Consolidated Financial Statements

Kilo Goldmines Inc.

For the Three Months ended December 31, 2008

Unaudited

INDEX

NOTICE TO READER

The accompanying unaudited interim consolidated financial statements have been prepared by the Company's management and the Company's independent auditors have not performed a review of these financial statements.

Kilo Goldmines Inc.

Consolidated Balance Sheets
Unaudited

	December 31, 2008	September 30, 2008 (audited)
Assets		
Current Assets		
Cash and cash equivalents	$ 81,445	$ 170,062
Receivables	170,333	154,444
Prepaid expenses and deposits	30,490	26,179
	282,268	350,685
Deferred Transaction Costs	122,140	122,140
Resource Properties (note 4)	6,723,376	6,311,231
Capital Assets (note 5)	728,329	750,684
Reclamation Bonds (note 11)	126,000	126,000
	$ 7,982,113	$ 7,660,740
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	$ 493,301	$ 347,651
Long Term Debt (note 6)	1,232,594	773,422
	1,725,895	1,121,073
Shareholders' Equity		
Share Capital (note 7)	8,018,615	8,018,615
Warrants (note 8)	1,027,708	1,027,708
Stock Options (note 9)	1,842,525	1,842,525
Deficit	(4,632,630)	(4,349,181)
	6,256,218	6,539,667
	$ 7,982,113	$ 7,660,740

Nature of Operations (note 1)

The accompanying notes form an integral part of these financial statements.

Approved on behalf of the Board of Directors:

Signed "Peter Hooper", Director

Signed "David Carbonaro", Director

Kilo Goldmines Inc.

Consolidated Statements of Operations and Deficit
Unaudited

	For the three months ended December 31, 2008	For the three months ended December 31, 2007
Expenses		
Administrative and general	$ 25,543	$ 41,637
Amortization	22,355	4,402
Foreign exchange loss (gain)	9,952	(18)
Interest and financing costs	301	-
Occupancy	10,218	5,400
Professional and consulting fees (note 10)	160,431	166,737
Public and investor relations (note 10)	50,539	14,918
Salaries and wages	7,003	-
Stock-based compensation (note 9)	-	496,250
Travel	998	43,438
Less:		
Interest income	(3,891)	(18,489)
Net Loss for the Period	(283,449)	(754,275)
Deficit – Beginning of Period	(4,349,181)	(1,726,339)
Deficit - End of Period	$ (4,632,630)	$ (2,480,614)
Loss per Share, basic and diluted	$ (0.01)	$ (0.03)
Weighted Average Number of Common Shares Outstanding, basic and diluted	22,933,413	21,679,065

The accompanying notes form an integral part of these financial statements.

Kilo Goldmines Inc.

Consolidated Cash Flow Statements
Unaudited

	For the three months ended December 31, 2008	For the three months ended December 31, 2007
Cash Provided By (Used In):		
Operating Activities		
Net Loss	$ (283,449)	$ (754,275)
Items not affecting cash:		
Stock based compensation	-	496,250
Amortization	22,355	4,402
	(261,094)	(253,623)
Net changes in non-cash working capital:		
Decrease (increase) in receivables	(15,889)	98,166
Decrease (increase) in prepaid expenses and deposits	(4,311)	(71,181)
Increase (decrease) in accounts payable and accrued liabilities	231,750	(257,984)
	(49,544)	(484,622)
Financing Activities		
Share capital – private placements	-	2,077,217
Warrants – private placements	-	918,377
Deferred transaction costs	-	46,664
	-	3,042,258
Investing Activities		
Resource property expenditures	(39,073)	(774,285)
Change in Cash and Cash Equivalents	(88,617)	1,783,351
Cash and Cash Equivalents - Beginning of Period	170,062	1,365,599
Cash and Cash Equivalents - End of Period	$ 81,445	$ 3,148,950
Supplemental Cash Flow Information		
Interest received	$ 3,891	$ 18,461

The accompanying notes form an integral part of these financial statements.

1. Nature of Operations

Kilo Goldmines Inc. (the "Company") is in the process of exploring its mineral resource properties (see note 4) and intends to devote the majority of its efforts to these properties. To date, the Company has not earned significant revenues and is considered to be in the development stage.

The realization of amounts shown for resource properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to develop these properties, and future profitable production or proceeds of disposition from these properties.

On September 27, 2007, the Company announced that it had entered into a Letter Agreement (the "Agreement") with Blue Ribbon Capital Corporation ("Blue Ribbon"), a public corporation formed as a capital pool company. Pursuant to the Agreement, Blue Ribbon may acquire all of the issued and outstanding shares of the Company (the "Going Public Transaction"). The Going Public Transaction is an arm's length transaction pursuant to the policies of the TSX Venture Exchange (the "Exchange"). The Going Public Transaction will constitute Blue Ribbon's "Qualifying Transaction" as such term is defined in the Exchange Policy 2.4, and upon completion, will result in the listing of the Company as a Tier 2 Mining Issuer. The Agreement was set to expire on January 31, 2008 but the expiry date has been extended.

Subsequent to the period end, the Going Public Transaction was completed. As of the date of these financial statements, the shares of the new entity had yet to be publicly listed.

The Company operates in one industry segment, mining exploration, and in one geographic area, the Democratic Republic of Congo ("DRC"). The Company's operations in the DRC are affected by the DRC's political and economic environment. Although the environment has stabilized in recent years, there is a risk that this situation could deteriorate and adversely affect the Company's operations.

These interim consolidated financial statements have been prepared on a going concern basis in accordance with Canadian generally accepted accounting principles. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. There is significant doubt about the appropriateness of the use of the going concern assumption because the Company has experienced losses and negative operating cash flows. The application of the going concern concept is dependent on the Company's ability to generate future profitable operations. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become payable.

These interim consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. If the going concern basis was not appropriate for these interim consolidated financial statements, then adjustments may be necessary in the carrying value of assets and liabilities and the balance sheet classifications used. See also note 2.

2. Interim Financial Statements

These unaudited interim consolidated financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles and are based on accounting principles and practices consistent with those used in the preparation of the Company's annual audited consolidated financial statements. These statements have not been reviewed by the Company's auditors. Certain information and note disclosure normally included in financial statements prepared in accordance with Canadian generally accepted accounting principles has been condensed or omitted. These interim consolidated financial statements should be read together with the audited consolidated financial statements and the accompanying notes for the year ended September 30, 2008.

3. Summary of Significant Accounting Policies

These interim consolidated financial statements are prepared in accordance with accounting principles generally accepted in Canada, and reflect the following significant accounting policies:

a) Financial Instruments

The Company records all financial instruments at fair value. Subsequent measurement and changes in fair value will depend on the initial classification of the financial instrument, as follows: held for trading financial assets are measured at fair value and changes in fair value are recognized in net income. Available for sale financial assets are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired. Loans and receivables and other liabilities are recorded at amortized costs.

The Company has classified its financial instruments as follows:

Financial Instrument	Classification
Cash and cash equivalents	Held for trading
Receivables	Loans and receivables
Subscriptions receivable	Loans and receivables
Accounts payable and accrued liabilities	Other liabilities
Long term debt	Other liabilities

b) Use of Estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of operations during the reporting period. Significant estimates and assumptions include those related to the recoverability of resource properties and the valuation of stock options and warrants. While management believes that the estimates and assumptions are reasonable, actual results could differ from those estimates.

c) Cash and Cash Equivalents

Cash and cash equivalents include bank deposits and short-term money market investments which on acquisition have a term to maturity of three months or less.

3. Summary of Significant Accounting Policies (continued)

d) Resource Properties

Acquisition costs of resource properties together with direct exploration and development expenditures thereon are deferred in the accounts. If production is attained, these costs will be amortized on a units-of-production basis. If the properties are abandoned, sold or considered to be impaired in value, the costs of the properties and related deferred expenses will be written down at that time.

The Company is in the process of exploring and developing its mineral properties and has not yet determined the amount of reserves available. Senior management regularly reviews the carrying amount of mineral properties and deferred exploration and development costs to assess whether there has been any impairment in value.

e) Capital Assets

Capital assets are carried at cost less accumulated amortization. Amortization is provided over the estimated useful lives of the Company's assets on the following basis and rates per annum:

Building	25 years on a straight line basis
Vehicles	5 years on a straight line basis
Furniture and fixtures	5 years on a straight line basis
Computer equipment	3 years on a straight line basis

f) Income Taxes

The Company accounts for income taxes using the asset and liability method of accounting for income taxes. Under the asset and liability method, future tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Future tax assets are recorded only to the extent that, based on available evidence, it is more likely than not that they will be realized.

g) Stock-Based Compensation and Other Stock-Based Payments

The Company records all stock-based payments using the fair value method. Under the fair value method, stock-based payments are measured at the fair value of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measurable. Stock-based compensation costs are amortized over the vesting period.

h) Foreign Currency Transactions

Transactions denominated in foreign currencies are recorded at the rate of exchange prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currency are translated into Canadian dollars at the rate of exchange prevailing at the balance sheet date. Unrealized gains and losses on translation of monetary assets and liabilities are included in the determination of earnings for the period.

3. Summary of Significant Accounting Policies (continued)

i) Related Party Transactions

All transactions with related parties are in the normal course of business and are measured at the exchange amount.

j) Basic and Diluted Loss per Share

The basic loss per share is computed based on the weighted average number of common shares outstanding during the period. The diluted loss per share is calculated using the treasury method, and is equal to the basic loss per share due to the anti-dilutive effect of share purchase options.

k) Basis of Consolidation

These interim consolidated financial statements include the accounts of the Company and the partnership interests described in note 4. All interorganizational accounts and transactions have been eliminated on consolidation. All of the Company's exploration activities are conducted jointly with others wherein the Company enters into agreements that provide for specified percentage interest in resource properties as described in note 4. Expenditures on these properties are capitalized to resource properties. Joint venture accounting which reflects the Company's proportionate interest in resource properties is applied by the Company only when commercial feasibility is established and the parties enter into formal comprehensive agreements for ownership and resource participation.

l) Capital Disclosures

CICA Handbook Section 1535, Capital Disclosures, requires disclosure of an entity's objectives, policies and processes for managing capital; quantitative data about what the entity regards as capital; whether the entity has complied with any capital requirements; and, if it has not complied, the consequences of such non-compliance. Section 1535 was effective for the Company as of October 1, 2007. The Company's capital is composed of shareholders' equity. The Company's objective is to raise sufficient capital to execute its exploration plan. The Company does not use any capital-based metrics. The Company does not have any externally imposed capital requirements. There have not been any changes to the overall capital risk management strategy during the period ended December 31, 2008.

m) Financial Instruments

CICA Handbook Section 3862, Financial Instruments - Disclosures, and CICA Handbook Section 3863, Financial Instruments - Presentation, replace CICA Handbook Section 3861, Financial Instruments - Disclosure and Presentation, revising and enhancing disclosure requirements while leaving presentation requirements unchanged. 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. Sections 3862 and 3863 were effective for the Company as of October 1, 2007. Disclosure requirements pertaining to Section 3862 are contained in note 12.

3. Summary of Significant Accounting Policies (continued)

n) Recent Accounting Pronouncements Not Yet Applied

International Financial Reporting Standards

The CICA plans to converge Canadian Generally Accepted Accounting Principles with International Financial Reporting Standards (IFRS) over a transition period expected to end in 2011. The impact of the transition to IFRS on the Company's financial statements is not yet determinable.

4. Resource Properties

	September 30, 2008	Additions	Sales	Write-Offs	December 31, 2008
KGL-Masters (a)	$ 3,491,083	$ 161,512	$ -	$ -	$ 3,652,595
KGL-Somituri (b)	1,178,545	63,998	-	-	1,242,543
KGL-Sihu (c)	879,662	3,943	-	-	883,605
KGL-ERW (d)	615,644	182,036	-	-	797,680
KGL-Poko (e)	146,297	656	-	-	146,953
	$ 6,311,231	$ 412,145	$ -	$ -	$ 6,723,376

a) KGL-Masters

On November 15, 2006, the Company acquired an option to acquire a 90% interest in eight Research Permits for mineral properties in the DRC, comprising approximately 2,400 square kilometres. The Research Permits expire on various dates up to October 9, 2011. The KGL-Masters SPRL partnership was created on July 5, 2007 and is 90% owned by the Company. An Assignment Agreement has been signed and the Company is in the process of transferring the property rights to the new entity. Pursuant to the KGL-Masters Partnership Agreement, the Company has committed to paying 25,000 USD on each of the property assignment Registration Date, and the six, twelve and eighteen month anniversaries of the Registration Date, and to issuing 100,000 common shares of the Company on the Registration Date and the first and second anniversaries of the Registration Date.

The Partnership Agreement requires the Company to finance all activities of KGL-Masters by way of loans which bear interest at the rate of 5%. The loans are repayable by KGL-Masters from revenues it generates, before distribution of dividends to the partners. As of December 31, 2008, interest income related to these loans has not been recorded as the properties' ability to generate revenue in the future is still being evaluated by the Company.

Pursuant to a consulting agreement related to these properties, the Company has committed to issuing 18,000 stock options. As at December 31, 2008 these options had yet to be issued.

During the year ended September 30, 2008, KGL-Masters SPRL acquired an interest in three additional Research Permits.

4. Resource Properties (continued)

b) KGL-Somituri

On November 15, 2006, the Company acquired an option to acquire a 75% interest in twenty Research Permits for mineral properties in the DRC, comprising approximately 550 square kilometres. The Research Permits expired on December 14, 2007 and are in the process of being converted into thirty year Exploitation Permits. The Company is unable to definitively ascertain whether the application for Exploitation Permits will be successful but is taking any and all necessary steps to obtain the permits. The KGL-Somituri SPRL partnership was created on December 12, 2007 and is 75% owned by the Company. An Assignment Agreement has been signed and the Company is in the process of transferring the property rights to the new entity, which can only occur once the conversion of the Research Permits into Exploitation Permits is completed. The Company has committed to paying 50,000 Euros, 75,000 Euros, 150,000 Euros, and 300,000 Euros on the property assignment Registration Date, and the first, second and third anniversaries of the Registration Date respectively. The Company has also committed to investing, at a minimum, 1,000,000 Euros during the first year after the Registration Date, and 500,000 Euros during each of the second and third years after the Registration Date in research activities.

During the year ended September 30, 2008, the Company signed a new Partnership Agreement under which the Company has agreed to finance all activities of KGL-Somituri between the execution date of the new Partnership Agreement and the filing of a bankable feasibility study by way of loans which bear interest at the rate of 5%. The loans are repayable by KGL-Somituri from revenues it generates to the extent of 75% of available funds, with the remaining 25% to be distributed to the equity holders. The minority partners may also request that one or more of the permits be transferred into new entities owned by the Company in exchange for a 2% net smelter royalty. As of December 31, 2008, interest income related to these loans has not been recorded as the properties' ability to generate revenue in the future is still being evaluated by the Company.

c) KGL- Sihu

On November 15, 2006, the Company acquired an option to acquire a 100% interest in twelve Research Permits for mineral properties in the DRC comprising approximately 370 square kilometres. Eleven of the Research Permits expired on February 6, 2008, and the Company has filed for extensions to those Research Permits. One Research Permit overlaps with a Research Permit held by another entity and the Company has not applied for an extension of this Research Permit, as it does not intend to explore and develop this property. The KGL-Sihu SPRL partnership was created on July 23, 2007 and is 99% owned by the Company; the remaining 1% is owned by one of the Company's directors. A Memorandum of Agreement and an Assignment Agreement have been signed and the Company is in the process of transferring the property rights to the new entity. Pursuant to the KGL-Sihu Memorandum Agreement which was executed between the parties, the Company has committed to paying 100,000 USD within 15 days of the signing of the Memorandum of Agreement, 100,000 USD on the earlier of December 31, 2007 or the date on which shares of the Company begin to trade on a public stock exchange, and 135,000 USD on each of the first and second anniversaries of the date on which shares of the Company begin to trade on a public stock exchange.

During the year ended September 30, 2008, KGL-Sihu SPRL acquired an interest in two additional Research Permits, which expire on July 18, 2012. In addition, the request for extension of the Research Permits has been granted and the eleven permits now have an expiry date of February 5, 2013.

4. Resource Properties (continued)

Pursuant to an agreement dated November 15, 2006, the rights to the three above-noted properties (collectively the "West Kilo Project") were acquired from Moto Goldmines Limited ("Moto") by assumption of Moto's responsibilities relating to the properties and for consideration of 4,000,000 common shares of the Company which shall be increased if and only if such number of common shares do not constitute at least 25% of the Company's outstanding common shares upon the completion of the Going Public Transaction (see also Note 1). Moto also has the right, at its option, exercisable when a banking feasibility study is concluded (if at that stage the measured resources exceed two million ounces) to acquire a 10% equity interest in the West Kilo Project for consideration of 5,000,000 USD.

During the year ended September 30, 2008, the agreement with Moto was amended so that the 4,000,000 common shares of the Company issued to Moto as consideration for the West Kilo Project shall be increased so that the total number of shares issued as consideration for the West Kilo Project shall constitute 20% of the Company's common shares, instead of 25%, upon completion of the Going Public Transaction. Moto also has the right to nominate one person to the Company's Board of Directors and to veto any private placement contemplated by the Company for a period of six months from the commencement of trading of the Company's shares on the Exchange.

Subsequent to the period end, the amendment expired and the Company issued 3,853,353 common shares and 1,297,400 warrants exercisable at $0.60 per share for a period of twenty-four months from the date of issue in full satisfaction of its obligation to Moto.

d) KGL-ERW

On November 17, 2006, the Company acquired an option to acquire a 75% interest in twenty Research Permits for mineral properties in the DRC, comprising approximately 7,000 square kilometres. The Research Permits expire on February 4, 2012. The KGL-ERW SPRL partnership was created on July 4, 2007 and is 75% owned by the Company. An Assignment Agreement has been signed and the Company is in the process of transferring the property rights to the new entity. Pursuant to the KGL-ERW Partnership Agreement, the Company has committed to paying 60,000 USD, 140,000 USD, 200,000 USD, and 300,000 USD on the property assignment Registration Date, and the first, second and third anniversaries of the Registration Date respectively. The Company has also committed to issuing options to purchase 200,000 shares of the Company on each of the first, second and third anniversaries of the Registration Date. The options vest on the first, second and third anniversaries of the Registration Date, respectively, and are exercisable within three years of the vesting date at an exercise price equal to their fair market value on the vesting date. Furthermore, the Company has committed to investing, at a minimum, 500,000 USD during the first year after the Registration Date, and 1,000,000 USD during each of the second and third years after the Registration Date in research activities.

A failure to meet the above-noted payment and investment obligations allows the minority partner to ask for cancellation of the Agreement and reassignment of the Research Permits for consideration of one dollar. The Partnership Agreement requires the Company to finance all activities of KGL-ERW by way of loans which bear interest at the rate of 5%. The loans are repayable by KGL-ERW from revenues it generates to the extent of 75% of available funds, with the remaining 25% to be distributed to the equity holders. As of December 31, 2008, interest income related to these loans has not been recorded as the properties' ability to generate revenue in the future is still being evaluated by the Company.

4. Resource Properties (continued)

Pursuant to a consulting agreement related to these properties the Company has committed to issuing 36,000 stock options. As at December 31, 2008 these options have yet to be issued.

Within six months of the third anniversary of the Registration Date, the Company is obligated to select four contiguous areas, each having a maximum area of 200 square kilometres upon which KGL-ERW must focus its mining activities. The balance of the area will be returned to the minority partner for one dollar, subject to a right of first refusal in favour of the Company. The minority partner may also request that one or more of the permits be transferred into new entities owned by the Company in exchange for a 2% net smelter royalty.

e) KGL-Poko

On July 10, 2007, the Company acquired an option to acquire an 82.5% interest in fourteen Research Permits for mineral properties in the DRC, comprising approximately 4,100 square kilometres, for consideration of 91,400 USD. The Research Permits expire on October 9, 2011. The KGL-Poko SPRL partnership was created on July 23, 2007 and is 82.5% owned by the Company. An Assignment Agreement has been signed and the Company is in the process of transferring the property rights to the new entity.

The Partnership Agreement requires the Company to finance all activities of KGL-Poko by way of loans which bear interest at the rate of 5%. The loans are repayable by KGL-Poko from revenues it generates, before distribution of dividends to the partners. As of December 31, 2008, interest income related to these loans has not been recorded as the properties' ability to generate revenue in the future is still being evaluated by the Company.

Mining activities in the DRC are governed by the Mining Code 2002 and the Mining Regulations of the DRC's Ministry of Mines. The Mining Code 2002 provides three types of licenses or permits that may be granted by the Minister of Mines. A Prospecting Certificate allows the holder to prospect plots of land as specified by the Prospecting Certificate for a period of two years. Although a Prospecting Certificate is not renewable, successive Prospecting Certificates can be issued for the same plot of land. A Prospecting Certificate does not indicate a mineral or mining right.

Exploration Licenses entitle the holder to the exclusive right to carry out exploration activity for mineral substances on a specified plot of land. This exclusive right is indicated by a mining title called "Exploration Certificate" or "Research Permit". In the case of mineral substances, this exclusive right is valid for five years and is renewable for two additional five-year periods.

Once the holder of an Exploration License can prove the existence of an economically exploitable deposit to the Ministry of Mines, the holder can convert the Exploration License to an Exploitation License. This Exploitation License is evidenced by a mining title called an "Exploitation Certificate" or "Exploitation Permit", and entitles the holder to the exclusive right to carry out exploitation, construction and exploration of mineral substances on the plots of land covered by the Exploitation License for a period of thirty years, renewable several times for periods of fifteen years.

5. Capital Assets

	December 31, 2008			September 30, 2008
	Cost	Accumulated Amortization	Net	Net
Land	$ 199,250	$ -	$ 199,250	$ 199,250
Building	203,962	10,198	193,764	195,804
Vehicles	350,479	49,235	301,244	318,768
Furniture and fixtures	18,062	2,215	15,847	16,751
Computer equipment	22,662	4,438	18,224	20,111
	$ 794,415	$ 66,086	$ 728,329	$ 750,684

6. Long Term Debt

Long term debt consists of the following:

a) $637,077 owed to a supplier. The amount becomes payable January 31, 2010 and is non-interest bearing.

b) $595,517 owed to a supplier. The amount becomes payable April 1, 2010, bears interest at 4% per annum, and is subject to various early payment options if the Company achieves certain financial goals. See also note 10(b).

Subsequent to the period end, both of these amounts were repaid.

7. Share Capital

a) Authorized:

Unlimited common shares
Unlimited preferred shares

b) Common Shares Issued and Outstanding:

	Number	Amount
Common Shares		
Balance - September 30, 2008	22,933,413	$ 8,018,615
Issued pursuant to		
private placements	-	-
property acquisition	-	-
Share issuance costs	-	-
Balance - December 31, 2008	22,933,413	$ 8,018,615

8. Warrants

	Number	Amount
Balance - September 30, 2008	2,350,000	$ 1,027,708
Granted	-	-
Exercised	-	-
Cancelled/Expired	-	-
Issuance costs	-	-
Balance - December 31, 2008	2,350,000	$ 1,027,708

As at December 31, 2008, the Company had 2,350,000 common share purchase warrants issued and outstanding. Each warrant entitles the holder to purchase one common share at a price of $1.50 per share and expiring twelve months after the Company's common shares commence trading on a recognized exchange (the "expiry date").

9. Stock Options

a) The Company has not adopted a formal stock option plan as of the date of these financial statements. The Company is currently in the process of finalizing a stock option plan and intends to finalize and implement the plan prior to the completion of the Transaction discussed in note 1.

b) A summary of changes to stock options is as follows:

	Number	Amount
Balance - September 30, 2008	3,787,883	$ 1,842,525
Granted	-	-
Exercised	-	-
Cancelled/Expired	-	-
Balance - December 31, 2008	3,787,883	$ 1,842,525

c) During the period ended December 31, 2008, stock options were granted, exercised and expired/cancelled as follows:

	Number of Options	Weighted Average Exercise Price
Balance - September 30, 2008	3,787,883	$ 0.85
Granted	-	-
Exercised	-	-
Expired/Cancelled	-	-
Balance - December 31, 2008	3,787,883	$ 0.85

9. Stock Options (continued)

d) As at December 31, 2008 the following options were outstanding:

Option Price	Number of Options Unvested	Number of Options Vested	Weighted Average Remaining Contractual Life
$US 1.00	-	100,000	1.5 years
$ 0.60	-	750,000	(1)
$ 0.60	-	787,883	(2)
$ 0.30	-	550,000	(2)
$ 1.00	-	700,000	(2)
$ 1.50	-	900,000	(2)
	-	3,787,883	

(1) one year after the shares of the Company commence trading on a stock exchange
(2) three years after the shares of the Company commence trading on a stock exchange

e) In conjunction with the private placements that took place during the year ended September 30, 2008, the Company committed to issuing 122,500 stock options to a company controlled by a significant shareholder and former director. As at December 31, 2008 these options had yet to be issued.

10. Related Party Transactions

During the period ended December 31, 2008 the Company:

a) incurred management fees of $57,000 with a company controlled by an officer. The Company also incurred consulting fees of $24,000 with two individuals related to this officer. As at December 31, 2008 accounts payable and accrued liabilities included $63,615 related to this company, and $24,000 payable to the two individuals related to this officer.

b) incurred legal fees of $191,101 with a firm in which its Secretary is a partner, of which $119,907 was capitalized as property acquisition costs, and $71,194 was included in professional fees. As at December 31, 2008 long term debt included $595,517 related to this law firm.

c) incurred accounting fees of $15,874 with an accounting firm in which an officer is a partner. As at December 31, 2008, accounts payable and accrued liabilities included $73,362 related to this accounting firm.

d) incurred publicity and advertising fees of $9,900 with a company controlled by a person related to an officer. As at December 31, 2008, accounts payable and accrued liabilities included $10,395 related to this company.

Additional related party transactions are described separately in note 4(c), note 6(b),and note 9(e).

11. Reclamation Bonds

During the year ended September 30, 2008, the Company paid $126,000 in reclamation bonds as required by the DRC's Ministry of Mines. These amounts represent deposits on restoration costs to be incurred in the future to restore the resource properties to a specified state. Based on the exploration work performed to December 31, 2008 on the resource properties in the DRC, the Company's management estimates that no future obligations for site restoration costs exist as at December 31, 2008.

12. Financial Instruments

Fair Values

Except as disclosed elsewhere in these financial statements, the carrying amounts for the Company's financial instruments approximate their fair values because of the short-term nature of these items.

Commodity Price Risk

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

Credit Risk

The Company monitors the financial condition of its venture partners and counterparties to contracts. The Company does not have a significant exposure to any individual third party. Credit risk on amounts receivable is limited to the outstanding balance of such amounts.

Currency Risk

The Company's primary operations are located in DRC. The Company pays most of its DRC costs in U.S. dollars, and is therefore subject to foreign exchange risk on this payment stream.

As at December 31, 2008, cash and cash equivalents includes 359 United States Dollars and accounts payable and accrued liabilities includes 88,353 United States Dollars.

At December 31, 2008, if the Canadian Dollar had weakened (strengthened) 10 percent against the United States Dollar with all other variables held constant, the net loss for the period would have been $10,718 higher (lower).

13. Commitments

a) The Company has monthly obligations of $19,000 and 16,150 USD pursuant to consulting agreements. The agreements do not have a fixed term and can be cancelled by either party.

b) Pursuant to a consulting agreement the Company has agreed to issue an option to acquire 100,000 common shares of the Company to this consultant provided the agreement is in good standing when the Company's shares become traded on a stock exchange. The option has a term of three years from that date at an exercise price equal to the average trading price of the common shares on such exchange during the first ten trading days of such listing. In addition, provided that the agreement is in good standing on the first anniversary date that the Company's common shares become traded in a stock exchange, the Company has agreed to issue another option to acquire 100,000 common shares of the Company. The option has a term of three years from that date at an exercise price equal to the average trading price of the common shares on such exchange during the ten trading days prior to such grant.

c) The Company has committed to spending $230,000 on community-based initiatives in the DRC to improve the lives of the inhabitants of the areas in which the Company is focusing its exploration efforts. This commitment does not have a specified term and as at December 31, 2008, the Company had spent approximately $153,000.

d) During the year ended September 30, 2008 the Company entered into leases for office premises and office equipment. The minimum lease commitments under these leases are as follows:

2009	$ 71,751
2010	$ 71,751
2011	$ 71,751
2012	$ 76,355
2013	$ 76,355
Thereafter	$ 57,645

e) Additional commitments are disclosed in note 4 and note 9(e).

14. Subsequent Events

Subsequent to the period ended December 31, 2008, the Company:

a) issued 10,060,000 units pursuant to a private placement for gross proceeds of $5,030,000. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant will entitle the holder to acquire one common share at a price of $0.60 per share for a period of twenty-four months from the date of issue.

b) entered into an agreement for the provision of consulting services in exchange for a monthly fee of $5,000 payable monthly until March 1, 2010.

c) entered into an agreement for the provision of public and investor relations services in exchange for a monthly fee of $5,000 payable monthly. The agreement can be terminated by either party by giving thirty days written notice.

Additional subsequent events are disclosed in note 1, note 4, and note 6.