



ROSS RIVER MINERALS INC.

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2008

AMENDED SEPTEMBER 16, 2009



AUDITORS' REPORT

To the Shareholders of Ross River Minerals Inc.:

We have audited the consolidated balance sheets of Ross River Minerals Inc. as at December 31, 2008 and 2007 and the consolidated statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit 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 December 31, 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.

Vancouver, Canada
September 10, 2009.

"Fernandez and Young LLP"
Certified General Accountants

ROSS RIVER MINERALS INC.
CONSOLIDATED BALANCE SHEETS
AS AT DECEMBER 31

	2008	2007
ASSETS		
Current		
Cash	\$ 626	\$ 2,674
Receivables	9,139	21,428
Prepaid expenses	<u>5,000</u>	<u>6,000</u>
	14,765	30,102
Mineral properties (Note 5)	<u>7,175,022</u>	<u>7,052,712</u>
	<u>\$ 7,189,787</u>	<u>\$ 7,082,814</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 234,425	\$ 179,533
Convertible loan to related party (Note 7)	241,008	216,950
Demand loan payable (Note 8)	-	32,622
Due to related parties (Note 6)	<u>656,646</u>	<u>310,265</u>
	<u>1,132,079</u>	<u>739,370</u>
Shareholders' equity		
Capital stock (Note 9)	9,504,109	9,324,109
Contributed surplus (Note 9)	1,727,884	1,682,131
Share subscriptions (Note 9)	139,000	120,000
Equity component of convertible loan (Note 7)	28,108	15,206
Deficit	<u>(5,341,393)</u>	<u>(4,798,002)</u>
	<u>6,057,708</u>	<u>6,343,444</u>
	<u>\$ 7,189,787</u>	<u>\$ 7,082,814</u>

Nature and continuance of operations (Note 1)

Commitment (Note 12)

Contingency (Note 15)

Subsequent event (Note 16)

On behalf of the Board:

"Marcus N. Foster"

Director

"Robert Jamieson"

Director

The accompanying notes are an integral part of these Amended Consolidated Financial Statements.

ROSS RIVER MINERALS INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
YEAR ENDED DECEMBER 31

	2008	2007
GENERAL AND ADMINISTRATIVE EXPENSES		
Accounting and audit	\$ 75,894	\$ 81,176
Administration fees	12,922	18,538
Amortization	-	11,001
Interest and accretion	61,846	48,114
Foreign exchange gain	(5,431)	(17,356)
Legal	62,076	23,301
Management fees	150,000	144,000
Rent	41,204	39,000
Salaries and consulting fees	24,420	65,645
Stock-based compensation (Note 9)	44,533	58,875
Shareholder communications and regulatory fees	30,404	97,445
Travel and entertainment	<u>3,531</u>	<u>15,742</u>
	<u>(501,399)</u>	<u>(585,481)</u>
OTHER ITEMS		
Interest income	-	16
Allowance for doubtful collection	<u>(41,992)</u>	<u>(53,753)</u>
	<u>(41,992)</u>	<u>(53,737)</u>
Loss and comprehensive loss for the year	\$ (543,391)	\$ (639,218)
Deficit, beginning of year	(4,798,002)	(4,158,784)
Loss for the year	<u>(543,391)</u>	<u>(639,218)</u>
Deficit, end of year	\$ (5,341,393)	\$ (4,798,002)
Basic and diluted loss per common share	\$ (0.01)	\$ (0.02)
Weighted average number of common shares outstanding	45,268,825	41,026,121

The accompanying notes are an integral part of these Amended Consolidated Financial Statements.

ROSS RIVER MINERALS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	\$ (543,391)	\$ (639,218)
Items not affecting cash:		
Accrued interest and accretion	61,846	48,114
Amortization	-	11,001
Stock-based compensation	44,533	58,875
Allowance for doubtful collection	41,992	53,753
Changes in non-cash working capital items:		
Decrease (increase) in receivables	(29,703)	(54,198)
Decrease in prepaid expenses	1,000	500
Increase (decrease) in accounts payable and accrued liabilities	<u>209,955</u>	<u>(152,685)</u>
Net cash used in operating activities	<u>(213,768)</u>	<u>(673,858)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Demand loan	-	30,000
Cash advances from related party	120,150	118,600
Repayments to related party	(32,000)	(2,001)
Share subscriptions	19,000	120,000
Proceeds from issuance of capital stock	160,000	715,800
Capital stock issuance costs	<u>-</u>	<u>(18,097)</u>
Net cash provided by financing activities	<u>267,150</u>	<u>964,302</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Mineral properties	(55,430)	(291,098)
Yukon Exploration Tax Credit receivable	<u>-</u>	<u>1,145</u>
Net cash used in investing activities	<u>(55,430)</u>	<u>(289,953)</u>
Change in cash during the year	(2,048)	491
Cash, beginning of year	<u>2,674</u>	<u>2,183</u>
Cash, end of year	<u>\$ 626</u>	<u>\$ 2,674</u>

Supplemental disclosure with respect to cash flows (Note 11)

The accompanying notes are an integral part of these Amended Consolidated Financial Statements.

ROSS RIVER MINERALS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008

1. NATURE AND CONTINUANCE OF OPERATIONS

Ross River Minerals Inc. (the "Company") was incorporated on June 12, 1996 under the laws of the Province of British Columbia as 521844 B.C. Ltd. The Company changed its name to Ross River Minerals Inc. and completed a reverse take-over on May 22, 2002 whereby the former shareholders of Ross River Gold Ltd. acquired control of the Company through a share-for-share exchange. The Company is listed for trading on the TSX Venture Exchange.

At the date of these consolidated financial statements, the Company has not identified a known body of commercial grade mineral on any of its properties. The ability of the Company to realize the costs it has incurred to date on these properties is dependent upon the Company identifying a commercial mineral body, to finance its development costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the property. To date, the Company has not earned significant revenues and is considered to be in the exploration stage.

These consolidated financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since inception and the ability of the Company to continue as a going-concern depends upon its ability to raise adequate financing and to develop profitable operations to continue. Management is actively targeting sources of additional financing through alliances with financial, exploration and mining entities, and other business and financial transactions which would assure continuation of the Company's operations and exploration programs. The Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

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 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 in these financial statements.

The financial statements do not include any adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

	2008	2007
Working capital deficiency	\$ (1,117,314)	\$ (709,268)
Deficit	\$ (5,341,393)	\$ (4,798,002)

2. SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements, in accordance with Canadian Generally Accepted Accounting Principles, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the year. Actual results could differ from these estimates.

Significant accounts that require estimates as the basis for determining the stated amounts include receivables, mineral properties, stock-based compensation, allowance for doubtful collection, convertible loan, future income tax assets and foreign currency transactions.

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

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries located in Canada and Mexico. All inter-company transactions and accounts have been eliminated upon consolidation.

Equipment

Equipment is recorded at cost less accumulated amortization. Amortization is provided annually over the estimated useful life using the following methods:

Computer hardware	2 years straight line
Computer software	1 year straight line
Office furniture and equipment	4 years straight line

Mineral properties

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 amounts shown for mineral properties do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing and permitting to complete the development of the properties, and future profitable production from the disposition of the metals produced from the properties.

Asset retirement obligations

An asset retirement obligation is a legal obligation associated with the retirement of tangible long-lived assets that the Company is required to settle. This would include obligations related to the future removal of property and equipment, and site restoration costs. The Company recognizes the fair value of the liability for an asset retirement obligation in the year in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability. The Company does not have any significant asset retirement obligations.

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

Foreign currency translation

The accounts of the Company's integrated foreign subsidiary are translated into Canadian dollars using the temporal method. Under this method, monetary assets and liabilities are translated at the rate in effect at the balance sheet date. Non-monetary assets and liabilities and revenues and expenses are translated at historical rates, and revenue and expense items are translated at the rates prevailing on the respective transaction dates. Exchange gains or losses are included in operating results.

Convertible loan

The Company classifies the proceeds received from convertible loans into their liability and equity components using the residual value approach. The carrying amount of the liability component is accreted over the life of the instrument through charges to operations using the effective interest rate method. On conversion into shares, the carrying amount of the equity component and the carrying amount of the liability component are transferred to share capital. In the event that the instrument is settled in cash, this is treated as the extinguishment of the instrument; a gain or loss on extinguishment of the liability component is recognized in the current period operations, while the equity component is applied to contributed surplus.

Stock-based compensation

The Company accounts for all stock-based payments to employees and non-employees using the fair value method and the Black Scholes option pricing model. Compensation costs attributable to stock options are measured at the fair value at the grant date and recognized over the vesting period.

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. For the years presented, this proved to be anti-dilutive.

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

Income taxes

The Company follows the asset and liability method of accounting for income taxes whereby current income taxes are recognized for the estimated income taxes for the period. Future tax assets and liabilities are recognized in the period for temporary differences between the tax and accounting bases of assets and liabilities as well as for the benefit of losses carried forward to future years. Future income tax assets and liabilities are measured using enacted or substantively enacted tax rates and laws expected to apply in the years in which temporary differences are expected to be recovered or settled. The effect of a change in tax rates on future income tax assets and liabilities is recognized in operations in the period that includes the substantive enactment date. A valuation allowance is recognized to the extent it is considered not likely that future income tax assets will be realized.

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

Financial instruments, comprehensive income and hedges

All financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale assets or other financial liabilities. All financial instruments and derivatives are measured in the balance sheet at fair value, except loans and receivables, held-to-maturity investments and other financial liabilities, which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification. Held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income. Available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired.

The Company classified its cash as held for trading which is measured at fair value. Receivables are classified as loans and receivables and accounts payables and accrued liabilities, due to related parties and loan payable are classified as other liabilities, all of which are measured at amortized cost.

3. ADOPTION OF NEW ACCOUNTING STANDARDS

Effective January 1, 2008, the Company adopted the following accounting standards updates issued by the Canadian Institute of Chartered Accountants ("CICA")

i Assessing Going Concern (Section 1400)

The Accounting Standards Board (AcSB) amended Section 1400, to include requirements for the management to assess an entity's ability to continue as a going concern and to disclose material uncertainties related to events or conditions that may cast doubt upon the entity's ability to continue as a going concern. The adoption of this standard did not have a significant impact on our financial statements.

ii Capital Disclosures (Section 1535)

This new pronouncement establishes standards for disclosing information about an entity's capital and how it is managed. Section 1535 also requires the disclosure of externally-imposed capital requirements, whether the entity has complied with them, and if not, the consequences.

iii Financial Instruments – Disclosure (Section 3862) and Presentation (Section 3863)

These new standards require additional disclosures to enable users to evaluate the significance of financial instruments for an entity's financial position and performance. In addition, qualitative and quantitative disclosures are provided to enable users to evaluate the nature and extent of risks arising from financial instruments.

iv Determining whether a contract is routinely denominated in a single currency

This new standard considers 1) how the term "routinely denominated" in Section 3855.A34(d) should be interpreted, and 2) what factors can be used to determine whether a contract for the purchase or sale of a non-financial item such as a commodity is routinely denominated in a particular currency in commercial transactions around the world. The adoption of this standard did not have an impact in our financial statements.

3. ADOPTION OF NEW ACCOUNTING STANDARDS (cont'd...)

International Financial Reporting Standards (“IFRS”)

In 2006, the AcSB published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada’s own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning or after January 1, 2011. The changeover date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

Goodwill and intangible assets

In February 2008, the CICA issued Section 3064, “Goodwill and Intangible Assets”, which replaces Section 3062, “Goodwill and Other Intangible Assets”. This new standard provides guidance on the recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the adoption of this standard, EIC 27, “Revenue and Expenditures in the Pre-operating Period”, will be withdrawn.

The Company does not anticipate the above new accounting standards to have a material impact on the Company’s financial position and results of operations under current operating conditions but could have an impact on the future accounting treatment of expenditures on mineral property development once mineral reserves have been proved or an operating permit received and financing for development obtained.

4. FINANCIAL INSTRUMENTS RISK EXPOSURE AND CAPITAL MANAGEMENT

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include liquidity risk, credit risk, currency risk and interest rate risk. Where material, these risks are reviewed and monitored by the Board of Directors.

a) Capital Management

The Company’s objectives when managing capital are to safeguard the Company’s ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders, and to bring its resource interest projects in Mexico to commercial production.

The Company depends on external financing to fund its activities. The capital structure of the Company currently consists of common shares, stock options and share purchase warrants. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, or sell assets to fund operations. Management reviews its capital management approach on a regular basis. The Company is not subject to externally imposed capital requirements.

4. FINANCIAL INSTRUMENTS RISK EXPOSURE AND CAPITAL MANAGEMENT (cont'd...)

b) Liquidity Risk

All of the Company's liabilities are classified as current and are anticipated to mature within the next fiscal period. The Company intends to settle these with funds from additional financings.

c) Credit Risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and receivables. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions.

The majority of the Company's cash is held with a major Canadian based financial institution. Receivables mainly consist of goods and services tax due from the Federal Government of Canada.

d) Currency Risk

The Company's operations are in Canada and Mexico. The international nature of the Company's operations results in foreign exchange risk as transactions are denominated in foreign currency.

The operating results and the financial position of the Company are reported in Canadian dollars. The fluctuations of the operating currencies in relation to the Canadian dollar will, consequently, have an impact upon the reported results of the Company and may also affect the value of the Company's assets and liabilities.

The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

e) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate price risk due to the fixed interest rates of its convertible debenture and amounts due to related party. Should the market interest rates increase/decrease by 1% over the fixed rates of its loans, the impact would be insignificant.

ROSS RIVER MINERALS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008

5. MINERAL PROPERTIES

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mining properties. The Company has diligently investigated rights of ownership of all of the mineral concessions in which it has an interest and, to the best of its knowledge, all agreements relating to such ownership rights are in good standing. However, the concessions may be subject to prior claims, agreements or transfers and rights of ownership may be affected by undetected defects.

	2008	2007
El Pulpo – Mexico	\$ 5,796,247	\$ 5,700,274
Tay-LP - Yukon	<u>1,378,775</u>	<u>1,352,438</u>
	<u>\$ 7,175,022</u>	<u>\$ 7,052,712</u>

Details on the Company's mineral property costs are provided in the attached consolidated schedules of mineral property costs.

El Pulpo Project- Mexico

- a) By option agreement dated April 10, 2003, the Company had the right to acquire up to a 60% interest in two mineral titles located in the State of Sinaloa, Mexico (the "El Pulpo Project") for the issuance of 425,000 common shares (225,000 shares issued) and exploration expenditures of \$2,000,000 (incurred) by 2008. Additional properties contiguous to the two mineral titles were staked and are subject to the terms of the agreement. On December 21, 2004, the Company entered into an agreement to acquire 100% of the right, title and interest in the El Pulpo mineral titles and accordingly, the original option agreement terminated. Terms of the agreement require the issuance of 2,200,000 common shares (issued in fiscal 2005). If exploration expenditures exceed US\$10,000,000, the Company will issue a further 1,000,000 common shares to the optionor. If a positive bankable feasibility study recommends commercial production on any part of the property, the Company will issue a further 1,000,000 common shares and the optionor retains a 2% NSR royalty which may be reduced to 1% for consideration equal to the fair market value as determined by an internationally recognized engineering firm mutually acceptable to both parties.
- b) By agreement dated June 3, 2004, the Company acquired a 100% interest in one mineral title for US\$10,000 and the issuance of 15,000 common shares. The vendor retains a 1% NSR royalty which may be purchased for US\$300,000.
- c) By an option agreement dated February 16, 2005, the Company had an option to acquire a 100% interest in two mineral titles for a total of US\$130,000 by making payments as follows:
 - i. US\$16,000 upon execution of the agreement (paid);
 - ii. US\$1,500 payable monthly by the 15th of the month (paid US\$44,000 in total to date);
 - iii. The balance to be paid by November 15, 2008 (a US\$2,500 signing bonus was paid for an eighteen month extension).

The optionor retains a 1% NSR royalty which may be purchased for US\$300,000. During the year ended December 31, 2008, the Company informed the optionor that it would not be proceeding with the option under these terms.

ROSS RIVER MINERALS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008

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

Tay-LP project - Yukon

By an option agreement dated June 14, 1999 and amended July 25, 2003, the Company's wholly-owned subsidiary, Ross River Gold Ltd. ("RRG") acquired a 100% undivided interest in certain quartz claims located in the Yukon Territory, (the "Tay-LP claims") by the payment of \$20,000 cash and the issuance of \$200,000 in the equivalent number of common shares. The Company staked further claims which were included in this option agreement.

Under the terms of the option, the Company incurred exploration expenditures in the amount of \$1,000,000. The property is subject to a 2.5% net smelter return ("NSR") royalty which can be purchased for \$3,000,000 and pre-production royalty payments of \$25,000 payable annually in either cash or shares commencing May 31, 2004. The Company has fulfilled its obligations under the terms of the option agreement.

During fiscal 2008, the Company issued 250,000 (2007 - 142,857) common shares at a value of \$20,000 (2007 - \$20,000) and paid \$5,000 (2007 - \$5,000) for the annual pre-production payment.

By memorandum of agreement dated May 31, 2000 and amended June 15, 2004, RRG has an option to purchase a 70% interest in certain additional claims (known as the RAM claims) contiguous to the Tay-LP claims for the issuance of 240,000 common shares (220,000 shares issued) on or before April 1, 2005 and incurring exploration and development expenditures \$500,000 on or before April 1, 2008. By agreement dated December 18, 2007, the option agreement was terminated and the Company acquired a 100% interest in the RAM claims for the issuance of 100,000 common shares at a value of \$9,000. The vendor retains a 2% NSR royalty.

6. RELATED PARTIES TRANSACTIONS

The Company has entered into the following transactions with directors, companies with common directors and a legal firm where a director of the Company is a partner:

	2008	2007
Working capital advances	\$ 319,169	\$ 177,510
Management fees	221,100	76,320
Legal services	112,377	53,864
Shareholder loan	4,000	-
Consulting services	-	2,571
	\$ 656,646	\$ 310,265

ROSS RIVER MINERALS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008

6. RELATED PARTIES TRANSACTIONS (cont'd...)

During the year ended 2008, the Company entered into the following transactions, deferred costs and recoveries with related parties not disclosed in other notes in the financial statements:

- a) Management fees of \$150,000 (2007 - \$144,000) to a company controlled by a director of the Company.
- b) Legal fees of \$61,478 (2007 - \$23,301) to a legal firm where a director of the Company is a partner.
- c) Interest expense of \$61,846 (2007 - \$31,936) to a director of the Company.
- d) Pre-production royalty costs of \$5,000 (2007 - \$5,000) to a director of the Company.
- e) Rent and administrative fees recoveries of \$41,608 (2007 - \$42,985) from a company with common directors, of which \$Nil was received subsequent to year end. Due to the uncertainty of collection of the prior year and current year amounts owing, an allowance has been provided of \$23,432 (2007 - \$53,753).
- f) Costs associated with a financing of \$Nil (2007 - \$4,898) to a legal firm where a director of the Company is a partner.
- g) Deferred exploration costs of \$Nil (2007 - \$5,000) to a legal firm where a director of the Company is a partner.
- h) Receivables at December 31, 2008 include \$Nil (2007 - \$3,714) due from a company with common directors for rent and administrative fees.

The transactions with related parties 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 parties.

7. CONVERTIBLE LOAN TO RELATED PARTY

On February 9, 2007, the Company entered into a convertible loan agreement with a director of the Company whereby \$200,000 previously advanced to the Company is convertible for a one-year period (subsequently extended to December 31, 2008) into common shares at a price of \$0.12 per share at any time up to maturity at the option of the holder. The loan carries a face rate of interest of 10% compounded monthly but accumulated until fully paid at maturity or at conversion of the loan, whichever comes first. Interest accrued for the year ended December 31, 2008 is \$41,008 (2007 - \$18,547 where the carrying value was \$198,403). The notes have been bifurcated into a debt component representing the fair value of the Company's obligation to make future payments of principal and interest of \$171,892 and an equity component representing the conversion feature of the notes of \$28,108. The discount rate used to calculate the fair value of the debt is 18% per annum. Subsequent to December 31, 2008, the Company announced that the terms of the loan had been amended reducing the conversion price to \$0.05 and extending the loan conversion date to December 31, 2009.

ROSS RIVER MINERALS INC.
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8. DEMAND LOAN

On February 17, 2007, the Company entered into a demand loan with a shareholder of the Company. The loan is payable on demand, unsecured, and bears interest at a rate of 10% per annum.

The interest accrued for the period from February 17, 2007 to December 31, 2007 was \$2,622. The principal amount of the demand loan was \$30,000 and was used as proceeds for the private placement that closed January 17, 2008.

9. CAPITAL STOCK AND CONTRIBUTED SURPLUS

	Number of Shares	Amount	Contributed Surplus
Authorized			
Unlimited common shares, without par value			
Issued			
Balance, December 31, 2006	34,674,137	8,418,156	1,617,568
Issued for non-brokered private placement	8,088,000	808,800	-
Finders fees	157,000	15,700	-
Share issuance costs	-	(33,797)	-
Warrants exercised	575,000	86,250	-
Issued for mineral properties	242,857	29,000	-
Stock-based compensation	-	-	64,563
Balance, December 31, 2007	43,736,994	\$ 9,324,109	\$ 1,682,131
Issued for non-brokered private placement	1,600,000	160,000	-
Issued for mineral properties	250,000	20,000	-
Stock-based compensation	-	-	45,753
Balance, December 31, 2008	45,586,994	\$ 9,504,109	\$ 1,727,884

On April 2, 2007, the Company issued 8,088,000 units for a price of \$0.10 per unit for gross proceeds of \$808,800 of which \$179,250 was received as of December 31, 2006. Each unit consisted of one common share of the Company and one-half share purchase warrant. Each whole warrant entitles the holder to acquire an additional share for eighteen months at \$0.15 on or before October 3, 2008. The Company paid \$13,200 and issued 157,000 units with the same terms as above in finders' fees.

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

During the year ended December 31, 2007, a total of 575,000 share purchase warrants were exercised at \$0.15 per share for proceeds of \$86,250.

On January 17, 2008, the Company issued 1,600,000 units for a price of \$0.10 per unit for gross proceeds of \$160,000 of which \$120,000 was received as of December 31, 2007. Each unit consisted of one common share of the Company and one-half share purchase warrant. Each whole warrant entitles the holder to acquire an additional share for twelve months at \$0.15 on or before January 17, 2009.

Share subscriptions

As at December 31, 2008, the Company received \$139,000 (2007 - \$120,000) in share subscriptions towards a private placement. The proposed non-brokered private placement will consist of 3,500,000 units at a price of \$0.05 per unit for total maximum gross proceeds of \$175,000. Each unit will consist of one common share and one-half non-transferable share purchase warrant. Each full warrant entitles the holder to acquire a common share for a period of two years from closing at a price of \$0.15 per share. The Company will pay a finder's fee on closing of up to 8% on a portion of the gross proceeds, in cash or in units or any combination thereof. This private placement is subject to acceptance by the TSX Venture Exchange.

Stock options

The Company has an incentive stock option plan in place under which it is authorized to grant options to executive officers, directors, employees and consultants. The Company at no time may have more than 20% of the outstanding issued common shares reserved for incentive stock options granted to any one individual. Options granted under the plan will have a term not to exceed 5 years, have an exercise price equal to the market price on the date of the grant and be subject to vesting in equal quarterly tranches over a period of not less than 18 months.

ROSS RIVER MINERALS INC.

NOTES TO THE AMENDED CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2008

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

Stock option transactions and the number of stock options outstanding are summarized as follows:

	2008		2007	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	3,125,000	\$ 0.21	3,950,000	\$ 0.27
Cancelled/expired	(1,275,000)	0.22	(2,175,000)	0.27
Granted	-	-	1,350,000	0.12
Exercised	-	-	-	-
Outstanding, end of year	1,850,000	\$ 0.20	3,125,000	\$ 0.21
Options exercisable, end of year	1,850,000	\$ 0.20	2,450,000	\$ 0.18
Weighted average fair value of options granted during the year		\$ -		\$ 0.07

The following stock options were outstanding at December 31, 2008:

Number of Options	Exercise Price	Expiry Date
575,000	0.36	August 29, 2010
75,000	0.34	November 22, 2010
<u>1,200,000</u>	0.12	April 26, 2012
1,850,000		

Stock-based compensation

The fair value of stock options granted using the Black-Scholes option pricing model was \$Nil (2007 - \$98,826). The Company expensed \$44,533 (2007 - \$58,875) and capitalized \$1,220 (2007 - \$5,688) to mineral properties leaving an unrecognized balance of \$Nil (2007 - \$49,412).

ROSS RIVER MINERALS INC.

NOTES TO THE AMENDED CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2008

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

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

	2008	2007
Risk-free interest rate	-	4.16%
Expected life of options	-	5 years
Annualized volatility	-	69.99%
Dividend rate	-	0.00%

Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

	2008		2007	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Warrants, beginning of year	3,547,500	\$ 0.15	3,958,800	\$ 0.35
Expired	(3,547,500)	0.15	(3,958,800)	0.35
Granted	800,000	0.15	4,122,500	0.15
Exercised	-	-	(575,000)	0.15
Warrants, end of year	800,000	\$ 0.15	3,547,500	\$ 0.15
Warrants exercisable, end of year	800,000	\$ 0.15	3,547,500	\$ 0.15

At December 31, 2008, there are 800,000 share purchase warrants outstanding entitling the holders thereof the right to purchase one common share for each warrant held exercisable at \$0.15 per common share until January 17, 2009.

10. FINANCIAL INSTRUMENTS

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

The Company is subject to financial risk arising from fluctuations in foreign currency exchange rates. The Company does not use any derivative instruments to reduce its exposure to fluctuations in foreign currency exchange rates.

ROSS RIVER MINERALS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	2008	2007
Cash paid during the year for income taxes	\$ -	\$ -
Cash paid during the year for interest	\$ -	\$ -

Significant non-cash transactions during the year ended December 31, 2008 were as follows:

- a) Included in mineral property costs is \$45,660 incurred through accounts payable and accrued liabilities.
- b) Included in mineral property costs is \$1,220 in stock-based compensation.
- c) The Company issued 250,000 common shares with a value of \$20,000 pursuant to a mineral property option agreement.
- d) The Company transferred \$120,000 of share subscriptions received to share capital on closure of the private placement as described in Note 9.

Significant non-cash transactions during the year ended December 31, 2007 were as follows:

- a) Included in mineral property costs is \$88,832 incurred through accounts payable and accrued liabilities.
- b) Included in mineral property costs is \$5,688 in stock-based compensation.
- c) The Company issued 157,000 units at a value of \$15,700 as finders' fees with respect to a 8,088,000 unit private placement as described in Note 9.
- d) The Company issued 142,857 common shares with a value of \$20,000 pursuant to a mineral property option agreement.
- e) The Company issued 100,000 common shares with a value of \$9,000 pursuant to a mineral property acquisition.
- f) The Company converted \$200,000 of related party debt into a convertible loan as described in Note 7.
- g) The Company transferred \$179,250 of share subscriptions received to share capital on closure of the private placement as described in Note 9.

ROSS RIVER MINERALS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008

12. COMMITMENT

The Company has a lease commitment for office premises which require future minimum lease which are payable in the next year as to \$4,560.

13. SEGMENTED INFORMATION

The Company primarily operates in one reportable operating segment, being the acquisition, exploration and development of mineral properties located in Canada and Mexico. Geographic information is as follows:

	Equipment	Mineral Properties
2008		
Canada	\$ -	\$ 1,378,775
Mexico	-	5,796,247
	\$ -	\$ 7,175,022
2007		
Canada	\$ -	\$ 1,352,438
Mexico	-	5,700,274
	\$ -	\$ 7,052,712

14. INCOME TAXES

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

	2008	2007
Loss for the year	\$ (543,391)	\$ (639,218)
Expected income tax (recovery) at statutory rates	\$ (168,452)	\$ (218,101)
Effect of foreign tax rate	403	(964)
Non-deductible items	21,617	31,542
Deductible items	(29,583)	(32,560)
Unrecognized benefits of non-capital losses	176,015	220,083
Total income tax recovery	\$ -	\$ -

ROSS RIVER MINERALS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008
AMENDED SEPTEMBER 16, 2009

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

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

	2008	2007
Future income tax assets		
Equipment	\$ 33,800	\$ 34,000
Capital losses	-	45,000
CEC	43,700	-
Share issuance costs	12,800	41,000
Non-capital losses available for future periods	<u>1,194,200</u>	<u>1,066,000</u>
	1,284,500	1,186,000
Less: valuation allowance	<u>(1,284,500)</u>	<u>(1,186,000)</u>
	<u>\$ -</u>	<u>\$ -</u>

The Company has non-capital losses for Canadian income tax purposes of approximately \$4,019,741, which can be carried forward to reduce taxable income in future years. Unless utilized, these losses will expire through 2028. Future tax benefits which may arise as a result of these losses and other tax assets have not been recognized in these financial statements due to the uncertainty of their realization.

15. CONTINGENCY

The Company is involved in a dispute over charges incurred for a drilling program. In the opinion of management the amount charged is without merit and intends to vigorously defend itself if a statement of claim is issued by the supplier. Defense of this dispute is in the preliminary stages and while no probable outcome can be determined at this time, management believes the Company will be successful in defending this dispute and consequently, no provisions have been made in these financial statements for the amounts in the dispute.

16. SUBSEQUENT EVENT

On August 26, 2009, the Company announced that it optioned its wholly owned Tay-LP property to Canarc Resource Corp. ("Canarc"). Canarc can acquire a 100-per-cent interest in Tay-LP from the Company by paying \$1-million in cash and/or stock and spending \$1.5-million on exploration over a three-year period. Canarc can initially earn a 51-per-cent interest as a stage 1 option by paying \$150,000 in cash and spending \$900,000 on exploration over a two-year period. If Canarc proceeds with the stage II option, then the final \$850,000 payment can be made in cash or common shares at Canarc's election. If Canarc does not proceed with the stage II option, then a 51/49 joint venture will be formed with the Company. The above transaction subject to regulatory and exchange approval.

ROSS RIVER MINERALS INC.
CONSOLIDATED SCHEDULE OF MINERAL PROPERTY COSTS
DECEMBER 31, 2008

	<u>Tay - LP</u>	<u>El Pulpo</u>	<u>Total</u>
Acquisition costs and holding costs			
Balance, December 31, 2007	\$ 531,434	\$ 1,341,972	\$ 1,873,406
Cash payments	5,000	-	5,000
Share payments	20,000	-	20,000
Government and maintenance fees	<u>70</u>	<u>46,912</u>	<u>46,982</u>
Total acquisition costs	<u>556,504</u>	<u>1,388,884</u>	<u>1,945,388</u>
Exploration and mining equipment	<u>23,000</u>	<u>276,119</u>	<u>299,119</u>
Deferred Exploration Costs			
Balance, December 31, 2006	890,988	4,282,183	5,173,171
Assays	43	332	375
Camp and field costs	-	1,151	1,151
Equipment rental	1,224	-	1,224
Fuel	-	431	431
Geological consulting	-	750	750
Geophysical and other consulting	-	14,228	14,228
Legal and regulatory	-	5,201	5,201
Miscellaneous	-	6,602	6,602
Reports, drafting and maps	-	144	144
Salaries and benefits	-	7,405	7,405
Travel and accommodation	<u>-</u>	<u>12,817</u>	<u>12,817</u>
Total deferred exploration costs	<u>892,255</u>	<u>4,331,244</u>	<u>5,223,499</u>
Total, before recoveries	1,471,759	5,996,247	7,468,006
Yukon Mineral Exploration Tax Credit	(92,984)	-	(92,984)
Option payment received	<u>-</u>	<u>(200,000)</u>	<u>(200,000)</u>
Balance, December 31, 2008	<u>\$ 1,378,775</u>	<u>\$ 5,796,247</u>	<u>\$ 7,175,022</u>

ROSS RIVER MINERALS INC.
CONSOLIDATED SCHEDULE OF MINERAL PROPERTY COSTS
DECEMBER 31, 2007

	<u>Tay - LP</u>	<u>El Pulpo</u>	<u>Total</u>
Acquisition costs and holding costs			
Balance, December 31, 2006	\$ 497,434	\$ 1,277,759	\$ 1,775,193
Cash payments	5,000	23,824	28,824
Share payments	29,000	-	29,000
Government and maintenance fees	<u>-</u>	<u>40,389</u>	<u>40,389</u>
Total acquisition costs	<u>531,434</u>	<u>1,341,972</u>	<u>1,873,406</u>
Exploration and mining equipment	<u>23,000</u>	<u>276,119</u>	<u>299,119</u>
Deferred Exploration Costs			
Balance, December 31, 2006	884,764	4,129,526	5,014,290
Assays	-	7,722	7,722
Camp and field costs	-	8,791	8,791
Equipment rental	1,224	-	1,224
Fuel	-	3,296	3,296
Geological consulting	-	2,028	2,028
Geophysical and other consulting	-	51,957	51,957
Legal and regulatory	5,000	4,243	9,243
Miscellaneous	-	14,087	14,087
Reports, drafting and maps	-	1,174	1,174
Salaries and benefits	-	37,360	37,360
Travel and accommodation	<u>-</u>	<u>21,999</u>	<u>21,999</u>
Total deferred exploration costs	<u>890,988</u>	<u>4,282,183</u>	<u>5,173,171</u>
Total, before recoveries	1,445,422	5,900,274	7,345,696
Yukon Mineral Exploration Tax Credit	(92,984)	-	(92,984)
Option payment received	<u>-</u>	<u>(200,000)</u>	<u>(200,000)</u>
Balance, December 31, 2007	<u>\$ 1,352,438</u>	<u>\$ 5,700,274</u>	<u>\$ 7,052,712</u>