GOLD REACH RESOURCES LTD.

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2009

BDO Dunwoody LLP
Chartered Accountants and Advisors

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AUDITORS' REPORT

To the Shareholders of
Gold Reach Resources Ltd.

We have audited the consolidated balance sheets of Gold Reach Resources Ltd. (An Exploration Stage Company) (the "Company") as at March 31, 2009 and 2008 and the consolidated statements of operations and deficit and cash flows for the years ended March 31, 2009 and 2008. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2009 and 2008 and the results of its operations and its cash flows for the years ended March 31, 2009 and 2008 in accordance with Canadian generally accepted accounting principles.

(signed) "BDO Dunwoody LLP"

Chartered Accountants

Vancouver, BC
July 27, 2009

GOLD REACH RESOURCES LTD.
(An Exploration Stage Company)
CONSOLIDATED BALANCE SHEETS

	As at March 31, 2009	2008
ASSETS		
Current		
Cash	$ 5,612	$ 245,276
Amounts receivable	-	89,116
GST recoverable	8,541	98,253
Prepaid expenses	2,774	11,444
	16,927	444,089
Mineral properties (Note 4)	5,677,486	5,448,426
Equipment (Note 5)	28,699	45,936
	$ 5,723,112	$ 5,938,451
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 9)	$ 205,104	$ 352,717
Promissory Note (Note 6)	127,544	-
Due to related party (Note 9)	177,504	150,000
Part XII.6 taxes payable (Note 8)	102,000	-
	612,152	502,717
SHAREHOLDERS' EQUITY		
Share capital (Note 7)	15,483,490	15,349,582
Contributed surplus (Note 7)	589,276	589,276
Deficit	(10,961,806)	(10,503,124)
	5,110,960	5,435,734
	$ 5,723,112	$ 5,938,451

Nature of Operations and Ability to Continue as a Going Concern (Note 1)
Subsequent Event (Notes 6 and 12)

On behalf of the Board:

“Conrad K. Swanson” Director   “John S. Watt” Director

GOLD REACH RESOURCES LTD.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

	For the Years Ended March 31, 2009	2008
EXPENSES		
Amortization	$ 17,237	$ 9,738
Consulting fees	2,340	11,150
Financing fee	25,000	-
Investor relations	13,769	60,472
Management and administration fees (Note 9)	179,778	170,420
Office	16,068	38,557
Part XII.6 tax (Note 8)	102,000	-
Professional fees	50,022	36,800
Rent	18,000	12,150
Stock-based compensation (Note 7)	-	106,874
Transfer agent and filing fees	27,207	47,668
Travel and promotion	10,681	11,569
Web design and maintenance	5,746	3,958
	(467,848)	(509,356)
OTHER INCOME (EXPENSE):		
Interest income	9,464	8,961
Interest expense (Note 9)	(30,298)	-
LOSS BEFORE INCOME TAXES	(488,682)	(500,395)
Recovery of future income taxes (Note 8)	30,000	408,000
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	(458,682)	(92,395)
DEFICIT - BEGINNING OF THE YEAR	(10,503,124)	(10,410,729)
DEFICIT - END OF THE YEAR	$ (10,961,806)	$ (10,503,124)
LOSS PER SHARE - BASIC AND DILUTED	$ (0.03)	$ (0.01)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	16,440,525	14,100,139

GOLD REACH RESOURCES LTD.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Years Ended March 31, 2009	2008
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net loss for the year	$ (458,682)	$ (92,395)
Items not affecting cash:		
Stock-based compensation	-	106,874
Amortization	17,237	9,738
Interest expense	30,048	-
Financing fee	25,000	-
Recovery of future income taxes	(30,000)	(408,000)
Part XII.6 taxes	102,000	-
	(314,397)	(383,783)
Changes in non-cash working capital items:		
Amounts receivable	89,116	(75,520)
GST recoverable	89,712	(63,094)
Prepaid expenses	8,670	12,706
Accounts payable and accrued liabilities	(101,895)	(764)
Cash used in operating activities	(228,794)	(504,455)
INVESTING ACTIVITIES		
Acquisition of equipment	-	(33,690)
Mineral property exploration costs, net of recoveries	43,972	(2,048,680)
Mineral property acquisition costs	(150,000)	(45,000)
Reclamation bond	-	(8,000)
Cash used in investing activities	(106,028)	(2,135,370)
FINANCING ACTIVITIES		
Share capital issued for cash, net of share issuance costs	95,158	2,130,538
Subscription receivable	-	3,000
Due to related parties	-	46,409
Cash provided by financing activities	95,158	2,179,947
NET DECREASE IN CASH	(239,664)	(465,878)
CASH - BEGINNING OF THE YEAR	245,276	711,154
CASH - END OF THE YEAR	$ 5,612	$ 245,276

Non-cash Transactions – Note 10

1. NATURE OF OPERATIONS

(a) Nature of Operations and Ability to Continue as a Going Concern

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Ootsa Lake Resources Ltd. (incorporated on November 9, 2006 pursuant to the Business Corporations Act - British Columbia). All inter-company accounts have been eliminated.

The Company is an exploration stage public company whose shares trade on the TSX Venture Exchange. The Company is engaged principally in the acquisition, exploration and development of mineral properties. The recovery of the Company's investment in mineral properties and attainment of profitable operations is principally dependent upon financing being arranged by the Company to continue operations, explore and develop the mineral properties and the discovery, development and sale of ore reserves. The outcome of these matters cannot presently be determined because they are contingent on future events.

These financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. At March 31, 2009, the Company had not yet achieved profitable operations, has accumulated losses of $10,961,806 since inception, had a working capital deficiency of $595,225 and expects to incur further losses in the development of its business, all of which cast substantial doubt on the Company's ability to continue as a going concern. The Company will require additional financing in order to conduct its planned work programs on its mineral properties, meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. Accordingly these financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used then the adjustments required to report the Company's assets and liabilities on a liquidation basis could be material to these financial statements.

(b) Mineral Properties

The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable.

Mineral exploration and development costs are capitalized on an individual prospect basis until such time as an economic ore body is defined or the prospect is abandoned. Costs for a producing prospect are amortized on a unit-of-production method based on the estimated life of the ore reserves, while those costs for the prospects abandoned are written off.

The recoverability of the amounts capitalized for the undeveloped mineral properties is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the ability to obtain the necessary financing to complete their development, and future profitable production or proceeds from the disposition thereof.

1. NATURE OF OPERATIONS (continued)

(b) Mineral Properties (continued)

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

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary. Significant inter-company transactions were eliminated upon consolidated.

(b) Management estimates

The preparation of financial statements in conformity with generally accepted accounting principles in Canada 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 reporting period. Significant areas requiring the use of management estimates include financial instruments, the estimation of stock-based compensation, the determination of impairment of assets, useful lives for amortization and valuation allowances for future tax assets. Actual results could differ from those estimates.

(c) Equipment and Amortization

Equipment is recorded at cost. The Company provides for amortization using the declining balance method at the following annual rates:

Office computers	45%
Vehicles	30 ~ 35%

Additions during the period are depreciated at one-half the annual rate.

(d) Mineral properties

The Company capitalizes all costs related to investments in mineral property interests on a property-by-property basis. Such costs include mineral property acquisition costs and exploration, development and related administrative expenditures, net of any recoveries. Costs are deferred until such time as the extent of mineralization has been determined and mineral property interests are either developed, the property sold or the mineral rights are allowed to lapse.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Mineral properties (continued)

Capitalized costs are reviewed, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment. If, after management review, it is determined that the carrying amount of a mineral property is impaired, that property is written down to its estimated net realizable value. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

From time to time, the Company may acquire or dispose of a mineral property interest pursuant to the terms of an option agreement. Where the options are exercisable entirely at the discretion of the Company or the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as property costs or recoveries when the payments are made or received.

Capitalized costs are depleted over the useful lives of the properties upon commencement of commercial production or written off if the properties are abandoned or the concessions are allowed to lapse.

Although the Company has taken steps to verify the 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 undetected defects.

(e) Impairment of Long-lived Assets

Canadian generally accepted accounting principles require that long-lived assets and intangibles to be held and used by the Company be reviewed for possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If changes in circumstances indicate that the carrying amount of an asset that an entity expects to hold and use may not be recoverable, future cash flows expected to result from the use of the asset and its disposition must be estimated. If the undiscounted value of the future cash flows is less than the carrying amount of the asset, impairment is recognized. Management believes there have been no impairment of the Company's long-lived assets as at March 31, 2009 and 2008.

(f) Comprehensive income

Comprehensive income includes net earnings and other comprehensive income. Other comprehensive income includes holding gains and losses on available for sale investments, gains and losses on certain derivative instruments and currency gains and losses relating to translating financial statements of self-sustaining foreign operations. As at March 31, 2009 and 2008, the Company has no items that represent comprehensive income, and therefore, has not included a schedule of comprehensive income in these consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Asset retirement obligations

Asset retirement obligations recognize the liability for legal obligations relating to the retirement of property, plant and equipment and obligations arising from the acquisition, construction, development, or normal operation of those assets. Such costs are recognized at fair value, when a reasonable estimate of fair value can be made, in the period in which the liability is incurred. A corresponding increase to the carrying amount of the related asset where one is identifiable is recorded and amortized over the life of the asset. Where a related asset is not easily identifiable with a liability, the change in fair value over the course of the period is expensed. The amount of the liability is subject to re-measurement at each reporting period. The estimates are based principally on legal and regulatory requirements. It is possible that the Company's estimate of its ultimate reclamation liabilities could change as a result of changes in regulations, the extent of environmental remediation required, the means of reclamation or changes in cost estimates. Changes in estimates are accounted for prospectively commencing in the period the estimate is revised.

(h) Stock-based compensation

The Company recognizes the fair value of share purchase options granted to employees, directors and officers and is expensed over their vesting period with a corresponding increase to contributed surplus. Compensation for non-employees is re-measured at each balance sheet date until the earlier of the vesting date or the date of completion of the service. Upon exercise of share purchase options, the consideration paid by the option holder, together with the amount previously recognized in contributed surplus, is recorded as an increase to share capital.

The Company uses the Black-Scholes option valuation model to calculate the fair value of share purchase options at the date of grant. Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate.

(i) Income taxes

The Company follows the asset and liability method of accounting for income taxes whereby current income taxes are recognized for the estimated income taxes payable for the period. Future income tax assets and liabilities are recognized in the period for temporary differences between the tax and accounting bases of assets and liabilities as well as for the benefit of losses carried forward to future years.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Income taxes (continued)

Future income tax assets and liabilities are measured using enacted or substantively enacted tax rates and laws expected to apply in the years in which temporary differences are expected to be recovered or settled. The effect of a change in tax rates on future income tax assets and liabilities is recognized in operations in the period that includes the substantive enactment date. A valuation allowance is recognized to the extent it is considered not likely that future income tax assets will be realized.

(j) Basic and diluted loss per share

Basic loss per share is calculated by dividing the net loss for the year available to common shareholders by the weighted average number of shares outstanding during the year. Diluted earnings per share reflect the potential dilution of securities that could share in earnings of an entity. In a loss year, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti dilutive. Basic and diluted loss per share are the same for the years presented.

For the year ended March 31, 2009, potentially dilutive common shares (relating to share purchase options and warrants outstanding and conditional share assurances pursuant to the acquisition and mineral property agreements) totaling 517,000 (2008: 2,479,242) were not included in the computation of loss per share because their effect was anti-dilutive.

(k) Financial instruments

All financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets, or other financial liabilities. All financial instruments and derivatives are measured on the trade date at fair value upon initial recognition. Subsequent measurement depends on the initial classification of the instrument. Held-for-trading financial assets are measured at fair value, with changes in fair value recorded in net income. Available-for-sale financial assets are measured at fair value, with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired. Equity instruments that do not have a quoted market price in an active market are carried at cost. Loans and receivables, held-to-maturity investments and other financial liabilities are measured at amortized cost. All derivative instruments, including embedded derivatives, are recorded in the balance sheet at fair value unless they qualify for the normal sales and purchases exemption. Changes in the fair value of derivatives that are not exempt are recorded in the statement of operations. Transaction costs on the acquisition of financial assets and liabilities that are classified as other than held-for-trading are expensed.

The Company has made the following designations of its financial instruments: cash as held-for-trading; amounts receivable as loans and receivables; and accounts payable and accrued liabilities, promissory note and due to related party as other financial liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Mining Tax Credits

Mining tax credits are recorded when received by the Company. These non-repayable mining tax credits are earned in respect to exploration costs incurred in British Columbia, Canada and are recorded as a reduction of the related deferred exploration expenditures.

(m) Share Capital

The proceeds from the exercise of stock options and warrants are recorded as share capital in the amount for which the option and warrant enabled the holder to purchase a share in the Company.

Share capital issued for non-monetary consideration is recorded at an amount based on fair market value.

(n) Flow-Through Shares

Canadian Income Tax Legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. When resource expenditures are renounced to the investors and the Company has reasonable assurance that the expenditures will be completed, future income tax liabilities are recognized (renounced expenditures multiplied by the effective tax rate) thereby reducing share capital. In instances where the Company has sufficient tax loss carryforwards or other deductible temporary differences available to offset the renounced tax deduction and is more likely than not able to utilize these losses before expiring, the realization of the deductible temporary differences will be credited to income in the period of renunciation.

(o) Changes to accounting policies

Assessing going concern

Effective for accounting periods beginning on or after January 1, 2008, the revision to Section 1440, “Assessing Going Concern”, requires management to assess an entity’s ability to continue as a going concern. When management is aware of material uncertainties related to events or conditions that may cast doubt on an entity’s ability to continue as a going concern, these uncertainties must be disclosed. In assessing the appropriateness of the going concern assumption, the standard requires management to consider all available information about the future, which is at least, but not limited to, twelve months from the balance sheet date. Because of management’s assessment, the Company has prepared the consolidated financial statements on a going concern basis.

Financial instruments

Effective April 1, 2008, the Company adopted CICA Handbook Sections 3862 and 3863 which replace Handbook Section 3861. The new Sections revise and enhance disclosure requirements, and carry forward unchanged presentation requirements, for financial instruments. These sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks (note 3).

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Changes to accounting policies (continued)

Capital disclosures

Effective April 1, 2008, the Company adopted CICA Handbook Section 1535, “Capital Disclosures”, which establishes standards for the disclosure of (i) an entity’s objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance (note 11).

(n) Future accounting policies

Goodwill and Intangible Assets

Section 3064 replaces CICA 3062 and establishes revised standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The new standard also provides guidance for the treatment of pre-production and start-up costs and requires that these costs be expensed as incurred. This standard becomes effective for interim and annual financial statements from January 1, 2009. The Company will adopt this standard on January 1, 2009. This adoption has not expected to result in significant impact on the Company’s financial statements.

Other

For interim and annual financial statements relating to its fiscal year commencing April 1, 2011, the Company will be required to adopt new CICA Section 1582 “Business Combinations”, Section 1601 “Consolidated Financial Statements” and Section 1602 “Non-Controlling Interests”. Section 1582 replaces existing Section 1581 “Business Combinations”, and Sections 1601 and 1602 together replace Section 1600 “Consolidated Financial Statements”. The adoption of Sections 1582 and collectively, 1601 and 1602 provides the Canadian equivalent to IFRS 3 “Business Combinations” and International Accounting Standard IAS 27 “Consolidated and Separate Financial Statements” respectively. The impact of adopting these new standards has not yet been assessed and cannot reasonably be estimated at this time.

Financial Statement Concepts

CICA Handbook Section 1000, has been amended to focus on the capitalization of costs that meet the definition of an asset and de-emphasizes the matching principle. The revised requirements are effective for annual and interim financial statements relating to fiscal year beginning on or after October 1, 2008. Accordingly, the Company will adopt the new standards for its fiscal year beginning April 1, 2009. The Company is currently evaluating the impact of the adoption of this change on its financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Changes to accounting policies (continued)

International financial reporting standards

In addition to the above accounting pronouncements the Canadian Accounting Standards Board ("AcSB") in 2006 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 International Financial Reporting Standards ("IFRS") over an expected five-year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended March 31, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

3. FINANCIAL INSTRUMENTS

Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. As at March 31, 2009, the Company holds no foreign currencies and is not exposed to any currency risk arising from fluctuation in foreign exchange rates.

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 and receivables are exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness. As at March 31, 2009 the Company is not exposed to any significant credit risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Included in the loss for the period in the financial statements is interest income on Canadian dollar cash. As at March 31, 2009, the Company is not exposed to any significant interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liability. The Company manages liquidity risk by maintaining sufficient cash balances to enable settlement of transactions on the due date. Accounts payable and accrued liabilities are current. The Company addresses its liquidity through equity financing obtained through the sale of common shares and the exercise of warrants and options. Additional capital was successfully obtained subsequent to year end to increase liquidity. See Note 13 to the financial statements for additional details.

4. MINERAL PROPERTIES

Seel Property

On May 27, 2004, the Company entered into an Assignment Agreement with Grayd Resources Ltd. ("Grayd") on the Seel Property. The Company could earn a 61% interest by incurring $1,000,000 in exploration expenditures before December 31, 2006 (completed October 2005). In October 11, 2005, the Company acquired the right and title to Grayd's remaining 39% interest, thereby obtaining a 100% interest in the Seel Property.

Pursuant to the terms of the purchase agreement the Company issued 300,000 units of the Company, each unit was comprised of one common share and one share purchase warrant entitling Grayd to purchase an additional common share of the Company at an exercise price of $0.25 per share for a period of two years, expiring November 4, 2007. In addition, Grayd was required to make a $10,000 cash payment (paid) to Seel Enterprises Ltd., the original optionor of the property.

In December 2005 and amended in June 2006 and August 2006, the Company entered into an option agreement with Consolidated Abaddon Resources Inc. ("Abaddon") whereby Abaddon became a full 10% Joint Venture interest holder by advancing $100,000 (received) to the Company in connection with the Phase 1 drilling program on the property and paying their ongoing 10% share of all subsequent exploration and development costs on the property. All provisions for the Company to buy back Abaddon's 10% interest were terminated.

During June 2008, the Company issued 200,000 commons shares of the Company to acquire Abaddon's 10% interest in the Seel property. The Company now has a 100% interest in the Seel Property, subject to a 2% royalty. Pursuant to the agreement, the Company assumed Abaddon's proportionate share of option payments due to Seel Enterprises Ltd.

Grayd retained an option to buy back the 39% interest by spending twice the amount of exploration expenditures incurred by the Company in excess of $500,000. After receiving notice from the Company in August 2007 that the Company had exceeded previously agreed to threshold expenditure level of $2,000,000, Grayd subsequently notified the Company in October 2007 that Grayd would not exercise its option.

On May 28, 2008, the Company entered into an agreement with Seel Enterprises Ltd. to reduce the final option payment due on or before June 6, 2008 from $150,000 to $50,000.

Seel Enterprises Ltd. retains a 1% Net Smelter Return Royalty on the property. As part of the acquisition terms for the Company acquiring the 100% interest in the property, the Company made cash payment totalling $95,000 and issued 88,000 common shares. The Company's shares were valued at a price equal to the market price of the shares on the date of issuance.

Ox Lake Property

On January 3, 2007, the Company and its wholly-owned subsidiary, Ootsa Lake Resources Ltd., acquired a 100% interest in 14 claims totaling approximately 538 hectares known as the "Ox Lake Mineral Property" from Silver Standard Resources Inc. ("Silver") for consideration of 400,000 common shares. In addition to the issuance of the 400,000 common shares, the Company shall grant to Silver a royalty of 2% of net smelter returns ("NSR") applicable to all minerals produced from the Mineral Claims. The Company shall be entitled at any time to purchase a 1% portion of the NSR from Silver at any time by the payment to Silver of $500,000 and the Company may purchase the remaining 1% NSR at any time by payment to Silver of an additional $1,000,000.

4. MINERAL PROPERTIES (continued)

Reclamation Bond

As at March 31, 2009, the Company had posted an aggregate reclamation bond with the Mining and Minerals Division of British Columbia Government in the amount of $37,400. The bond is to cover the future site restoration costs with respect to the Seel and Ox Lake Claims. All or part of the $37,400 can be recovered subject to the inspection of the site and assessment of the restoration costs by the Mining and Minerals Division of British Columbia Government.

Mineral Acquisition, Exploration and Development Costs

Refer to Notes 4(a) and 4(b) for the detailed mineral property costs incurred during the year ended March 31, 2009 and 2008.

	As at March 31, 2009		
	Acquisition Note 4 (a)	Deferred Exploration Note 4 (a)	Total
Seel Property, British Columbia	$ 325,750	$ 4,042,404	$ 4,368,154
Ox Lake Property, British Columbia	280,000	1,029,332	1,309,332
	$ 605,750	$ 5,071,736	$ 5,677,486

	As at March 31, 2008		
	Acquisition Note 4 (b)	Deferred Exploration Note 4 (b)	Total
Seel Property, British Columbia	$ 207,000	$ 3,853,026	$ 4,060,026
Ox Lake Property, British Columbia	280,000	1,108,400	1,388,400
	$ 487,000	$ 4,961,426	$ 5,448,426

4. MINERAL PROPERTIES (continued)

Mineral Acquisition, Exploration and Development Costs (continued)

(a) Mineral Property Costs for the Year Ended March 31, 2009

	Seel	Ox Lake	Total
Property acquisition costs			
Balance, beginning of the year	$ 207,000	$ 280,000	$ 487,000
Cash	50,000	-	50,000
Shares	68,750	-	68,750
Balance, end of the year	325,750	280,000	605,750
Deferred exploration and development costs			
Balance, beginning of the year	3,853,026	1,108,400	4,961,426
Incurred during the year:			
Assaying	35,469	-	35,469
Barge	400	-	400
Camp costs	109,574	-	109,574
Drill pads	15,050	-	15,050
Drilling, blasting and trenching	58,367	-	58,367
Fuel	4,667	-	4,667
Geological	46,749	-	46,749
Safety	278	-	278
Travel and accommodation	3,291	-	3,291
Wages and benefits	3,343	-	3,343
Less: recovery of costs	(14,962)	-	(14,962)
Less: BC Mining Tax Credit refund	(72,848)	(79,068)	(151,916)
Total expenditures during the year	189,378	(79,068)	110,310
Total expenditures, end of the year	4,042,404	(1,029,332)	5,071,736
Balance, end of the year	$ 4,368,154	$ 1,309,332	$ 5,677,486

4. MINERAL PROPERTIES (continued)

Mineral Acquisition, Exploration and Development Costs (continued)

(b) Mineral Property Costs for the Year Ended March 31, 2008

	Seel	Ox Lake	Total
Property acquisition costs			
Balance, beginning of the year	$ 157,500	$ 280,000	$ 437,500
Cash	45,000	-	45,000
Shares	4,500	-	4,500
Balance, end of the year	207,000	280,000	487,000
Deferred exploration and development costs			
Balance, beginning of the year	2,198,895	403,723	2,602,618
Incurred during the year:			
Assaying	20,854	38,652	59,506
Barge	49,890	9,645	59,535
Camp costs	218,392	23,403	241,795
Drill pads	142,958	35,260	178,218
Drilling, blasting and trenching	804,862	350,562	1,155,424
Field costs	102,797	71,613	174,410
Wages and benefits	117,586	85,119	202,705
Fuel	99,631	(695)	98,936
Geological	114,337	25,452	139,789
Geophysics	109,594	11,102	120,696
Insurance	4,770	-	4,770
Mapping	277	234	511
Other	24,556	291	24,847
Permitting and licenses	14,980	-	14,980
Roads	11,301	-	11,301
Safety	5,492	752	6,244
Travel and accommodation	17,724	53,287	71,011
Less: recovery of costs	(205,870)	-	(205,870)
Total expenditures during the year	1,654,131	704,677	2,358,808
Total expenditures, end of the year	3,853,026	1,108,400	4,961,426
Balance, end of the year	$4,060,026	$1,388,400	$5,448,426

5. EQUIPMENT

	As at March 31, 2009		
	Cost	Accumulated Amortization	Net Book Value
Office computers	3,515	2,097	1,418
Vehicles	53,942	26,661	27,281
	$57,457	$28,758	$28,699

	As at March 31, 2008		
	Cost	Accumulated Amortization	Net Book Value
Office computers	3,515	1,042	2,473
Vehicle	53,942	10,479	43,463
	$57,457	$11,521	$45,936

6. PROMISSORY NOTE

On December 1, 2008, the Company converted $125,000 in trade payable to a drilling contractor for past services into a promissory note payable of $150,000 which bears interest at 6% per annum, unsecured and is payable as follows:

a) $25,000 of the principal, without interest on or before December 31, 2008 (paid);

b) Remainder of the principal and interest due August 31, 2009;

As at March 31, 2009, the Company owes $127,544 consisting of $100,000 principal, $25,000 in financing fee and $2,544 in accrued interest payable. The Company expensed the $25,000 financing fee in the statement of operations.

Subsequent to year end on June 26, 2009, the Company settled the promissory note balance outstanding of $127,544 for $18,000 cash and transfer of certain camp costs.

7. SHARE CAPITAL & CONTRIBUTED SURPLUS

(a) Authorized

An unlimited number of common shares without par value.

(b) Issued and Outstanding Share Capital

	Number of Shares	Amount
Balance – March 31, 2007	12,787,685	13,627,678
Issued for cash – flow through shares	760,000	570,000
Issued for cash – flow through shares	1,331,672	998,755
Less: share issue costs	-	(109,827)
Transfer from contributed surplus on exercise of agent warrants	-	2,088
Exercise of warrants	1,188,297	664,388
Issued for mineral properties	18,000	4,500
Recovery of future income tax asset	-	(408,000)
Balance - March 31, 2008	16,085,654	15,349,582
Issued for cash – flow through shares	200,000	100,000
Less: share issue costs	-	(4,842)
Issued for mineral properties	250,000	68,750
Recovery of future income tax asset	-	(30,000)
Balance - March 31, 2009	16,535,654	15,483,490

Year Ended March 31, 2009

In June 2008, the Company issued 200,000 flow-through common shares at $0.50 per share for proceeds of $100,000. Share issue costs totalling $4,842 were incurred.

Pursuant to the August 27, 2008 Annual and Special Shareholders' Meeting of the Company, shareholder approval was received for the consolidation of the Company's share capital on the basis of one new for five old shares. On September 18, 2008, the Company received approval from the TSX Venture Exchange for the consolidation of its capital and the change of trading symbol to GRV-V effective September 19, 2008. The consolidation of share capital has been reflected in the financial statements for the year ended March 31, 2009. The issued and outstanding shares have been retrospectively restated to take into account the share consolidation.

7. SHARE CAPITAL & CONTRIBUTED SURPLUS (continued)

(b) Issued and Outstanding Share Capital (continued)

Year Ended March 31, 2008

In November 2007, the Company issued 760,000 common shares at $0.75 per share by way of a non-brokered private placement Unit Offering for gross proceeds of $570,000. The Unit Offering comprised 760,000 flow-through common shares at $0.75 per share and 380,000 warrants entitling the holder thereof to purchase one common share at $1.25 for every warrant held, exercisable at any time up to November 8, 2008.

In December 2007, the Company issued 1,331,672 common shares at $0.75 per share by way of a non-brokered private placement Unit Offering for gross proceeds of $998,755. The Unit Offering comprises 1,331,672 flow-through common shares at $0.75 per share and 665,836 warrants entitling the holder thereof to purchase one common share at $1.25 for every warrant held, exercisable at any time up to December 27, 2008.

Finders' fees were paid to certain finders, as set out below, in cash and non-transferable common share purchase warrants (the "Finders' Warrants"). Each whole Finders' Warrant entitles the holder to purchase one non-flow-through common share of the Company at a purchase price of $1.25 per share for a period of one year from closing of the Private Placement. A finders' fee was paid to Canaccord Capital Corporation in the amount of $53,456 and 94,489 Finders' Warrants and to Limited Market Dealer Inc. in the amount of $12,500 and 33,333 Finders' Warrants. A due diligence fee of $6,625 plus GST was also paid to Limited Market Dealer Inc. The Company also incurred other share issue costs totalling $30,023.

The fair value of the Finders' Warrants issued by the Company, in connection with the private placement, of $7,223 which has been included in share issuance costs, has been estimated on the date of issuance using the Black-Scholes option valuation method with the following assumptions:

	March 31, 2008
Weighted average fair value of warrants granted	$0.011
Risk-free interest rate	3.90%
Expected life	1 year
Expected volatility	78%
Expected dividend yield	0.00%

Proceeds from the private placements of units for the year ended March 31, 2009 and 2008 have been allocated 100% to share capital and none to the warrants.

7. SHARE CAPITAL & CONTRIBUTED SURPLUS (continued)

(c) Stock Purchase Options

The Company has a stock option plan whereby the maximum number of shares reserved for issue under the plan shall not exceed 10% of the outstanding common shares of the Company, as at the date of the grant. The maximum number of common shares reserved for issue to any one person under the plan cannot exceed 5% of the issued and outstanding number of common shares at the date of grant and the maximum number of common shares reserved for issue to a consultant or a person engaged in investor relations activities cannot exceed 2% of the issued and outstanding number of common shares at the date of grant. The exercise price of each option granted under the plan may not be less than the Discounted Market Price (as that term is defined in the policies of the TSX). Options may be granted for a maximum term of five years from the date of the grant, are non-transferable and expire within 90 days of termination of employment or holding office as director or officer of the Company. Unless otherwise stated, share purchase options vest when granted.

A summary of the Company's option transactions for the year ended March 31, 2009 and the year ended March 31, 2008 are as follows (adjusted for the five for one share consolidation approved in September 2008):

	Number of Options	Weighted Average Exercise Price	Weighted Average Contractual Life (years)
Outstanding and exercisable, March 31, 2007	1,237,015	$0.65	1.72
Granted	314,000	$0.75	
Expired	(295,442)	$0.70	
Outstanding and exercisable, March 31, 2008	1,255,573	$0.67	1.24
Expired	(738,573)	$0.68	
Outstanding and exercisable, March 31, 2009	517,000	$0.65	1.05

As at March 31, 2009, there are 517,000 share purchase options outstanding entitling the holders thereof the right to purchase one common share for each option held as follows:

Number	Price	Expiry Date
289,000	$0.75	November 8, 2009
20,000	$0.75	January 2, 2010
100,000	$0.50	October 6, 2010
108,000	$0.50	January 30, 2011
517,000		

7. SHARE CAPITAL & CONTRIBUTED SURPLUS (continued)

(c) Stock Purchase Options (continued)

The Company recognized $Nil (2008: $106,874) of stock-based compensation expense for stock options granted during the year. The weighted fair value of share purchase options granted during the year ended March 31, 2009 of $Nil (2008: $0.34) per option was estimated using the Black-Scholes option pricing model with the following assumptions:

	For the Year Ended March 31, 2009	For the Year Ended March 31, 2008
Expected dividend yield	N/A	0.00%
Expected stock price volatility	N/A	78% to 85%
Exercise price	N/A	$0.15
Risk-free interest rate	N/A	3.65% to 4.03%
Expected life of options	N/A	2 years

(d) Contributed Surplus

Details of contributed surplus account are as follows:

	For the Year Ended March 31, 2009	For the Year Ended March 31, 2008
Balance, beginning of year	$ 589,276	$ 477,268
Stock-based compensation	-	106,873
Agent warrants	-	7,223
Transfer from contributed surplus on exercise of finders' fee warrants	-	(2,088)
Balance, end of year	$ 589,276	$ 589,276

7. SHARE CAPITAL & CONTRIBUTED SURPLUS (continued)

(e) Share Purchase Warrants

During the year ended March 31, 2009, no additional warrants were issued nor were any listing warrants exercised. All warrants as of March 31, 2008 expired during the year ended March 31, 2009. A summary of the Company's warrants as at March 31, 2009 and 2008 are as follows (adjusted for the five for one share consolidation approved in September 2008):

	Number of Warrants	Weighted Average Exercise Price
Balance, March 31, 2007	3,018,396	$0.55
Issued	1,173,669	$1.25
Exercised	(1,188,296)	$0.55
Expired/cancelled	(1,830,100)	$0.75
Balance, March 31, 2008	1,173,369	$1.25
Expired	(1,173,369)	$1.25
Balance, March 31, 2009	-	-

As at March 31, 2009, there were Nil share purchase warrants outstanding.

(f) Escrow Shares

At March 31, 2009, there were 12,830 common shares (2008 – 12,830) held in escrow by the Company's transfer agent. The release of these shares is subject to regulatory approval.

8. FUTURE INCOME TAX

A reconciliation between the Company's income tax provision computed at statutory rates to the reported income tax provision is as follows:

		2009		2008
Statutory tax rate		30.38%		33.47%
Expected income tax recovery	$	(148,000)	$	(167,000)
Increase (decrease) in income tax recovery resulting from:				
Permanent differences		2,000		38,000
Effect of change in tax rate		17,000		344,000
Share issue costs in the year		(1,000)		(27,000)
Expiry of loss carryforward		74,000		60,000
Change in valuation allowance		26,000		(656,000)
Future income tax recovery	$	(30,000)	$	(408,000)

Significant components of the Company's future tax assets and liabilities, after applying enacted corporate income tax rates, are as follows:

		2009		2008
Future income tax assets				
Non-capital losses carried forward	$	492,000	$	440,000
Undeducted financing costs		26,000		30,000
Capital assets		7,000		3,000
Mineral properties		72,000		98,000
		597,000		571,000
Valuation allowance for future income tax assets		(597,000)		(571,000)
Net future income tax assets	$	-	$	-

The Company recorded a valuation allowance against its future income tax assets based on the extent to which it is more-likely-than-not that sufficient taxable income will not be realized during the carry-forward periods to utilize all the future tax assets.

At March 31, 2009, the Company has accumulated Canadian exploration and development expenditures of approximately $5,958,000 and non-capital losses of approximately $1,893,000 which are available to reduce taxable income of future years.

8. FUTURE INCOME TAX (continued)

The non-capital losses expire as follows:

2009	$	177,000
2010		198,000
2011		202,000
2016		261,000
2027		148,000
2028		421,000
2029		486,000
	$	1,893,000

Flow-through Shares

During the year ended March 31, 2009, the Company issued a total of 200,000 (2008: 2,091,672) flow-through common shares for proceeds of $100,000 (2008: $1,568,755). The funds raised in connection with the flow-through shares must be spent on qualified mineral exploration and are restricted to Canadian Exploration Expenditures as defined in the Canadian Income Tax Act. The expenditures are renounced in favour of investors subscribing for flow-through shares and the amounts are not available to the Company for income tax purposes.

During the year ended March 31, 2009, the Company renounced $100,000 (2008: $1,568,755). The Company recorded a recovery of future income tax assets with a corresponding reduction in share capital of $30,000 (2008: $408,000) with respect to the renunciation. The total qualifying expenditures for year ended March 31, 2009 was $262,225 (2008: $689,457) under the look-back rule. The Company is required to incur $96,559 in additional qualifying expenditures by December 31, 2009. The Company was required to incur $620,514 by December 31, 2008 but was unable to meet this requirement. As a result, the Company recorded Part XII.6 tax payable of $102,000 as at March 31, 2009.

As at March 31, 2009, the company's cash on hand is $5,612 (2008: $245,276) and additional cash is required to be raised to fulfill its flow-through commitment by December 31, 2009. See note 12.

9. RELATED PARTY TRANSACTIONS

(a) During the year ended March 31, 2009, management and director fees of $144,000 (2008: $135,070) were paid to directors or officers of the Company or to companies controlled by directors or officers of the Company

(b) During the year ended March 31, 2009, administration fees of $35,778 (2008: $35,350) and rent of $18,000 (2008: $12,150) were paid to a Company controlled by a director or officer of the Company.

(c) Included in accounts payable and accrued liabilities is $92,150 (2008: $Nil) owing to two directors of the Company for unpaid management fees.

(d) Due to related parties at March 31, 2009 of $177,504 (2008: $150,000) is payable to a company with director(s) or officer(s) in common. The 2008 amount of $150,000 was unsecured, non-interest bearing and was payable on demand. On October 11, 2008, this amount was converted into a promissory note that is unsecured, interest bearing at 12% per annum and is payable on demand. Included in the due to related party is accrued interest of $27,504.

The above transactions, occurring in the normal course of operations, are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

10. NON-CASH TRANSACTIONS

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statement of cash flows. The following transactions have been excluded from the statement of cash flows.

During the year ended March 31, 2009:

(a) the Company issued 200,000 common shares pursuant to a mineral property purchase agreement at $0.275 per share, the fair value of the shares at the date of issuance;

(b) the Company issued 50,000 common shares pursuant to a mineral property option agreement at $0.275 per share, the fair value of the shares at the date of issuance;

(c) included in accounts payable and accrued liabilities was $54,282 which was included in mineral property costs;

(d) the Company settled $100,000 of its accounts payable by issuance of a promissory note.

During the year ended March 31, 2008:

(a) the Company issued 18,000 common shares pursuant to a mineral property option agreement at $0.25 per share, the fair value of the shares at the date of issuance;

(b) the Company issued 127,833 agent's warrants at the fair value of $7,223 as a cost of completing a security offering;

(c) the Company recorded a reclamation liability of $8,000; and

(d) included in accounts payable and accrued liabilities was $302,128 which was included in mineral property costs.

11. CAPITAL DISCLOSURES

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. 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 its capital structure, the Company may issue new shares, issue new debt, acquire or dispose of assets.

The Company is dependent on the capital markets as its sole source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects. The Company is not subject to any externally imposed capital requirements.

12. SUBSEQUENT EVENT

Subsequent to March 31, 2009, the Company received and deposited a BC Mining Tax Credit totalling $214,107 relating to expenditures incurred on the Ox Lake Property.

13. COMPARATIVE FIGURES

Certain of the comparative figures for the year ended March 31, 2008 have been reclassified to conform to the current year's presentation.