Financial Statements of:

CANDORADO OPERATING COMPANY LTD.

June 30, 2009

(Unaudited – prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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 standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

CANDORADO OPERATING COMPANY LIMITED

BALANCE SHEETS

As at June 30, 2009 and December 31, 2008

		June 30 2009		December 31 2008
ASSETS				
CURRENT				
Cash	$	**36,171**	$	52,367
Marketable securities *(Note 5)*		**19,750**		9,000
Taxes recoverable and other receivables		**144,839**		160,294
Prepaid and advances		**4,897**		9,142
Notes receivable, net of unamortized discount of $609 *(Note 8)*		**—**		139,391
		205,657		370,194
RECLAMATION BOND		**12,500**		15,000
EQUIPMENT *(Note 6)*		**27,342**		32,442
MINERAL PROPERTIES *(Note 5)*		**4,362,330**		4,336,989
	$	**4,607,829**	$	4,754,625
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	$	**281,412**	$	305,742
Due to related parties *(Note 7)*		**1,995**		92
Notes payable *(Note)*		**112,862**		212,862
		396,269		518,696
Contingent Liabilities *(Note 10)*				
SHAREHOLDERS' EQUITY				
SHARE CAPITAL *(Note 8 (b))*		**8,303,003**		8,299,003
SUBSCRIPTIONS RECEIVED		**90,000**		—
CONTRIBUTED SURPLUS *(Note 8(e))*		**1,243,907**		1,243,907
OTHER COMPREHENSIVE INCOME		**(30,500)**		(39,000)
DEFICIT		**(5,394,849)**		(5,267,981)
		4,211,560		4,235,929
	$	**4,607,829**	$	4,754,625

Nature of Operations – *(Note 1)*

Approved on behalf of the Board:

/s/ Kirk Reed
Kirk Reed – Director

/s/ Rene Bernard
Rene Bernard – Director

CANDORADO OPERATING COMPANY LIMITED

STATEMENTS OF LOSS AND DEFICIT

For the Six Months ended June 30

(Un-audited – prepared by management)

	Three Months Ended		Six Months Ended	
	June 30 2009	June 30 2008	**June 30 2009**	June 30 2008
ADMINISTRATIVE EXPENSES				
Bank charges and interest, net interest	$ **(81)**	$ 1,543	$ **264**	$ 1,728
Consulting fees	**12,788**	27,875	**27,275**	56,081
Depletion and depreciation	**2,549**	2,550	**5,100**	5,100
Insurance	**6,450**	0	**17,250**	13,500
Investor relations	**0**	8,052	**1,800**	8,052
Listing and filing fees	**2,739**	2,615	**8,239**	12,515
Management fees	**15,000**	10,000	**30,000**	25,000
Office and general	**4,491**	6,859	**8,681**	16,573
Professional fees	**5,000**	1,338	**5,910**	4,278
Property evaluation	**2,630**	14,075	**6,090**	121,001
Shareholder communication	**435**	2,463	**1,345**	12,267
Transfer agent fees	**1,333**	684	**2,002**	2,032
Travel	**1,858**	543	**6,089**	17,382
Vehicle Expenses	**989**	368	**6,824**	4,257
Wages	**—**	11,393	**—**	32,958
Net Loss before other items	**(56,181)**	(90,355)	**(126,868)**	(332,724)
OTHER ITEMS				
Gain on sale of marketable securities	**—**	42,214	**—**	39,811
Net loss for the period	**(56,181)**	(48,141)	**(126,868)**	(292,913)
Deficit, beginning of period	$ **(5,338,669)**	$ (4,501,979)	$ **(5,267,981)**	$ (4,257,207)
Deficit, end of period	$ **(5,394,849)**	$ (4,550,120)	$ **(5,394,849)**	$ (4,550,120)
Loss per common share - Basic and diluted	$ **(0.00)**	$ (0.00)	$ **(0.00)**	$ (0.01)
Weighted average number of common shares	**47,992,895**	47,559,892	**47,992,895**	47,197,041

CANDORADO OPERATING COMPANY LIMITED

STATEMENTS OF COMPREHENSIVE INCOME

For the Six Months ended June 30

(Un-audited – prepared by management)

	Three Months Ended		Six Months Ended	
	June 30 2009	June 30 2008	**June 30 2009**	June 30 2008
Net loss for the period before comprehensive loss	$ **(56,181)**	$ (48,141)	$ **(126,868)**	$ (292,913)
Unrealized gain on available for sale investments *(Note 9)*	**3,750**	—	**8,500**	44,000
Comprehensive loss for the period	$ **(52,431)**	$ (48,141)	$ **(118,368)**	$ (248,913)

CANDORADO OPERATING COMPANY LIMITED
STATEMENTS OF CASH FLOWS
For the Six Months ended June 30
(Un-audited – prepared by management)

	Three Months Ended		Six Months Ended	
	June 30 2009	June 30 2008	**June 30 2009**	June 30 2008
OPERATING ACTIVITIES				
Net income (loss) for the period	$ **(56,181)**	$ (48,141)	$ **(126,868)**	$ (292,913)
Adjust for item not affecting cash:				
Accretion of discount on notes receivable and payable, net	**128**	—	**(609)**	—
Depreciation	**2,549**	2,550	**5,100**	5,100
Gain on sale of marketable securities	**—**	(42,214)	**—**	(39,811)
Net changes in non-cash working capital items:				
Accounts payable and accrued liabilities	**24,173**	91,864	**24,330**	273,626
Due (from) to related parties	**3,414**	26,544	**—**	28,302
Gain on settlement of accounts payable	**(22,025)**	—	**(22,025)**	—
Notes payable	**—**	—	**(100,000)**	—
Notes receivable	**—**	—	**139,391**	—
Prepaids and advances	**3,603**	69,813	**4,245**	(4,920)
Taxes recoverable and receivables	**1,321**	(17)	**15,455**	111,185
Net cash (used) provided in operating activities	**(43,018)**	100,399	**(60,983)**	80,569
INVESTING ACTIVITIES				
Mineral property exploration, net of recoveries	**(23,303)**	348,471	**(47,713)**	(867,349)
Proceeds from the sale of marketable securities	**—**	243,876	**—**	243,876
Payment of reclamation bond	**—**	—	**2,500**	—
Net cash used in investing activities	**(23,303)**	(104,595)	**(45,213)**	(623,473)
FINANCING ACTIVITIES				
Proceeds from issuance of common shares	**40,000**	—	**40,000**	180,275
Share issue costs	**50,000**	—	**50,000**	700
Net Cash Provided from Financing Activities	**90,000**	—	**90,000**	180,975
INCREASE (DECREASE) IN CASH & CASH	$ **23,678**	$ (4,196)	$ **(16,196)**	$ (361,929)
CASH beginning of period	$ **12,493**	$ 82,070	$ **52,367**	$ 439,803
CASH end of period	$ **36,171**	$ 77,874	$ **36,171**	$ 77,874
SUPPLEMENTAL CASH FLOW INFORMATION				
Interest paid	$ **—**	$ —	$ **—**	$ —
Income taxes paid	$ **—**	$ —	$ **—**	$ —
NON-CASH FINANCING ACTIVITIES				
Shares issued for mineral properties	$ **4,000**	$ 13,200	$ **4,000**	$ 195,200

1. NATURE OF OPERATIONS AND ABILITY TO CONTINUE AS A GOING CONCERN

The Company is incorporated under the Company Act of British Columbia, is in the exploration stage and its shares are publicly traded on the TSX Venture Exchange.

The Company's resource properties are without a known body of commercial ore. The business of exploring for resources and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Major expenses may be required to establish ore reserves, to develop metallurgical processes, to acquire construction and operating permits and to construct mining and processing facilities. The recoverability of the amount shown for resource properties is dependent upon the ability of the Company to obtain the necessary financing to complete the exploration and development of the properties, discovery of economically recoverable reserves and future profitable production. There is no assurance that the Company will be successful in recovering the amounts shown for resource properties.

The unaudited interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial information. Accordingly, they do not include all to the information and footnotes required by generally accepted accounting principles for complete financial statements. The unaudited interim financial statements have been prepared in accordance with the accounting principles and policies described in the Company's annual financial statements for the year ended December 31, 2008, and should be read in conjunction with those statements. In the opinion of management, all adjustments (consisting of normal and recurring accruals) have been included. Operating results for the six months ended June 30, 2009 are not necessarily indicative of the results that may be expected for the year ended December 31, 2009. These financial statements have been prepared in accordance with accounting principles applicable to a going concern, which assumes that the Company will realize its assets and discharge its liabilities and commitments in the ordinary course of business. At June 30, 2009, the Company has recurring losses, has an accumulated deficit of $5,394,849 and has not generated cash from operating since inception. The Company's continuing operations and the ability of the Company to discharge its liabilities and fulfill its commitments as they come due is dependent upon the continued support of its related parties, the ability of the Company to continue to obtain equity financing and, ultimately, on locating economically recoverable ore reserves in its resource properties and attaining and maintaining profitable operations. If the Company is unable to obtain adequate additional financing, the Company will be required to curtail operations and exploration activities. Furthermore, failure to continue as a going concern would require the restatement of assets and liabilities on a liquidation basis, which would differ significantly from the going concern basis.

2. SIGNIFICANT ACCOUNTING POLICIES

Mineral properties
The Company capitalizes the acquisition cost of mineral properties and related exploration and development costs. The amounts shown for mineral properties represent costs incurred to date, less write-offs and government assistance, and do not necessarily reflect present or future values. These costs will be amortized over the estimated productive lives of the properties following the commencement of commercial production using the unit of production method. If a property is subsequently abandoned, sold or determined not to be economic, all related costs are written down. It is reasonably possible that economically recoverable reserves may not be discovered and accordingly a material portion of the carrying value of mineral properties and related deferred exploration costs could be written off. Properties acquired under option agreements whereby payments are made at the sole discretion of the Company are recorded in the accounts at such time as the payments are made. Although the Company has taken steps to verify title to mineral properties in which it has an interest, according to the usual industry standards for the stage of exploration of such properties, these procedures do not guarantee the Company's title. Such properties may be subject to previous agreements or transfers and title may by affected by undetected title defects. The investment in and expenditures on mineral properties comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal.

Equipment
Equipment is recorded at cost and is depreciated on a straight line basis at a rate of 20% per annum.

Estimates, assumptions, and measurement uncertainty
The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant areas requiring the use of management estimates and assumptions relate to the impairment of mineral property interests, the determination of reclamation obligations, calculation of stock-based compensation, common stock issued for non-cash consideration, and future income tax valuations. Actual results could differ from those estimates. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial instruments

The fair value of the Company's cash, marketable securities, other receivables, accounts payable and due to/from related parties were estimated to approximate their carrying values due to the immediate or short-term maturity of these financial instruments. It was not practicable to determine the fair value of the amounts due to the related parties. The amounts due to the related parties are non-interest bearing and have no specific terms of repayment. Management does not believe the Company is exposed to significant credit, interest rate or financial risks.

Loss per share

Loss per share computations is based on the weighted average number of common shares outstanding during the year. Diluted loss per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding used for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share purchase options and warrants are used to repurchase common shares at the average market price during the period. Diluted loss per share and weighted average number of common shares exclude all dilutive potential shares since their effect is anti-dilutive

Comparative figures

Certain reclassifications have been made to the prior year's financial statements to conform to the current year's presentation.

Stock-based compensation

The Company accounts for stock-based compensation expense using the fair value based method with respect to all stock-based payments to directors, employees and non-employees, including awards that are direct awards of stock and call for settlement in cash or other assets, or stock appreciation rights that call for settlement by the issuance of equity instruments. Under this method, stock-based payments are recorded as an expense over the vesting period or when the awards or rights are granted, with a corresponding increase to contributed surplus under shareholders' equity. When stock options are exercised, the corresponding fair value is transferred from contributed surplus to capital stock.

Mining Tax Credits

The Company recognizes mining tax credit amounts when the Company's application is approved by the taxation authorities or when the amount to be received can be reasonably estimated and collection is reasonably assured. The amount of the mining tax credits would reduce the Company's capitalized mineral property and deferred exploration costs through a credit to cash recoveries.

Asset retirement obligations

An asset retirement obligation is a legal obligation associated with the retirement of tangible long-lived assets that the Company is required to settle. This would include obligations related to future removal of property and equipment, and site restoration costs. The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability.

Long-lived assets

The carrying values of long-lived assets with fixed or determinable lives are reviewed for impairment whenever events or changes in circumstances indicate the recoverable value may be less than the carrying amount. Impairment determinations are based on management's estimates of undiscounted and discounted future net cash flows expected to be recovered from specific assets or groups of assets through use or future disposition. Impairment charges are recorded in the period in which determination of impairment is made by management.

Assets with indefinite or indeterminable lives are not amortized and are reviewed for impairment on a reporting period basis using management's fair value determinations of estimated recoverable value.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Marketable securities
The Company records its investment in marketable securities at market value. Market value is based on the closing price of the security at the balance sheet date. The Company has classified its marketable securities as available-for-sale, in which changes in fair value are recognized in comprehensive income

Cash and cash equivalents
Cash equivalents include highly liquid term investments, where the initial terms to maturity are less than 90 days. At June 30, 2009, the Company has no cash equivalents.

Comprehensive Income
Comprehensive income is composed of the Company's earnings and other comprehensive income. Other comprehensive income includes unrealized gains and losses on available-for-sale securities, net of income taxes. Cumulative changes in other comprehensive loss will be included in accumulated other comprehensive loss which is presented in shareholders' equity.

3. ADOPTION OF NEW ACCOUNTING STANDARDS

Effective January 1, 2008 the Company adopted the following accounting standards updates issued by the Canadian Institute of Chartered Accountants ("CICA"):

Going concern
The Accounting Standards Board ("AcSB") amended Section 1400, "Going Concern" to include requirements for management to assess an entity's ability to continue as a going concern and to disclose material uncertainties related to events or conditions that may cast doubt upon the entity's ability to continue as a going concern.

Capital disclosures
Section 1535, "Capital Disclosures" establishes standards for disclosing information about an entity's capital and how it is managed. Section 1535 also requires the disclosure of any externally-imposed capital requirements, whether the entity has complied with them, and if not, the consequences. The Company has included disclosures recommended by Section 1535 in Note 15.

Financial Instruments – Disclosure and Presentation
In March 2007, the CICA issued Section 3862, "Financial Instruments – Disclosures", and Section 3863, "Financial Instruments – Presentation", which together compromise a complete set of disclosure and presentation requirements that revise and enhance current disclosure requirements for financial instruments. Section 3862 requires disclosure of additional detail by financial asset and liability categories. Section 3863 establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. The Company has included disclosures recommended by Section 3862 in Note 14.

Inventories
In June 2007, the CICA issued Section 3031, "Inventories", which provides more guidance on the measurement and disclosure requirements for inventories. Specifically the new pronouncement requires inventories to be measured at the lower of cost and net realizable value, and provides guidance on the determination of cost and its subsequent recognition as an expense, including any write-down to net realizable value. The new pronouncement is effective to interim and annual financial statements for fiscal years beginning on or after January 1, 2008. The adoption of this section did not impact the Company.

Tax Benefit from Unrealized Gains in Other Comprehensive Income
The guidance of the Emerging Issues Committee ("EIC") EIC-172, "Income Statement Presentation of a Tax Loss Carry Forward" recognizes the tax benefit following an unrealized gain recorded in other comprehensive income. This guidance is adopted on a retrospective basis.

4. NEW ACCOUNTING PRONOUNCEMENTS

International Financial Reporting Standard

In 2006, Canada's Accounting Standards Board ratified strategic plan that will result in Canadian generally accepted accounting principles ("GAAP"), as used by public companies, being evolved and converged with International Financial Reporting Standards ("IFRS") over a transitional period currently expected to be complete by 2011. The conversion to IFRS will affect interim and annual financial statements relating to years beginning on or after January 1, 2011. The International Accounting Standards Board currently has projects underway that should result in new pronouncements. Consequently, the Company has not yet determined the impact of the ultimate adoption of IFRS on the Company's financial statements.

Goodwill and Intangible Assets

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

Business Combinations

The CICA recently issued Section: 1582, "Business Combinations", Section 1601, "Consolidations" and Section 1602, "Non-Controlling Interest". These standards are effective January 1, 2011. It is not expected to have a material impact on the Company's financial statements.

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

In January 2009, the EIC issued EIC-173. In this EIC, the Committee reached a consensus that in determining the fair value of financial assets and financial liabilities an entity should take into account the credit risk of the entity and the counterparty. The Company has not yet determined the impact of the adoption of this standard on its financial statements.

	British Columbia properties							
	Serb Creek	**Murphy Lake**	**Eldorado**	**Man Prime**	**Deer/ Friendly**	**Other**	**Aurora Extension**	**June 30 2009**
Exploration and development costs beginning of period	$14,409	$1,055,756	$21,005	$1,414,751	$686,577	$447,797	$130,160	$3,770,455
Incurred during the year:								
Cash in lieu, assesment work reports	—	—	—	—	—	—	—	—
Drilling	—	—	—	—	—	—	—	—
Sampling and assaying	—	—	—	—	2,176	—	—	2,176
Helicopter, transport and rentals	—	—	—	—	—	—	—	—
Field work	—	—	—	—	—	—	—	—
Geophyscial work	—	—	—	—	—	—	—	—
Site Costs, management fees	—	77	—	2,970	—	549	—	3,596
Maps, field supplies and misc	—	—	—	—	—	1,669	—	1,669
Geological consulting and reports	—	1,482	—	1,800	6,176	6,310	—	15,768
Deferred exploration, end of period	**14,409**	**1,057,315**	**21,005**	**1,419,521**	**694,929**	**456,325**	**130,160**	**3,793,664**
Acquisition costs, beginning of period	60,301	80,716	46,324	455,234	85,506	(83,529)	63,000	707,552
Additions during the period								
Capital stock issued	—	—	—	—	4,000	—	—	4,000
Finders fees	—	—	—	—	—	—	—	—
Staking fees	—	—	124	—	—	32	—	156
Property payments	—	—	—	—	20,000	—		20,000
Reimbursement of staking costs	—	—	—	—	—	—	—	—
Property payments cash received	—	—	—	—	—	—	—	—
Property payments shares received	—	—	—	—	—	—	—	—
Acquisition costs, end of period	**60,301**	**80,716**	**46,448**	**455,234**	**109,506**	**(83,497)**	**63,000**	**731,709**
Mining tax recoveries	—	—	—	—	—	—	—	(141,018)
Write off of resource properties	—	(22,025)	—	—	—	—	—	(22,025)
Total Mineral Properties	**$74,710**	**$1,116,006**	**$67,453**	**$1,874,755**	**$804,435**	**$372,828**	**$193,160**	**$4,362,330**

5. MINERAL PROPERTIES (Cont'd)

	British Columbia properties										Ontario	
2008	**Serb Creek**	**Murphy Lake**	**Eldorado**	**Pitt Island**	**Man Prime**	**Riley/ Summer**	**Hefley Lake**	**Deer/ Friendly**	**Rayfield**	**Other**	**Aurora Extension**	**December 31 2008**
Exploration and development costs beginning of year	$14,985	$856,891	$18,517	$17,736	$1,337,545	$279,367	$128,727	$381,712	$63,863	$151,792	$125,663	$3,376,798
Incurred during the year:												
Cash in lieu, assessment work reports	(319)	38,307	1,006	4,624	—	10	—	22,282	7,882	47,836	—	121,628
Drilling	—	67,975	—	—	420	—	—	159,545	—	—	—	227,940
Sampling and assaying	—	11,044	—	—	32,734	131	—	21,336	—	76,547	—	141,792
Helicopter, transport and rentals	—	14,187	—	—	497	430	—	9,724	—	5,104	—	29,942
Field work	—	3,260	—	—	2,534	1,290	—	15,165	—	54,346	—	76,595
Site Costs, management fees	—	9,120	—	—	6,661	1,437	1,247	10,826	198	37,045	—	66,534
Maps, field supplies and misc	—	10,701	—	—	11,345	110	1,654	705	1,689	18,010	—	44,214
Geological consulting and reports	—	44,271	—	—	23,015	2,650	5,203	65,282	523	63,400	4,497	208,841
Deferred exploration, end of year	14,666	1,055,756	19,523	22,360	1,414,751	285,425	136,831	686,577	74,155	454,080	130,160	4,294,284
Acquisition costs, beginning of year	117,719	162,414	108,561	126,556	56,705	50,036	10,792	90,421	186,273	564,575	83,000	1,557,052
Additions during the year:												
Common shares issued	—	—	—	—	216,500	2,750	—	13,200	—	—	—	232,450
Staking fees	15,954	12,469	2,149	—	—	—	2,350	—	30,485	6,713	—	70,120
Property payments	—	15,000	—	—	307,029	100,000	10,000	60,000	—	234,000	—	726,029
Property payments cash received	—	(50,000)	—	—	(125,000)	—	—	—	(50,000)	(873,595)	(20,000)	(1,118,595)
Property payments shares received or receivable	—	—	—	—	—	—	—	—	(67,000)	(2,250)	—	(69,250)
Acquisition costs, end of year	133,673	139,883	110,710	126,556	455,234	152,786	23,142	163,621	99,758	(70,557)	63,000	1,397,806
	148,339	1,195,639	130,233	148,916	1,869,985	438,211	159,973	850,198	173,913	383,523	196,160	5,692,090
Impairment of mineral properties	(74,169)	(57,608)	(62,904)	(148,916)	—	(438,211)	(159,973)	(78,115)	(173,913)	(491,189)	—	(1,684,998)
Gains on sales of mineral properties	—	—	—	—	—	—	—	—	—	470,915	—	470,915
Mining tax credits												(141,018)
Total Mineral Properties	**$74,170**	**$1,138,031**	**$67,329**	**$—**	**$1,869,985**	**$—**	**$—**	**$772,083**	**$—**	**$363,249**	**$193,160**	**$4,336,989**

5. MINERAL PROPERTIES (Cont'd)

British Columbia

a) Serb Creek Property
The Company entered into an option agreement dated April 25, 2006 to acquire a 100% interest, subject to a 2% NSR in 63 mineral claims totaling 6,466 hectares located within the Omenica Mining Division, collectively referred to as the Serb Creek property. Consideration for the option was total cash payments of $60,000 over four years (paid), an aggregate of 400,000 common shares (issued). In December 2006 the Company entered into an agreement with Georgia Ventures Inc. ("GVI") wherein GVI can earn a 50% interest in the property for consideration of a cash payment of $60,000 (received) and must incur exploration expenditures of $600,000 over a two year period (not completed). The NSR can be purchased by either party from the original vender for $1,500,000. During February 2008, GVI gave notice and the Company accepted the termination of the Option Agreement between the parties. The Company is actively pursuing a joint venture partner to develop this property. Due to a recent decline in the values of molybdenum, which is the property's main resource focus, the Company has impaired approximately one-half of the capitalized costs related to the property, which resulted in an impairment charge of $74,169.

b) Murphy Lake Property
The Company entered into an option agreement dated February 11, 2004 (the "Option Agreement") to acquire a 100% interest, subject to a 2% NSR in 24 mineral claim units located in the Cariboo Mining Division. The claims area covered by the agreement will also include an additional 111 claim units. The Company must make staged cash payments totaling $700,000 over a ten-year period ($75,000 paid) and thereafter successive payments of $100,000 on the anniversary date of the agreement. In June 2009, the Company and the original Vendors agreed to amend the terms of the Option Agreement wherein Candorado was granted an option to acquire the 100% interest in the 24 mineral claim units, for consideration of 1,000,000 shares of Candorado subject to TSX Venture Exchange ("TSX-VE") approval, saving the Company from aggregate costs of $625,000. The amended agreement still retains the 2% net smelter return royalty payable to the Vendors. See Subsequent Events.

The Company entered into an agreement dated December 15, 2006 to provide the right to explore and develop 3 mineral concessions to Beeston Enterprises ("Beeston") for the sum of $5,000 (received). Beeston can earn a 60% interest in the property for consideration of a cash payment of $45,000 (received) and must incur exploration expenditures of $200,000 by the first anniversary date (not completed) and further exploration expenditures of $250,000 by the second anniversary date (not completed). On October 29, 2007 and June 29, 2008 the Company entered into amending agreements to extend the dates of the exploration requirements. However, Beeston did not make the required expenditures by the extended dates. As a result, the Company entered into an agreement dated October 3, 2008 to terminate the option agreement with Beeston, in which the Company agreed to assume Beeston's liabilities of $146,550 which was owing to vendors who performed exploration work on the property during 2008.

During December 2007, pursuant to a joint venture staking agreement, GWR Resources Inc. purchased from the Company two mineral tenures (known as the Rail JV and forming part of the Murphy Lake property) and reimbursed the Company for JV expenditures of $100,000 (received). In August 2008, the Company purchased the two mineral tenures and GWR' 50% interest in the JV for a cash payment of $4,000 (received).

Mac and Spout Property (collectively included in Murphy Lake)
The Company entered into an option agreement dated January 26, 2004 to acquire a 100% interest, subject to a 2% net smelter returns royalty ("NSR"), in 60 mineral claim units located in the Cariboo and Clinton Mining Divisions. An additional 62 mineral claim units have been staked which are also subject to the terms of the agreement. Consideration for the option was a cash payment of $15,000 (paid) aggregate share issuances of 300,000 common shares (issued) and work commitment expenditures of $140,000 (completed). A finder's fee of 35,000 common shares of the Company was also paid in connection with this acquisition.

Tillicum Lake (collectively included in the Mac and Spout Property)
The Company entered into an option agreement dated July 29, 2008 with Christopher James Gold Corp. ("CJGC"), where CJGC has the option to earn a 60% interest in the Tillicum Creek Au-Cu Project consisting of 5 mineral tenures located within the Mac and Spout area for a cash payment of $50,000 upon signing the agreement (received), and a commitment to spend $200,000 and $250,000 on exploration by July 31, 2009 and July 31, 2010, respectively.

During the six months ended June 30, 2009 the Company received a credit of $22,025 against outstanding payables for drilling completed in the prior year from the drilling contractor.

5. MINERAL PROPERTIES (Cont'd)

British Columbia (Cont'd)

c) Eldorado Property

The Company entered into an option agreement dated November 21, 2003 to acquire a 100% interest, subject to a 2% net smelter returns royalty, in the Eldorado Gold Project. The Company was required to make cash payments of $100,000 paid) and issue 500,000 common shares (issued) to the optionors in stages over a three-year period. The 2% NSR may be purchased for $2,000,000 subsequent to making a production decision on the project. On February 16, 2007 the Company entered into an option agreement with Gravity West Corp. ("GWC") to acquire a 60% interest in the property. GWC is required to make a cash payment of $50,000 (received) and issue 200,000 shares to the Company (received) and spend a minimum of $500,000 on exploration on the property and issue a further 700,000 shares to the Company by February 16, 2008 (not received). The agreement is subject to a 2% NSR payment to the original vendors of the property. A finder's fee was paid in the amount of $12,500. During February 2008, GWC gave notice and the Company accepted the termination of the Option Agreement between the parties. The Company is actively pursuing a joint venture partner on this property to further develop its merits. During the year ended December 31, 2008, the Company recognized an impairment charge of $62,904 on the property,

d) Pitt Island Property

The Company entered into an option agreement dated April 27, 2005, to acquire a 100% interest in the Pitt Island property subject to a 2% NSR. Half of the NSR can be purchased for $500,000. Consideration for the option was a cash payment of $15,000 (paid) and aggregate shares issuances of 400,000 common shares (issued). The Company's interest remains subject to the 2% NSR. The Company did not conduct any exploration work on the property during the year and does not anticipate any work programs in the near future. Therefore, the Company recognized an impairment charge of $148,916 during the year ended December 31, 2008.

e) Man/Prime Property

The Company entered into an option agreement with Bearclaw Capital Corp. ("Bearclaw"), dated January 4, 2007 to acquire an 80% interest in the Man/Prime property located 35 km north of Princeton British Columbia. Under the terms of the agreement, the Company may earn 51% interest by making a cash payment of $50,000 (paid) and incurring $800,000 in exploration expenditures (completed) and issuing 700,000 shares (issued) by December 31, 2009. The additional 29% may be obtained by incurring an additional $2,000,000 in exploration expenditures and issuing an additional 2,000,000 shares by December 31, 2011.

The Company entered into a purchase agreement with Bearclaw dated August 11, 2008 to acquire the remaining 49% interest of the Man/Prime property. Under the terms of the agreement, the Company is required to pay $100,000 upon execution of the agreement (paid), 150,000 shares upon Exchange approval (issued), $100,000 (paid) and 150,000 shares (issued) on December 31, 2008, and $100,000 and 150,000 shares on July 31, 2009. To secure the deferred payment of the cash and shares, the Company issued a non-interest bearing promissory note to Bearclaw in the amount of $200,000 and 300,000 shares with a repayment schedule in accordance with the schedule of payments outlined above (Note 9). A 1.25% NSR was negotiated which may be purchased by the Company for $1,250,000 at any time. This purchase agreement replaces the remaining terms of the option agreement between the parties dated January 4, 2007. The Company now owns a 100% interest in the property.

On November 12, 2008 the Company and GWR Resources Inc. ("GWR") entered into an option agreement whereby GWR can earn a 53% interest in the Man/Prime property for aggregate cash payments of $500,000 ($125,000 received) on or before January 10, 2010 and $1,000,000 in exploration expenditures by December 31, 2009. GWR can earn a further 7% interest by expending a further $500,000 in exploration expenditures by December 31, 2010. Subsequent to December 31, 2008, GWR expressed that it will not to proceed with the option agreement and has terminated the agreement.

f) Riley and Summer Properties

The Company entered into a purchase agreement dated January 23, 2007 to acquire 100% interest in 9 mineral tenures within the Summer Creek property for consideration of $8,000 (paid). The Company entered into an option agreement dated February 19, 2007 to earn a 100% interest in the Riley and Summer properties located east of Lac La Hache, subject to a 2% NSR. The Company is required to pay $218,000 ($68,000 paid) and issue 150,000 common shares (75,000 issued) over two years. The Company must also fund exploration and development work totaling at least $900,000 by June 15, 2009.

On July 14, 2008 the Company amended the terms of the Summer property and exercised the option for a cash payment of $50,000 (paid) to acquire a 100% interest in the Summer Property. All terms and conditions regarding the Riley Property remain the same which include the option to acquire a 100% interest for consideration of $109,000 cash payments ($34,000 paid), work commitments of $400,000 and the issuance of 75,000 common shares (50,000 issued). Although the results on the exploration work programs were encouraging, the Company does not anticipate any work programs or funds committed in the near future to further develop these properties and as such in March 2009 provided notice to the vendor it would not be proceeding under the terms of the agreement. Accordingly, acquisition and deferred acquisitions costs of $438,211 have been impaired at December 31, 2008.

g) Hefley Lake Property

On February 6, 2007 the Company entered into an option agreement to acquire a 100% interest in the Hefley Lake property, for consideration of $500,000 over eight years with first and second year payments of $10,000 (paid) in each year. The property covers two tenures comprised of 58 units for 765.305 hectares. A 2% NSR was negotiated, and the Company has the option to purchase 1% of the NSR for a payment of $5,000,000. In March 2009, the Company provided notice to the vendor that it would not proceed under the terms of the agreement. Accordingly, acquisition and deferred exploration costs of $159,973 have been impaired as at December 31, 2008.

h) Deer Lake and Friendly Lake Properties

The Company entered into an option agreement on April 15, 2007 with Electrum Resource Corp. ('Electrum') whereby the Company has been granted an option to acquire a 100% interest in the Deer Lake and Friendly Lake properties located near Kamloops, British Columbia. Consideration of $825,000 ($120,000 paid) and 860,000 common shares (285,000 issued) payable over four years. The Company must incur $1,350,000 in exploration and development expenditures over a five year period of which $350,000 is due on or before April 15, 2009 (completed). The properties are subject to a 2% net smelter return royalty of which 1% may be purchased by the Company of $1,000,000 subject to further Exchange acceptance. As at December 31, 2008, the Company had $12,500 as a reclamation bond on deposit with the Minister of Finance. Subsequent to December 31, 2008, the Company elected not to proceed with the Friendly Lake property and accordingly impaired acquisition and deferred exploration costs of $78,115.

i) Rayfield Property

The Company entered into an option agreement on April 21, 2006 to acquire a 100% interest, subject to a 2% NSR, in 29 mineral tenures totaling 5,900 hectares located within the Clinton and Caribou mining district. Consideration for the option is total cash payments of $50,000 due on April 12, 2012 (paid) and 550,000 common shares issued over a six year period (issued).

On November 15, 2007 the Company entered into an option agreement with Callinan Mines Limited ("Callinan") wherein Callinan can acquire a 60% interest for consideration of $50,000 cash payment (received) and the issue of 100,000 common shares, 50,000 on TSX-VE approval (received) and 50,000 on or before May 30, 2008. In addition there were work commitment expenditures of $600,000 on or before December 31, 2008. During May 2008, Callinan provided notice to the Company that it had elected not to proceed under the terms of the option agreement. Although encouraged by the work completed to date, the Company does not anticipate expending funds in the near future to further develop the property. Accordingly, acquisition and deferred exploration costs of $173,913 have been impaired as at December 31, 2008.

j) Other

i) **Canim Lake Claims**

The Company entered into an option agreement on November 7, 2006 to acquire the remaining 50% joint venture interest in 8 mineral tenures totaling 66,000 hectares located within the Canim Lake and Murphy Lake area, east of Williams Lake. Consideration for the option is 500,000 common shares (issued).

The Company acquired through staking an additional 100,000 plus acres in the Canim Lake area in 2006 and during the period ended December 31, 2007, further ground was acquired.

On December 15, 2008 the Company entered into an purchase and sale agreement with Happy Creek Minerals to sell a 100% interest in six mineral tenures forming part of the Canim Lake claims for a cash payment of $15,000 (paid) and the issuance of 50,000 common shares upon exchange approval (share issued on January 9, 2009 – Note 18). As at December 31, 2008, the Company is owed 50,000 shares with a fair value of $2,250, which has been included in taxes recoverable and other receivables.

The Company does not anticipate further development of the remaining claims in the near future, and accordingly, has impaired acquisition and deferred explorations costs of $204,879 as at December 31, 2008.

ii) **Central BC**

As at December 31, 2008 the Company had staked various mineral concessions collectively referred to as Central BC claim block for staking fees of $52,975 (2007 - $52,975).

iii**) Bonaparte Property**

The Company does not anticipate expending funds in the near future to further develop the property. Accordingly, acquisition and deferred exploration costs of $48,289 have been impaired as at December 31, 2008.

5. MINERAL PROPERTIES (Cont'd)

British Columbia (Cont'd)

j) Other

iv) **Willow Creek (formerly referred to as IOCG claim block)**
As at December 31, 2008 the Company staked various concessions and completed exploration work programs for total acquisition and exploration costs of $248,009 (2007 - $66,095).

v) **King Claim block**
The Company does not anticipate expending funds in the near future to further develop the property. Accordingly, acquisition and deferred exploration costs of $1,693 have been impaired as at December 31, 2008.

vi) **K-CR Claim group**
As at December 31 2008 the Company had staked various concessions and completed exploration work programs for, $70,134 (2007 - $36,043).

The Company entered into an purchase and sale agreement dated July 29, 2008 with Christopher James Gold Corp. ("CJGC"), in which CJGC has the option to acquire a 100% interest in the K-CR Claim group for consideration of $125,000 (received) and an additional payment of $140,000 due on or before August 1, 2009 (paid). To secure the deferred payment, the Company received a promissory note from CJGC in the amount of $140,000 due on or before August 1, 2009 (repaid). The note bears no interest until the maturity date, after which interest will accrue at 10% per annum.

As at July 29, 2008 the Company had incurred a total of $70,134 in acquisition and deferred exploration costs on the property. As a result, the Company recognized a gain on the sale of $188,461.

vii) **Swan/Pat Property**
The Company entered into a purchase agreement with Craig Lynes dated April 4, 2007 to acquire ten additional tenures within the Quesnel Trough collectively known as the Swan and Pat properties for a cash payment of $30,000 (paid). The Company does not anticipate expending funds in the near future to further develop the property. Accordingly, acquisition and deferred exploration costs of $30,403 have been impaired as at December 31, 2008.

viii) **Miscellaneous**
As at December 31, 2008 the Company has impaired $62,578 in staking fees and deferred exploration costs in relation to various mineral concessions staked in 2007 and 2008.

ix) **Lucky Ship Property**
The Company entered into an option agreement dated November 5, 2004 to earn a 100% interest in 46 mineral claim units located in the Omineca Mining Division, BC, subject to a 2% net smelter returns royalty ("NSR").

On March 3, 2005, the Company entered into an option agreement with Nanika Resources Inc. (formerly New Cantech Ventures Inc.) ("Nanika"), whereby Nanika acquired a 50% in the Lucky Ship property. Consideration for the option includes $45,000 of exploration expenditures within six months of the agreement and aggregate payments over a six-year period totaling $485,000. The property is subject to a 2% net smelter return with a buyback of 1 percent for $1 million.

On June 16, 2005, Nanika acquired the remaining 50% interest in the option to purchase a 100% interest, for a purchase price of 2,000,000 common shares of Nanika at a deemed price of $0.16 per share.

x) **Canoe Hot Springs**

The Company entered into an option agreement with Comstock Energy Inc. ("Comstock") dated January 14, 2008 to acquire a 100% interest in the Canoe Hot Springs Geothermal project Under the terms of the agreement, Candorado will pay Comstock $1,000,000 for a 100% interest in the project and underlying lease and permit. The Company must make payments of $20,000 on December 12, 2007 (paid), $80,000 on January 31, 2008 (paid), $100,000 on September 30, 2008 (paid), and $800,000 on or before December 31, 2008.

The Company also acquired additional rights to a geothermal lease located near the town of Valemount in eastern British Columbia for a cost of $4,271 and completed exploration work to date for $4,978.

The Company entered into an option agreement dated July 29, 2008 with CJGC, where CJGC can acquire a 100% interest in the Canoe Hot Springs Geothermal Project under the following terms: make payments of $200,000 upon

5. MINERAL PROPERTIES (Cont'd)

British Columbia (Cont'd)

k) Other

x) **Canoe Hot Springs**(Cont'd)

signing the agreement (paid) and an additional payment of $200,000 (paid) on August 15, 2008, for a 50% interest in the project; make an additional $100,000 payment on September 25, 2008 (paid) and a final payment of $1,000,000 on December 15, 2008 for a 90% interest in the project. Candorado will retain a 10% free-carried interest, which can be bought out by CJGC at any time over the next 5 years for $2.5 million. CJGC elected not to proceed under the terms of the option agreement and subsequently Candorado also elected not to proceed under the terms of its option agreement with Comstock. As at July 29, 2008 the Company had incurred a total of $217,546 in acquisition and deferred exploration costs on the property. The Company received total proceeds of $500,000 from CJGC, which resulted in the recognition of a $282,454 gain upon disposal of the property.

xi) **Dry Lake Property**
The Company entered into a purchase agreement with Craig Lynes dated February 6, 2007 to acquire eight additional tenures within the Quesnel Trough collectively known as the Dry Lake property for a cash payment of $52,500 (paid). The Company does not anticipate expending funds in the near future to further develop the property. Accordingly, acquisition and deferred exploration costs of $93,347 have been impaired as at December 31, 2008.

xii) **Chorley Property**
The Company entered into a purchase agreement with Chorley Mining Corporation dated February 7, 2008 to acquire two additional tenures collectively known as the Chorley property for a cash payment of $50,000 (paid). The Company does not anticipate expending funds in the near future to further develop the property. Accordingly, acquisition and deferred exploration costs of $50,000 have been impaired as at December 31, 2008.

Ontario

l) Aurora Extension Property
The Company entered into an option agreement dated February 11, 2004 to acquire a 100% interest, subject to a 2% NSR, in 26 mineral claim units located in the Porcupine Mining Division. Consideration for the option was aggregate cash payments totaling $500,000 ($18,000 paid) and work commitments of $30,000 by September 15, 2004 (incurred). The Company and the vendor agreed on an early buyout of the option for a one time cash payment of $65,000 (paid) for a 100% interest in the Aurora Extension property subject to the 2% NSR payable to the vendor.

On October 14, 2008 the Company entered into an option agreement with Orsa Ventures Corp.("Orsa"), whereby Orsa can acquire a 70% interest in the Aurora Extension. Consideration for the option is cash payments of $95,000 over two years ($20,000 received) and minimum of $500,000 in exploration expenditures over three years. Orsa may earn a further 10% interest by completing an industry standard feasibility study. The claims are subject to a 2% net smelter return royalty payable to the original vendor.

Commitments

The Company must make the following option payments towards the acquisition of its mineral properties over the next five years:

June 30, 2009		Cash		Expenditure Commitments	Shares
2009	$	180,000	$	—	150,000
2010	$	150,000	$	150,000	150,000
2011	$	200,000		200,000	200,000
2012	$	—	$	300,000	—
2013	$	—	$	—	—
Total	**$**	**530,000**	**$**	**650,000**	**500,000**

6. MARKETABLE SECURITIES AND RESTRICTED SHARES

	June 30, 2009			December 31, 2008		
	No. of Shares	**Cost**	**Fair Value**	**No. of Shares**	**Cost**	**Fair Value**
Nanika Resources Inc. (formerly New Cantech Ventures Inc.)						
- Shares available for sale	300,000	$48,000	$19,750	300,000	$48,000	$9,000
Happy Creek Minerals						
- Shares available for sale	50,000	2,250	—	—	$—	$—
Total	350,000	$50,250	$19,750	300,000	$48,000	$9,000

7. EQUIPMENT

						June 30 2009		December 31 2007
		Cost		**Accumulated Amortization**		**Net Book Value**		Net Book Value
Furniture and equipment	$	**12,722**	**$**	**5,793**	**$**	**6,929**	$	8,198
Computer		**2,250**		**1,074**		**1,176**		1,400
Vehicle		**36,188**		**16,952**		**19,236**		22,844
Total	$	**51,160**		**23,819**	**$**	**27,342**	$	32,442

8. NOTES RECEIVABLE

As at December 31, 2008, the Company was owed $139,391 from Christopher James Gold Corp. ("CJGC") which is unsecured, due on August 1, 2009, and bears no interest until the maturity date, after which interest will accrue at 10% per annum. This note was issued by CJGC as consideration for acquiring a 100% interest in the K-CR mineral property (Note 5(k)(vi)). On July 25, 2008, the note was discounted at a rate of 10% for a net present value of $133,595. The note was accreted to the principal amount of $140,000 over the term of the note. The carrying value at December 31, 2008 was $139,391. On January 9, 2009 the Company received the $140,000.00.

9. NOTES PAYABLE

As at June 30, 2009, the Company is indebted to Bearclaw Capital Corp. for $112,862, (December 31, 2008 - $212,862) consisting of cash and shares owing. This note payable was issued as consideration for acquiring the remaining 49% interest in the Man/Prime property (Note 5 (e)). The amount is non-interest bearing, unsecured and is payable in accordance with the payment schedule set out in the mineral property purchase agreement dated August 11, 2008. In accordance with the agreement, the Company is required to make principal payments of $100,000 (paid) and 150,000 shares on December 31, 2008, and $100,000 and 150,000 shares on July 31, 2009. On August 11, 2008, the cash component of the note was discounted at a rate of 8% for a net present value of $189,779 and the 300,000 shares were measured at their fair value of $34,500. The note is being accreted to the principal amount of $200,000 over the term of the note. The carrying value at December 31, 2008, of the cash component of the note was $95,612 (December 31, 2008 - $195,612), and the value attributed to the remaining 150,000 shares owing is $17,250.

10. RELATED PARTY TRANSACTIONS

During the period ended June 30, 2009, the Company incurred the following to directors, officers and private companies controlled by them: management fees - $30,000 (2008 - $30,000); rent $10,050 (2008 - $9,000). These transactions were recorded at exchange value, which was the amount of consideration established and agreed to by the related parties.

At June 30, 2009, the Company was indebted to the President of the Company in the amount of $1,995 (December 31, 2008 – $92) representing amounts incurred on behalf of the Company for staking and cash in lieu of work requirements.

11. SHARE CAPITAL

a) Authorized
Unlimited common shares without par value.

b) Issued and outstanding

	Shares	Subscriptions	Amount
Balance at December 31, 2007	45,027,306	$ —	$ 8,357,028
Exercise of warrants	1,802,750		180,275
Issued for property	1,135,000		232,450
Recovery of share issue costs	—		700
Recovery of future income tax asset	—		(471,450)
Balance at December 31, 2008	47,965,056	$ —	$ 8,299,003
Issued for property	100,000		4,000
Subscriptions received	—	90,000	—
Balance at June 30, 2009	48,065,056	$ 90,000	$ 8,303,003

During the period ended June 30, 2009 the Company:

i issued 100,000 shares with a fair value of $4,000 pursuant to the Deer property (See note 5(h));
ii received 40,000 in subscriptions pursuant to a private placement for 1,000,000 units at a price of $0.04 per unit. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one common share at a price of $0.10 for two years;
iii received $50,000 in subscriptions pursuant to a private placement for 1,600,000 units at a price of $0.05 per unit. Each unit consists of one flow through common share and one non flow through share purchase warrant. Each warrant entitles the holder to purchase an addition non flow through common share at a price of $0.10 for a period of two years.

During the year ended December 31, 2008 the Company:
i. issued 1,802,750 shares pursuant to the exercise of warrants at $0.10 per share;
ii. issued 1,000,000 common shares with a fair value of $216,500 pursuant to the Man/Prime property (See note 5(e);.
iii. issued 110,000 common shares with a fair vale of $13,200 pursuant to the Deer/Friendly property (See note 5(h));
iv. issued 25,000 common shares with a fair value of $2,750 pursuant to the Riley property (See note 5(f)).

c) Stock options
The Company's Board of Directors approved a stock option and approved at the Company's annual general meeting on September 5, 2008, in accordance with the policies of the TSX Venture Exchange (the "Exchange"). The Board of Directors is authorized to grant options to directors, officers, consultants or employees to acquire up to 10% of the issued and outstanding common shares from time to time. The exercise price will not be less than the market price of the common shares less applicable discounts permitted by the Exchange. The options granted under this plan are exercisable over a period not exceeding five years.

	June 30, 2009		December 31, 2008	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Balance, beginning of period	4,175,000	$0.11	4,175,000	$0.22
Granted	—	—	1,000,000	$0.10
Exercised	—	—	—	—
Cancelled / Expired	—	—	(475,000)	$0.21
Balance, end of year	4,175,000	$0.11	4,700,000	$0.11

11. SHARE CAPITAL (Cont'd)

c) Stock options (Cont'd)

Stock options outstanding and exercisable as at June 30, 2009 are as follows:

Expiry Date	Exercise Price	Number of Options
February 3, 2010	$ 0.125	650,000
February 19, 2011	$ 0.125	775,000
March 9, 2011	$ 0.125	625,000
January 12, 2012(1)	$ 0.10	700,000
February 13, 2012(1)	$ 0.10	500,000
February 22, 2012(1)	$ 0.10	350,000
August 1, 2012(1)	$0.10	50,000
December 12, 2012(1)	$0.10	50,000
September 25, 2013	$0.10	1,000,000
		4,700,000

(1) On September 25, 2008, the Company re-priced 1,650,000 stock options with an exercise price between $0.23 - $0.42 per share to an exercise price of $0.10 per share.

d) Stock based compensation

During the six months ended June 30, 2009 and June 30, 2008 the Company did not issue any stock options.

e) Contributed Surplus

Contributed surplus represents accumulated stock-based compensation expense, reduced by the fair value of the stock options exercised. Details are as follows:

	June 30 2009	December 31 2008
Balance, beginning of period	$ 1,243,907	$ 1,139,355
Fair value of stock options granted	—	72,240
Incremental fair value of modified stock options	—	32,312
Fair value of stock options exercised during the year and transferred to share capital	—	—
Balance, end of period	$ 1,243,907	$ 1,243,907

f) Share purchase warrants

Details of share purchase warrant activity during the period ended June 30, 2009 is as follows:

	June 30 2009	December 31 2008
Balance, beginning of period	10,178,164	15,823,182
Issued	—	—
Expired	(7,966,000)	(3,851,268)
Exercised		(1,793,750)
Balance, end of period	2,212,164	10,178,164

During the period ended, 7,966,000 share purchase warrants at exercise prices of ranging $0.30 to $0.65 per share expired without exercise.

11. SHARE CAPITAL (Cont'd)

f) Share purchase warrants (Cont'd)

As at June 30, 2009 the following share purchase warrants were outstanding:

Expiry Date	Exercise Price	Number of Warrants Outstanding
September 25, 2009	$0.50	1,180,000
December 12, 2009	$0.60	1,032,164
		2,212,164

12. ACCUMULATED OTHER COMPREHENSIVE INCOME

		June 30, 2009 2009	December 31 2008
Balance, beginning of period	$	(39,000)	37,323
Reclassification of realized gains on marketable securities		—	(12,587)
Change in unrealized gain (loss) on available-for-sale investments, net of income taxes		8,500	(63,736)
Balance, end of period	$	(30,5000)	(39,000)

13. CONTINGENCIES AND COMMITMENTS

(a) The Company is in receipt of a letter from the British Columbia Ministry of Energy, Mines and Petroleum regarding the old Hedley heap leach operation by the Company's predecessor company, Candorado Mines Ltd. Several environmental issues regarding the site clean up were addressed in a letter dated November 21, 2005 and in an on-site meeting on November 22, 2005. The Company had been given a November 24, 2005 deadline to provide a clean-up plan but has advised the Ministry that in respect to its financial resources, this plan could not have been delivered on time. The Company does not admit or deny any liability regarding the responsibility for the clean-up and has engaged legal counsel regarding this matter. As indicated, the Ministry of Energy, Mines & Petroleum Resources will now proceed with the required work and may initiate proceedings to recover the costs incurred. The Company is unable to determine the amount of potential cost, if any, and therefore has not recognized any amount related to this matter as at December 31, 2008.

(b) During the year ended December 31, 2008, the Company entered into a two year lease agreement with a private company controlled by the President of the Company for office space commencing September 1, 2008 and ending August 31, 2010. The Company is committed to making lease payments in 2008 through 2010 of $40,200 per annum.

14. FINANCIAL RISK FACTORS

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

a) Credit Risk

The Company's credit risk is primarily attributable to cash, marketable securities, and taxes recoverable and other receivables. The Company has no material concentration of credit risk arising from operations. Management believes that the credit risk concentration with respect to taxes recoverable and other receivables is remote. Management does not believe that such receivables are impaired. Cash consists of bank deposits which are held with a Canadian Chartered Bank, from which management believes the risk of loss is remote.

b) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2009, the Company had a cash balance of $36,171 (December 31 2008 - $52,366) and current liabilities of $396,269 (December 31 2008 - $518,696). All of the Company's accounts payable and accrued liabilities have contractual maturities of less than 60 days and are subject to normal trade terms. The ability of the Company to continue to purse its exploration activities and maintain its working capital is dependant on its ability to secure additional equity or other financing.

c) Interest Rate Risk

The Company has cash balances and no interest-bearing debt.

d) Foreign Currency Risk

The Company does not have foreign operations, nor does it have risk arising from changes in foreign currency exchange rates. The Company does not use any derivative instruments to reduce its exposure to fluctuations in foreign currency exchange rates.

e) Equity price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

f) Commodity price risk

The Company is exposed to price risk with respect to commodity prices. Changes in commodity prices will impact the economics of development of the Company. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

g) Sensitivity analysis

As at June 30, 2009 the carrying value amounts of the Company's financial instruments approximates their fair value.

15. CAPITAL DISCLOSURES

The Company's capital currently consists of common shares, options and warrants (see Note 11). The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. The Company manages the 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 cash. In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company is currently assessing financing alternatives for its exploration plans and operations through its current operating period.

16. SUBSEQUENT EVENTS

Subsequent to the period ended June 30, 2009, the following transactions have occurred:

a) On July 2, 2009 9,000 common shares were returned to treasury that were issued in error pursuant to the exercise of warrants in the prior year
b) On July 8, 2009 the Company issued 1,000,000 common shares pursuant to a private placement for 1,000,000 units at $0.04 per unit. Each unit entitles the holder to purchase one additional common share at a price of $0.10 for a period of two years;
c) On July 16, the Company issued 1,000,000 common shares in connection with the Murphy Lake Property (See Note 5(b);
d) On August 22, 2009 the Company entered into an option agreement with a private party to acquire a 100% interest in 15 claims collectively referred to as the Lake La Motte South Property; 4 claims collectively referred to as the Lake La Motte East Property; 3 claims collectively referred to as the Landrienne South Property; 4 claims collectively referred to as the La Corne Valor East property and 2 claims collectively referred to as the La Corne Valor West Property, located in Quebec. The Company will pay aggregate cash payments of $360,000 with $20,000 due on signing. The Company must also incur exploration and development expenditures totaling $300,000 over the next 18 months and upon TSX Venture Exchange ("TSX-VE") approval, the Company will issue 1,000,000 shares and a further 3,000,000 common shares over the next two years. The properties are subject to a net smelter return ("NSR") royalty of 2% to the vendor. The Company has the right to acquire one-half (1%) of the NSR by paying the vendor $1,000,000 at any time. A finder's fee of 7% in cash or shares to Bullrun Investments is to be paid upon TSX-VE approval;
e) On August 24, 2009 the Company has arranged a non-brokered private placement for up to 4,500,000 units ("Units") at a price of $0.05 per Unit for total proceeds of up to $225,000. Each Unit will consist of one common share plus one warrant entitling the investor to purchase one common share for a period of 24 months at a price of $0.10 per share.The proceeds of this private placement will be used to fund the Company's ongoing exploration commitments on its British Columbia and working capital.