PORTAL RESOURCES LTD.

Consolidated Financial Statements

June 30, 2009
June 30, 2008
June 30, 2007

(An exploration stage company)

Portal Resources Ltd.
Head Office: Suite 750 – 625 Howe Street
Vancouver, British Columbia, Canada V6C 2T6

Trading Symbol: PDO
Telephone: 604-629-1929
Facsimile: 604-629-1930

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements and the information contained in the management discussion and analysis have been prepared by the management of the Company. The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and, where appropriate, reflect management's best estimates based on currently available information. A system of internal accounting control is maintained to provide reasonable assurance that financial information is accurate and reliable.

The Company's independent auditors, De Visser Gray LLP, who have been appointed by the shareholders, conduct an audit in accordance with generally accepted auditing standards in Canada to allow them to express an opinion on the financial statements.

The Audit Committee of the Board of Directors meets periodically with management and the independent auditors to review the scope and results of the annual audit and to review the financial statements and related reporting matters prior to submission to the Board.

"David Hottman"

David Hottman,
President and CEO
Vancouver, Canada
October 19, 2009

"Mark Brown"

Mark Brown
Chief Financial Officer
Vancouver, Canada
October 19, 2009

DeVISSER GRAY LLP
CHARTERED ACCOUNTANTS

401-905 West Pender St
Vancouver BC V6C 1L6
t 604.687.5447
f 604.687.6737

AUDITORS' REPORT

To the Shareholders of Portal Resources Ltd.

We have audited the consolidated balance sheets of Portal Resources Ltd. as at June 30, 2009 and 2008 and the consolidated statements of operations and deficit and cash flows for the years ended June 30, 2009, 2008 and 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2009 and 2008 and the results of its operations and its cash flows for the years ended June 30, 2009, 2008 and 2007 in accordance with Canadian generally accepted accounting principles.

De Visser Gray LLP

CHARTERED ACCOUNTANTS

Vancouver, British Columbia
October 19, 2009

COMMENTS BY AUDITORS FOR U.S. READERS ON CANADA - U.S. REPORTING CONFLICT

In the United States, reporting standards for auditors require the addition of an explanatory paragraph (following the opinion paragraph) when the financial statements are affected by significant uncertainties and contingencies such as those referred to in note 1 to these financial statements. Although we conducted our audits in accordance with both Canadian GAAS and the standards of the PCAOB, our report to the shareholders dated October 19, 2009 is expressed in accordance with Canadian reporting standards which do not require a reference to such matters when the uncertainties are adequately disclosed in the financial statements.

De Visser Gray LLP

CHARTERED ACCOUNTANTS

Vancouver, British Columbia
October 19, 2009

PORTAL RESOURCES LTD.
CONSOLIDATED BALANCE SHEETS

(stated in Canadian dollars)
As at June 30th

		2009		2008
ASSETS				
Current				
Cash and cash equivalents	$	248,572	$	187,551
Short-term investments (Note 3)		1,255,956		2,861,753
Marketable securities (Note 4)		34,875		-
Amounts receivable		4,395		104,312
Prepaid expenses		21,916		122,318
		1,565,714		3,275,934
Equipment (Note 5)		38,839		78,290
Unproven mineral rights (Note 6)		-		4,965,595
Oil and gas properties (Note 7)		361,437		-
	$	1,965,990	$	8,319,819
LIABILITIES				
Current				
Accounts payable and accrued liabilities	$	72,092	$	81,496
SHAREHOLDERS' EQUITY				
Share capital (Note 8)	$	14,760,161	$	14,760,161
Contributed surplus (Note 8)		805,151		783,340
Deficit		(13,671,414)		(7,305,178)
		1,893,898		8,238,323
	$	1,965,990	$	8,319,819

Nature of operations (Note 1)
Commitments (Note 9)
Subsequent events (Note 16)

Approved by the Board of Directors:

"David Hottman"	*"Mark T. Brown"*
David Hottman Director	Mark Brown, Director

See notes to consolidated financial statements

PORTAL RESOURCES LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
For the years ended June 30,
(stated in Canadian dollars)

	2009	2008	2007
Revenue	$ -	$ -	$ -
Expenses			
Accounting and audit	$ 62,116	$ 62,248	$ 70,248
Amortization	27,217	26,469	23,105
Bank charges and interest	6,993	21,102	42,738
Consulting and management fees	130,738	55,115	22,875
Foreign asset tax	496	21,938	35,489
Foreign exchange	(624)	34,120	63,218
Investor relations	124,780	412,068	454,750
Legal	74,420	40,236	40,182
Office and miscellaneous	137,482	174,332	140,206
Rent	101,395	44,991	30,831
Project investigation	67,119	41,451	44,071
Salaries and benefits	555,415	459,298	203,089
Stock-based compensation (Note 8)	21,811	147,744	340,206
Travel	70,775	63,235	44,530
Transfer agent and filing fees	12,288	16,514	17,438
Valuation allowance for foreign value added tax credit (IVA)	1,751	46,197	395,631
	1,394,172	1,667,058	1,968,607
Other items			
Gain on sale of equipment	(25,167)	-	-
Interest income	(65,418)	(161,429)	(106,674)
Loss on the sale of mineral properties	5,052,205	-	-
Write-off of unproven mineral rights	4,215	1,782,804	-
Write-off of amounts receivable	-	-	15,291
Unrealized loss on marketable securities (Note 4)	6,229	-	-
	4,972,064	1,621,375	(91,383)
Net loss and comprehensive loss for the year	(6,366,236)	(3,288,433)	(1,877,224)
Loss per share (Note 2)	$ (0.21)	$ (0.11)	$ (0.09)
Weighted average number of common shares outstanding	29,651,539	29,322,706	21,183,935

See notes to consolidated financial statements

PORTAL RESOURCES LTD.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
For the years ended June 30, 2009, 2008 and 2007
(stated in Canadian dollars)

	Number of Shares	Amount	Shares Subscribed	Contributed Surplus	Deficit	Total Shareholders Equity
Balance at June 30 , 2006	**20,888,039**	**$ 9,177,125**	**$ -**	**$ 300,473**	**$ (2,139,521)**	**$ 7,338,077**
Share Issues:						
Private placement			59,800			59,800
Issued for resource property	100,000	78,000	-	-		78,000
Exercise of warrants	759,000	569,250	-			569,250
Exercise of options	12,500	8,300	-	-		8,300
Fair market value of stock options exercised	-	3,681	-	(3,681)	-	-
Stock based compensation	-	-	-	340,206	-	340,206
Share issue costs	-	(12,438)	-	-	-	(12,438)
Net loss and comprehensive income	-	-	-	-	(1,877,224)	(1,877,224)
Balance at June 30, 2007	**21,759,539**	**9,823,918**	**59,800**	**636,998**	**(4,016,745)**	**6,503,971**
Share Issues:						
Private placement	7,887,000	5,126,550	(59,800)	-	-	5,066,750
Exercise of options	5,000	2,600	-	-	-	2,600
Fair market value of stock options exercised	-	1,402	-	(1,402)	-	-
Stock based compensation	-	-	-	147,744	-	147,744
Finders fees	-	(151,997)	-	-	-	(151,997)
Share issue costs	-	(42,312)	-	-	-	(42,312)
Net loss and comprehensive income	-	-	-	-	(3,288,433)	(3,288,433)
Balance at June 30, 2008	**29,651,539**	**14,760,161**	**-**	**783,340**	**(7,305,178)**	**8,238,323**
Share Issues:						
Stock based compensation	-	-	-	21,811	-	21,811
Net loss and comprehensive income	-	-	-	-	(6,366,236)	(6,366,236)
Balance at June 30, 2009	**29,651,539**	**$ 14,760,161**	**$ -**	**$ 805,151**	**$ (13,671,414)**	**$ 1,893,898**

See notes to consolidated financial statements

PORTAL RESOURCES LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended June 30,
(stated in Canadian dollars)

	2009	2008	2007
Cash provided by (used for):			
Operating Activities			
Net loss for the year	$ (6,366,236)	$ (3,288,433)	$ (1,877,224)
Items not involving cash:			
Stock-based compensation	21,811	147,744	340,206
Write-off of unproven mineral properties	4,215	1,782,804	-
Write-off of amounts receivable	-	-	15,291
Loss on sale of mineral properties	5,052,205	-	-
Amortization	27,217	26,469	23,105
Unrealized loss on marketable securities	6,229	-	-
Gain on sale of equipment	(25,167)	-	-
	(1,279,726)	(1,331,416)	(1,498,622)
Changes in non-cash working capital:			
Amounts receivable	99,917	(61,651)	(39,838)
Prepaid expenses	100,402	(5,200)	(11,304)
Accounts payable and accrued liabilities	(18,041)	(179,224)	(157,664)
Due to related parties	-	(3,233)	3,233
	(1,097,448)	(1,580,724)	(1,704,195)
Investing Activities			
Purchase of equipment	(25,896)	(10,150)	(83,249)
Proceeds from the sale of equipment	63,297	-	-
Short-term investments	1,605,797	(2,861,753)	-
Proceeds on sale of mineral properties	99,127	-	-
Expenditures on unproven mineral rights	(261,054)	(1,304,593)	(2,732,966)
Expenditures on oil and gas properties	(322,802)	-	-
	1,158,469	(4,176,496)	(2,816,215)
Financing Activities			
Shares issued for cash	-	5,126,550	-
On warrant exercise	-	-	569,250
On option exercise	-	2,600	8,300
Shares subscribed	-	(59,800)	59,800
Share issue costs	-	(194,309)	(12,438)
	-	4,875,041	624,912
Net increase (decrease) in cash and cash equivalents	$ 61,021	$ (882,179)	(3,895,498)
Cash and cash equivalents – beginning of year	187,551	1,069,730	4,965,228
Cash and cash equivalents – end of year	$ 248,572	$ 187,551	$ 1,069,730

Supplementary disclosure of non-cash Investing and Financing Activities:

	2009	2008	2007
Cash and cash equivalents consist of:			
Cash balances with banks	$ 248,572	$ 187,551	$ 307,977
Term deposits	$ -	$ -	$ 761,753
Total cash and cash equivalents	$ 248,572	$ 187,551	$ 1,069,730
Marketable securities received on the sale of mineral properties	$ 41,104	$ -	$ -
Shares reserved for issue for Slick Rock Uranium Project	$ -	$ -	$ 78,000
Deferred expenditures on unproven mineral rights and oil and gas properties included in accounts payable	$ 38,635	$ 29,998	$ 269,551

See notes to consolidated financial statements

PORTAL RESOURCES LTD.
CONSOLIDATED STATEMENTS OF DEFERRED EXPENDITURES ON UNPROVEN MINERAL RIGHTS
For the year ended June 30,
(stated in Canadian dollars)

	Arroyo Verde (Argentina)	San Rafael (Argentina)	La Pampa Uranium (Argentina)	Tiger Uranium (Argentina)	Slick Rock Uranium (USA)	Golden Snow, Fish and CPG (USA)	Total
Total as at June 30, 2006	$ 2,022,825	$ 580,017	$ -	$ -	$ -	$ -	$ 2,602,842
Land acquisition & holding costs	72,695	221,715	17,143	1,131	132,448	-	445,132
Environment	1,203	2,116	-	2,027	-	-	5,346
Geology	413,219	262,537	152,632	56,292	1,070	-	885,750
Geophysics	27,607	64,260	-	-	-	-	91,867
Surface geochemistry	40,404	23,768	1,861	1,789	-	-	67,822
Drilling	1,261,256	323,344	-	-	-	-	1,584,600
Total expenditures	1,816,384	897,740	171,636	61,239	133,518	-	3,080,517
Total as at June 30, 2007	3,839,209	1,477,757	171,636	61,239	133,518	-	5,683,359
Land acquisition & holding costs	108,687	(27,301)	11,523	-	16,873	-	109,782
Environment	3,611	206	4,778	1,894	21,907	-	32,396
Geology	155,866	101,517	415,886	6,416	62,353	-	742,038
Geophysics	6,164	26,985	104	-	-	-	33,253
Surface geochemistry	4,654	297	4,806	-	9,848	-	19,605
Drilling	3,636	499	-	-	123,831	-	127,966
Total expenditures	282,618	102,203	437,097	8,310	234,812	-	1,065,040
Property write-offs	-	(1,414,474)	-	-	(368,330)	-	(1,782,804)
Total as at June 30, 2008	4,121,827	165,486	608,733	69,549	-	-	4,965,595
Land acquisition & holding costs	53,853	2,087	37,481	-	-	30,677	124,098
Environment	123	-	-	-	-	-	123
Geology	26,034	15,342	32,958	22,934	4,215	4,136	105,619
Geophysics	-	-	-	-	-	-	-
Surface geochemistry	-	852	171	-	-	193	1,216
Drilling	-	-	-	-	-	-	-
Total expenditures	80,010	18,281	70,610	22,934	4,215	35,006	231,056
Proceeds on sale of properties	(99,127)	-	-	-	-	(41,104)	(140,231)
Gain (loss) on sale of properties	(4,102,710)	(183,767)	(679,343)	(92,483)	-	6,098	(5,052,205)
Property write-offs	-	-	-	-	(4,215)	-	(4,215)
Total as at June 30, 2009	$ -	$ -	$ -	$ -	$ -	$ -	$ -

See notes to consolidated financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Portal Resources Ltd. was incorporated on August 14, 2000 under the Company Act of the Province of British Columbia.

The Company is an exploration stage company whose business activity is the exploration of mineral rights located in Mexico, and the exploration of oil and gas in Central Alberta, Canada. The Company has not yet determined if any of these rights contain economic mineral reserves, oil or gas reserves, and, accordingly, the amounts shown for deferred exploration costs represent costs incurred to date, less write-downs, and do not necessarily reflect present or future values. The recovery of these amounts is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration of the rights, and upon the commencement of future profitable production or, alternatively, upon the Company's ability to dispose of its interests on an advantageous basis. To date, the Company has not earned significant revenues and has an accumulated operation deficit of $13,671,414.

Current economic conditions have limited the Company's ability to access financing through equity markets and this has created significant uncertainty as to the Company's ability to fund ongoing operations for the next operating period. In a response to conserve capital the Company has significantly curtailed operations. See Note 13 for further discussion on the Company's conservation and management of capital.

The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and the classification of liabilities that might be necessary should the Company be unable to continue in the normal course of business.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation and principles of consolidation
These consolidated financial statements have been prepared in accordance with generally accepted accounting principles in Canada (Canadian GAAP). The differences between those principles and the ones that would be applied under U.S. generally accepted accounting principles (U.S. GAAP) are disclosed in Note 15.

References to the Company are inclusive of the Canadian parent company; its wholly owned U.S. subsidiary, Portal Resources US Inc, and its formerly owned Argentinean subsidiary, Portal del Oro S.A. ("Portal S.A."). All significant inter-company transactions and balances have been eliminated.

Foreign Currency Translation
The financial statements are presented in Canadian dollars. Foreign denominated monetary assets and liabilities are translated to their Canadian dollar equivalent using foreign exchange rates at the balance sheet dates. Non-monetary items are translated at historical exchange rates. Revenues and expenses are translated using average rates of exchange during the year. Exchange gains or losses arising from currency translation are included in the determination of net income.

Cash equivalents
Cash equivalents consist of highly liquid investments with maturity dates of less than three months that are readily convertible into known amounts of cash. Interest earned is recognized immediately in operations.

Use of estimates
The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from these estimates.

2. SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Unproven mineral rights

Mineral right acquisition costs and their related exploration costs are deferred until the rights are placed into production or disposed of. These costs will be amortized over the estimated useful life of the rights following the commencement of production, or written-off if the rights are disposed of.

Cost includes the cash consideration and the fair market value of shares issued on acquisition of mineral rights. Rights acquired under option agreements or joint ventures, whereby payments are made at the sole discretion of the Company, are recorded in the accounts at such time as the payments are made. The proceeds from options granted are netted against the cost of the related mineral rights and any excess is applied to operations.

The Company reviews capitalized costs on its mineral rights on a periodic basis and will recognize impairment in value based upon current exploration results and upon management's assessment of the future probability of profitable revenues from the rights or from the sale of the rights. Management's assessment of the right's estimated current fair market value is also based upon a review of other similar mineral rights transactions that have occurred in the same geographic area as that of the rights under review.

Oil and Gas Properties

Oil and natural gas properties are accounted for using the successful efforts method of accounting. Geological and geophysical costs are expensed in the period in which they are incurred and costs of drilling an unsuccessful well are expensed when it becomes known the well did not result in a discovery of proven reserves or where one year has elapsed since the completion of drilling and efforts to establish proved reserves are not practical. All other costs of exploring and developing proven reserves are capitalized as oil and gas properties.

Oil and gas properties are depleted using the unit-of-production method. Unit-of-production rates are based on proven developed reserves, which are reserves estimated to be recovered fom existing facilities using current operating methods. Unproved properties are not subject to depletion.

Oil and gas properties are assessed, at least annually, for impairment to ensure that the carrying value of the property on the balance sheet is recoverable. If a property's carrying value exceeds the sum of undiscounted future cash flows resulting from its use and eventual disposition, its value is impaired. An impairment loss is recognized for the amount by which the carrying value exceeds its recoverable amount. This loss is charged to depletion expense.

Asset retirement obligations

The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred and when a reasonable estimate of the fair value can be made based on expected future cash outflows discounted to present value.

The associated asset retirement costs are capitalized as part of the carrying amount of long lived assets. The liability is accreted over the estimated time period until settlement of the obligation and the asset is depreciated over its estimated remaining useful life. Changes in the liability for an asset retirement obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in the statement of operations. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease in the carrying amount of the liability and the related capitalized asset retirement cost.

Impairment of long-lived assets

Long-lived assets are assessed for impairment when events and circumstances warrant, when the carrying amount of the asset exceeds its estimated undiscounted net cash flow from use or its fair value, at which time the impairment is charged to earnings.

2. SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Environmental expenditures
The operations of the Company have been and may in the future, be affected in varying degrees by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company vary greatly from country to country and are not predictable. Environmental expenditures that relate to ongoing environmental and reclamation programs are charged against operations as incurred or capitalized and amortized depending on their expected future economic benefit. Estimated future removal and site restoration costs are recognized when the ultimate liability is reasonably determinable, and are charged against operations over the estimated remaining life of the related business operations, net of expected recoveries.

Equipment
Equipment is recorded at cost net of accumulated amortization. Amortization is provided for using the straight-line method at the following annual rates: Computer equipment – 30%; Computer software – 50%, Vehicles – 30%, Field equipment & Furniture and fixtures – 20%.

Share capital
Common shares issued for non-monetary consideration are recorded at their fair market value based upon the trading price of the Company's shares on the TSX Venture Exchange.

Stock-based compensation
The Company accounts for stock options granted to directors, officers, employees and nonemployees using the fair value method of accounting. Accordingly, the fair value of the options at the date of the grant is determined using the Black-Scholes option pricing model and stock-based compensation is accrued and charged to operations, with an offsetting credit to contributed surplus, on a straight-line basis over the vesting periods. The fair value of stock options granted to non-employees is re-measured at the earlier of each financial reporting or vesting date, and any adjustment is charged or credited to operations upon re-measurement. If and when the stock options are exercised, the applicable amounts of contributed surplus are transferred to share capital. The Company has not incorporated an estimated forfeiture rate for stock options that will not vest; rather the Company accounts for actual forfeitures as they occur.

The proceeds received by the Company on the exercise of options are credited to share capital.

Loss per share
Loss per share has been calculated using the weighted-average number of common shares outstanding during the period. Fully diluted loss per share amounts are not presented, as they are anti-dilutive.

Comprehensive income
Comprehensive income is the overall change in the net assets of the Company for the period, other than changes attributed to transactions with shareholders. It is made up of net income and other comprehensive income. The historical make up of net income has not changed. Other comprehensive income includes gains or losses, which GAAP requires to be recognized in a period but excluded from net income for that period. The Company has no items of other comprehensive income in any period presented. Accordingly, net loss as presented in the Company's statement of operations and comprehensive loss equals comprehensive loss.

Income taxes
The Company accounts for the tax consequences of future tax assets and liabilities attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their tax bases using tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be settled. When the future realization of income tax assets does not meet the test of being more likely than not to occur, a valuation allowance in the amount of the potential future benefit is taken and no asset is recognized. The Company has taken a valuation allowance for the full amount of all potential net tax assets.

2. SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Financial instruments
The Company classifies its financial instruments into one of the following categories: held-to-maturity investments, loans and receivables, available-for-sale, held for trading or other financial liabilities. The Company has designated its cash and cash equivalents, marketable securities, and short-term investments as held-for-trading, accounts receivable as loans and receivables and accounts payable and accrued liabilities as other financial liabilities.

All financial instruments are measured in the balance sheet at fair value except for loans and receivables, held-to-maturity investments and other liabilities, which are measured at amortized cost. Subsequent measurement and changes in fair value will depend upon initial classification as follows: held-for-trading financial instruments are measured at fair value and changes in fair value are recognized in net income; available-for-sale financial instruments are measured at fair value with changes in fair value in other comprehensive income until the investment is no longer recognized or impaired, at which time the amounts would be recorded in net income.

Transactions costs that are directly attributable to the acquisition or issue of financial instruments and that are classified as other than held-for-trading, are expensed as incurred and included in the initial carrying value of such instruments.

Comparative figures
Certain comparative figures have been reclassified to conform with the presentation adopted in the current year.

New accounting policies
Effective July 1, 2008, the Company adopted the following provisions of the Canadian Institute of Chartered Accountants (“CICA”) Handbook Sections. There was no material impact on the Company’s financial condition or operating results as a result of the adoption of these new standards:

(a) Section 3862 – Financial Instruments – Disclosures, which replaces Section 3861 and provides expanded disclosure requirements that provide additional detail by financial asset and liability categories (see Note 12).

(b) Section 3863 – Financial Instruments – Presentation, to enhance financial statement users’ understanding of the significance of financial instruments to an entity’s financial position, performance and cash flows (see Note 12).

(c) Section 1535 – Capital Disclosures, which establishes standards for disclosing information about an entity’s capital and how it is managed (see Note 13). Under this standard, the Company will be required to disclose the following:

- qualitative information about its objectives, policies and processes for managing capital;
- summary quantitative data about what it manages as capital;
- whether during the period it complied with any externally imposed capital requirement to which it is subject; and
- when the Company has not complied with such externally imposed capital requirements, the consequences of such non-compliance.

(d) Section 1400 – General Standards of Financial Statements Presentation, to include requirements for management to assess and disclose an entity’s ability to continue as a going concern (see Note 1).

2. SIGNIFICANT ACCOUNTING POLICIES, (Continued)

New accounting policies (continued)

(e) Credit risk and fair value of financial assets and financial liabilities
In January 2009, the CICA issued the Emerging Issues Committee ("EIC") Abstract EIC-173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities", effective for interim an annual financial statements ending on or after January 20, 2009. EIC-173 provides further information on the determination of the faire value of financial assets and financial liabilities under Section 3855, "Financial Instruments – Recognition and Measurement". It states that an entity's own credit 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. EIC-173 is applied retroactively, without restatement of prior periods, to all financial assets and liabilities measured at fair value. The Company adopted this abstract during fiscal 2009 and this standard did not have a material impact on the Company's consolidated financial statements.

(f) 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. The application of EIC–174 did not have any impact on the Company's consolidated financial statements.

Accounting Policies Not Yet Adopted
Convergence to international Financial Reporting Standards ("IFRS")

In February 2008, the CICA announced that Canadian GAAP for publicly accountable enterprises will be replaced by International Financial Reporting Standards ("IFRS") for fiscal years beginning on or after January 1, 2011. Companies will be required to provide IFRS comparative information for the previous fiscal year. The transition date of July 1, 2011 will require the restatement for comparative purposes, amounts reported by the Company for the year ended June 30, 2011, for which the current and comparative information will be prepared under IFRS.

The Company has commenced its IFRS conversion project in 2008. The Company's IFRS project consists of three phases – scoping, evaluation and design, and implementation and review. The Company has commenced the scoping phase of the project, which consists of project initiation and awareness, identification of high-level differences between Canadian GAAP and IFRS and project planning and resourcing. The Company has completed a high level scoping exercise and has prepared a preliminary comparison of financial statement areas that will be impacted by the conversion.

A detailed assessment of the impact of adopting IFRS on the Company's consolidated financial statements, accounting policies, information technology and data systems, internal controls over financial reporting, disclosure controls and procedures, and the various covenants and capital requirements and business activities has not been completed. The impact on such elements will depend on the particular circumstances prevailing at the adoption date and the IFRS accounting policy choices made by the Company. The Company has not completed its quantification of the effects of adopting IFRS. The financial performance and financial position as disclosed in our Canadian GAAP financial statements may be significantly different when presented in accordance with IFRS.

Goodwill and intangible assets

In February 2008, the CICA issued CICA Handbook Section 3064 – Goodwill and Intangible Assets replacing Section 3450, Research and Development Costs. The new standard, which applies to annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008, establishes guidelines for the recognition, measurement, presentation and disclosure of research and development costs. The Company does not expect that the adoption of this standard will have a material impact on its consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Accounting Policies Not Yet Adopted (continued)

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 acquisition, 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. Although the Company is considering the impact of adopting this pronouncement on the consolidated financial statements, it will be limited to any future acquisitions beginning in fiscal 2012.

Consolidated financial statement and non-controlling interests

In January 2009, the CICA issued the new handbook Section 1601, "Consolidated Financial Statements", and Section1602, "Non-controlling Interests", effective for fiscal years beginning on or after January 1, 2011. Earlier adoption of these recommendations is permitted. These pronouncements further align Canadian GAAP with US GAAP and IFRS. Sections 1601 and 1602 change the accounting and reporting for ownership interest in subsidiaries held by parties other than the parent. Non-controlling interests are to be presented in the consolidated statement of financial position within equity but separate from the parent's equity. The amount of consolidated net income attributable to the parent and to the non-controlling interest is to be clearly identified and presented on the face of the consolidated statement of income. In addition, these pronouncements establish standards for a change in a parent's ownership interest in a subsidiary and the valuation of retained non-controlling equity investments when a subsidiary is deconsolidated. They also establish reporting requirements for providing sufficient disclosures that clearly identify and distinguish between the interests of the parent and the interests of the non-controlling owners. The Company is currently considering the impact of adopting these pronouncements on its consolidated financial statements in fiscal 2012 in connection with the conversion to IFRS.

3. SHORT TERM INVESTMENTS

Short term investments consists of highly liquid investments, including guaranteed investment certificates with major financial institutions, having a maturity of 12 months or less at acquisition and that are readily convertible to contracted amounts of cash.

4. MARKETABLE SECURITIES

On May 29, 2009 Portal Resources Inc. acquired 150,000 shares of Pengram Corporation ("Pengram") in return of assigning all of its interest in an option agreement (see Note 6). The shares were recorded at fair value of $41,104. At June 30, 2009, the fair value of the Pengram shares was $34,875. Consequently, Portal recorded a loss of $6,229.

(stated in Canadian dollars)

5. EQUIPMENT

	2009			2008
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	$ 16,603	$ 13,815	$ 2,788	$ 4,478
Computer software	20,854	20,553	301	664
Furniture & fixtures	5,655	2,717	2,938	7,452
Vehicles	25,896	3,884	22,012	21,893
Field equipment	20,867	10,067	10,800	43,803
	$ 89,875	$ 51,036	$ 38,839	$ 78,290

6. UNPROVEN MINERAL RIGHTS

The Company's mineral properties are all located in Argentina and the United States.

Arroyo Verde (Argentina)

On November 27, 2003, Portal S.A. signed an option to acquire a 100% interest in a series of mining rights in Chubut province of Argentina. Under the terms of the agreement the Company had to make cash payments totaling US$210,000 (paid) on or before December 1, 2007.

On or before December 1, 2008 or upon receipt of the feasibility study, the Company had to pay an advance royalty payment of US$1 for each ounce of gold equivalent contained within the measured and indicated resource categories with a minimum payment of US$100,000 and a maximum payment of US$250,000. This advance royalty could be applied against subsequent royalty obligations. The vendor retained a 2% net smelter royalty that the Company can purchase 1% of, at any time, for US$1,000,000.

On November 12, 2008 an amendment to the agreement was signed where the owner agreed to defer the payment due on December 1, 2008 until December 1, 2009 in exchange for a payment of US$10,000 on December 1, 2008.

The Company after reviewing work done on the property to date, concluded that the potential did not justify further work and renounced the mining rights held under the project. As such the project expenditures were written off and subsequently Portal's Argentinean subsidiary was sold.

The Company wrote off $4,102,710 of mineral properties. On May 14, 2009 the Company sold the subsidiary that held rights to the option agreements for $99,127.

San Rafael (Argentina)

The properties in the San Rafael project have been acquired through two separate option agreements.

San Pedro

On June 18, 2004, Portal S.A. signed an option to acquire a 100% interest in a series of mining rights in Mendoza province of Argentina. Under the terms of the agreement the Company must make cash payments totaling US$ 830,000 (US$120,000 paid) on or before June 18, 2012.

On March 27, 2008, the Company notified the owners of the San Pedro claims of the decision to return the claims and has no further commitments with respect to this agreement.

(stated in Canadian dollars)

6. UNPROVEN MINERAL RIGHTS, (Continued)

Minera Rio de la Plata

On June 18, 2004, Portal S.A. signed an option to acquire a 100% interest in a series of mining rights in Mendoza, province of Argentina. Under the terms of the original agreement, the Company has paid US$95,000 to date and the subsequent payment requirements to exercise the option are as follows:

	US$
On or before April 9, 2008	$ 70,000 (subsequently amended)
On or before April 9, 2009	$100,000

The Company is obligated to make the initial three annual payments of $15,000 (paid). Should the Company wish to develop any of the four areas defined in the agreement, during the term of the option, it must pay the sum of US$50,000 for each area so designated. The Company would then form a new 100% owned subsidiary to which the mining rights in that designated area would be transferred. The new subsidiary would be subject to a 15% to 20% net profit interest to the owner.

The Company has the right to purchase 10% of the net profits interest at any time for the sum of US$1,000,000.

On March 3, 2008 the Minera Rio de la Plata (MRDP) agreement was modified so the US$70,000 payment due April 9, 2008 was deferred to June 10, 2008.

Subsequently, management returned all the claims held under the MRDP agreement, with the exception of nine claims, which will continue to form the Tiger uranium project. On April 22, 2008, an amendment to the MRDP agreement was executed by the Company and MRDP to this effect.

On April 30, 2008, MRDP and the Company signed an agreement whereby the due date for the US$70,000 payment as amended to June 10, 2008 was extended until July 10, 2008.

On June 10, 2008, the Company informed MRDP of the Company's decision to declare the nine claims comprising the Tiger Uranium Project as a "Development Area" under clause 6.4 of the MRDP agreement and to pay MRDP the sum of US$50,000.

On June 17, 2008, the Company received from MRDP notification of its rejection of the Company's declaration of a "Development Area".

On July 18, 2008, the Company received notification from MRDP of their declaration that the MRDP contract is null and void for failure to make the US$70,000 payment due July 10, 2008.

The Company retained legal counsel in the matter and was of the opinion that the declaration of a Development Area on June 10, 2008 was valid and thus the MRDP contract was valid and in good standing. The Company pursued both legal avenues as well as negotiating with MRDP to resolve the dispute.

The company after reviewing work done on the property to date concluded that the potential did not justify further work and decided to cease legal measurers and negotiations to resolve the dispute arising from Portal's having declared a Development Area under terms of the joint venture agreement with MRPD. As such the project expenditures were written off and subsequently Portal's Argentinean subsidiary was sold

The Company wrote off $276,250 of mineral properties which included $92,483 from the Tiger Uranium property. On May 14, 2009 the Company sold the subsidiary that held rights to the option agreements.

(stated in Canadian dollars)

6. UNPROVEN MINERAL RIGHTS, (Continued)

La Pampa Uranium (Argentina)

On April 20, 2007 the Company signed a letter agreement with Consolidated Pacific Bay Minerals Ltd. whereby the Company has an option to earn a 60% interest in a series of mining rights in Chubut province of Argentina. Under the original terms of the agreement the Company's payment requirements are as follows:

	US$
On signing of the agreement	$ 15,000 (paid)
On or before April 20, 2008	$ 30,000
On or before April 20, 2009	$ 50,000
On or before April 20, 2010	$ 50,000

In order to maintain the option in good standing, the Company must expend an aggregate of US$1,200,000 by April 20, 2011. The required cumulative required expenditures are as follows:

On or before April 20, 2008	$ 150,000
On or before April 20, 2009	$ 400,000
On or before April 20, 2010	$ 800,000
On or before April 20, 2011	$ 1,200,000

On March 11, 2008, the agreement of April 20, 2007 was modified so that the time periods for the above referenced payment and expenditure commitments will begin on the date that the Argentina Department of Mines gives formal notice that the concessions for the properties have been granted to Consolidated Pacific Bay Minerals Ltd.

The Company reassessed the potential of its wholly owned claims as well as the agreement with Consolidated Pacific Bay Minerals Ltd. and concluded that the potential did not justify further work, and renounced the mining rights held under the project. As such the project expenditures were written off and subsequently Portal's Argentinean subsidiary was sold The Company wrote off $679,343 during the year. On May 14, 2009 the Company sold the subsidiary that held rights to the option agreements.

Slick Rock Uranium (USA)

The property was returned to the vendor with no further commitments necessary on behalf of the Company in June 20, 2009 and the Company wrote off $4,215 during the period.

Nevada Properties (USA)

On September 2, 2008, the Company announced that it had entered into an option agreement under which it has the right to acquire, from Claremont Nevada Mines, Scoonover Exploration and JR Exploration, three properties located in the Walker Lane Belt and Battle Mountain/Eureka Trend in Nevada, USA. Terms of the renewable ten year option include total cash advance royalty payments of US$10,000 on the first anniversary, $15,000 on the second, $20,000 on the third, $25,000 on the fourth and $30,000 on the fifth and each subsequent anniversary date to maintain the option in good standing. The Company, through its subsidiary, Portal Resources US Inc., can acquire a 100% interest in the properties by making an additional payment of $1,000 and delivering a final feasibility study on any of the properties.

The vendors will retain a 3% net smelter returns royalty. The Company has the right to reduce the net smelter returns royalty to 1% for a payment of US$1,000,000.

6. UNPROVEN MINERAL RIGHTS, (Continued)

Nevada Properties (USA) (continued)

Golden Snow Property

The Golden Snow property is an advanced Carlin-type gold target comprised of 114 unpatented lode mining claims or 3.5 square miles on the Battle Mountain/Eureka Trend.

Fish Project

The Fish Project is situated within the Walker Lane Mineral Belt, Lone Mountain District, Esmeralda County, Nevada about 12 miles west of the historic mining town of Tonopah, Nevada. The project consists of 58 unpatented lode mining claims or 1.9 square miles.

CPG Project

The CPG Project, also within the Walker Lane Mineral Belt, is in Mineral County, Nevada and consists of 44 unpatented lode mining claims or 1.3 square miles. The property is 10 miles south of Kennecott's now closed Denton-Rawhide Mine.

On May 29, 2009, the Company closed an Assignment Agreement with Pengram Corporation ("Pengram") to transfer all the rights on the Nevada claims, in exchange of 150,000 shares of Pengram's common stock. The stock was valued at $41,104 on the date of the exchange and resulted in a gain on sale of $6,098. The Company has no further commitments on the Nevada properties.

7. OIL AND GAS PROPERTIES

The Company's oil and gas interests are all located in Central Alberta, Canada.

Oil and Gas Joint Ventures

Bigwave Joint Venture

On November 1, 2008 the Company signed a Joint Venture Agreement to participate for a 15% in the exploration, exploitation and production of petroleum and natural gas relating to lands located in Central Alberta. In December of 2008 the agreement was modified to allow the Company to participate to a 20% interest. Subsequent to year end, the Company increased its interest in the Joint Venture to 22%.

Within the area of interest, the Company has agreed to pay a 5.5% Gross Over Riding Royalty (GORR) on all products produced from certain geological formations.

During the year the Company contributed $343,437 to the Operator (Bigwave).

On January 5, 2009 the Company signed an agreement, "Participation Agreement", with certain other partners in the Bigwave Joint Venture. Portal agreeing to pay 100% of the Company's cost per Drill Spacing Unit to earn 100 % of their interest until pay-out and then after pay-out to drop to 70% interest per Drill Spacing Unit.

(stated in Canadian dollars)

7. OIL AND GAS PROPERTIES (Continued)

Manito Joint Venture

On March 9, 2009 the Company signed the Manito Joint Venture Agreement to participate as to a 33.3% interest for the exploration, exploitation and production of petroleum and natural gas resources in Central Alberta.

The area of interest covered by the agreement is 72 square miles and the Company has agreed to pay a 5.5% Gross Over Riding Royalty (GORR) on all products produced.

The Manito Joint Venture has acquired one section of land to date through Alberta Crown Sale.

During the year the Company contributed $18,000 to the Operator (Bigwave).

	Bigwave	Manito	Total
Oil and Gas expenditures	$ 343,437	$ 18,000	$ 361,437

8. SHARE CAPITAL

Authorized 100,000,000 Common Shares without par value
100,000,000 Preferred shares issuable in series

Stock-based Compensation
The Company has a stock option plan (the “Stock Option Plan”) which provides for equity participation in the Company by its directors, officers, employees and consultants through the acquisition of common shares pursuant to the grant of options to purchase common shares. The maximum aggregate number of common shares reserved and authorized to be issued pursuant to options granted under the Stock Option Plan is 4,447,730 common shares.

The exercise price for options granted under the Stock Option Plan is determined by committee upon grant provided the price is not less than the closing trading price on the day immediately preceding the date of grant, less any discounts permitted by the TSX Venture Exchange or such other stock exchanges on which the common shares are listed. Options granted under the Stock Option Plan are subject to a minimum one year vesting schedule whereby 25% of each option will vest on each of the three month anniversaries of the date of grant, up to and including the end of the first year after such grant, or such other more restrictive vesting schedule as the administrator of the Stock Option Plan may determine. Options are non-assignable and are exercisable for a period of up to five years from the date the option is granted, subject to earlier termination after certain events such as the optionee’s cessation of service to the Company or death.

The Company accounts for its grants in accordance with the fair value method of accounting for stock-based compensation. For the year ended June 30, 2009, the Company recognized $21,811 (2008 - $147,774) in stock-based compensation for employees, directors and consultants.

(stated in Canadian dollars)

8. SHARE CAPITAL, (Continued)

The fair value of the options has been calculated using the Black-Scholes option-pricing model, based on the following assumptions:

	2009	2008	2007
Stock compensation	$ 21,811	$ 147,744	$ 340,206
Risk-free interest rate	1.50% - 2.90%	4.00%	3.4% - 4.6%
Expected stock price volatility	121% - 227%	74%	49% - 76%
Expected option life in years	5 years	1 year	3 years
Expected dividend in yield	Nil	Nil	Nil

Option prices models require the input of highly subjective assumptions regarding the expected volatility and expected life. Changes in assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide the reliable measure of the fair value of the company's stock options at the date of grant.

A summary of changes to stock options outstanding is as follows:

	2009		2008		2007	
	Number of shares	Weighted Average Exercise Price	Number of shares	Weighted Average Exercise Price	Number of shares	Weighted Average Exercise Price
Outstanding at beginning of year	2,753,600	$0.54	2,766,100	$0.54	1,219,700	$0.51
Granted under plan	2,132,200	$0.16	100,000	$0.32	1,576,400	$0.57
Exercised	-	N/A	(5,000)	$0.52	(12,500)	$0.66
Forfeited or cancelled	(1,197,200)	$0.44	(107,500)	$0.63	(17,500)	$0.71
Outstanding at end of year	3,688,600	$0.35	2,753,600	$0.54	2,766,100	$0.54
Options vested and exercisable at year end	2,113,900	$0.50	2,750,000	$0.54	1,142,200	$0.50

At June 30, 2009, the weighted average remaining life of the outstanding options is 3.59 years (2008 – 2.63 years, 2007 – 3.47 years).

On October 7, 2008, the Company granted Directors and employees 1,095,000 stock options with an exercise price of $0.20. These options have a term of 5 years and vest in equal amounts every three months for 1 year. The fair value of these options was estimated at approximately $0.05 per option at grant date.

On June 9, 2009, the Company granted Directors, employees and consultants 1,037,200 stock options with an exercise price of $0.12. These options have a term of 5 years and vest in equal amounts every three months for 1 year. The fair value of these options was estimated at approximately $0.12 per option at grant date.

(stated in Canadian dollars)

8. SHARE CAPITAL, (Continued)

Stock options outstanding as at June 30, 2009 are as follows:

Number	Exercise Price	Expiry Date
200.000	$0.86	14-Apr-10
100.000	$0.70	20-Jan-11
25,000	$0.75	18-Oct-11
1,041,400	$0.52	5-Dec-11
200,000	$0.70	6-Jun-12
1,085,000	$0.20	7-Oct-13
1,037,200	$0.12	8-Jun-14
3,688,600		

Warrants

A summary of changes to warrants during the year are as follows:

	2009		2008	
	Number of warrants	Weighted AverageExercise Price	Number of warrants	Weighted AverageExercise Price
Outstanding at beginning of year	3,943,500	$0.85	1,317,500	$1.25
Granted	-	-	3,943,500	$0.85
Expired	-	-	(1,317,500)	$1.25
Outstanding at end of year	3,943,500	$0.85	3,943,500	$0.85

Warrants outstanding as at June 30, 2009 are as follows:

Number	Exercise Price	Expiry Date
3,943,500	$ 0.85	July 18, 2009 (i)

(i) Subsequent to year end, these warrants expired.

9. COMMITMENTS

The Company has obligations under an operating lease for its corporate office that is in effect until February 28, 2013. The remaining future minimum lease payments for the non-cancellable lease are:

2010	$ 86,457
2011	90,709
2012	94,961
2013	65,197
	$ 337,324

10. RELATED PARTY TRANSACTIONS

Payments to related parties were made in the normal course of operations and were valued at fair value as determined by management. Amounts due to or from related parties are unsecured, non-interest bearing and due on demand.

For the years ended June 30, 2009, 2008 and 2007

During the year ended June 30, 2009, $42,374 (2008 - $35,939; 2007 - Nil) was charged to a public company with a director in common with the Company for rent. As at June 30, 2009, $Nil (2008 - $34; 2007 – Nil) was receivable from this public company.

During the year ended June 30, 2009, $Nil (2008 - $27,095; 2007 - Nil) was charged to another private company with certain directors in common with the Company for administrative fees and rent. As at June 30, 2009, $Nil (2008 - $806; 2007 - Nil) was receivable from this private company

During the year ended June 30, 2009, $18,832 (2008 - $27,060; 2007 - Nil) was charged to a private company with certain directors in common with the Company for administrative fees and rent. As at June 30, 2009, $Nil (2008 - $18; 2007 - Nil) was receivable from this private company.

During the year ended June 30, 2009, $3,124 (2008 - $Nil; 2007 - Nil) was charged to a private company with a director in common with the Company for rent and expenses. As at June 30, 2009, $Nil (2008 - $Nil; 2007 - Nil) was receivable from this public company.

During the year ended June 30, 2009 the Company paid a private company with a director in common with the Company an aggregate of $9,707 (2008 - $5,674; 2007 - $1,219) for fees and expenses. As at June 30, 2009, the Company owed this private company an aggregate of $Nil (2008 - $Nil; 2007 - Nil).

(stated in Canadian dollars)

11. INCOME TAXES

The Company follows the liability method based on the accounting recommendations for income taxes issued by the Canadian Institute of Chartered Accountants. Under the liability method future income tax assets and liabilities are computed based on differences between the carrying amount of assets and liabilities on the balance sheet and their corresponding tax values, using tax rates anticipated to apply in the periods when the differences between the carrying amounts and tax values are expected to reverse. Future income tax assets can also result from unused loss carry-forwards and other deductions. The valuation of future income tax assets is reviewed annually and adjusted, if necessary, by use of a valuation allowance to reflect the estimated realizable amount.

A reconciliation of income taxes at statutory rates with reported taxes is as follow:

	2009	2008	2007
Loss before income taxes	$ (6,366,236)	$ (3,288,433)	$ (1,094,757)
Expected income taxes (recovery)	$ (1,909,871)	$ (1,019,414)	(373,531)
Non-deductible (deductible) expenses for tax purposes	1,510,592	641,662	20,360
Unrecognized benefit on non-capital losses and exploration expenditures	399,279	377,752	353,171
Total income taxes	$ -	$ -	$ -

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

	2009	2008
Future income tax assets		
Non-capital loss carryforwards	$ 1,335,070	$ 989,085
Exploration expenditures	-	336,993
Share issue costs	55,072	92,551
Equipment	13,176	10,289
Future income tax assets before valuation allowance	1,403,318	1,428,918
Less: valuation allowance	(1,403,318)	(1,428,918)
Net future income tax assets	$ -	$ -

The Company has incurred losses for Canadian income tax purposes of approximately $5.0 million, which can be carried forward to reduce taxable income in future years. The losses expire in the following periods:

Year of Origin	Year of Expiry	Non Capital Losses
2003	2010	$ 62,768
2004	2014	146,935
2005	2015	567,494
2006	2026	816,604
2007	2027	894,120
2008	2028	1,218,558
2009	2029	1,330,930
		$ 5,037,409

12. FINANCIAL INSTRUMENTS

The fair values of the Company's cash and cash equivalents, marketable securities, short-term investments, amounts receivable, accounts payables and accrued liabilities approximate their carrying values.

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk and interest risk.

(a) Currency risk

The Company's property interests in the United States and Argentina make it subject to foreign currency fluctuations and inflationary pressures which may adversely affect the Company's financial position, results of operations and cash flows. The Company is affected by changes in exchange rates between the Canadian Dollar and foreign functional currencies. The Company does not invest in foreign currency contracts to mitigate the risks.

(b) Credit risk

The Company's cash and cash equivalents are held in a Canadian financial institution. The Company does not have any asset-backed commercial paper in its cash and cash equivalents or short-term investments. The Company's amount receivable consists primarily of recovered rent and office expense, and tax due from the federal government of Canada.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure. Accounts payable and accrued liabilities are due within the current operating period.

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of the cash and cash equivalents is limited because they are generally held to maturity.

13. MANAGEMENT OF CAPITAL RISK

The Company manages its cash and cash equivalents, common shares, stock options and warrants as capital (see Note 8). The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral and oil and gas properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the 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 the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

(stated in Canadian dollars)

13. MANAGEMENT OF CAPITAL RISK, (Continued)

In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with maturities 90 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

The Company expects its current capital resources will be sufficient to carry its exploration plans and operations through its current operating period.

14. SEGMENTED INFORMATION

The Company operates in a single reportable operating segment, being exploration and development of mineral properties.

Summarized financial information for the geographic segments the Company operates in are as follows:

	Canada	USA	Argentina	Total
As at June 30, 2009				
Assets	$ 1,965,990	$ -	$ -	$1,965,990
As at June 30, 2008				
Assets	$ 4,817,647	$ -	$ 3,502,172	$8,319,819
As at June 30, 2007				
Assets	$ 2,787,095	N/A	$ 4,220,382	$7,007,477

	Canada	USA	Argentina	Total
For the year ended June 30, 2009				
Loss for the year	$ 2,816,010	$ 5,774	$ 3,544,452	$6,366,236
For the year ended June 30, 2008				
Loss for the year	$ 1,700,802	$ 138,098	$ 1,449,533	$3,288,433
For the year ended June 30, 2007				
Loss for the year	$ 1,199,088	N/A	$ 678,136	$1,877,224

(stated in Canadian dollars)

15. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)

Under Canadian GAAP for junior mining exploration companies, mineral exploration expenditures can be deferred on prospective mineral rights until such time as it is determined that further exploration work is not warranted, at which time the mineral right costs are written-off. Under U.S. GAAP, all exploration expenditures are expensed until an independent feasibility study has determined that the mineral rights are capable of economic commercial production. The following items (a) to (g) provide a summary of the impact of these financial statements that would result from the application of U.S. accounting principles to deferred mineral rights.

	Years ended		
	2009	2008	2007
a) **Assets**			
Unproven Mineral Rights Costs and Oil and Gas Properties			
Unproven mineral rights costs under Canadian GAAP:	$ -	$ 4,965,595	$ 5,683,359
Add oil and gas properties costs under Canadian GAAP	361,437	-	-
Less unproven mineral rights costs and oil and gas properties	(361,437)	(4,965,595)	(5,683,359)
Unproven mineral rights and oil and gas properties costs under U.S. GAAP	$ -	$ -	$ -
b) **Operations**			
Net loss under Canadian GAAP	$ (6,366,236)	$ (3,288,433)	$ (1,877,224)
Unproven mineral rights costs expensed under U.S. GAAP	4,965,595	717,764	(3,080,517)
Oil and Gas Properties under U.S. GAAP	(361,437)	-	-
Net loss under U.S. GAAP	$ (1,762,078)	$ (2,570,669)	$ (4,957,741)
c) **Deficit**			
Closing deficit under Canadian GAAP	$ (13,671,414)	$ (7,305,178)	$ (4,016,745)
Adjustment to deficit for accumulated unproven mineral rights and expensed under U.S. GAAP net of income items	(361,437)	(4,965,595)	(5,683,359)
Closing deficit under U.S. GAAP	$ (14,032,851)	$ (12,270,773)	$ (9,700,104)
d) **Cash Flows – Operating Activities**			
Cash applied to operations under Canadian GAAP	$ (1,097,448)	$ (1,580,724)	$ (1,704,195)
Add net loss following Canadian GAAP	6,366,236	3,288,433	1,877,224
Add change in non cash unproven mineral rights expensed under U.S. GAAP	8,637	(239,553)	347,551
Add proceeds on sale of mineral properties	99,127	-	-
Less net loss under U.S. GAAP	(1,762,078)	(2,570,669)	(4,957,741)
Less unproven mineral rights costs expensed under Canadian GAAP	(5,056,420)	(1,782,804)	-
Cash applied to operations under U.S. GAAP	$ (1,441,946)	$ (2,885,317)	$ (4,437,161)
e) **Cash Flows – Investing Activities**			
Cash applied under Canadian GAAP	$ 1,158,469	$ (4,176,496)	$ (2,816,215)
Less change in non cash unproven mineral rights expensed under U.S. GAAP	-	239,553	(347,551)
Less proceeds on sale of mineral properties	(99,127)	-	-
Add unproven mineral right costs expensed under U.S. GAAP	261,054	1,065,040	3,080,517
Add oil and gas properties under U.S. GAAP	322,802	-	-
Cash applied under U.S. GAAP	$ 1,643,198	$ (2,871,903)	$ (83,249)

(stated in Canadian dollars)

15. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP), (Continued)

Other Differences between Canadian and U.S. GAAP

f) **Stockholders' Equity**

Common Stock

There are no differences between Canadian and U.S. GAAP for the years ended June 30, 2009, 2008 and 2007 or the year ended June 30, 2009 with respect to the disclosure of stock-based compensation.

g) **Loss per Share**

The following is a reconciliation of the numerators and denominators of the basic and diluted loss per share calculations. Diluted loss per share is not presented as it is anti-dilutive.

	Years ended June 30,		
	2009 $	2008 $	2007 $
Numerator: Net loss for the year under U.S. GAAP	(1,762,078)	(2,570,669)	(4,957,741)
Denominator: Weighted-average number of shares under Canadian and U.S. GAAP	29,651,539	29,322,706	21,183,935
Weighted-average number of shares under U.S. GAAP	29,651,539	29,322,706	21,183,935
Basic and fully diluted loss per share under U. S. GAAP	$ (0.06)	$ (0.09)	$ (0.23)

16. SUBSEQUENT EVENTS

Subsequent to year end, the Company increased its interest in the Bigwave JV from 20% to 22%