercisable, January 31, 2009	5,600,000		

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As at January 31, 2009, the Company has the following stock options outstanding:

Exercise Price Per Share	Expiry Date	(Note 13) April 30, 2008	Granted	Exercised	Expired/ Cancelled	January 31, 2009
\$0.20	Sept. 7, 2008	200,000	-	-	(200,000)	-
\$0.20	Dec. 3, 2008	720,000	-	-	(720,000)	-
\$0.15	Apr. 5, 2010	756,000	-	-	-	756,000
\$0.10	Apr. 19, 2011	200,000	-	-	-	200,000
\$0.12	Sept, 7, 2011	714,000	-	-	-	714,000
\$0.23	Apr. 11, 2012	60,000	-	(30,000)	-	30,000
\$0.35	May 15, 2013	-	1,000,000	-	-	1,000,000
\$0.60	Jun. 11, 2013	-	1,000,000	-	-	1,000,000
\$0.70	Jul. 2, 2013	-	200,000	-	-	200,000
\$0.68	Jul. 10, 2013	-	200,000	-	-	200,000
\$0.27	Nov 5, 2013	-	150,000	-	-	150,000
\$0.29	Jan. 8, 2010	-	200,000	-	-	200,000
\$0.22	Jan. 12, 2014	-	1,150,000	-	-	1,150,000
		2,650,000	3,900,000	(30,000)	(920,000)	5,600,000

e) Share Purchase Warrants

As at January 31, 2009, the Company has the following share purchase warrants outstanding:

Exercise Price Per Share	Expiry Date	(Note 13) April 30, 2008	Granted	Exercised	Expired/ Cancelled	January 31, 2009
\$0.30	May 7, 2008	3,084,000	-	-	(3,084,000)	-
\$0.15	May 12, 2008	4,117,500	-	(4,077,500)	(40,000)	-
\$0.25	Feb. 4 2009	6,333,333	-	(1,720,000)	-	4,613,333
\$0.75	Dec. 31, 2009	-	1,000,000	-	-	1,000,000
\$0.50	Dec. 31, 2009	-	80,000	-	-	80,000
\$0.75	Jan. 4, 2010	-	1,750,000	-	-	1,750,000
\$0.50	Jan. 4, 2010	-	40,000	-	-	40,000
		13,534,833	2,870,000	(5,797,500)	(3,124,000)	7,483,333

Subsequent to January 31, 2009, warrants in the amount of 3,125,000 which would have expired on February 4, 2009 were exercised for proceeds of \$781,250.

8. Contributed Surplus

	January 31, 2009	(Note 13) April 30, 2008
Balance, beginning of period	\$ 275,296	\$ 269,823
Stock-based compensation- consultants	776,500	-
-investor relations	26,598	16,799
-employees and directors	105,295	-
-corporate development	72,513	-
Reclassified to share capital on exercise of stock options	(5,543)	(7,928)
Compensation warrants issued as finder's fees	52,396	3,025
Reclassified to share capital on exercise of compensation warrants	-	(6,423)
Balance, end of period	\$ 1,303,055	\$ 275,296

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Option pricing methods 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. The Company determined the fair value of the granted stock options on the date of the grant using the Black-Scholes option pricing model; using the following weighted-average assumptions:

	<u>January 31, 2009</u>	<u>(Note 13) April 30, 2008</u>
Expected dividend yield (%)	NIL	NIL
Risk-free interest rate (%)	1.14-4.19	3.40-4.58
Expected life (years)	1-5	1
Expected volatility	78.79-147.73	76.73-84.23

9. Related Party Transactions

a) The following related party transactions occurred during the nine months ended January 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Corporate development fees paid to a company controlled by a director of the Company	\$ 9,000	-
Consulting and exploration fees paid to a director of the Company	\$ 20,707	\$ 25,215
Management fees paid to a company controlled by a director of the Company	\$ 40,500	\$ 40,500
Rent paid to a company with common management	\$ 5,360	\$ 5,329

b) The following common shares were issued to related parties during the year ended April 30, 2008:

- 45,000 common shares of the \$0.15 warrants which were exercised during the year ended April 30, 2008 were issued to a director of the Company.

10. Income Taxes

No provision for recovery of income taxes was made in 2008 and 2007 because of the uncertainty as to the utilization of the losses for income tax purposes. The Company has accumulated losses for tax purposes of approximately \$2,177,178 (April 30, 2008 - \$1,898,436) which expire in various years to 2029 as follows:

2009	\$ 180,251
2010	227,176
2011	237,345
2015	185,945
2016	354,030
2027	338,420
2028	380,177
2029	273,834
	<u>\$ 2,177,178</u>

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As at January 31, 2009, the Company has undeducted resource related expenses of approximately \$12,166,798 (April 30, 2008 - \$9,363,000) available for deduction against future Canadian taxable income. These expenses have no expiration date. In addition, the Company has undeducted share issuance costs and undeducted eligible capital expenditures totaling \$369,366 (April 31, 2008 - \$66,856) which are also available for deduction against future Canadian taxable income. Future income tax assets and liabilities are recognized for temporary differences between the carrying amount of the balance sheet items and their corresponding tax values as well as for the benefit of losses available to be carried forward to future years for tax purposes that are likely to be realized.

	2009	2008
Net loss before income tax	\$ (1,184,010)	\$ (432,030)
Tax rate	31.12%	31.12%
Calculated income tax recovery	(368,464)	(134,448)
Increase in valuation allowance	368,464	134,448
Income tax expense	\$ -	\$ -

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

	January 31, 2009	(Note 13) April 30, 2008
Future income tax assets		
Temporary differences in assets	\$ 2,151,791	\$ 2,240,707
Non-capital loss carry forwards	914,081	592,320
Net-capital loss carry forwards	178,972	178,282
	3,244,844	2,826,874
Valuation allowance for future income tax assets	(3,244,844)	(2,826,874)
	\$ -	\$ -

11. Commitments

The Company has a management services agreement with a company controlled by a director of the Company requiring payments of \$4,500 per month plus taxes. The agreement is in effect until April 30, 2012 unless sooner terminated in accordance with the provisions of the agreement.

Effective September 1, 2007, the Company entered into a one year investor relations agreement requiring payments of \$4,000 per month and the granting of 200,000 stock options subject to regulatory acceptance, which acceptance was subsequently received.

Effective February 1, 2008, the Company entered into a consulting agreement with a consultant from Conakry, Guinea requiring payments of \$1,800US per month.

Effective March 1, 2008, the Company entered into a consulting agreement with a B.C. private company requiring payments of \$2,000 per month.

12. Segmented Information

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by management, in deciding how to allocate resources, and in assessing performance. All of the Company's operations are within the mining sector. Due to the geographic and political diversity, the Company's mining operations are decentralized whereby mining

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managers are responsible for business results and regional corporate offices provide support to the mining programs in addressing local and regional issues. The Company's operations are therefore segmented on a geographic basis. The Company's mineral property interests are all located in Canada and Africa.

	January 31, 2009	(Note 13) April 30, 2008
Assets by geographic segment:		
Canada	\$ 415,263	\$ 336,534
Africa	5,362,540	2,512,680
	\$ 5,777,803	\$ 2,849,214

13. Comparative Figures

The comparative figures disclosed as at April 30, 2008 in these interim financial statements were subject to an audit engagement.

Certain of the comparative figures in the statement of operations have been reclassified to conform with the financial presentation adopted for in the current period. These changes have no effect on the net loss for the prior period disclosed.

14. Subsequent Event

Subsequent to January 31, 2009, warrants in the amount of 3,125,000 which would have expired on February 4, 2009 were exercised for proceeds of \$781,250.