

METALEX VENTURES LTD.

CONSOLIDATED FINANCIAL STATEMENTS

APRIL 30, 2009

AUDITORS' REPORT

To the Shareholders of
Metalex Ventures Ltd.

We have audited the consolidated balance sheets of Metalex Ventures Ltd. as at April 30, 2009 and 2008 and the consolidated statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Accountants

August 21, 2009



METALEX VENTURES LTD.
CONSOLIDATED BALANCE SHEETS
AS AT APRIL 30

	2009	2008 (restated Note 2)
ASSETS		
Current		
Cash	\$ 866,414	\$ 1,477,634
Receivables	243,664	2,306,960
Prepaid expenses	<u>19,357</u>	<u>121,641</u>
	1,129,435	3,906,236
Mineral properties (Note 4)	369,750	369,750
Equipment (Note 6)	<u>321,061</u>	<u>710,036</u>
	<u>\$ 1,820,246</u>	<u>\$ 4,986,021</u>
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current		
Accounts payable and accrued liabilities	\$ 6,308,075	\$ 3,081,850
Exploration advance deposit (Note 4)	250,000	-
Current portion of capital lease obligations (Note 8)	<u>190,685</u>	<u>403,781</u>
	6,748,760	3,485,631
Capital lease obligations due to related party (Note 8)	<u>-</u>	<u>190,685</u>
	<u>6,748,760</u>	<u>3,676,316</u>
Shareholders' equity (deficiency)		
Capital stock (Note 7)	46,377,500	46,316,125
Contributed surplus (Note 7)	7,832,795	7,717,863
Deficit	<u>(59,138,809)</u>	<u>(52,724,283)</u>
	<u>(4,928,514)</u>	<u>1,309,705</u>
	<u>\$ 1,820,246</u>	<u>\$ 4,986,021</u>

Nature and continuance of operations (Note 1)

Contingencies (Note 14)

Subsequent event (Note 15)

On behalf of the Board:

"Lorie Waisberg"

Director

"Chad Ulansky"

Director

See accompanying notes to consolidated financial statements.

METALEX VENTURES LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
YEAR ENDED APRIL 30

	2009	2008 (restated Note 2)
Expenses		
Amortization	\$ 56,989	\$ 62,598
Consulting fees	-	45,000
Exploration expenditures (Note 5)	6,307,972	8,474,829
Management fees	80,292	97,917
Office and administrative	304,870	467,182
Professional fees	97,408	162,202
Property investigation	249,317	22,191
Stock-based compensation (Note 7)	114,932	397,795
Transfer agent and filing fees	41,705	39,525
Travel and promotion	<u>76,559</u>	<u>268,652</u>
Loss before other items	<u>(7,330,044)</u>	<u>(10,037,891)</u>
Other items		
Administration fees earned	833,445	219,531
Interest income	39,725	157,136
Foreign exchange gain (loss)	42,348	(37,765)
Write-off of mineral properties (Note 4)	<u>-</u>	<u>(911,000)</u>
	<u>915,518</u>	<u>(572,098)</u>
Loss before income taxes	(6,414,526)	(10,609,989)
Future income tax recovery (Note 9)	<u>-</u>	<u>1,393,382</u>
Loss and comprehensive loss for the year	(6,414,526)	(9,216,607)
Deficit, beginning of year	<u>(52,724,283)</u>	<u>(43,507,676)</u>
Deficit, end of year	<u>\$ (59,138,809)</u>	<u>\$ (52,724,283)</u>
Basic and diluted loss per share	<u>\$ (0.69)</u>	<u>\$ (1.13)</u>
Weighted average number of shares outstanding	<u>9,353,290</u>	<u>8,192,463</u>

See accompanying notes to consolidated financial statements.

METALEX VENTURES LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEAR ENDED APRIL 30

	2009	2008 (restated Note 2)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	\$ (6,414,526)	\$ (9,216,607)
Items not affecting cash:		
Amortization	435,217	250,134
Stock-based compensation	114,932	397,795
Future income tax recovery	-	(1,393,382)
Write-off of mineral properties	-	911,000
Change in non-cash working capital items:		
Decrease (increase) in receivables	2,063,296	(1,791,244)
Decrease in prepaid expenses	102,284	561,937
Increase in accounts payable and accrued liabilities	1,504,931	2,538,997
Increase in exploration advance deposit	<u>250,000</u>	<u>-</u>
Net cash used in operating activities	<u>(1,943,866)</u>	<u>(7,741,370)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of equipment	(46,801)	(11,832)
Proceeds on disposition of equipment	<u>559</u>	<u>-</u>
Net cash used in investing activities	<u>(46,242)</u>	<u>(11,832)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of capital stock	-	8,432,250
Share issue costs	-	(700,463)
Advances from related party	1,782,669	-
Payments on capital lease	<u>(403,781)</u>	<u>(213,095)</u>
Net cash provided by financing activities	<u>1,378,888</u>	<u>7,518,692</u>
Decrease in cash during the year	(611,220)	(234,510)
Cash, beginning of year	<u>1,477,634</u>	<u>1,712,144</u>
Cash, end of year	<u>\$ 866,414</u>	<u>\$ 1,477,634</u>
Cash paid for interest during the year	<u>\$ 12,712</u>	<u>\$ 3,178</u>
Cash paid for income taxes during the year	<u>\$ -</u>	<u>\$ -</u>

Supplemental disclosure with respect to cash flows (Note 13)

See accompanying notes to consolidated financial statements..

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company's principal business activity is the acquisition and exploration of mineral properties. To date, the Company has not generated significant revenues from operations and is considered to be in the exploration stage. During the current fiscal year, the Company consolidated its outstanding common shares on the basis of ten existing shares to one new share (Note 7). All references to number of shares and per share amounts have been retroactively restated to reflect the consolidation.

The Company has not yet determined whether its mineral properties contain ore reserves that are economically recoverable. The recoverability of the amounts is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves 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. Continued operations of the Company are dependent on its ability to develop its mineral properties, receive continued financial support, complete equity financings, or generate profitable operations in the future. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

Current market conditions make the present environment for raising additional equity financing unfavourable. The Company needs to raise sufficient capital to fund ongoing exploration and administration expenses and successfully renegotiate the commitments required pursuant to the Mali, Angolan, Moroccan and Greenland licenses. The inability to raise additional financing and successfully renegotiate these commitments may impact the future assessment of the Company as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to attain future profitable operations and to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. The Company is currently monitoring and cutting costs where possible as well as actively seeking to raise funds through equity financings.

2. CHANGE IN ACCOUNTING POLICIES

Effective May 1, 2008, the Company adopted the following new standards and accounting policies issued by the Canadian Institute of Chartered Accountants ("CICA") on a prospective basis with no restatement of prior period financial statements:

Financial Instruments

The Canadian Accounting Standards Board ("AcSB") issued CICA Handbook Section 3862, Financial Instruments – Disclosures, which requires entities to provide disclosures in their financial statements that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) 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. The principles in this section complement the principles for recognizing, measuring and presenting financial assets and financial liabilities in Section 3855, Financial Instruments – Recognition and Measurement, Section 3863, Financial Instruments – Presentation, and Section 3865, Hedges (see Note 11).

2. CHANGE IN ACCOUNTING POLICIES (con't...)

Financial Instruments (con't...)

The AcSB issued CICA Handbook Section 3863, Financial Instruments – Presentation, which is to enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows. This section establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset.

Assessing Going Concern

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.

Capital Disclosures

The AcSB issued CICA Handbook Section 1535, which establishes standards for disclosing information about an entity's capital and how it is managed (see Note 10).

In addition, the Company changed the following accounting policy during the current fiscal year:

Mineral properties

In prior fiscal years, the Company capitalized all acquisition costs and exploration expenditures directly related to specific mineral properties, net of recoveries received. Under the new policy, property exploration costs incurred prior to the determination of the feasibility of mining operations and a decision to proceed with development are charged to operations as incurred. Exploration costs also include exploration license and maintenance fees paid. All direct costs related to the acquisition of mineral property interests will continue to be capitalized. Development expenditures incurred subsequent to a development decision, and to increase or to extend the life of existing production, will be capitalized and amortized on the unit-of-production method based upon estimated proven and probable reserves.

As provided by CICA Handbook Section 1506, the Company has accounted for this change in accounting policy on a retrospective basis with restatement of the opening deficit balance and the mineral property asset disclosed for the prior period presented as if the new accounting policy had always been applied. The impact of this change was to reduce mineral properties and future income tax liabilities and increase the fiscal 2008 opening deficit by \$33,418,942. Additionally, the loss for the 2008 fiscal year has been increased by \$5,526,101. The basic and diluted loss per common share for the year ending April 30, 2008 has also been increased from \$0.45 to \$1.13.

3. SIGNIFICANT ACCOUNTING POLICIES

Recent accounting pronouncements

Goodwill and intangible assets

In February 2008, the CICA issued Handbook Section 3064 "Goodwill and intangible assets", replacing Section 3062, "Goodwill and other intangible assets and Section 3450, "Research and development costs". This section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The new section is effective for years beginning on or after October 1, 2008. The Company does not believe the adoption of this section will have any impact on its financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (con't...)

Recent accounting pronouncements (con't...)

Business combinations

In January 2009, the CICA issued the new Handbook Section 1582 “Business Combinations”, effective for fiscal years beginning on or after January 1, 2011. This pronouncement further aligns Canadian GAAP with US GAAP and IFRS and changes the accounting for business combinations in a number of areas. It establishes principles and requirements governing how an acquiring company recognizes and measures in its financial statements identifiable assets acquired, liabilities assumed, and non-controlling interest in the acquiree, and goodwill acquired. The section also establishes disclosure requirements that will enable users of the acquiring company’s financial statements to evaluate the nature and financial effects of its business combinations. This standard is not expected to have any effect on the Company’s financial statements unless and until one or more business combination transactions occur.

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 of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ending April 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.

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. The subsidiaries were incorporated under foreign jurisdiction, have no assets or liabilities and have been inactive since incorporation.

Use of estimates

The preparation of consolidated financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the 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.

Significant accounts that require estimates relate to the impairment of mineral properties, useful life of equipment, valuation allowances for future income taxes, valuation of stock-based compensation, shares issued for non-cash consideration and the valuation of warrants in private placements.

Leases

Leases that substantially transfer all of the benefits and risks of ownership of property of the Company, or otherwise meet the criteria for capitalization under Canadian generally accepted accounting principles, are accounted for as capital leases. An asset is recorded at the time a capital lease is entered into together with its related long-term obligation to reflect its purchase and financing. Rental payments under operating leases are expenses as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (con't...)

Asset retirement obligations

An asset retirement obligation is a legal obligation associated with the retirement of tangible long-lived assets that the Company is required to settle. 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. The Company has determined that it has no significant asset retirement obligations as at April 30, 2009 and 2008.

Equipment

Equipment is recorded at cost less accumulated amortization. Amortization is provided using the straight-line method and rates estimated to amortize the cost of the assets over their expected useful lives.

Income taxes

Future income taxes are recorded using the asset and liability method whereby 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 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 period that substantive enactment or enactment occurs. To the extent that the Company does not consider it to be more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the net future tax assets.

Flow-through shares

Resource expenditure deductions for income tax purposes related to exploration activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian income tax legislation. The Company records a future income tax liability and a reduction in capital stock for the estimated tax benefits transferred to shareholders on renunciation. A portion of the Company's future income tax assets, if any, that were not recognized in previous years, due to a recording of a valuation allowance, will be applied against the future income tax liability resulting in a recovery of future income taxes in the statement of operations.

Loss per share

The Company uses the treasury stock method to compute the dilutive effect of options and warrants. 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 and warrants. It assumes that the proceeds would be used to purchase common shares of the Company at the average market price during the period. For the years presented, this calculation was not presented separately as the calculation proved to be anti-dilutive.

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

Stock-based compensation

The Company has a stock option plan which is described in Note 7. The Company uses the fair value method of accounting for stock options whereby the fair value of options granted is recorded in the financial statements as a compensation expense over the vesting period of the stock options. Any consideration paid by the option holders to purchase shares is credited to capital stock.

3. SIGNIFICANT ACCOUNTING POLICIES (con't...)

Comparative financial statements

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

4. MINERAL PROPERTIES

The carrying values of the Company's mineral properties are as follows:

	2009	2008
Property acquisition costs:		
Attawapiskat, Ontario	\$ 225,000	\$ 225,000
James Bay, Quebec	80,000	80,000
Wawa, Ontario	<u>64,750</u>	<u>64,750</u>
Total acquisition costs	\$ 369,750	\$ 369,750

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

Attawapiskat Property, Ontario

Big Red Diamond Joint Venture

During fiscal 2002, Kel-Ex Development Ltd. ("Kel-Ex") formed an exploration joint venture with Big Red Diamonds Ltd. ("Big Red"), (the Big Red Diamond Joint Venture) with respect to certain mineral claims in the Attawapiskat area of Ontario, with Kel-Ex having an 80% interest and Big Red, a 20% interest. Also during this period, the Company entered into an agreement with Kel-Ex to acquire Kel-Ex's 80% interest in these claims in consideration for \$300,000 and the issuance of 100,000 common shares of the Company valued at \$225,000. Kel-Ex is controlled by an individual who became a director of the Company subsequent to this agreement.

During fiscal 2003, the Company sold, to Arctic Star Diamond Corp. ("Arctic Star"), a 20% undivided interest in certain mineral claims for proceeds of \$300,000.

As at April 30, 2009 the Company has a 60% working interest in certain mineral claims. These claims are subject to a 7.5% carried interest in favour of Kel-Ex, and the Company is obligated to contribute to the costs of the development program in proportion to its working interest.

Dumont Joint Venture

Pursuant to an agreement between Kel-Ex and Dumont Nickel Inc. ("Dumont"), Kel-Ex and Dumont formed a joint venture to explore certain mineral claims located in the vicinity of the Attawapiskat property. Kel-Ex was granted an option to earn up to a 90% interest in certain mineral claims held by Dumont and a 100% interest in any new claims staked by the joint venture subject to Dumont's right to receive a 5% interest in the new claims once commercial production is achieved. Under this agreement, Kel-Ex earned a 50% interest by incurring expenditures totaling \$1,500,000. Kel-Ex can earn a further 25% by producing a feasibility study and a final 15% (20% on new claims) by bringing the property to commercial production.

4. MINERAL PROPERTIES (cont'd...)

Attawapiskat Property, Ontario (con't...)

The Company, along with Arctic Star and Oasis Diamond Corp. ("Oasis"), entered into an agreement dated October 23, 2003 with Kel-Ex, whereby the parties acquired Kel-Ex's interest in the Dumont joint venture in exchange for assuming Kel-Ex's obligations under the Dumont agreement and reimbursing Kel-Ex for its costs incurred. Under this agreement, the Company acquired 70% of Kel-Ex's interest in the Dumont joint venture with Arctic Star and Oasis acquiring 20% and 10% interests, respectively. Kel-Ex retains a 10% free carried interest of which the Company's share is 7.78%. Pursuant to an agreement dated September 21, 2004, Big Red was assigned a 20% working interest of the Kel-Ex interest from the Company in consideration for payment to the Company of \$909,747 comprised of a mineral property expense recovery of \$892,001 and interest of \$17,746. As a result, the Company's working interest was reduced to 50% of Kel-Ex's right to earn 90% (95% on new claims) in the Dumont joint venture. It remains to be negotiated between the parties as to which of the Company or Big Red shall be liable for payment of the proportionate share of the Kel-Ex free carried interest.

Wemindji James Bay Property, Quebec

During fiscal 2003, the Company acquired a 33.3% interest in various mineral claims located in the Wemindji James Bay region of Quebec, Canada from Kel-Ex in consideration for 20,000 common shares of the Company valued at \$80,000.

During fiscal 2007, the Company received notification from one joint venture party that they did not wish to participate in non-diamond related exploration on these claims. The Company finalized a joint venture agreement with the remaining partner for the exploration of various base metals within the same claim area in the Wemindji James Bay region. The Company will hold a 50% interest in this joint venture while retaining its 33.3% share in the original project which will explore solely for diamonds.

Kyle Lake Project, Ontario

The Company acquired, by staking, a 100% interest in certain mineral claims located in the Kyle Lake area of Ontario, Canada. The Company then entered into an agreement effective June 30, 2004 with Arctic Star to sell a 20% contributing interest in the property to Arctic Star for proceeds of \$100,000, reimbursement of 20% of previous staking and exploration costs incurred on the property and an agreement to pay 20% of on-going exploration costs.

During fiscal 2005, Arctic Star advised the Company that it declined to contribute financially to exploration of the Kyle Lake project and the Company elected to increase its interest in the project by funding Arctic Star's contribution. At April 30, 2009, the working interest of the Company in the project was approximately 91.5%.

The property is subject to a 10% free carried interest in favour of Kel-Ex. This interest is financed on a pro-rata basis by the Company and Arctic Star and will be carried through to commercial production. Funds expended by the Company and Arctic Star in financing this interest will be repaid out of 90% of Kel-Ex's share of mine profits.

4. MINERAL PROPERTIES (cont'd...)

James Bay Lowlands Property, Ontario

In March 2008, the Company and Arctic Star entered into a farm-in agreement whereby White Pine Resources Inc. (“WPR”, formerly WSR Gold Inc.) can earn up to a 50% interest in certain mineral claims. Certain of these claims were previously included as part of the Kyle Lake project. Under the terms of the agreement, WPR has the right to earn up to a 50% interest in the project by funding up to \$20,000,000 in expenditures on the property over a 4 year period. For each \$5,000,000 in expenditures, WPR will acquire a 12.5% interest in the property (25% interest earned as at April 30, 2009).

Wawa Project, Ontario

In July 2005, the Company executed an agreement with Mori Diamonds Inc (“Mori”) that allows the Company to earn a 60% interest in certain claim units by solely funding the first diamond deposit discovered in the claim units to bankable feasibility. The Company paid \$129,500 to Mori upon signing the agreement and, commencing December 2005, agreed to pay \$100,000 annually until it earns its interest or withdraws from the venture. The claim units are subject to a 2% net smelter royalty.

In August 2005, the Company assigned certain rights and obligations under the Mori agreement to Dianor Resources Inc. (“Dianor”). Under the agreement, Dianor will pay 50% of all of the Company’s costs pertaining to the Mori agreement and will receive 50% of the Company’s entitlements and obligations. Dianor will also allow the Company access to its technical data base covering certain claims at Wawa.

Mali

In May 2007, the Company was granted an exploration permit which is valid for a period of three years; renewable twice for a total of nine years.

In February 2009, the Company was granted a second exploration permit which is valid for a period of three years; renewable twice for a total of nine years.

The annual exploration commitments for both permits in CFA Francs (“CFA”), with Canadian Dollar equivalents using exchange rates at April 30, 2009 is estimated as follows:

Fiscal		
2008	45,000,000 CFA	\$108,495
2009	121,000,000 CFA	\$291,731
2010-12	175,000,000 CFA	\$421,925 (annually)

To date, the exploration commitments have not been met.

4. MINERAL PROPERTIES (cont'd...)

Angola

Kimberlite diamond exploration

The Company entered into an agreement for kimberlite diamond exploration in Angola pursuant to an agreement executed by the Angolan Council of Ministers in April 2005. Under the terms of the agreement, the Company contributes 100% of all costs incurred by the project up to the end of feasibility studies. These costs are repaid out of future profits and during the period the costs are being repaid, the Company's interest in the project is 55-60%. After the Company's costs have been repaid, the Company's interest in the project will be 25%. Under the terms of the kimberlite license, the Company was required to spend US\$10,000,000 by April 29, 2008. This commitment has not been met. However the license is twice renewable for one year periods through to April 29, 2010. The Company has applied to have the license extended but are awaiting official written confirmation of approval. If the license is renewed, the Company's ability to meet the expenditure commitment will be dependent upon its success in raising additional financing.

Alluvial diamond exploration

The Company participated, as a member of a joint venture, in alluvial diamond exploration in Angola through its interest in Project Chitamba which owned an alluvial diamond license which comprised the project area. Pursuant to the agreement, the Company was required to contribute 100% of all costs incurred by the project up to the end of feasibility studies. These costs were to be repaid out of future profits and during the period the costs were to be repaid, the Company's interest in the project would have been 51%. After the Company's costs have been repaid, the Company's interest in the project was to be 33%. Under the terms of the Chitamba alluvial license, the Company was committed to spend US\$3,000,000 by July 31, 2008. However, during the 2008 fiscal year, the Company decided not to proceed with further exploration on this license and cumulative acquisition related costs of \$911,000 were written off to operations.

Morocco

In May 2004, the Company entered into an agreement with the Office National de Hydrocarburiers et des Mines ("ONHYM") to conduct preliminary exploration work in Southern Morocco in order to identify areas on which to undertake further exploration work. In May 2005, the Company added additional areas for exploration work on the same terms and conditions as the first agreement. The agreements were governed by the laws and regulations of the Kingdom of Morocco and were valid until November 2006. The Company is currently negotiating a new joint venture agreement with the ONHYM for further exploration of the claim areas.

Greenland

In December 2003, the Company applied for an exploration license in the Umiiviit area of West Greenland. The license was granted in May 2004 and was effective to December 31, 2008.

In January 2005, the Company entered into an agreement with Cantex Mine Development Corp. ("Cantex"), whereby two exploration licenses held by Cantex in Greenland were transferred and assigned to the Company. In return, the Company solely funded exploration of these licenses until January 20, 2008 and Cantex was granted an option to purchase a 25% interest in these licenses, and the Company's Umiiviit license, for \$120,000. Cantex declined to execute the option in January 2008, relinquishing all interests in the project. Cantex is related to the Company by virtue of directors in common.

4. MINERAL PROPERTIES (cont'd...)

Greenland (cont'd...)

In December 2006, portions of the exploration licenses were relinquished and the remaining ground was amalgamated into a single license. The license was renewed for a period of 5 years effective to December 2013.

The annual exploration commitments on the remaining license area, in Danish Kroners (“DKK”), with Canadian Dollar weighted equivalents using exchange rates at April 30, 2009 are estimated as follows:

Calendar		
2009	7,293,725 DKK	\$884,833
2010-13	7,857,337 DKK	\$953,207 (annually)

The annual expenditure commitments are calculated based on a fixed amount plus a sliding scale based on the surface area of the license. The commitments can be reduced if further ground were to be relinquished or annulled if the license were to be surrendered.

Brazil

In May 2007, the Company entered into a letter of intent with Kel-Ex Development Ltd. to acquire certain mineral claims located in the State of Mato Grosso, Brazil in consideration for the issuance of 1,000,000 common shares of the Company. The mineral claims are subject to a 10% Net Profits Interest (“NPI”) retained by Kel-Ex and two 5% NPI’s held by two individuals. The Company also entered into agreements with each of the two individuals to acquire their 5% NPI’s in consideration for the issuance of 50,000 common shares of the Company to each individual.

The above-noted agreements are also conditional upon the Company entering into an agreement with a third party under which the third party would have an option to acquire an interest in these claims by incurring certain exploration expenditures. The Company is currently finalizing an agreement with a third party under which the third party is required to pay a \$250,000 deposit towards future exploration work (received).

METALEX VENTURES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2009

5. EXPLORATION EXPENDITURES

	Attawapiskat, Ontario	James Bay, Quebec	Kyle Lake, Ontario	James Bay, Ontario	Wawa, Ontario	Mali	Angola	Morocco	Greenland	Total
Cumulative expenditures, April 30, 2007	8,665,297	809,212	18,794,587	-	689,101	80,939	6,107,839	2,344,512	3,225,204	40,716,691
Transfers	-	-	(156,596)	156,596	-	-	-	-	-	-
Additions										
Aircraft field transport	-	(5,323)	1,264,343	1,102,934	2,882	-	970,262	-	-	3,335,098
Camp and field supplies	-	-	325,248	25,814	7,526	351	559,965	2,635	-	921,539
Drill supplies and repairs	-	-	745,623	48,378	-	-	182,041	-	-	976,042
Equipment rental and amortization	-	-	192,052	8,358	-	-	290,450	-	-	490,860
Fuel	-	-	397,061	61,656	-	-	105,194	-	-	563,911
Licenses and other	-	1,293	23,875	676,540	55,372	-	44,688	7,716	-	809,484
Labour	663	4,050	1,061,613	110,102	30,950	1,250	1,015,491	33,286	378	2,257,783
Rent	-	-	-	-	-	-	57,329	-	-	57,329
Sample laboratory analysis	-	219,730	255,768	89	405,116	-	31,625	149,138	-	1,061,466
Shipping and freight	-	-	96,297	266	3,015	-	62,191	-	-	161,769
Telephone and communications	-	-	51,385	125	2,552	-	40,098	74	-	94,234
Travel and accommodation	-	-	149,232	4,457	6,108	-	153,659	14,529	-	327,985
Total additions	663	219,750	4,562,497	2,038,719	513,521	1,601	3,512,993	207,378	378	11,057,500
Cost recoveries	-	-	(387,356)	(2,195,315)	-	-	-	-	-	(2,582,671)
Net exploration expenditures during year	663	219,750	4,018,545	-	513,521	1,601	3,512,993	207,378	378	8,474,829
Cumulative expenditures, April 30, 2008	8,665,960	1,028,962	22,813,132	-	1,202,622	82,540	9,620,832	2,551,890	3,225,582	49,191,520
Additions										
Aircraft field transport	-	257,916	186,233	2,918,978	-	-	118,177	-	-	3,481,304
Camp and field supplies	-	9,430	71,861	440,737	-	-	608,202	-	-	1,130,230
Drill supplies and repairs	-	-	61,665	384,970	39,612	-	40,016	-	-	526,263
Equipment rental and amortization	-	16,813	555,713	206,902	-	-	307,879	-	-	1,087,307
Fuel	-	27,560	10,147	1,022,943	-	-	142,719	-	-	1,203,369
Licenses and other	31,052	58,673	6,814	2,000	50,000	3,986	47,989	-	1,062	201,576
Labour	7,885	176,604	59,465	2,950,844	3,377	6,268	1,425,894	13,698	4,749	4,648,784
Rent	-	-	-	-	-	-	72,462	-	-	72,462
Sample laboratory analysis	-	259,741	16,290	148,186	150,210	-	557,622	6,257	-	1,138,306
Shipping and freight	-	18,278	46,286	31,113	2,302	-	392,534	-	-	490,513
Telephone and communications	-	676	34,028	68,468	-	-	38,980	-	-	142,152
Travel and accommodation	296	46,334	217,015	159,308	133	266	131,265	1,806	-	556,423
Total additions	39,233	872,025	1,265,517	8,334,449	245,634	10,520	3,883,739	21,761	5,811	14,678,689
Cost recoveries	(6,600)	-	(29,668)	(8,334,449)	-	-	-	-	-	(8,370,717)
Net exploration expenditures during year	32,633	872,025	1,235,849	-	245,634	10,520	3,883,739	21,761	5,811	6,307,972
Cumulative expenditures, April 30, 2009	\$ 8,698,593	\$ 1,900,987	\$ 24,048,981	\$ -	\$ 1,448,256	\$ 93,060	\$ 13,504,571	\$ 2,573,651	\$ 3,231,393	\$ 55,499,492

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6. EQUIPMENT

	Expected useful life	2009			2008		
		Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Field equipment	2-3 years	\$ 880,309	\$ 627,745	\$ 252,564	\$ 880,309	\$ 249,517	\$ 630,792
Automotive	3 years	241,176	183,727	57,449	196,178	133,843	62,335
Computer equipment	3 years	17,174	7,900	9,274	42,630	28,551	14,079
Furniture and fixtures	5 years	<u>5,194</u>	<u>3,420</u>	<u>1,774</u>	<u>5,194</u>	<u>2,364</u>	<u>2,830</u>
		\$ 1,143,853	\$ 822,792	\$ 321,061	\$ 1,124,311	\$ 414,275	\$ 710,036

Field equipment at April 30, 2009 with a cost of \$880,309 (2008 - \$880,309) and net book value of \$252,564 (2008 - \$630,792) is held under two capital leases (Note 8). Total amortization on this field equipment of \$627,745 (2008 - \$249,517) has been charged to exploration expenditures.

In April 2009, the Company disposed of certain out-dated computer equipment with an original cost of \$27,259, accumulated depreciation of \$26,700 and a net book value of \$559. The proceeds on disposition was \$559.

7. CAPITAL STOCK AND CONTRIBUTED SURPLUS

On November 14, 2008, the Company's shareholders approved a 1 for 10 consolidation of its outstanding shares. The Company's Board of Directors subsequently enacted the share consolidation to take effect on April 1, 2009. Accordingly, the number of issued common shares was reduced from 93,791,578 to 9,379,160 without any change in par value per common share.

All references to share, option, warrant and per share data presented in these financial statements have been adjusted for all periods to reflect the 1 for 10 share consolidation.

	Number of Shares	Amount	Contributed Surplus
Authorized			
Unlimited number of common shares without par value			
Issued			
Balance as at April 30, 2007	6,879,339	\$ 38,070,429	\$ 7,037,076
Private placement	1,704,500	8,432,250	-
Shares for debt	755,270	2,190,283	-
Share issue costs	-	(983,455)	282,992
Stock-based compensation	-	-	397,795
Tax benefits renounced to flow through share subscribers	-	<u>(1,393,382)</u>	-
Balance as at April 30, 2008	9,339,109	46,316,125	7,717,863
Shares issued under deferred share unit plan	40,051	61,375	-
Stock-based compensation	-	-	<u>114,932</u>
Balance as at April 30, 2009	9,379,160	\$ 46,377,500	\$ 7,832,795

7. CAPITAL STOCK AND CONTRIBUTED SURPLUS (con't...)

Private placement

In August 2007, the Company completed a private placement consisting of 762,000 flow-through units at \$5.50 per unit for gross proceeds of \$4,191,000 and 942,500 non-flow-through units at \$4.50 per unit for gross proceeds of \$4,241,250. Each unit consisted of one common share and one half of one share purchase warrant, each whole warrant exercisable for the purchase of one common share of the Company at a price of \$7.50 per share for a period of two years from the date of issuance. Finder's fees in the amount of \$656,580 were paid in connection with this private placement. In addition, 160,450 agent's warrants were issued as finder's fees in connection with this placement, 76,200 agent's warrants are exercisable for the purchase of common shares of the Company at a price of \$5.50 per share and 84,250 agent's warrants are exercisable at a price of \$4.50 per share for a period of two years from the date of issuance. The agents' warrants were valued at \$282,992 with a weighted average fair value of \$1.80 per warrant using the Black-Scholes option pricing model with an expected volatility of 76%, a risk free interest rate of 4.53%, an expected life of 2 years and an expected dividend yield of 0%.

Shares for debt

In April 2008, the Company agreed to settle indebtedness in the aggregate amount of \$2,190,283 by the issuance of 755,270 common shares of the Company at a fair value of \$2.90 per share. The indebtedness settled included the loan payable to related parties in the amount of \$1,019,052 and accounts payable owing to related parties in the amount of \$1,171,231.

Deferred share unit plan

The Company has a deferred share unit plan whereby directors can receive compensation in the form of a deferred share unit. Under the plan, directors will earn compensation quarterly at which time the number of deferred share units will be determined based on the Company's share price at the end of the quarter. Upon leaving the Board, directors, at their discretion, can elect to receive either cash or shares for the deferred compensation. As of April 30, 2009, \$199,167 (2008 - \$180,250) of deferred compensation has been accrued in accounts payable which equates to 128,680 shares (2008 - 43,213 shares) if the directors elected to receive shares under the plan. During fiscal 2009, 40,051 common shares with a value of \$61,375, were issued to a former director to settle accrued compensation.

Stock-based compensation – options granted

During fiscal 2009, the Company recognized stock-based compensation of \$114,932 (2008 - \$397,795) in the statement of operations as a result of the issuance of incentive stock options granted and vested. The weighted average fair value of options granted was \$2.20 per option (2008 - \$2.60).

The fair value of compensatory options granted is estimated on the grant date using the Black-Scholes option pricing model. The assumptions used in calculating fair value are as follows:

	2009	2008
Risk-free interest rate	2.8%	3.2%
Expected option life	3 years	5 years
Expected stock price volatility	93.4%	90.0%
Expected dividend yield	0%	0%

7. CAPITAL STOCK AND CONTRIBUTED SURPLUS (con't...)

Stock options and warrants

The Company has a stock option plan in place under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, 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 with vesting provisions determined by the Board of Directors.

Stock option and share purchase warrant transactions are summarized as follows:

	Stock Options		Warrants	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, April 30, 2007	391,000	\$ 7.20	71,155	\$ 8.80
Granted	135,000	4.70	1,012,700	7.10
Expired/cancelled	<u>(11,000)</u>	(7.00)	<u>(71,155)</u>	(8.80)
Outstanding, April 30, 2008	515,000	6.60	1,012,700	7.10
Granted	523,800	1.10	-	-
Expired/cancelled	<u>(522,000)</u>	(6.52)	<u>-</u>	-
Outstanding, April 30, 2009	516,800	\$ 1.08	1,012,700	\$ 7.10
Number currently exercisable	516,800	\$ 1.08	1,012,700	\$ 7.10

In May 2008, the Company granted 15,000 stock options to an officer. The options vest immediately and allow the holder to purchase one common share in the Company at a price of \$4.50 until May 7, 2013.

In November 2008, the Company granted an aggregate of 508,800 options to certain officers, directors, employees and consultants. Each of these options vested immediately and allow the holder to purchase one common share in the Company at a price of \$1.00 until November 13, 2013. As a condition of these new grants, an aggregate of 382,000 options, originally granted to those certain officers, directors, employees and consultants with a weighted average exercise price of \$6.54, were cancelled. The cancellation and re-granting is effectively treated as a re-pricing of the original options which results in additional stock-based compensation being recorded.

Additionally, 140,000 options with a weighted average price of \$6.46 expired unexercised in February 2009.

7. CAPITAL STOCK AND CONTRIBUTED SURPLUS (con't...)

Stock options and warrants (con't...)

The following incentive stock options and warrants were outstanding at April 30, 2009:

	Number	Exercise Price	Expiry Date
Options	5,000	\$ 7.00	November 1, 2011
	3,000	4.50	March 5, 2013
	<u>508,800</u>	1.00	November 18, 2013
	516,800		
Warrants	381,000	\$ 7.50	August 3, 2009
	471,250	7.50	August 3, 2009
	76,200	5.50	August 3, 2009
	<u>84,250</u>	4.50	August 3, 2009
	1,012,700 (see Note 15)		

8. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties not disclosed elsewhere in these financial statements:

- a) Paid or accrued either, directly or indirectly, sampling, laboratory and mineralogical costs of \$805,051 (2008 - \$533,525) to a company controlled by a director; and a 10% administration fee of \$111,375 (2008 - \$106,349), geological consulting fees of \$149,137 (2008 - \$185,755) and drilling and equipment rental charges of \$132,250 (2008 - \$273,030) to two companies controlled by directors.
- b) Paid or accrued management fees of \$Nil (2008 - \$7,000) to a company controlled by a former director.
- c) Paid or accrued office expenses of \$Nil (2008 - \$500) to a company controlled by a former director.
- d) Paid or accrued a 10% administration fee of \$9,136 (2008 - \$6,223), interest on equipment leases of \$12,712 (2008 - \$3,178) and shared office and administrative costs of \$18,975 (2008 - \$7,303) to a company controlled by a director.
- e) Recorded recoveries, which were netted against various expenses, for shared office and administrative costs of \$73,749 (2008 - \$28,305) and for shared field expenditures of \$168,843 (2008 - \$114,683) from a company controlled by a director and from a company with common directors and management.

Included in accounts payable is \$1,063,329 (2008 - \$231,664) for laboratory and mineralogical costs, \$1,517,271 (2008 - \$874,327) for project payroll and camp supplies costs, \$88,446 (2008 - \$25,121) for management fees, \$159,164 (2008 - \$25,493) for shared office and administrative costs, \$507,860 (2008 - \$39,305) for exploration work completed on certain properties owing to companies controlled by directors and a company with common directors and management. In addition, \$1,703,800 (2008 - \$Nil) of cash advances has been received from a company controlled by a director and are included in accounts payable. The advances are with no fixed terms of repayment and without interest.

Included in receivables is \$Nil (2008 - \$327) for shared equipment and camp supplies costs and \$13,713 (2008 - \$14,269) for shared office and administrative costs due from a company with common directors and management.

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8. RELATED PARTY TRANSACTIONS (cont'd...)

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

Leases payable to related party

Effective November 2006, the Company completed a sale-leaseback transaction with a company controlled by a director involving field equipment with an original cost of \$448,604.

Future minimum lease payments under the capital lease are as follows:

	2009	2008
Total minimum lease payments	\$ 448,604	\$ 448,604
Less: payments made	(448,604)	(299,069)
Balance of obligation	-	149,535
Less: current portion	-	(149,535)
Non-current portion	\$ -	\$ -

Effective February 2008, the Company entered into another capital lease with a company controlled by a director involving field equipment with a cost of \$508,492. The lease obligation carries an imputed interest rate of 5% and a term of 24 months.

Future minimum lease payments under the capital lease are as follows:

	2009	2008
Total minimum lease payments	\$ 533,917	\$ 533,917
Less: imputed interest	(25,425)	(25,425)
Less: payments made	(317,807)	(63,561)
Balance of obligation	190,685	444,931
Less: current portion	(190,685)	(254,246)
Non-current portion	\$ -	\$ 190,685

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9. INCOME TAXES

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

	2009	2008
Loss before income taxes	\$ (6,414,526)	\$(10,609,989)
Expected income tax recovery	\$ 1,964,320	\$ 3,527,503
Exploration expenditures	(1,931,690)	(2,817,626)
Other non-deductible items	(134,343)	(389,330)
Stock-based compensation	(35,196)	(132,255)
Tax deductible share issuance costs	167,424	254,756
Non-capital losses, financing costs and resource pool benefits	<u>(30,515)</u>	<u>950,334</u>
Income tax recovery - future	\$ -	\$ 1,393,382

The significant components of the Company's future income tax assets are as follows:

	2009	2008
Future income tax assets:		
Losses available for future periods	\$ 818,732	\$ 865,115
Other tax assets	388,686	166,522
Mineral properties	<u>6,665,904</u>	<u>5,492,462</u>
	7,873,322	6,524,099
Valuation allowance	<u>(7,87,322)</u>	<u>(6,524,099)</u>
	\$ -	\$ -

The Company has non-capital losses of approximately \$3,300,000 available to reduce future years' taxable income. These losses, if not utilized, will expire through to 2029. The Company also has, subject to certain restrictions, mineral property resource expenditures available to reduce future years' taxable income.

During fiscal 2009, the Company issued Nil (2008 - 762,000) common shares on a flow-through basis for gross proceeds of \$Nil (2008 - \$4,191,000). 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. During fiscal 2009, the Company renounced exploration expenditures of approximately \$Nil (2008 - \$4,191,000).

10. CAPITAL RISK MANAGEMENT

The Company includes equity, comprised of issued common shares, contributed surplus and deficit, in the definition of capital.

The Company's objectives when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company expects its current capital resources will not be sufficient to complete its exploration and development plans and operations through its current operating period and will be required to raise additional funds through future equity issuances or secure other financing. Recently, the Company has relied on extended credit terms and/or advances from a related party to fund its operations. The Company is currently not subject to externally imposed capital requirements. The Company does not pay out dividends. The Company's investment policy is to invest its short-term excess cash in secure deposits in large Canadian financial institutions.

The Company's primary objective with respect to capital management is to ensure adequate liquid capital resources are in place to fund the exploration and development of its mineral properties while maintaining its ongoing operations. To secure the additional capital to pursue these plans, the Company may attempt to raise additional funds through the issuance of debt and or equity.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities, and capital lease obligations. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

The Company is exposed to a variety of financial risks by virtue of its activities including currency, credit, interest rate, liquidity and commodity price risk.

a) Currency risk

While the Company's capital is raised in Canadian dollars, the Company is conducting business in Angola, Mali and Greenland whose currencies are the Rand, Franc and Krone, respectively. As such, the Company is subject to risk due to fluctuations in the exchange rates for those currencies as well as the United States and Canadian dollar. The Company does not use derivative financial instruments to reduce its exposure to foreign currency risk.

b) Credit risk

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations.

The Company's cash is in large Canadian financial institutions and it does not have any asset-backed commercial paper. The Company's receivables consist mainly of mineral property recoveries due from joint venture partners and GST receivable due from the Federal Government of Canada. The Company is subject to the risk that its joint venture partners will default on amounts owing for their portion of exploration expenditures (April 30, 2009 - \$202,469). Any such amounts defaulted would dilute that partners' interest in the exploration joint venture and would require the Company to pick up the proportionate share of future exploration expenditures.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)

c) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. There is a very limited interest rate risk as the Company holds no material interest bearing financial obligations or assets.

d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company manages its liquidity risk through the management of its capital structure and financial leverage as outlined in Note 10.

e) Price risk

The ability of the Company to explore its mineral properties and the future profitability of the Company are directly related to the market price of diamonds and other minerals. The Company's input costs are also affected by the price of fuel. Management monitors diamond, precious metal and fuel prices to determine the appropriate course of action to be taken by the Company.

12. SEGMENTED INFORMATION

The Company's one reportable operating segment is the acquisition and exploration of mineral properties. Geographic information is as follows:

	2009	2008
Capital Assets (Mineral properties and equipment):		
Canada	\$ 442,690	\$ 572,523
Angola	248,121	507,263
	<u>\$ 690,811</u>	<u>\$ 1,079,786</u>

13. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash transactions for the year ended April 30, 2009 included:

- a) Issuing 40,051 shares with a value of \$61,375 under the deferred share unit plan (Note 7) to settle an accrued obligation.

Significant non-cash transactions for the year ended April 30, 2008 included:

- a) Issuing 160,450 agent's warrants with a total value of \$282,992 as finder's fees for a private placement.
- b) The purchase of equipment through the assumption of a capital lease obligation of \$508,492 (Note 8).
- c) Issuing 755,270 common shares to settle indebtedness of \$2,190,283 (Note 7).
- d) Renouncing flow through expenditures of approximately \$4,191,000 resulting in a charge to capital stock of \$1,393,382.

14. CONTINGENCIES

In June 2009, a legal action was commenced against the Company by a vendor that provided drilling rig equipment to the Company. The amount of the claim is for approximately \$310,000 (all of which the Company has accrued) with additional charges of \$20,000 per month going forward. The vendor is also seeking approximately \$6,000,000 for damages, immediate recovery of its equipment, and reimbursement for costs of the legal action.

The Company believes the lawsuit to be without merit and intends to defend against the lawsuit vigorously. At this time, the likelihood of the outcome is not determinable and no liability in excess of \$310,000 has been recorded in connection with this lawsuit.

The Company has responsibility for certain de-mobilization costs associated with the drill rig but the costs are not determinable at this time.

15. SUBSEQUENT EVENT

Subsequent to April 30, 2009 an aggregate of 1,012,700 warrants with a weighted average exercise price of \$7.10 expired unexercised.