Red Rock Energy Inc.

Financial Statements

For the Three and Six months ended September 30, 2008 and 2007

MANAGEMENT'S COMMENTS ON
UNAUDITED INTERIM FINANCIAL STATEMENTS
NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of Red Rock Energy Inc. (the "Company") have been prepared by and are the responsibility of the Company's management. The unaudited interim financial statements are prepared in accordance with accounting principles generally accepted in Canada and reflect management's best estimates and judgment based on information currently available.

The Company's independent auditor has not performed a review of these interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Red Rock Energy Inc.
Balance Sheets

	September 30, 2008	*March 31, 2008 - audited*
Assets		
Current assets		
Cash	**$1,717,329**	**$3,102,371**
Goods and services taxes receivable	**262,938**	**181,300**
Deposits and prepaids	**67,483**	**70,316**
Note receivable (Note 4)	**20,000**	**20,000**
	2,067,750	**3,373,987**
Mineral properties (Note 5)	**5,368,953**	**3,089,038**
Machinery and equipment (Note 5)	**544,449**	**549,707**
Building (Note 6)	**24,334**	**25,794**
Total Assets	**$8,005,486**	**$7,038,526**
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**$591,521**	**$130,907**
Due to shareholder (Note 10)	**74**	**74**
	591,595	**130,981**
Future income tax (Note 8)	**1,446,720**	**1,188,000**
	2,038,315	**1,318,981**
Shareholders' equity		
Common shares (Note 7 (a,b))	**6,948,025**	**5,570,664**
Contributed surplus (Note 7 (d))	**1,097,147**	**1,068,489**
Warrants (Note 7 (b, c))	**-**	**913,446**
Deficit	**(2,078,001)**	**(1,833,054)**
	5,967,171	**5,719,545**
Total Liabilities and Shareholders' Equity	**$8,005,486**	**$7,038,526**

The accompanying notes are part of the financial statements.

Red Rock Energy Inc.

Statements of Operations, Comprehensive loss and Deficit

	Three months ended September 30, 2008	*Three months ended September 30, 2007*	*Six months ended September 30, 2008*	*Six months ended September 30, 2007*
Interest income	**$11,661**	**-**	**$32,348**	**-**
Expenses				
General and administration	**116,779**	**214,822**	**232,514**	**390,991**
Stock option compensation expense (Note 7 (d))	**28,658**	**158,832**	**28,658**	**158,832**
Amortization	**8,076**	**6,601**	**16,123**	**11,006**
Total expenses	**153,513**	**380,255**	**277,295**	**560,829**
Net Loss and Comprehensive loss	**(141,852)**	**(380,255)**	**(244,947)**	**(560,829)**
Deficit - start of period	**(1,936,149)**	**(1,148,669)**	**(1,833,054)**	**(968,095)**
Deficit - end of period	**($2,078,001)**	**($1,528,924)**	**($2,078,001)**	**($1,528,924)**
Weighted average shares outstanding	25,906,506	23,404,332	25,131,832	19,508,335
Basic and diluted loss per share	($ 0.0055)	($ 0.0162)	($ 0.0097)	($ 0.0287)

The accompanying notes are part of the financial statements.

Red Rock Energy Inc.
Statements of Cash Flow

	Three months ended September 30, 2008	*Three months ended September 30, 2007*	*Six months ended September 30, 2008*	*Six months ended September 30, 2007*
Cash flows related to the following activities				
Operating				
Net loss for the period	**($141,852)**	**($380,255)**	**($244,947)**	**($560,829)**
Adjustments for non cash items:				
Amortization	**(8,076)**	**6,601**	**16,123**	**11,006**
Change in non-cash working capital:				
Goods and services taxes receivable	**(45,574)**	**(58,704)**	**(81,638)**	**(91,443)**
Deposits and prepaids	**842**	**3,971**	**2,833**	**38,764**
Accounts payable and accrued liabilities	**24,410**	**45,337**	**(3,466)**	**121,705**
Cash provided by (used in) operating activities	**(141,592)**	**(224,218)**	**(282,437)**	**(321,965)**
Financing				
Due to shareholder	**-**	**9,033**	**-**	**(1,250)**
Issuance of common shares (Note 7)	**784,000**	**6,300,000**	**784,000**	**7,800,000**
Share issuance costs (Note 7)	**(61,365)**	**(607,027)**	**(61,365)**	**(777,027)**
Cash provided by financing activities	**722,635**	**5,702,006**	**722,635**	**7,021,723**
Investing				
Purchase of mineral properties, machinery, equipment and buildings	**(1,373,219)**	**(1,021,243)**	**(2,289,320)**	**(1,624,001)**
Change in non-cash working capital				
Accounts payable and accrued liabilities	**464,080**	**-**	**464,080**	**-**
Cash used in investing activities	**(909,139)**	**(1,021,243)**	**(1,825,240)**	**(1,624,001)**
Net increase in cash	**(328,096)**	**4,456,545**	**(1,385,042)**	**5,075,757**
Cash, beginning of period	**2,045,425**	**624,554**	**3,102,371**	**5,342**
Cash, end of period	**$1,717,329**	**$5,081,099**	**$1,717,329**	**$5,081,099**
Supplementary information				
Interest paid	-	-	-	-
Taxes paid	-	-	-	-

The accompanying notes are part of the financial statements.

1. Business of the Company

Red Rock Energy Inc. ("the Company") is a Canadian resource company and was established as an Alberta registered Company on April 12th, 2005. The Company is also extra provincially registered in the province of Saskatchewan and the North West Territories. The Company's principal assets are mineral properties located in Saskatchewan. The Company is engaged in the acquisition, exploration and development of properties for the purpose of producing uranium. The ability of the Company to realize the costs it has incurred to date on these and other properties is dependent upon the discovery of economically recoverable reserves, the preservation of the Company's interest in the underlying mining claims, the ability to obtain necessary financing and attain profitable operations, or alternatively, upon the disposal of properties, or the Company's interests therein, on an advantageous basis.

The disclosures in these interim financial statements do not include the full disclosure required under generally accepted accounting principles in Canada for annual financial reporting and therefore should be read in conjunction with the audited annual financial statements for the year ended March 31, 2008. The Company uses the same methods and accounting policies as described in the March 31, 2008 audited financial statements as indicated in note 2 below. Operating results for the three and six months ended September 30, 2008 are not indicative of the results that may be expected for the full year ending March 31, 2009.

2. Basis of operations

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles as applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements. Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available under terms favourable to the Company. In the event the Company is not able to obtain adequate funding, there is uncertainty as to whether the Company will be able to maintain or complete the acquisition of its property interests. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to obtain adequate financing. Changes in future conditions could require material write downs of the carrying values of certain assets.

The Company is in the process of developing its mineral properties and hence, mining property acquisition costs and related direct exploration and development expenditures, net of recoveries, are deferred until the properties are placed into production. These net costs will be amortized against income using the unit-of-production method based on estimated recoverable reserves if the properties are brought into commercial production, or written off if the properties are abandoned or the carrying value is determined to be in excess of possible recoverable amounts.

The recoverability of amounts shown for mining properties is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mining claims, the ability of the Company to obtain financing to complete development of the properties, and on future profitability production or proceeds from the disposition thereof.

On an annual basis, the Company reviews the carrying values of deferred mining property acquisition and exploration expenditures to assess whether there has been an impairment in value. The Company recognizes write-downs for impairment where the carrying value of a mining property exceeds its estimated long term net recoverable value. Recoverable value is estimated based upon current exploration results and upon management's assessment of the future probability of positive cash flows from the property or from the sale of the property.

3. Significant Accounting Policies

Basis of presentation

Except as noted below, these financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. These financial statements are prepared using the same accounting policies and methods of application as those disclosed in note 3 to the Company's financial statements for the year ended March 31, 2008.

New accounting pronouncements

The Company will be required to adopt the following new accounting standards under Canadian GAAP for interim and annual financial statements relating to its fiscal year commencing April 1, 2008.

Capital Disclosures
New CICA Accounting Handbook Section 1535, "Capital Disclosures", establishes standards for disclosing information about an entity's capital, and how it is managed and requires the following disclosures:

(i) qualitative information about the entity's objectives, policies and processes for managing capital;
(ii) summary quantitative data about what it manages as capital;
(iii) whether during the period it complied with any externally imposed capital requirements to which it is subject; and
(iv) when it has not complied with such externally imposed capital requirements, the consequences of such non-compliance.

There will be no impact on the Company's financial statements from the adoption of this standard as it affects only disclosure requirements.

Financial Instruments
New CICA Accounting Handbook Sections 3862, "Financial Instruments – Disclosures", and 3863, "Financial Instruments – Presentation", replaces existing Handbook Section 3861, "Financial Instruments – Disclosure and Presentation", by revising and enhancing its disclosure requirements and carrying forward unchanged its presentation requirements.

The revised and enhanced disclosure requirements are intended to enable users to evaluate the significance of financial instruments for the entity's financial position and performance, and the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date and how the entity manages those risks. There will be no impact on the Company's financial statements from the adoption of these standards as the changes arising affect only disclosure requirements.

Inventories
New CICA Accounting Handbook Section 3031, "Inventories", prescribes the accounting treatment for inventories and provides guidance on the determination of costs and its subsequent recognition as an expense, including any write-down to net realizable value.

It also provides guidance on the cost formulas that are used to assign costs to inventories. The adoption of this standard is not expected to have a material impact on the Company's financial statements as it has not held significant inventories in the past and does not anticipate holding any in the period of initial application.

Goodwill and Intangible Assets
For interim and annual financial statements relating to its fiscal year commencing April 1, 2009, the Company will be required to adopt new CICA Accounting Handbook Section 3064, "Goodwill and Intangible Assets", replacing existing Handbook Section 3062 "Goodwill and Other Intangible Assets". Section 3064 establishes revised standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The Company has not yet determined the effect if any that the adoption of this new standard will have on its financial statements.

International Financial Reporting Standards
The Canadian Accounting Standards Board will require all public companies to adopt International Financial Reporting Standards ("IFRS") for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Companies will be required to provided IFRS comparative information for the previous fiscal year. The convergence from Canadian GAAP to IFRS will be applicable for the Company for the first quarter of 2011 when the Company will prepare both the current and comparative financial information using IFRS. The Company expects the transition to IFRS to impact financial reporting, business processes, and information systems. The Company will assess the impact of the transition to IFRS and will continue to invest in training and resources throughout the transition period to facilitate a timely conversion.

4. Note Receivable

The company entered into an agreement with a drilling contractor (note 8) who was a former employee whereby the Company advanced funds of $20,000 to the drilling contractor by way of promissory note. The promissory note bears interest at the rate of 10% is due December 31, 2008 and repayment is secured by the assignment of rights under the drill bonus agreement (note 9).

5. Mineral properties & machinery & equipment

Expenditures:

	September 30, 2008	March 31, 2008
Opening balance	$3,638,745	$471,680
Movement:		
Mineral properties - additions	2,279,914	2,674,122
Machinery & equipment - additions	9,435	517,032
Machinery & equipment - depreciation	(14,693)	(24,088)
Closing balance	$5,913,401	$3,638,745
Allocation		
Mining claims	134,000	134,000
Mineral properties	5,234,952	2,955,038
Machinery & equipment (note 9)	544,449	549,707
Closing balance	$5,913,401	$3,638,745

These properties are all located at the Athabasca Basin, Northern Saskatchewan. The Company owns a 100% interest in a total of 18 claims covering 11,807 hectares. As the company is still in the development stage, no amortization has been provided on the mineral properties or the mining claims. Machinery and equipment includes vehicles and computer equipment which is being depreciated based on useful life.

6. Building

	September 30, 2008	March 31, 2008
Buildings, at cost	$29,194	$29,194
Less accumulated amortization	(4,859)	(3,400)
Closing balance	$24,335	$25,794

7. Shareholders' equity

Share capital

(a) Authorized: unlimited common shares
unlimited preferred shares issuable in series

(b) Issued and outstanding:

	Date of Issue	Price per Share	Number of Shares Issued*	Gross Proceeds	Share Issue Costs	Future tax on flow through shares	Expired warrants	Net Proceeds
Balance March 31 2006			12,000,000	$259,001	-	($37,620)	-	$221,381
	September 22, 2006	$0.35	1,371,723	480,103	(69,724)	-	-	410,379
Broker warrants			-	(15,057)	-	-	-	(15,057)
Balance March 31 2007			13,371,723	$724,047	($69,724)	($37,620)		$616,703
	April 12, 2007	$0.60	2,500,000	1,500,000	(120,000)	-	-	1,380,000
	July 4, 2007	$0.70	9,000,000	6,300,000	(672,650)	-	-	5,627,350
Flow through shares			-	-	-	(1,155,000)	-	(1,155,000)
Broker warrants			-	(233,313)	-	-	-	(233,313)
Private placement & IPO agent warrants			-	(665,076)	-	-	-	(665,076)
Balance March 31 2008			24,871,723	$7,625,658	($862,374)	($1,192,620)		$5,570,664
Private placement warrants - expired April 12, 2008			-	-	-	-	334,038	$334,038
Broker warrants - expired April 12, 2008			-	-	-	-	47,622	$47,622
IPO agent warrants - expired May 31, 2008			-	-	-	-	185,691	$185,691
IPO warrants - expired July 4, 2008			-	-	-	-	331,038	$331,038
Broker warrants - expired September 22, 2008			-	-	-	-	15,057	$15,057
Flow through shares		$0.28	2,800,000	$784,000	($61,365)	($258,720)	-	$463,915
Balance September 30 2008			27,671,723	$8,409,658	($923,739)	($1,451,340)	$913,446	$6,948,025

* Number of shares issued reflects 60,000:1 share split effective May 3rd, 2006

(i) On April 6, 2006, the Company entered into an agreement with Union Securities Ltd (Union) for a pre-IPO placement of common shares and an IPO offering of up to 2,000,000 units at a suggested price subject to market conditions of $0.70 per unit and an offering of up to 2,000,000 flow-through shares at a suggested price subject to market conditions of $0.70 per flow through share. The Company paid $15,000 to Union on account of an initial corporate finance fee of $10,000 and a $5,000 legal retainer. On September 22, 2006, pursuant to the private placement, the company issued a total of 1,371,723 common shares at $0.35 per share for gross proceeds of $480,103. Netted from the gross proceeds were cash commissions of $18,000 and corporate finance fees of $10,000 paid to Union as well as Union's legal fees and disbursements in the amount of $10,006. Union also received 51,428 non-transferable broker's warrants. Each warrant can be exchanged for one common share of the Company at $0.35 per share until September 22, 2008. The Company's share of legal fees, listing fees and disbursements for the brokered private placement totaled $31,718.

(ii) On April 12, 2007, the Company raised gross proceeds of $1,500,000 by way of a private placement of 2,500,000 units at $0.60 per unit. These units were comprised of one Common Share and one common share purchase warrant (private placement warrants) entitling the holder thereof to acquire an additional Common Share from the treasury of the Company until April 12, 2008 at an exercise price of $1.10. The fair value of these warrants was estimated using the Black-Scholes option model with the following assumptions: expected dividend yield – 0%, expected volatility –

100%, risk - free interest rate of 4.5% and an expected life of one year. The value assigned to the warrants was $334,038. The Agent was paid a finder's fee of $120,000 and received a warrant to purchase up to 200,000 of the aforementioned units for 12 months at an exercise price of $0.60 per unit. On April 12, 2008, the private placement warrants expired unexercised.

(iii) On May 31, 2007 the Company received approved to file a final prospectus in connection with an initial public offering (“IPO”) of shares of the Company. The Company retained Union Securities Ltd. to act as agent on a commercially reasonable efforts basis in connection with the IPO. On July 4, 2007 and in connection with the IPO, the Company raised $6,300,000 on a gross basis and $5,526,000 after deduction of agent’s commissions through the sale of 5,000,000 common shares ("Common Shares") to be issued on a "flow-through" basis and 4,000,000 ("Units") at a price of $0.70 per Common Share and $0.70 per Unit, with each Unit being comprised of one Common Share and one half of one common share purchase warrant. Each full warrant ("Warrant") entitles the holder thereof to purchase one additional Common Share from the treasury of the Company for a period of 12 months from July 4, 2007. The fair value of these warrants was estimated using the Black-Scholes option model with the following assumptions: expected dividend yield – 0%, expected volatility – 100%, risk - free interest rate of 4.5% and an expected life of one year. The value assigned to the warrants was $331,038. The Company’s share of legal fees, listing fees and disbursements for the IPO totaled $160,359. On July 4, 2008, the IPO warrants expired unexercised.

Upon completion of the IPO and the start of trading of the Company’s shares, the Issuer granted to the Agent warrants (IPO agent warrants) entitling the Agent to purchase 320,000 Agent's Units and 400,000 Common Shares which is equal to 8% of the number of Units and Flow Through Shares placed through the Offering, respectively, at an exercise price of $0.71 per Unit and $0.71 per Common Share exercisable for a period equal to 12 months from May 31, 2007, which was the date on which the Company received final approval for the prospectus. The fair value of these warrants was estimated using the Black-Scholes option model with the following assumptions: expected dividend yield – 0%, expected volatility – 100%, risk - free interest rate of 4.5% and an expected life of one year. The value assigned to the Agent warrants was $185,691. On May 31, 2008, the IPO agent warrants expired unexercised.

On August 28, 2008, the Company raised gross proceeds of $784,000 by completing a private placement of 2,800,000 flow-through common shares at $0.28 per share. A finder’s fee of 6% of the gross proceeds is payable in connection with the placement. The Company’s share of legal fees, listing fees and disbursements for the private placement $14,325. The transaction has received the approval of the TSX Venture Exchange.

(c) Warrants

In connection with the private placement financing on September 22, 2006, 51,428 non transferable broker warrants were issued to Union. These warrants vest immediately and can be exchanged for one common share of the company at $0.35 until September 22, 2008. The fair value of these warrants was estimated using the Black-Scholes option model with the following assumptions: expected dividend yield – 0%, expected volatility – 194%, risk - free interest rate of 4.5% and an expected life of two years. The value assigned to the warrants was $15,057 and recorded as share issue costs. On September 22, 2008, the broker warrants expired unexercised.

In connection with the private placement financing on April 12, 2007, 200,000 non transferable broker warrants were issued to Union. These warrants vest immediately and can be exchanged for one common share of the company at $0.60 until April 12, 2008. The fair value of these warrants was estimated using the Black-Scholes option model with the following assumptions: expected dividend yield – 0%, expected volatility – 100%, risk - free interest rate of 4.5% and an expected life of one year. The value assigned to the warrants was $47,622 and recorded as share issue costs. On April 12, 2008, the broker warrants expired unexercised.

Upon completion of the IPO and the start of trading of the Company's shares, the Company granted to the Agent warrants entitling the Agent to purchase 320,000 Agent's Units and 400,000 Common Shares which is equal to 8% of the number of Units and Flow Through Shares placed through the Offering, respectively, at an exercise price of $0.71 per Unit and $0.71 per Common Share exercisable for a period equal to 12 months from May 31, 2007, which was the date on which the Company received final approval for the prospectus. The fair value of these warrants was estimated using the Black-Scholes option model with the following assumptions: expected dividend yield – 0%, expected volatility – 100%, risk - free interest rate of 4.5% and an expected life of 320 days. The value assigned to the Agent warrants was $185,691. On May 31, 2008, the Agent warrants expired unexercised.

There are no outstanding broker, private placement and IPO warrants as at September 30, 2008.

(d) Stock option plan

On January 22, 2007, the Company board of directors approved an incentive stock option plan (the "Stock Option Plan"). Under the Stock Option Plan, the number of Common Shares reserved for issuance upon the exercise of options shall not exceed 10% of the issued and outstanding Common Shares from time to time. Options shall be exercisable for a period of up to 5 years. The number of Common Shares reserved for issuance to any one person shall not exceed 5% of the issued and outstanding Common Shares, and the number of Common Shares reserved for issuance to all technical consultants will not exceed 2% of the issued and outstanding Common Shares.

During the year ended March 31, 2007, 1,624,000 stock options were issued to consultants, directors, officers and employees of the Company. These options vested immediately.

The fair value of these options was estimated using the Black-Scholes option model with the following assumptions: expected dividend yield – 0%, expected volatility – 100%, risk - free interest rate of 4.5 % and an expected life of five years. The value assigned to the options was $869,833 and recorded as stock option compensation expense and credited to contributed surplus in fiscal 2007.

On July 16, 2007, the Board of Directors of Red Rock approved the granting of options to officers, employees and consultants of the Company entitling them to acquire an aggregate of 485,000 common shares at an exercise price of $0.70 per share. The options are generally exercisable for five years and will vest as to 25% semi-annually over two years. As of September 30, 2008, 50% of these options have vested. The fair value of these options was estimated using the Black-Scholes option model with the following assumptions: expected dividend yield – 0%, expected volatility – 142%, risk - free interest rate of 4.5 % and an expected life of five years. During the six months ended September 30, 2008, the value assigned to the options was $28,658 and recorded as stock option compensation expense and credited to contributed surplus.

On August 7, 2007, the Company, pursuant to the Stock Option Plan approved by shareholders, granted options to an officer to acquire an aggregate of 300,000 common shares. These options are exercisable at a price of $0.70 per share until August 7, 2012 and fully vested upon grant. The fair value of these options was estimated using the Black-Scholes option model with the following assumptions: expected dividend yield – 0%, expected volatility – 100%, risk - free interest rate of 4.5 % and an expected life of five years. The value assigned to the options was $158,832 recorded as stock option compensation expense and credited to contributed surplus in fiscal 2008.

The following table depicts the stock options transactions during the periods:

	September 30, 2008		March 31, 2008	
	Number of stock options	Weighted average exercise price ($)	Number of stock options	Weighted average exercise price ($)
Balance, beginning of year	2,409,000	$0.70	1,624,000	$0.70
Granted	-	-	785,000	$0.70
Balance, end of period	2,409,000	$0.70	2,409,000	$0.70

(e) Contributed surplus

The following table reflects the stock options outstanding as at September 30, 2008:

Expiry Date	Exercise Price	Options Outstanding	Options Exercisable	Fair Value of Options Granted
January 22, 2012	$0.70	1,624,000	1,624,000	$ 869,833
July 16, 2012	$0.70	485,000	242,500	68,482
August 7, 2012	$0.70	300,000	300,000	158,832
		2,409,000	2,166,500	$ 1,097,147

Stock options have been allocated as follows:

	September 30, 2008	March 31, 2008
Balance, beginning of year	$1,068,489	$869,833
Stock options granted		
Directors & officers	-	158,832
Consultants & employees	28,658	39,824
Balance, end of period	$1,097,147	$1,068,489

8. Income Taxes

The estimated taxable loss for the six months ended September 30, 2008 is $ 200,166. The tax benefit of tax pools in excess of carrying values has not been recognized to the extent of the future tax renounced for the flow-through shares issued in fiscal 2006, fiscal 2008 and fiscal 2009. It cannot be reasonably estimated at this time, if it is more likely than not that the Company will realize the benefits from future income tax assets or the amounts owing from future income tax liabilities.

Consequently, the future recovery or loss arising from differences in tax values and accounting values has been reduced by a valuation allowance. The estimated valuation allowance will be adjusted in the period that it is determined that it is more likely than not that some portion of or all of the future tax assets or future tax liabilities will be realized.

For further information on the Company's actual losses for tax purposes, refer to the March 31, 2008 audited financial statements. The benefits of these losses and the estimated loss for the six months ended September 30, 2008 have not been recognized in these un-audited financial statements.

At September 30, 2008, the Company had non-capital losses in Canada of approximately $985,474 ($769,185 – March 31, 2008) which are available under certain circumstances to reduce future taxable income. These losses expire in 2026 ($12,440), 2027 ($90,442), 2028 ($666,303) and 2029 ($216,289).

9. Commitments

Pursuant to the issuance of 5,000,000 flow-through shares during the year March 31, 2008, the Company renounced $3,500,000 on qualified exploration expenditures with an effective date of December 31, 2007 in August 2007. As of September 30, 2008, the Company has incurred approximately $ 3,500,000 related to these flow through funds. Pursuant to the issuance of 2,800,000 flow-through shares during the quarter September 30, 2008, the Company renounced $784,000 on qualified exploration expenditures with an effective date of December 31, 2008 in August 2008. As of September 30, 2008, the Company has incurred approximately $672,517 related to these flow through funds.

The Company entered into a leasing transaction for some heavy equipment with a leasing company. The lease term is for 60 months and began in March 2007. Annual payments over the next 4 years are as follows:

2009	29,448
2010	29,448
2011	29,448
2012	26,994
Total	$ 115,338

The lease has been classified as an operating lease.

The Company entered into an agreement to purchase a drill for $225,000 to be used in its exploration activities. A deposit of $50,000 was paid to the vendor before March 31, 2007 and the balance paid during May 2007. The Company hired a drilling contractor as an employee to operate the drill. As part of the employment agreement, the employee would receive the drill as a bonus once all direct costs associated with conducting the Company's drill program exceeded a threshold amount. Effective January 31, 2008, a Company owned by the drilling contractor hired as an employee (the drilling contractor) entered into an agreement with the Company that replaced the previous employment agreement. As part of the agreement, the parties agreed that the drill and related inventory with an original cost of $464,080 would be bonused to the drilling contractor upon completion of 6,000 meters of drilling ("drilling target"). During the three months ended September 30, 2008, the drilling contractor completed the drilling target. However, ownership has not been transferred to the drilling contractor as the drill is held by the Company as collateral against amounts advanced to the drilling contractor and uncollected as of September 30, 2008. Upon repayment of the advances, the drill will be transferred to the drilling contractor.

10. Related Party Transactions

A shareholder and director of the Company provided legal services to the Company. During the six months ending September 30, 2008, fees and disbursements paid to this shareholder and director's law firm totaled $ 4,984 (2008 - nil). Estimated unbilled fees and disbursements at September 30, 2008 are nil.

An officer of the Company provided financial management services to the Company. During the six months ending September 30, 2008, fees paid to this officer's company totaled $ 12,000 (2007 - $13,000). Estimated unbilled fees and disbursements at September 30, 2008 are nil.

The amount due to shareholder and director of $74 (2008 - $74) is non interest bearing and payable on demand.

A company controlled by a shareholder and director provided CEO services to the Company. During the six months ending September 30, 2008, fees and disbursements paid to this shareholder and director's management company totaled $60,000 (2008 - nil). Estimated unbilled fees and disbursements at September 30, 2008 are nil.

A company controlled by a shareholder and director provided aviation services to the Company. During the six months ending September 30, 2008, fees and disbursements paid to this shareholder and director's aviation services company totaled $12,907 (2008 - nil). Estimated unbilled fees and disbursements at September 30, 2008 are nil.

All of the above transactions are in the normal course of operations and are measured at the exchange amount (the amount of consideration established and agreed to by the related parties), which does not exceed the arm's length equivalent value for these services.

11. Financial Instruments

Fair value

The carrying amounts of cash, accounts payable and accrued liabilities approximates their fair value because of the short-term maturities of these amounts.

Commodity price risk

The ability of the Company to develop its mining properties and the future profitability of the Company is directly related to the market price of uranium.

12. Subsequent event

On November 27, 2008, the Company announced it entered an agreement with Uranium City Resources Inc. ("UCR") in which the Company has agreed to purchase all of UCR's exploration property claims located in northern Saskatchewan (the "Claims").

UCR is a junior exploration corporation with property interests in northern Saskatchewan, many of which are near or adjacent to the main property blocks held by the Company in the Uranium City camp. The purchase price for the Claims is $975,000 and will be paid by the Company on the following basis:

- $75,000 to be paid to UCR in cash upon completion of the transaction (the "transaction"); and

- $900,000 to be paid to UCR at the option of The Company in cash or by the issuance of 5 million common shares of The Company from treasury at a deemed price of $0.18 per common share.

The Claims are subject to an option agreement between UCR and GLR Resources Inc. ("GLR"), made as of November 22, 2004, under which GLR has a preemptive right to purchase the Claims on the same terms and conditions as those proposed by The Company. Completion of the transaction is conditional on the receipt from GLR of a written waiver of its preemptive right. The parties' obligations to complete the transaction are also subject to the satisfaction of the usual conditions for transactions of this nature, including the receipt of all regulatory approvals, shareholder approval, and the completion of a satisfactory due diligence review by The Company. No finder's fee will be payable in connection with the transaction.