

INTERIM FINANCIAL STATEMENTS

**CAP-LINK VENTURES LTD.**

For the Three Months Ended January 31, 2009

(Unaudited)

## **NOTICE TO READER**

Under National Instrument 51-102, 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 consolidated 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 standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

# CAP-LINK VENTURES LTD.

BALANCE SHEETS  
AS AT  
(unaudited)

(In Canadian dollars)	January 31, 2009	October 31, 2008
<b>Assets</b>		
Current Assets		
Cash	\$ 46,198	\$ 112,331
Short term investments	2,300,096	2,380,096
GST recoverable	13,374	11,391
Interest receivable	49,222	32,907
Prepaid expenses	2,767	6,917
	<b>2,411,657</b>	<b>2,543,642</b>
Investment and other asset (Note 5)	18,002	18,002
Oil and gas properties (Note 4)	257,341	257,341
	<b>\$ 2,687,000</b>	<b>\$ 2,818,985</b>

## Liabilities and Shareholders' Equity

Current Liabilities		
Accounts payable and accrued liabilities	\$ 14,394	\$ 116,159
Shareholders' Equity		
Share capital (Note 6)	\$ 2,350,737	\$ 2,350,737
Share purchase warrants (Note 6)	693,181	693,181
Contributed surplus (Note 6)	67,053	67,053
Deficit	(438,365)	(408,145)
	<b>2,672,606</b>	<b>2,702,826</b>
	<b>\$ 2,687,000</b>	<b>\$ 2,818,985</b>

Commitments (Note 4)

See accompanying notes to interim financial statements.

On behalf of the Board:

*/s/ "Stephen Barley"*

*/s/ "Kurt Bordian"*

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

# CAP-LINK VENTURES LTD.

## STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT FOR THE THREE MONTHS ENDED JANUARY 31 (Unaudited)

(in Canadian dollars, except per share amounts)	2009	2008
Expenses:		
Bank charges	\$ 225	\$ -
Consulting fees (Note 7)	25,600	3,000
Filing fees	3,095	3,635
General and administrative	9,241	-
Office and overhead	4,500	-
Professional fees	4,982	16,935
Loss before the undernoted	(47,643)	(23,570)
Interest income	17,423	-
Net loss and comprehensive loss for the year	(30,220)	(23,570)
Deficit, beginning of the the period	(408,145)	(128,955)
Deficit, end of the period	(438,365)	(152,525)
Weighted average number of common shares outstanding	52,333,333	4,100,000
Net loss per share - basic and diluted	\$ (0.00)	\$ (0.01)

See accompanying notes to interim financial statements.

# CAP-LINK VENTURES LTD.

## STATEMENTS OF CASH FLOWS FOR THE THREE MONTHS ENDED JANUARY 31 (Unaudited)

(in Canadian dollars)	2009	2008
<b>Cash Flows from (used in):</b>		
<b>Operating activities</b>		
Net loss	\$ (30,220)	\$ (23,570)
Change in non-cash working capital		
Interest receivable	(16,315)	
GST recoverable	(1,983)	(1,038)
Prepaid	4,150	2,120
Accounts payable and accrued liabilities	(101,765)	(4,685)
	(146,133)	(27,173)
<b>Investing activities</b>		
Short term investments	80,000	-
<b>Decrease in cash</b>	<b>(66,133)</b>	<b>(27,173)</b>
Cash, beginning of the period	112,331	146,563
<b>Cash, end of the period</b>	<b>\$ 46,198</b>	<b>\$ 119,390</b>
<b>Supplemental Disclosure:</b>		
Interest paid	-	-
Income taxes paid	-	-

See accompanying notes to interim financial statements.

# CAP-LINK VENTURES LTD.

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## NOTES TO INTERIM FINANCIAL STATEMENTS

JANUARY 31, 2009

(unaudited)

(in Canadian dollars)

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### 1. NATURE OF OPERATIONS

Cap-Link Ventures Ltd. (the "Company") was incorporated under the Canada Business Corporations Act on May 25, 2005 and is registered as an extra-provincial company in British Columbia. Effective March 31, 2008, the Company completed its Qualifying Transaction and trades under the symbol CAV in the TSX Venture Exchange.

The Company is a petroleum and natural gas exploration company engaged in the acquisition, exploration and development of properties primarily in Fresno County, California, USA.

The Company has not yet determined whether its oil and gas properties contain reserves that are economically recoverable. The recoverability of the carrying amounts of oil and gas properties is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interests in the properties, the ability to obtain the necessary financing to complete exploration and development, and achieving future profitable production or selling its oil and gas properties for proceeds in excess of carrying amounts.

### 2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The unaudited interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles on a basis consistent with those disclosed in the most recent audited annual financial statements, except as noted in Note 3. The unaudited interim financial statements are presented in Canadian dollars, unless otherwise stated. These unaudited interim financial statements do not include all the information and note disclosures required by generally accepted accounting principles for annual financial statements and therefore should be read in conjunction with the October 31, 2008 audited annual financial statements and the notes below.

Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of unaudited interim financial statements for a period necessarily involves the use of estimates. Actual results may differ from these estimates.

Certain comparative figures have been reclassified to conform to the current year's presentation. Such reclassification is for presentation purposes only and has no effect on the Company's previously reported results.

### 3. CHANGES IN ACCOUNTING POLICIES

#### a) Accounting policies implemented effective November 1, 2008

Section 3031, "Inventories", which replaces Section 3030 establishes standards for the measurement and disclosure of inventories. This Section provides more extensive guidance in these areas: the determination of cost, including allocation of overhead; narrowing of permitted cost formulas; requirements for impairment testing; and expansion of disclosure requirements to increase transparency. The disclosure requirements in 3031 did not have any impact on the Company's financial statements.

# CAP-LINK VENTURES LTD.

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## NOTES TO INTERIM FINANCIAL STATEMENTS

JANUARY 31, 2009

(unaudited)

(in Canadian dollars)

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### 3. CHANGES IN ACCOUNTING POLICIES (Continued)

#### b) Recent accounting pronouncements

In February 2008, the CICA Accounting Standards Board ("AcSB") confirmed the changeover to IFRS from Canadian GAAP will be required for publicly accountable enterprises effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The eventual changeover to IFRS represents changes due to new accounting standards. The transition from current Canadian GAAP to IFRS is a significant undertaking that may materially affect the Company's reported financial position and results of operations.

The Company is assessing the potential impacts of this changeover and is developing its IFRS changeover plan, which will include project structure and governance, resourcing and training, analysis of key GAAP differences and a phased plan to assess accounting policies under IFRS as well as potential IFRS 1 exemptions.

### 4. OIL AND GAS PROPERTIES

On March 31, 2008, the Company acquired an 80% working interest in approximately 902 gross acres (722 acres net to the 80% working interest) of oil and gas leases in exploration lands located in Fresno County, California, USA in the San Joaquin Basin.

Pursuant to the terms of the Participation Agreement, the Company issued 2,000,000 common shares at \$0.08 per share (\$160,000) as reimbursement for 80% of the costs of project generation, lease acquisition, geophysical and geological costs.

In addition, the Company plans to participate for an 80% working interest in the acquisition of additional lands, costs of a 3D seismic survey and the costs to drill three wells (the "Initial Wells"). The total cost to the Company is estimated to be approximately USD\$80,000 and USD\$800,000 for the acquisition of the lands and the 3D seismic survey respectively. The Company's share of the Initial Wells is estimated to be US\$996,000.

As at January 31, 2009 and October 31, 2008, the total oil and gas interest is valued at \$257,341.

### 5. INVESTMENT AND OTHER ASSET

The Company has entered into a service relationship with Sterling West Management Ltd ("Sterling") for the provision of administrative, office support and management services. The Company subscribed for one share at \$2 per share and made an advance of \$18,000 to Sterling. Sterling is financed and owned by several participating companies and is managed by a board elected by the shareholders. The Company holds less than a 10% interest in the entity and does not exert significant influence or have directors in common with the Company. Accordingly, this investment is recorded on a cost basis.

# CAP-LINK VENTURES LTD.

## NOTES TO INTERIM FINANCIAL STATEMENTS

JANUARY 31, 2009

(unaudited)

(in Canadian dollars)

### 6. SHARE CAPITAL

a) **Share capital**

Authorized:

Unlimited common shares

b) **Issued**

Common shares

	<b>Number of Common Shares</b>	<b>Amount</b>
<b>Balance, October 31, 2006 and 2007</b>	4,100,000	\$ 232,364
Issued for cash pursuant to a private placement	45,833,333	2,012,030
Shares issued for acquisition	2,000,000	160,000
Exercise of directors and officers options	400,000	40,000
Transfer from contributed surplus upon exercise of options	-	29,039
Issuance costs	-	(122,696)
<b>Balance, October 31, 2008</b>	<b>52,333,333</b>	<b>\$ 2,350,737</b>
<b>Balance, January 31, 2009</b>	<b>52,333,333</b>	<b>\$ 2,350,737</b>

On March 28, 2008, the Company completed a non-brokered private placement (the "Private Placement") of 45,833,333 units at a price of \$0.06 per unit for gross proceeds of \$2,750,000. Each unit consists of one common share and one transferable common share purchase warrant, with each whole warrant entitling the holder to purchase one common share of the Company at a price of \$0.12 per share for a period of 24 months from the date of issuance. The Company paid a finder's fee in the amount of \$165,000 representing 6% of the gross proceeds raised and incurred additional cash issuance costs of \$2,484. The securities issued in connection with the private placement were subject to a 4-month hold period until July 29, 2008, except as permitted by Canadian securities legislation and Exchange policies.

The Private Placement was accounted for using the relative fair value approach, under which the net proceeds were allocated to the common shares and share purchase warrants based on their relative fair values. Under the allocation, \$1,889,334 and \$693,182 were attributed to shares and warrants, respectively, comprising the units, net of issue costs of \$122,696 and \$44,788, respectively. The fair value of the share purchase warrants used to allocate the proceeds was determined using the Black Scholes option pricing model. The weighted average assumptions used in estimating the fair value are summarized as follows:

	2009	2008
Risk-free interest rate	-	2.62%
Expected dividend yield	-	0%
Expected stock price volatility	-	100.00%
Expected warrant lives	-	2 years
<b>Weighted average fair value of share purchase warrant granted (\$)</b>	<b>-</b>	<b>0.02</b>

# CAP-LINK VENTURES LTD.

## NOTES TO INTERIM FINANCIAL STATEMENTS

JANUARY 31, 2009

(unaudited)

(in Canadian dollars)

### 6. SHARE CAPITAL (Continued)

Under the terms of the original subscription agreements, 2,000,000 of the issued and outstanding shares of the Company are subject to an Escrow Agreement pursuant to policies of the TSX Venture Exchange. Under terms of the Escrow Agreement, 10% of the escrowed shares are released from escrow upon the issuance of the Final Exchange Bulletin (the "Initial Release") and an additional 15% will be released on each of the dates 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release.

As at October 31, 2008, 1,500,000 issued and outstanding shares were held in escrow. Subsequent to the closing of the Qualifying Transaction, the Initial Release was completed. As at January 31, 2009, 1,500,000 issued and outstanding shares were held in escrow.

#### c) Share Purchase Warrants

A summary of the changes in share purchase warrants is presented below: (see also Note 6 (b))

	Number of Warrants	Carrying Value
<b>Balance, October 31, 2006 and 2007</b>	-	\$ -
Private Placement	45,833,333	737,970
Share issue costs		(44,789)
<b>Balance, October 31, 2008</b>	45,833,333	\$ 693,181
<b>Balance, January 31, 2009</b>	45,833,333	\$ 693,181

#### d) Stock Options

A summary of the changes in stock options is presented below:

	Number of Options
<b>Balance, October 31, 2006 and 2007</b>	400,000
Granted	1,460,000
Exercised	(400,000)
<b>Balance, October 31, 2008</b>	1,460,000
<b>Balance, January 31, 2009</b>	1,460,000

On March 24, 2006, the Company granted to directors and officers 400,000 incentive stock options, which vested at the time of grant, exercisable at \$0.10 per share for five years commencing on the date the shares of the Company are listed for trading on the TSX Venture Exchange (March 28, 2006). These 400,000 options were exercised on April 9, 2008.

On March 28, 2008, the Company granted 1,460,000 stock options to its directors, officers, key employees and consultants. The options vested at the time of grant and are exercisable at \$0.10 per share for a term of five years.

# CAP-LINK VENTURES LTD.

## NOTES TO INTERIM FINANCIAL STATEMENTS

JANUARY 31, 2009

(unaudited)

(in Canadian dollars)

### 6. SHARE CAPITAL (Continued)

#### e) Agent Options

A summary of the changes in agent options is presented below:

	Number of Options
<b>Balance, October 31, 2006 and 2007</b>	100,000
Expired	(100,000)
<b>Balance, October 31, 2008</b>	-
<b>Balance, January 31, 2009</b>	-

On March 24, 2006, the Company granted 200,000 Agent options, vesting upon grant, exercisable at \$0.10 per share for two years commencing on the date the shares of the Company are listed for trading on the TSX Venture Exchange (March 28, 2006). The remaining options expired on March 28, 2008.

#### f) Contributed Surplus

	January 31, 2009	October 31, 2008
Balance, beginning of year	\$ 67,053	\$ 34,092
Directors and officers options exercised	-	(29,039)
Directors and officers options granted	-	62,000
<b>Balance, end of the period</b>	<b>\$ 67,053</b>	<b>\$ 67,053</b>

On March 24, 2006, the Company granted to directors and officers 400,000 incentive stock options, which vested at the time of grant, exercisable at \$0.10 per share for five years commencing on the date the shares of the Company are listed for trading on the TSX Venture Exchange (March 28, 2006). These 400,000 options were exercised on April 9, 2008.

### 7. RELATED PARTY TRANSACTIONS

For the three months ended January 31, 2009, consulting fees paid to officers and to companies controlled by officers of the Company were \$19,000 (three months ended January 31, 2008 \$Nil). From April 1, 2008, consulting fees were paid to a director for strategic business development, and to the Chief Financial Officer for financial consulting and managerial services. There were no related party transactions prior to the Qualifying Transactions.

The amounts were measured at the exchange amounts which represents the fair value of the transactions.

# CAP-LINK VENTURES LTD.

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## NOTES TO INTERIM FINANCIAL STATEMENTS

JANUARY 31, 2009

(unaudited)

(in Canadian dollars)

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### 8. FINANCIAL INSTRUMENTS

#### Overview

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors approves and monitors the risk management processes.

#### Credit risk

The Company's exposure to credit risk is on its cash, short term investments, GST recoverable and interest receivable.

Cash and short term investments consist of cash bank balances and short-term deposits. The Company manages the credit exposure related to short-term investments by selecting counter parties based on stability of the counter party and avoids complex investment vehicles with higher risk.

The carrying amount of cash, short term investments, GST recoverable and interest receivable represents the maximum credit exposure.

#### Liquidity risk

The Company maintains sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in business accounts and is available on demand. The Company's short-term investment is available on demand after 30 days without penalty. All financial liabilities are due to be settled within 90 days of the balance sheet date.

#### Market risk

The Company is subject to normal market risks including fluctuations in foreign exchange rates and interest rate. While the Company manages its operations in order to minimize exposure to these risks, the Company has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure.

The Company is exposed to interest rate fluctuations on its short term investments, as these have a fluctuating rate of interest. As at January 31, 2009, the Company invested \$300,000 in a Guaranteed Investment Certificate at prime minus 2.25%.

#### Fair value of financial assets and liabilities

The carrying amount for cash, short term investments, GST recoverable, interest receivable, accounts payable and accrued liabilities on the balance sheet approximate fair value because of the limited term of these instruments.

# **CAP-LINK VENTURES LTD.**

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## NOTES TO INTERIM FINANCIAL STATEMENTS

JANUARY 31, 2009

(unaudited)

(in Canadian dollars)

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### **9. CAPITAL MANAGEMENT**

As the Company is in the exploration stage, its principal source of capital is from the issuance of equity securities. The Company's capital management objective is to obtain sufficient capital to maintain its exploration programs for the benefit of its stakeholders. To meet this objective, management monitors the Company's ongoing capital requirements against unrestricted net working capital and assesses additional capital requirements on specific exploration properties on a case by case basis. The Company is not subject to any externally imposed capital requirements.

The capital structure of the Company consists of equity attributable to common shareholders, comprised of issued capital, share purchase warrants, contributed surplus, and deficit.

# CAP-LINK VENTURES LTD.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (For the three months ended January 31, 2009)

*The following discussion of the financial condition and results of operations of Cap-Link Ventures Ltd. ("Cap-Link" or the "Company") should be read in conjunction with the Company's unaudited Financial Statements and notes thereto for the three months ended January 31, 2009. The Company's financial statements have been prepared in Canadian dollars in accordance with Canadian generally accepted accounting principles.*

*Certain statements contained in the following Management's Discussion and Analysis ("MD&A") constitute forward-looking statements within the meaning of applicable laws and regulations. These forward-looking statements are not guarantees of future performance and involve risks and uncertainties, which could cause actual results to differ materially from those anticipated. The Company expressly disclaims any obligation to update forward-looking statements, unless so required by applicable laws.*

### **DATE**

This MD&A is prepared as at March 20, 2009.

### **OVERVIEW**

Cap-Link Ventures Ltd. (the "Company") was incorporated under the Canada Business Corporations Act on May 25, 2005 and is registered as an extra-provincial company in British Columbia. The Company was listed as a "Capital Pool Corporation" ("CPC"), as this term is defined under the policies of the TSX Venture Exchange (the "Exchange"). The Company filed a prospectus for an initial public offering to issue 2,000,000 common shares at \$0.10 per share. Final receipts for the prospectus were issued by the securities regulators for each of British Columbia, Alberta and Ontario on January 31, 2006. The Company completed the issuance of the 2,000,000 common shares under the prospectus on March 24, 2006 and the Company's stock was listed on the Exchange on March 28, 2006 under the symbol CAV.P.

Effective March 31, 2008, the Company completed its Qualifying Transaction and commenced trading under the symbol CAV on the TSX Venture Exchange. The Company's principle activity is petroleum and natural gas exploration.

### **HIGHLIGHTS**

#### **Operational update**

Prior to the commencement of drilling on the Cheney Ranch Project, the Company must shoot a 3-D seismic survey to accurately define the drilling locations. Initially there was no seismic crew available to acquire the 3-D seismic.. In light of the current economic conditions, the Company has closely monitored the market price for gas to ensure the project remains economically viable prior to commencement of work activity on the Cheney Ranch Project. Due to the current low prices for gas, the Company has determined to defer exploration activities on the Cheney Ranch Project and upon an improvement in gas prices the Company intends to seek an appropriate seismic crew and proceed to shoot the 3-D seismic.

## **Financial performance**

For the three months ended January 31, 2009, the Company had a net loss of \$30,220 compared to a net loss of \$23,570 for the same period in 2008. The increase in net loss is mainly attributable to higher consulting fees of \$22,600 partially offset by lower professional fees of 11,953.

The Company had no revenue from operations during the three months ended January 31, 2009, and 2008. The Company earned \$17,423 (Three months ended January 31, 2008 - \$NIL) of interest income.

## **SUMMARY OF QUARTERLY RESULTS**

The summary for each of the eight most recently completed quarters is as follows:  
(\$Canadian)

	<b>Q1</b>	<b>Q4</b>	<b>Q3</b>	<b>Q2</b>	<b>Q1</b>	<b>Q4</b>	<b>Q3</b>	<b>Q2</b>
	<b>January 31</b>	<b>October 31</b>	<b>July 31</b>	<b>April 31</b>	<b>January 31</b>	<b>October 31</b>	<b>July 31</b>	<b>April 31</b>
	<b>2009</b>	<b>2008</b>	<b>2008</b>	<b>2008</b>	<b>2008</b>	<b>2007</b>	<b>2007</b>	<b>2007</b>
Revenue:	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Loss:	(30,221)	(60,658)	(49,863)	(145,099)	(23,570)	(32,698)	(20,270)	(20,573)
Loss per share:	(0.00)	(0.00)	(0.00)	(0.01)	(0.01)	(0.01)	(0.00)	(0.01)
Total Assets:	2,687,000	2,818,985	2,918,996	2,989,395	133,518	161,773	186,095	193,744
Total Long Term Liabilities:	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

## **RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED JANUARY 31, 2009 AND 2008**

The review of the Results of Operations should be read in conjunction with the Company's unaudited financial statements and related notes for the three months ended January 31, 2009 and 2008.

### **Loss for the year**

For the three months ended January 31, 2009, the Company incurred a loss of \$30,221 (\$0.00 per share) compared to a loss of \$23,570 (\$0.01 per share) for the three months ended January 31, 2008. The increase in net loss is mainly attributable higher consulting fees of \$22,600 partially offset by higher professional fees of 11,953 related to the completion of the qualifying transaction.

## **Revenue**

The Company had no revenue from operations during the three months ended January 31, 2009 and 2008. The Company's sole source of income is interest income earned on cash and short term investments. The Company earned interest income of \$17,423 for the three months ended January 31, 2009. The Company did not earn any interest income for the three months ended January 31, 2008.

## **LIQUIDITY AND CAPITAL RESOURCES**

The Company had cash and short term investments of \$2,346,294 and working capital of \$2,397,263 as at January 31, 2009 (October 31, 2008, cash on hand of \$2,492,427 and working capital of \$2,427,483). This decrease was mainly due to cash used in funding operating expenses. Short term investments include Government Investment Certificates. The Company does not invest in any asset-backed securities.

In March 2008 the Company completed a Private Placement which raised net proceeds of \$2,582,514 after payment of commissions and share issuance costs. Concurrent with the closing of the Private Placement, the Company acquired an 80% working interest in approximately 902 gross acres (722 net acres) of oil and gas leases in exploration lands located in Fresno County, California, USA in the San Joaquin Basin. The Company issued 2,000,000 common shares as reimbursement of 80% of the costs of the Project cost to date. Net proceeds from the Private Placement will be used to fund the Company's share of a 3D seismic program and an initial three well drilling program on the Project, currently estimated to cost USD\$800,000 and USD\$996,000 respectively. In addition, the Company will pay its 80% share of additional land acquisition cost estimated to be approximately USD \$80,000.

As at January 31, 2009, the Company has sufficient working capital to meet its capital plan and operating expenses for the next twelve months. If the Company's capital plan is successful, the Company will require additional financing to put its assets into commercial production. The current market environment makes the raising of additional cash difficult and less certain.

## **OFF-BALANCE SHEET ARRANGEMENTS**

There are no off-balance sheet arrangements to which the Company is committed.

## **RELATED PARTY TRANSACTIONS**

For the three months ended January 31, 2009, consulting fees paid to directors and to companies controlled by directors and officers of the Company were \$19,000. From April 1, 2008, consulting fees were paid to a director for strategic business development, and to the Chief Financial Officer for financial consulting and managerial services. There were no related party transactions prior to the date of the Qualifying Transaction.

## **CRITICAL ACCOUNTING ESTIMATES**

The Company is a TSX Venture level issuer; therefore, this section is not applicable.

## **CHANGES IN ACCOUNTING POLICIES**

### **a) Accounting policies implemented effective November 1, 2008**

Section 3031, "Inventories", which replaces Section 3030 establishes standards for the measurement and disclosure of inventories. This Section provides more extensive guidance in these areas: the determination of cost, including allocation of overhead; narrowing of permitted cost formulas; requirements for impairment testing; and expansion of disclosure requirements to increase transparency. The disclosure requirements in 3031 did not have any impact on the Company's financial statements.

### **b) Recent Accounting Pronouncements**

In February 2008, the CICA Accounting Standards Board ("AcSB") confirmed the changeover to IFRS from Canadian GAAP will be required for publicly accountable enterprises effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition from current Canadian GAAP to IFRS is a significant undertaking that may materially affect the Company's reported financial position and results of operations.

The Company is assessing the potential impacts of this changeover and is developing its IFRS changeover plan, which will include project structure and governance, resourcing and training, analysis of key GAAP differences and a phased plan to assess accounting policies under IFRS as well as potential IFRS 1 exemptions.

## **FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS**

The carrying value of the Company's financial instruments, consisting of cash, short term investments, GST recoverable, interest receivable, and accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of such instruments. Unless otherwise noted, it is management's opinion the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

## **ADDITIONAL INFORMATION**

### **Disclosure of Outstanding Share Data**

#### a) Authorized:

Unlimited common shares with no par value

<u>Common shares issued</u>	<u>Number</u>
Balance, January 31, 2009	52,333,333
Balance, March 20, 2009	52,333,333

b) <u>Share purchase options</u>	<u>Number</u>	<u>Weighted Average Exercise Price</u>
Balance, January 31, 2009	1,460,000	\$0.10

As at January 31, 2009, 1,460,000 options were exercisable and the weighted average remaining contractual life of these options is 4.2 years.

c) <u>Share purchase warrants</u>	<u>Number</u>	<u>Weighted Average Exercise Price</u>
Balance, January 31, 2009	45,833,333	\$0.12

As at January 31, 2009, 45,833,333 of the share purchase warrants were exercisable, and the weighted average remaining contractual life of these share purchase warrants is 1.2 years.

### **Investor Relations**

The Company had no investor relations arrangements with any third party during the three months ended January 31, 2009.