AMERICAN COPPER CORPORATION.

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2008

BDO Dunwoody LLP
Chartered Accountants

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AUDITORS' REPORT

To the Shareholders,
American Copper Corporation

We have audited the consolidated balance sheets of American Copper Corporation as at September 30, 2008 and 2007 and the consolidated statements of operations and deficit and cash flows for the years ended September 30, 2008 and 2007. 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 September 30, 2008 and 2007 and the results of its operations and its cash flows for the years then ended, in accordance with Canadian generally accepted accounting principles.

(signed) "BDO Dunwoody LLP"

Chartered Accountants
Vancouver, Canada
January 23, 2009

AMERICAN COPPER CORPORATION
CONSOLIDATED BALANCE SHEETS
September 30, 2008 and 2007
(Stated in Canadian Dollars)

	September 30,	
	2008	2007
ASSETS		
Current		
Cash	**$ 21,680**	$ 1,474,822
Goods and services taxes receivable	**15,810**	13,397
Prepaid expenses and deposits – Note 6	**12,886**	19,421
	50,376	1,507,640
Equipment and leaseholds – Note 3	**23,265**	18,016
Reclamation bond	**105,339**	22,138
Resource properties – Notes 4 and 6	**2,114,289**	622,710
	$ 2,293,269	$ 2,170,504
LIABILITIES		
Current		
Accounts payable and accrued liabilities – Note 6	**$ 191,516**	$ 56,423
SHAREHOLDERS' EQUITY		
Share capital – Notes 4, 5 and 6	**2,753,919**	2,380,185
Contributed surplus – Note 5	**918,673**	715,000
Deficit	**(1,570,839)**	(981,104)
	2,101,753	2,114,081
	$ 2,293,269	$ 2,170,504

Commitments and Contingencies – Notes 4, 5 and 9
Subsequent Event – Notes 4 and 9

APPROVED BY THE DIRECTORS:

"Richard Kern" Director
Richard Kern

"Gary Arca" Director
Gary Arca

SEE ACCOMPANYING NOTES

AMERICAN COPPER CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
for the years ended September 30, 2008 and 2007
(Stated in Canadian Dollars)

Year ended September 30,		**2008**		2007
Expenses				
Accounting and audit fees	**$**	**25,378**	$	25,199
Amortization		**6,203**		5,191
Bank charges and interest		**1,381**		888
Consulting fees – Note 6		**44,754**		75,730
Corporate and administration fees		**43,750**		26,450
Filing fees		**27,421**		51,394
Insurance		**9,330**		2,650
Legal fees		**4,034**		2,666
Management fees – Note 6		**60,000**		60,000
Office and miscellaneous		**47,838**		37,993
Property investigation – Note 6		**4,372**		-
Rent		**27,372**		14,097
Shareholder communications		**129,632**		6,922
Stock-based compensation – Note 5		**137,607**		347,000
Travel		**36,426**		20,486
Loss for the year before other items		**(605,498)**		(676,666)
Other items:				
Foreign exchange loss		**458**		(23,130)
Interest and investment income		**15,305**		13,543
		15,763		(9,587)
Net loss and comprehensive loss for the year		**(589,735)**		(686,253)
Deficit, beginning of year		**(981,104)**		(294,851)
Deficit, end of year	**$**	**(1,570,839)**	$	(981,104)
Basic and diluted loss per share	**$**	**(0.03)**	$	(0.05)
Weighted average number of shares outstanding		**17,700,755**		12,781,718

SEE ACCOMPANYING NOTES

AMERICAN COPPER CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
for the years ended September 30, 2008 and 2007
(Stated in Canadian Dollars)

Year ended September 30,		**2008**		2007
Cash Flows used in Operating Activities				
Net loss for the year	**$**	**(589,735)**	$	(686,253)
Non-cash items:				
Amortization		**6,203**		5,191
Stock-based compensation		**137,607**		347,000
		(445,925)		(334,062)
Changes in non-cash working capital items:				
Prepaid expenses and deposits		**6,535**		(15,710)
Goods and services tax receivable		**(2,413)**		(10,508)
Accounts payable and accrued liabilities		**(6,449)**		45,670
		(448,252)		(314,610)
Cash Flows used in Investing Activities				
Resource property		**(1,283,037)**		(363,208)
Reclamation bond		**(83,201)**		(22,138)
Equipment and leaseholds		**(11,452)**		(1,765)
		(1,377,690)		(387,111)
Cash Flows from Financing Activities				
Issuance of common shares		**400,000**		1,886,000
Share issue costs		**(27,200)**		(188,815)
		372,800		1,697,185
Increase in cash during the year		**(1,453,142)**		995,464
Cash, beginning of year		**1,474,822**		479,358
Cash, end of year	**$**	**21,680**	$	1,474,822
Supplementary disclosure of cash flow information				
Cash paid for:				
Interest	**$**	**-**	**$**	**-**
Income taxes	**$**	**-**	**$**	**-**

Non-cash Transactions – Note 5

SEE ACCOMPANYING NOTES

Note 1 Nature of Operations

The Company was incorporated on January 27, 2006 under the British Columbia Business Corporations Act. The Company completed an Initial Public Offering ("IPO") on August 20, 2007 and began trading on the TSX Venture Exchange ("TSX-V") as a publicly listed entity.

The Company is in the exploration stage and has entered into option agreements to acquire resource properties in the United States of America. The economic recoverability of the properties' reserves has yet to be determined. The recoverability of amounts from the properties will be dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying properties, the ability of the Company to obtain necessary financing to satisfy the expenditure requirements under the property agreement and to complete the development of the properties and upon future profitable production or proceeds from the sale thereof. The outcome of these matters cannot be predicted with any certainty at this time.

The financial statements have been prepared using Canadian generally accepted accounting principles applicable for a going concern which assumes that the Company will realize its assets and discharge its liabilities in the ordinary course of business. As at September 30, 2008, the Company had a working capital deficiency of $141,140, had not yet achieved profitable operations and has accumulated losses of $1,570,839 since its inception. Its ability to continue as a going concern is dependent upon the ability of the Company to obtain the necessary financing to meet its obligations and pay its liabilities arising from normal business operations when they come due. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities and commitments at amounts different from those reported in the financial statements. It is anticipated that any additional funding will be in the form of equity financing from the sale of common shares, however there is no guarantee that funding from such financings will be available in amounts sufficient to meet the commitments of the Company.

Subsequent to September 30, 2008, the Company entered in to a Plan of arrangement whereby, subject to regulatory approval, the Company will amalgamate with Golden Oasis Exploration Corp. ("Golden Oasis") and Lebon Gold Mines Limited ("Lebon") (Note 9), both of which are related to the Company by common directors and officers. The Company will continue as the acquiring corporation under the amalgamation and it is anticipated that the resulting amalgamated corporation will have sufficient working capital to meet its obligations over the next twelve months.

Note 2 Significant Accounting Policies

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in Canada. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates, which have been made using careful judgement. Actual results may vary from these estimates.

The financial statements have, in management's opinion, been properly prepared within the framework of the significant accounting policies summarized below:

Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, American Copper Nevada Inc. All significant inter-company transactions have been eliminated.

Basic and Diluted Loss per Share

Basic loss per share is calculated by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the year. Diluted earnings per share reflects the potential dilution of securities that could share in earnings of an entity. Potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive. Basic and diluted loss per share are the same for the years presented.

For the years ended September 30, 2008 and 2007, potentially dilutive common shares (relating to options and warrants outstanding at year end) totalling 5,894,000 (2007 – 3,950,000); were not included in the computation of loss per share because their effect was anti-dilutive.

Financial Instruments

The Company adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1530, Comprehensive Income, Section 3251, Equity, Section 3855, Financial Instruments – Recognition and Measurement, Section 3861, Financial Instruments – Disclosure and Presentation and Section 3865, Hedges. These sections apply to fiscal years beginning on or after October 1, 2006 and provide standards for recognition, measurement, disclosure and presentation of financial assets, financial liabilities, and non-financial derivatives, and describe when and how hedge accounting may be applied. Section 1530 provides standards for the reporting and presentation of comprehensive income, which is defined as the change in equity, from transactions and other events and circumstances from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income but that are excluded from net income calculated in accordance with generally accepted accounting principles. A statement of comprehensive income has not been presented as no components of comprehensive income have been identified and therefore have not affected the current or comparative period balances on the financial statements.

Note 2 Significant Accounting Policies – (cont'd)

Financial Instruments – (cont'd)

Under these new standards, all financial instruments are classified into one of the following five categories: held for trading, held-to-maturity investments, loans and receivables, available for sale assets or other financial liabilities. All financial instruments, including derivatives, are included on the balance sheet and are measured at fair market value upon inception with the exception of certain related party transactions. Subsequent measurement and recognition of change in the fair value of financial instruments depends on their initial classification. Held-for-trading financial investments are measured at fair value and all gains and losses are included in operations in the period in which they arise. Available-for-sale financial instruments are measured at fair value with revaluation gains and losses included in other comprehensive income until the asset is removed from the balance sheet. Loans and receivables, investments held to maturity and other financial liabilities are measured at amortized cost using the effective interest method. Gains and losses upon inception, derecognition, impairment write downs and foreign exchange translation adjustments are recognized immediately. Transaction costs related to financings will be expensed in the period incurred.

Upon adoption of these new standards, the Company classified its cash as held-for-trading, which is measured at fair value; and accounts payable and accrued liabilities, are classified as other financial liabilities, which are measured at amortized cost.

Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, current income taxes are recognized for the estimated income taxes payable for the current year. Future income tax assets and liabilities are determined based on differences between tax and accounting basis of assets and liabilities. The future tax assets or liabilities are calculated using the substantively enacted tax rates for the period in which the differences are expected to be settled. Future tax assets are recognized to the extent that they are considered more likely than not to be realized.

Equipment and Leaseholds

Equipment and leaseholds are recorded at cost. The Company provides for amortization on the declining balance method at the following annual rates:

Furniture and equipment	20%
Computer equipment	30%

Leasehold improvements are amortized on a straight-line basis over five years.

Note 2 Significant Accounting Policies – (cont'd)

Resource Properties

The Company defers the cost of acquiring, maintaining its interest, exploring and developing mineral properties until such time as the properties are placed into production, abandoned, sold or considered to be impaired in value. Costs of producing properties will be amortized on a unit of production basis and costs of abandoned properties are written-off. Proceeds received on the sale of interests in mineral properties are credited to the carrying value of the mineral properties, with any excess included in operations. Write-downs due to impairment in value are charged to operations.

The Company is in the process of exploring and developing its mineral properties and has not yet determined the amount of reserves available. Management reviews the carrying value of mineral properties on an annual basis and will recognize impairment in value based upon current exploration results, the prospect of further work being carried out by the Company, the assessment of future probability of profitable revenues from the property or from the sale of the property. Amounts shown for properties represent costs incurred net of write-downs and recoveries, and are not intended to represent present or future values.

Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations and which do not contribute to current or future revenue generation are expensed. Liabilities are recorded when environmental assessments and/or remedial efforts are probable, and the costs can be reasonably estimated. Generally, the timing of these accruals coincides with the earlier of completion of a feasibility study or the Company's commitment to a plan of action based on the then known facts.

Asset Retirement Obligations

The Company follows the recommendations in CICA Handbook Section 3110 – "Asset Retirement Obligations" with respect to asset retirement obligations. Under Section 3110, legal obligations associated with the retirement of tangible long-lived assets are recorded as liabilities. The liabilities are calculated using the net present value of the cash flows required to settle the obligation. A corresponding amount is capitalized to the related asset. Asset retirement costs are charged to earnings in a manner consistent with the depreciation, depletion and amortization of the underlying asset. The liabilities are subject to accretion over time for changes in the fair value of the liability through charges to accretion which is included in cost of sales and operating expenses.

It is possible that the Company's estimates of its ultimate asset retirement obligations could change as a result of changes in regulations, the extent of environmental remediation required, the means of reclamation or cost estimates. Changes in estimates are accounted for prospectively from the period the estimate is revised.

The Company has only performed preliminary exploratory work on its mineral properties, and has not incurred significant reclamation obligations in the current year or prior periods.

Note 2 Significant Accounting Policies – (cont'd)

Impairment of Long-lived Assets

Canadian generally accepted accounting principles require that long-lived assets and intangibles to be held and used by the Company be reviewed for possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If changes in circumstances indicate that the carrying amount of an asset that an entity expects to hold and use may not be recoverable, future cash flows expected to result from the use of the asset and its disposition must be estimated. If the undiscounted value of the future cash flows is less than the carrying amount of the asset, impairment is recognized. Management believes there has been no impairment of the Company's long-lived assets as at September 30, 2008 and 2007.

Foreign Currency Translation

The Company and its wholly-owned subsidiary maintain accounting records in their functional currencies, Canadian dollars and US dollars, respectively.

The Company and its subsidiary translate foreign currency transactions into their respective functional currencies in the following manner: at the transaction date, each asset, liability, revenue and expense is translated into the functional currency by the use of the exchange rate in effect at that date; at the period end, foreign currency monetary assets and liabilities are re-evaluated into the functional currency by using the exchange rate in effect at the balance sheet date. The resulting foreign exchange gains and losses are included in the statements of operations.

In preparing consolidated financial statements, the Company translates the monetary assets and liabilities of its subsidiary into Canadian dollars at the exchange rate in effect at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate prevailing at the respective translation dates. Revenue and expenses are translated into Canadian dollars at the average exchange rate for the applicable period except for amortization, which is translated at historical exchange rates. Translation gains or losses are included in the statements of operations.

Stock-Based Compensation

The Company has a stock-based compensation plan (Note 5), whereby stock options are granted in accordance with the policies of regulatory authorities. The fair value of all share purchase options granted are expensed over their vesting period with a corresponding increase to contributed surplus. Upon exercise of share purchase options, the consideration paid by the option holder, together with the amount previously recognized in contributed surplus, is recorded as an increase to share capital.

Note 2 Significant Accounting Policies – (cont'd)

Stock-Based Compensation – (cont'd)

The Company uses the Black-Scholes valuation model to determine the fair value of share purchase options at the date of grant. Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value.

Note 3 Adoption of New Accounting Pronouncements and Recent Development

Recent CICA Handbook revisions include Section 1506, Accounting changes, Section 1400, Assessing Going Concern, Section 1540, Cash Flow Statements, Section 3064, Goodwill and Intangible Assets, Sections 3862 and 3863, Disclosure and Presentation on Financial Instruments and Section 1535, Capital Disclosures.

Also effective for year-ends commencing on or after January 1, 2011, all public companies will be required to adopt International Financial Reporting Standards.

The Company does not expect the adoption of these new Sections to result in any significant change in the disclosure within the current financial statements except for the capital disclosure requirements of Section 1535, which are applicable for periods commencing October 1, 2007, as follows:

Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The properties in which the Company currently has an interest are in the exploration stage and, as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year ended September 30, 2008. The Company is not subject to externally impost capital requirements (see Note 9).

(Stated in Canadian Dollars) – Page 7

Note 3 Equipment and Leaseholds

		September 30, 2008				
		Cost		Accumulated Amortization		**Net**
Computer equipment	$	10,592	$	3,528	**$**	**7,064**
Furniture and equipment		14,639		6,671		**7,968**
Leasehold improvements		15,156		6,923		**8,233**
	$	**40,387**	**$**	**17,122**	**$**	**23,265**

		September 30, 2007				
		Cost		Accumulated Amortization		Net
Computer equipment	$	4,701	$	1,762	$	2,939
Furniture and equipment		13,421		4,325		9,096
Leasehold improvements		10,813		4,832		5,981
	$	28,935	$	10,919	$	18,016

Note 4 Resource Properties

a) Summary of Resource Properties

		September 30, 2008				
		Squaw Peak		Copper Properties		**Total**
Balance, beginning of year	$	506,247	$	116,463	**$**	**622,710**
Acquisition costs		12,000		415,083		**427,083**
Deferred expenditures						
Claim maintenance fees		6,328		78,750		**85,078**
Drilling		437,431		206,365		**643,796**
Geological consulting		116,831		86,241		**203,072**
Geophysics		-		16,424		**16,424**
Legal consulting		126		-		**126**
Mapping & reports		5,824		-		**5,824**
Sampling		19,244		40,169		**59,413**
Site visits & accommodation		17,589		28,937		**46,526**
Surveys		3,637		600		**4,237**
		607,010		457,486		**1,064,496**
Balance, end of year	**$**	**1,125,257**	**$**	**989,032**	**$**	**2,114,289**

(Stated in Canadian Dollars) – Page 8

Note 4 Resource Properties – (cont'd)

a) Summary of Resource Properties – (cont'd)

	September 30, 2007		
	Squaw Peak	Copper Properties	Total
Balance, beginning of year	$ 239,502	$ -	$ 239,502
Acquisition costs	20,000	116,463	136,463
Deferred expenditures			
Claim maintenance fees	7,535	-	7,535
Claim staking costs	84,506	-	84,506
Geological consulting	88,876	-	88,876
Legal consulting	5,583	-	5,583
Mapping & reports	43,616	-	43,616
Sampling	7,658	-	7,658
Site visits & accommodation	8,971	-	8,971
	246,745	-	246,745
Balance, end of year	$ 506,247	$ 116,463	$ 622,710

b) Squaw Peak

Pursuant to an option agreement dated June 10, 2006 as amended, with MinQuest Inc. ("MinQuest"), a company controlled by a director of the Company, the Company may acquire a 100% undivided interest, subject to a 3% net smelter royalty ("NSR"), in 40 mining claims located in Yavapai County, Arizona State, United States of America ("Squaw Peak"). Consideration for the acquisition is cash of US$1,000,000, reimbursement of the optionor's costs associated with the acquisition of the property, issuance of 500,000 common shares of the Company, and exploration expenditures of US$4,500,000. Pursuant to an amendment to the option agreement dated October 15, 2008, MinQuest has agreed to a deferral of cash payments and exploration expenditures based on a "New Effective Date". The New Effective Date shall be the earlier of October 15, 2018 or the date the Company enters into a joint venture agreement over the Property or the date that the Company completes a bankable feasibility study on the Property. The amended commitments on the property are as follows:

Note 4 Resource Properties – (cont'd)

b) Squaw Peak – (cont'd)

Consideration:

- US$25,000 (paid) and 50,000 common shares (issued) by August 20, 2007;
- 100,000 common shares (issued) by August 20, 2008;
- 150,000 common shares by August 20, 2009;
- 200,000 common shares by August 20, 2010;
- US$30,000 on or before the New Effective Date;
- US$45,000 on or before the first anniversary of the New Effective Date;
- US$60,000 on or before the second anniversary of the New Effective Date;
- US$80,000 on or before the third anniversary of the New Effective Date;
- US$100,000 on or before the fourth anniversary of the New Effective Date;
- US$120,000 on or before the fifth anniversary of the New Effective Date;
- US$140,000 on or before the sixth anniversary of the New Effective Date; and
- US$400,000 on or before the seventh anniversary of the New Effective Date.

Exploration Expenditures:

- US$200,000 by August 20, 2008 (incurred);
- US$300,000 by August 20, 2009 (incurred);
- US$400,000 on or before the New Effective Date;;
- US$500,000 on or before the first anniversary of the New Effective Date;
- US$600,000 on or before the second anniversary of the New Effective Date;
- US$700,000 on or before the third anniversary of the New Effective Date;
- US$800,000 on or before the fourth anniversary of the New Effective Date; and
- US$1,000,000 on or before the fifth anniversary of the New Effective Date.

Pursuant to the agreement the Company may purchase up to one half of the NSR for US$2,000,000 for each 1% of the royalty purchased (total of $3,000,000 for the entire 1.5%). During the term of the Squaw Peak option agreement, the Company is responsible for maintaining the claims in good standing, including paying required taxes, fees and rentals, and completing necessary assessment work.

Note 4 Resource Property – (cont'd)

c) Copper Properties

Pursuant to an option agreement dated January 2, 2008 as amended, with MinQuest, the Company may acquire a 100% undivided interest, subject to a 3% NSR, in various claims in: (a) Santa Cruz, Gila County and Yavapai County, Arizona, (b) Grant County, New Mexico, and (c) Humboldt County, Nevada, United States of America ("Copper Properties"). Consideration for the acquisition is reimbursement of the Optionor's costs associated with the acquisition of the properties (advanced $35,000), the issuance of 3,650,000 common shares of the Company and incurring US$25,000,000 in exploration expenditures on the Copper Properties. Pursuant to an amendment to the option agreement dated October 15, 2008, MinQuest has agreed to a deferral of cash payments and exploration expenditures based on a "New Effective Date". The New Effective Date shall be the earlier of October 15, 2018 or the date the Company enters into a joint venture agreement over the Copper Properties or the date that the Company completes a bankable feasibility study on the Copper Properties. The amended commitments on the Copper Properties are as follows:

Consideration:

- 275,000 common shares on January 25, 2008 (issued);
- 275,000 common shares by January 25, 2009;
- 275,000 common shares by January 25, 2010;
- 275,000 common shares by January 25, 2011;
- 275,000 common shares by January 25, 2012;
- 375,000 common shares by January 25, 2013;
- 800,000 common shares by January 25, 2014; and
- 1,100,000 common shares by January 25, 2015.

Exploration Expenditures:

- US$200,000 by January 25, 2009 (incurred);
- US$200,000 by the first anniversary of the New Effective Date;
- US$1,000,000 by the second anniversary of the New Effective Date;
- US$2,000,000 by the third anniversary of the New Effective Date;
- US$2,000,000 by the fourth anniversary of the New Effective Date;
- US$2,500,000 by the fifth anniversary of the New Effective Date;
- US$3,000,000 by the sixth anniversary of the New Effective Date;
- US$3,000,000 by the seventh anniversary of the New Effective Date;
- US$3,000,000 by the eighth anniversary of the New Effective Date;
- US$4,000,000 by the ninth anniversary of the New Effective Date; and
- US$4,100,000 by the tenth anniversary of the New Effective Date.

Note 4 Resource Properties – (cont'd)

c) Copper Properties – (cont'd)

Pursuant to the option agreement, the Company may purchase up to one half of the NSR on the basis of a two stage buy down. The NSR on the first one million ounces of gold equivalent production may be bought down for US$2 million for each 1% of the NSR to a maximum of 1.5% (US$3 million for the entire 1.5%). Any and all production from the properties subsequent to the first one million ounces of gold equivalent may be bought for an additional US$4 million for the same 1.5% purchased in the first stage.

During the term of the Copper Properties option agreement, the Company will be responsible for all applicable reclamation statutes, regulations and ordinances relating to such work, maintaining the interests in these properties in good standing, payment of taxes and rentals and all other actions necessary to keep the claims free and clear of all liens and other charges so as to not jeopardize property title.

d) Environmental Protection Practices

The Company is subject to laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

(Stated in Canadian Dollars) – Page 12

Note 5 Share Capital

a) Authorized:

Unlimited common shares without par value

b) Share Issuances:

	Number		Amount
Balance, September 30, 2006	10,710,001		675,000
Issued for cash pursuant to:			
Private Placement at $0.25 per share	1,776,000		444,000
Initial public offering at $0.40 per share	4,000,000		1,600,000
Issued pursuant to agent agreement	125,000		50,000
Issued pursuant to property option agreement	50,000		20,000
Share issue costs	-		(408,815)
Balance, September 30, 2007	16,661,001	$	2,380,185
Issued pursuant to property option agreement	375,000		67,000
Issued for cash pursuant to:			
Private placement at $0.20 per share	2,000,000		400,000
Fair value of 1,000,000 warrants issued with private placement	-		(47,948)
Share issue costs	-		(45,318)
Balance, September 30, 2008	**19,036,001**	**$**	**2,753,919**

Private Placements

During the period ended September 30, 2008, the Company closed a non-brokered private placement consisting of 2,000,000 units at a price of $0.20 per unit for gross proceeds of $400,000. Each unit consisted of one common share and one-half share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share at a price of $0.40 for a period of one year. The warrants include an early expiry feature which may trigger should the common shares of the Company close above $0.40 for a minimum period of ten trading days. Share capital was debited $47,948 for the fair value of the warrants issued in the 2,000,000 unit private placements.

The Company paid a cash commission of $27,200 and issued 204,000 warrants to the agent. The agents' warrants are exercisable at $0.20 per share until April 25, 2009 and include the same early expiry feature described above. Share issue costs included $18,118 for the fair value of agents' warrants.

(Stated in Canadian Dollars) – Page 13

Note 5 Share Capital – (cont'd)

b) Share Issuances – (cont'd)

Private Placements – (cont'd)

The fair value of warrants and agents' warrants was determined using the Black-Scholes model with the following weighted-average assumptions:

Dividend rate	0.00 %	Weighted-average annual volatility	105 %
Expected life	1 Year	Weighted-average risk-free interest rate	2.63 %

The fair values of warrants and agents' warrants have been excluded from the statement of cash flows.

The Company completed a private placement in November 2006 and issued 1,680,000 shares at a price of $0.25 per share, for gross proceeds of $420,000.

In May, 2007, the Company received $24,000 from Directors for issuance of 96,000 common shares at $0.25 per share.

Initial Public Offering

On August 20th, 2007, the Company completed an IPO for the sale of 4,000,000 units at a price of $0.40 per unit for gross proceeds of $1,600,000. Each unit consists of one common share and one-half of one common share purchase warrant, each whole warrant entitles the holder to purchase one common share at $0.75 per share exercisable up to August 20, 2009. All of the proceeds were allocated to share capital and none was allocated to the warrants. The Company paid a cash commission of $128,000 (8% of the gross proceeds) and issued 125,000 shares of the Company, valued at $50,000, as a Corporate finance fee to the agent. In addition, the agent received 800,000 Agent Warrants (20% of the shares issued) pursuant to the IPO which will entitle the agent to purchase one additional common share of the Company at $0.40 per share for each warrant held for two years. The Company paid an administrative fee of $10,000 to the agent and $15,670 for the agent's expenses. During the year ended September 30, 2007 the Company also paid $35,145 in legal fees relating to the IPO.

Non-Cash Transactions

In August 2007, the Company issued 50,000 common shares valued at $0.40 per share to a company with a director in common pursuant to the Squaw Peak option agreement. The value of these shares, $20,000, has been excluded from the statement of cash flows.

In February 2008, the Company issued 275,000 common shares valued at $0.20 per share to a company with a director in common pursuant to the Copper Properties option agreement. The value of these shares, $55,000, has been excluded from the statement of cash flows.

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Note 5 Share Capital – (cont'd)

b) Share Issuances – (cont'd)

Non-Cash Transactions – (cont'd)

In August 2008, the Company issued 100,000 common shares valued at $0.12 per share to a company with a director in common pursuant to the Squaw Peak option agreement. The value of these shares, $12,000, has been excluded from the statement of cash flows.

Share prices used in non-cash transactions approximate the market price of the shares at the date of the transaction.

c) Share Purchase Options

A summary of the Company's outstanding share purchase options as of September 30, 2008 and 2007 and the changes during the periods then ended is presented below:

	Number of options	Weighted average exercise price
Outstanding and exercisable at September 30, 2006	-	-
Granted	1,150,000	$0.40
Outstanding and exercisable at September 30, 2007	1,150,000	$0.40
Granted	740,000	$0.24
Cancelled	(125,000)	$0.40
Outstanding and exercisable at September 30, 2008	**1,765,000**	**$0.33**

At September 30, 2008, there were 1,765,000 share purchase options outstanding and exercisable entitling the holders thereof the right to purchase one common share for each option held as follows:

Number of Shares	Exercise Price	Expiry Date
1,025,000	$0.40	March 13, 2012
540,000	$0.25	March 11, 2013
200,000	$0.20	May 1, 2013
1,765,000		

d) Stock Based Compensation

The Company approved a stock option plan which allows for share purchase options to be granted of up to 10% of the number of outstanding shares. The options will be exercisable for a maximum of five years from the date of grant. Unless otherwise stated, the options vest when granted. Options granted for investor relations will have vesting provisions as to one-quarter of the options each three months.

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Note 5 Share Capital – cont'd

d) Stock Based Compensation – (cont'd)

During the year ended September 30, 2008, the Company granted share purchase options to directors, officers and employees to acquire up to 540,000 and 200,000 common shares at $0.25 and $0.20 per share, respectively.

The fair value of the 740,000 options granted of $137,607 was determined using the Black-Scholes option-pricing model with the following weighted-average assumptions:

Dividend rate	0.00 %	Weighted-average annual volatility	104 %
Expected life	5 Years	Weighted-average risk-free interest rate	3.25 %

During the year ended September 30, 2007, the Company granted share purchase options to directors, officers, and employees to acquire up to 1,150,000 common shares at $0.40 per share.

The fair value of the 1,150,000 options granted of $347,000 was determined using the Black-Scholes option-pricing model with the following assumptions:

Dividend rate	0.00 %	Weighted-average annual volatility	98 %
Expected life	5 Years	Weighted-average risk-free interest rate	4.06 %

These fair value amounts have been excluded from the statement of cash flows.

e) Share Purchase Warrants

A summary of share purchase warrants outstanding during the years ended September 30, 2008 and 2007 are as follows:

Balance at September 30, 2006	-
Issued	2,800,000
Balance outstanding at September 30, 2007	2,800,000
Issued	1,204,000
Balance outstanding and exercisable at September 30, 2008	**4,004,000**

As at September 30, 2008, the following share purchase warrants were outstanding:

Number of Shares	Exercise Price	Expiry Date
2,000,000	$0.75	August 20, 2009
800,000	$0.40	August 20, 2009
1,000,000	$0.40	April 25, 2009
204,000	$0.20	April 25, 2009
4,004,000		

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Note 5 Share Capital – cont'd

e) Share Purchase Warrants – (cont'd)

These warrants entitle the holders thereof the right to acquire one common share for each warrant held.

The Company included $170,000 in share issue costs for the 800,000 share purchase warrants issued to the agents pursuant to the Company's IPO. The Company used the Black Scholes option pricing model to estimate the fair value of the share purchase warrants using the following assumptions:

Dividend rate	0.00 %	Weighted-average annual volatility	98 %
Expected life	2 Years	Weighted-average risk-free interest rate	4.23 %

This amount has been excluded from the statement of cash flows.

f) Contributed Surplus

A summary of the changes to contributed surplus for the periods ending September 30, 2007 and 2006 is as follows:

	2008	2007
Balance, beginning of the period	**$ 715,000**	$ 198,000
Private placement warrants	**47,948**	-
Agent's share purchase warrants	**18,118**	170,000
Share purchase options granted	**137,607**	347,000
Balance, end of the period	**$ 918,673**	$ 715,000

g) Escrow Shares

As at September 30, 2008, the Company has 2,889,601 common shares held in escrow. The release of these shares is subject to an escrow agreement. The escrow shares will be released in tranches of 722,400 common shares during consecutive six-month intervals over the next thirty-six month period.

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Note 6 Related Party Transactions

The Company incurred the following costs with companies controlled by directors of the Company and with companies controlled by significant shareholders:

Year ended September 30,			**2008**		2007
Consulting fees		**$**	**30,000**	$	32,500
Management fees			**60,000**		60,000
Property investigation			**4,372**		-
Resource properties	- deferred expenses		**121,584**		102,259
	- acquisition expenses		**13,322**		-
		$	**229,278**	$	194,759

These expenditures were measured by the exchange amount, which are the amounts agreed upon by the transacting parties.

Included in prepaid expenses at September 30, 2008 is a $2,500 (September 30, 2007 – $2,500) deposit to a company with a common director.

Included in Resource properties at September 30, 2008 is $388,188 (September 30, 2007 – $Nil) of acquisition costs and deferred expenditures which were incurred by and reimbursed to MinQuest, a company controlled by a director of the Company.

Included in accounts payable at September 30, 2008 is $137,147 (September 30, 2007 – $3,730) due directors and companies with common directors for unpaid expenses, deferred expenses relating to the resource properties, consulting and management fees.

Included in the statements of operations for the year ended September 30, 2008 are $46,116 (September 30, 2007 – $24,437), of general and administrative and rent expenses which were incurred by and reimbursed to a company with a common director.

During the period ended September 30, 2008, the Company issued 275,000 and 100,000 common shares to a company with a director in common pursuant to the Squaw Peak and Copper Properties option agreements.

During the year ended September 30, 2007, the Company issued 50,000 common shares to a company with a director in common pursuant to the Squaw Peak option agreement.

Note 7 Segmented Information

The Company operates in one reportable operating and geographic segment, being the exploration and evaluation of mineral properties for development in the United States.

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Note 8 Future Income Taxes

The total income tax recovery varies from the amounts that would be computed by applying the statutory income tax rate to loss before income taxes as follows:

Year ended September 30,		**2008**		2007
Losses before income taxes	**$**	**(589,735)**	**$**	(686,253)
Statutory income tax rate		**31.91%**		34%
Income tax recovery on loss	**$**	**(188,200)**	**$**	(234,149)
Permanent differences		**45,900**		90,059
Effect of change in statutory rate		**45,900**		-
Increase in valuation allowance		**68,600**		144,090
	$	**-**	**$**	-

As at September 30, 2008, the Company has available non-capital losses in Canada and the United States of approximately $1,702,000 which may be carried forward to reduce taxable income in future years. The non-capital losses, if unused, will expire on various dates to 2028. The Company has available foreign resource deductions of approximately $1,245,000 which may be used against certain taxable income without expiry provided there has been no change in the control of the Company.

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

September 30,		**2008**		2007
Non-capital losses carried forward	**$**	**521,000**	$	270,000
Resource related deductions		**(272,000)**		(114,000)
Share issuance costs		**35,000**		52,000
Equipment		**4,000**		4,000
		288,000		212,000
Less: valuation allowance		**(288,000)**		(212,000)
	$	**-**	$	-

The Company has recorded a valuation allowance against its future income tax assets based on the extent to which it is more-likely-than-not that sufficient taxable income will not be realized during the carry-forward period to utilize all the future tax assets.

Note 9 Plan of Arrangement

On December 18, 2008, the shareholders approved a Plan of Arrangement whereby the Company proposes to complete a share exchange with Golden Oasis, a company listed on the Exchange, and with Lebon, a Company listed on the Canadian National Stock Exchange, subject to Exchange approval. Golden Oasis and Lebon share common directors and officers with the Company.

Under the terms of the Plan of Arrangement, the Company has been identified as the acquirer and will, subject to any subsequent adjustment, acquire all of the shares of Golden Oasis and Lebon by issuing common shares in its share capital to:

(i) the shareholders of Golden Oasis on the basis of one common share of the Company for every one common share of Golden Oasis outstanding; and
(ii) the shareholders of Lebon on the basis of one and one fifth common shares of the Company for every one common share of Lebon outstanding.

The Company will issue to the holders of broker's warrants of Golden Oasis, replacement warrants on the ratios as stated above, at such exercise price as will be negotiated.

Subsequent to September 30, 2008 the Company was advanced $75,000 by Lebon which is repayable on demand, bears no interest and has no specific terms of repayment.

Note 10 Comparative Information

Certain comparative amounts from the prior year have been reclassified to conform to the current year's presentation.