STRONGBOW EXPLORATION INC.

FINANCIAL STATEMENTS

APRIL 30, 2009

(Unaudited – Prepared by Management)

Reader's Note: These interim, financial statements for Strongbow Exploration Inc. ("Strongbow"), for the three months ended April 30, 2009 have been prepared by management and have not been subject to review by Strongbow's auditor.

STRONGBOW EXPLORATION INC.
INTERIM BALANCE SHEETS

		April 30, 2009 (Unaudited)		January 31, 2009 (Audited)
ASSETS				
Current				
Cash and equivalents	$	758,709	$	1,079,697
Marketable securities (Note 4 and 5)		829,720		170,409
Receivables		835,030		205,285
Prepaid expenses		21,291		33,580
		2,444,750		1,488,971
Investments and advances to affiliates (Note 4 and 5)		40,000		311,803
Property and equipment (Note 6)		65,484		91,152
Mineral properties (Note 7)		11,419,360		11,917,050
	$	13,969,594	$	13,808,976
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities	$	94,870	$	134,543
Shareholders' equity				
Capital stock (Note 8)		21,303,488		22,447,793
Contributed surplus (Note 8)		3,212,622		3,168,652
Deficit		(11,053,560)		(11,973,706)
Accumulated other comprehensive income (Note 11)		412,174		31,694
		13,874,724		13,674,433
	$	13,969,594	$	13,808,976

Nature and continuance of operations (Note 1)
Commitments (Note 13)

On behalf of the Board:

"D. Grenville Thomas" Director *"Kenneth A. Armstrong"* Director

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

STRONGBOW EXPLORATION INC.
INTERIM STATEMENTS OF OPERATIONS AND DEFICIT
FOR THE THREE MONTHS ENDED APRIL 30
(Unaudited – Prepared by Management)

	2009	2008
EXPENSES		
Advertising and promotion	$ 18,039	$ 40,825
Amortization	5,810	7,676
Insurance	5,803	13,345
Office, miscellaneous and rent	48,433	48,236
Professional fees	16,554	37,498
Regulatory and filing fees	7,057	8,603
Salaries and benefits	86,984	48,211
Stock-based compensation (Note 8)	43,970	136,619
Loss before other items	(232,650)	(341,013)
OTHER ITEMS		
Equity income (loss) of affiliated company (Note 5)	-	146,111
Interest income	64,374	17,562
Gain on sale of marketable securities (Note 4)	22,570	1,427
Loss on reduction of leasehold improvements	(20,449)	-
Write-off of mineral properties (Note 7)	(129,856)	(39,851)
	(63,361)	125,249
Loss before income taxes	(296,011)	(215,764)
Future income tax recovery (Note 10)	1,216,157	1,221,067
Income for the period	920,146	1,005,303
Deficit, beginning of period	(11,973,706)	(4,499,074)
Deficit, end of period	$ (11,053,560)	$ (3,493,771)
Basic and diluted income per share	$ 0.01	$ 0.02
Weighted average number of shares outstanding	66,042,002	56,245,963

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED APRIL 30

	2009	2008
Net Income for the period	$ 920,146	$ 1,005,303
Unrealized gains (losses) on available-for-sale investments arising during the period, net of future income taxes	412,173	(504,500)
Comprehensive income for the period	$ 1,332,319	$ 500,803

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

STRONGBOW EXPLORATION INC.
STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED APRIL 30
(Unaudited – Prepared by Management)

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Income for the period	$ 920,146	$ 1,005,303
Items not involving cash:		
Amortization	5,810	7,676
Stock-based compensation	43,970	136,619
Write-off of mineral properties	129,856	39,851
Equity (income) loss from an affiliate	-	(146,111)
Loss on reduction of leasehold improvements	20,449	-
Gain on the sale of marketable securities	(22,570)	(1,427)
Future income tax recovery	(1,216,157)	(1,221,067)
Changes in non-cash working capital items:		
(Increase) / decrease in receivables	158,628	(111,371)
Decrease in prepaid expenses	12,289	11,320
Decrease in accounts payable and accrued liabilities	(23,588)	(20,529)
Net cash provided by / (used in) operating activities	28,833	(299,736)
CASH FLOWS FROM FINANCING ACTIVITIES		
Share issue costs	-	5,001
Net cash provided by financing activities	-	5,001
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures on mineral properties	(391,391)	(1,861,664)
Recoveries on mineral properties	-	138,351
Investment and advances to affiliates (Note 5)	-	(36,084)
Proceeds from sale of marketable securities	41,570	5,761
Net cash used in investing activities	(349,821)	(1,753,636)
Change in cash and equivalents during the period	(320,988)	(2,048,371)
Cash and equivalents, beginning of period	1,079,697	3,402,291
Cash and equivalents, end of period	$ 758,709	$ 1,353,920
Cash paid during the period for interest	$ -	$ -
Cash paid during the period for income taxes	$ -	$ -

Supplemental disclosure with respect to cash flows (Note 12)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company's principal business activity is the exploration of mineral properties. To date, the Company has not generated significant revenues from operations and is considered to be in the exploration stage.

The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties and related deferred costs is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the financing necessary to complete the development of its mineral properties and upon future profitable production.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. However, the Company has sustained substantial losses from operations since inception and has no current source of revenue. Continued operations of the Company are dependent on the Company's ability to complete equity financings or generate profitable operations in the future. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. Management has undertaken available cost cutting measures and is monitoring its twelve-month rolling cash flow.

	April 30, 2009	January 31, 2009
Deficit	**$ (11,053,560)**	$ (11,973,706)
Working capital	**$ 2,349,880**	$ 1,354,428

2. BASIS OF PRESENTATION

These unaudited interim financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles for interim financial information using the same accounting policies and methods of application as the audited financial statements of the Company for the year ended January 31, 2009, except as described below under "Changes in accounting policies". These unaudited interim financial statements do not include all of the information and note disclosures required by generally accepted accounting principles for annual financial statements of the Company and should therefore be read in conjunction with the audited financial statements of the Company as at January 31, 2009.

In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements.

Certain reclassifications have been made to the prior period financial statements to conform with the presentation in the current period.

Changes in accounting policies

Effective February 1, 2009, the Company adopted the new accounting policies of the Canadian Institute of Chartered Accountants ("CICA") Handbook:

Goodwill and intangible assets

Effective February 1, 2009, the Company adopted the CICA recommendations pertaining to goodwill and intangible assets (Section 3064), which establishes revised standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The new standard also provides guidance for the treatment of pre-production and start-up costs and requires that these costs be expensed as incurred. The adoption of this section did not have a significant impact on the Company's financial statements.

Credit Risk and Fair Value of Financial Assets and Financial Liabilities

In January 2009, the CICA approved EIC-173 "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities." This guidance clarified that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities including derivative instruments. The Company has evaluated the new section and determined that adoption of these new requirements will have no impact on the Company's financial statements.

2. BASIS OF PRESENTATION (CONT'D…)

Changes in accounting policies – cont'd…

Mining Exploration Costs

On March 27, 2009, the CICA approved EIC-174 "Mining Exploration Costs." This guidance clarified that an entity that has initially capitalized exploration costs has an obligation in the current and subsequent accounting periods to test such costs for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

Effective February 1, 2009, the Company adopted the CICA recommendations pertaining to the treatment of mining exploration costs. The Company has evaluated the new section and determined that the adoption of these new requirements will have no impact on the Company's financial statements.

Recent Accounting Pronouncements

International financial reporting standards

In January 2006, the Accounting Standards Board announced its decision to require all publicly accountable enterprises to report under International Financial Reporting Standards ("IFRS") for years beginning on or after January 1, 2011. These changes reflect a global shift to IFRS and they are intended to facilitate capital flows and bring greater clarity and consistency to financial reporting in the global marketplace. The Company's transition date of February 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended January 31, 2011. The Company is in the process of completing the scoping phase of its conversion plan, which has a timeline for assessing resources, training, analyzing key differences and selecting accounting policies under IFRS.

Business combinations

In January 2009, the CICA issued the new handbook Section 1582, "Business Combinations," effective for fiscal years beginning on or after January 1, 2011. Earlier adoption of Section 1582 is permitted. This pronouncement further aligns Canadian GAAP with US GAAP and IFRS and changes the accounting for business combinations in a number of areas. It establishes principles and requirements governing how an acquiring company recognizes and measures in its financial statements identifiable assets acquired, liabilities assumed, any non-controlling interest in the acquiree, and goodwill acquired. The section also establishes disclosure requirements that will enable users of the acquiring company's financial statements to evaluate the nature and financial effects of its business combinations. This standard is not expected to have a material impact on the Company's financial statements.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash and equivalents, short-term deposits, marketable securities, receivables, investments and accounts payable and accrued liabilities. The carrying value of cash and equivalents, short-term deposits, receivables, accounts payable and accrued liabilities approximate their fair values due to their immediate or short-term maturity. Marketable securities and investments are recorded at fair value based on the quoted market prices at the balance sheet date.

The Company is exposed to a variety of financial risks by virtue of its activities, including credit risk, interest rate risk, liquidity risk and equity market risk. The Company has limited exposure to foreign currency risk as the majority of its assets and liabilities are denominated in Canadian dollars. The Company's objective with respect to risk management is to minimize potential adverse effects on the Company's financial performance. The Board of Directors provides direction and guidance to management with respect to risk management. Management is responsible for establishing controls and procedures to ensure that financial risks are mitigated to acceptable levels.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONT'D…)

Credit risk

Credit risk is the risk of financial loss to the Company if a counter-party to a financial instrument fails to meet its contractual obligations. The Company manages credit risk by investing its excess cash in short-term investments with investment grade ratings, issued by a Canadian chartered bank. The Company's receivables consist primarily of sales tax receivables due from the federal government and receivables from companies with which the Company has exploration agreements or options. The maximum exposure to credit risk at the reporting date is the carrying value of the Company's receivables and cash and cash equivalents.

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. Financial assets and liabilities with variable interest rates expose the Company to interest rate risk with respect to its cash flow. The risk that the Company will realize a loss as a result of a decline in the fair value of any short-term investment included in cash and cash equivalents is limited because these investments, although readily convertible into cash, are generally held to maturity.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise the funds required through future equity financings, asset sales or exploration option agreements, or a combination thereof. The Company has no regular cash flow from its operating activities. The Company manages its liquidity risk by forecasting cash flow requirements for its planned exploration and corporate activities and anticipating investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of annual budgets and significant expenditures and commitments. Failure to realize additional funding, as required, could result in the delay or indefinite postponement of further exploration and development of the Company's properties. As at April 30, 2009, the Company had cash of $141,819 (January 31, 2009 - $1,079,697) and short-term deposits of $616,890 (January 31, 2009 - $nil) available to settle current liabilities of $94,870 (January 31, 2009 - $134,543).

Equity market risk

The Company is exposed to equity price risk arising from its marketable securities, which are classified as available for sale. The Company plans to sell its marketable securities as market conditions permit, or as is required to finance the Company's operations from time-to-time.

4. MARKETABLE SECURITIES

The Company holds common shares of several publicly-traded Canadian listed companies, representing less than a 5% interest in the respective companies. As at April 30, 2009, the total cost of these marketable securities was $114,978 (January 31, 2009 - $133,978) and the fair market value of these securities was $227,270 (January 31, 2009 - $170,409). During the three months ended April 30, 2009, the Company received gross proceeds of $41,570 from the sale of marketable securities and recognized a $22,570 gain from the sale. In addition, the Company had an unrealized gain of $112,292 recorded in accumulated other comprehensive income for the three months ended April 30, 2009 (April 30, 2008 - $504,500 unrealized loss).

Effective for the period ending April 30, 2009 the Company has determined that it no longer has significant influence over its investment in North Arrow Minerals Inc. ("North Arrow") (Note 5) and accordingly, has reclassified its investment to marketable securities. The cost of this investment was $240,979 as at April 30, 2009 and the fair value of this investment was $602,450. An unrealized gain of $361,471 has been recorded in accumulated other comprehensive income for the three months ended April 30, 2009.

5. INVESTMENTS AND ADVANCES TO AFFILIATES

The Company's investments and advances to affiliates consist of the following:

	April 30, 2009	January 31, 2009
Investment – Anglo Columbia Mines Inc.	$ 40,000	$ 40,000
Investment – North Arrow Minerals Inc.	-	240,979
Advances to North Arrow Minerals Inc.	-	30,824
	$ 40,000	$ 311,803

North Arrow Minerals Inc.

The Company's ownership interest in North Arrow decreased to 18.7% from 22.1% during the three months ended April 30, 2009 and decreased again to 15.5% subsequent to the quarter-end. During the year ended January 31, 2009, the Company accounted for its investment in North Arrow using the equity method. For the three months ended April 30, 2009, the Company no longer has significant influence over North Arrow and the investment is now accounted for as marketable securities (Note 4). Accordingly, the investment has been reclassified to marketable securities, and related advances have been reclassified to receivables.

During the year ended January 31, 2009, the Company determined that the carrying value of its investment North Arrow was impaired, resulting in a write-down of $509,812. The impairment was determined by considering the difference between the carrying amount of the investment and its fair value in light of the current equity market conditions.

As at April 30, 2009, the Company had advanced $17,025 (January 31, 2009 - $30,824) to North Arrow for exploration expenditures and shared administrative expenses. This advance is non-interest bearing, unsecured and due upon demand and has been re-classified as a receivable as at April 30, 2009.

Anglo-Columbia Mines Inc.

In December 2006, the Company sold its interest in the Chu Chua mineral claims to Anglo-Columbia Mines Inc. ("Anglo-Columbia"), a private B.C. based company in exchange for 4,000,000 common shares of Anglo-Columbia, received at a value of $400,000. During the year ended January 31, 2009, the Company determined that the carrying value of its investment in Anglo-Columbia was impaired, resulting in a write-down of $360,000 to $0.01 per share, or $40,000. The determination of the impairment was made by considering the current equity market conditions and the difficulty in obtaining a value for shares of a private Company.

6. PROPERTY AND EQUIPMENT

	As at April 30, 2009			As at January 31, 2009		
	Cost	**Accumulated Amortization**	**Net Book Value**	Cost	Accumulated Amortization	Net Book Value
Furniture and Equipment	**$ 57,275**	**$ 43,553**	**$ 13,722**	$ 57,275	$ 42,831	$ 14,444
Computer Equipment	**182,200**	**142,011**	**40,189**	182,200	138,752	43,448
Software	**41,274**	**40,352**	**922**	41,274	40,045	1,229
Leasehold Improvements	**48,607**	**37,956**	**10,651**	84,400	52,369	32,031
	$ 329,356	**$ 263,872**	**$ 65,484**	$ 365,149	$ 273,997	$ 91,152

During the three months ended April 30, 2009, the Company reduced its leased office space and wrote-off capitalized leasehold improvements of $20,449.

7. MINERAL PROPERTIES

	January 31, 2009	Expended During The Period	Write-off of Costs and Recoveries	**April 30, 2009**
Gold and Base Metal Properties, British Columbia				
Exploration costs	$ 798,542	$ -	$ (510,008)	**$ 288,534**
Acquisition costs	70,389	18,772	-	**89,161**
Geological and assays	123,407	206	-	**123,613**
Office and salaries	447,733	11,714	-	**459,447**
	1,440,071	30,692	(510,008)	**960,755**
Gold and Base Metal Properties, NWT& NU				
Exploration costs	7,558,072	38,768	(35,849)	**7,560,991**
Acquisition costs	126,593	69	(53,212)	**73,450**
Geological and assays	228,931	23,183	(2,067)	**250,047**
Office and salaries	1,113,643	46,684	(38,728)	**1,121,599**
	9,027,239	108,704	(129,856)	**9,006,087**
Gold and Base Metal Properties, Saskatchewan				
Exploration costs	1,112,223	(5,877)	-	**1,106,346**
Acquisition costs	143,757	34	-	**143,791**
Geological and assays	17,630	206	-	**17,836**
Office and salaries	163,042	2,774	-	**165,816**
	1,436,652	(2,863)	-	**1,433,789**
Other Exploration and Generative Exploration				
Exploration costs	(4,878)	-	-	**(4,878)**
Acquisition costs	69	-	-	**69**
Geological and assays	1,970	-	-	**1,970**
Office and salaries	15,927	5,641	-	**21,568**
	13,088	5,641	-	**18,729**
TOTAL	$ 11,917,050	$ 142,174	$ (639,864)	**$ 11,419,360**

During the three months ended April 30, 2009, the Company wrote-off $129,856 (April 30, 2008 - $39,851) relating to certain properties and recorded recoveries for B.C. mineral exploration tax credits ("METC") of $510,008 (April 30, 2008 – other recoveries of $138,351).

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 mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties is in good standing.

7. MINERAL PROPERTIES (CONT'D…)

Gold and Base Metal Properties, British Columbia

The Company maintains interests in various other gold and base metal properties in B.C. including the Skoonka Creek, Shovelnose and Spences Bridge properties.

Inza Properties

In February 2009, the Company acquired a 100% interest in five mineral claims prospective for copper-gold by issuing a total of 250,000 common shares with a fair value of $15,000 to two prospectors. In September 2008 and February 2009, the Company acquired, by staking, a 100% interest in 12 adjacent mineral claims.

BC Mineral Exploration Tax Credits ("BC METC")

During the three months ended April 30, 2009, the Company reduced its capitalized exploration costs in B.C. by $510,008, representing mineral exploration tax credits receivable for the fiscal years ended 2006 through 2008. Subsequent to the period-end, the Company received these tax credit refunds.

Gold and Base Metal Properties, Northwest Territories and Nunavut

The Company maintains interests in various gold and base metal properties in the Northwest Territories and Nunavut in addition to the properties described below.

Nickel King Project, NWT

The Company holds a 100% interest in a number of mineral claims in the southern Northwest Territories. Certain of these mineral claims are subject to a 3% NSR on base and precious metals production and an additional 2% gross overriding royalty ("GOR"). The Company may purchase the entire NSR at any time for $1,500,000 and the Company may purchase one-half (1%) of the GOR at any time for $2,500,000.

Silvertip Project, Nunavut

In November 2006, the Company acquired, by staking, a 100% interest in six mineral claims in Nunavut. A portion of these claims are subject to a 1% NSR that can be purchased by the Company at any time for $1,000,000. The Company has the option to earn a 100% interest in a seventh mineral claim (the "Pale" claim) by making staged cash payments totalling $80,000 over four years and by incurring an aggregate of $317,500 in exploration expenditures over a four year period. Upon earning a 100% interest in the Pale claim, the claim will be subject to a 2% NSR, of which one-half (1%) may be purchased at any time for $1,000,000.

In May 2007, as part of a Plan of Arrangement with North Arrow, the Company granted an option to North Arrow, whereby North Arrow may earn a 60% interest in the Silvertip Project by spending $5,000,000 to explore the property prior to December 31, 2011 with a firm commitment to spend $300,000 prior to December 31, 2007 (completed).

In December 2008, North Arrow terminated its option to earn an interest in the Silvertip Project. In April 2009, the Company wrote-off $126,213 related to capitalized acquisition and exploration costs on the Silvertip project as no further exploration work is planned for the project. North Arrow and the Company are related by virtue of two common directors.

7. MINERAL PROPERTIES (CONT'D…)

Gold and Base Metal Properties, Northwest Territories and Nunavut (cont'd…)

Other Properties, NWT

In May 2007, the Company acquired an option to earn a 100% interest in certain mineral claims in the Northwest Territories by funding certain staking costs and making staged payments totalling $500,000 over five years ($10,000 paid May 2007; $7,500 paid December 2007). The property is subject to a 2.5% NSR of which the Company may purchase up to 2% at anytime for $2,500,000.

In May 2008, the Company and North Arrow entered into an option agreement whereby North Arrow may earn a 100% interest in the property by reimbursing certain expenditures incurred to-date by the Company (completed) and assuming the annual option payments due under the original option agreement. Upon North Arrow incurring $5,000,000 in exploration on the property, the Company may elect to back-in to 40% of North Arrow's interest in the property by funding the next $5,000,000 in exploration. In certain circumstances, the Company has the option to elect to acquire a 1% NSR in place of exercising the back-in right. North Arrow may purchase one-half (0.5%) of the NSR at any time for $500,000.

Mineral property write-offs of $3,251 during the three months ended April 30, 2009 relate to various other properties in the Northwest Territories, where either no exploration programs of significance are planned for the foreseeable future, or where the Company no longer holds title to the claims.

Gold and Base Metal Properties, Saskatchewan

The Company maintains a 100% interest in a number of mineral claims in northern Saskatchewan that form part of the Company's Snowbird nickel project.

Other Exploration and Generative Exploration, Canada

Uranium Projects, Generative, Canada

In January 2006, the Company and Bayswater Uranium Corporation ("Bayswater") concluded an agreement to generate uranium exploration projects in Canada ("CUJV"). Under the terms of this agreement, Bayswater will contribute up to $500,000 over five years to fund the acquisition of uranium projects identified by the Company and, upon identification of such project(s), Bayswater will be required to incur a further $600,000 in exploration expenditures within two years on each of up to three uranium projects identified by the Company as "Earn-in projects", whereby Bayswater and the Company will each hold a 50% interest in the generative project, with Bayswater as the Operator. Bayswater and the Company are related by virtue of a common director.

In February 2006, the Company and Bayswater acquired ten prospecting permits in the northern part of the North Thelon Basin, Nunavut. In April 2006, the Company and Bayswater granted a 1% NSR on metals and a 1% GOR on diamonds to a third party in consideration for staking certain claims in the South Thelon area of the NWT. The Company and Bayswater retain the right to purchase one-half of the royalties (0.5%) at any time for $1,000,000. Both North Thelon and South Thelon properties were acquired under the terms of the CUJV generative exploration program and have been separately identified by the Company as Earn-in projects. A portion of the North Thelon project area is prospective for and is subject to the terms of an option agreement between Bayswater and Stornoway Diamond Corporation ("Stornoway"). Stornoway and the Company are related by virtue of a common director.

Other Properties

The Company maintains a number of mineral claims and permits in British Columbia, Saskatchewan and the Northwest Territories, as part of the Company's ongoing generative exploration programs.

8. CAPITAL STOCK AND CONTRIBUTED SURPLUS

	Number of Shares	Amount	Contributed Surplus
Authorized			
Unlimited common shares without par value			
Issued			
As at January 31, 2008	56,245,963	$ 20,223,336	$ 2,722,202
Private placements	9,502,500	3,801,000	-
Compensation units	125,000	50,000	-
Share issue costs	-	(405,476)	39,969
Tax benefits renounced to flow-through share subscribers (Note 10)	-	(1,221,067)	-
Stock-based compensation	-	-	406,481
As at January 31, 2009	65,873,463	22,447,793	3,168,652
Property option agreement	250,000	15,000	-
Tax benefits renounced to flow-through share subscribers (Note 10)	-	(1,159,305)	-
Stock-based compensation	-	-	43,970
As at April 30, 2009	66,123,463	$ 21,303,488	$ 3,212,622

Share issuances

During the three months ended April 30, 2009, the Company renounced exploration expenditures relating to flow-through shares of $3,801,000 (April 30, 2008 - $4,003,500) resulting in a future income tax recovery of $1,159,305 (April 30, 2008 - $1,221,067) and the Company issued 250,000 common shares pursuant to a property option agreement (Note 7).

In May 2008, the Company issued, by way of a non-brokered private placement, 750,000 flow-through units of the Company at $0.40 per flow-through unit for gross proceeds of $300,000. Each flow-through unit consisted of one flow-through share and one half of one non-flow-through share purchase warrant. Each whole warrant entitles the holder to purchase one additional non-flow-through common share of the Company at a price of $0.45 per share until May 16, 2009 (subsequently expired without exercise).

In June 2008, the Company issued, by way of a brokered private placement 8,752,500 flow through units of the Company at a price of $0.40 per flow through unit for gross proceeds of $3,501,000. Each flow through unit consisted of one flow through share and one-half of one common share purchase warrant (each whole such purchase warrant being a "Warrant"). Each Warrant is transferable and can be exercised into one common share of the Company at a price of $0.45 until June 5, 2009 (subsequently expired without exercise).

The Company paid the agents a cash commission of $245,070 and issued 612,675 agents' warrants. Each agents' warrant is exercisable into one non-flow-through common share of the Company at $0.40 per share until June 5, 2009 (subsequently expired without exercise). As additional compensation, the agents were paid a corporate finance fee of 125,000 units, with each unit consisting of one non-flow-through common share plus one half of a share purchase warrant (each whole such purchase warrant being a "Corporate Finance Warrant"). The Corporate Finance Warrants have the same terms as the Warrants. The fair value of the Agents' warrants was estimated to be $39,969 using the Black-Scholes option pricing model with this amount being recorded in contributed surplus.

Stock options and warrants

In June 2008, the Company's shareholders approved revisions to the Company's 2007 Stock Option Plan (the "Plan"), which establishes a rolling number of shares issuable under the plan in the amount of 10% of the Company's issued shares at the date of grant.

Under the terms of the Plan, the exercise price of each option granted cannot be less than the market price at the date of grant, less a discount up to 25% in accordance with the policies of the TSX Venture Exchange ("TSX-V"). Options granted can have a term up to 5 years with vesting provisions determined by the directors in accordance with TSX-V policies for Tier 2 Issuers. Typically, the Company has granted stock options at or above the market price on the grant date, with a vesting period of 25% upon grant and 25% every six months thereafter.

8. CAPITAL STOCK AND CONTRIBUTED SURPLUS (CONT'D…)

As at April 30, 2009, the following stock options and warrants were outstanding:

	Number of Shares		Exercise Price	Number Vested	Expiry Date
Options	150,000	$	0.8232	150,000	June 2, 2009*
	1,098,750		0.6300	1,098,750	July 30, 2009
	540,000		0.2898	540,000	February 2, 2010
	37,500		0.2940	37,500	June 13, 2010
	10,000		0.2940	10,000	September 23, 2010
	640,000		0.6636	640,000	March 16, 2011
	545,000		0.3696	545,000	September 15, 2011
	40,000		0.5040	40,000	February 16, 2012
	1,000,000		0.6552	1,000,000	March 29, 2012
	951,250		0.4600	713,438	December 21, 2012
Warrants	375,000		0.45	375,000	May 16, 2009*
	4,438,750		0.45	4,438,750	June 5, 2009*
	612,675		0.40	612,675	June 5, 2009*

*Subsequently expired without exercise

Stock option transactions are summarized as follows:

	Number of Options		Weighted Average Exercise Price
Balance, January 31, 2008	5,423,500	$	0.54
Granted	200,000		0.54
Cancelled/expired	(572,250)		0.47
Balance, January 31, 2009	5,051,250		0.54
Cancelled/expired	(38,750)		0.46
Balance, April 30, 2009	5,012,500	$	0.54
Number of options currently exercisable	4,774,688	$	0.55

There were no stock options granted for the current fiscal period. The weighted average fair value of stock options granted during the prior fiscal period was $0.18.

Warrant transactions are summarized as follows:

	Number of Warrants		Weighted Average Exercise Price
Balance, January 31, 2008	2,863,561	$	1.07
Granted	5,426,425		0.44
Expired	(2,863,561)		1.07
Balance, January 31 and April 30, 2009	5,426,425*	$	0.44

* Subsequently expired without exercise

8. CAPITAL STOCK AND CONTRIBUTED SURPLUS (CONT'D…)

Stock-based compensation

During the three months ended April 30, 2009, the Company did not grant any options (April 30, 2008 – 200,000, with a fair value of $36,787). Total stock-based compensation recognized during the three months ended April 30, 2009 was $43,970 (April 30, 2008 – $136,619).

The following weighted average assumptions were used for the Black Scholes valuation of stock options granted in the prior fiscal year:

	Year Ended January 31, 2009
Risk-free interest rate	2.78%
Expected life of options	3 years
Annualized volatility	67%
Dividend rate	0.00%

9. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties not disclosed elsewhere in these financial statements:

a. Charged rent of $nil (April 30, 2008 - $6,000) to Stornoway Diamond Corporation ("Stornoway"), a company with a common director.

b. Charged rent of $3,000 (April 30, 2008 - $3,000) to North Arrow, a company with two common directors.

Included in receivables are amounts due from Stornoway totaling $3,672 (January 31, 2009 - $2,811) for reimbursement of exploration, administrative costs and rent paid by the Company on Stornoway's behalf.

Included in accrued liabilities is $9,483 (January 31, 2009 –$3,733) payable to a company controlled by a director.

These transactions were in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed to by the related parties.

10. INCOME TAXES

As at April 30, 2009, the Company has approximately $725,700 in non-capital losses available for deduction against future year's taxable income. These losses will expire in 2029.

Subject to certain restrictions, the Company has approximately $9,800,000 of mineral property expenditures and $630,000 in non-refundable tax credits available to reduce taxable income of future years.

During the year ended January 31, 2009 the Company issued 9,502,500 (2008 – 4,710,000) common shares on a flow-through basis for gross proceeds of $3,801,000 (2008 - $4,003,500). The flow-through agreements require the Company to renounce certain tax deductions for Canadian exploration expenses incurred on the Company's mineral properties to the flow-through participants. The Company has renounced exploration expenditures of $3,801,000 (2008 - $4,003,500), which resulted in a future income tax recovery and a charge against capital stock of $1,159,305 (2008 - $1,221,067).

11. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Balance, January 31, 2009	$	31,694
Reversal of previous unrealized gain on available-for-sale investments, net of future income taxes		(31,694)
Unrealized gains on available-for-sale investments, net of future income taxes, net of future income taxes		412,174
As at April 30, 2009	$	412,174

12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

At April 30, 2009, cash and equivalents of $758,709 (January 31, 2009 - $1,079,697) consisted of cash on deposit of $668,825 (January 31, 2009 - $189,975) and short-term investments of $89,884 (January 31, 2009 - $889,722).

The significant non-cash transactions for the three months ended April 30, 2009 were:

a) The Company incurring mineral property expenditures of $11,408 that are included in accounts payable and accrued liabilities and the Company accruing a recovery of income taxes paid, BC METC and interest income of $757,805 that is included in receivables.

b) The Company issued 250,000 common shares valued at $15,000 pursuant to the purchase of mineral property claims (Note 7).

The significant non-cash transaction for the three months ended April 30, 2008 was:

a) The Company incurring mineral property expenditures of $733,293 that are included in accounts payable and accrued liabilities and the Company accruing a recovery of mineral property expenditures of $16,720 that is included in receivables.

13. COMMITMENTS

The Company is committed to minimum future lease payments for office premises and exploration equipment through to January 31, 2011 as follows:

Fiscal year ending January 31, 2010	$ 98,940
Fiscal year ending January 31, 2011	$ 85,024

The Company's lease costs may be reduced due to recoveries through sub-leases.

14. CAPITAL MANAGEMENT

The capital of the Company consists of the items included in shareholder's equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company. The Company's objective for capital management is to plan for the capital required to support the Company's ongoing acquisition and exploration of its mineral properties and to provide sufficient funds for its corporate activities.

The Company's mineral properties are in the exploration stage. As an exploration stage company, the Company is currently unable to self-finance its operations. The Company has historically relied on equity financings and, more recently, asset sales or exploration option agreements, to finance its operations. In order to carry out the Company's planned exploration programs and to pay for administrative costs, the Company will spend its existing working capital and raise additional funds as required. To effectively manage the Company's capital requirements, the Company's management has in place a planning and budgeting process.