

**DECADE RESOURCES LTD.**

**AUDITORS' REPORT AND FINANCIAL STATEMENTS**

April 30, 2009 and 2008



**BDO Dunwoody LLP**  
Chartered Accountants

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## **AUDITORS' REPORT**

To the Shareholders,  
Decade Resources Ltd.

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

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

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

(signed) "BDO Dunwoody LLP"

Chartered Accountants

Vancouver, Canada  
August 27, 2009

**DECADE RESOURCES LTD.**  
**BALANCE SHEETS**  
April 30, 2009 and 2008

	<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
Current			
Cash		\$ 24,555	\$ 74,936
GST recoverable		1,866	24,107
Prepaid expenses		<u>3,883</u>	<u>-</u>
		30,304	99,043
Drilling and exploration advance – Note 8		300,000	-
Reclamation deposit – Note 4		6,000	6,000
Mineral properties – Notes 5 and 8		507,973	597,425
Oil and gas property – Note 6		<u>234,004</u>	<u>173,538</u>
		<u>\$ 1,078,281</u>	<u>\$ 876,006</u>

**LIABILITIES**

Current			
Accounts payable and accrued liabilities – Note 8		<u>\$ 27,781</u>	<u>\$ 185,572</u>

**SHAREHOLDERS' EQUITY**

Share capital – Note 7		1,302,035	895,535
Contributed surplus – Note 7		528,808	216,130
Deficit		<u>(780,343)</u>	<u>(421,231)</u>
		<u>1,050,500</u>	<u>690,434</u>
		<u>\$ 1,078,281</u>	<u>\$ 876,006</u>

Nature of Operations and Ability to Continue as a Going Concern – Note 1  
 Commitments – Notes 5, 6 and 7  
 Subsequent Events – Note 13

APPROVED BY THE DIRECTORS:

<u>“Edward Kruchowski”</u> Edward Kruchowski	Director	<u>“Randolph Kasum”</u> Randolph Kasum	Director
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SEE ACCOMPANYING NOTES

**DECADE RESOURCES LTD.**  
**STATEMENTS OF OPERATIONS AND DEFICIT**  
for the years ended April 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
General and administrative expenses		
Accounting and audit fees	\$ 28,068	\$ 37,894
Filing fees	7,670	9,153
Investor relations	14,000	-
Legal fees	72,477	60,726
Management fees – Note 8	48,000	22,400
Office and miscellaneous	3,583	3,887
Stock-based compensation – Note 7	271,326	195,808
Transfer agent fees	<u>9,591</u>	<u>9,343</u>
Loss before other items and income taxes	(454,715)	(339,211)
Other items:		
Write-off of mineral properties – Note 5	(108,936)	(91,049)
Part XII.6 tax	<u>(10,000)</u>	<u>-</u>
Loss before income taxes	(573,651)	(430,260)
Recovery of future income tax – Notes 7 and 10	<u>214,539</u>	<u>24,805</u>
Net loss and comprehensive loss for the year	(359,112)	(405,455)
Deficit, beginning of the year	<u>(421,231)</u>	<u>(15,776)</u>
Deficit, end of the year	<u>\$ (780,343)</u>	<u>\$ (421,231)</u>
Basic and diluted loss per share	<u>\$ (0.03)</u>	<u>\$ (0.05)</u>
Weighted average number of shares outstanding	<u>11,670,780</u>	<u>8,944,098</u>

SEE ACCOMPANYING NOTES

**DECADE RESOURCES LTD.**  
**STATEMENTS OF CASH FLOWS**  
for the years ended April 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Operating Activities		
Net loss for the year	\$ (359,112)	\$ (405,455)
Add (deduct) items not affecting cash:		
Future income tax recovery	(214,539)	(24,805)
Stock-based compensation	271,326	195,808
Write-off of mineral properties	<u>108,936</u>	<u>91,049</u>
	(193,389)	(143,403)
Changes in working capital items related to operations:		
GST recoverable	22,241	(24,107)
Prepaid expenses	(3,883)	-
Accounts payable and accrued liabilities	<u>(157,791)</u>	<u>24,278</u>
	<u>(332,822)</u>	<u>(143,232)</u>
Financing Activity		
Shares issued for cash, net of share issue costs	<u>662,391</u>	<u>398,287</u>
Investing Activities		
Reclamation deposit	-	(6,000)
Drilling and exploration advance	(300,000)	-
Mineral property costs	(19,484)	(255,226)
Oil and gas property costs	<u>(60,466)</u>	<u>(173,538)</u>
	<u>(379,950)</u>	<u>(434,764)</u>
Decrease in cash during the year	(50,381)	(179,709)
Cash, beginning of the year	<u>74,936</u>	<u>254,645</u>
Cash, end of the year	<u>\$ 24,555</u>	<u>\$ 74,936</u>
Supplemental disclosure of cash flow information:		
Cash paid for:		
Interest	<u>\$ -</u>	<u>\$ -</u>
Income taxes	<u>\$ -</u>	<u>\$ -</u>

Non-cash Transactions – Note 9

SEE ACCOMPANYING NOTES

**DECADE RESOURCES LTD.**  
NOTES TO THE FINANCIAL STATEMENTS  
April 30, 2009 and 2008

Note 1 Nature of Operations and Ability to Continue as a Going Concern

The Company was incorporated under the laws of the Province of British Columbia on March 3, 2006 and its shares are listed for trading on the TSX Venture Exchange.

The Company is in the exploration stage and is in the process of exploring and developing its resource properties and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of amounts shown for resource properties and related deferred exploration expenditures are dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying claims, the ability of the Company to obtain necessary financing to complete the development of the resource properties and upon future profitable production or proceeds from the disposition thereof.

These financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. At April 30, 2009, the Company has not achieved profitable operations, has accumulated losses of \$780,343 since incorporation and expects to incur further losses in the development of its business, all of which casts substantial doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate and maintain future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due.

Note 2 Significant Accounting Policies

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

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

Note 2     Significant Accounting Policies – (cont'd)

a) Financial Instruments

The Company follows CICA Handbook Sections 1530, “Comprehensive Income”, Section 3251, “Equity”, Section 3855, “Financial Instruments – Recognition and Measurement”, Section 3861, “Financial Instruments – Disclosure and Presentation” (replaced effective May 1, 2008 by sections 3862 and 3863 – Note 3(a)) and Section 3865, “Hedges”. Under Section 3855, financial instruments must be classified into one of these five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are measured upon initial recognition at fair value. Subsequent measurement and changes in fair value will depend on their initial classification, as follows: held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net earnings; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is derecognized or impaired at which time the amounts would be recorded in net earnings. Loans and receivables, held-to-maturity investments and other financial liabilities are measured at amortized cost.

The Company’s financial instruments consist of cash and accounts payable and accrued liabilities. These financial instruments are classified as follows:

Cash – held for trading

Accounts payable and accrued liabilities – other financial liability

b) Mineral Properties

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

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

Note 2            Significant Accounting Policies – (cont'd)

c) Oil and Gas Properties

i) Capitalized Costs

The Company follows the full cost method of accounting for its petroleum and natural gas properties. Under this method, all costs related to the exploration for and development of petroleum and natural gas reserves are capitalized into cost centres on a country-by-country basis. Costs include lease acquisition costs, geological and geophysical expenses and costs of drilling both productive and non-productive wells and equipment costs. Proceeds from the sale of properties are applied against capitalized costs and gains or losses are not recognized unless such sale would alter the depletion rate by more than 20%.

ii) Depletion and Depreciation

Depletion and depreciation of petroleum and natural gas properties, net of estimated salvage or residual value, is provided using the unit-of-production method based upon estimated gross proven petroleum and natural gas reserves as determined by independent engineers. For depletion and depreciation purposes, relative volumes of petroleum and natural gas production and reserves are converted at the energy equivalent conversion rate of 6,000 cubic feet of natural gas to one barrel of crude oil.

iii) Impairment Test

In applying the full cost method, the Company calculates a ceiling test whereby the carrying value of property and equipment is compared to the sum of the undiscounted cash flows expected to result from the future production of proven reserves. Cash flows are based on third party quoted forward prices, adjusted for transportation and quality differentials. Should the ceiling test result in an excess of carrying value, the Company would then measure the amount of impairment by comparing the carrying amounts of property and equipment to an amount equal to the estimated net present value of future cash flows from proven plus probable reserves. A risk-free interest rate is used to arrive at the net present value of the future cash flows. Any excess carrying value would be recorded as a permanent impairment.

The cost of unproved properties is excluded from the ceiling test and is subject to a separate impairment test. Periodically management assesses the recoverability of unproved properties. Impairment, if any, is added to the costs subject to depletion.

Note 2      Significant Accounting Policies – (cont'd)

d) Mining Tax Credits

Mining tax credits are recorded in the accounts when there is reasonable assurance that the Company has complied with, and will continue to comply with, all conditions needed to obtain the credits. These non-repayable mining tax credits are earned in respect to exploration costs incurred in British Columbia, Canada and are recorded as a reduction of the related deferred exploration expenditures.

e) Basic and Diluted Loss Per Share

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

For the years ended April 30, 2009 and 2008, potentially dilutive common shares (relating to options, compensation units and warrants outstanding at year-end) totalling 7,146,893 (2008: 4,700,000) were not included in the computation of loss per share because their effect was anti-dilutive.

f) Income Taxes

The Company follows the asset and liability method of accounting for income taxes. 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 basis. Future tax assets and liabilities are measured using the substantively enacted tax rates expected to apply when the asset is realized or liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized as income in the period that substantial enactment or enactment occurs. To the extent that the Company does not consider it to be more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

g) Stock-based Compensation

The fair value of share purchase options granted is expensed over their vesting period with a corresponding increase to contributed surplus. Upon exercise of share purchase options, the consideration paid by the option holder, together with the amount previously recognized in contributed surplus, is recorded as an increase to share capital.

Note 2     Significant Accounting Policies – (cont'd)

g) Stock-based Compensation – (cont'd)

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

h) Flow-through Shares

The Canadian Institute of Chartered Accountants issued guidance on the accounting treatment of Canadian flow-through shares through its Emerging Issues Committee Abstract (“EIC”) No. 146. All flow-through shares issued by the Company on or after March 19, 2004 are accounted for in accordance with this Abstract. The Abstract recommends that upon renunciation to the shareholders, the Company will reduce share capital and recognize a temporary future income tax liability for the amount of tax reduction renounced to the shareholders. In instances where the Company has sufficient available tax loss carry forwards or other deductible temporary differences available to offset the renounced tax deduction and is more likely-than-not able to utilize these tax losses before expiring, the realization of the deductible temporary differences will be credited to income in the period of renunciation.

i) Environmental Costs

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

j) Asset Retirement Obligations

The fair value of obligations associated with the retirement of tangible long-lived assets is recorded in the period the legal obligation is incurred, with a corresponding increase to the carrying amount of the related asset. The liability is accreted over time for changes in the fair value of the liability through charges to accretion, which is included in depletion, depreciation and accretion expense. The costs capitalized to the related assets are amortized in a manner consistent with the depletion and depreciation of the related asset. At April 30, 2009 and 2008, the Company does not have any asset retirement obligations.

Note 2      Significant Accounting Policies – (cont'd)

k) Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment when changes in circumstances suggest their carrying value has become impaired. Management considers assets to be impaired if the carrying value exceeds the estimated undiscounted future projected cash flows to result from the use of the asset and its eventual disposition. If impairment is deemed to exist, the assets will be written down to fair value. Fair value is generally determined using a discounted cash flow analysis. The amount of the impairment loss is determined as the amount by which the long-lived assets' carrying value exceeds its estimated fair value. Other than as recorded, management believe there have been no impairments of the Company's long-lived assets as at April 30, 2009 and 2008.

Note 3      Adoption of New Accounting Standards and Recent Pronouncements

a) Adoption of New Accounting Standards

Capital Disclosures and Financial Instruments – Disclosures and Presentation

On December 1, 2006, the CICA issued three new accounting standards: Handbook Section 1535, Capital Disclosures, Handbook Section 3862, Financial Instruments – Disclosures, and Handbook Section 3863, Financial instruments – Presentation. The Company adopted these standards effective for its annual financial statements for the Company's reporting period beginning on May 1, 2008.

Section 1535 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 (see Note 12).

The new Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments – Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks (see Note 11).

Note 3 Adoption of New Accounting Standards and Recent Pronouncements – (cont'd)

b) Recent Pronouncements

International Financial Reporting Standards (“IFRS”)

The Canadian Accounting Standards Board (“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 generally accepted accounting principles (“GAAP”) and IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada’s own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of May 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended April 30, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be estimated at this time.

Goodwill and Intangible Assets

The AcSB issued CICA Handbook Section 3064 which replaces Section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research and Development Costs. This new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. Standards concerning goodwill remain unchanged from the standards included in the previous Section 3062. The section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008. Accordingly, the Company will adopt the new standards for its fiscal year beginning May 1, 2009. The Company is currently evaluating the impact of the adoption of this new Section on its financial statements.

Note 4 Reclamation Deposit

The Company has a reclamation deposit of \$6,000 (2008: \$6,000) with a financial institution.

Note 5     Mineral Properties

a) Silver Crown

By an option agreement dated December 1, 2006 and an amending agreement dated November 1, 2008, the Company has the option to acquire a 100% interest in the Silver Crown Property, which consists of one mineral claim situated in the Skeena Mining Division in the Province of British Columbia. The property is subject to a 2% net smelter return. Consideration to earn the 100% interest is as follows:

Cash payments:

- i) \$10,000 to be paid on the execution of this letter agreement (paid);
- ii) a further \$15,000 to be paid on or before November 17, 2007 (paid);
- iii) a further \$45,000 to be paid on or before November 17, 2009;
- iv) a further \$30,000 to be paid on or before November 17, 2010.

Common share issuances to the owners as follows:

- i) 100,000 shares in the common stock of the Company (issued); and
- ii) an additional 200,000 shares in the common stock of the Company on or before November 17, 2010.

Expenditures totalling \$1,500,000 as follows:

- i) \$100,000 before December 31, 2007 (incurred);
- ii) \$300,000 in aggregate before December 31, 2008 (incurred);
- iii) \$600,000 in aggregate before December 31, 2009;
- iv) \$1,000,000 in aggregate before December 31, 2010; and
- v) \$1,500,000 in aggregate before December 31, 2011.

b) Hot Peach and Hot Cherry

The Company had a 100% interest in 70 claims located in British Columbia, which it acquired during the year ended April 30, 2007. Management decided not to proceed with this property and the total costs incurred of \$25,263 were written off during the year ended April 30, 2008.

Note 5 Mineral Properties – (cont'd)

c) Kechika

The Company had a 100% interest in the Kechika 1 – 5 minerals claims located in British Columbia. Management decided not to proceed with this property and the total costs incurred of \$40,373 were written off during the year ended April 30, 2008.

d) Wollaston Lake

The Company had a 100 % interest in eight mineral claims located in the Wollaston Lake area of Saskatchewan. Management decided not to proceed with this property and the total costs incurred of \$108,936 were written off during the year ended April 30, 2009.

e) Tigerlily

The Company had a 100 % interest in the Tigerlily 4 and Tigerlily 5 mineral claims located in the Vernon Mining District in the Province of British Columbia. Management decided not to proceed with this property and the total costs incurred of \$25,413 were written off during the year ended April 30, 2008.

f) Red Cliff

On November 19, 2008, the Company entered into an option agreement with another public company with directors in common with the Company to acquire a 60% interest in the Red Cliff gold/copper property located in the Cassiar district approximately 25 miles north of Stewart, British Columbia. In order to earn the 60% interest the Company must incur exploration expenditures on the property of \$500,000 in the first year, \$500,000 in the second year and \$250,000 in the third year.

Note 6 Oil and Gas Property

Pink Mountain

	April 30, <u>2009</u>	April 30, <u>2008</u>
Acquisition costs	\$ 153,858	\$ 153,858
Assessment fees	11,252	-
Field expenses	3,514	-
Helicopter	21,242	-
Geological	<u>44,138</u>	<u>19,680</u>
	<u>\$ 234,004</u>	<u>\$ 173,538</u>

Note 6 Oil and Gas Property – (cont'd)

Pink Mountain – (cont'd)

During the year ended April 30, 2008, the Company acquired a 100% interest in an oil and gas license located in British Columbia from a company with directors in common with the Company for \$153,858 and the possible future issuance of 1,000,000 common shares. The shares are to be issued if and when the property is placed into commercial production of more than 50 barrels of oil per day, including barrels of oil equivalent in natural gas, for 30 consecutive days. The license will expire September 13, 2013.

Note 7 Share Capital and Contributed Surplus

a) Authorized:

Unlimited number of common shares without par value

b) Issued:

	<u>Number of Shares</u>	<u>Amount</u>	<u>Contributed Surplus</u>
Balance, April 30, 2007	8,490,000	\$ 522,111	\$ -
For cash:			
Initial public offering - at \$0.45	1,200,000	540,000	-
Exercise of warrants - at \$0.20	100,000	20,000	-
Less: share issue costs	-	(150,959)	-
Agent's warrants issued - at \$0.45	-	(20,322)	20,322
Stock-based compensation	-	-	195,808
Recovery of future income tax	-	(15,295)	-
	<u>9,790,000</u>	<u>895,535</u>	<u>216,130</u>
Balance, April 30, 2008	9,790,000	895,535	216,130
For cash:			
Exercise of warrants - at \$0.20	10,000	2,000	-
Private placements - at \$0.15	1,663,665	249,550	-
Private placements - at \$0.17	2,852,940	485,000	-
Less: share issue costs	-	(105,541)	31,382
Agent's warrants issued - at \$0.20	-	(9,970)	9,970
Stock-based compensation	-	-	271,326
Recovery of future income tax	-	(214,539)	-
	<u>14,316,605</u>	<u>\$ 1,302,035</u>	<u>\$ 528,808</u>
Balance, April 30, 2009	<u>14,316,605</u>	<u>\$ 1,302,035</u>	<u>\$ 528,808</u>

Note 7 Share Capital and Contributed Surplus – (cont'd)

b) Issued: – (cont'd)

During the year ended April 30, 2008, the Company issued 1,200,000 common shares at \$0.45 per share for gross proceeds of \$540,000 pursuant to its initial public offering. Share issue costs of \$150,959 were incurred on the offering. In addition, the Company issued 120,000 agent's warrants.

The fair value of the agent's warrants of \$20,322 was determined using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	3.86%
Expected dividend yield	0%
Expected volatility	94.7%
Expected life	1 year

During the year ended April 30, 2009, the Company issued 1,100,665 common shares pursuant to a private placement of 1,100,665 units at \$0.15 per unit for gross proceeds of \$165,100. Each unit contained one common share and one non-flow-through share purchase warrant entitling the holder thereof the right to purchase an additional common share at \$0.20 per share until October 27, 2010. The common shares issued were comprised of 700,666 flow-through shares and 399,999 non-flow-through shares. Share issue costs of \$6,510 were incurred on the private placement. In addition, the Company issued 43,400 agent's warrants.

The fair value of the agent's warrants of \$4,340 was determined using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	2.25%
Expected dividend yield	0%
Expected volatility	150.2%
Expected life	2 years

During the year ended April 30, 2009, the Company issued 563,000 common shares pursuant to a private placement of 563,000 units at \$0.15 per unit for gross proceeds of \$84,450. Each unit contained one common flow-through share and one share purchase warrant entitling the holder thereof the right to purchase an additional non-flow-through common share at \$0.20 per share until November 26, 2010. Share issue costs of \$12,220 were incurred on the private placement. In addition, the Company issued 56,300 agent's warrants.

The fair value of the agent's warrants of \$5,630 was determined using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	2.25%
Expected dividend yield	0%
Expected volatility	144.7%
Expected life	2 years

Note 7 Share Capital and Contributed Surplus – (cont'd)

b) Issued: – (cont'd)

During the year ended April 30, 2009, the Company issued 2,852,940 common shares pursuant to a private placement of 2,852,940 units at \$0.17 per unit for total proceeds of \$485,000. Each unit contained one flow-through common share and one non-flow-through share purchase warrant entitling the holder thereof the right to purchase an additional common share at \$0.25 until December 15, 2010. The Company paid finder's fees of \$55,429 and issued 285,294 compensation units. Each compensation unit is exercisable at \$0.17 into one common share and one share purchase warrant entitling the holder thereof the right to purchase an additional common share at \$0.25 until December 15, 2010.

The fair value of the compensation units of \$31,382 was determined using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	1.61%
Expected dividend yield	0%
Expected volatility	73.2%
Expected life	2 years

All of the proceeds on the units were allocated to share capital and none to the warrants.

c) Escrow:

Pursuant to an Escrow Agreement dated July 16, 2007, 3,960,000 common shares and 990,000 share purchase warrants were held in escrow, to be released in equal tranches at six-month intervals over the 36 months following December 18, 2007, the date the Company's common shares were listed for trading on the TSX Venture Exchange.

At April 30, 2009, there were 2,580,000 (2008: 3,870,000) common shares and no (2008: 990,000) share purchase warrants held in escrow.

d) Commitments:

Share Purchase Warrants:

At April 30, 2009, the Company had 4,616,305 share purchase warrants outstanding and exercisable entitling the holders thereof the right to purchase one common share for each warrant held as follows:

Note 7 Share Capital and Contributed Surplus – (cont'd)

d) Commitments: – (cont'd)

Share Purchase Warrants: – (cont'd)

<u>Number of Warrants</u>	<u>Weighted Average Exercise Price</u>	<u>Expiry Date</u>
1,144,065	\$0.20	October 27, 2010
619,300	\$0.20	November 26, 2010
<u>2,852,940</u>	<u>\$0.25</u>	December 15, 2010
<u><u>4,616,305</u></u>	<u><u>\$0.23</u></u>	

A summary of share purchase warrant activity for the years ended April 30, 2009 and 2008 is presented below:

	<u>Year ended April 30, 2009</u>		<u>Year ended April 30, 2008</u>	
	<u>Warrants</u>	<u>Weighted Average Exercise Price</u>	<u>Warrants</u>	<u>Weighted Average Exercise Price</u>
Outstanding, beginning of the year	3,150,000	\$0.21	3,130,000	\$0.20
Issued	4,616,305	\$0.23	120,000	\$0.45
Expired	(3,140,000)	\$0.21	-	-
Exercised	<u>(10,000)</u>	\$0.20	<u>(100,000)</u>	\$0.20
Outstanding, end of the year	<u><u>4,616,305</u></u>	\$0.23	<u><u>3,150,000</u></u>	\$0.21

Compensation Units (Note 7(b)):

A summary of compensation unit activity during the year ended April 30, 2009 is presented below:

	<u>Number</u>	<u>Weighted Average Exercise Price</u>
Outstanding, April 30, 2008	-	-
Issued	<u>285,294</u>	<u>\$0.17</u>
Outstanding, April 30, 2009	<u><u>285,294</u></u>	<u><u>\$0.17</u></u>

Note 7 Share Capital and Contributed Surplus – (cont'd)

d) Commitments: – (cont'd)

Stock-based Compensation Plan:

The Company has a Stock Option Plan (“the Plan”) under which it is authorized to grant options to directors, officers, consultants or employees of the Company. The number of options granted under the Plan is limited to 20% in the aggregate of the number of issued and outstanding common shares of the Company at the date of the grant of the options. The exercise price of options granted under the Plan may not be less than the fair market value of the Company’s common shares at the date the options are granted. Options granted under the Plan have a maximum life of five years and are vested 25% on the date of grant and 12.5% each three months thereafter.

A summary of the Company’s share purchase options activity for the years ended April 30, 2009 and 2008 is presented below:

	<u>Number</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Contractual Life Remaining</u>
Outstanding, April 30, 2007	-	-	
Granted	<u>1,550,000</u>	<u>\$0.45</u>	
Outstanding, April 30, 2008	1,550,000	\$0.45	4.04 years
Granted	<u>410,000</u>	<u>\$0.11</u>	
Outstanding, April 30, 2009	<u>1,960,000</u>	<u>\$0.38</u>	3.45 years
Exercisable, April 30, 2009	<u>1,458,750</u>	<u>\$0.43</u>	

During the year ended April 30, 2009, the Company granted stock options to directors to acquire 410,000 shares at \$0.11 per share exercisable to April 23, 2014.

At April 30, 2009, the Company had 1,960,000 share purchase options outstanding entitling the holders thereof the right to purchase one common share for each option held as follows:

<u>Number of Options</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
1,550,000	\$0.45	May 15, 2012
<u>410,000</u>	\$0.11	April 23, 2014
<u>1,960,000</u>		

Note 7 Share Capital and Contributed Surplus – (cont'd)

d) Commitments:

Stock-based Compensation Plan: – (cont'd)

Stock-based compensation of \$10,250 (2008: \$Nil) was expensed in the statement of operations and credited to contributed surplus with respect to these options. The fair value of the options was determined using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	1.78%
Expected dividend yield	0%
Expected volatility	168%
Expected life	5 years

During the year ended April 30, 2008, the Company granted stock options to directors to acquire 1,550,000 shares at \$0.45 per share exercisable to May 15, 2012.

Stock-based compensation of \$261,076 (2008: \$195,808) was expensed in the statement of operations and credited to contributed surplus with respect to these options. The fair value of the options was determined using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	4.27%
Expected dividend yield	0%
Expected volatility	97%
Expected life	5 years

Note 8 Related Party Transactions

The Company incurred the following charges by directors of the Company or by companies with directors in common with the Company for the years ended April 30, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Mineral properties – deferred exploration costs		
Advances	\$ 3,000	\$ 32,000
Drilling	-	238,510
Geological	5,000	18,073
Oil and gas property – acquisition costs	-	153,858
Management fees	<u>48,000</u>	<u>22,400</u>
	<u>\$ 56,000</u>	<u>\$ 618,699</u>

These charges were measured by the exchange amount, which is the amount agreed upon by the transacting parties.

At April 30, 2009, accounts payable and accrued liabilities include \$Nil (2008: \$161,294) due to directors of the Company or to companies with directors in common with the Company.

At April 30, 2009, the Company has advanced \$300,000 for drilling and exploration programs to be undertaken on its Red Cliff properties in the spring by another public company with common directors. The advance is unsecured, non-interest bearing and has no fixed term of repayments.

Note 9 Non Cash Transactions

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows. The following transactions were excluded from the statements of cash flows:

During the year ended April 30, 2009:

- a) The Company issued 99,700 agent's warrants with a fair value of \$9,970 for share issue costs.
- b) The Company issued 285,294 compensation units with a fair value of \$31,382 for share issue costs.

During the year ended April 30, 2008:

- a) The Company issued 120,000 agent's warrants with a fair value of \$20,322 for share issue costs.

Note 10 Corporation Income Taxes

A reconciliation of the income tax provision computed at statutory rates to the reported income tax provision is as follows:

	<u>2009</u>	<u>2008</u>
Basic statutory and provincial income tax rate	31.00%	33.25%
Loss before income taxes	<u>\$ (573,651)</u>	<u>\$ (430,260)</u>
Expected tax recovery on net loss, before income tax	\$ (177,800)	\$ (143,100)
Effect of reduction in statutory rate	(25,100)	13,700
Share issue costs	(19,300)	(39,200)
Permanent differences	84,100	65,100
Increase (decrease) in valuation allowance	<u>(76,439)</u>	<u>78,695</u>
Income tax recovery	<u>\$ (214,539)</u>	<u>\$ (24,805)</u>

Significant components of the Company's future tax assets and liabilities are as follows:

	<u>2009</u>	<u>2008</u>
Future income tax assets		
Non-capital losses carried forward	\$ 114,000	\$ 52,000
Financing costs	39,000	32,000
Resource related deductions	<u>(153,000)</u>	<u>(12,000)</u>
	-	72,000
Less: valuation allowance	<u>-</u>	<u>(72,000)</u>
Future income tax assets (liabilities)	<u>\$ -</u>	<u>\$ -</u>

Note 10 Corporation Income Taxes – (cont'd)

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

At April 30, 2009, the Company has accumulated Canadian exploration and development expenses of \$552,474, has accumulated Canadian oil and gas property expenses of \$234,004 and has accumulated non-capital losses totalling \$437,000, which may be applied against future years' taxable income. The non-capital losses expire as follows:

2027	\$	24,000
2028		174,000
2029		<u>239,000</u>
	\$	<u>437,000</u>

During the year ended April 30, 2009, the Company issued flow-through common shares for proceeds of \$674,550 (2008: \$Nil) and renounced \$670,433 (2008: \$46,000) of resource expenditures. Expenditures related to the use of flow-through share proceeds are included in exploration costs but are not available as a tax deduction to the Company as the tax benefits of these expenditures have been renounced to the investors.

Note 11 Financial Instruments

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash is exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's accounts payable and accrued liabilities are all current and due within 90 days of the balance sheet date. The Company ensures that it has sufficient capital to meet its short-term financial obligations.

Note 12 Capital Disclosures

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, to pursue the development of its resource properties and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk.

Note 12 Capital Disclosures – (cont'd)

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt and acquire or dispose of assets. As at April 30, 2009, the Company has not entered into any debt financing.

The Company is dependent on the capital markets as its primary source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets, by the status of the Company's projects in relation to these markets and by its ability to compete for investor support of its projects. The Company is not subject to any externally imposed capital requirements.

Note 13 Subsequent Events

- a) Subsequent to April 30, 2009, the Company completed a private placement of 1,416,666 units at \$0.06 per unit for gross proceeds of \$85,000. Each unit is comprised of one share and one transferable warrant. Each warrant is exercisable for the purchase of one additional share, at \$0.10 per share, for a two year period.
- b) Subsequent to April 30, 2009, the Company completed a private placement of 3,000,000 units at \$0.05 per unit for gross proceeds of \$150,000. Each unit is comprised of one flow-through common share of the Company and one warrant. Each warrant is exercisable to purchase one common share, at \$0.10 per share, for a period of two years. In this private placement 1,400,000 units were issued to a director of the Company.
- c) Subsequent to April 30, 2009, the Company received \$95,446 of refundable mining tax credits from the Province of British Columbia.

Note 14 Comparative Figures

Certain of the prior year comparative figures have been reclassified to conform to the current year's presentation.

**DECADE RESOURCES LTD.**  
**SCHEDULE OF MINERAL PROPERTIES**  
for the year ended April 30, 2009

	<u>Silver Crown</u>	<u>Red Cliff</u>	<u>Wollaston Lake</u>	<u>Total</u>
Property acquisition costs				
Balance, beginning and end of the year	\$ 35,000	\$ -	\$ 62,400	\$ 97,400
Deferred exploration and development costs				
Balance, beginning of the year	453,725	-	46,300	500,025
Advances (applied) – Note 8	(5,000)	3,000	-	(2,000)
Geological – Note 8	7,655	1,650	236	9,541
Labour	1,500	-	-	1,500
Road clearing	<u>5,823</u>	<u>4,620</u>	<u>-</u>	<u>10,443</u>
Balance, end of the year	<u>463,703</u>	<u>9,270</u>	<u>46,536</u>	<u>519,509</u>
Written off	<u>-</u>	<u>-</u>	<u>(108,936)</u>	<u>(108,936)</u>
Totals	<u>\$ 498,703</u>	<u>\$ 9,270</u>	<u>\$ -</u>	<u>\$ 507,973</u>

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**DECADE RESOURCES LTD.**  
**SCHEDULE OF MINERAL PROPERTIES**  
for the year ended April 30, 2008

Schedule 1  
Continued

<u>Mineral Properties</u>	<u>Silver Crown</u>	Hot Peach and <u>Hot Cherry</u>	<u>Kechika</u>	Wollaston <u>Lake</u>	<u>Tigerlily</u>	<u>Total</u>
Property acquisition costs						
Balance, beginning of the year	\$ 20,000	\$ 12,677	\$ 28,599	\$ 62,400	\$ 25,413	\$ 149,089
Cash	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,000</u>
Balance, end of the year	<u>35,000</u>	<u>12,677</u>	<u>28,599</u>	<u>62,400</u>	<u>25,413</u>	<u>164,089</u>
Deferred exploration and development costs						
Balance, beginning of the year	104,679	12,586	-	12,600	-	129,865
Advances – Note 8	5,000	-	-	32,000	-	37,000
Assaying	3,099	-	1,176	-	-	4,275
Drilling, blasting and trenching – Note 8	273,251	-	-	-	-	273,251
Geological – Note 8	22,589	-	-	-	-	22,589
Labour	15,800	-	-	-	-	15,800
Supplies, equipment rentals and miscellaneous	19,707	-	10,598	1,700	-	32,005
Supervision	<u>9,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,600</u>
Balance, end of the year	<u>453,725</u>	<u>12,586</u>	<u>11,774</u>	<u>46,300</u>	<u>-</u>	<u>524,385</u>
Written off	<u>-</u>	<u>(25,263)</u>	<u>(40,373)</u>	<u>-</u>	<u>(25,413)</u>	<u>(91,049)</u>
Total	<u>\$ 488,725</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 108,700</u>	<u>\$ -</u>	<u>\$ 597,425</u>