

CARLISLE GOLDFIELDS LIMITED

Interim Unaudited Consolidated Financial Statements For The Three and Nine Months Ended May 31, 2008

MANAGEMENT'S COMMENTS ON UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited interim financial statements for the three and nine months ended May 31, 2008, have been prepared by management in accordance with generally accepted accounting principles and are the responsibility of the Company's management.

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

CARLISLE GOLDFIELDS LIMITED

Consolidated Balance Sheets
May 31, 2008 and August 31, 2007
(unaudited)

	May 31, 2008	August 31, 2007
ASSETS		
Current assets		
Cash and cash equivalents	\$ 268,966	\$ 1,275,392
Accounts receivable (note 7)		228,822
Prepaid expenses and deposits	30,917	63,960
	299,883	1,568,174
Mineral properties and deferred exploration costs (notes 3 and 7)	6,746,031	4,559,583
Field and office equipment (note 4)	41,721	68,425
	\$ 7,087,635	\$ 6,196,182
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities – accounts payable and accrued liabilities (note 7)	\$ 217,859	\$ 229,133
Current Income taxes (note 8)	169,834	
Reserve for claims (note 8)	480,000	
Future income taxes (notes 5 and 8)	1,700,000	1,354,000
	\$ 2,567,693	\$ 1,583,133
Shareholders' equity		
Share capital (note 5)	6,149,286	5,084,885
Warrants (note 5)	151,540	145,730
Contributed surplus	131,190	124,800
Deficit	(1,912,174)	(742,366)
	4,519,942	4,613,049
	\$ 7,087,635	\$ 6,196,182

See accompanying notes

On behalf of the Board:

Director

Director

CARLISLE GOLDFIELDS LIMITED

Consolidated Statements of Operations and Deficit
(formerly AMPX Corporation)
(unaudited)

	Three Months Ended May 31, 2008	Three Months Ended May 31, 2007	Nine Months Ended May 31, 2008	Nine Months Ended May 31, 2007
Revenue- Term Deposit Interest	\$ (3,768)	\$ 15,627	\$ 16,746	\$ 31,561
Operating Expenses				
Consulting fees	15,000	15,613	45,000	89,323
Professional fees	10,482	1,942	195,269	120,696
General and administrative	23,994	28,591	108,847	60,445
Rent and relocation costs	15,558	28,181	56,702	62,990
Equipment rental	--	7,455	7,455	15,614
Shareholder rel. and exch. fees	(176)	18,547	28,390	104,036
Amortization	11,736	5,068	30,449	15,201
Stock Compensation Expense	--	279,600	-	279,600
Write-down mineral property (note 3)	70,527		70,527	
Write-down related party receivable	89,090		89,090	
Advertising and promotion	33,686	138,782	262,825	130,348
	268,897	538,780	894,554	935,080
Net Operating Loss	272,665	508,153	877,808	903,519
Income taxes (note 8)	292,000		292,000	
Net Loss	564,665		1,169,808	
Deficit at beginning of period	1,347,509	597,744	742,366	202,378
Deficit at End of Period	1,912,174	\$ 1,105,987	1,912,174	\$1,105,987
Net Loss per Share	\$ 0.015	\$ 0.02	\$ 0.03	\$ 0.05
Weighted Average Number of Shares	40,035,000	27,054,136	37,500,000	18,542,779

The accompanying notes are an integral part of these consolidated financial statements.

CARLISLE GOLDFIELDS LIMITED

Consolidated Statements of Cash Flow
(formerly AMPX Corporation)
(unaudited)

	Three Months Ended May 31 2008	Three Months Ended May 31 2007	Nine Months Ended May 31 2008	Nine Months Ended May 31 2007
Operations				
Net loss	\$ (564,665)	\$ (508,153)	\$ (1,169,808)	\$ (903,519)
Adjustments to reconcile net loss to cash flow from operating activities:				
Amortization	11,736	5,068	30,449	15,201
Write-down of mineral prop.	70,527		70,527	
Net change in non-cash working capital items:				
Receivables	106,780	(17,262)	228,822	(103,425)
Prepaid expenses and deposits	106,523	7,316	33,043	(166,427)
Income taxes net accrual	169,834		169,834	
Accounts payable and accruals	28,370	186,273	(11,274)	292,272
Cash Flow from Operating Activities	(70,895)	(555,311)	(648,407)	(865,898)
Investing				
Expenditures on mineral properties and deferred exploration costs	(1,575,292)	(1,313,439)	(2,257,675)	(2,750,880)
Purchases of equipment	(3,745)	(33,437)	(3,745)	(103,687)
Cash Flow from Investing Activities	(1,579,037)	(1,346,876)	(2,261,420)	(2,854,567)
Financing				
Issuance of common shares, net of subscription receivable			2,079,522	5,644,828
Options value credited to Contributed surplus		(279,600)		(279,600)
Costs of share issuance			(176,121)	(632,945)
Deferred financing fee				31,520
Cash Flow from Financing Activities			1,903,401	5,323,003
Net Increase in Cash (Decrease)	(1,649,932)		(1,006,426)	1,602,538
Cash at beginning of period	1,918,898		1,275,392	858,137
Cash at End of Period	\$ (268,966)	\$	\$ 268,966	\$ 2,460,675

The accompanying notes are an integral part of these consolidated financial statements.

1. Nature of Operations and Going Concern

Carlisle Goldfields Limited ("Carlisle" or the "Company") was incorporated under the laws of the Province of Ontario on March 15, 2005 under the name AMPX Corporation. On May 19, 2006, AMPX Corporation filed Articles of Amendment changing its name to Carlisle Goldfields Limited. The Company's principal business activity is mineral exploration and mine development operating primarily in Manitoba and Ontario.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles on a going concern basis, under which the Company is assumed to be able to realize its assets and discharge its liabilities in the normal course of business. The Company is an exploration company and has no revenue to finance its operations. It is therefore required to fund its activities through the issuance of equity securities. The Company's ability to continue as a going concern is therefore dependent upon its ability to raise funds in the capital markets. If the going concern assumption is not appropriate then material adjustments may be necessary in the carrying amounts and/or classifications of assets and liabilities in these consolidated financial statements.

As at May 31, 2008 the Company had a working capital deficiency of \$568,000. At this point in time no source of funds has been identified that will allow the Company to meet its current obligations.

Two primary factors have led to this position. The initial factor is the inability of the company to raise funds as the recent state of the capital markets in the wake of the collapse of the asset backed paper market has not been positive for junior companies to raise funds. The second factor that has exasperated the impact of the capital shortage is related to an audit performed by Canadian Revenue Agency. The CRA issued a notice of failure of the Company to spend in 2007 funds on exploration that matched the amounts renounced in 2006 associated with the issuance of flow-through shares. In addition, the Company does not currently have the resources nor has identified the opportunity to acquire sufficient resources to pay claims anticipated to be made against the Company by the purchasers of the flow-through shares as they will have tax liabilities related to any loss of the flow-through deductions arising from the lack of related exploration expenditures.

Although no assessment has been issued and the Company is in disagreement with the calculation of the shortfall of expenditure, taxes, penalties and a reserve for claims have been recorded based on an approximation of the CRA position. (See note 8).

2. Summary of Significant Accounting Policies

Principles of consolidation

These consolidated financial statements include the accounts of Carlisle and its wholly-owned subsidiary, 632164 BC Ltd. Effective December 31, 2005, Carlisle acquired 100% of the outstanding common shares of 632164 BC Ltd., a previously inactive company.

Mineral properties and deferred exploration costs

The Company is in the exploration stage and defers all expenditures to its mineral properties until such time as the property is put into economical production, sold or abandoned. Under this method, the amounts reported represents costs incurred to date less amounts amortized and/or written-off, and do not necessarily represent present or future values.

If the property is put into commercial production, the expenditures will be depleted based upon the proven reserves available. If the property is sold or abandoned, then the expenditure will be charged to operations. The Company does not accrue the estimated future costs of maintaining in good standing its mineral properties.

In the event that reserves are determined, the carrying values of a mineral property interest, on a property-by-property basis, will be reviewed by management at least annually to determine if they have become impaired. If impairment is deemed to exist, then the mineral property will be written down to its net recoverable value. The ultimate recoverability of the amounts capitalized is dependent upon the identification of economically recoverable ore reserves, the Company's ability to obtain the necessary financing to complete their development and to realized profitable production and proceeds from the disposition thereof. Management's estimates of recoverability of the Company's investment will be based on current conditions. However, it is possible that changes could occur in the near term, which could adversely affect management's estimates and may result in future write-downs of the capitalized property carrying values.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks and all highly liquid short-term investments with original maturities of three months or less.

Field and office equipment

Field and office equipment is amortized on a straight-line basis over the estimated useful life of the asset as follows:

Computer equipment	-	2 years
Mining equipment	-	3 years

Income taxes

Income taxes are calculated using the liability method. Temporary differences arising from the difference between the tax basis of an asset or liability and its carrying amount on the balance sheet are used to calculate future income tax liabilities or assets. Future income tax liabilities or assets are calculated using substantively enacted tax rates anticipated to apply in the periods that the temporary differences are expected to reverse. The effect of a change in a tax rate is recognized in income in the period that includes the date of enactment or substantive enactment. The recognition of future benefits is limited to the extent that the realization of such benefits is more likely than not.

Flow-through shares

The resource expenditure deductions for income tax purposes related to exploratory and development activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian tax legislation. Under the liability method of accounting for income taxes, the future income taxes related to the taxable temporary difference that will arise when the qualifying expenditures are incurred are recorded at the time of renunciation together with a corresponding reduction to the carrying value of the shares issued.

Loss per share

Loss per share is calculated using the weighted average number of shares outstanding during the year. All outstanding options and warrants are anti-dilutive, and therefore have no effect on the determination of loss per share.

Stock-based compensation plan

The Company has an incentive stock option plan. The Company has adopted the recommendations of CICA Handbook Section 3870 – “Stock Based Compensation and Other Stock Based Payments” to account for stock based transactions with employees, directors, and outside consultants. Accordingly, the fair value of stock options is charged to operations with an offsetting credit to contributed surplus. The fair value of stock options which vest immediately is recorded at the date of grant and the fair value of options that vest in future is recognized on a graded basis over the vesting period. Any consideration received on exercise of stock options together with the related portion of contributed surplus is credited to share capital. The fair value of stock options is assessed using the Black-Scholes Options Pricing Model.

Asset retirement obligations

The Company has adopted CICA 3110 – “Asset Retirement Obligations” which does not have any impact on the financial statements since there are currently no projects under construction and therefore there is no legal obligation requiring remediation. However, as the development of any project commences, management will assess whether an asset retirement obligation (“ARO”) liability will arise. At the point where such liability arises, the financial statement adjustment required will be to increase the project’s property value and related ARO liability by the discounted value of the total liability. Thereafter, the Company will be required to record a charge to earnings each year to accrue the discounted ARO obligation amount to the final expected liability.

2. Summary of Significant Accounting Policies - continued

Use of estimates and measurement uncertainty

Estimates by management represent an integral component of financial statements prepared in conformity with Canadian generally accepted accounting principles. The estimates made in these financial statements reflect management's judgement based on past experiences, present conditions, and expectation of future events. Where estimates were made, the reported amounts for assets, liabilities, revenues and expenses may differ from the amounts that would otherwise be reflected if the ultimate outcome of all uncertainties and future events were known at the time these financial statements were prepared.

Changes in accounting policies

Effective September 1, 2006, the Company adopted the following new accounting principles:

- (a) CICA Handbook section 1530: Comprehensive Income, which establishes standards for reporting comprehensive income defined as a change in value of net assets that is not due to Company activities;
- (b) CICA Handbook section 3251: Equity, which establishes standards for the presentation of equity and changes in equity;
- (c) CICA Handbook section 3855: Financial Instruments - Recognition and Measurement, which establishes standards for the recognition, classification and measurement of financial instruments; and
- (d) CICA Handbook section 1506: Accounting Changes, which establishes standards and new disclosure requirements for the reporting of changes in accounting policies and estimates and the reporting of error corrections.

The adoption of these new accounting pronouncements had no material effect on the consolidated financial statements.

RECENT ACCOUNTING PRONOUNCEMENTS

As of January 31, 2009, the Company will be required to adopt *CICA Handbook Section 3064, Goodwill and Intangible Assets* which replaces *CICA Handbook Sections 3062 Goodwill and Other Intangible Assets* and *Section 3450 Research and Development Costs*. The Company does not anticipate any material impact from adopting these policies on its consolidated financial statements.

3. Mineral Properties and Deferred Exploration Costs

	August 31 2007	Acquisition Cost	Deferred Exploration	Written Off	May 31 2008
Lynn Lake property (Manitoba)	\$ 4,420,424	\$ -	\$ 2,256,975	\$ -	\$ 6,677,399
Doc property (British Columbia)	70,527	-	-	(70,527)	-
Goodfish property (Ontario)	68,632	-	-	-	68,632
	<u>\$ 4,559,583</u>	<u>\$ -</u>	<u>\$ 2,256,975</u>	<u>\$ (70,527)</u>	<u>\$ 6,746,031</u>

Effective December 31, 2005, Carlisle entered into a Property Acquisition Agreement ("Agreement") to acquire mining interests in various properties located in Manitoba, British Columbia, and Ontario. The purchase price was satisfied through the issuance of 8,000,000 common shares at a market value of \$666,667 (note 5). In addition, the properties are subject to a 1.0 to 3.0% net smelter return royalty.

Under the terms of the Agreement, Carlisle met all the required following transactions on or before December 31, 2006:

- (a) Complete a Going Public Transaction which is defined in the Agreement as either an initial public offering in Canada of Carlisle's common shares or a transaction that provides the holders of common shares with comparable liquidity;
- (b) Raise a minimum of \$2,000,000 prior to or concurrently with the Going Public Transaction which will provide the vendors with a minimum of 25% of the total common shares on a fully diluted basis; and
- (c) Pay \$50,000 within 30 days of completion of the Going Public Transaction.

In addition, Carlisle had incurred the required minimum of \$1,000,000 in expenditures on the properties by February 2007.

Lynn Lake Properties

The Lynn Lake properties are comprised of a diverse group of 127 gold exploration claims and 184 mining leases in the Lynn Lake Greenstone Belt of Northern Manitoba, covering approximately 20,000 hectares. The Company holds a 100% interest in various groups of properties comprised of 111 mining leases and 107 mining claims representing 16,466 hectares. In addition, the Company holds a 78.03% interest in the Nail-Franklin group of properties comprised of 73 mining leases and 14 mining claims representing 2,820 hectares, and a 50.31% interest in the Shoe-Lace group of properties comprised of 6 mining claims representing 576 hectares.

Doc Property

The Company held a 100% interest in a gold prospect, consisting of the Eldorado 2, and Eldorado 4 claims totalling 400 hectares in the Unuk River Mineral District, Skeena Mining Division of British Columbia. These claims were written off during the period.

Goodfish Property

The Company holds a 100% interest in a gold property consisting of 16 patented mining claims covering 245.8 hectares in Morrisette Township, Larder Lake Mining Division, and Kirkland Lake, Ontario.

4. Field and Office Equipment

	Cost	2008 Accumulated Amortization	Net Book Value
Computer equipment	\$ 57,712	\$ 39,282	\$ 18,430
Mining equipment	38,856	15,565	23,291
	<u>\$ 92,823</u>	<u>\$ 54,846</u>	<u>\$ 41,721</u>

	Cost	2007 Accumulated Amortization	Net Book Value
Computer equipment	\$ 57,712	\$ 17,644	\$ 40,068
Mining equipment	35,111	6,754	28,367
	<u>\$ 92,283</u>	<u>\$ 24,398</u>	<u>\$ 68,435</u>

5. Share Capital

Share capital consists of the following:

Authorized
 Unlimited common shares
 Unlimited special shares, issued in series

	Number	Amount
Issued and fully paid – common shares		
Balance as at August 31, 2006	1	\$ 1
Issued for cash	20,608,295	6,112,829
Shares issued for mineral properties (note 3)	8,000,000	666,667
Conversion of special warrants	4,000,000	792,990
Share issuance costs, net of future taxes	–	(439,872)
Proceeds allocated to warrants	–	(145,730)
Renouncement of future tax benefits	–	(1,902,000)
	<u>32,608,296</u>	<u>\$ 5,084,885</u>
Balance as at August 31, 2007		
Issued for cash December 2007	7,426,863	2,079,522
Proceeds allocated to warrants		(13,000)
Renouncement of future tax benefits		(826,000)
Share issuance costs		(202,071)
	<u>40,035,159</u>	<u>6,149,286</u>
Balance as at May 31, 2008		

In April 2006, the Company issued 6,000,000 common shares to the founders for cash consideration of \$1.

In May 2006, the Company issued 2,586,667 units for \$.15 per unit amounting to \$388,000. Each unit consists of one common share and one-half of one common share warrant. Each warrant will entitle the holder to acquire one common share at an exercise price of \$.25. The warrants expire December 30, 2007. 100% of the consideration for this transaction was attributed to the common shares. The Company paid \$34,927 and issued 208,483 warrants as finder fees (attributed value of \$Nil) in connection with this private placement. Each warrant entitles the holder to acquire a common share at a price of \$.25 on or before December 30, 2007.

In May 2006, the Company raised gross proceeds of \$80,000 from the sale of 400,000 flow-through shares issued at a price of \$.20 per share. In fiscal 2007, the Company filed the renouncement documents for these flow-through shares with the tax authorities to renounce the tax credits associated with the resulting expenditures.

In September 2006, the Company raised gross proceeds of \$480,000 from the sale of 1,200,000 flow-through shares issued at a price of \$.40 per share. In fiscal 2007, the Company filed the renouncement documents for these flow-through shares with the tax authorities to renounce the tax credits associated with the resulting expenditures.

In September 2006, the Company issued 1,146,667 units for \$.30 per unit amounting to \$344,000. Each unit consists of one common share and one-half of one common share warrant. Each warrant will entitle the holder to acquire one common share at an exercise price of \$.50. The warrants expired December 31, 2007 and they were valued at \$6,300. A commission was paid by issuing an additional 80,267 warrants valued at \$890.

In December 2006, the Company raised gross proceeds of \$4,216,828 from the sale of 7,666,961 flow-through shares issued at a price of \$.55 per share. In fiscal 2007, the Company filed the renouncement documents for these flow-through shares with the tax authorities to renounce the tax credits associated with the resulting expenditures. A commission was paid by way of 751,252 warrants valued at \$72,050 which are exercisable at \$.50 until June 30, 2008.

In December 2006, the Company issued 296,000 units for \$.50 per unit amounting to \$148,000. Each unit consists of one common share and one-half of one common share warrant. Each warrant will entitle the holder to acquire one common share at an exercise price of \$.85. The warrants expire June 30, 2008 and they were valued at \$3,250. A commission was paid by way of 29,600 warrants valued at \$2,850 which are exercisable at \$.50 until June 30, 2008.

In January 2007, the Company issued 912,000 units for \$.50 per unit amounting to \$456,000. Each unit consists of one common share and one-half of one common share warrant. Each warrant will entitle the holder to acquire one common share at an exercise price of \$.85. The warrants expire June 30, 2008 and they were valued at \$10,040.

During December 2007, the Company issued by private placement 7,426,863 flow-through common shares at \$0.28 and received proceeds of \$2,079,522 less commissions of \$93,260. In addition, 652,686 brokers warrants of 18 months duration valued at \$13,000 convertible at \$0.28 were issued and legal costs of \$44,838 were incurred. The company has recorded \$826,000 in future income tax liability related to this transaction.

Escrow

At May 31, 2008, there are 2,418,125 common shares and 112,000 warrants subject to a TSX required escrow agreement that they may not be transferred, assigned or otherwise dealt with until they are released from escrow on July 31, 2008.

Special Warrants

The Company's issued and outstanding Special Warrants consist of the following:

	Number	Amount
Balance at August 31, 2005	–	
Private placement for cash – August 2006	4,000,000	\$ 1,000,000
Costs of issuance	–	(207,010)
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Balance at August 31, 2006	4,000,000	792,990
Converted to common shares January 31, 2007	(4,000,000)	(792,990)
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Balance at May 31, 2008 and August 31, 2007	–	\$ –

On August 31, 2006, the Company issued 810,000 special warrants by way of a private placement at a price of \$0.25 per special warrant for total cash proceeds of \$202,250. Each special warrant was exercisable, for no additional consideration, into one unit, which is comprised of one common share and one-half of one warrant. Each whole warrant is exercisable to acquire one common share at an exercise price of \$0.50 per warrant for a period of two years from the closing date. In January 2007, these special warrants were converted to common shares. As part of the conversion, 405,000 warrants and 40,500 penalty warrants were issued. Each warrant will entitle the holder to acquire one common share at an exercise price of \$.50. These warrants expire on January 2009 and they are valued at \$45,900 and \$4,450, respectively.

On August 31, 2006, the Company issued 3,190,000 flow-through special warrants by way of a private placement at a price of \$0.25 for total cash proceeds of \$797,500. Each flow-through special warrant is exercisable, for no additional consideration into one flow-through common share. The expiry date for the exchange of the flow-through special warrants was not later than August 31, 2007. Since the Company did not complete a Public Offering prior to December 29, 2006, each remaining flow-through special warrant entitled the holder to receive 1.1 flow-through common shares, for no additional consideration. In January 2007, these flow-through special warrants were converted to flow-through common shares. In fiscal 2007, the Company filed the renouncement documents for these flow-through shares with the tax authorities to renounce the tax credits associated with the resulting expenditures.

In addition to the costs of issuance recorded in the accounts, the agents received 400,000 compensation options. Each compensation option entitles the holder to acquire one unit at a price of \$0.25. Each unit is comprised of one common share and one-half of one common share purchase warrant. Each whole purchase warrant entitles the holder to purchase one common share at \$0.50 on or before March 2, 2008. At August, 31, 2006 there was no value attributed to these additional compensation options.

Warrants

The Company has the following common share purchase warrants outstanding as at August 31, 2007:

	Number of Warrants	Weighted Average Exercise Price
Outstanding at August 31, 2005	0	\$ 0
Issued – fiscal 2006	1,485,150	.25
Outstanding at August 31, 2006	1,485,150	.25
Transactions during 2007		
Issued September – November 2006	653,600	.50
Issued December 2006 – February 2007	1,847,019	.61
Outstanding at August 31, 2007	3,985,769	\$.46
Issued December 2007	652,686	.28
Expired December 2007	(2,155,418)	.66
Outstanding at May 31, 2008	2,483,037	.53

The expiry dates of the above warrants are between March 2008 and July 31, 2009.

The recorded value of the above noted warrants at May 31, 2008 and May 31, 2007 is \$151,540 and \$ Nil, respectively.

The fair value of the warrants were obtained by calculating at the grant date using the Black-Scholes method and utilizing the following assumptions:

Risk free interest rate	3.75%
Expected dividend yield	0%
Volatility	40%

Stock compensation and contributed surplus

During fiscal 2007, the Company issued 1,200,000 incentive stock options to directors at an exercise price of \$.305 per share. The options expire on April 2012. The fair value of options granted have been estimated using a option-pricing model. Assumptions used in the pricing model are as follows: risk free interest rate of 4%, dividend yield of 0%, volatility of 40% and an expected life of 3.5 years. The fair value of these options amounts to \$124,800 and was expensed during the year issued and credited to contributed surplus. During the nine months 300,000 of the incentive stock options expired.

6. Financial Instruments

The Company's financial instruments consist of accounts receivable and accounts payable. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

7. Related Party Transactions

These financial statements include expenditures (either expensed or included with deferred exploration costs) incurred with shareholders, directors, officers and/or companies controlled by them. These transactions have been measured at their exchange amounts, being the amounts agreed upon between the Company and the related parties, and are summarized as follows for the nine months:

	2008	2007
Deferred exploration expenditures	\$ 35,640	\$ 367,294
General, administrative and rent	49,388	53,839
Consulting fees	68,000	102,000
	<hr/>	<hr/>
	\$ 153,028	\$ 523,133

Included in accounts payable and accrued liabilities is \$ 5,000 (2007-\$15,000) in amounts due to these related parties.

During fiscal 2008 the Corporation charged a company affiliated with the CEO of the Company \$89,080 for shared expenses which has been fully reserved for as uncollectible.

8. Income Taxes

In 2006, the Company raised gross proceeds of approximately \$4.7 million of flow-through share financing from investors. The gross proceeds of the financing were renounced to the investors as at December 31, 2006 and were to be used to incur flow-through expenditures by December 31, 2007. Based on the Company's records approximately \$1,200,000 of the gross proceeds renounced were not used to incur flow-through expenditures by that date. As a consequence the Company has been assessed taxes and penalties amounting to \$242,000 which has been accrued and an additional \$50,000 has been accrued to account for taxes related to the timing of the 2008 expenditures renounced. (Note 5). In addition a transfer of \$480,000 has been made from future taxes payable to a reserve for claims from shareholders on tax reassessments. The Company will be objecting to the assessment when received from the "CRA" as it believes there were expenditures incurred that were disallowed and should be reinstated. If the objection is accepted there will still be material liabilities.

9. Commitments

On November 3, 2006, the Company entered into an agreement to rent office premises for a period of 61 months, commencing January 1, 2007. Future minimum lease payments by year and the aggregate are as follows:

2008	\$ 11,800
2009	49,100
2010	50,900
2011	52,700
2012	22,200
	<hr/>
	\$ 198,500

The Company is also responsible for its proportionate share of realty taxes, insurance and maintenance costs of the leased premises.

10. Segmented Information

Management has determined that the Company carries on business in one operating segment only.

11. Comparative Amounts

Certain comparative amounts have been reclassified from those previously presented to conform to the presentation of the 2008 financial statements.