TERRAX MINERALS INC.

INTERIM FINANCIAL STATEMENTS

APRIL 30, 2009

(Unaudited – prepared by management)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. 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.

TERRAX MINERALS INC.
INTERIM BALANCE SHEETS
(Unaudited – prepared by management)

	April 30, 2009	January 31, 2009 (Audited)
ASSETS		
Current assets		
Cash	$ 5,132	$ 34,808
Short-term investments (Note 3)	250,000	250,000
Prepaid expense	5,000	-
Receivables	3,557	2,192
	263,689	287,000
Mineral property and deferred exploration costs (Note 4)	807,201	797,201
	$ 1,070,890	$ 1,084,201
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	$ 11,037	$ 10,831
Shareholders' equity		
Share capital (Note 6)	1,152,260	1,150,760
Contributed surplus (Note 6)	148,538	148,538
Deficit	(240,945)	(225,928)
	1,059,853	1,073,370
	$ 1,070,890	$ 1,084,201

Nature and continuance of operations (Note 1)
Commitments (Note 4)
Subsequent event (Note 10)

Approved on behalf of the Board:

"STUART ROGERS" Director   "PAUL REYNOLDS" Director
Stuart Rogers   Paul Reynolds

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

TERRAX MINERALS INC.
INTERIM STATEMENTS OF LOSS, COMPREHENSIVE LOSS AND DEFICIT
Three Months Ended April 30,
(Unaudited – prepared by management)

	2009	2008
EXPENSES		
Consulting (Note 5)	$ -	$ 4,589
Office, rent and miscellaneous (Note 5)	4,584	-
Professional fees	-	1,064
Transfer agent, filing fees and shareholder communications	6,588	-
Travel and related costs	4,881	-
LOSS BEFORE OTHER ITEM	(16,053)	(5,653)
OTHER ITEM		
Interest income	1,036	2.,033
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	(15,017)	(3,620)
DEFICIT, BEGINNING OF PERIOD	(225,928)	(64,448)
DEFICIT, END OF PERIOD	$ (240,945)	$ (68,068)
BASIC AND DILUTED LOSS PER COMMON SHARE	$ (0.01)	$ (0.01)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING – BASIC AND DILUTED	9,105,112	5,305,000

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

TERRAX MINERALS INC.
INTERIM STATEMENTS OF CASH FLOWS
Three Months Ended April 30,
(Unaudited – prepared by management)

	2009	, 2008
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net loss for the period	$ (15,017)	$ (3,620)
Changes in non-cash working capital items:		
(Increase) decrease in receivables	(1,366)	1,937
(Increase) in prepaid expenses	(5,000)	-
Increase in accounts payable and accrued liabilities	207	4,725
Net cash provided by (used in) operating activities	(21,176)	3,042
INVESTING ACTIVITY		
Mineral property and deferred exploration costs	(10,000)	-
Net cash used in investing activity	(10,000)	-
FINANCING ACTIVITY		
Issuance of common shares for cash	1,500	-
Net cash provided by financing activity	1,500	-
Change in cash during the period	(29,676)	3,042
Cash, beginning of period	34,808	18,379
Cash, end of period	$ 5,132	$ 21,421

Supplemental disclosures with respect to cash flows:		
Cash paid during the period for interest	$ -	$ -
Cash paid during the period for income taxes	$ -	$ -

There were no non-cash transactions during the three months ended April 30, 2009 and 2008.

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

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company was incorporated under the Business Corporations Act (British Columbia) on August 1, 2007 as TerraX Resource Corp. On March 31, 2008, the Company changed its name to TerraX Minerals Inc. During 2008, the Company completed its Initial Public Offering ("IPO") and now trades on the TSX Venture Exchange ("TSX-V").

The Company is a mineral property exploration company and has not yet determined whether its mineral properties contain economically recoverable reserves. The recoverability of the amounts shown for mineral properties and deferred exploration costs is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete their development and upon future profitable production.

These interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to raise adequate financing to develop its mineral properties, and to commence profitable operations in the future. To date the Company has not generated any significant revenues and is considered to be in the exploration stage. These interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

Management has assessed the Company's ability to continue as a going concern and believes the Company has or is expected to have sufficient resources from financing sources for at least the next twelve months. Management recognizes that there are uncertainties that exist for the Company's operations arising from the current economic downturn, but anticipates that operating cash flow requirements for the ensuing year can be met by equity financing and support from creditors and related parties.

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2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation
These unaudited interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial statements. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, the accompanying financial information reflects all adjustments, consisting primarily of normal and recurring adjustments considered necessary for fair presentation of the results for the interim period. Operating results for the three months ended April 30, 2009 are not necessarily indicative of the results that may be expected for the year ending January 31, 2010. These interim financial statements follow the same accounting policies as the annual financial statements except as disclosed below. Accordingly, these interim financial statements should be read in conjunction with the 2009 annual financial statements and notes thereto.

Use of estimates
The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates. Significant areas requiring the use of management estimates relate to the determination of impairment of mineral property interests, future tax rates used to determine future income taxes, determining the fair value of stock based payments and financial instruments. Where estimates have been used financial results as determined by actual events could differ from those estimates.

Short-term investments
Short-term investments consist of highly liquid Canadian dollar denominated guaranteed investment certificates with terms to maturity greater than ninety days, but not more than one year, that are readily convertible to contracted amounts of cash. Short-term investments are classified as held-for-trading and recorded at fair value with realized and unrealized gains and losses reported in the statement of loss.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Mineral properties

The Company records its interests in mineral properties and areas of geological interest at cost. All direct and indirect costs relating to the acquisition of these interests are capitalized on the basis of specific claim blocks or areas of geological interest until the properties to which they relate are placed into production, sold or management has determined there to be an impairment. These costs will be amortized on the basis of units produced in relation to the proven reserves available on the related property following commencement of production. Mineral properties which are sold before that property reaches the production stage will have all revenues from the sale of the property credited against the cost of the property. Properties which have reached the production stage will have a gain or loss calculated based on the portion of that property sold.

The recorded cost of mineral exploration interests is based on cash paid, the value of share considerations and exploration and development costs incurred. The recorded amount may not reflect recoverable value as this will be dependent on the development program, the nature of the mineral deposit, commodity prices, adequate funding and the ability of the Company to bring its projects into production.

Management evaluates the carrying value of each mineral interest on a reporting period basis or as changes in events and circumstances warrant, and makes a determination based on exploration activity and results, estimated future cash flows and availability of funding as to whether capitalized costs are impaired. Mineral property interests, where future cash flows are not reasonably determinable, are evaluated for impairment based on management's intentions and determination of the extent to which future exploration programs are warranted and likely to be funded.

Deferred exploration costs

The Company defers all exploration costs relating to mineral properties and areas of geological interest until the properties to which they relate are placed into production, sold, abandoned or management has determined there to be an impairment. These costs will be amortized on the basis of units produced in relation to the estimated reserves available on the related property following commencement of production or written-off to operations in the period related properties are abandoned.

Values

The amounts shown for mineral properties and deferred exploration costs represent costs incurred to date, and do not necessarily represent present or future values which are entirely dependent upon the economic recovery from production or from disposal.

Environmental protection and reclamation costs

The Company's policy relating to environmental protection and land reclamation programmes is to charge to income during the period any costs incurred in environmental protection and land reclamation. At January 31, 2009, the Company does not have any material expenditures in this area.

Asset retirement obligations

The Company has adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook section 3110, "Asset retirement obligations". This standard focuses on the recognition and measurement of liabilities related to obligations associated with the retirement of property, plant and equipment. Under this standard, these obligations are initially measured at fair value and subsequently adjusted for any changes resulting from the passage of time and revisions to either the timing or the amount of the original estimate of undiscounted cash flows. The asset retirement cost is to be capitalized to the related asset and amortized into earnings over time.

Mineral property related retirement obligations are capitalized as part of mineral property and deferred exploration and amortized over the estimated useful lives of the corresponding mineral properties.

At April 30, 2009, management has determined that there are no material asset retirement obligations to the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment of long-lived assets

The Company follows the recommendations of the CICA Handbook section 3063, "Impairment of Long Lived Assets". Section 3063 establishes standards for recognizing, measuring and disclosing impairment of long-lived assets held for use. The Company conducts its impairment test on long-lived assets when events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment is recognized when the carrying amount of an asset to be held and used exceeds the undiscounted future net cash flows expected from its use and disposal. If there is an impairment, the impairment amount is measured as the amount by which the carrying amount of the asset exceeds its fair value, calculated using discounted cash flows when quoted market prices are not available.

Financial instruments

The Company follows CICA Handbook Section 3855, "Financial Instruments – Recognition and Measurement" and Section 3856, "Hedges". Section 3855 prescribes when a financial instrument is to be recognized on the balance sheet and at what amount. Under Section 3855, financial instruments must be classified into one of five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets, or other financial liabilities. All financial instruments, including derivatives, are measured at the balance sheet date at fair value except for loans and receivables, held-to-maturity investments, and other financial liabilities which are measured at amortized cost.

The Company's financial instruments consist of cash, short-term investments, receivables, accounts payable and amounts due to related parties. Cash and short-term investments are measured at face value, representing fair value, and is classified as held-for-trading. Receivables are measured at amortized costs and are classified as loans and receivables. Accounts payable and amounts due to related parties are measured at amortized costs and are classified as other financial liabilities. Unless otherwise noted, 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 value of these financial instruments approximates their carrying values, unless otherwise noted.

The Company has determined that it does not have derivatives or embedded derivatives.

Future income taxes

Future income taxes are recorded using the asset and liability method whereby future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment or enactment occurs. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

Stock-based compensation

The Company follows the accounting standards issued by the CICA Handbook Section 3870, "Stock-based compensation and other stock-based payments", which recommends the fair-value based method for measuring compensation costs. The Company determines the fair value of the stock-based compensation using the Black-Scholes option pricing model. Any consideration paid on the exercise of stock options is credited to share capital.

Comprehensive Income (Loss)

The Company follows the CICA Handbook Section 1530, "Comprehensive Income". Section 1530 establishes standards for the reporting and presenting of comprehensive income (loss) which is defined as the change in equity from transaction and other events from non-owner sources. Other comprehensive income (loss) refers to items recognized in comprehensive income (loss) that are excluded from net income (loss). At January 31, 2009 and 2008, the Company had no significant items that caused other comprehensive loss to be different than net loss.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Newly Adopted Standards

On February 1, 2008, the Company adopted the new accounting standards related to accounting changes, financial instruments – presentation and disclosure, capital disclosures and financial statement presentation that were issued by the CICA. These standards were adopted on a prospective basis and are primarily related to disclosures. There were no adjustments recorded to opening balance sheet items or deficit as a result of the adoption of these standards.

Accounting Changes – CICA Handbook Section 1506
This standard establishes criteria for changes in accounting policies, accounting treatment and disclosure regarding changes in accounting policies, estimates and corrections of errors. In particular, this section allows for voluntary changes in accounting policies only when they result in the financial statements providing reliable and more relevant information. This section requires changes in accounting policies to be applied retrospectively unless doing so is impracticable.

Capital Disclosure – CICA Handbook Section 1535
This section specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has not complied with any capital requirements; and (iv) if it has not complied, the consequences of such noncompliance. The Company has included disclosures recommended by this new section in Note 9 to these financial statements.

Financial Instruments – Disclosures, CICA Handbook Section 3862, and Financial Instruments Presentation, CICA Handbook Section 3863
These new standards, which replace Section 3861 – Disclosure and Presentation, revise and enhance disclosure requirements while carrying forward presentation requirements. These new sections will place increased emphasis on disclosure about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The Company has included disclosure recommended by this new section in Note 10 to these financial statements.

General Standards of Financial Statement Presentation – CICA Handbook Section 1400
In June 2007, the CICA modified section 1400 "General Standards of Financial Statement Presentation" in order to require that management make an assessment of the Company's ability to continue as going concern over a period which is at least, but not limited to, twelve months from the balance sheet date. The Company has included disclosures recommended by this new section in Note 1 to these financial statements.

Recent Accounting Pronouncements

International Financial Reporting Standards
In 2006, the Canadian Accounting Standards Board ("AcSB") published a strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian generally accepted accounting principles with International Financial Reporting Standards ("IFRS") over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own generally accepted accounting principles. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company continues to monitor and assess the impact of Canadian GAAP and IFRS.

Goodwill and Intangible Assets – Section 3064
In February 2008, the CICA issued Handbook Section 3064, Goodwill and Intangible Assets, which replaced existing Handbook Section 3062, Goodwill and Other Intangible Assets, and Handbook Section 3450, Research and Development. The new standard provides guidance on the recognition, measurement, presentation and disclosure of goodwill and intangible assets. This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008. The Company is reviewing the impact that the adoption of this new standard may have on its financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Business Combinations – Section 1582
In January 2009, the CICA issued Handbook Section 1582, Business Combinations, which will provide the Canadian equivalent to International Financial Reporting Standard IFRS 3, Business Combinations, and replace the existing Handbook Section 1581, Business Combinations. The new standard will apply prospectively to business combinations for which the acquisition date is on or after January 1, 2011. Earlier adoption is permitted as of the beginning of a fiscal year, in which case an entity would also early adopt Handbook Section 1601, Consolidated Financial Statements and Handbook Section 1602, Non-controlling Interests. Management does not expect that the adoption of this new standard will have significant impact on the Company's Financial Statement.

Consolidated Financial Statements – Section 1601
In January 2009, the CICA issued Handbook Section 1601, Consolidated Financial Statements, which establishes standards for the preparation of consolidated financial statements and will replace the existing Handbook Section 1600, Consolidated Financial Statements. The new standard is effective for interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption is permitted as of the beginning of a fiscal year, in which case an entity would also early adopt Handbook Section 1582, Business Combinations, and Handbook Section 1602, Non-Controlling Interests. Management does not expect that the adoption of this new standard will have significant impact on the Company's Financial Statement.

Non-Controlling Interests – Section 1602
In January 2009, the CICA issued Handbook Section 1602, Non-Controlling Interests, which establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of International Financial Reporting Standard IAS 27, Consolidated and Separate Financial Statements. The new standard is effective for interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption is permitted as of the beginning of a fiscal year, in which case an entity would also early adopt Section 1582, Business Combinations, and Section 1601, Consolidated Financial Statements. Management does not expect that the adoption of this new standard will have significant impact on the Company's Financial Statement.

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities – EIC 173
In January 2009, the CICA approved EIC 173, Credit Risk and the Fair Value of Financial Assets and Liabilities. This guidance clarified that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities including derivative instruments. This guidance is applicable to fiscal periods ending on or after January 12, 2009. Management does not expect that this will have a significant impact on the Company's financial statements.

Mining Exploration Costs – EIC 174
In March 2009 the CICA approved EIC 174, Mining Exploration Costs. The guidance clarified that an enterprise that has initially capitalized exploration costs has an obligation in the current and subsequent accounting periods to test such costs for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. The guidance is applicable to fiscal periods ending after the issuance date.

3. SHORT-TERM INVESTMENTS

Short-term investments consists of highly liquid Canadian dollar denominated guaranteed investment certificates with term to maturity of greater than ninety days but not more than one year. The counter-parties are financial institutions. At April 30, 2009, the instruments were yielding annual interest rates of 0.05% and 1.7% (2008 - 3.7 %). The fair market value of the Company's short-term investment approximates its carrying value at the balance sheet date.

4. MINERAL PROPERTY AND DEFERRED EXPLORATION COSTS

Needle Property, Nunavut

On August 19, 2007, the Company entered into a letter of intent and subsequently, on April 24, 2008, a letter agreement to earn a 51% interest in the Needle Lake Property, located in Nunavut, Northwest Territories. The Company is obligated to spend up to $1,000,000 in exploration costs on the Needle Lake Property by December 31, 2010 and issue 400,000 common shares as follows:

- 100,000 common shares to be issued on completion of the Company's proposed IPO to occur no later than June 30, 2008 (issued);
- 100,000 common shares to be issued on August 19, 2008; (issued)
- 100,000 common shares to be issued on August 19, 2009; and
- 100,000 common shares to be issued on August 19, 2010.

The Company can earn an additional 9% interest in the Needle Lake Property by spending an additional $1,000,000 on exploration work prior to December 31, 2011. The property is subject to a 1% net smelter royalty, payable to third parties.

Title to mining properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mining properties. The Company has investigated title to all of its mineral property and, to the best of its knowledge, title to its property is in good standing.

The following mineral property costs and exploration expenses were incurred on the Needle Lake Property during the period:

	August 1, 2007 (inception) to January 31, 2008	Additions	Balance at January 31, 2009 and April 30, 2009
Acquisition Costs	$ -	$ 50,000	$ 50,000
Exploration Expenses			
Assays and drilling	9,972	204,792	214,764
Consulting	36,988	56,150	93,138
Field expenses	68,727	370,572	439,299
	115,687	631,514	747,201
Total	$ 115,687	$ 681,514	$ 797,201

Sunbeam –Pettigrew Property, Ontario

In April 2009, the Company entered into an option agreement to acquire a 100% interest in the Sunbeam-Pettigrew gold property in northwest Ontario. The property consists of 27 claims totalling 350 claim units located 25 km northeast of the town of Atikokan, 180 km west of Thunder Bay. The option agreement provides for an immediate non-refundable payment of $10,000 to the vendors, which was paid during the period, followed by a due diligence period that ended on May 30, 2009.

The Company can earn a 100% interest in the property over a three year period by making option payments totalling $210,000, issuing 600,000 shares, and funding $450,000 of exploration and development work. The vendors will retain a 2.5% NSR, 1% of which can be purchased for $1,000,000. An annual pre-production royalty of $20,000 will also be in effect, commencing on April 15, 2013.

4. MINERAL PROPERTY AND DEFERRED EXPLORATION COSTS (cont'd)

Subsequent to the period, the option agreement was accepted for filing by the TSX-V and a further $40,000 and 100,000 shares were paid to the vendors by May 30, 2009, as required under the agreement.

5. RELATED PARTY TRANSACTIONS

During the three months ended April 30 2009, the Company entered into the following transactions with related parties:

a) Paid or accrued $4,500 (2008 - $4,500) to a private company, wholly-owned by a director, for the provision of office rent and administrative services.

These transactions were in the normal course of operations and were measured at the exchange amount, which was the amount of consideration established and agreed to by the related parties.

At April 30, 2009, $Nil (2008 – $14,500) was owing to related parties for cash advances made to the Company. Amounts due to related parties are non-interest bearing, unsecured and are due on demand. The fair value of amounts due to related parties is not determinable as they have no specified repayment terms.

6. SHARE CAPITAL

	Number of Shares	Amount	Contributed Surplus
Authorized			
Unlimited number of common shares without par value			
Issued			
Balance as at August 1, 2007	-	$ -	$ -
Shares issued for cash at $0.01 per share	1,550,000	15,500	31,000
Shares issued for cash at $0.10 per share	3,755,000	375,500	-
Balance as at January 31, 2008	5,305,000	391,000	31,000
Shares issued for property at $0.25 per share	200,000	50,000	-
Shares issued for cash at $0.25 per share	3,600,000	900,000	-
Share issuance costs	-	(165,567)	-
Agent's warrants	-	(24,673)	24,673
Stock-based compensation	-	-	92,865
Balance as at January 31, 2009	9,105,000	1,150,760	148,538
Shares issued for cash at $0.15 per share	10,000	1,500	-
Balance as at April 30, 2009	9,115,000	$1,152,260	$ 148,538

On August 14, 2007, the Company issued 3,000,000 founders' common shares at $0.01 per share for proceeds of $30,000. Of these common shares, 1,450,000 were subsequently returned to the Company's treasury and cancelled. The remaining balance of 1,550,000 shares are held in escrow and are to be released from escrow as follows: 10% upon the issuance of notice of listing of the Company's common shares for trading by the TSX-V, and the remainder in six equal tranches of 15% every six months thereafter for a period of 36 months.

6. SHARE CAPITAL (cont'd)

Management determined that the fair value of the 1,550,000 escrowed shares issued to the founders of the Company to be $46,500 or $0.03 per share. As a result, an amount of $31,000 was expensed in the period as stock-based compensation.

On October 31, 2007, the Company issued 3,655,000 units at a price of $0.10 per unit for proceeds of $365,500 pursuant to a private placement. Each unit consists of one common share and one half of one share purchase warrant. Each whole warrant is exercisable into an additional common share at a price of $0.15 until April 30, 2009. The fair value of the warrants was estimated to be $18,275 (5% of the proceeds received from the private placement), this estimate has not been recorded as a separate component of shareholders' equity. (Of these warrants, 10,000 were exercised prior to expiry on April 30, 2009 and the remaining 1,817,500 warrants expired unexercised.) A total of 750,000 shares and 375,000 warrants issued as part of the units are held in escrow and are to be released from escrow as follows: 10% upon the issuance of notice of listing of the Company's common shares for trading by the TSX-V, and the remainder in six equal tranches of 15% every six months thereafter for a period of 36 months.

On January 31, 2008, the Company issued 100,000 units at a price of $0.10 per unit for proceeds of $10,000 pursuant to a private placement. Each unit consists of one common share and one half of one share purchase warrant. Each whole warrant is exercisable into an additional common share at a price of $0.15 for a period of the earlier of July 31, 2009 or twelve months from the date the Company's common shares are listed on the TSX-V. The fair value of the warrants was estimated to be $500 (5% of the proceeds received from the private placement), this estimate has not been recorded as a separate component of shareholders' equity.

On June 27, 2008, the Company issued 3,600,000 common shares at $0.25 per share for proceeds of $900,000, pursuant to an IPO. Pursuant to an Agency Agreement with Research Capital Corporation (the "Agent") dated April 30, 2008, the Agent received a commission of 8% of the gross proceeds and was issued 360,000 non-transferable warrants (the "Agent's Warrants") equal to 10% of the number of common shares sold under the IPO. Each warrant will entitle the Agent to acquire a common share at $0.25 per share exercisable for a period of 18 months following the closing of the IPO being December 27, 2009. The Agent warrants were value at $24,673 using Black-Sholes Option pricing model. The Company also paid the Agent a corporate finance fee of $25,000 plus GST and reimbursed its legal costs and disbursements.

During the year ended January 31, 2009, the Company issued 200,000 common shares at a value of $50,000 pursuant to the Needle Lake Property agreement.

ESCROW SHARES

As at April 30, 2009, there are 1,725,000 common shares being held in escrow which are subject to release under the policies of the TSX-V.

7. STOCK OPTIONS AND WARRANTS

Stock options

The Board of Directors of the Company has adopted a stock option plan (the "Stock Option Plan") for the Company. The Stock Option Plan permits the Company to grant to directors, officers and consultants of the Company, non-transferable options ("Options") to purchase Common Shares, provided that the number of Common Shares reserved for issuance will not exceed 10% of the issued and outstanding Common Shares and be exercisable for a period of up to five years from the date of grant. The number of Common Shares reserved for issuance to any individual director or officer will not exceed 5% of the issued and outstanding Common Shares and the number of Common Shares reserved for issuance to any one consultant or individual conducting investor relations activities will not exceed 2% of the issued and outstanding Common Shares. Options may be exercised within 90 days following cessation of the optionee's position with the Company, subject to the expiry date of each option, provided that if the cessation of office, directorship, or consulting arrangement was by reason of death, the option may be exercised with a maximum period of one year after such death, subject to the expiry date of such option.

On June 27, 2008, the Company granted 750,000 stock options to directors, officers and consultants at an exercise price of $0.25 per share for a 5 year period. The stock options granted were value at $ 92,865 using the Black-Scholes Option pricing model and recorded as stock-based compensation. The weighted average grant date fair value of these options was $0.12.

The following assumptions were used for the Black-Scholes Option Pricing Model's valuation of stock options and Agents' warrants granted during fiscal 2009:

	2009
Risk-free interest rate	3.66%
Expected life	5 years
Annualized volatility	52.8%
Dividend yield	0%

At April 30, 2009, the Company had 750,000 stock options outstanding and exercisable at $0.25 until June 27, 2013.

Warrants

Warrant transactions are summarized as follows:

Date	Number of Warrants	Weighted Average Exercise Price	Weighted Average Life Remaining (in years)
Balance as at August 1, 2007	-	$ -	-
Granted	1,877,500	0.15	-
Balance as at January 31, 2008	1,877,500	0.15	1.49
Granted	360,000	0.25	-
Balance as at January 31, 2009	2,237,500	0.17	0.35
Exercised	10,000	0.15	-
Expired	1,817,500	0.15	-
Balance as at April 30, 2009	410,000	$ 0.24	0.60

7. STOCK OPTIONS AND WARRANTS (cont'd)

The following warrants were outstanding and exercisable at April 30, 2009:

Number	Exercise Price	Expiry Date
50,000	$ 0.15	June 27, 2009
360,000	0.25	December 27, 2009

The weighted average exercise price of the warrants is $0.24 and the weighted average life remaining is 0.60 years.

8. CAPITAL MANAGEMENT

The capital of the Company consists of cash and short-term investments. The Company's objectives when managing capital are to: (i) preserve capital, (ii) obtain the best available net return, and (iii) maintain liquidity to carry out its exploration programs.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of its cash and short-term investments.

The Company's policy is to invest its excess cash in highly liquid, fully guaranteed, bank -sponsored instruments. The Company is not subject to externally imposed capital restrictions.

9. FINANCIAL INSTRUMENTS

Financial Risk Management

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank accounts and short-term investment account, whose balances at April 30, 2009 were $5,132 and $250,000 respectively. The bank account and the short-term investment are each held with a major Canadian bank. As both of the Company's cash and short-term investment are held by the same Canadian bank, there is a concentration of credit risk with this bank. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company's secondary exposure to risk is on its receivables. This risk is minimal as receivables consist primarily of refundable government sales taxes.

Currency Risk

The Company operates in Canada and is therefore not exposed to foreign exchange risk arising from transactions denominated in a foreign currency.

Interest Rate Risk

The Company is exposed to interest rate risk as bank accounts and short-term investments earn interest income at variable rates. The fair value of its portfolio is relatively unaffected by changes in short-term interest rates.

Liquidity Risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash. As at April 30, 2009, the Company was holding cash of $5,132 and short-term investment of $250,000.

10. SUBSEQUENT EVENT

On June 2, 2009, the Company announced that it had agreed to a non-brokered private placement of 1,500,000 units at a price of $0.10 per unit for gross proceeds of $150,000. Each unit will be comprised of one common share and one share purchase warrant, with each warrant entitling the holder to purchase an additional common share at an exercise price of $0.15 per share for a period of two years from the date of issue. A finder's fee may be payable on a portion of this placement, which is subject to acceptance for filing by the TSX Venture Exchange.