

GOLD CANYON RESOURCES INC.

CONSOLIDATED FINANCIAL STATEMENTS

NOVEMBER 30, 2008

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, 2008 and 2007 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, 2008 and 2007 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 4, 2009



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

	2008	2007
ASSETS		
Current		
Cash and cash equivalents	\$ 1,661,470	\$ 849,723
Receivables	4,062	98,759
Marketable securities (Note 3)	40,000	270,000
Prepaid expenses	<u>4,375</u>	<u>25,690</u>
	1,709,907	1,244,172
Restricted cash (Note 6)	17,250	-
Equipment (Note 4)	2,939	2,801
Reclamation bond (Note 5)	14,772	14,772
Mineral properties and deferred exploration costs (Note 5)	<u>17,724,782</u>	<u>15,543,787</u>
	<u>\$ 19,469,650</u>	<u>\$ 16,805,532</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 93,401	\$ 234,353
Due to related parties (Note 8)	<u>23,359</u>	<u>8,287</u>
	116,760	242,640
Future income tax liability (Note 11)	<u>973,000</u>	<u>1,117,000</u>
	<u>1,089,760</u>	<u>1,359,640</u>
Shareholders' equity		
Capital stock (Note 7)	25,680,980	21,300,492
Share subscriptions received (Note 7)	-	550,000
Contributed surplus (Note 7)	2,980,744	2,742,932
Deficit	<u>(10,281,834)</u>	<u>(9,147,532)</u>
	<u>18,379,890</u>	<u>15,445,892</u>
	<u>\$ 19,469,650</u>	<u>\$ 16,805,532</u>

Nature and continuance of operations (Note 1)

Subsequent events (Note 14)

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

	2008	2007
ADMINISTRATION EXPENSES		
Amortization	\$ 1,397	\$ 890
Consulting	50,958	9,525
Foreign exchange gain	(810)	(15,331)
Insurance	15,286	16,009
Investor relations	149,102	142,423
Management fees	94,983	63,946
Office and miscellaneous	41,673	31,567
Printing	7,057	8,544
Professional fees	175,480	214,872
Property investigation	44,216	-
Regulatory fees	13,718	14,613
Salaries and benefits	22,297	-
Stock-based compensation (Note 7)	304,624	564,732
Telephone	8,851	8,425
Transfer agent fees	15,053	16,973
Travel and promotion	102,293	66,246
Website design and maintenance	<u>3,260</u>	<u>3,149</u>
	<u>(1,049,438)</u>	<u>(1,146,583)</u>
OTHER ITEMS		
Interest income	85,254	13,995
Other expense	(6,893)	-
Mineral property option income (Note 5)	65,000	70,000
Unrealized appreciation (depreciation) of marketable securities (Note 3)	(295,000)	152,500
Write-off of mineral property and deferred exploration costs (Note 5)	<u>(202,433)</u>	<u>-</u>
	<u>(354,072)</u>	<u>236,495</u>
Loss before income taxes	(1,403,510)	(910,088)
Future income tax recovery (Note 11)	<u>269,208</u>	<u>472,153</u>
Loss for the year	(1,134,302)	(437,935)
Deficit, beginning of year	<u>(9,147,532)</u>	<u>(8,709,597)</u>
Deficit, end of year	<u>\$ (10,281,834)</u>	<u>\$ (9,147,532)</u>
Basic and diluted loss per common share	<u>\$ (0.02)</u>	<u>\$ (0.01)</u>
Weighted average number of common shares outstanding	<u>52,825,366</u>	<u>41,445,792</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

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	\$ (1,134,302)	\$ (437,935)
Items not affecting cash:		
Amortization	1,397	890
Mineral property option income	(65,000)	(45,000)
Stock-based compensation	304,624	564,732
Unrealized (appreciation) depreciation of marketable securities	295,000	(152,500)
Foreign exchange on reclamation bond	-	2,018
Future income tax recovery	(269,208)	(472,153)
Write-off of mineral property	202,433	-
Changes in non-cash working capital items:		
(Increase) decrease in receivables	65,328	(51,286)
(Increase) decrease in prepaid expenses	21,315	(23,740)
Increase (decrease) in accounts payable and accrued liabilities	(108,376)	104,917
Increase (decrease) in amounts due to related parties	<u>15,072</u>	<u>(65,190)</u>
Net cash used in operating activities	<u>(671,717)</u>	<u>(575,247)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Common shares issued	3,965,420	2,407,517
Share subscriptions received	-	550,000
Share issue costs	<u>(86,736)</u>	<u>(109,504)</u>
Net cash provided by financing activities	<u>3,878,684</u>	<u>2,848,013</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of equipment	(1,535)	(549)
Restricted cash	(17,250)	-
Reclamation bond	-	510
Acquisition of mineral properties	(115,000)	(50,000)
Deferred exploration costs	<u>(2,261,435)</u>	<u>(1,540,781)</u>
Net cash used in investing activities	<u>(2,395,220)</u>	<u>(1,590,820)</u>
Increase in cash and cash equivalents for the year	811,747	681,946
Cash and cash equivalents, beginning of year	<u>849,723</u>	<u>167,777</u>
Cash and cash equivalents, end of year	<u>\$ 1,661,470</u>	<u>\$ 849,723</u>
Cash on hand	\$ 99,758	\$ 849,723
Bank discount note	<u>1,561,712</u>	<u>-</u>
Cash and cash equivalents	<u>\$ 1,661,470</u>	<u>\$ 849,723</u>

Supplemental disclosures with respect to cash flows (Note 9)

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

GOLD CANYON RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NOVEMBER 30, 2008

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 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.

	2008	2007
Working capital	\$ 1,593,147	\$ 1,001,532
Deficit	(10,281,834)	(9,147,532)

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. Actual results could differ from these estimates.

Principles of consolidation

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

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.

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

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.

New accounting policies

On December 1, 2006, the CICA issued three new accounting standards: Capital Disclosures (Handbook Section 1535), Financial Instruments – Disclosures (Handbook Section 3862), and Financial Instruments – Presentation (Handbook Section 3863). These new standards became effective for the Company on December 1, 2007.

Financial instruments

Handbook Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments – Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The Company has included disclosures recommended by the new Handbook section in Note 12 to these consolidated financial statements.

Capital disclosures

Handbook Section 1535 specifies 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 noncompliance. The Company has included disclosures recommended by the new Handbook section in Note 13 to these consolidated financial statements.

Recent accounting pronouncements

Assessing going concern

The CICA Accounting Standards Board (the "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. This section applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008. The Company is currently assessing the impact of this new accounting pronouncement on its financial statements.

GOLD CANYON RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NOVEMBER 30, 2008

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

Recent accounting pronouncements (cont'd...)

Goodwill and intangible assets

The AcSB issued CICA Handbook Section 3064 which replaces Section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research and Development Costs. This new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets.

Standards concerning goodwill remain unchanged from the standards included in the previous Section 3062. The section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008.

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 (2007 – 750,000 shares with a cost of \$117,500) 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). The Company recognized a loss of \$295,000 as result of a change in fair value of the marketable securities.

4. EQUIPMENT

	2008			2007		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computer equipment	\$ 5,908	\$ 2,969	\$ 2,939	\$ 4,373	\$ 1,989	\$ 2,384
Office furniture and fixtures	<u>680</u>	<u>680</u>	-	<u>680</u>	<u>263</u>	<u>417</u>
	\$ 6,588	\$ 3,649	\$ 2,939	\$ 5,053	\$ 2,252	\$ 2,801

GOLD CANYON RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NOVEMBER 30, 2008

5. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS

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	<u>\$ 13,808,123</u>	<u>\$ -</u>	<u>\$ 446,967</u>	<u>\$ 3,452,877</u>	<u>\$ 16,815</u>	<u>\$ 17,724,782</u>

GOLD CANYON RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NOVEMBER 30, 2008

5. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS

2007	Springpole Project	Bear Head Project	Horseshoe Island Project	Cordero Gallium Project	Total
Acquisition costs	\$ 2,653,492	\$ 66,000	\$ -	\$ 114,678	\$ 2,834,170
Additions	37,300	-	53,500	-	90,800
Total, acquisition costs	2,690,792	66,000	53,500	114,678	2,924,970
Deferred exploration					
Opening balance	9,370,926	1,400	-	1,715,947	11,088,273
Assays	24,553	-	23,473	65,261	113,287
Camp costs	5,013	-	1,281	-	6,294
Drilling	194,977	-	-	48,684	243,661
Equipment rental	32,870	-	30,450	4,397	67,717
Camp geotech	158,689	-	99,750	29,100	287,539
Geological consulting	142,496	-	43,900	99,453	285,849
Geophysics and airborne surveying	-	52,086	-	-	52,086
Insurance	-	-	-	7,337	7,337
Land royalty payments	129,469	-	-	17,464	146,933
Material and supplies	12,392	-	6,079	3,511	21,982
Meals and lodging	30,887	-	11,797	14,797	57,481
Metallurgy	-	-	-	2,458	2,458
Mobilization and demobilization	18,000	-	-	6,998	24,998
Reproduction and copying	39	-	-	333	372
Sample storage	1,102	-	-	6,853	7,955
Staking and maintenance fees	2,537	-	-	41,526	44,063
Telephone and communications	5,786	-	1,817	1,167	8,770
Travel, transport and shipping	94,662	-	36,898	20,202	151,762
	853,472	52,086	255,445	369,541	1,530,544
Total, deferred exploration costs	10,224,398	53,486	255,445	2,085,488	12,618,817
Total, mineral properties and deferred exploration costs	\$ 12,915,190	\$ 119,486	\$ 308,945	\$ 2,200,166	\$ 15,543,787

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	45,000	-

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 with the prospector, 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 agreed to pay the Company \$50,000 cash (paid), issue an aggregate of 1,000,000 common shares (issued) in the capital of Shoreham and 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.

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

Favourable Lake Project (cont'd...)

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.

As at November 30, 2008, the Company has received from Shoreham \$50,000 cash and 1,000,000 common shares with an original value of \$182,500 (Note 3).

Bear Head Project

On July 21, 2006, the Company entered into a mineral property option agreement to acquire certain claims in the Favourable Lake Area of north-western Ontario.

In consideration of the option the Company paid \$50,000 and issued 50,000 common shares at a value of \$0.32 per share. The Company must also expend an aggregate of \$150,000 on mining and exploration of the property over the three year option term. There is a 2% Production Royalty over all claims, with the Company having the option to re-acquire 1% of this royalty upon payment of \$1,000,000.

During the year ended November 30, 2008, the Company's management decided not to continue exploration of the project and terminated the mineral property option agreement by paying \$70,000 to the optionor. As a result, all costs associated with the property, totaling \$202,433, have been written off to operations.

Horseshoe Island Project

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

Pursuant to the terms of the option, the Company paid to Vital the sum of \$25,000 and issued 50,000 common shares in the capital of the Company to Vital at a value of \$0.57 per share. In order to exercise the option and acquire the 100% interest in the claims, the Company will be required to pay an aggregate of \$85,000 (\$35,000 paid) in cash over a 2 year period and incur expenditures in the amount of \$25,000 on or before May 1, 2008 (incurred). The claims are subject to a 1.5% net smelter royalty in favour of the original optionors. This agreement received regulatory approval on July 3, 2007.

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 totalling 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\$14,921) 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 terms of the agreement, the Company must:

- a) pay Tech US\$2,500 on or before July 31, 2001 (paid);
- b) grant Tech a NSR of 3%;
- c) assume a 1% NSR payable to Cordero Mine Inc.; and
- d) advance minimum royalties totalling US\$4,000 (paid) on the first anniversary of the agreement, US\$4,500 (paid) on the second anniversary, and US\$6,000 per year throughout the remaining term of the agreement which will be credited against future NSR's payable, if any.

On January 27, 2006, the Company amended the terms of the Lease Agreement. As consideration, the Company paid US\$40,000 and reimbursed \$23,500 of costs to amend the agreement.

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

Cordero Gallium Project (cont'd...)

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

The amended work commitment schedule is as follows:

<u>Anniversary of Agreement</u>	<u>Work Commitment</u>
On or before the 1 st anniversary	US \$ 50,000
On or before the 2 nd anniversary	100,000
On or before the 3 rd anniversary	150,000
On or before the 4 th anniversary	250,000
On or before November 30, 2006	300,000
In each year thereafter until 2016	300,000

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 above expenditures.

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.

6. 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 earning an annual interest at prime interest rate minus 2.65%.

GOLD CANYON RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NOVEMBER 30, 2008

7. 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, 2006	36,175,024	\$ 18,990,089	\$ 2,281,329
For cash			
Exercise of stock options	690,000	202,500	-
Exercise of warrants	1,227,678	576,417	-
Private placements	5,500,000	1,744,800	-
Shares for mineral property	80,000	40,800	-
Stock-based compensation	-	-	564,732
Contributed surplus on exercise of stock options	-	103,129	(103,129)
Issue costs	-	(100,090)	-
Tax benefits renounced to flow-through share subscribers	-	(257,153)	-
As at November 30, 2007	43,672,702	21,300,492	2,742,932
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

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.

GOLD CANYON RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NOVEMBER 30, 2008

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

During the year ended November 30, 2007 the Company:

- a) Completed a non-brokered private placement of 1,760,000 common share units at a price of \$0.28 per unit for gross proceeds of \$492,800. Each unit consists of one common share and one non-transferable share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at \$0.40 per share expiring December 13, 2008. The Company paid a finder's fee of \$336.
- b) Completed the first tranche of a non-brokered private placement of 1,340,000 common share units at a price of US\$0.26 (Cdn\$0.30) for gross proceeds of US\$348,400 (Cdn\$402,000) on January 2, 2007. Each unit is comprised of one common share and one non-transferable share purchase warrant exercisable at US\$0.39 (Cdn\$0.45) per share expiring January 2, 2009. Completed a second and final tranche of a non-brokered private placement of 400,000 common share units at a price of US\$0.26 (Cdn\$0.30) for gross proceeds of US\$104,000 (Cdn\$120,000) on January 22, 2007. Each unit is comprised of one common share and one non-transferable share purchase warrant exercisable at US\$0.39 (Cdn\$0.45) per share expiring January 22, 2009. The Company paid finders' fees of \$4,560.
- c) Completed a flow-through private placement of 1,000,000 common share units at a price of \$0.40 per unit for gross proceeds of \$400,000. Each unit consists of one common share and one-half of one transferable share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at \$0.50 per share expiring May 23, 2009. The Company paid a commission of \$32,000.
- d) Completed a non-brokered private placement of 1,000,000 common share units at a price of \$0.33 per unit for gross proceeds of \$330,000. Each unit consists of one flow-through common share and one non-transferable share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at \$0.40 per share expiring May 29, 2009. The Company paid a finder's fee of \$26,400.
- e) Issued 690,000 common shares for gross proceeds for \$202,500 pursuant to the exercise of stock options.
- f) Issued 1,227,678 common shares for gross proceeds of \$576,418 pursuant to the exercise of warrants.
- g) Issued 80,000 common shares valued at \$40,800 for various mineral properties.

GOLD CANYON RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NOVEMBER 30, 2008

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

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 an 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:

	2008		2007	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	4,335,000	\$ 0.37	3,274,000	\$ 0.37
Exercised	(646,000)	0.32	(690,000)	0.29
Granted	1,200,000	0.48	2,751,000	0.41
Expired/cancelled	<u>(1,048,000)</u>	0.31	<u>(1,000,000)</u>	0.51
Outstanding, end of year	<u>3,841,000</u>	0.44	<u>4,335,000</u>	0.37
Options exercisable, end of year	<u>3,841,000</u>	\$ 0.44	<u>4,110,000</u>	\$ 0.37

Stock options outstanding at November 30, 2008 are as follows:

Number Of Options	Exercise Price	Expiry Date
1,035,000	\$ 0.35	December 29, 2008 (subsequently expired)
700,000	0.40	June 8, 2009
581,000	0.50	October 4, 2009
100,000	0.50	November 6, 2009
225,000	0.50	November 29, 2009
<u>1,200,000</u>	0.48	February 12, 2010
<u>3,841,000</u>		

GOLD CANYON RESOURCES INC.
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7. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)

Warrants

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

	2008		2007	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	8,833,158	\$ 0.44	6,519,586	\$ 0.49
Exercised	(3,194,825)	0.41	(1,227,678)	0.47
Granted	6,463,600	0.70	5,000,000	0.43
Expired/cancelled	<u>(2,638,333)</u>	0.45	<u>(1,458,750)</u>	0.62
Outstanding, end of year	9,463,600	\$ 0.61	8,833,158	\$ 0.44
Warrants exercisable, end of year	9,463,600	\$ 0.61	8,833,158	\$ 0.44

Warrants outstanding at November 30, 2008 are as follows:

Number of Warrants	Exercise Price	Expiry Date
1,760,000	\$ 0.40	December 13, 2008 (subsequently expired)
340,000	0.45	January 2, 2009 (subsequently expired)
400,000	0.45	January 22, 2009 (subsequently expired)
500,000	0.50	May 23, 2009
<u>6,463,600</u>	0.70	December 14, 2009
9,463,600		

Stock-based compensation

During the year ended November 30, 2008, the Company granted 1,200,000 (2007 – 2,751,000) stock options to employees, directors, officers and consultants of which 1,200,000 (2007 – 2,526,000) are fully vested at November 30, 2008. The estimated fair value of these options was \$0.21 (2007 - \$0.23) per option for an estimated total value of \$304,624 (2007 - \$564,732). 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.

GOLD CANYON RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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7. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)

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

	2008	2007
Risk-free interest rate	3.04%	4.18%
Expected life of options	2.0 years	2.0 years
Annualized volatility	76.41%	76.26%
Dividend rate	0.00%	0.00%

8. 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, the Company entered into transactions with related parties as follows:

- a) Paid or accrued management fees and employee benefits of \$94,983 (2007 - \$63,946) to three directors of the Company.
- b) Paid or accrued \$118,315 (2007 - \$103,250) for accounting, secretarial, rent and administrative services to a company of which a director is president.
- c) Paid or accrued \$106,725 (2007 - \$183,571) for geological consulting fees, which are included in deferred exploration costs, to a company controlled by a director of the Company.
- d) Paid or accrued \$9,000 (2007 - \$5,500) for geological consulting fees, which are included in deferred exploration costs, to an officer of the Company.
- e) Paid or accrued \$85,208 (2007 - \$Nil) for geological consulting fees 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 will pay a monthly fee of \$4,000 plus GST and reimburse all reasonable expenses incurred during the performance of the services. Effective May 1, 2008, the president receives salaries instead of management fees.

GOLD CANYON RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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9. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

	2008	2007
Cash paid during the year for income taxes	\$ -	\$ -
Cash paid during the year for interest	\$ -	\$ -

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 (Note 7).
- 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 (Note 5).
- 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 (Note 5).
- 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.

The significant non-cash transactions for the year ended November 30, 2007 were as follows:

- a) The receipt of 250,000 common shares of Shoreham Resources Ltd. (valued at \$45,000) pursuant to the mineral property option agreement on the Favourable Lake Project (Note 5).
- b) Issuance of 30,000 common shares valued at \$12,300 pursuant to a mineral property agreement on the Springpole Project (Note 5).
- c) Issuance of 50,000 common shares valued at \$28,500 pursuant to a mineral property option agreement on the Horseshoe Island Project (Note 5).
- d) Included in year end accounts payable are \$58,663 related to deferred exploration costs.

GOLD CANYON RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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10. 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
November 30, 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>
November 30, 2007		
Canada	\$ 2,801	\$ 13,343,621
United States	<u>-</u>	<u>2,200,166</u>
	<u>\$ 2,801</u>	<u>\$ 15,543,787</u>

11. INCOME TAXES

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

	2008	2007
Loss before income taxes	\$ (1,403,508)	\$ (910,088)
Income tax recovery at statutory rates	\$ (439,326)	\$ (312,042)
Non tax deductible expenditures	153,015	139,692
Non-capital losses and deferred resource expenses	<u>17,103</u>	<u>(299,803)</u>
Future income tax expense (recovery)	<u>\$ (269,208)</u>	<u>\$ (472,153)</u>

GOLD CANYON RESOURCES INC.
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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:

	2008	2007
Future tax assets:		
Financing costs	\$ 87,000	\$ 118,000
Losses available for future periods	<u>573,000</u>	<u>363,000</u>
	660,000	481,000
Future income tax liabilities:		
Difference between book and tax values of mineral properties and deferred exploration costs	<u>(1,633,000)</u>	<u>(1,598,000)</u>
Net future tax assets (liabilities)	<u>\$ (973,000)</u>	<u>\$ (1,117,000)</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, 2008, the total of these net operating losses was approximately \$2,200,000 (2007 - \$1,343,000). The right to claim the net operating loss carryovers will expire at various dates through the taxation year ending November 30, 2028.

During the current year, the Company issued nil (2007 - 1,000,000) common shares on a flow-through basis for gross proceeds of \$Nil (2007 - \$400,000). The flow-through agreements require the Company to renounce certain tax deductions for Canadian exploration expenditures incurred on the Company's mineral properties to the flow-through participants. The Company recognized a future income tax liability of \$973,000 (2007 - \$1,117,000) and a charge of \$125,208 (2007 - \$257,153) to capital stock and a recovery of \$269,208 (2007 - \$472,153) of future income tax.

12. FINANCIAL INSTRUMENTS

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.

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

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, 2008, the Company had cash and cash equivalents of \$1,661,470 to settle current liabilities of \$116,760, which have contractual maturities of less than 30 days and are subject to normal trade terms.

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 United States by using the US dollar currency from its Canadian dollar 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.

13. 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.

14. SUBSEQUENT EVENTS

The Company entered into the following transactions subsequent to November 30, 2008:

- a) 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 shall be granted the option to acquire an 80% interest in the Kratz Spring project by making an initial contribution of US\$75,000 and additional funding of US\$100,000 by March 31, 2009. The Company and JOGMEC will contribute funds to the exploration program in accordance with their respective equity interest. For the purpose of the JEA, the Company incorporated a subsidiary in the state of Colorado, USA, Gold Canyon Kratz Spring, LLC.
- b) Granted stock options to certain directors, senior officers and consultants to purchase an aggregate of 2,350,000 common shares at an exercise price of \$0.10 per share. The stock options expire on February 13, 2011.