PACIFIC BOOKER MINERALS INC.

FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

YEAR ENDED JANUARY 31, 2009

HLB Cinnamon Jang Willoughby & Company

Chartered Accountants
A Partnership of Incorporated Professionals

AUDITORS' REPORT

To the Shareholders of **Pacific Booker Minerals Inc.**:

We have audited the balance sheets of Pacific Booker Minerals Inc. (the "Company") as at January 31, 2009 and 2008 and the statements of operations and cash flows for the years ended January 31, 2009, 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 financial statements present fairly, in all material respects, the financial position of the Company as at January 31, 2009 and 2008 and the results of its operations and its cash flows for the years ended January 31, 2009, 2008 and 2007 in accordance with Canadian generally accepted accounting principles.

"Cinnamon Jang Willoughby & Company"

Chartered Accountants

Burnaby, BC, Canada
March 19, 2009

Comments by Independent Registered charted Accountants for U.S Readers on Canada-United States of America Reporting Differences

In the United States, the standards of the Public Company Accounting Oversight Board (United States) for auditors require the addition of an explanatory note when there are differences in accounting principles that have a material effect on the comparability of the Company's financial statements. Application of accounting principles generally accepted in the United States would have affected deferred exploration costs and shareholders' deficiency as at January 31, 2009 and 2008 and the results of operations for the years then ended to the extent summarized in Note 18 to the financial statements.

"Cinnamon Jang Willoughby & Company"

Chartered Accountants

Burnaby BC, Canada
March 19, 2009

PACIFIC BOOKER MINERALS INC.
BALANCE SHEETS
(Expressed in Canadian Dollars)
AS AT JANUARY 31

	2009	2008
ASSETS		
Current		
Cash and cash equivalents	$ 7,027,679	$ 5,500,296
Receivables	125,448	140,465
Prepaid expenses and deposits	27,908	35,037
	7,181,035	5,675,798
Mineral property interests (Note 5)	4,832,500	4,832,500
Deferred exploration costs (Note 6)	17,606,430	12,792,612
Equipment, vehicles and furniture (Note 7)	27,505	35,793
Reclamation deposits	118,600	118,600
Total assets	$29,766,070	$23,455,303
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 1,008,933	$ 589,965
Amounts owing to related parties (Note 9)	28,354	27,662
	1,037,287	617,627
Shareholders' equity		
Capital stock (Note 8)		
Authorized:		
100,000,000 common shares without par value		
Issued and outstanding		
11,400,289 common shares (2008 – 10,103,839)	44,258,085	37,795,014
Contributed surplus (Note 8)	4,026,188	2,368,422
Deficit	(19,555,490)	(17,325,760)
	28,728,783	22,837,676
Total liabilities and shareholders' equity	$29,766,070	$23,455,303

Nature and continuance of operations (Note 1)
Commitment (Note 12)
Contingency (Note 16)
Subsequent events (Note 17)

On behalf of the Board:

"William Deeks"
William Deeks, Chairman

"Gregory Anderson"
Gregory R. Anderson, CEO

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

PACIFIC BOOKER MINERALS INC.
STATEMENTS OF OPERATIONS
(Expressed in Canadian Dollars)
AS AT JANUARY 31

	2009	2008	2007
GENERAL AND ADMINISTRATIVE EXPENSES			
Amortization	$ 10,970	$ 14,979	$ 15,928
Consulting fees	3,928	15,773	6,469
Consulting fees – related party (Note 9)	-	-	23,000
Directors fees	13,000	12,500	14,000
Filing and transfer agent fees	85,441	84,144	62,261
Foreign exchange (gain)loss	(221,519)	50,217	34,823
Gain on settlement of debt	-	-	(50,000)
Gain on settlement of pending litigation	(200,000)	-	-
Interest income	(173,848)	(209,308)	(139,136)
Investor relations fees	5,587	4,703	73,140
Investor relations – related party (Note 9)	261,371	409,153	246,124
Loss on sale of equipment	-	-	3,786
Office and miscellaneous	96,996	109,971	77,615
Office rent	73,889	70,421	67,930
Professional fees (Note 9)	226,221	162,835	151,792
Shareholder information and promotion	198,132	89,029	117,964
Stock-based compensation (Note 8)	1,738,125	1,248,170	587,478
Telephone	18,394	16,592	15,994
Travel	86,921	93,374	50,414
Wages and benefits	6,122	49,354	6,082
Loss before other items	(2,229,730)	(2,221,907)	(1,365,664)
Loss for the year	$ (2,229,730)	$ (2,221,907)	$ (1,365,664)
Basic and diluted loss per common share	$ (0.20)	$ (0.23)	$ (0.17)
Weighted average number of common shares outstanding	11,025,478	9,496,503	8,142,907

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

PACIFIC BOOKER MINERALS INC.
STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
YEAR ENDED JANUARY 31

	2009	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the year	$ (2,229,730)	$ (2,221,907)	$ (1,365,664)
Items not affecting cash:			
Amortization	10,970	14,979	15,928
Loss on asset disposal	-	-	3,786
Stock-based compensation	1,738,125	1,248,170	587,478
Gain on settlement of debt	-	-	(50,000)
Gain on settlement of pending litigation	(200,000)	-	-
Changes in non-cash working capital items:			
(Increase) decrease in receivables	15,017	(3,775)	(98,494)
(Increase) decrease in prepaids and deposits	7,129	99,117	(113,795)
Increase (decrease) in accounts payable and accrued liabilities	42,825	9,801	9,781
Increase (decrease) in amounts owing to related parties	1,000	(18,525)	18,353
Net cash used in operating activities	(614,664)	(872,140)	(992,627)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of capital stock	6,382,712	5,616,788	8,318,225
Share subscriptions received in advance	-	-	-
Repayment of long term debt	-	-	(1,450,000)
Net cash provided by financing activities	6,382,712	5,616,788	6,868,225
CASH FLOWS FROM INVESTING ACTIVITIES			
Mineral property interests and deferred exploration costs (net of recovery)	(4,236,291)	(3,200,852)	(2,282,049)
Proceeds from sale of equipment	-	-	467
Purchase of equipment, vehicles or furniture	(4,374)	(3,547)	(18,715)
Net cash used in investing activities	(4,240,665)	(3,204,399)	(2,300,297)
Change in cash and cash equivalents during the year	1,527,383	1,540,249	3,575,301
Cash and cash equivalents, beginning of year	5,500,296	3,960,047	384,746
Cash and cash equivalents, end of year	$ 7,027,679	$ 5,500,296	$ 3,960,047

Supplemental disclosure with respect to cash flows (Note 10)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company was incorporated under the Company Act of British Columbia and its principal business activity is the exploration of its mineral property interests, with its principal mineral property interests located in Canada.

The ability of the Company to realize the costs it has incurred to date on its mineral property interests is dependent upon the Company being able to identify a commercial ore body, to finance its exploration costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the mineral property interest. To date, the Company has not earned any revenue and is considered to be in the advanced exploration stage.

These financial statements have been prepared on a going concern basis, which assumes the Company will be able to realize assets and discharge liabilities in the normal course of business for the foreseeable future. These financial statements do not include the adjustments that would be necessary should the Company be unable to continue as a going concern. The Company has incurred losses since inception and the ability of the Company to continue as a going-concern depends upon its ability to develop profitable operations and to continue to raise adequate financing.

There can be no assurance that the Company will be able to continue to raise funds in which case the Company may be unable to meet its obligations. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the balance sheets.

	2009	2008
Working capital	$ 6,143,748	$ 5,058,171
Deficit	(19,555,490)	(17,325,760)

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The significant accounting policies adopted by the Company are as follows:

(a) Use of estimates

The preparation of financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the year. Actual results could differ from these estimates. The most significant estimates made by management relate to amounts recorded for the depreciation of capital assets, measurement of stock-based compensation, the recoverability of mineral properties, and the provision for the asset retirement obligation.

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

(a) Use of estimates (cont'd...)

The Company bases its estimates and assumptions on current facts, historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. The actual results experienced by the Company may differ materially and adversely from the Company's estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected.

(b) Foreign currency translation

The monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the balance sheet date and non-monetary items are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statement of operations.

(c) Cash and cash equivalents

Cash includes cash on hand and demand deposits. Cash equivalents includes short-term, highly liquid investments that are readily convertible to known amounts of cash and have a maturity date of less than 90 days and are subject to an insignificant risk of change in value.

(d) Allowance for receivables

The Company establishes an allowance for receivables on a specific account basis. No allowance for receivables was recorded by the Company as at January 31, 2009 and 2008.

(e) Mineral property interests and deferred exploration costs

All costs related to the acquisition, exploration and development of mineral properties are capitalized by property. If economically recoverable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. When a property is abandoned, all related costs are written off to operations. If, after management review, it is determined that the carrying amount of a mineral property is impaired, that property is written down to its estimated net realizable value. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

The recorded cost of mineral property interests and deferred exploration costs is based on cash paid and the value of share consideration issued for mineral property interest acquisitions and exploration costs incurred. The recorded amount may not reflect recoverable value as this will be dependent on future development programs, the nature of the mineral deposit, commodity prices, adequate funding and the ability of the Company to bring its projects into production.

(Expressed in Canadian Dollars)

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

(f) Asset retirement obligation

The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability.

Changes in the liability for an asset retirement obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in the statement of operations. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset.

The Company does not have any significant asset retirement obligations.

(g) Equipment, vehicles and furniture

Property and equipment are recorded at cost. The Company provides for amortization annually as follows:

Automobile	30% declining balance
Computer equipment	30% to 45% declining balance
Office furniture and equipment	20% declining balance
Trailers	30% declining balance

(h) Stock-based compensation

The fair value of stock options granted is determined using the Black-Scholes option pricing model and recorded as stock-based compensation expense over the vesting period of the stock options.

(i) Loss per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. The weighted average number of common shares outstanding for the year ended January 31, 2009 do not include the nil (2008 – 1,286,500; 2007 – 2,212,650) warrants outstanding and the 2,065,357 (2008 – 1,564,077; 2007 – 1,471,500) stock options outstanding as the inclusion of these amounts would be anti-dilutive.

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

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

(j) Future income taxes

Future income taxes are recorded using the asset and liability method. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment or enactment occurs. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

(k) Comprehensive income - Section 1530

This section establishes standards for reporting and presentation of comprehensive income, which is comprised of net earnings or loss and other comprehensive income. Other comprehensive income represents the change in net equity for the period that arises from unrealized gains and losses on available-for-sale financial instruments, and changes in the fair market value of derivative instruments designated as cash flow hedges. Amounts included in other comprehensive income are shown net of tax. Cumulative changes in other comprehensive income are included in accumulated other comprehensive income which is presented (if applicable) as a new category in shareholders' equity. The Company did not have any transactions during the year ended January 31, 2009 that give rise to other comprehensive income, and therefore has no balance of other accumulated other comprehensive income.

3. FINANCIAL INSTRUMENTS

Financial instruments - Recognition and Measurement - Section 3855
This section establishes standards for the recognition, measurement disclosure and presentation of financial instruments. Under the new standard, financial assets and liabilities are initially recognized at fair value and are subsequently measured based on their classification as held-for-trading, held-to-maturity, loans and receivables, available-for-sale, or other financial liabilities, as described below:

(a) Held-for-trading
Financial assets and financial liabilities that are purchased and incurred with the intention of generating profits in the near term are classified as held-for-trading. Any financial instrument can be designated as held for trading as long as its fair value can be reliably measured. These instruments are measured at fair value with subsequent changes in fair value included in earnings.

The company has classified cash and cash equivalents as held-for-trading, which accordingly are carried at their fair values. Held-for-trading assets are not subject to significant credit, foreign exchange or interest rate risk.

(b) Held-to-maturity
Financial assets that have a fixed maturity date and fixed or determinable payments, where the company intends and has the ability to hold the financial asset to maturity are classified as held-to-maturity and measured at amortized cost using the effective interest rate method. Any gains and losses arising from the sale of held-to-maturity financial assets are included in earnings. Currently, the company has no held-to-maturity financial assets.

3. FINANCIAL INSTRUMENTS (cont'd…)

(c) Loans and receivables
Items classified as loans and receivables are measured at amortized cost using the effective interest method. Any gains or losses on the realization of loans and receivables are included in earnings.

The company has classified receivables and deposits, which are accordingly measured at amortized cost. Due to their short-term natures, the fair values of receivables approximate their carrying values, and they are not subject to significant credit or interest rate risk.

(d) Available-for-sale
Available-for-sale assets are those financial assets that are not classified as held-for-trading, held-to-maturity or loans or receivables, and are carried at fair value. Any gains or losses arising from the change in fair value are recorded as other comprehensive income. Available-for-sale securities are written down to fair value through earnings whenever it is necessary to reflect other-than-temporary impairment. Cumulative gains and losses arising upon the sale of the instrument are included in earnings.

The company has classified reclamation deposits as available-for-sale, which are accordingly carried at their fair values. Available-for-sale assets are not subject to significant credit, foreign exchange or interest rate risk

(e) Other financial liabilities
Financial liabilities that are not classified as held-to-maturity are classified as other financial liabilities, and are carried at amortized cost using the effective interest method. Any gains or losses arising from the realization of other financial liabilities are included in earnings.

The company has classified accounts payable and accrued liabilities as other financial instruments, which are accordingly carried at amortized cost. Due to their short-term natures, the fair values of other financial liabilities approximate their carrying values, and they are not subject to significant credit, foreign exchange or interest rate risk.

Risk management
Because the financial instruments are not subject to significant credit, foreign exchange or interest rate risk, the company has not adopted risk management policies.

4. CHANGES IN ACCOUNTING POLICY

During the year ended January 31, 2009, the Company adopted the following new or revised Canadian accounting standards. Prior periods have not been restated. The adoption of these policies had no impact on the opening deficit.

(a) Capital disclosures
Section 1535 “Capital Disclosures” specifies the disclosure of (i) an entity’s objectives, policies and processes for managing capital, (ii) quantitative data about what the entity regards as capital, (iii) whether the entity has complied with any capital requirements, and (iv) if it has not complied, the consequences of such non-compliance.

(Expressed in Canadian Dollars)

4. CHANGE IN ACCOUNTING POLICY (cont'd...)

(b) Financial instrument
Sections 3862 Financial Instruments - Disclosure and Section 3863 Financial Instruments - Presentation". These new sections revise and enhance disclosure requirements and carrying forward unchanged presentation requirements. Increased emphasis is placed on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

(c) Financial instrument - reclassification of financial assets
In October 2008, the AcSB issued amendments to its standards dealing with reclassification of financial assets in response to similar amendments made by the International Accounting Standards Board in the context of the current financial market turmoil. The amendments allow reclassification of financial assets out of the held-for-trading category (measured at fair value with gains and losses recognized immediately in net income) into the available-for-sale or held-to-maturity categories, in "rare circumstances." The latter two categories are subject to impairment testing, but income statement charges for impairment are recognized when impairment is considered "other than temporary." The financial assets that can be reclassified exclude derivatives and financial assets an entity has elected to include in the held-for-trading category. Assets qualifying for reclassification are mainly debt and equity investments that were originally classified as held for trading because they were acquired for the purpose of near-term sale. The amendments apply to reclassifications made on or after July 1, 2008. The Company did not reclassify any financial assets in 2009.

(d) Going Concern
In June 2007, the CICA approved amendments to Handbook Section 1400 "General Standards for Financial Statement Presentation". The standard outlines specific requirements for assessing and disclosing an entity's ability to continue as a going concern. Although the revised standard is not expected to impact the Company's net earnings or financial position, there may be different and additional disclosure surrounding the Company's going concern disclosure.

5. MINERAL PROPERTY INTERESTS

Title to mineral property interests 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 claims. The Company has investigated title to all of its mineral property interests and, to the best of its knowledge, title to all of its interests are in good standing. The mineral property interests in which the Company has committed to earn an interest are located in Canada.

Morrison claims, Canada	2009	2008
Balance, beginning and end of year	$ 4,832,500	$ 4,832,500

5. MINERAL PROPERTY INTERESTS (cont'd…)

Morrison claims

On April 19, 2004, the Company and Noranda Mining and Exploration Inc, “Noranda" (which was subsequently acquired by Falconbridge Limited, "Falconbridge", which was subsequently acquired by Xstrata LLP, "Xstrata”) signed an agreement whereby Noranda agreed to sell its remaining 50% interest to the Company such that the Company would have a 100% interest in the Morrison claims. In order to obtain the remaining 50% interest, the Company agreed to:

i) on or before June 19, 2004, pay $1,000,000 (paid to Noranda), issue 250,000 common shares (issued to Noranda) and issue 250,000 share purchase warrants exercisable at $4.05 per share until June 5, 2006 (issued to Noranda);

ii) pay $1,000,000 on or before October 19, 2005 (paid to Falconbridge);

iii) pay $1,500,000 on or before April 19, 2007 (paid to Falconbridge); and

iv) issue 250,000 common shares on or before commencement of commercial production.

In the event the trading price of the Company’s common shares is below $4.00 per share, the Company is obligated to pay, in cash, the difference between $1,000,000 and the average trading price which is less than $4.00 per share multiplied by 250,000 common shares.

The Company agreed to execute a re-transfer of its 100% interest to Falconbridge if the Company fails to comply with the terms of the agreement. This re-transfer is held by a mutually acceptable third party until the final issue of shares has been made.

The Company has also acquired a 100% interest in certain mineral claims adjacent to the Morrison claims, subject to 1.5% NSR royalty.

On January 7, 2005, the Company signed an agreement to acquire an option for a 100% interest in additional claims in the Omineca District of B.C. As consideration, the Company issued 45,000 common shares at a value of $180,000.

Hearne Hill claims

The Company held a 100% interest in the Hearne Hill claims located in the Omineca District of the Province of British Columbia (“B.C.”). During the year ended January 31, 2006, management decided not to continue with the Hearne Hill claims and wrote off the property to operations. The Hearne Hill claims were subject to a legal claim, which has been settled (Note 16).

Copper claims

The Company holds a 100% interest in certain mineral claims located in the Granisle area of B.C., subject to a 3% NSR royalty. These claims are located near the Morrison claims. The Company has met its requirements to maintain its recorded interest in the mineral claims with the Province of B.C. until 2016 and there are no other payments required until that year. During the year ended January 31, 2005, management decided not to continue with these claims and therefore, the amounts were written-off to operations.

(Expressed in Canadian Dollars)

5. MINERAL PROPERTY INTERESTS (cont'd…)

CUB claims

The Company holds a 100% interest in certain mineral claims located in the Granisle area of B.C., subject to a 3% NSR royalty. These claims are located near the Morrison claims. The Company has met its requirements to maintain its recorded interest in the mineral claims with the Province of B.C. until 2016 and there are no other payments required until that year. During the year ended January 31, 2005, management decided not to continue with these claims and therefore, the amounts were written-off to operations.

6. DEFERRED EXPLORATION COSTS

Morrison claims, Canada	2009	2008
Balance, beginning of year	$ 12,792,612	$ 9,445,857
Deferred exploration costs		
Additions		
Amortization	1,692	2,418
Geological and geophysical	246	-
Staking	192	10,065
Supplies and camp	18,000	18,000
Community consultation		
Geological and geophysical	463	166
Promotion and education	2,653	10,669
Sub-contracts and labour	58,877	14,210
Supplies and general	57	-
Travel	3,287	11,566
Environmental		
Assays	13,426	64,212
Geological and geophysical	521,485	149,681
Promotion and education	920	399
Sub-contracts and labour	126,013	65,477
Supplies and general	10,225	11,628
Travel	1,285	1,057
Marketing Factors		
Sub-contracts and labour	3,900	9,100
Supplies and general	4,242	-
Metallurgical		
Assays	-	6,361
Geological and geophysical	132,746	470,094
Sub-contracts and labour	4,800	14,250
Supplies and general	-	561
Travel	188	2,458
Scoping/Feasibility study		
Assays	300	58,463
Drilling	190,090	362,504
Geological and geophysical	3,155,307	1,695,779
Sub-contracts and labour	312,891	112,991
Sub-contracts and labour-related parties	120,099	107,000
Supplies and general	71,014	105,445
Travel	59,420	42,201
Total deferred exploration costs for the year	$ 4,813,818	$ 3,346,755
Balance, end of year	$ 17,606,430	$ 12,792,612

(Expressed in Canadian Dollars)

7. EQUIPMENT, VEHICLES AND FURNITURE

	Cost	Accumulated Amortization	Net Book Value
January 31, 2009			
Trailers	$ 25,000	$ 24,794	$ 206
Automobile	12,840	9,096	3,744
Office furniture and equipment	50,528	40,030	10,498
Computer equipment	66,448	53,391	13,057
	$ 154,816	$ 127,311	$ 27,505

	Cost	Accumulated Amortization	Net Book Value
January 31, 2008			
Trailers	$ 25,000	$ 24,706	$ 294
Automobile	12,840	7,492	5,348
Office furniture and equipment	50,528	37,406	13,122
Computer equipment	62,074	45,045	17,029
	$ 150,442	$ 114,649	$ 35,793

(Expressed in Canadian Dollars)

8. CAPITAL STOCK AND CONTRIBUTED SURPLUS

Capital Stock and contributed surplus transactions are summarized as follows:

	Number of Shares	Capital Stock Amount	Share Subscriptions Received In Advance	Contributed Surplus	Deficit	Total
Balance, January 31, 2006	6,802,239	23,482,104	280,000	630,671	(13,738,189)	10,654,586
Private placements	1,470,200	6,380,800	(280,000)	-	-	6,100,800
Exercise of stock options	12,000	60,000	-	-	-	60,000
Exercise of warrants	526,500	2,157,425	-	-	-	2,157,425
Stock-based compensation	-	-	-	587,478	-	587,478
Loss for the year	-	-	-	-	(1,365,664)	(1,365,664)
Balance, January 31, 2007	8,810,939	32,080,329	-	1,218,149	(15,103,853)	18,194,625
Exercise of stock options	366,750	1,771,738	-	-	-	1,771,738
Exercise of warrants	926,150	3,845,050	-	-	-	3,845,050
Stock-based compensation	-	97,897	-	1,150,273	-	1,248,170
Loss for the year	-	-	-	-	(2,221,907)	(2,221,907)
Balance, January 31, 2008	10,103,839	37,795,014	-	2,368,422	(17,325,760)	22,837,676
Exercise of stock options	101,250	406,562	-	-	-	406,562
Exercise of warrants	1,195,200	5,976,150	-	-	-	5,976,150
Stock-based compensation	-	80,359	-	1,657,766	-	1,738,125
Loss for the year	-	-	-	-	(2,229,730)	(2,229,730)
Balance, January 31, 2009	11,400,289	$ 44,258,085	$ -	$ 4,026,188	$ (19,555,490)	$ 28,728,783

Stock options

During the fiscal year ended January 31, 2004, the Company adopted a fixed stock option plan whereby the Company can reserve approximately 20% of its outstanding shares for issuance to officers and directors, employees and consultants. 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. These options can be granted for a maximum term of 5 years, and are subject to a vesting provision whereby 12.5% are exercisable on the date of the grant and 12.5% become exercisable every three months thereafter. All options will be vested after twenty one months.

(Expressed in Canadian Dollars)

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

Stock options (cont'd...)

Stock option transactions are summarized as follows:

	2009		2008		2007	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	1,564,077	$ 6.60	1,471,500	$ 4.70	1,113,000	$ 4.24
Granted	617,530	7.81	471,827	11.15	421,000	5.90
Cancelled	(15,000)	7.17	(5,000)	11.00	(50,500)	4.43
Exercised	(101,250)	4.02	(366,750)	4.83	(12,000)	5.00
Expired	-	-	(7,500)	3.87	-	-
Outstanding, end of year	2,065,357	$ 7.08	1,564,077	$ 6.60	1,471,500	$ 4.70
Options exercisable, end of year	1,621,672	$ 6.77	1,207,810	$ 5.52	1,080,250	$ 4.46
Weighted average fair value per option granted		$ 2.87		$ 3.99		$ 2.29
Weighted average remaining life of outstanding options granted in years		2.92		3.26		3.07

The following stock options were outstanding at January 31, 2009:

Number of Options Outstanding	Number Currently Exercisable	Exercise Price	Expiry Date
240,000	240,000	3.87	October 13, 2009
360,000	360,000	4.00	October 4, 2010
90,000	90,000	6.20	April 20, 2011
196,000	196,000	5.25	June 27, 2011
100,000	100,000	7.00	November 29, 2011
330,000	288,750	11.00	July 3, 2012
131,827	115,348	11.55	July 30, 2012
617,530	231,574	7.81	June 23, 2013

(Expressed in Canadian Dollars)

8. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd…)

Stock-based compensation

The fair value of stock options granted during the year ended January 31, 2009 was $1,773,986 (2008 – $1,820,701; 2007 – $965,615) which will be recognized as stock-based compensation over their vesting periods.

Total stock-based compensation recognized during the year ended January 31, 2009 was $1,738,125 (2008 – $1,248,170; 2007 – $587,478) which has been recorded in the statements of operations as stock-based compensation with corresponding contributed surplus recorded in shareholders' equity.

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

	2009	2008	2007
Risk-free interest rate	3.35%	4.64%	4.30%
Expected life of options	3 years	3 years	3 years
Annualized volatility	49.88%	42.96%	50.39%
Dividends	0.00%	0.00%	0.00%

Warrants

Warrant transactions are summarized as follows:

	2009		2008		2007	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	1,286,500	$ 5.07	2,212,650	$ 4.69	1,595,980	$ 4.12
Issued	-	-	-	-	1,470,200	5.01
Exercised	(1,195,200)	5.00	(926,150)	4.15	(526,500)	4.10
Expired	(91,300)	6.00	-	-	(327,030)	4.31
Outstanding, end of year	0	$ -	1,286,500	$ 5.07	2,212,650	$ 4.69

No share purchase warrants were outstanding and exercisable at January 31, 2009.

(Expressed in Canadian Dollars)

9. RELATED PARTY TRANSACTIONS AND AMOUNTS OWING TO

The Company entered into the following transactions with related parties:

		2009		2008		2007	
Paid to a:		Amounts paid or payable	Owed at year end	Amounts paid or payable	Owed at year end	Amounts paid or payable	Owed at year end
director for investor relations		$ 129,371	$ 6,482	$ 227,153	$ 5,702	$ 125,624	$ 6,232
director for investor relations		132,000	14,356	182,000	14,579	120,500	9,024
director for consulting services	(a)	88,500	4,366	78,000	3,412	77,050	-
spouse of a director	(b)	28,281	1,363	26,130	1,154	19,604	1,006
officer of the company	(c)	29,873	1,787	28,305	2,174	29,205	1,137
owed to a director for expenses		-	-	-	641	-	2,052
former director for consulting	(d)	-	-	-	-	23,000	23,000
		$ 408,025	$ 28,354	$ 541,588	$ 27,662	$ 394,983	$ 42,451

a) for project management services which have been capitalized to subcontracts on the Morrison claims
b) for administrative assistant services which have been capitalized to subcontracts on the Morrison claims.
c) for accounting and management services.
d) for general consulting services in relation to activities not related to exploration

These transactions were in the normal course of operations and were measured at the exchange value which represented the amount of consideration established and agreed to by the related parties unless otherwise noted. The amounts owing are non-interest bearing, unsecured and have no fixed terms of repayment.

10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash transactions for the year ended January 31, 2009 were as follows:

a) The Company recorded $901,955 of deferred exploration expense as accounts payable and $5,363 of deferred exploration expense as owing to related parties.

b) The Company recorded $1,692 of amortization expense on property and equipment as deferred exploration costs.

The significant non-cash transactions for the year ended January 31, 2008 were as follows:

a) The Company recorded $325,812 of deferred exploration expense as accounts payable and $5,671 of deferred exploration expense as owing to related parties.

b) The Company recorded $2,418 of amortization expense on property and equipment as deferred exploration costs.

(Expressed in Canadian Dollars)

10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS (cont'd...)

The significant non-cash transactions for the year ended January 31, 2007 were as follows:

a) The Company completed a private placement of 970,200 units for total proceeds of $3,880,800, of which $280,000 was received prior to January 31, 2006.

b) The Company recorded $186,063 of deferred exploration expense as accounts payable and $1,935 of deferred exploration expense as owing to related parties.

c) The Company expended exploration advances of $89,013 to deferred exploration costs.

d) The Company recorded $3,455 of amortization expense on property and equipment as deferred exploration costs.

11. INCOME TAXES

A reconciliation of income tax recovery at statutory rates (2009:30.9%; 2008:34.1%; 2007:34.1%) with the reported income tax recovery is as follows:

	2009	2008	2007
Loss for the year	$ (2,229,730)	$ (2,221,907)	$ (1,365,664)
Expected income tax (recovery)	$ (688,987)	$ (757,670)	$ (465,691)
Non-deductible items	541,314	425,626	183,280
Unrecognized benefit of non-capital losses and temporary differences	147,673	332,044	282,411
Total income tax recovery	$ -	$ -	$ -

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

	2009	2008
Future income tax assets:		
Property and equipment	$ 38,000	$ 46,000
Mineral property interests and deferred exploration costs	1,792,000	2,351,000
Non-capital losses carried forward	1,046,000	1,305,000
	2,876,000	3,702,000
Valuation allowance	(2,876,000)	(3,702,000)
Net future income tax assets	$ -	$ -

(Expressed in Canadian Dollars)

11. INCOME TAXES (cont'd...)

The Company has non-capital losses of approximately $4,025,000 available for deduction against future taxable income. These losses, if not utilized will expire in years up to 2029 (see table following). Future tax benefits which may arise as a result of these non-capital losses and other tax assets have not been recognized in these financial statements and have been offset by a valuation allowance.

2010	$ 446,886
2011	315,101
2015	438,676
2016	605,469
2027	808,472
2028	942,980
2029	466,936
Total	$ 4,024,520

12. COMMITMENT

The Company has entered into an operating lease agreement for office premises. The annual lease commitment under the lease is as follows:

2010	$ 74,295
2011	57,933
Total	$ 132,228

The Company has entered into an operating lease agreement for a vehicle. The annual lease commitment under the lease is as follows:

2010	$ 9,710
Total	$ 9,710

13. SEGMENTED INFORMATION

All of the Company's operations are within the mining sector. The Company's mining operations are centralized whereby the Company's head office is responsible for the exploration results and to provide support in addressing local and regional issues. As at January 31, 2009 and 2008, the Company's assets are all located in Canada (Notes 5 and 7).

14. Financial instruments and financial risk management

The Company's financial instruments include cash and cash equivalents, receivables and deposits, and accounts payable and accrued liabilities and reclamation deposits. The carrying values of these financial instruments approximate their fair values due to their relatively short periods to maturity.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities. The Company has exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments.

This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing these risks. Further quantitative disclosures are included throughout these financial statements. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has implemented and monitors compliance with risk management policies.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's accounts receivable primarily relates to Goods and Services Tax input tax credits and accrued interest. Accordingly, the Company views credit risk on accounts receivable as minimal.

(b) Liquidity risk

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation.

The Company anticipates it will have adequate liquidity to fund its financial liabilities through cash on hand and future equity contributions.

As at January 31, 2009, the Company's financial liabilities were comprised of accounts payable and accrued liabilities which have a maturity of less than one year.

(c) Market risk

Market risk consists of currency risk, commodity price risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

(i) Currency risk--Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. Although the Company is considered to be in the exploration stage and has not yet developed commercial mineral interests, the underlying market prices in Canada for minerals are impacted by changes in the exchange rate between the Canadian and United States dollar. As most of the Company's transactions are denominated in Canadian dollars, the Company is not exposed to foreign currency exchange risk at this time.

14. Financial instruments and financial risk management (cont'd…)

(c) Market risk (cont'd…)

(ii) Commodity price risk--Commodity price risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for minerals are impacted by world economic events that dictate the levels of supply and demand as well as the relationship between the Canadian and United States dollar, as outlined above. As the Company has not yet developed commercial mineral interests, it is not exposed to commodity price risk at this time.

(iii) Interest rate risk--Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. As the Company has no debt or interest-earning investments, it is not exposed to interest rate risk at this time.

15. Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to pursue the development of its mineral properties. Therefore, the Company monitors the level of risk incurred in its mineral property expenditures relative to its capital structure.

The Company considers its capital structure to include working capital and shareholders' equity. The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to facilitate the management of capital and the development of its mineral properties, the Company monitors expenditures on a monthly basis which are reviewed and periodically approved by the Company's Board of Directors.

To maintain or adjust the capital structure, the Company may issue new equity if available on favorable terms, option its mineral properties for cash and/or expenditure commitments from optionees, enter into joint venture arrangements, or dispose of mineral properties.

The Company's investment policy is to hold cash in interest bearing bank accounts and highly liquid short-term interest bearing investments with maturities of one year or less which can be liquidated at any time without penalties.

The Company is not subject to externally imposed capital requirements. There has been no change in the Company's approach to capital management during the year ended January 31, 2009

(Expressed in Canadian Dollars)

16. CONTINGENCY

During the fiscal year ended January 31, 2007, an optionor of the Hearne Hill property (Note 5) which adjoins the Company's Morrison property had filed a Writ of Summons and Statement of Claim against the Company in respect to the option agreement on the Hearne Hill property, which it alleged was of no further force and effect and sought the return of the Hearne Hill property and the area of interest around the Hearne Hill claims. The Writ of Summons and Statement of Claim also included a claim for the return of the Morrison property. The Company had accrued a total of $200,000 as payable in regards to Hearne Hill. During the current fiscal year, the Company was advised that the application by the optionors of the Hearne Hill property to include the company's Morrison property as part of their claim has been dismissed by the Supreme Court of British Columbia. The ultimate liability, if any, arising from this claim has been reversed and a recovery has been recorded on the statement of operations.

17. SUBSEQUENT EVENTS

Subsequent to year end, the Company has not issued any common shares or announced any private placements.

18. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

These financial statements have been prepared in accordance with Canadian GAAP. Material variations in the accounting principles, practices and methods used in preparing these financial statements from principles, practices and methods accepted in the United States ("United States GAAP") are described and quantified below.

Balance sheets

The impact of the differences between Canadian GAAP and United States GAAP on the balance sheets would be as follows:

	2009			2008		
	Balance, Canadian GAAP	Adjustments	Balance, United States GAAP	Balance, Canadian GAAP	Adjustments	Balance, United States GAAP
Current assets	$ 7,181,035	$ -	$ 7,181,035	$ 5,675,798	$ -	$ 5,675,798
Mineral property interests	4,832,500	(140,000)	4,692,500	4,832,500	(140,000)	4,692,500
Deferred exploration costs	17,606,430	(17,606,430)	-	12,792,612	(12,792,612)	-
Property and equipment	27,505	-	27,505	35,793	-	35,793
Reclamation deposits	118,600	-	118,600	118,600	-	118,600
	$ 29,766,070	$ (17,746,430)	$ 12,019,640	$ 23,455,303	$ (12,932,612)	$ 10,522,691
Current liabilities	$ 1,037,287	$ -	$ 1,037,287	$ 617,627	$ -	$ 617,627
Shareholders' equity	28,728,783	(17,746,430)	10,982,353	22,837,676	(12,932,612)	9,905,064
	$ 29,766,070	$ (17,746,430)	$ 12,019,640	$ 23,455,303	$ (12,932,612)	$ 10,522,691

(Expressed in Canadian Dollars)

18. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (cont'd...)

Statements of operations

The impact of the differences between Canadian GAAP and United States GAAP on the statements of operations would be as follows:

	2009	2008	2007
Loss for the year, Canadian GAAP	$ (2,229,730)	$ (2,221,907)	$ (1,365,664)
Adjustments:			
Mineral property interests	-	-	-
Deferred exploration costs	(4,813,818)	(3,346,755)	(2,308,174)
Loss for the year, United States GAAP	$ (7,043,548)	$ (5,568,662)	$ (3,673,838)
Basic and diluted loss per common share, United States GAAP	$ (0.64)	$ (0.59)	$ (0.45)
Weighted average number of common shares outstanding, United States GAAP	11,025,478	9,496,503	8,142,907

Statements of cash flows

The impact of the differences between Canadian GAAP and United States GAAP on the statements of cash flows would be as follows:

	2009	2008	2007
Net cash used in operating activities,			
Canadian GAAP	$ (614,664)	$ (872,140)	$ (992,627)
Amortization	1,692	2,418	3,455
Mineral property interests and deferred exploration costs (net of recovery)	(4,237,983)	(3,203,270)	(2,374,517)
Exploration advances	-	-	89,013
Net cash used in operating activities, United States GAAP	(4,850,955)	(4,072,992)	(3,274,676)
Net cash provided by financing activities, Canadian GAAP and United States GAAP	6,382,712	5,616,788	6,868,225

- Continued -

(Expressed in Canadian Dollars)

18. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (cont'd...)

Statements of cash flows (cont'd...)

	2009	2008	2007
Continued...			
Net cash used in investing activities, Canadian GAAP	(4,240,665)	(3,204,399)	(2,300,297)
Mineral property interests and deferred exploration costs (net of recovery)	4,236,291	3,200,852	2,282,049
Exploration advances	-	-	-
Net cash used in investing activities, United States GAAP	(4,374)	(3,547)	(18,248)
Change in cash during the year	1,527,383	1,540,249	3,575,301
Cash, beginning of year	5,500,296	3,960,047	384,746
Cash, end of year	$ 7,027,679	$ 5,500,296	$ 3,960,047

Mineral property interests and deferred exploration costs

Under Canadian GAAP, mineral property interests and deferred exploration costs, including acquisition and exploration costs, are carried at cost and written down if the properties are abandoned, sold or if management determines there to be an impairment in value. Under United States GAAP, deferred exploration costs are expensed as incurred. The Company also considers the provisions of EITF 04-02 "Whether Mineral Rights are Tangible or Intangible Assets" which concluded that mineral rights are tangible assets. Accordingly, the Company capitalizes certain costs related to the acquisition of mineral rights. Once a final feasibility study has been completed, additional costs incurred to bring the mine into production are capitalized as development costs. Costs incurred to access ore bodies identified in the current mining plan after production has commenced are considered production costs and are expensed as incurred. Costs incurred to extend production beyond those areas identified in the mining plan where additional reserves have been established are deferred as development costs until the incremental reserves are produced. Capitalized costs are amortized using the unit-of-production method over the estimated life of the ore body based on proven and probable reserves.

Stock-based compensation

Under United States GAAP, effective February 1, 2006, the Company adopted SFAS No. 123 (revised), "Share-Based Payment" ("SFAS 123(R)") utilizing the modified prospective approach. The impact of adoption of the standard did not materially affect the Company's financial position, results of operations, or cash flows because the Company adopted the fair value method of accounting for stock options prescribed by SFAS 123, "Accounting for Stock-Based Compensation" on February 1, 2003. The Company's results for the year ended January 31, 2007 were not significantly affected as a result of adopting SFAS 123(R) on February 1, 2006.

Under Canadian GAAP, the Company accounts for stock-based compensation using the fair value method as disclosed in Note 2. Accordingly, there is no difference between Canadian GAAP and United States GAAP in the accounting for stock-based compensation for the years ended January 31, 2009, 2008 and 2007.

18. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (cont'd...)

Amortization of property equipment, vehicles and furniture

Under Canadian GAAP, the Company capitalizes the depreciation on fixed assets purchased for exploration work as part of the deferred exploration expenditures. As this is a non-cash item, it is excluded from the cash flow in regards to the Investing activities. Under United States GAAP, deferred exploration costs are expensed as incurred and therefore, the amortization on the property equipment, vehicles and furniture is shown as an operating activity, not an investing activity.

The Fair Value Option for Financial Assets and Financial Liabilities

In February 2007, the FASB issued FAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities – Including an amendment of FASB Statement No. 115", ("FAS 159") which permits entities to choose to measure many financial instruments and certain other items at fair value at specified election dates. A business entity is required to report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date.
This statement is expected to expand the use of fair value measurement. FAS 159 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years, and is applicable beginning in the first quarter of 2008. The Company is currently evaluating the impact that FAS 159 will have on its financial statements.

19. NEW ACCOUNTING PRONOUNCEMENTS

Canadian pronouncements

Convergence with International Financial Reporting Standards
In January 2006, the CICA Accounting Standards Board ("AcSB") adopted a strategic plan for the direction of accounting standards in Canada and the expected convergence with International Financial Reporting Standards ("IFRS") by the end of 2011. On February 13, 2008 the Canadian Accounting Standards Board confirmed 2011 as the official changeover date for publicly listed Canadian companies to start using International Financial Reporting Standards (IFRS). The transition will affect interim and annual financial statements relating to years beginning on or after January 1, 2011. The impact of the transition to IFRS on the Company's consolidated financial statements has not yet been determined.

Goodwill and Intangible Assets
The CICA Issued Handbook Section 3064, "Goodwill and Intangible Assets", which will replace Section 3062, "Goodwill and Other Intangible Assets". The new standard establishes revised standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The new standard also provides guidance for the treatment of pre-production and start-up costs and requires that these costs be expensed as incurred. The new standard applies to annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008. Management is currently assessing the impact of this new accounting standard on its financial statements.

19. NEW ACCOUNTING PRONOUNCEMENTS (cont'd...)

United States pronouncements

(i) In February 2008, the FASB issued FASB Staff Position No. FAS 157-2, "Effective Date of FASB Statement No. 157" ("FSP 157-2"), to partially defer FASB Statement No. 157, "Fair Value Measurements" ("FAS 157"). FSP 157-2 defers the effective date of FAS 157 for nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually), to fiscal years, and interim periods within those fiscal years, beginning after November 15, 2008. We are currently evaluating the impact of adopting the provisions of FAS 157 as it relates to non-financial assets and liabilities.

(ii) In April 2008, the FASB issued FASB Staff Position ("FSP") FAS 142-3, "Determination of Useful Life of Intangible Assets" ("FSP FAS 142-3"). FSP FAS 142-3 amends the factors that should be considered in developing the renewal or extension assumptions used to determine the useful life of a recognized intangible asset under FAS 142, "Goodwill and Other Intangible Assets." FSP FAS 142-3 also requires expanded disclosure related to the determination of intangible asset useful lives. FSP FAS 142-3 is effective for fiscal years beginning after December 15, 2008. Earlier adoption is not permitted. We are currently evaluating the potential impact the adoption of FAS FSP 142-3 will have on our financial statements.

(iii) In June 2008, the FASB ratified FSP No. EITF 03-6-1, "Determining Whether Instruments Granted in Share-Based Payment Transactions are Participating Securities" (FSP No. EITF 03-6-1), which addresses whether instruments granted in share-based payment awards are participating securities prior to vesting and, therefore, must be included in the earnings allocation in calculating earnings per share under the two-class method described in SFAS No. 128, "Earnings per Share" (SFAS No. 128). FSP No. EITF 03-6-1 requires that unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend-equivalents be treated as participating securities in calculating earnings per share. FSP No. EITF 03-6-1 is effective for fiscal years beginning after December 15, 2008, and shall be applied retrospectively to all prior periods. We are currently evaluating the effects, if any that FSP No. EITF 03-6-1 may have on earnings per share.

The adoption of these new pronouncements are not expected to have a material effect on the Company's financial position or results of operations.