Unaudited Interim Consolidated Financial Statements

Stroud Resources Ltd.

Three and six month periods ended June 30, 2009

NOTICE

The accompanying unaudited consolidated financial statements of Stroud Resources Ltd. for the three and six month periods ending June 30, 2009 have been prepared by management and approved by the Board of Directors of the Company.

These financial statements have not been reviewed by the external auditors of the Company.

Stroud Resources Ltd.
Incorporated under the laws of Ontario

INTERIM CONSOLIDATED BALANCE SHEETS

[In Canadian dollars]

	June 30 2009 *Unaudited* $	December 31 2008 *Audited* $
ASSETS		
Current		
Cash and cash equivalents	**59,778**	**19,459**
Royalty tax recoverable	**23,969**	**19,401**
Accounts receivable	**50,971**	**38,027**
Prepaid expenses and other assets	**7,905**	**6,584**
Total current assets	**142,623**	**83,471**
Capital assets, net *[note 4]*	**480,352**	**535,392**
Mineral properties and deferred costs *[note 5]*	**10,963,659**	**10,795,338**
Oil and gas interests, net of accumulated depletion of $390,568 [2008 - $374,568] *[note 6]*	**126,614**	**142,614**
	11,713,248	**11,556,815**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	**169,288**	**235,951**
Short term loan *[note 10]*	**45,000**	—
Total current liabilities	**214,288**	**235,951**
Commitments *[notes 5 and 11]*		
Long term income tax payable	**11,185**	**11,185**
Future income tax liabilities	**2,183,395**	**2,108,287**
Shareholders' equity *[note 8]*		
Share capital	**17,455,852**	**17,248,394**
Contributed surplus	**1,514,919**	**1,314,303**
Deficit	**(9,666,391)**	**(9,361,305)**
Total shareholders' equity	**9,304,380**	**9,201,392**
	11,713,248	**11,556,815**

See accompanying notes

On behalf of the Board:

"George E. Coburn"
Director

"Lonnie Kirsh"
Director

Stroud Resources Ltd.

INTERIM CONSOLIDATED STATEMENTS OF LOSS AND DEFICIT

Unaudited

	For the Three Months Ended June 30, 2009	*For the Three Months Ended June 30, 2008*	***For the Six Months Ended June 30, 2009***	*For the Six Months Ended June 30, 2008*
	$	$	**$**	$
OIL AND GAS OPERATIONS				
Revenue, net of royalties	**29,236**	**71,517**	**60,211**	121,715
Operating expenses	**9,145**	**18,378**	**14,680**	19,802
Depletion of oil and gas interests	**8,000**	**8,000**	**16,000**	16,000
	17,145	**26,378**	**30,680**	35,802
Income from oil and gas operations	**12,091**	**45,139**	**29,531**	85,913
ADMINISTRATIVE EXPENSES				
Administrative fees	**21,250**	15,938	**42,500**	31,876
Business development	**17,193**	45,917	**21,507**	75,821
Licences and fees	**9,245**	3,652	**18,658**	24,216
Stock-based compensation *[note 8[b]]*	**15,517**	152,677	**47,616**	182,347
Office and general	**2,267**	3,688	**6,995**	14,084
Depreciation	**1,546**	2,192	**3,092**	4,385
Professional fees	**52,443**	89,016	**104,968**	125,919
Rent	**4,999**	8,358	**13,357**	13,930
	124,460	321,438	**258,693**	472,578
Loss before the following	**(112,369)**	(276,299)	**(229,162)**	(386,665)
Foreign exchange gain (loss)	—	(71,117)	**(46,290)**	(44,617)
Interest and other income	—	6,101	—	6,101
Loss before income taxes	**(112,369)**	(341,315)	**(275,452)**	(425,181)
Future income tax expense (recovery)	**5,120**	145,106	**29,634**	259,000
Net loss and comprehensive loss for the period	**(117,489)**	(486,421)	**(305,086)**	(684,181)
Deficit, beginning of period	**(9,548,902)**	(8,080,803)	**(9,361,305)**	(7,883,043)
Deficit, end of period	**(9,666,391)**	(8,567,224)	**(9,666,391)**	(8,567,224)
Basic and fully diluted loss per share	**$(0.0080)**	$(0.0080)	**$(0.0080)**	$(0.0086)
Basic and diluted weighted average number of common shares outstanding *[000's]*	**138,200**	128,922	**138,200**	128,922

See accompanying notes

Stroud Resources Ltd.

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

Unaudited

	For the Three Months Ended June 30, 2009	*For the Three Months Ended June 30, 2008*	***For the Six Months Ended June 30, 2009***	*For the Six Months Ended June 30, 2008*
OPERATING ACTIVITIES	**$**	$	**$**	$
Net loss for the year	**(117,489)**	(486,421)	**(305,086)**	(684,181)
Add (deduct) items not involving cash				
Depletion and amortization	**9,546**	10,192	**19,092**	20,385
Stock-based compensation	**15,517**	152,677	**47,616**	182,347
Foreign exchange (gain) loss	**—**	71,117	**46,290**	44,617
Future income tax expense (recovery)	**5,120**	145,106	**29,634**	259,000
	(87,306)	(107,329)	**(162,454)**	(177,832)
Net change in non-cash working capital balances related to operations *[note 8]*	**(181,754)**	249,056	**(85,496)**	60,015
Cash provided by (used in) operating activities	**(269,060)**	141,727	**(247,950)**	(117,817)
INVESTING ACTIVITIES				
Mineral properties and deferred costs	**(54,539)**	(495,218)	**(117,189)**	(869,920)
Cash used in investing activities	**(54,539)**	(495,218)	**(117,189)**	(869,920)
FINANCING ACTIVITIES				
Issuance of common shares under private placement net of issuance costs *[note 7]*	**360,458**	(5,775)	**360,458**	992,600
Issuance of common shares on exercise or warrants	**—**	24,927	**—**	24,927
Short term loans	**(70,000)**	—	**45,000**	—
Cash provided by financing activities	**290,458**	19,152	**405,458**	1,017,527
Net increase (decrease) in cash and cash equivalents during the period	**(33,141)**	(334,339)	**40,319**	29,790
Cash and cash equivalents, beginning of period	**92,919**	688,818	**19,459**	324,689
Cash and cash equivalents, end of period	**59,778**	354,479	**59,778**	354,479

See accompanying notes

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

[In Canadian dollars, unless otherwise noted]

June 30, 2009 and 2008

1. NATURE OF OPERATIONS AND GOING CONCERN

Stroud Resources Ltd. (the "Company") was incorporated on March 18, 1983 and is a mineral exploration company with properties in Canada and Mexico. A significant portion of the Company's exploration and development costs relate to its Santa Domingo project situated in the state of Jalisco, Mexico. The Company holds its interest in this property through its wholly owned subsidiary, Compañia Minera San Diego y La Espanola S.A. de C.V. ("Compañia Minera"), which holds prospecting and exploration permits for the property.

The recoverability of the amounts shown for exploration and development costs is dependent upon the existence of economically recoverable resources, the ability of the Company to obtain all necessary permits and raise sufficient financing to complete the exploration, development and future profitable production or proceeds from the disposition of such properties. In addition, the Company's properties may be subject to sovereign risk, including political and economic uncertainty, changes in existing government regulations to mining which may withhold the receipt of required permits or impede the Company's ability to acquire the necessary surface rights as well as currency fluctuations and local inflation. These risks may adversely affect the investment in the properties and may result in the impairment or loss of all or part of the Company's investment.

The Company has an accumulated deficit of $9,666,391 as at June 30, 2009, of which $486,421, in losses were incurred during the current three month period. Therefore, the Company's ability to continue to meet its obligations and carry out its planned exploration activities is uncertain and dependent upon its ability to obtain further financing. The accompanying consolidated financial statements have been prepared on the assumption that the Company will be able to continue to realize its assets and discharge its liabilities in the normal course of business and do not reflect any adjustments that may be required if this assumption proves to be incorrect.

As at June 30, 2009, the Company had negative working capital of $71,665 [2008 - $152,480] and does not have sufficient cash to fund the further exploration and development of its properties. It will require additional financing, which if not raised, would result in the curtailment of activities.

To date the Company has raised funds principally through the issuance of shares. In the foreseeable future the Company will likely remain dependent on the issuance of shares to raise funds to explore its properties, and on the availability of project financing for the development of the Company's properties. Management anticipates that it will be able to fund its immediate cash requirements through private placement financing and that additional financing will be available and may be sourced in sufficient time to allow the Company to continue its planned and future exploration and development activities. However, there can be no assurance that it will be successful in obtaining such financing or on terms acceptable to the Company.

There can be no assurances that the Company's activities will be successful or sufficient funds can be raised in a timely manner. As a result, there is significant doubt regarding the "going concern" assumption and accordingly, the use of accounting principles applicable to a going concern. These consolidated financial statements do not include any adjustments related to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. If the "going concern" assumption was not appropriate for these consolidated financial statements, then adjustments to the carrying values of the assets and liabilities, expenses and balance sheet classifications, which could be material, would be necessary.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. A summary of the significant accounting policies can be found in Note 2 of the audited consolidated financial statements for December 31, 2008.

3. CHANGES IN ACCOUNTING POLICY

Effective January 1, 2008, the Company adopted Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1400, "Assessing Going Concern", Handbook Section 1535, "Capital Disclosures", Handbook Section 3862, "Financial Instruments – Disclosures" and Handbook Section 3863, "Financial Instruments – Presentation". These standards were adopted on a prospective basis and as such, prior periods have not been restated.

Assessing Going Concern (Section 1400)
Section 1400 has been amended to include requirements for management to assess and disclose an entity's ability to continue as a going concern. The standard is effective for interim and annual financial statements for years beginning on and after January 1, 2008. The resulting disclosures from implementation are presented in Note 1.

Capital Disclosures (Section 1535)
Section 1535 specifies the disclosure of the Company's objectives, policies and processes for managing capital; quantitative data about what the Company regards as capital; whether the Company has complied with any capital requirements and the consequences, if any, of non-

compliance and how the Company is meeting its objectives for managing capital. The resulting disclosures from implementation are presented in Note 13.

Financial Instruments – Disclosures and Presentation (Section 3862 and 3863)
The new Sections 3862 and 3863 replace Handbook Section 3861, "Financial Instruments – Disclosure and Presentation", revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The adoption of these standards did not have any material impact on the Company's results of operations or financial position and the required disclosures are presented in Note 12.

In March 2007, the CICA approved Handbook Section 3031, "Inventories", which replaces the existing Handbook Section 3030, "Inventories". This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008, with earlier application encouraged. The standard provides more guidance on the measurement and disclosure requirements for inventories. The Company currently does not have any inventory and therefore this standard has had no impact on the Company's consolidated financial statements.

NEW ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

International Financial Reporting Standards

The Canadian Accounting Standards Board has announced its decision to replace Canadian GAAP with IFRS for all Canadian Publicly Accountable Enterprises (PAEs). The effective changeover date is January 1, 2011, at which time IFRS will take effect. Following this timeline, the Company will issue its first set of interim financial statements prepared under IFRS in the first quarter of 2011. The Company is currently assessing the impact of transition to IFRS on its consolidated financial statements.

Goodwill and Intangible Assets

In February 2008, the CICA issued Section 3064, "Goodwill and Intangible Assets", which replaces Section 3062, "Goodwill and Other Intangible Assets", and Section 3450, "Research and Development Costs". The purpose of this Section is to establish recognition, measurement, and disclosure of goodwill and intangible assets and to provide more specific guidance on the recognition of internally developed intangible assets and requires that research and development expenditures be evaluated against the same criteria as expenditures for intangible assets. The Section substantially harmonizes Canadian standards with IFRS and applies to annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008. It is not expected to have a material impact on the Company's consolidated financial statements.

[In Canadian dollars, unless otherwise noted]

Business Combinations (Section 1582), Consolidated Financial Statements (Section 1601) and Non-controlling Interests (Section 1602)

These sections replace the former Section 1581, Business Combinations and Section 1600, Consolidated Financial Statements and establish a new section for accounting for a non-controlling interest in a subsidiary. These sections provide the Canadian equivalent to FASB Statements No. 141 (R) Business Combinations and No. 160 Non-controlling interests in Consolidated Financial Statements. CICA 1582 is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Section 1601 and 1602 apply to interim and annual consolidated financial statements relating to years beginning on or after January 1, 2011. The Company is currently assessing the impact of these new accounting standards on its financial statements.

4. CAPITAL ASSETS

Capital assets consist of the following:

	2009			2008		
	Cost	**Accumulated amortization**	**Net book value**	Cost	Accumulated amortization	Net book value
	$	**$**	**$**	$	$	$
Drilling equipment	**674,382**	**221,197**	**453,185**	674,382	170,843	503,539
Motor vehicle	**44,253**	**35,222**	**9,031**	44,253	33,628	10,625
Furniture and fixtures	**34,934**	**33,283**	**1,651**	34,934	33,100	1.834
Other equipment	**81,594**	**65,109**	**16,485**	81,594	62,200	19,394
	835,163	**354,811**	**480,352**	835,163	299,771	535,392

Depreciation of $182,385 [2008 - $130,438] has been capitalized as deferred mineral cost.

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

[In Canadian dollars, unless otherwise noted]

June 30, 2009 and 2008

5. MINERAL PROPERTIES AND DEFERRED COSTS

The mineral properties to which the Company has exploration rights are as follows:

Hislop project

The Company has a 100% interest in the Hislop project. To date, there has been no revenue earned from this project, as production has not commenced.

As at June 30, 2009, this site is considered to be in the pre-production stage and total costs of $1,422,577 [2008 - $1,418,095] incurred to further develop this site have been capitalized and included in mineral properties.

Leckie/Penrose project

The Company has a 100% interest in the Leckie/Penrose project. The interests in this property are 100% owned and not subject to any outstanding obligations or commitments. To date, there has been no revenue earned on this project as production has not commenced. As at June 30, 2009, this site is considered to be in pre-production stage and no costs have been incurred and/or capitalized and included in mineral properties.

Compañia Minera project

The Company has a 100% interest in Compañia Minera. Compañia Minera owns certain mineral concessions in the state of Jalisco, Mexico. The Company is obligated to pay Amerix Precious Metals Corporation [“APM”] a royalty fee of 5% from any Compañia Minera's net proceeds of sale of minerals to a maximum of $1,000,000.

An additional amount of US $2,450,000 is to be paid in quarterly installments to a prior owner, if and when revenue is generated from minerals extracted by Compañia Minera, commencing three months after the start of commercial production. Each quarterly installment will be equal to 0.5% of the net smelter return [defined as revenue actually received by Compañia Minera from the sale of smelter minerals].

As at June 30, 2009, this site is considered to be in the pre-production stage. The carrying value of $9,434,238 [2008 - $9,288,855] relates to cost incurred by the Company to acquire and to further develop this site and has been capitalized and included in mineral properties and deferred costs.

Santa Cruz project

On June 14, 2007, the Company entered into an agreement under which it may acquire a 100% interest in the Santa Cruz silver gold property, by making cash payments to the optionors of US $145,000 and by issuing to the optionors 145,000 shares of the Company over a 3 year period. The optionors will retain a 1.5% net smelter return royalty on the property of which 1.25% can be purchased for US $1,250,000 at any time by the Company. The Company has made payments of US $105,000 and issued 35,000 shares under this agreement at a deemed price of $0.165 per share. Subject to available financing, the Company plans to carry out exploration work on the property over the next three years. This site has been capitalized and included in mineral properties.

As at June 30, 2009, this site is considered to be in the pre-production stage. The carrying value of $106,844 [2008 - $88,388] relates to costs incurred by the Company to acquire and to further develop this site and has been capitalized and included in mineral properties and deferred costs.

6. OIL AND GAS INTERESTS

The Company holds a 3.75% interest in six [2008 - six] oil and gas producing properties in Alberta. The properties are currently operated by Omers Energy Inc. The Company's proportionate share of the revenue from these properties, net of operating expenses, is received from the operator on a monthly basis.

7. RELATED PARTY TRANSACTIONS

During the six months ended June 30, 2009, the Company entered into the following related party transactions:

- The Company paid to the President of the Company $42,500 [2008 - $42,500] in consulting fees. Of this amount $nil [2008 - $10,624] has been deferred and capitalized within mineral properties as they relate directly to the further development of the sites.

- The Company incurred legal fees of $20,672 [2008 - $34,473] to a law firm in which a director of the Company is a partner. The legal services, which are in the normal course of operations, have been measured at the exchange amount.

[In Canadian dollars, unless otherwise noted]

8. SHAREHOLDERS' EQUITY

[a] Share capital

Authorized share capital consists of unlimited common shares with no par value.

The continuity of share capital is as follows:

	Number #	Amount $
Balance, December 31, 2007	127,372,352	16,465,092
Issuance of common shares for mineral properties *[ii]*	35,000	5,775
Issuance of common shares *[iii]*	9,581,000	752,600
Issuance of common shares upon exercise of warrants *[i]*	166,182	24,927
Balance, December 31, 2008	**137,154,534**	**17,248,394**
Issuance of common shares *[iv]*	7,653,000	207,458
Balance, June 30, 2009	**144,807,534**	**17,455,852**

[i] On May 4, 2006, the Company completed a private placement for 23,333,333 units at a price of $0.18 per unit raising gross proceeds of $4,199,990. Each unit consisted of one common share and one-half common share purchase warrant. Management determined the warrants to have a minimal value and accordingly, the proceeds from the issuance were allocated in their entirety to common shares. Each full warrant entitled the holder to acquire one common share at an exercise price of $0.30 until May 4, 2008. The Company paid finder's fees of $347,200 in cash and issued 1,706,665 broker warrants exercisable at $0.235 for a 12-month period. During 2008, the Company changed the exercise price of the warrants to $0.15. The Company issued 166,182 common shares for share purchase warrants that were exercised during 2008 for gross proceeds of $24,927, and the balance of the warrants expired unexercised.

[ii] On January 18, 2008, the Company issued 35,000 common shares to the optioners of the Santa Cruz property. The shares had been valued at $0.165 per share.

[iii] On February 19, 2008, the Company completed a private placement for 9,581,000 units at a price of $0.105 per unit raising gross proceeds of $1,006,005. Each unit consisted of one common share and one-half of one common share purchase warrant. Management determined the warrants to have a value of $0.09 and accordingly, $240,600 of the

[In Canadian dollars, unless otherwise noted]

proceeds from the issuance was allocated to contributed surplus, and the balance of the proceeds was allocated to common shares. Each full warrant entitles the holder to acquire one common share at an exercise price of $0.15 until February 19, 2010. The Company paid finder's fees of $4,040 and a legal fee of $9,365 in cash and issued 38,480 broker warrants exercisable at $0.15 for a 12-month period.

[iv] On June 5, 2009, the Company completed a private placement for 7,653,000 units at a price of $0.05 per unit raising gross proceeds of $382,650. Each unit consisted of one common share and one common share purchase warrant. Management determined the warrants to have a value of $0.04 and accordingly, $153,000 of the proceeds from the issuance was allocated to contributed surplus, and the balance of the proceeds was allocated to common shares. Each full warrant entitles the holder to acquire one common share at an exercise price of $0.08 until June 5, 2010.

As at June 30, 2009, the Company had the following warrants outstanding:

	Purchase warrants			
	Number \#	**Exercise price** $	**Expiry date** \#	**Year of issue**
Share purchase warrants	**3,275,000**	**0.15**	12/19/2009	2007
Share purchase warrants	**4,790,500**	**0.15**	2/19/2010	2008
Share purchase warrants	**7,653,000**	**0.08**	6/05/2010	2009
Outstanding, end of period	**15,718,500**			

The weighted average exercise price of the outstanding warrants as at June 30, 2009 was $0.116

[b] Stock options

On August 18, 1995, the shareholders authorized and approved a Stock Option Plan for the Company [the "Plan"]. Options may be granted to directors, senior officers and service providers by resolution of the board of directors at exercise prices not less than the market price. The aggregate maximum number of common shares which may be issued under the Plan is 17,000,000.

[In Canadian dollars, unless otherwise noted]

On April 15, 2008 the Company granted options to acquire an aggregate of 3,575,000 common shares to directors, officers and consultants of the Company under the Plan. Each option is exercisable to acquire one common share at a price of $0.15 per share for a three- year period. The options vest as to one-third immediately and one-third on each of the 7 and 13 month anniversaries of the date of grant.

On June 14, 2008 the Company granted options to acquire an aggregate of 200,000 common shares to an investor relations firm for services to be provided. Each option was exercisable to acquire one common share at a price of $0.25 per share for a two-year period. The options were to vest over a twelve month period. Subsequent to the end of the period, these options expired unexercised. The accounting treatment for this transaction was a credit to contributed surplus of $11,422 based on the fair value of the options and pro-rated 2008 grant period, and a debit to stock compensation expense.

As at June 30, 2009, the Company has available for issuance 3,053,500 stock options under this Plan. A summary of the status of the Plan as at June 30 and changes during the period ended is presented below:

	2009		2008	
	Number **#**	**Weighted average exercise price** **$**	Number #	Weighted average exercise price $
Outstanding, beginning of period	**7,725,000**	**0.188**	3,950,000	0.20
Expired	1,450,000			
Granted	—	—	3,775,000	0.155
Outstanding, end of period	**6,275,000**		7,725,000	
Options exercisable, end of period	**6,275,000**		6,383,332	

[In Canadian dollars, unless otherwise noted]

The following table summarizes information about stock options outstanding at June 30, 2009:

	Options outstanding		
Exercise price $	**Options outstanding** #	**Weighted average remaining contractual life** [years]	**Options exercisable** #
0.15	**2,500,000**	1.09	2,500,000
0.25	**200,000**	.96	200,0000
0.15	**200,000**	1.79	200,000
0.15	**3,375,000**	1.79	3,375,000
	6,275,000	1.58	6,275,000

The above outstanding options have a weighted average exercise price of $0.172.

The fair value of stock options is calculated using the Black-Scholes option-pricing model. The Black-Scholes option-pricing model estimates the value of freely tradable, fully transferable options without vesting restriction, which significantly differs from the Company's stock option awards. This model also requires assumptions, including future stock price volatility and expected time until exercise, which greatly affect the calculated values. Accordingly, management believes that this model does not necessarily provide a reliable single measure of fair value of the Company's stock option awards.

During the year ended December 31, 2008, the Company granted 3,775,000 [2007 - 2,500,000] stock options. The fair value of the stock options was estimated using the Black-Scholes option-pricing model using the following assumptions:

	2008	**2007**
Volatility	**133.6%**	71.6%
Risk-free interest rate	**2.9%**	4.6%
Expected life [years]	**3**	3
Dividend yield	**nil**	nil

The fair value of the options issued in 2009 was $nil [2008 - $407,250]. Total stock-based compensation expense recorded for the six month period was $47,616 [2008 - $182,347].

[In Canadian dollars, unless otherwise noted]

[c] Diluted earnings per share

There has been no impact on diluted earnings per share as a result of outstanding stock options and warrants being anti-dilutive.

[d] Contributed surplus

The following table sets forth the changes in contributed surplus for the period:

	2009 **$**	2008 $
Balance, beginning of the period	**1,314,303**	661,923
Stock based compensation	**47,616**	412,380
Exercise of stock options	**—**	—
Issuance of share purchase warrants	**153,000**	240,000
Balance, end of period	**1,514,919**	1,314,303

9. CONSOLIDATED STATEMENTS OF CASH FLOWS

The net change in non-cash working capital balances related to operations consists of the following:

	2009 $	2008 $
Accounts receivable	**(12,944)**	46,121
Prepaid expenses and other assets	**(1,321)**	(394)
Accounts payable and accrued liabilities	**(66,663)**	(8,800)
Royalty tax recoverable	**(4,568)**	23,088
	(85,496)	60,015

The Company did not pay interest or income taxes in 2009 and 2008.

[In Canadian dollars, unless otherwise noted]

10. SHORT TERM LOANS

This represents funds provided in respect of a subscription for units of the Company. Subject to regulatory approval and acceptance of the subscription by the Company, units of the Company, consisting of common shares and warrants will be issued to the subscriber. Pending the issuance of the units, the funds are payable on demand and non-interest bearing.

11. COMMITMENTS

On June 14, 2007, the Company entered into an agreement under which it may acquire a 100% interest in the Santa Cruz silver gold property, by making cash payments to the optionors of US $145,000 and by issuing to the optionors 145,000 shares of the Company over a 3 year period. The optionors will retain a 1.5% net smelter royalty on the property of which 1.25% can be purchased for US $1,250,000 at any time by the Company.

The following is a summary of rental lease commitments for various periods due for the next 5 years and thereafter. The annual rent payments consist of minimum rent plus realty taxes, maintenance and utilities.

	2009 $	2008 $
Less than 1 year	**27,429**	**27,429**
1 - 3 years	**83,321**	**83,321**
4 - 5 years	**57,614**	**57,614**
Total	**168,364**	**168,364**

12. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT

The Company's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities. Unless otherwise noted, the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Fair Value

The fair value of cash, accounts receivable, and accounts payable and accrued liabilities approximates their carrying values, due to their short-term maturity.

Credit Risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the balance sheet date. The Company is not presently subject to credit risk at June 30, 2009.

(i) Cash
The Company minimizes its exposure to credit risk by keeping the majority of its cash as cash on deposit with a major Canadian chartered bank. Management expects the credit risk to be minimal.

(ii) Receivables
Management does not expect these counterparties to fail to meet their obligations. The Company does not have receivables that it considers impaired or otherwise uncollectible.

Foreign Exchange Risk

The prices paid by the Company for some services and supplies are paid in U.S. dollars or Mexican pesos and the Company raises funds in Canadian dollars. As of June 30, 2009 the Company believes the exchange risk is limited and not a risk to be hedged at the present time.

Interest Rate Risk

The Company has no borrowings and considers itself to have very minimal exposure to interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company's objective is to maintain sufficient liquid resources to meet operational requirements. As at June 30, 2009, the Company had cash and cash equivalents of $59,778 (2008 - $19,459). In addition, at June 30, 2009, the Company's working capital position was negative $71,665 [2008 -$152,480]. The Company is actively searching for financing to fund operations and exploration programs through 2009.

Capital Risk

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders.

The Company is not subject to any externally imposed capital requirements. The Company's objective is to insure adequate working capital to continue its exploration programs.

13. CAPITAL DISCLOSURES

The Company's financial strategy is designed and formulated to maintain a flexible capital structure to allow the Company the ability to respond to changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue additional equity. The Company's financing and refinancing decisions are made on a specific transaction basis and depend on such things as the Company's needs and market conditions at the time of the transaction.

There were no changes in the Company's approach to capital management during the period.

14. SEGMENTED INFORMATION

The Company operates in two segments: [1] mineral exploration and [2] oil and gas exploration and development. All required segment information is disclosed in the Company's consolidated statements of loss and deficit and notes 4 and 5.