

DECADE RESOURCES LTD.
INTERIM FINANCIAL STATEMENTS
July 31, 2009
(Unaudited – Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The Company's independent auditor has not performed a review of these interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

DECADE RESOURCES LTD.
INTERIM BALANCE SHEETS
 July 31, 2009 and April 30, 2009
 (Unaudited – Prepared by Management)

	<u>ASSETS</u>	July 31, <u>2009</u>	April 30, <u>2009</u>
Current			
Cash		\$ 27,462	\$ 24,555
GST recoverable		11,205	1,866
Prepaid expenses and advances – Note 6		<u>42,483</u>	<u>3,883</u>
		81,150	30,304
Drilling and exploration advance – Note 6		250,000	300,000
Reclamation deposit		6,000	6,000
Mineral properties – Schedule 1 and Notes 3 and 6		698,214	507,973
Oil and gas property – Note 4		<u>234,004</u>	<u>234,004</u>
		<u>\$ 1,269,368</u>	<u>\$ 1,078,281</u>

LIABILITIES

Current			
Accounts payable and accrued liabilities		<u>\$ 44,840</u>	<u>\$ 27,781</u>

SHAREHOLDERS' EQUITY

Share capital – Note 5		1,537,035	1,302,035
Contributed surplus – Note 5		599,202	528,808
Deficit		<u>(911,709)</u>	<u>(780,343)</u>
		<u>1,224,528</u>	<u>1,050,500</u>
		<u>\$ 1,269,368</u>	<u>\$ 1,078,281</u>

Nature of Operations and Ability to Continue as a Going Concern – Note 1
 Commitments – Notes 3, 4, and 5
 Subsequent Events – Note 7

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.
INTERIM STATEMENTS OF OPERATIONS AND DEFICIT
for the three months ended July 31, 2009 and 2008
(Unaudited – Prepared by Management)

	<u>2009</u>	<u>2008</u>
General and administrative expenses		
Accounting and audit fees	\$ 3,250	\$ 2,100
Filing fees	4,720	35
Legal fees	11,310	20,506
Management fees – Note 6	12,000	12,000
Office and miscellaneous	21	1,010
Property investigations – Note 6	25,600	-
Stock-based compensation – Note 5	70,394	65,269
Transfer agent fees	2,378	1,880
Travel and entertainment	<u>2,932</u>	<u>-</u>
Loss before other item	(132,605)	(102,800)
Other item		
Interest income	<u>1,239</u>	<u>-</u>
Net loss for the period	(131,366)	(102,800)
Deficit, beginning of the period	<u>(780,343)</u>	<u>(421,231)</u>
Deficit, end of the period	<u>\$ (911,709)</u>	<u>\$ (524,031)</u>
Basic and diluted loss per share	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>
Weighted average number of shares outstanding	<u>15,456,098</u>	<u>9,793,804</u>

SEE ACCOMPANYING NOTES

DECADE RESOURCES LTD.
INTERIM STATEMENTS OF CASH FLOWS
for the three months ended July 31, 2009 and 2008
(Unaudited – Prepared by Management)

	<u>2009</u>	<u>2008</u>
Operating Activities		
Net loss for the period	\$ (131,366)	\$ (102,800)
Add (deduct) item not affecting cash:		
Stock-based compensation	<u>70,394</u>	<u>65,269</u>
	(60,972)	(37,531)
Changes in working capital balances related to operations:		
GST recoverable	(9,339)	(2,870)
Prepaid expenses and advances	(38,600)	-
Accounts payable and accrued liabilities	17,059	44,999
Due to a related company	<u>-</u>	<u>(24,123)</u>
	<u>(91,852)</u>	<u>(19,525)</u>
Financing Activities		
Share subscriptions	-	20,000
Issuance of shares for cash	<u>235,000</u>	<u>2,000</u>
	<u>235,000</u>	<u>22,000</u>
Investing Activities		
Refund of drilling and exploration advance	50,000	-
Mineral property costs	(190,241)	(6,391)
Oil and gas property costs	<u>-</u>	<u>(35,019)</u>
	<u>(140,241)</u>	<u>(41,410)</u>
Increase (decrease) in cash during the period	2,907	(38,935)
Cash, beginning of the period	<u>24,555</u>	<u>74,936</u>
Cash, end of the period	<u>\$ 27,462</u>	<u>\$ 36,001</u>
Supplemental disclosure of cash flow information:		
Cash paid for:		
Interest	<u>\$ -</u>	<u>\$ -</u>
Income taxes	<u>\$ -</u>	<u>\$ -</u>

SEE ACCOMPANYING NOTES

DECADE RESOURCES LTD.
SCHEDULE OF MINERAL PROPERTIES
for the three months ended July 31, 2009

	<u>Silver Crown</u>	<u>Red Cliff</u>	<u>Wollaston Lake</u>	<u>Total</u>
Property acquisition costs				
Balance, beginning and end of period	\$ 35,000	\$ -	\$ -	\$ 35,000
Deferred exploration and development costs				
Balance, beginning of period	463,703	9,270	-	507,973
Assays	-	957	-	957
BC Mining tax credits	(94,207)	-	-	(94,207)
Drilling	-	7,509	-	7,509
Equipment rental – Note 6	-	46,500	-	46,500
Field and supplies	-	4,642	-	4,642
Geological – Note 6	-	40,650	-	40,650
Road building	-	169,790	-	169,790
Supervision	-	14,400	-	14,400
Balance, end of period	<u>369,496</u>	<u>293,718</u>	<u>-</u>	<u>663,214</u>
Total	<u>\$ 404,496</u>	<u>\$ 293,718</u>	<u>\$ -</u>	<u>\$ 698,214</u>

SEE ACCOMPANYING NOTES

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 year	\$ 35,000	\$ -	\$ 62,400	\$ 97,400
Deferred exploration and development costs				
Balance, beginning of year	453,725	-	46,300	500,025
Advances (applied)	(5,000)	3,000	-	(2,000)
Geological	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 year	<u>463,703</u>	<u>9,270</u>	<u>46,536</u>	<u>519,509</u>
Mineral property written off	<u>-</u>	<u>-</u>	<u>(108,936)</u>	<u>(108,936)</u>
Total	<u>\$ 498,703</u>	<u>\$ 9,270</u>	<u>\$ -</u>	<u>\$ 507,973</u>

SEE ACCOMPANYING NOTES

DECADE RESOURCES LTD.
NOTES TO THE INTERIM FINANCIAL STATEMENTS
July 31, 2009
(Unaudited – Prepared by Management)

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 July 31, 2009, the Company has not achieved profitable operations, has accumulated losses of \$911,709 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 Interim Reporting

While the information presented in the accompanying interim financial statements is unaudited, it includes all adjustments which are, in the opinion of management, necessary to present fairly the financial position, results of operations and cash flows for the interim periods presented. All adjustments are of a normal recurring nature. It is suggested that these interim financial statements be read in conjunction with the Company's audited April 30, 2009 annual financial statements. These interim financial statements follow the same accounting policies and methods of their application as the Company's audited April 30, 2009 annual financial statements.

Note 3 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 royalty. 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.

Note 3 Mineral Properties – (cont'd)

b) Red Cliff

On November 19, 2008, the Company entered into an option agreement with a 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.

c) 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.

Note 4 Oil and Gas Property

Pink Mountain

	July 31, <u>2009</u>	April 30, <u>2009</u>
Acquisition costs	\$ 153,858	\$ 153,858
Assessment fees	11,252	11,252
Field expenses	3,514	3,514
Helicopter	21,242	21,242
Geological	<u>44,138</u>	<u>44,138</u>
	<u>\$ 234,004</u>	<u>\$ 234,004</u>

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 5 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, 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	14,316,605	1,302,035	528,808
For cash:			
Private placements - at \$0.05	3,000,000	150,000	-
Private placements - at \$0.06	1,416,666	85,000	-
Stock-based compensation	-	-	70,394
	<u>18,733,271</u>	<u>\$ 1,537,035</u>	<u>\$ 599,202</u>
Balance, July 31, 2009	<u>18,733,271</u>	<u>\$ 1,537,035</u>	<u>\$ 599,202</u>

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

Note 5 Share Capital and Contributed Surplus – (cont'd)

b) Issued:

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

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.

Note 5 Share Capital and Contributed Surplus – (cont'd)

b) Issued:

During the three months ended July 31, 2009, the Company issued 3,000,000 common shares pursuant to a private placement of 3,000,000 units at \$0.05 per unit for gross proceeds of \$150,000. Each unit contained one flow-through common share and one share purchase warrant entitling the holder thereof the right to purchase an additional common share at \$0.10 per share until July 15, 2011.

During the three months ended July 31, 2009, the Company issued 1,416,666 common shares pursuant to a private placement of 1,416,666 units at \$0.06 per unit for gross proceeds of \$85,000. Each unit contained one common share and one share purchase warrant entitling the holder thereof the right to purchase an additional common share at \$0.10 per share until June 24, 2011.

c) Escrow:

Pursuant to escrow agreements dated May 15, 2007 and July 16, 2007, 3,870,000 common shares 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 July 31, 2009, there were 1,935,000 (April 30, 2009: 2,580,000) common shares held in escrow.

d) Commitments:

Share Purchase Warrants:

At July 31, 2009, the Company had 9,032,971 share purchase warrants outstanding entitling the holders thereof the right to purchase one common share for each warrant held as follows:

<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
2,852,940	\$0.25	December 15, 2010
1,416,666	\$0.10	June 24, 2011
<u>3,000,000</u>	<u>\$0.10</u>	July 15, 2011
<u>9,032,971</u>	<u>\$0.17</u>	

Note 5 Share Capital and Contributed Surplus – (cont'd)

d) Commitments:

Share Purchase Warrants:

A summary of share purchase warrant activity for the year ended April 30, 2009 and the three months ended July 31, 2009 is presented below:

	<u>Three months ended</u> <u>July 31, 2009</u>		<u>Year ended</u> <u>April 30, 2009</u>	
	<u>Warrants</u>	<u>Weighted</u> <u>Average</u> <u>Exercise</u> <u>Price</u>	<u>Warrants</u>	<u>Weighted</u> <u>Average</u> <u>Exercise</u> <u>Price</u>
Outstanding, beginning of period	4,616,305	\$0.23	3,150,000	\$0.21
Issued	4,416,666	\$0.10	4,616,305	\$0.23
Expired	-	-	(3,140,000)	\$0.21
Exercised	<u>-</u>	-	<u>(10,000)</u>	\$0.20
Outstanding, end of period	<u>9,032,971</u>	\$0.17	<u>4,616,305</u>	\$0.23

Compensation Units:

A summary of compensation unit activity for the year ended April 30, 2009 and the three months ended July 31, 2009 is presented below:

	<u>Number</u>	<u>Weighted</u> <u>Average</u> <u>Exercise</u> <u>Price</u>
Outstanding, April 30, 2008	-	-
Issued	<u>285,294</u>	<u>\$0.17</u>
Outstanding, April 30, 2009	<u>285,294</u>	<u>\$0.17</u>
Outstanding, July 31, 2009	<u>285,294</u>	<u>\$0.17</u>

Note 5 Share Capital and Contributed Surplus – (cont'd)

d) Commitments:

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 year ended April 30, 2009 and the three months ended July 31, 2009 is presented below:

	<u>Number</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Contractual Life Remaining</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
Outstanding, July 31, 2009	<u>1,960,000</u>	<u>\$0.38</u>	3.20 years
Exercisable, July 31, 2009	<u>1,703,750</u>	<u>\$0.42</u>	

At July 31, 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 5 Share Capital and Contributed Surplus – (cont'd)

d) Commitments:

Stock-based Compensation Plan:

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.

During the three months ended July 31, 2009, a stock-based compensation charge of \$5,125 (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.

During the three months ended July 31, 2009, a stock-based compensation charge of \$65,269 (2008: \$65,269) 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 6 Related Party Transactions

During the three months ended July 31, 2009 and 2008, the Company incurred the following charges from directors of the Company:

	<u>2009</u>	<u>2008</u>
Deferred exploration costs - geological	\$ 39,000	\$ -
Deferred exploration costs – equipment rental	46,500	-
Property investigations	25,600	-
Management fees	<u>12,000</u>	<u>12,000</u>
	<u>\$ 123,100</u>	<u>\$ 12,000</u>

Note 6 Related Party Transactions – (cont'd)

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

At July 31, 2009, prepaid expenses and advances include \$40,400 (April 30, 2009: \$Nil) advanced to a director of the Company for geological services to be provided in the upcoming quarter.

At July 31, 2009, the Company has advanced \$250,000 (April 30, 2009: \$300,000) for drilling and exploration programs to be undertaken on its Red Cliff property by another public company with common directors.

Note 7 Subsequent Events

Private Placement

On August 26, 2009, the Company announced that it had agreed to complete a private placement of up to 5,000,000 units at \$0.06 per unit for gross proceeds of up to \$300,000. Each unit will contain one flow-through common share and one share purchase warrant entitling the holder thereof the right to purchase an additional common share at \$0.10 per share for two years. This private placement is subject to regulatory approval.

Red Cliff Second Agreement

On September 3, 2009, the Company announced that pursuant to a second agreement, a public company with directors in common with the Company, has granted the Company the right to earn an additional 20% in the Red Cliff property, increasing the Company's interest to up to 80% in the Red Cliff property. In order to earn the additional 20% interest, the Company will issue 250,000 common shares on signing of the second agreement, spend \$3,000,000 in the two years subsequent to its 60% earn-in, pay \$100,000 within 6 months of signing the second agreement and pay \$500,000 upon earn-in of the 80% interest. The second agreement is subject to filing and regulatory approval.

Warrants Exercised

On September 10, 2009, the Company issued 643,700 common shares at \$0.20 per share pursuant to the exercise of 643,700 share purchase warrants for proceeds of \$128,740.