

GOLD CANYON RESOURCES INC.

CONSOLIDATED FINANCIAL STATEMENTS

**YEAR ENDED
NOVEMBER 30, 2009**

AUDITORS' REPORT

To the Shareholders of
Gold Canyon Resources Inc.

We have audited the consolidated balance sheets of Gold Canyon Resources Inc. as at November 30, 2009 and 2008 and the consolidated statements of operations and deficit and cash flows for the years then ended. These 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 November 30, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Accountants

March 17, 2010



GOLD CANYON RESOURCES INC.
CONSOLIDATED BALANCE SHEETS
AS AT NOVEMBER 30

	2009	2008
ASSETS		
Current		
Cash and cash equivalents	\$ 890,488	\$ 1,661,470
Receivables	12,622	4,062
Marketable securities (Note 3)	270,000	40,000
Prepaid expenses	<u>24,708</u>	<u>4,375</u>
	1,197,818	1,709,907
Restricted cash (Note 7)	17,250	17,250
Equipment (Note 4)	3,130	2,939
Reclamation bond (Note 5)	14,772	14,772
Mineral properties and deferred exploration costs (Note 5)	<u>18,433,984</u>	<u>17,724,782</u>
	<u>\$ 19,666,954</u>	<u>\$ 19,469,650</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 280,723	\$ 93,401
Due to related parties (Note 9)	<u>6,437</u>	<u>23,359</u>
	287,160	116,760
Future income tax liability (Note 11)	<u>1,192,000</u>	<u>973,000</u>
	<u>1,479,160</u>	<u>1,089,760</u>
Shareholders' equity		
Capital stock (Note 8)	26,184,110	25,680,980
Contributed surplus (Note 8)	3,386,438	2,980,744
Deficit	<u>(11,382,754)</u>	<u>(10,281,834)</u>
	<u>18,187,794</u>	<u>18,379,890</u>
	<u>\$ 19,666,954</u>	<u>\$ 19,469,650</u>

Nature and continuance of operations (Note 1)

Subsequent events (Note 15)

On behalf of the Board:

"Akiko Levinson"

Director

"Ron Schmitz"

Director

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

GOLD CANYON RESOURCES INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
YEAR ENDED NOVEMBER 30

	2009	2008
ADMINISTRATION EXPENSES		
Amortization	\$ 1,096	\$ 1,397
Consulting	17,045	50,958
Foreign exchange	14,827	(810)
Insurance	21,674	15,286
Investor relations	78,737	149,102
Management fees	125,041	94,983
Office and miscellaneous	34,133	41,673
Printing	5,979	7,057
Professional fees	183,531	175,480
Property investigation (Note 6)	139,935	44,216
Regulatory fees	8,744	13,718
Salaries and benefits	50,070	22,297
Stock-based compensation (Note 8)	411,407	304,624
Telephone	8,812	8,851
Transfer agent fees	9,479	15,053
Travel and promotion	65,907	102,293
Website design and maintenance	3,360	3,260
	<u>(1,179,777)</u>	<u>(1,049,438)</u>
OTHER ITEMS		
Interest income	11,456	85,254
Other expense	-	(6,893)
Management income	56,401	-
Mineral property option income	-	65,000
Unrealized gain (loss) of marketable securities (Note 3)	230,000	(295,000)
Write-off of mineral property (Note 5)	-	(202,433)
	<u>297,857</u>	<u>(354,072)</u>
Loss before income taxes	(881,920)	(1,403,510)
Future income tax recovery (expenses) (Note 11)	<u>(219,000)</u>	<u>269,208</u>
Loss for the year	(1,100,920)	(1,134,302)
Deficit, beginning of year	<u>(10,281,834)</u>	<u>(9,147,532)</u>
Deficit, end of year	<u>\$(11,382,754)</u>	<u>\$(10,281,834)</u>
Basic and diluted loss per common share	<u>\$ (0.02)</u>	<u>\$ (0.02)</u>
Weighted average number of common shares outstanding	<u>54,627,511</u>	<u>52,825,366</u>

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

GOLD CANYON RESOURCES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEAR ENDED NOVEMBER 30

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	\$ (1,100,920)	\$ (1,134,302)
Items not affecting cash:		
Amortization	1,096	1,397
Mineral property option income	-	(65,000)
Stock-based compensation	411,407	304,624
Unrealized (gain) loss of marketable securities	(230,000)	295,000
Future income tax expenses (recovery)	219,000	(269,208)
Write-off of mineral property	-	202,433
Changes in non-cash working capital items:		
(Increase) decrease in receivables	(8,560)	65,328
(Increase) decrease in prepaids	(20,333)	21,315
Increase (decrease) in accounts payable and accrued liabilities	130,096	(108,376)
Increase (decrease) in amounts due to related parties	<u>(16,922)</u>	<u>15,072</u>
Net cash used in operating activities	<u>(615,136)</u>	<u>(671,717)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Common shares issued	510,000	3,965,420
Share issue costs	<u>(12,583)</u>	<u>(86,736)</u>
Net cash provided by financing activities	<u>497,417</u>	<u>3,878,684</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of equipment	(1,287)	(1,535)
Restricted cash	-	(17,250)
Acquisition of mineral properties	(83,475)	(115,000)
Deferred exploration costs	(824,335)	(2,261,435)
Recovery of mineral property and deferred exploration costs	<u>255,834</u>	<u>-</u>
Net cash used in investing activities	<u>(653,263)</u>	<u>(2,395,220)</u>
Change in cash and cash equivalents for the year	(770,982)	811,747
Cash and cash equivalents, beginning of the year	<u>1,661,470</u>	<u>849,723</u>
Cash and cash equivalents, end of the year	\$ 890,488	\$ 1,661,470
Cash, end of year	\$ 890,488	\$ 99,758
Cash equivalents, end of year	-	1,561,712

Supplemental disclosures with respect to cash flows (Note 10)

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

GOLD CANYON RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NOVEMBER 30, 2009

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company is considered to be in the exploration stage with respect to its interests in mineral properties. Based on the information available to date, the Company has not yet determined whether the mineral properties and deferred exploration costs contain economically recoverable ore reserves.

The recoverability of the amounts comprising mineral properties and deferred exploration costs is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete their exploration and development and upon future profitable production.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. Its ability to continue as a going concern is dependent on obtaining continued financial support, completing public equity financings, or generating profitable operations in the future.

There can be no assurance that the Company will be able to continue to raise funds, in which case the Company may be unable to meet its obligations. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the balance sheets. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

	2009	2008
Working capital	\$ 910,658	\$ 1,593,147
Deficit	(11,382,754)	(10,281,834)

2. SIGNIFICANT ACCOUNTING POLICIES

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the year.

Significant areas requiring use of management estimates include the determination of impairment of mineral properties and equipment; amounts of reclamation and environmental obligations, amortization rates for equipment; fair value of investments, future income tax assets and liabilities; and determination of the assumptions used in calculating fair value of stock-based compensation. While management believes the estimations are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

Principles of consolidation

These consolidated financial statements include the accounts of the Company and of its wholly owned subsidiaries, Gold Canyon Resources U.S.A. Inc. ("GCU USA") and Gold Canyon Kratz Spring, LLC ("Kratz Spring LLC"). GCU USA was incorporated on June 21, 2001 in the State of Nevada. Kratz Spring LLC was incorporated on January 9, 2009 in the State of Colorado. All significant inter-company accounts and transactions have been eliminated upon consolidation.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and highly liquid investments with original maturities of three months or less.

Equipment

Equipment is recorded at cost less accumulated amortization. Amortization is recorded on a declining balance basis at the following annual rates:

Computer equipment	30%
Office furniture and fixtures	20%

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 in the balance sheet either at fair value except for loans and receivables, held-to maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification. Held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income. Available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired.

The Company has classified its cash and cash equivalents and marketable securities as held-for-trading. Receivables are classified as loans and receivables. Reclamation bond and restricted cash are classified as held-to-maturity. Accounts payable and accrued liabilities and due to related parties are classified as other financial liabilities, which are measured at amortized cost.

Mineral properties and deferred exploration costs

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Asset retirement obligations

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.

Changes in the liability for an asset retirement obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in the statement of operations. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease in the carrying amount of the liability for an asset retirement obligation and the related asset retirement cost capitalized as part of the carrying amount of the related long-lived asset. The Company does not have any significant asset retirement obligations.

Loss per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. For the years presented, this calculation proved to be anti-dilutive.

Basic loss per share is calculated using the weighted-average number of shares outstanding during the year.

Flow-through common shares

Canadian tax legislation permits a company to issue flow-through shares whereby the deduction for tax purposes relating to qualified resource expenditures is claimed by the investors rather than the Company. Recording these expenditures for accounting purposes gives rise to taxable temporary differences. When flow-through expenditures are renounced, a portion of the future income tax assets that were not recognized in previous years, due to the recording of a valuation allowance, are recognized as a recovery of income taxes in the statement of operations.

Foreign currency translation

The monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the balance sheet date and non-monetary items are translated at historical rates. Revenues and expenses are translated at rates which approximate those in effect on transaction dates. Exchange gains and losses arising on translation are included in the statement of operations.

The Company's foreign subsidiary is integrated with the Company and translated using the temporal method. Under this method, monetary assets and liabilities are translated at the rate of exchange at the balance sheet date. Non-monetary assets and liabilities are translated at exchange rates prevailing at the transaction date. Income and expenses are translated at rates which approximate those in effect on transaction dates. Gains and losses arising from restatement of foreign currency assets and liabilities are included in earnings.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Future income taxes

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

Stock-based compensation

The Company uses the fair value based method of accounting for all stock-based compensation.

Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

Changes in accounting principles

Amendment to Financial Instruments – Disclosures

CICA Handbook Section 3862, Financial Instruments – Disclosures was amended to require disclosure about the inputs used in making fair value measurements, including their classification within a hierarchy that prioritizes their significance. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

See note 13 for relevant disclosures.

Assessing going concern

The Canadian Accountability Standards Board (“AcSB”) amended CICA Handbook Section 1400, to include requirements for management to assess and disclose an entity’s ability to continue as a going concern. The adoption of this Section does not result in any changes on the disclosure within the financial statements.

Goodwill and intangible assets

CICA Handbook Section 3064 replaces the current standard for goodwill and intangible assets 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.

GOLD CANYON RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NOVEMBER 30, 2009

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Recent accounting pronouncements

Business combinations, non-controlling interest and consolidated financial statements

In January 2009, the CICA issued Handbook Sections 1582 “Business Combinations”, 1601 “Consolidated Financial Statements” and 1602 “Non-controlling Interests” which replace CICA Handbook Sections 1581 “Business Combinations” and 1600 “Consolidated Financial Statements”. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under International Financial Reporting Standards. Section 1582 is applicable for the Company’s business combinations with acquisition dates on or after January 1, 2011. Early adoption of this Section is permitted. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. Section 1601 is applicable for the Company’s interim and annual consolidated financial statements for its fiscal year beginning on or after January 1, 2011. Early adoption of this Section is permitted and all three Sections must be adopted concurrently.

International financial reporting standards (“IFRS”)

In 2006, the 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 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 for the Company will be December 1, 2011 and will require the restatement for comparative purposes of amounts reported by the Company for the year ended November 30, 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. MARKETABLE SECURITIES

The Company holds 1,000,000 shares with a cost of \$182,500 (November 30, 2008 – 1,000,000 shares with a cost of \$182,500) in Shoreham Resources Ltd., a public company listed on the TSX Venture Exchange. The Company received these shares pursuant to a mineral property agreement on the Favourable Lake Project (Note 5). During the year ended November 30, 2009, the Company recognized an unrealized gain of \$230,000 as result of a change in fair value of the marketable securities.

4. EQUIPMENT

	2009			2008		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computer equipment	\$ 5,908	\$ 3,851	\$ 2,057	\$ 5,908	\$ 2,969	\$ 2,939
Office furniture and fixtures	<u>1,288</u>	<u>215</u>	<u>1,073</u>	<u>680</u>	<u>680</u>	=
	\$ 7,196	\$ 4,066	\$ 3,130	\$ 6,588	\$ 3,649	\$ 2,939

GOLD CANYON RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NOVEMBER 30, 2009

5. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS

2009	Springpole Project	Favourable Lake Project	Horseshoe Island Project	Cordero Gallium Project	Kratz Spring Project	Total
Acquisition costs	\$ 2,730,992	\$ -	\$ 88,500	\$ 164,678	\$ -	\$ 2,984,170
Additions	22,500	-	50,000	-	10,975	83,475
Recoveries	(150,000)	-	-	-	(10,975)	(160,975)
Total, acquisition costs	<u>2,603,492</u>	<u>-</u>	<u>138,500</u>	<u>164,678</u>	<u>-</u>	<u>2,906,670</u>
Deferred exploration						
Opening balance	<u>11,077,131</u>	<u>-</u>	<u>358,467</u>	<u>3,288,199</u>	<u>16,815</u>	<u>14,740,612</u>
Assaying and data analysis	60,097	-	-	-	14,001	74,098
Camp costs	3,095	-	-	-	-	3,095
Equipment rental	3,125	-	-	-	-	3,125
Geological consulting	246,555	1,574	35,180	474	-	283,783
Insurance	3,250	-	3,250	-	-	6,500
Labor	86,009	-	-	-	20,598	106,607
Land royalty payments	198,896	-	-	13,911	-	212,807
Legal, title and search fees	-	-	-	-	14,917	14,917
Management and administration	-	-	-	-	4,954	4,954
Material and supplies	18,617	-	25	-	-	18,642
Meals and lodging	16,254	-	-	-	1,334	17,588
Reproduction and copying	-	-	434	-	-	434
Sample storage	6,556	-	1,636	5,172	-	13,364
Staking and maintenance fees	2,397	-	1,812	25,464	-	29,673
Telephone and communications	2,315	-	-	-	-	2,315
Thin sections	-	-	-	-	1,001	1,001
Transfer and deed registration	-	-	-	-	16,194	16,194
Travel, transport and shipping	<u>61,702</u>	<u>-</u>	<u>83</u>	<u>5,634</u>	<u>5,045</u>	<u>72,464</u>
	708,868	1,574	42,420	50,655	78,044	881,561
Recoveries	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(94,859)</u>	<u>(94,859)</u>
Total, deferred exploration costs	<u>11,785,999</u>	<u>1,574</u>	<u>400,887</u>	<u>3,338,854</u>	<u>-</u>	<u>15,527,314</u>
Total, mineral properties and deferred exploration costs	\$ 14,389,491	\$ 1,574	\$ 539,387	\$ 3,503,532	\$ -	\$ 18,433,984

GOLD CANYON RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NOVEMBER 30, 2009

5. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (cont'd...)

2008	Springpole Project	Bear Head Project	Horseshoe Island Project	Cordero Gallium Project	Kratz Spring Project	Total
Acquisition costs	\$ 2,690,792	\$ 66,000	\$ 53,500	\$ 114,678	\$ -	\$ 2,924,970
Additions	<u>40,200</u>	<u>-</u>	<u>35,000</u>	<u>50,000</u>	<u>-</u>	<u>125,200</u>
Total, acquisition costs	<u>2,730,992</u>	<u>66,000</u>	<u>88,500</u>	<u>164,678</u>	<u>-</u>	<u>3,050,170</u>
Deferred exploration						
Opening balance	<u>10,224,398</u>	<u>53,486</u>	<u>255,445</u>	<u>2,085,488</u>	<u>-</u>	<u>12,618,817</u>
Assays	31,146	-	21,190	122,775	-	175,111
Camp costs	4,762	-	-	-	-	4,762
Drilling	253,087	-	-	459,284	-	712,371
Equipment rental	17,365	390	4,405	21,226	-	43,386
Field surveying			9,646	5,068	-	14,714
Camp geotech	114,177	5,100	32,075	64,324	-	215,676
Geological consulting	129,633	6,023	19,600	296,108	-	451,364
Insurance	-	-	-	7,407	-	7,407
Land royalty payments	134,643	-	-	16,000	-	150,643
Material and supplies	11,400	275	1,300	21,151	-	34,126
Meals and lodging	18,098	346	5,214	22,831	-	46,489
Metallurgy	-	-	-	23,465	-	23,465
Mobilization and demobilization	13,320	-	-	-	-	13,320
Reproduction and copying	74	-	43	1,020	-	1,137
Sample storage	1,857	-	-	19,800	-	21,657
Staking and maintenance fees	2,264	70,104	-	88,453	16,815	177,636
Telephone and communications	3,918	-	373	266	-	4,557
Travel, transport and shipping	<u>116,989</u>	<u>709</u>	<u>9,176</u>	<u>33,533</u>	<u>-</u>	<u>160,407</u>
	<u>852,733</u>	<u>82,947</u>	<u>103,022</u>	<u>1,202,711</u>	<u>16,815</u>	<u>2,258,228</u>
Total, deferred exploration costs	<u>11,077,131</u>	<u>136,433</u>	<u>358,467</u>	<u>3,288,199</u>	<u>16,815</u>	<u>14,877,045</u>
Write-off of mineral property	<u>-</u>	<u>(202,433)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(202,433)</u>
Total, mineral properties and deferred exploration costs	\$ 13,808,123	\$ -	\$ 446,967	\$ 3,452,877	\$ 16,815	\$ 17,724,782

5. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (cont'd...)

Springpole Project

The Company controls a 100% interest, in certain properties, as well as an option to earn a 100% interest in other properties, in the Springpole Project located in the Red Lake Mining Division of Ontario. The properties are subject to certain underlying agreements with the following obligations:

- a) Minimum annual advance royalty payments totalling approximately US\$128,000. These payments will vary from year to year due to escalation clauses and changes in gold prices.
- b) Net smelter returns royalty (“NSR”) payments varying from 1-5% on each of the underlying agreements upon production.

The Company has the option to purchase portions of these mining claims for approximately US\$2,000,000.

In an option agreement dated May 9, 2005, with 1544230 Ontario Inc. the Company acquired new mineral units bordering the Springpole Project. Total consideration consists of cash payments totaling \$136,000 and the issuance of 120,000 common shares, payable as follows:

	<u>Cash</u>	<u>Shares</u>
On Exchange Approval	\$ 16,000 (Paid)	30,000 (Issued)
On 1 st anniversary	20,000 (Paid)	30,000 (Issued)
On 2 nd anniversary	25,000 (Paid)	30,000 (Issued)
On 3 rd anniversary	30,000 (Paid)	30,000 (Issued)
On 4 th anniversary	22,500 (Paid)	-
On March 1, 2010	22,500	-

On April 30, 2009, the Company amended the original Mining Claim Option Agreement dated May 9, 2005, whereby now, the Company paid \$22,500 on the 4th anniversary and will pay \$22,500 on March 1, 2010. The original agreement had required the Company to pay \$45,000 on the 4th anniversary.

Jipangu Inc. (“Jipangu”), a gold mining company from Japan made an investment in the Company. In consideration of a payment by Jipangu in the amount of \$400,000, the Company issued 2,500,000 common shares from treasury (Note 8) valued at \$250,000 and granted Jipangu certain rights of first refusal, valued at \$150,000 with respect to any sale, grant or other disposition of the Company’s interest in the Springpole Gold property or any future financing of the Company for a period of one year from the closing of the investment. The \$150,000 payment of right of first refusal was recorded as a recovery of capitalized acquisition costs of the Springpole Project.

5. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (cont'd...)

Favourable Lake Project

In August 2005, the Company acquired the Favourable Lake property located in Ontario. The Company paid \$15,000, and issued 40,000 shares at a value of \$0.57 per share, together with the grant of a 2% NSR, 1% of which may be repurchased by the Company for \$1,000,000 prior to production. The Company staked additional claim units surrounding the Favourable Lake claims. Pursuant to an agreement, the Company has granted a 2% NSR on these surrounding claims.

On December 22, 2005, the Company entered into a mineral property option agreement with Shoreham Resources Ltd. ("Shoreham") with respect to its Favourable Lake claims. Pursuant to the terms of the agreement, Shoreham has paid the Company \$50,000 cash, issued an aggregate of 1,000,000 common shares in the capital of Shoreham and is required to incur expenditures in the aggregate of \$1,000,000 on the Favourable Lake property over a term of 4 years. If such payments, deliveries and expenditures are made in accordance with the option agreement, Shoreham may exercise its option to acquire a 60% undivided interest in the Company's Favourable Lake property.

Shoreham may, at its discretion, extend the term of the option for a further one year period, pay the Company an additional \$500,000, or at the option of Shoreham, issue common shares in the capital of Shoreham with a market value of \$500,000 and incur additional expenditures in the aggregate of \$1,000,000 on the Favourable Lake property. Shoreham may, thereafter, exercise its option to acquire an 80% undivided interest in the Company's Favourable Lake property. Upon exercise of the option, Shoreham and the Company shall be deemed to have formed a joint venture with respective joint venture interests to the initial interest of each party in the property, subject to adjustment in accordance with the terms of the joint venture.

During the year ended November 30, 2009, the Company was notified by Shoreham that it plans to exercise its option to acquire a 60% undivided interest in the Favourable Lake property. As a result, the Company and Shoreham formed a joint venture on terms set out in the joint venture agreement dated April 20, 2009, with respect to joint venture interests equal to the initial interest of each party in the Favourable Lake property, subject to adjustment in accordance with the terms of the joint venture.

Horseshoe Island Project

The Company acquired an assignment of an option to acquire 100% of certain contiguous mineral claims representing the Horseshoe Island Project held by Vital Resources Corp ("Vital"), on June 21, 2007.

Pursuant to the terms of the option, the Company paid to Vital \$25,000 and issued 50,000 common shares in the capital of the Company to Vital at a value of \$0.57 per share. To exercise the option, the Company paid \$85,000 over a 2 year period and incurred expenditures in the amount of \$25,000. The claims are subject to a 1.5% net smelter royalty in favour of the original optionors.

Cordero Gallium Project

i) Cordero Property

On June 22, 2001, the Company entered into an Assignment Agreement with Tech Industries Ltd. ("Tech") in which the Company acquired all of Tech's interest with respect to all minerals, except gold and silver, on the Cordero Property, located in Humboldt County, Nevada.

5. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (cont'd...)

Cordero Gallium Project (cont'd...)

i) Cordero Property (cont'd...)

The initial term of the Assignment Agreement is fifteen years and may be renewed for up to fifteen additional years thereafter. Pursuant to the agreement, the Company must:

- a) pay Tech US\$5,000 upon execution of the agreement (paid);
- b) grant Tech a NSR of 3%;
- c) assume a 1% NSR payable to Cordero Mine Inc.; and
- d) advance minimum royalties totaling US\$7,000 (paid) on the first anniversary of the agreement, US\$8,000 (paid) on the second anniversary, and US\$10,000 per year throughout the remaining term of the Assignment Agreement which will be credited against future NSR's payable, if any.

The Company has a refundable reclamation bond totalling \$14,772 (US\$14,702) posted with the Nevada Department of Minerals relating to the exploration of the Cordero property.

ii) Caley Property

On June 26, 2001, the Company entered into a Lease Agreement with Tech. Similar to the arrangements related to the Cordero Property, the Company has acquired all of Tech's interest with respect to all minerals, except for gold and silver, on the Caley Property located in Humboldt County, Nevada.

The initial term of the agreement is fifteen years with three additional five year renewal terms thereafter. Pursuant to the remaining terms of the agreement, the Company must:

- a) grant Tech a NSR of 3%;
- b) assume a 1% NSR payable to Cordero Mine Inc.; and
- c) advance minimum royalties totaling US\$6,000 per year throughout the remaining term of the agreement which will be credited against future NSR's payable, if any.

The amended work commitment schedule requires \$300,000 in expenditures to be incurred on the property each year thereafter until 2016.

5. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (cont'd...)

Cordero Gallium Project (cont'd...)

ii) **Caley Property (cont'd...)**

All expenditures are cumulative and excess expenditures in one or more years will be credited against future expenditure requirements. All expenditures in respect of mining operations on the Cordero property shall be included in the calculation of the expenditure requirements.

The Company signed a Mineral Lease and Assignment Amendment Agreement with Tech on February 6, 2008. Pursuant to the amendment agreement, in consideration of a payment of US\$50,000 the Company is entitled, at any time prior to the Company or its nominee(s) commencing commercial production on the properties, to acquire up to a 1.5% NSR as set out under the terms of the original assignment agreement (with respect to the Cordero Property) and the lease agreement (with respect to the Caley Property) at a price of US\$500,000 per 0.5% of NSR.

iii) **Mining Lode and Mill Site Claims**

In March 2008, the Company staked 102 Lode Mining Claims and 48 Mill Site Claims contiguous to its Cordero Gallium Project in Humboldt County, Nevada, USA.

Kratz Spring Project

In December 2008, the Company acquired 53 mineral property rights located in Franklin County, Missouri, USA by paying delinquent taxes and other costs.

The Company entered into a Joint Exploration Agreement ("JEA") with Japan Oil, Gas and Metals National Corporation ("JOGMEC") on January 22, 2009. Under the terms of the agreement, JOGMEC has an option to acquire an 80% interest in the Kratz Spring Project and made an initial contribution of US\$75,000 to reimburse the Company of all property expenses incurred before March 31, 2009. For the purpose of the JEA, the Company incorporated a subsidiary in the state of Colorado, USA, Gold Canyon Kratz Spring, LLC., ("Kratz Spring LLC") on January 9, 2009.

6. JOINT EXPLORATION ALLIANCE

Pursuant to the JEA signed on January 22, 2009 (Note 5), the Company reached an agreement with JOGMEC for a property investigation budget of US\$125,000 up to March 31, 2009 and US\$460,000 from April 2009 to March 2010. JOGMEC contributes 80% of the funding and holds an 80% option to all of the JEA projects.

Kratz Spring LLC, as operator of the JEA, will conduct Rare Earth Element ("REE") project identification and exploration. The objective of the JEA is to identify, analyze and perform metallurgical evaluation leading to production of REEs. All the property investigation costs will be expensed as incurred until the Company assesses whether there is any future benefit from certain properties from possible production of REEs and then acquires the rights to the property.

GOLD CANYON RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NOVEMBER 30, 2009

7. RESTRICTED CASH

The Company has a corporate credit card, with a credit limit of \$15,000. As collateral for the credit card, the Company has a one-year term deposit of \$17,250 maturing April 13, 2010.

8. CAPITAL STOCK AND CONTRIBUTED SURPLUS

	Number of Shares	Capital Stock	Contributed Surplus
Authorized			
100,000,000 common shares without par value			
Issued			
As at November 30, 2007	\$ 43,672,702	\$ 21,300,492	\$ 2,980,744
For cash			
Exercise of stock options	646,000	204,600	-
Exercise of warrants	3,194,825	1,310,820	-
Private placements	6,000,000	3,000,000	-
Shares for mineral property	30,000	10,200	-
Finder's shares	179,600	89,800	-
Stock based compensation	-	-	304,624
Contributed surplus on exercise of stock options	-	142,315	(142,315)
Issue costs	-	(252,039)	75,503
Tax benefits renounced to flow-through share subscribers	-	(125,208)	-
As at November 30, 2008	53,723,127	25,680,980	2,980,744
For cash			
Private placements	3,500,000	500,000	-
Exercise of stock options	100,000	10,000	-
Stock based compensation	-	-	411,407
Contributed surplus on exercise of stock options	-	5,713	(5,713)
Issue costs	-	(12,583)	-
As at November 30, 2009	57,323,127	\$ 26,184,110	\$ 3,386,438

During the year ended November 30, 2009 the Company:

- a) Issued 2,500,000 common shares from treasury for gross proceeds of \$250,000 to Jipangu as consideration for Jipangu's strategic investment in the Company (Note 5).
- ii) Completed a non-brokered private placement of 1,000,000 units at \$0.25 per share for gross proceeds of \$250,000. Each unit consists of one common share and one share purchase warrant exercisable at \$0.40 per share until September 18, 2011.
- iii) Issued 100,000 common shares for gross proceeds of \$10,000 pursuant to the exercise of stock options.

GOLD CANYON RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NOVEMBER 30, 2009

8. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)

During the year ended November 30, 2008 the Company:

- a) Completed a 6,000,000 unit non-brokered private placement at \$0.50 per unit for gross proceeds of \$3,000,000 (\$550,000 received in the year ended November 30, 2007). Each unit is comprised of one common share and one share purchase warrant exercisable at \$0.70 until December 14, 2009. The Company paid a finder's fees of \$60,000, issued 179,600 units with a value of \$89,800 and 284,000 agent's warrants exercisable at \$0.70 until December 14, 2009. The agent's warrants were valued at \$75,503 using the Black-Scholes option pricing model (assuming a risk-free interest rate of 3.94%, an expected life of 2 years, annualized volatility of 75.76% and a dividend rate of 0%).
- b) Issued 646,000 common shares for gross proceeds for \$204,600 pursuant to the exercise of stock options. Accordingly, \$142,315 was transferred from contributed surplus to capital stock.
- c) Issued 3,194,825 common shares for gross proceeds for \$1,310,820 pursuant to the exercise of warrants.
- d) Issued 30,000 common shares valued at \$10,200 pursuant to a mineral property option agreement.

Stock options

The Company, in accordance with its stock option plan, is authorized to grant options to directors, employees and consultants, to acquire up to 10% of its issued and outstanding common stock. The exercise price of each option equals the market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of 5 years. Options granted to employees vest fully on grant. Options issued to investor relations consultants vest in stages over 12 months with one quarter of the options vesting in any three month period.

Stock option transactions and the number of stock options outstanding are summarized as follows:

	2009		2008	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	3,841,000	\$ 0.44	4,335,000	\$ 0.37
Exercised	(100,000)	0.10	(646,000)	0.32
Granted	4,345,000	0.14	1,200,000	0.48
Expired/cancelled	<u>(2,766,000)</u>	0.42	<u>(1,048,000)</u>	0.31
Outstanding, end of year	5,320,000	0.21	3,841,000	0.44
Options exercisable, end of year	5,320,000	\$ 0.21	3,841,000	\$ 0.44

GOLD CANYON RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NOVEMBER 30, 2009

8. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)

Stock options (cont'd...)

Stock options outstanding at November 30, 2009 are as follows:

Number Of Options	Exercise Price	Expiry Date
1,075,000	\$ 0.48	February 12, 2010 (Subsequently expired, unexercised)
2,275,000	0.10	February 13, 2011
950,000	0.10	June 12, 2011
100,000	0.10	August 7, 2011
820,000	0.31	October 5, 2011
<u>100,000</u>	0.25	October 23, 2011
5,320,000		

Warrants

Warrant transactions and the number of warrant outstanding are summarized as follows:

	2009		2008	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	9,463,600	\$ 0.61	8,833,158	\$ 0.44
Exercised	-	-	(3,194,825)	0.41
Granted	1,000,000	0.40	6,463,600	0.70
Expired/cancelled	<u>(3,000,000)</u>	0.43	<u>(2,638,333)</u>	0.45
Outstanding, end of year	7,463,600	\$ 0.66	9,463,600	\$ 0.61
Warrants exercisable, end of year	7,463,600	\$ 0.66	9,463,600	\$ 0.61

Warrants outstanding at November 30, 2009 are as follows:

Number of Warrants	Exercise Price	Expiry Date
6,463,600	\$ 0.70	December 14, 2009 (Subsequently expired, unexercised)
1,000,000	0.40	September 29, 2011

GOLD CANYON RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NOVEMBER 30, 2009

8. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)

Stock-based compensation

During the year ended November 30, 2009, the Company granted 4,345,000 (2008 – 1,200,000) stock options to employees, directors, officers and consultants all of which are fully vested at November 30, 2009. The estimated fair value of these options was \$0.09 (2008 - \$0.21). The estimated total fair value of vested stock options during the year is \$411,407 (2008 - \$304,624). This amount has been expensed as stock-based compensation in the statement of operations with a corresponding amount recorded as contributed surplus in shareholders' equity.

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during the year:

	2009	2008
Risk-free interest rate	1.25%	3.04%
Expected life of options	2.0 years	2.0 years
Annualized volatility	130.15%	76.41%
Dividend rate	0.00%	0.00%

9. DUE TO RELATED PARTIES

The amounts due to related parties are unsecured, non-interest bearing, and have no specific terms of repayment.

During the year ended November 30, 2009, the Company entered into transactions with related parties as follows:

- a) Paid or accrued management fees and employee benefits of \$125,041 (2008 - \$94,983) to three directors of the Company.
- b) Paid or accrued \$113,045 (2008 - \$118,315) for accounting, secretarial, rent and administrative services to a company of which a director is president.
- c) Paid or accrued \$Nil (2008 - \$106,725) for geological consulting fees, which are included in deferred exploration costs, to a company controlled by a former director of the Company.
- d) Paid or accrued \$12,000 (2008 - \$9,000) for geological consulting fees, which are included in deferred exploration costs, to an officer of the Company.
- e) Paid or accrued \$73,336 (2008 - \$85,208) for geological consulting fees, of which \$25,263 (2008 - \$28,819) are included in deferred exploration costs, to a director of the Company.

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

The Company entered into a management consulting agreement effective May 1, 2007 with the president of the Company for management services and administration services expiring May 1, 2012. The Company paid a monthly fee of \$4,000 during the performance of the services up to April 30, 2008. Effective May 1, 2008, the management fee increased to \$7,000 a month.

GOLD CANYON RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NOVEMBER 30, 2009

10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	2009	2008
Cash paid during the period for income taxes	\$ -	\$ -
Cash paid during the period for interest	\$ -	\$ -

The significant non-cash transactions for the year ended November 30, 2009 were as follows:

- a) Included in year end accounts payable are \$112,682 related to deferred exploration costs.
- b) The allocation of \$5,712 for stock options exercised during the year to capital stock from contributed surplus.

The significant non-cash transactions for the year ended November 30, 2008 were as follows:

- a) The issuance of 179,600 common shares valued at \$89,800 for finder's fees pursuant to a private placement completed in December 2007.
- b) The issuance of 30,000 common shares valued at \$10,200 pursuant to a May 9, 2005 agreement for acquisition of mineral claims bordering the Springpole Project.
- c) Included in year end accounts payable are \$55,456 related to deferred exploration costs.
- d) The issuance of 1,100,000 common shares towards \$550,000 share subscriptions received in the year ended November 30, 2007.
- e) The receipt of 250,000 common shares of Shoreham Resources Ltd. (valued at \$65,000) pursuant to the mineral property option agreement on the Favourable Lake Project.
- f) The allocation of \$142,315 for stock options exercised during the year to capital stock from contributed surplus.
- g) The issuance of 284,000 warrants as finder's fee with a value of \$75,503.
- h) The recognition of \$125,208 to capital stock for tax benefits renounced to flow-through share subscribers.

11. INCOME TAXES

A reconciliation of current income taxes at statutory rates with reported taxes is as follows:

	2009	2008
Loss before income taxes	\$ (881,920)	\$ (1,403,510)
Income tax recovery at statutory rates	\$ (264,946)	\$ (439,326)
Non tax deductible expenditures	632,576	153,015
Unrecognized non-capital losses and deferred resource expenses	(148,630)	17,103
Future income tax expense (recovery)	\$ 219,000	\$ (269,208)

GOLD CANYON RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NOVEMBER 30, 2009

11. INCOME TAXES (cont'd...)

The tax effects of temporary differences that give rise to significant components of future income tax assets and liabilities are as follows:

	2009	2008
Future tax assets:		
Financing costs	\$ 49,000	\$ 87,000
Losses available for future periods	211,000	573,000
Federal pre-production income tax credit	<u>75,000</u>	<u>-</u>
	335,000	660,000
Future income tax liabilities:		
Difference between book and tax values of mineral properties and deferred exploration costs	<u>(1,527,000)</u>	<u>(1,633,000)</u>
Net future tax assets (liabilities)	<u>\$ (1,192,000)</u>	<u>\$ (973,000)</u>

Temporary differences giving rise to the future tax assets (liabilities) are primarily the result of net operating loss carryforwards and mineral exploration expenses available to offset future taxable income. As of November 30, 2009, the total of these net operating losses was approximately \$845,000 (2008 – \$2,200,000). The right to claim the net operating loss carryovers will expire at various dates through the taxation year ending November 30, 2029.

The Company recognized a future income tax liability of \$1,192,000 (2008 - \$973,000).

12. SEGMENTED INFORMATION

The Company conducts all of its operations in North America in one business segment, being the exploration and development of mineral properties. Geographic information is as follows:

	Equipment	Mineral Properties and Deferred Exploration Costs
2009		
Canada	\$ 3,130	\$ 14,930,451
United States	<u>-</u>	<u>3,503,533</u>
	<u>\$ 3,130</u>	<u>\$ 18,433,984</u>
2008		
Canada	\$ 2,939	\$ 14,255,090
United States	<u>-</u>	<u>3,469,692</u>
	<u>\$ 2,939</u>	<u>\$ 17,724,782</u>

GOLD CANYON RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NOVEMBER 30, 2009

13. FINANCIAL INSTRUMENTS

Fair value

The carrying value of receivables and accounts payable and accrued liabilities and due to related parties approximated their fair value because of the short-term nature of these instruments.

Financial instruments measured at fair value on the balance sheet are summarized in levels of fair value hierarchy as follows:

Assets	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 890,488	\$ -	\$ -	\$ 890,488
Marketable securities	270,000	-	-	270,000
Restricted cash	17,250	-	-	17,250
Reclamation bond	<u>14,772</u>	<u>-</u>	<u>-</u>	<u>14,772</u>
Total	\$ 1,192,510	\$ -	\$ -	\$ 1,192,510

The Company has exposure to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk. Management, the Board of Directors and the Audit Committee monitor risk management activities and review the adequacy of such activities.

Credit risk

Credit risk is the risk of potential loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is limited to the carrying amount on the balance sheet and arises from the Company's cash and cash equivalents, receivables, marketable securities, restricted cash, and reclamation bonds.

The Company's cash and cash equivalents, marketable securities, and restricted cash are held with high-credit quality financial institutions. The reclamation bonds are held with Nevada Bureau of Land Management. Receivables mainly consist of goods and services tax due from the Federal Government of Canada.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company manages its liquidity risk by forecasting cash flows from operations, and anticipating investing and financing activities. As at November 30, 2009, the Company had cash of \$890,488 to settle current liabilities of \$287,160, which have contractual maturities of less than 30 days and are subject to normal trade terms.

13. FINANCIAL INSTRUMENTS (cont'd...)

Market risk

Market risk is the risk of loss that may arise from changes in market prices, such as interest rates and foreign exchange rates.

i) Interest rate risk

The Company has cash and cash equivalents balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term certificates of deposits issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit rating of its banks.

ii) Foreign exchange rate risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company funds certain operations, exploration and administrative expenses in the United States by using US dollars converted from its Canadian bank accounts. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk.

Sensitivity analysis

The carrying values of cash and cash equivalents, receivables, marketable securities, restricted cash, reclamation bonds accounts payable and accrued liabilities, and due to related parties approximate their fair values due to the relatively short periods to maturities of these financial instruments.

Based on management's knowledge of and experience in the financial markets, management does not believe that the Company's current financial instruments will be affected by credit risk, liquidity risk or market risk.

14. CAPITAL DISCLOSURES

The Company's capital management objectives are to safeguard its ability to continue as a going concern and to have sufficient capital to be able to meet the Company's property exploration plans and to ensure the growth of activities.

In the management of capital, the Company includes shareholders' equity and working capital in the definition of capital.

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue common shares through private placements. The Company is not exposed to any externally imposed capital requirements.

GOLD CANYON RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NOVEMBER 30, 2009

15. SUBSEQUENT EVENTS

The following events occurred subsequent to November 30, 2009:

- a) Completed a non-brokered private placement of 7,142,858 units at \$0.21 per share for gross proceeds of \$1,500,000. Each unit consists of one common share and one share purchase warrant exercisable at \$0.35 per share until January 25, 2012. The Company paid a finder's fees of \$75,000 and issued 428,571 finder's warrants.
- b) Completed a private placement of common share units at a price of \$0.21 per unit for gross proceeds of up to \$360,000. Each unit is comprised of one common share and one non-transferable share purchase warrant exercisable at \$0.35 per share for 24 months from the date of issue of the units.
- c) Granted 1,945,000 stock options exercisable at \$0.24 per share until February 26, 2012.