

LEVON RESOURCES LTD.
(An Exploration Stage Company)

Interim Financial Statements

Six months ended September 30, 2009
(Unaudited)

Notice to Readers

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management and approved by the Board of Directors of the Company. These interim financial statements have not been reviewed by the Company's independent auditor.

LEVON RESOURCES LTD.
(An Exploration Stage Company)
Interim Balance Sheets
In Canadian Dollars
(Unaudited)

	September 30, 2009	March 31, 2009 <i>(Audited)</i>
ASSETS		
Current		
Cash	\$ 333,141	\$ 295,736
Accounts receivable and prepaid expenses	22,016	125,762
Investments (Note 5)	18,226	12,697
Total Current Assets	373,383	434,195
Due from related party (Note 11)	5,564	5,564
Reclamation deposits (Note 6)	32,629	32,629
Mineral properties (Note 7)	1,940,974	1,304,398
Equipment (Note 9)	2,932	3,258
Total Assets	\$ 2,355,482	\$ 1,780,044
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 42,571	\$ 77,170
Due to related parties (Note 11)	111,032	125,895
Total Current Liabilities	153,603	203,065
SHAREHOLDERS' EQUITY		
Capital stock (Note 10)	23,524,601	22,941,591
Contributed surplus	664,448	453,509
Accumulated other comprehensive income (loss)	(11,247)	(16,776)
Deficit	(21,975,923)	(21,801,345)
Total Shareholders' Equity	2,201,879	1,576,979
Total Liabilities and Shareholders' Equity	\$ 2,355,482	\$ 1,780,044

Nature of Operations and Going Concern (Note 1)
 Commitments (Note 13)
 Subsequent Event (Note 15)

Approved on behalf of the Board:

"Louis Wolfin"
 Director
 Louis Wolfin

"Ron Tremblay"
 Director
 Ron Tremblay

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

LEVON RESOURCES LTD.
(An Exploration Stage Company)
Interim Statements of Operations and Comprehensive Loss
In Canadian Dollars
(Unaudited)

	Three months ended September 30,		Six months ended September 30,	
	2009	2008	2009	2008
Expenses				
Consulting and management fees	\$ 12,500	\$ 7,500	\$ 23,000	\$ 15,600
Listing and filing fees	6,253	6,538	8,140	8,155
General exploration	959	4,698	1,078	5,200
Office occupancy and miscellaneous	7,465	9,477	14,974	16,214
Professional fees	1,680	10,118	1,948	10,280
Salaries and benefits	10,765	12,169	22,376	24,991
Shareholder relations and promotion	24,428	15,049	37,667	32,579
Stock-based compensation (Note 10(d))	7,347	3,322	41,635	6,646
Travel	15,983	25,296	33,320	36,064
Loss Before Other Items	(87,380)	(94,167)	(184,138)	(155,729)
Other Items				
Interest income	170	1,449	179	3,002
Foreign exchange gain (loss)	4,856	27	9,381	(27)
Net Loss for the Period	(82,354)	(92,691)	(174,578)	(152,754)
Other Comprehensive Income				
Unrealized gain (loss) on investment securities (Note 5)	5,403	(32,458)	5,529	(19,507)
Total Comprehensive Loss	\$ (76,951)	\$ (125,149)	\$ (169,049)	\$ (172,261)
Loss Per Share, Basic and Diluted	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Weighted Average Number of Common Shares Outstanding	53,813,396	45,389,483	52,110,794	45,258,062

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LEVON RESOURCES LTD.
(An Exploration Stage Company)
Interim Statements of Shareholders' Equity
In Canadian Dollars
(Unaudited)

	Number of Common Shares	Capital Stock	Contributed Surplus	Deficit	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance, March 31, 2008	44,239,483	\$22,620,793	\$350,949	\$(21,470,523)	\$1,592	\$1,502,811
Common shares issued for cash:						
Private placement (Note 10(b))	5,000,000	145,348	104,652	-	-	250,000
Share issuance costs (Note 10(b))	-	(2,000)	-	-	-	(2,000)
Exercise of stock options (Note 10(b))	150,000	15,000	-	-	-	15,000
Exercise of warrants (Note 10(b))	1,000,000	150,000	-	-	-	150,000
Fair value of stock option exercised	-	12,450	(12,450)	-	-	-
Stock-based compensation (Note 10(d))	-	-	10,358	-	-	10,358
Net loss for the year	-	-	-	(330,822)	-	(330,822)
Unrealized loss on investment securities	-	-	-	-	(18,368)	(18,368)
Balance, March 31, 2009	50,389,483	\$22,941,591	\$453,509	\$(21,801,345)	\$(16,776)	\$1,576,979
Common shares issued for cash:						
Private placement (Note 10(b))	5,000,000	650,203	149,797	-	-	800,000
Share issuance costs (Note 10(b))	-	(67,193)	19,507	-	-	(47,686)
Stock-based compensation (Note 10(d))	-	-	41,635	-	-	41,635
Net loss for the period	-	-	-	(174,578)	-	(174,578)
Unrealized loss on investment securities	-	-	-	-	5,529	5,529
Balance, September 30, 2009	55,389,483	\$23,524,601	\$664,448	\$(21,975,923)	\$(11,247)	\$2,201,879

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

LEVON RESOURCES LTD.
(An Exploration Stage Company)
Interim Statements of Cash Flows
In Canadian Dollars
(Unaudited)

	Three months ended September 30,		Six months ended September 30,	
	2009	2008	2009	2008
Operating Activities				
Net loss	\$ (82,354)	\$ (92,691)	\$ (174,578)	\$ (152,754)
Items not involving cash				
Amortization	163	204	326	408
Stock-based compensation	7,347	3,322	41,635	6,646
	(74,844)	(89,165)	(132,617)	(145,700)
Changes in non-cash working capital items:				
Accounts receivable and prepaid expenses	1,967	11,487	103,746	27,848
Accounts payable and accrued liabilities	(62,439)	(62,106)	(34,599)	(75,176)
Due from (to) related parties	(34,066)	17,838	(14,863)	8,605
Cash Used in Operating Activities	(169,382)	(121,946)	(78,333)	(184,423)
Investing Activity				
Mineral properties exploration expenditures incurred	(451,865)	(222)	(636,576)	(3,910)
Cash Used in Investing Activity	(451,865)	(222)	(636,576)	(3,910)
Financing Activity				
Issue of capital stock for cash, net of issuance costs	752,314	-	752,314	165,000
Cash Provided by Financing Activity	752,314	-	752,314	165,000
Inflow (Outflow) of Cash	131,067	(122,168)	37,405	(23,333)
Cash, Beginning of Year	202,074	320,165	295,736	221,330
Cash, End of Year	\$ 333,141	\$ 197,997	\$ 333,141	\$ 197,997

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LEVON RESOURCES LTD.
(An Exploration Stage Company)
Notes to the Interim Financial Statements
For the six months ended September 30, 2009 and 2008
In Canadian Dollars (Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

Levon Resources Ltd. (the "Company") was incorporated under the laws of British Columbia on April 9, 1965. The Company is an exploration stage public company whose principal business activities are the exploration for and development of natural mineral properties. There have been no significant revenues generated from these activities to date.

The Company is in the exploration stage. The investment in and expenditures on the mineral properties comprise a significant portion of the Company's assets. The recoverability of amounts shown for mineral property interests and related deferred costs and the Company's ability to continue as a going concern are dependent upon the continued support from its shareholders, the discovery of economically recoverable reserves, and the ability of the Company to obtain the financing necessary to complete development and achieve profitable operations in the future. The outcome of these matters cannot be predicted at this time. These interim financial statements do not reflect any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

As at September 30, 2009, the Company had working capital of \$219,780 (March 31, 2009 - \$231,130) and an accumulated deficit of \$21,975,923 (March 31, 2009 - \$21,801,345). Management of the Company believes that it has the ability to raise sufficient funds to pay its ongoing administrative expenditures, meet its liabilities for the ensuing year as they fall due and to fund cash payments for planned exploration programs.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

These unaudited interim financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP") with respect to the preparation of interim financial statements. Accordingly, they do not include all of the information and disclosures required by GAAP for annual financial statements. The accounting policies are the same for the interim financial statements as those described in the audited annual financial statements and the notes thereto for the year ended March 31, 2009, except as described in Note 2 (b).

(b) New Accounting Standards

Effective April 1, 2009, the Company adopted the following standards of the Canadian Institute of Chartered Accountants' ("CICA") Handbook:

(i) Goodwill and Intangible Assets (Section 3064)

Section 3064 establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062, "*Goodwill and Other Intangible Assets*". Adoption of this standard did not have any impact on the Company's financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Recent Canadian Accounting Pronouncements

(i) International Financial Reporting Standards (“IFRS”)

In 2006, the Canadian Accounting Standards Board (“AcSB”) published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IRFS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada’s own GAAP. The IFRS standards will be effective for the Company for interim and fiscal reporting commencing April 1, 2011. The effective date will require the restatement for comparative purposes of amounts reported by the Company for the interim periods and the year ended March 31, 2011 and earlier where applicable. While the Company has begun assessing the adoption of IFRS for 2012, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

(ii) Business Combinations

In January 2009, the CICA issued Section 1582, “Business Combinations”, Section 1601, “Consolidations”, and Section 1602, “Non-Controlling Interest”. These sections replace the former Section 1581, “Business Combinations”, and Section 1600, “Consolidated Financial Statements”, and establish a new section for a non-controlling interest in a subsidiary.

Sections 1582 and 1602 will require net assets, non-controlling interests and goodwill acquired in a business combination to be recorded at fair value and non-controlling interests will be reported as a component of equity. In addition, the definition of a business is expanded and is described as an integrated set of activities and assets that are capable of being managed to provide a return to investors or economic benefits to owners. Acquisition costs are not part of the consideration and are to be expensed when incurred. Section 1601 establishes standards for the preparation of consolidated financial statements.

These new sections apply to interim and annual consolidated financial statements relating to fiscal years beginning on April 1, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year. All three sections must be adopted concurrently. The Company is currently evaluating the impact of the adoption of these sections.

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3. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and reclamation deposits, accounts receivable, investments, accounts payable and accrued liabilities, and amounts due to/from related parties. Cash is classified as held-for-trading; investments are classified as available-for-sale; accounts receivable, reclamation deposits and due from related party are classified as loans and receivable; and accounts payable and accrued liabilities and due to related parties are classified as other financial liabilities.

The carrying value of financial assets by category at September 30, 2009 are as follows:

Financial Assets	September 30, 2009		
	Available-for-sale	Held-for-trading	Loans and receivables
Cash	\$ -	\$ 333,141	\$ -
Investments	18,226	-	-
Due from related party	-	-	5,564
Reclamation deposits	-	-	32,629
	\$ 18,226	\$ 333,141	\$ 38,193

The carrying value of financial assets by category at March 31, 2009 are as follows:

Financial Assets	March 31, 2009		
	Available-for-sale	Held-for-trading	Loans and receivables
Cash	\$ -	\$ 295,736	\$ -
Investments	12,697	-	-
Due from related party	-	-	5,564
Reclamation deposits	-	-	32,629
	\$ 12,697	\$ 295,736	\$ 38,193

The carrying value of financial liabilities by category at September 30, 2009 and March 31, 2009 are as follows:

Financial Liabilities	September 30, 2009	March 31, 2009
	Other Financial Liabilities	Other Financial Liabilities
Accounts payable and accrued liabilities	\$ 42,571	\$ 77,170
Due to related parties	111,032	125,895
	\$ 153,603	\$ 203,065

The carrying amounts of cash, due from and to related parties, and accounts payable and accrued liabilities are a reasonable estimate of their fair values because of their short term to maturity.

The book value of reclamation deposits approximates its fair value as the stated rate approximates the market rate of interest. Investments are accounted for at market value based on quoted prices at year-end.

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3. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

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

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash is exposed to credit risk. Management considers credit risk on cash to be minimal because the counterparties are highly rated Canadian banks.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in obtaining funds to meet its commitments. The Company's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipated investing and financing activities. The Company has cash at September 30, 2009 in the amount of \$333,141 in order to meet short-term business requirements. At September 30, 2009, the Company had current liabilities of \$153,603. The majority of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

(c) Market risk

Market risks consist of interest rate risk, foreign exchange risk and other price risk. The significant market risks that the Company is exposed to are interest rate risk and foreign exchange risk.

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company's cash consists of cash held in bank accounts that earn interest at variable interest rates. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of September 30, 2009. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on preservation of capital and liquidity.

Foreign exchange risk

Foreign exchange risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign exchange fluctuation related to its mineral properties and expenditures thereon, and accounts payable held in US dollar balances. A significant change in the currency exchange rate between the Canadian dollar relative to the US dollar could have an effect on the Company's financial position, results of operations and cash flows. As at September 30, 2009, the Company held US cash balances totaling US\$231,191 (March 31, 2009 – US\$987) and amounts due to related parties of US\$81,646 (March 31, 2009 – US\$52,519). Based on the above net exposures as at September 30, 2009, a 10% change in the Canadian/US exchange rate will impact the Company's earnings by approximately \$16,000.

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4. CAPITAL MANAGEMENT

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 exploration of its properties and to maintain a flexible capital structure for its projects for the benefit of its stakeholders. As the Company is in the exploration stage, it does not generate cash flows from operations. The Company's primary source of funds comes from the issuance of common shares and/or equity units. The Company does not use other sources of financing that require fixed payments of interest and principal due to lack of cash flow from current operations and is not subject to any externally imposed capital requirements. The overall objective and policy for managing capital remained unchanged in the period ended September 30, 2009 from prior reporting periods.

In the management of capital, the Company includes the components of shareholders' equity. 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. Management reviews the capital structure on a regular basis to ensure that objectives are met.

The Company has in the past invested its capital in liquid investments to obtain adequate returns. The investment decision is based on cash management to ensure working capital is available to meet the Company's short-term obligations while maximizing liquidity and returns on unused capital.

Although the Company has been successful at raising funds in the past through the issuance of capital stock, it is uncertain whether it will be able to in the future due to current market conditions.

5. INVESTMENTS

At September 30, 2009, the Company held shares as follows:

	Number of Shares	Cost	Accumulated Unrealized Gains (Losses)	Fair Value
Mill Bay Ventures Inc.	348,978	\$ 27,918	\$ (12,213)	\$ 15,705
Avino Silver & Gold Mines Ltd.	4,200	1,554	966	2,520
Omega Equities Corp. (at nominal value)	57,000	1	-	1
		\$ 29,473	\$ (11,247)	\$ 18,226

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5. INVESTMENTS (Continued)

At March 31, 2009, the Company held shares as follows:

	Number of Shares	Cost	Accumulated Unrealized Gains (Losses)	Fair Value
Mill Bay Ventures Inc.	348,978	\$ 27,918	\$ (17,448)	\$ 10,470
Avino Silver & Gold Mines Ltd.	4,200	1,554	672	2,226
Omega Equities Corp. (at nominal value)	57,000	1	-	1
		\$ 29,473	\$ (16,776)	\$ 12,697

Avino Silver & Gold Mines Ltd. ("Avino") and Mill Bay Ventures Inc. ("Mill Bay") have common directors with the Company.

6. RECLAMATION DEPOSITS

The Company has pledged specified term deposits as security for reclamation permits as required by government agencies. The Company has a varying number of deposits on hand ranging from \$1,000 to \$6,000. Their maturity dates range from October 29, 2009 to November 15, 2010 and the interest rates range from 0.15% to 1.60%.

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7. MINERAL PROPERTIES

	Congress (Note 7(a))	Gold Bridge (Note 7(b))	Cordero Sansón (Note 7(c))	Other (Note 7(d))	Total
Balance, March 31, 2008	\$1,111,349	\$245,280	\$-	\$9,092	\$1,365,721
Deferred exploration costs					
Acquisition	-	-	32,513	-	32,513
Assays	2,268	-	-	-	2,268
Assessment, permits and filing fees	1,365	-	-	-	1,365
Maintenance – security facility	-	2,500	-	-	2,500
Drilling	1,994	-	-	-	1,994
General supplies and services	407	-	-	-	407
Geological and management services	16,843	-	29,033	-	45,876
Metallurgical testing	819	-	-	-	819
Mining exploration tax credits	(149,065)	-	-	-	(149,065)
Balance, March 31, 2009	985,980	247,780	61,546	9,092	1,304,398
Deferred exploration costs					
Exploration advances	-	-	510,117	-	510,117
Assessment, permits and filing fees	328	-	-	-	328
Geological and management services	-	-	126,131	-	126,131
Balance, September 30, 2009	\$986,308	\$247,780	\$697,794	\$9,092	\$1,940,974

(a) Congress claims

The Company owns a 50% leasehold interest in 45 claims in the Lillooet Mining Division, British Columbia.

The Congress claims are subject to a Joint Venture Agreement dated February 25, 1983 between the Company and Veronex Resources Ltd. (“Veronex”). Veronex has earned a 50% net interest in the claims, net of a 5% net smelter royalty held by the Company, by expending \$1,000,000 in a prior year. All subsequent expenditures are to be contributed equally by the Company and Veronex. The Company is working on updating this Joint Venture Agreement.

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7. MINERAL PROPERTIES (Continued)

(b) Gold Bridge claims (BRX Project)

The Company owns a 50% interest in 74 mineral claims in the Gold Bridge area, Lillooet Mining Division, British Columbia. The claims remain in good standing until December 2014.

(c) Cordero Sanson

The Cordero Sanson Property ("Cordero") is located near Hidalgo Del Parral, Chihuahua, Mexico. The Cordero mining claims are approximately 10,000 hectares (24,500 acres), which are wholly owned by Valley High Ventures ("Valley High") by agreement with long standing ranch families and small local mining companies.

In February 2009, the Company signed a Letter of Intent with Valley High, whereby the Company will earn a 51% interest from Valley High by making a cash payment of US\$10,000 (Cdn\$12,513) (paid) and by spending \$1,250,000 by the end of February 2013 with a first year commitment of \$250,000 to explore and develop the Cordero property. Within the joint venture, Valley High will be the operator until the Company vests its interests. During the vesting period, the Company will provide technical input and geologic services to complete the data synthesis, integration, targeting and drill testing.

d) Other claims include the Eagle (\$1), Ruf and Norma Sass (\$2), and Wayside (\$9,089) as described below:

(i) Eagle claims

The Company holds a 50% interest in 26 lode mining claims located in Lander County, Nevada. The claims are subject to a 3% net smelter return royalty. The Company has no current plan to further explore or incur additional expenditures on this property beyond the minimum requirement to maintain the claims in good standing.

(ii) Ruf and Norma Sass properties

In 2003, the Company acquired from Coral Resource Inc. ("Coral"), a public company with common directors and management, an undivided one-third interest in 54 mineral claims known as the Ruf and Norma Sass properties located in Lander County, Nevada (the "Property"), in consideration of cash payments of \$350,292 (paid) and 300,000 common shares (issued) of the Company.

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7. MINERAL PROPERTIES (Continued)

(d) (Continued)

(ii) Ruf and Norma Sass properties (Continued)

A third party holds a 3% net smelter returns royalty on the production from certain of the claims, up to a limit of US\$1,250,000.

By way of an agreement dated September 25, 2008, the Company and Coral granted Barrick Gold ("Barrick") an option to acquire a 60% interest in the claims by incurring total exploration expenditures of at least US\$3,000,000 in annual installments by December 31, 2014 as follows:

- (a) Incur \$250,000 on or before December 31, 2009;
- (b) Incur \$250,000 on or before December 31, 2010;
- (c) Incur \$500,000 on or before December 31, 2011;
- (d) Incur \$500,000 on or before December 31, 2012;
- (e) Incur \$600,000 on or before December 31, 2013; and
- (f) Incur \$900,000 on or before December 31, 2014.

Barrick may earn an additional 10% (for an aggregate interest of 70%) by incurring an additional US\$1,500,000 by December 31, 2015. Barrick may earn an additional 5% (for an aggregate interest of 75%) by carrying Coral and the Company through to commercial production.

Alternatively, at the time of earning either its 60% or 70% interest, Barrick may be given the option to buy-out Coral's and the Company's joint interest by paying US\$6,000,000 and granting them a 2% net smelter returns royalty.

(iii) Wayside claims

The Company owns 24 mineral claims in the Lillooet Mining Division, British Columbia.

Realization of assets

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.

Mineral exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore.

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7. MINERAL PROPERTIES (Continued)

Title to mineral properties

Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by an undetected defect.

Environmental

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the property may be diminished or negated.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

8. ASSET RETIREMENT OBLIGATION

The Company is subject to various regulatory and statutory requirements relating to the protection of the environment. At September 30, 2009, the Company estimates that costs relating to future site restoration and abandonment based on work done to date is immaterial. The Company has currently made no provision for site restoration costs or potential environmental liabilities as all properties are still in the exploration stage. Factors such as further exploration, inflation and changes in technology may materially change the cost estimate.

9. EQUIPMENT

	September 30, 2009			March 31, 2009		
	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Furniture and equipment	\$8,443	\$5,511	\$2,932	\$8,443	\$5,185	\$3,258

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10. CAPITAL STOCK

(a) **Authorized:** Unlimited number of common shares without par value

(b) **Issued**

On July 29, 2009, the Company completed a non-brokered private placement of 5,000,000 units at a price of \$0.16 per unit for gross proceeds of \$800,000. Each unit consists of one common share and one-half non-transferrable common share purchase warrant. Two share purchase warrant is exercisable into one additional common share at a price of \$0.35 per share until July 29, 2010. The proceeds of the private placement have been allocated using the relative fair value method resulting in \$650,203 recorded as capital stock and \$149,797 as contributed surplus. The Company paid a cash finders' fee of \$42,336 and issued 264,600 broker warrants, exercisable at a price of \$0.35. The broker warrants were valued at \$19,507. The fair value of the warrants and the broker warrants were valued using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 1.45%, dividend yield of nil, volatility of 179.71% and an expected life of one year. The fair value of the broker warrants is recognized as share issuance costs. Total share issue costs of \$67,193 were incurred as part of the private placement.

On March 27, 2009, the Company completed a non-brokered private placement of 5,000,000 units at a price of \$0.05 per unit for gross proceeds of \$250,000. Each unit consists of one common share and one non-transferrable common share purchase warrant. Each share purchase warrant is exercisable into one additional common share at a price of \$0.15 per share until March 27, 2010 and thereafter at \$0.25 per share until March 27, 2011. The proceeds of the private placement have been allocated using the relative fair value method resulting in \$145,348 recorded as capital stock and \$104,652 as contributed surplus. The fair value of the warrants issued has been estimated using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 1.12%, dividend yield of nil, volatility of 134.02% and an expected life of two years. Share issue costs of \$2,000 were incurred as part of the private placement.

During the year ended March 31, 2009, 1,000,000 warrants were exercised for gross proceeds of \$150,000.

During the year ended March 31, 2009, 150,000 stock options were exercised for gross proceeds of \$15,000. The Company reallocated the fair value of these options previously recorded in the amount of \$12,450 from contributed surplus to capital stock.

(c) **Stock options**

The Company established a stock option plan in 2004 under which it may grant stock options totaling in aggregate up to 10% of the Company's total number of shares issued and outstanding on a non-diluted basis. The stock option plan provides for the granting of stock options to regular employees and persons providing investor relation or consulting services up to a limit of 5% and 2%, respectively, of the Company's total number of issued and outstanding shares per year. The stock options are fully vested on the date of grant, except those issued to persons providing investor relation services, which vest over a period of one year. The option price must be greater than or equal to the discounted market price on the grant date and the option expiry date cannot exceed five years from the grant date.

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10. CAPITAL STOCK (Continued)

(c) Stock options (Continued)

Details of the status of the Company's stock options as at September 30, 2009 and March 31, 2009 and changes during the period then ended are as follows:

	September 30, 2009		March 31, 2009	
	Number	Weighted	Number	Weighted
	of Shares	Average	of Shares	Average
		Exercise		Exercise
		Price		Price
Options, beginning of year	2,325,000	\$ 0.17	3,215,000	\$ 0.17
Granted	500,000	\$ 0.25	-	\$ -
Exercised	-	\$ -	(150,000)	\$ 0.10
Forfeited	-	\$ -	(740,000)	\$ 0.19
Options, outstanding end of period	2,825,000	\$ 0.18	2,325,000	\$ 0.17
Options, exercisable end of period	2,679,167	\$ 0.18	2,325,000	\$ 0.17

As at September 30, 2009, the following stock options were outstanding and exercisable:

Number	Exercise Price	Weighted	Intrinsic	Expiry Date
Outstanding		Average	Value	
		Remaining		
		Contractual		
		Life (years)		
1,075,000	\$ 0.10	0.51	\$ 0.11	April 5, 2010
675,000	\$ 0.21	1.57	\$ 0.00	April 25, 2011
250,000	\$ 0.10	2.01	\$ 0.11	October 2, 2011
25,000	\$ 0.18	2.32	\$ 0.03	January 26, 2012
100,000	\$ 0.35	2.71	\$ 0.00	June 14, 2012
150,000	\$ 0.35	2.96	\$ 0.00	September 14, 2012
50,000	\$ 0.50	2.96	\$ 0.00	September 14, 2012
500,000	\$ 0.25	4.58	\$ 0.00	April 27, 2014
2,825,000		1.88		

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10. CAPITAL STOCK (Continued)

(c) Stock options (Continued)

As at March 31, 2009, the following stock options were outstanding and exercisable:

Number Outstanding	Exercise Price	Weighted Average Remaining Contractual Life (years)	Expiry Date
1,075,000	\$ 0.10	1.01	April 5, 2010
675,000	\$ 0.21	2.07	April 25, 2011
250,000	\$ 0.10	2.51	October 2, 2011
25,000	\$ 0.18	2.82	January 26, 2012
100,000	\$ 0.35	3.21	June 14, 2012
150,000	\$ 0.35	3.46	September 14, 2012
50,000	\$ 0.50	3.46	September 14, 2012
2,325,000		1.80	

(d) Stock-based compensation

Stock-based compensation expense is determined using the fair value method. The Company estimated this expense using the Black-Scholes option pricing model with the following weighted average assumptions:

	September 30, 2009	March 31, 2009
Risk-free interest rate	2.01%	N/A
Expected dividend yield	0	N/A
Expected stock price volatility	120.64%	N/A
Expected option life in years	5	N/A

During the period ended September 30, 2009, the Company granted 500,000 stock options exercisable at a price of \$0.25 for five years to directors, officers, employees and consultants. The company recorded stock-based compensation expense of \$41,635 (2008 - \$6,646) on the portion of stock options that vested during the period. The value of unrecorded stock-based compensation related to non-vested options is \$17,144. The amounts recorded as stock-based compensation are allocated as follows:

	September 30, 2009	September 30, 2008
Directors, officers and employees	\$ 29,390	\$ -
Investor relations	-	6,646
Consultants	12,245	-
	\$ 41,635	\$ 6,646

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10. CAPITAL STOCK (Continued)

(e) Share purchase warrants

A summary of the status of share purchase warrants as of September 30, 2009 and March 31, 2009 and changes during the periods ended on those dates is presented below:

	September 30, 2009		March 31, 2009	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Warrants outstanding beginning of year	5,000,000	\$ 0.15	9,145,000	\$ 0.15
Issued	2,764,600	\$ 0.35	5,000,000	\$ 0.15
Exercised	-	\$ -	(1,000,000)	\$ 0.15
Expired	-	\$ -	(8,145,000)	\$ 0.15
Warrants outstanding end of period	7,764,600	\$ 0.22	5,000,000	\$ 0.15

As at September 30, 2009 and March 31, 2009, the following share purchase warrants were outstanding:

Expiry Date	Exercise Price	Number of Warrants	
		Sept 30, 2009	March 31, 2009
March 27, 2010/March 27, 2011	\$ 0.15/\$ 0.25	5,000,000	5,000,000
July 29, 2010	\$ 0.35	2,764,600	-
		7,764,600	5,000,000

11. RELATED PARTY TRANSACTIONS

During the period months ended September 30, 2009:

- (a)** \$37,042 (2008 - \$50,426) was charged to the Company for office, occupancy and miscellaneous costs, shareholder relations and promotion, travel, salaries and benefits, and administrative services paid on behalf of the Company by Oniva International Services Corp. ("Oniva"), a private company owned by the Company and five other reporting issuers having common directors;
- (b)** \$15,000 (2008 - \$15,000) was paid for management fees to a private company controlled by a director and officer of the Company;
- (c)** \$41,625 (2008 - \$Nil) was charged for geological management fees to a private company controlled by a director and officer of the Company. Of this amount, \$41,625 has been capitalized under mineral properties and \$Nil has been expensed under general exploration;

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11. RELATED PARTY TRANSACTIONS (Continued)

- (d) \$3,663 (2008 - \$3,229) was charged to the Company for exploration costs associated with the Company's mineral properties in the State of Nevada from Coral Gold Resources Ltd. ("Coral"), a public company with common directors.

These charges were measured at the exchange amount, which is the amount agreed upon by the transacting parties.

The Company takes part in a cost-sharing arrangement to reimburse Oniva for a variable percentage of its overhead expenses, to reimburse 100% of its out-of-pocket expenses incurred on behalf of the Company, and to pay a percentage fee based on the total overhead and corporate expenses. The agreement may be terminated with one month's notice by either party.

The amount due from a related party consists of \$5,564 (March 31, 2009 - \$5,564) owing from ABC Drilling, which is the balance of an advance towards drilling services to be provided. Amounts due are without interest or stated terms of repayment.

Amounts due to related parties include \$19,474 (March 31, 2009 - \$26,680) owed to Oniva, \$59,858 (March 31, 2009 - \$66,243) owed to a public company related by way of common directors and \$31,699 (March 31, 2009 - \$32,972) owed to private companies controlled by directors of the Company. Amounts due are without interest or stated terms of repayment.

12. SEGMENTED INFORMATION

The Company is involved in mineral exploration and development activities principally in Canada. The Company is in the exploration stage and, accordingly, has no reportable segment revenues for the 2010 and 2009 fiscal years. The majority of losses for 2010 and 2009 are as a result of Canadian head office costs. Acquisition costs are capitalized to mineral properties. The assets of the Company are segmented as follows:

September 30, 2009	Canada		US		Mexico		Total
Current assets	\$	125,847	\$	247,536	\$	-	\$ 373,383
Due from related party		5,564		-		-	5,564
Reclamation deposits		32,629		-		-	32,629
Mineral properties		1,243,176		3		697,794	1,940,974
Equipment		2,932		-		-	2,932
	\$	1,410,148	\$	247,539	\$	697,794	\$ 2,355,482

March 31, 2009	Canada		US		Mexico		Total
Current assets	\$	432,950	\$	1,245	\$	-	\$ 434,195
Due from related party		5,564		-		-	5,564
Reclamation deposits		32,629		-		-	32,629
Mineral properties		1,242,849		3		61,546	1,304,398
Equipment		3,258		-		-	3,258
	\$	1,717,250	\$	1,248	\$	61,546	\$ 1,780,044

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13. COMMITMENTS

During the year ended March 31, 2008, the Company entered into two vehicle lease agreements and is committed to vehicle lease payments of approximately \$26,632. The leases expire between 2011 and 2012 and the commitments for the next three years are as follows:

2010	\$ 9,734
2011	\$11,163
2012	\$ 867

14. COMPARATIVE FIGURES

Certain prior year comparative figures have been reclassified to conform to the financial statements presentation adopted for fiscal 2010.

15. SUBSEQUENT EVENT

Subsequent to September 30, 2009, there were 650,000 stock options exercised for gross proceeds of \$97,250.