

Consolidated Financial Statements
(Expressed in Canadian dollars)

EAGLE PEAK RESOURCES INC.

Year ended September 30, 2009

AUDITORS' REPORT

To the Shareholders of Eagle Peak Resources Inc.

We have audited the consolidated balance sheet of Eagle Peak Resources Inc. as at September 30, 2009 and the consolidated statements of operations, comprehensive loss and deficit and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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

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

The comparative figures for 2008 were reported on by another firm of chartered accountants who issued their opinion without reservation on November 18, 2009.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED ACCOUNTANTS

Vancouver, Canada
December 14, 2009

EAGLE PEAK RESOURCES INC.

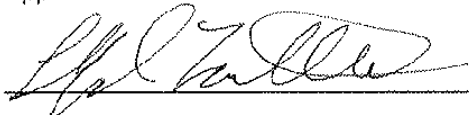
Consolidated Balance Sheet
(Expressed in Canadian dollars)

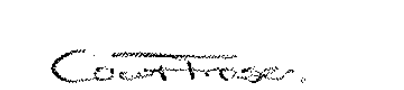
As at September 30, 2009 and 2008

	2009	2008
Assets		
Current assets:		
Cash	\$ 1,093,313	\$ 95,971
Amounts receivable	97,605	121,686
Prepaid expenses	46,313	18,634
Due from related parties (note 9)	94,490	24,214
Mineral Exploration Tax Credit	320,567	1,017,128
	1,652,288	1,277,633
Reclamation deposits	54,500	48,000
Investment in related companies (note 2(b))	1	1
Security deposits	249,112	236,923
Equipment (note 4)	456,778	307,034
Mineral properties (note 5)	14,781,294	10,157,390
	\$ 17,193,973	\$ 12,026,981
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 776,567	\$ 212,618
Due to related parties (note 9)	1,145,927	1,300,078
Current portion of deferred lease incentive (note 6)	20,594	12,883
	1,943,088	1,525,579
Future income tax liability (note 8)	-	222,816
Long-term portion of deferred lease incentive (note 6)	56,633	47,238
	1,999,721	1,795,633
Shareholders' equity:		
Share capital (notes 7(b))	21,554,012	10,299,970
Share subscriptions received	16,000	-
Share subscriptions receivable	(300,440)	-
Contributed surplus (note 7(d))	6,559,388	5,225,650
Deficit	(12,634,708)	(5,294,272)
	15,194,252	10,231,348
Nature and continuance of operations (note 1)		
Commitments (notes 5 and 10)		
Subsequent events (note 13)		
	\$ 17,193,973	\$ 12,026,981

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board:

 Director

 Director

EAGLE PEAK RESOURCES INC.

Consolidated Statement of Operations, Comprehensive Loss and Deficit
(Expressed in Canadian dollars)

Years ended September 30, 2009 and 2008

	2009	2008
Expenses:		
Advertising and promotion (note 9)	\$ 168,238	\$ 107,207
Amortization	73,798	34,304
Consulting fees (note 9)	31,068	77,050
Dues, fees and subscriptions	48,153	12,821
Interest and bank charges (note 9)	69,675	12,844
Investor relations (note 9)	253,085	67,125
Legal, audit and accounting (note 9)	141,577	227,988
Management fees (note 9)	-	37,250
Office	75,008	38,031
Rent (note 6)	85,580	57,673
Salaries and benefits - cash	844,762	204,875
Salaries - share based (note 7(b))	4,350,000	-
Stock-based compensation (note 7(c))	1,333,738	4,121,961
Sundry	40,142	4,002
Telephone	30,286	34,131
Travel and accommodation	102,831	57,363
Foreign exchange	701	4
Write-off of mineral property costs (note 5(r))	6,085	142,732
Interest income	(26,469)	(8,661)
	(7,628,258)	(5,228,700)
Loss before income taxes	(7,628,258)	(5,228,700)
Income tax recovery (Note 8)	287,822	406,995
Net loss and comprehensive loss for the year	(7,340,436)	(4,821,705)
Deficit, beginning of year	(5,294,272)	(472,567)
Deficit, end of year	\$ (12,634,708)	\$ (5,294,272)
Loss per share – basic and diluted	\$ (0.22)	\$ (0.19)
Weighted average number of shares outstanding	33,296,135	25,149,656

See accompanying notes to consolidated financial statements.

EAGLE PEAK RESOURCES INC.

Consolidated Statement of Cash Flows
(Expressed in Canadian dollars)

Years ended September 30, 2009 and 2008

	2009	2008
Cash provided by (used in):		
Operating activities:		
Net loss for the year	\$ (7,340,436)	\$ (4,821,705)
Items not involving cash:		
Amortization	128,317	48,285
Amortization of deferred lease inducement	(19,520)	(4,294)
Future income tax recovery	(287,822)	(406,995)
Interest accrued on security deposit	(2,189)	(1,117)
Salaries – share based	4,350,000	-
Stock-based compensation	1,333,738	4,121,961
Write-off of mineral property costs	6,085	142,732
	(1,831,827)	(921,133)
Changes in working capital:		
Amounts receivable	(40,335)	35,557
Prepaid expenses	(27,679)	106,578
Due from related parties	(70,276)	(20,429)
Accounts payable and accrued liabilities	162,416	16,688
Due to related parties	(14,151)	186,796
Net cash used in operating activities	(1,821,852)	(595,943)
Investing activities:		
Purchase of equipment	(177,019)	(314,504)
Mineral Exploration Tax Credit	1,406,372	-
Mineral property expenditures	(3,388,267)	(4,105,943)
Investment in related company	-	(1)
Reclamation deposit	(6,500)	(24,500)
Other deposits	(10,000)	(122,806)
Security deposits	-	(113,000)
Net cash used in investing activities	(2,175,414)	(4,680,754)
Financing activities:		
Proceeds received for shares issued	5,118,608	3,102,886
Proceeds received from (Repayments of) loan from related party	(140,000)	1,100,000
Proceeds received for shares to be issued	16,000	-
Net cash provided by financing activities	4,994,608	4,202,886
Increase (decrease) in cash	997,342	(1,073,811)
Cash, beginning of year	95,971	1,169,782
Cash, end of year	\$ 1,093,313	\$ 95,971
Supplementary information:		
Interest paid	\$ (68,154)	\$ (12,844)
Interest income received	26,470	7,544
Non-cash investing and financing activities:		
Issuance of shares for acquisition of mineral property interests	1,350,000	2,346,000
Issuance of shares as compensation for exploration expenditures	200,000	-
Issuance of shares as consideration for finders' fees on share issuances	1,036,245	-
Effect of mineral property expenditures included in accounts payable and accrued liabilities	540,043	138,510

See accompanying notes to consolidated financial statements.

EAGLE PEAK RESOURCES INC.

Notes to Consolidated Financial Statements

(Tabular amounts expressed in Canadian dollars, except for share and per share amounts)

Year ended September 30, 2009

1. Nature and continuance of operations:

Eagle Peak Resources Inc. (the "Company") was incorporated under the Business Corporations Act of British Columbia on October 7, 2005 and its principal activity is the acquisition, exploration and development of mineral properties located in British Columbia. These consolidated financial statements were prepared in accordance with Canadian generally accepted accounting principles applicable to a going concern which assumes that the Company will realize the carrying value of its assets and satisfy its obligations as they become due in the normal course of operations. These consolidated financial statements do not reflect adjustments in the carrying values of the assets, liabilities, expenses, and the balance sheet classifications that would be used if the going concern assumptions were not appropriate. Such adjustments could be material.

The Company has incurred losses since inception and is currently not generating any revenues. For the year ended September 30, 2009, the Company had net cash inflow of \$997,342 (2008 – outflow of \$1,073,811). As at September 30, 2009, the Company's cash balance is \$1,093,313 (2008 - \$95,971) and its working capital deficiency was \$290,800 (2008 – \$247,946). The working capital deficiency is largely due to related party loans and payables (note 9).

The ability of the Company to continue as a going concern depends on its ability to acquire, develop and mine or dispose of mineral properties in an economically viable manner, the continuing support of its majority shareholders and related companies and its ability to raise adequate financing to fund its planned exploration and development activities. Management is aware that significant material uncertainties exist related to current economic conditions that could cast significant doubt on the entity's ability to continue to raise adequate financing. The Company is monitoring all expenditures and management anticipates that sufficient working capital will be available to meet its corporate overhead expenses, based on current plans which include additional equity financing. Management is of the opinion that sufficient working capital will be obtained through the issuance of additional common shares to meet the Company's costs of operations and obligations as they come due.

The Company is related to Metal Mountain Resources Inc. ("MMR") and Rich Rock Resources Inc. ("RRR") as these companies share common directors and management. As described in Note 13 - Subsequent Events, on October 16, 2009, the Company sold certain mineral properties to MMR and RRR for cash and shares.

EAGLE PEAK RESOURCES INC.

Notes to Consolidated Financial Statements

(Tabular amounts expressed in Canadian dollars, except for share and per share amounts)

Year ended September 30, 2009

2. Significant accounting policies:

(a) Basis of presentation:

The accompanying consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP").

The consolidated financial statements include the accounts of the Company's wholly-owned subsidiary, Gold Rock Resources Inc ("GRR") which was incorporated in British Columbia, Canada in January 2008 and is inactive.

In January 2008, the Company incorporated a wholly-owned subsidiary, RRR. During the year ended September 30, 2009, RRR issued shares to other related and unrelated shareholders. As a result of this issuance of shares, the Company became a minority shareholder and lost its control over RRR. The consolidated financial statements include the accounts of RRR from the date of incorporation until the date the Company's control over RRR ceased, at which time RRR did not have any significant assets.

During the year ended September 30, 2008, the Company incorporated a wholly-owned subsidiary, MMR. During the year ended September 30, 2008, MMR issued shares to other related and unrelated shareholders. As a result of this issuance of shares, the Company became a minority shareholder and lost its control over MMR. The consolidated financial statements include the accounts of MMR from the date of its incorporation until the date the Company's control over MMR ceased, at which time MMR did not have any significant assets.

All significant intercompany balances and transactions have been eliminated on consolidation.

(b) Investment in related companies:

The investment in related companies represents an investment into common shares of MMR and RRR. Shares of these companies are not traded on a public market and are stated at cost.

(c) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the reporting periods. Significant items subject to such estimates and assumptions include fair values of financial instruments, recoverability of mineral properties and equipment, recoverability of future income tax assets, determination of reclamation obligations, and the determination of the fair value of stock-based awards and share based payments. Actual results could differ from these estimates.

(d) Reclamation deposits:

Reclamation deposits are term deposits placed in the name of the Government of the Province of British Columbia as collateral for possible reclamation activities on the Company's mineral properties in connection with permits required for exploration activities. As they are restricted from general use, they are excluded from current assets.

EAGLE PEAK RESOURCES INC.

Notes to Consolidated Financial Statements

(Tabular amounts expressed in Canadian dollars, except for share and per share amounts)

Year ended September 30, 2009

2. Significant accounting policies (continued):

(e) Equipment:

Equipment is recorded at cost and is amortized over its estimated useful economic life. Vehicles and computers are amortized using the declining balance method at annual rates of 30% for vehicles and 45% for computers. Furniture is amortized using the straight line method over five years. Leasehold improvements are amortized on a straight-line basis over the term of the lease.

(f) Mineral properties:

The costs to acquire mineral properties and exploration costs incurred at these mineral properties are deferred until the properties are placed into production, sold or abandoned. These deferred costs will be amortized on the unit-of-production basis over the estimated useful life of the property following the commencement of production, or written-off if the properties are sold, allowed to lapse or abandoned.

Costs to acquire mineral properties includes cash consideration and the fair market value of shares issued as consideration for the acquisition of property interests. Properties acquired under option agreements, whereby payments are made at the sole discretion of the Company, are recorded when such payments are made. The recorded amounts of property acquisition costs and capitalized exploration costs represent actual expenditures incurred and do not necessarily reflect present or future values. The ultimate recovery of such costs is dependent upon the discovery and development of economic ore reserves or the sale of mineral rights.

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

(g) Asset retirement obligations:

The fair value of an obligation associated with the retirement of a tangible long-lived asset is recorded in the period in which it is incurred and when a reasonable estimate of the fair value of the obligation can be made. The asset retirement obligation is recorded as a liability with a corresponding increase to the carrying amount of the related long-lived asset. Subsequent to initial recognition, the liability is accreted over time and is adjusted to reflect period-to-period changes in the liability resulting from the passage of time and from revisions to either expected payment dates or the amounts comprising the obligation. The costs capitalized to the related assets are amortized in a manner consistent with the depletion and depreciation of the related assets. The Company has determined that it does not currently have any measurable asset retirement obligations.

(h) Impairment of long-lived assets:

Long lived assets are assessed for impairment when events and circumstances indicate that their carrying values may not be recoverable. Impairment of an asset is considered to exist when the carrying value of the assets exceeds the estimated undiscounted net cash flow expected to be generated by the asset. In that event, the asset is written down to its fair value.

EAGLE PEAK RESOURCES INC.

Notes to Consolidated Financial Statements

(Tabular amounts expressed in Canadian dollars, except for share and per share amounts)

Year ended September 30, 2009

2. Significant accounting policies (continued):

(i) Income taxes:

The Company uses the asset and liability method of accounting for income taxes. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the year that includes the date of substantive enactment. Future tax assets are recognized to the extent that they are considered more likely than not to be realized.

(j) Share capital:

Common shares issued for non-monetary consideration are recorded at the fair market value which is based upon previous issues of the Company's shares to unrelated third parties at the date of the agreement to issue the shares or the date of their issuance.

Incremental costs incurred to issue common shares are deducted from share capital.

(k) Flow-through shares:

Under the Canadian Income Tax Act a company may issue shares referred to as flow-through shares, whereby the investor may claim the tax deductions arising from the expenditure of the share proceeds. The Company recognizes a future income tax liability and concurrently reduces share capital on the date that the Company files the renunciation document with the tax authorities to renounce the tax credit associated with the expenditures, provided there is reasonable assurance that the expenditures will be made. The date of this renunciation may differ from the effective date of the renunciation that allows an investor to claim the tax deduction. Previously unrecognized tax assets may then offset or eliminate the tax liability by reversing the future income tax asset valuation allowance and reducing income tax expense in that period.

(l) Stock-based compensation:

The Company has a share option plan which is described in note 7(c).

The Company records stock-based compensation costs relating to stock-based awards granted to its employees and non-employees using the fair value method. Under the fair value method, stock-based payments are measured at the fair value of the consideration received or the fair value of the equity instruments issued or liabilities incurred, whichever is more reliably measurable. Related stock-based compensation expense is recognized as the options vest with a corresponding increase in contributed surplus. Upon exercise of share purchase options, the consideration paid by the option holder, together with the amount previously recognized in contributed surplus is recorded as an increase to share capital.

EAGLE PEAK RESOURCES INC.

Notes to Consolidated Financial Statements

(Tabular amounts expressed in Canadian dollars, except for share and per share amounts)

Year ended September 30, 2009

2. Significant accounting policies (continued):

(m) Loss per share:

Basic loss per share is calculated by dividing the net loss applicable to common shareholders by the weighted average number of common shares outstanding during the period. Potentially dilutive outstanding options are excluded from the calculation of loss per share, as they would be anti-dilutive.

(n) Foreign currency translation:

Monetary assets and liabilities denominated in foreign currency are translated into Canadian dollars at exchange rates prevailing at the balance sheet date; non-monetary assets and liabilities denominated in foreign currency are translated at exchange rates prevailing when the assets were acquired or obligations incurred; expense items denominated in foreign currency are translated at the exchange rates prevailing at the date of transaction. Foreign exchange translation gains and losses are included in operations in the period in which they were incurred.

(o) Financial instruments:

Financial instruments, including derivatives, are measured at fair value on initial recognition and recorded on the balance sheet.

Financial instruments classified as held-to-maturity, loans and receivables, and other financial liabilities are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in the statement of operations for the period.

Financial instruments classified as available-for-sale are subsequently measured at fair value, with unrealized gains and losses from changes in fair value recognized in other comprehensive income (loss).

Financial instruments classified as held for trading are subsequently measured at fair value, with changes in fair value recognized in the statement of operations in the period in which they arise. Transaction costs are expensed as incurred for financial instruments designated as held-for-trading.

The effective interest rate method of amortization is used for any transaction costs for financial instruments measured at amortized cost, which includes loans and receivables and other financial liabilities.

Derivative instruments, including embedded derivatives, are recorded on the balance sheet at fair value. Changes in the fair values of derivative instruments are recognized in the statement of operations with the exception of derivatives designated as effective cash flow hedges. The company does not currently engage in hedging activities.

EAGLE PEAK RESOURCES INC.

Notes to Consolidated Financial Statements

(Tabular amounts expressed in Canadian dollars, except for share and per share amounts)

Year ended September 30, 2009

2. Significant accounting policies (continued):

(o) Financial instruments (continued):

The Company has classified its financial instruments as follows:

Cash	Held-for-trading
Amounts receivable	Loans and receivables
Due from related parties	Loans and receivables
Security deposits	Loans and receivables and Held-for-trading
Reclamation deposits	Held-to-maturity
Accounts payable	Other liabilities
Due to related parties	Other liabilities

Where the Company has an option to purchase all or a portion of a net smelter royalty ("NSR"), these are determined to be derivative financial instruments. The fair value of these derivatives is not reliably measurable until proven economically recoverable reserves have been identified. The carrying value of all other financial instruments approximate their fair value unless otherwise noted.

(p) Newly adopted standards:

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities - Emerging Issues Committee ("EIC") 173:

In January 2009, the CICA approved EIC 173, Credit Risk and the Fair Value of Financial Assets and 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.

Mining Exploration Costs - EIC 174:

In March 2009 the CICA approved EIC 174, Mining Exploration Costs. The guidance clarified that an enterprise 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 carrying amount may not be recoverable.

(q) Comparative figures:

Certain comparative figures have been reclassified to conform to the current period's presentation.

EAGLE PEAK RESOURCES INC.

Notes to Consolidated Financial Statements

(Tabular amounts expressed in Canadian dollars, except for share and per share amounts)

Year ended September 30, 2009

3. Recent accounting pronouncements:

International Financial Reporting Standards (IFRS):

In February 2008 the Canadian Accounting Standards Board announced 2011 as the changeover date for publicly-listed companies to use IFRS, replacing Canada's own generally accepted accounting principles. The specific implementation is set for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require restatement for comparative purposes of amounts reported by the Company for the year ending September 30, 2011. While the Company has begun assessing the adoption of IFRS, the financial reporting impact of the transition to IFRS has not been determined at this time.

Other accounting pronouncements issued with future effective dates are either not applicable or are not expected to be significant to the consolidated financial statements of the Company.

4. Equipment:

			2009	2008
	Cost	Accumulated amortization	Net book value	Net book value
Vehicles	\$ 106,093	\$ 49,339	\$ 56,754	\$ 52,493
Computers	167,435	73,797	93,638	60,302
Furniture	83,978	20,282	63,696	55,105
Equipment	77,020	6,850	70,170	1,799
Leasehold improvements	223,663	51,143	172,520	137,335
	\$ 658,189	\$ 201,411	\$ 456,778	\$ 307,034

EAGLE PEAK RESOURCES INC.

Notes to Consolidated Financial Statements

(Tabular amounts expressed in Canadian dollars, except for share and per share amounts)

Year ended September 30, 2009

5. Mineral properties:

The continuity of expenditures on mineral properties for the year ended September 30, 2009 is as follows:

	September 30, 2008	Expenditures	September 30, 2009
Big Onion (note 5(a)):			
Acquisition	\$ 364,612	\$ 594,000	\$ 958,612
Mine Development:			
Environmental – consultants	-	15,192	15,192
Exploration:			
Accommodation and travel	51,769	2,279	54,048
Assays & geochemical	456,371	7,292	463,663
Drilling	2,471,759	-	2,471,759
Field costs	312,841	16,680	329,521
First Nations consultations	-	10,000	10,000
Geological	531,687	122,371	654,058
Geophysical	232,170	17,686	249,856
Labour	377,797	38,333	416,130
Stock-based compensation	1,556,678	-	1,556,678
Future income tax related to stock-based compensation	546,942	-	546,942
Legal	30,675	615	31,290
Office	180,951	8,764	189,715
Staking & property maintenance	8,155	7,097	15,252
BC Mineral Exploration Tax Credit refund	(899,972)	(341,565)	(1,241,537)
	6,222,435	498,744	6,721,179
Dome Mountain (note 5(b)):			
Acquisition	283,679	80,000	363,679
Mine Development:			
Accommodation and travel	-	4,931	4,931
Depreciation	-	1,502	1,502
Environmental	-	468,662	468,662
Geological and engineering	59,712	399,531	459,243
Mine refurbishment	-	133,723	133,723
Other	-	45,120	45,120
Exploration:			
Accommodation and travel	-	25,532	25,532
Assays & geochemical	-	93,509	93,509
Field costs	20,306	100,028	120,334
Drilling	-	476,924	476,924
Geophysical	159,171	-	159,171
Labour	425	170,605	171,030
Stock-based compensation	141,516	-	141,516
Future income tax related to stock-based compensation	49,722	-	49,722
Legal	5,172	-	5,172
Office	2,471	44,274	46,745
Staking & property maintenance	4,298	10,569	14,867
BC Mineral Exploration Tax Credit refund	-	(238,169)	(238,169)
	726,472	1,816,741	2,543,213
Carried forward	6,948,907	2,315,485	9,264,392

EAGLE PEAK RESOURCES INC.

Notes to Consolidated Financial Statements

(Tabular amounts expressed in Canadian dollars, except for share and per share amounts)

Year ended September 30, 2009

5. Mineral properties (continued):

	September 30, 2008	Expenditures	September 30, 2009
Balance brought forward	\$ 6,948,907	\$ 2,315,485	\$ 9,264,392
Freegold (note 5(c)):			
Acquisition	110,000	120,000	230,000
Exploration:			
Office	2,738	-	2,738
Staking & property maintenance	592	-	592
	113,330	120,000	233,330
McKendrick (note 5(d)):			
Acquisition	1,000	64,000	65,000
Exploration:			
Office	2,054	-	2,054
Staking & property maintenance	6,675	149	6,824
	9,729	64,149	73,878
Hilo (note 5(e)):			
Acquisition	696,000	-	696,000
Exploration:			
Staking & property maintenance	-	2,363	2,363
	696,000	2,363	698,363
Fedral Creek (note 5(f)):			
Acquisition	-	250,000	250,000
Exploration:			
Legal	-	6,478	6,478
Staking & property maintenance	-	116	116
	-	256,594	256,594
Silver Vista (note 5(g)):			
Acquisition	25,000	185,000	210,000
Exploration:			
Accommodation and travel	-	4,282	4,282
Assays & geochemical	-	13,881	13,881
Geological	-	306	306
Labour	-	15,571	15,571
Office	-	2,643	2,643
Staking & property maintenance	1,657	8,072	9,729
BC Mineral Exploration Tax Credit refund	-	(10,727)	(10,727)
	26,657	219,028	245,685
Carried forward	7,794,623	2,977,619	10,772,242

EAGLE PEAK RESOURCES INC.

Notes to Consolidated Financial Statements

(Tabular amounts expressed in Canadian dollars, except for share and per share amounts)

Year ended September 30, 2009

5. Mineral properties (continued):

	September 30, 2008	Expenditures	September 30, 2009
Balance brought forward	\$ 7,794,623	\$ 2,977,619	\$ 10,772,242
Tas (note 5(h)):			
Acquisition	60,000	60,000	120,000
Exploration:			
Accommodation and travel	-	1,567	1,567
Field costs	-	2,982	2,982
Geological	25	42,836	42,861
Geophysical	2,231	54,373	56,604
Labour	200	60,186	60,386
Staking & property maintenance	1,085	2,388	3,473
Office	-	3,509	3,509
BC Mineral Exploration Tax Credit refund	(603)	(51,157)	(51,760)
	62,938	176,684	239,622
TAS East (note 5(i)):			
Acquisition	-	125,000	125,000
	-	125,000	125,000
TAS North (note 5(j)):			
Acquisition	-	125,000	125,000
	-	125,000	125,000
Inzana (note 5(k)):			
Acquisition	-	125,000	125,000
	-	125,000	125,000
Zana (note 5(l)):			
Acquisition	-	125,000	125,000
	-	125,000	125,000
Eagle(note 5(m)):			
Acquisition	-	500,000	500,000
Exploration:			
Geological	-	1,156	1,156
Labour	-	11,592	11,592
Staking & property maintenance	-	773	773
BC Mineral Exploration Tax Credit refund	-	(4,017)	(4,017)
	-	509,504	509,504
Redstone (note 5(n)):			
Acquisition	410,000	-	410,000
Exploration:			
Geological	-	2,238	2,238
Staking & property maintenance	-	2,239	2,239
BC Mineral Exploration Tax Credit refund	-	(705)	(705)
	410,000	3,772	413,772
Carried forward	8,267,561	4,167,579	12,435,140

EAGLE PEAK RESOURCES INC.

Notes to Consolidated Financial Statements

(Tabular amounts expressed in Canadian dollars, except for share and per share amounts)

Year ended September 30, 2009

5. Mineral properties (continued):

	September 30, 2008	Expenditures	September 30, 2009
Balance brought forward	\$ 8,267,561	\$ 4,167,579	\$ 12,435,140
Miocene Peak and Miocene Miracle (note 5(o)):			
Acquisition	779,900	75,000	854,900
Exploration:			
Accommodation and travel	840	14,826	15,666
Assays & geochemical	3,862	48,221	52,083
Drilling	-	92,827	92,827
Field costs	658	11,223	11,881
Geological	13,800	2,127	15,927
Geophysical	306,248	-	306,248
Labour	1,950	60,684	62,634
Stock-based compensation	47,172	-	47,172
Future income tax related to stock-based compensation	16,574	-	16,574
Office	-	20,075	20,075
Staking & property maintenance	34,899	4,157	39,056
BC Mineral Exploration Tax Credit refund	(76,068)	(46,094)	(122,162)
	1,129,835	283,046	1,412,881
Ferry Creek (note 5(p)):			
Acquisition	144,496	50,000	194,496
Exploration:			
Accommodation and travel	14,121	3,430	17,551
Assays & geochemical	21,877	7,742	29,619
Field costs	1,066	-	1,066
Geological	24,188	561	24,749
Geophysical	86,374	-	86,374
Labour	31,951	19,584	51,535
Stock-based compensation	47,172	-	47,172
Future income tax related to stock-based compensation	16,574	-	16,574
Office	2,181	-	2,181
Staking & property maintenance	5,752	440	6,192
BC Mineral Exploration Tax Credit refund	(35,758)	(14,554)	(50,312)
	359,994	67,203	427,197
Cas:			
Staking & property maintenance	-	1,432	1,432
	-	1,432	1,432
Cathedral:			
Staking & property maintenance	-	1,957	1,957
	-	1,957	1,957
Carried forward	9,757,390	4,521,217	14,278,607

EAGLE PEAK RESOURCES INC.

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(Tabular amounts expressed in Canadian dollars, except for share and per share amounts)

Year ended September 30, 2009

5. Mineral properties (continued):

	September 30, 2008	Expenditures	September 30, 2009
Balance brought forward	\$ 9,757,390	\$ 4,521,217	\$ 14,278,607
Cascade Molly:			
Geological	-	51	51
Labour	-	528	528
Staking & property maintenance	-	259	259
BC Mineral Exploration Tax Credit refund	-	(182)	(182)
	-	656	656
Big Nickel (Note 5(q)):			
Acquisition	400,000	100,000	500,000
Exploration:			
Accommodation and travel	-	205	205
Office	-	681	681
Labour	-	1,063	1,063
Staking & property maintenance	-	482	482
BC Mineral Exploration Tax Credit refund	-	(400)	(400)
	400,000	102,031	502,031
Granite Mountain(Note 5(r)):			
Acquisition	125,000	-	125,000
Exploration:			
Assays & geochemical	-	5,716	5,716
Geological	17,509	-	17,509
Labour	2,007	-	2,007
Staking & property maintenance	155	2,610	2,765
Office	2,787	-	2,787
Write-off of mineral property costs	(142,732)	(6,085)	(148,817)
BC Mineral Exploration Tax Credit refund	(4,726)	(2,241)	(6,967)
	-	-	-
Total mineral properties	\$ 10,157,390	\$ 4,623,904	\$ 14,781,294

(a) Big Onion Property, Omineca Mining Division, British Columbia:

Pursuant to an agreement dated October 20, 2005 and amended November 1, 2005, the Company acquired, from a private company controlled by two directors of the Company, a 100% beneficial interest in two mining claims in the Big Onion property and the assignment of an option to acquire an additional mining claim, with the issuance of 6,000,000 common shares of the Company.

The Company is required to assume the payments of the original option agreement totalling \$850,000 by November 15, 2009 (\$320,000 paid as at September 30, 2009). In addition, pursuant to an amending agreement dated March 26, 2008, the Company and its former subsidiary, MMR, are each required to issue 500,000 common shares in stages over four years subsequent to MMR receiving the Prospectus Receipt in respect of MMR's proposed initial public offering.

EAGLE PEAK RESOURCES INC.

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(Tabular amounts expressed in Canadian dollars, except for share and per share amounts)

Year ended September 30, 2009

5. Mineral properties (continued):

(a) Big Onion Property, Omineca Mining Division, British Columbia (continued):

The mineral property interests were subject to a 3% net smelter royalty ("NSR"). The Company subsequently reduced the NSR by 1% by paying \$574,000.

On October 16, 2009, the Company completed the sale of its interest in the Big Onion Property to MMR (Note 13(a)).

(b) Dome Mountain Project, Omineca Mining Division, British Columbia (part of the Dome Property Group):

Pursuant to an agreement dated June 27, 2007, the Company acquired an option to earn a 100% interest in six mining claims and one lease in the Dome Mountain Project. The agreement requires the Company to make cash payments of \$400,000 in stages on or before July 1, 2012 (\$140,000 paid as at September 30, 2009), and issue 300,000 common shares (all issued as at September 30, 2009). Upon the property commencing commercial production, the Company will be required to pay an NSR of 2%, and no lower than \$40,000 per annum. In the event that the property is not in commercial production by March 19, 2013, an advance royalty payment in the amount of \$40,000 per annum must be paid by the Company. The Company has the right to purchase 1% of the NSR, which would reduce the minimum NSR to \$20,000 per annum, for the aggregate sum of \$1,000,000.

On October 16, 2009, the Company completed the sale of its interest in the Dome Property Group to MMR (Note 13(a)).

(c) Freegold Property, Omineca Mining Division, British Columbia (part of the Dome Property Group):

Pursuant to an agreement with an effective date of March 19, 2008, the Company acquired an option to earn a 100% interest in four mining claims in the Freegold property. The agreement requires the Company to make cash payments of \$120,000 (\$30,000 paid as at September 30, 2009) and issue 400,000 common shares (200,000 shares issued as at September 30, 2009) in stages on or before May 19, 2011 and to issue an additional 200,000 common shares at the time the claims are put into commercial production. The agreement also requires the Company to incur exploration expenditures of not less than \$500,000 by March 19, 2012. The interest will be subject to a 2% NSR and the Company is required to make advance annual royalty payments of \$20,000 beginning on March 19, 2013. The Company has the right to purchase 1% of the NSR for the aggregate sum of \$1,000,000.

On October 16, 2009, the Company completed the sale of its interest in the Dome Property Group to MMR (Note 13(a)).

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(Tabular amounts expressed in Canadian dollars, except for share and per share amounts)

Year ended September 30, 2009

5. Mineral properties (continued):

(d) McKendrick Property, Omineca Mining Division, British Columbia (Part of the Dome Property Group):

Pursuant to an agreement dated July 1, 2008, the Company acquired an option to earn a 100% interest in ten mining claims in the McKendrick property. The agreement requires the Company to make cash payments of \$300,000 (\$15,000 paid as at September 30, 2009) and issue 150,000 common shares (50,000 shares issued as at September 30, 2009) in stages on or before July 1, 2015. Upon the completion of the option payments, the Company will be required to pay an NSR of 2.5%, and no lower than \$25,000 per annum. The Company has the right to purchase 1.25% of the NSR for the aggregate sum of \$1,250,000.

On October 16, 2009, the Company completed the sale of its interest in the Dome Property Group to MMR (Note 13(a)).

(e) Hilo Property, Cariboo Mining Division, British Columbia (part of the Dome Property Group):

Pursuant to an agreement dated September 25, 2008, the Company acquired a 100% interest in thirteen mining claims in the Hilo property group from a private company controlled by an officer and director of the Company for consideration of \$30,000 in cash and the issuance of 666,000 common shares.

On October 16, 2009, the Company completed the sale of its interest in the Dome Property Group to MMR (Note 13(a)).

(f) Federal Creek Property, Cariboo Mining Division, British Columbia (part of the Dome Property Group):

Pursuant to an agreement dated March 12, 2009, the Company acquired an option to earn a 100% interest in seven mining claims in the Federal Creek property. The agreement requires the Company to make cash payments of \$500,000 (\$250,000 paid as at September 30, 2009) in stages on or before March 31, 2011. The interest will be subject to a 3% NSR. The Company has the right, for a period of 24 months subsequent to the completion of the option payments, to purchase up to an aggregate of 2% of the NSR by paying \$50,000 for each 0.1% of the royalty.

On October 16, 2009, the Company completed the sale of its interest in the Dome Property Group to MMR (Note 13(a)).

(g) Silver Vista Property, Cariboo Mining Division, British Columbia:

Pursuant to an agreement with an effective date of April 14, 2008, the Company acquired an option to earn a 100% interest in two mining claims in the Silver Vista property. The agreement requires the Company to make cash payments of \$425,000 (\$60,000 paid as at September 30, 2009) and issue 650,000 common shares (150,000 shares issued as at September 30, 2009) in stages on or before April 14, 2012. The interest will be subject to a 3% NSR. The Company has the right to purchase up to 1% of the NSR by paying \$500,000 for each 0.5% of the NSR.

EAGLE PEAK RESOURCES INC.

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(Tabular amounts expressed in Canadian dollars, except for share and per share amounts)

Year ended September 30, 2009

5. Mineral properties (continued):

(g) Silver Vista Property, Cariboo Mining Division, British Columbia (continued):

On October 16, 2009, the Company completed the sale of its interest in the Silver Vista Property to MMR (Note 13(a)).

(h) Tas Property, Omineca Mining Division, British Columbia:

Pursuant to an agreement with an effective date of March 28, 2008, the Company acquired an option to earn a 100% interest in five mining claims in the Tas property. The agreement requires the Company to make cash payments of \$490,000 (\$120,000 paid as at September 30, 2009) in stages and by incurring exploration expenditures of not less than \$1,000,000 on or before March 28, 2011. An amending agreement dated February 17, 2009 reduces the minimum exploration and expenditure to be incurred on or before March 28, 2011 to \$250,000. The interest will be subject to a 3% NSR. The Company has the right to purchase up to 2% of the NSR by paying \$500,000 for each 0.5% of the NSR.

On October 16, 2009, the Company completed the sale of its interest in the Tas Property to RRR (Note 13(b)).

(i) Tas East Property, Omineca Mining Division, British Columbia (part of the Tas Property)

Pursuant to an agreement dated April 16, 2009, the Company acquired a 100% interest in two mining claims called the Tas East Property from a private company controlled by an officer and director of the Company, for consideration of \$25,000 in cash and the issuance of 100,000 common shares.

On October 16, 2009, the Company completed the sale of its interest in the Tas Property to RRR (Note 13(b)).

(j) Tas North Property, Omineca Mining Division, British Columbia (part of the Tas Property)

Pursuant to an agreement dated April 16, 2009, the Company acquired a 100% interest in two mining claims called the Tas North Property, for consideration of \$25,000 in cash and the issuance of 100,000 common shares.

On October 16, 2009, the Company completed the sale of its interest in the Tas Property to RRR (Note 13(b)).

(k) Inzana Property, Omineca Mining Division, British Columbia (part of the Tas Property)

Pursuant to an agreement dated April 16, 2009, the Company acquired a 100% interest in two mining claims called the Inzana Property, for consideration of \$25,000 in cash and the issuance of 100,000 common shares.

On October 16, 2009, the Company completed the sale of its interest in the Tas Property to RRR (Note 13(b)).

EAGLE PEAK RESOURCES INC.

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(Tabular amounts expressed in Canadian dollars, except for share and per share amounts)

Year ended September 30, 2009

5. Mineral properties (continued):

(l) Zana Property, Omineca Mining Division, British Columbia (part of the Tas Property)

Pursuant to an agreement dated April 16, 2009, the Company acquired a 100% interest in three mining claims called the Zana Property, for consideration of \$25,000 in cash and the issuance of 100,000 common shares.

On October 16, 2009, the Company completed the sale of its interest in the Tas Property to RRR (Note 13(b)).

(m) Eagle Property, Omineca Mining Division, British Columbia

Pursuant to an agreement dated April 14, 2009, the Company acquired a 100% interest in two mining claims called the Eagle Property, for consideration of 500,000 common shares. The claims are subject to a 2.0% NSR. The Company has the right to purchase up to 1.0% of the NSR by paying \$500,000 for each 0.5% of the NSR.

On October 16, 2009, the Company completed the sale of its interest in the Eagle Property to RRR (Note 13(b)).

(n) Redstone Property, Cariboo Mining Division, British Columbia

Pursuant to an agreement date September 9, 2008, the Company acquired a 100% interest in two mining claims in the Redstone Property from a private company controlled by the son of a director of the Company. As consideration, the Company paid \$10,000 cash and issued 400,000 common shares.

On October 16, 2009, the Company completed the sale of its interest in the Redstone Property to RRR (Note 13(b)).

(o) Miocene Peak Property and Miocene Miracle Property, Cariboo Mining Division, British Columbia:

The Company has entered into certain agreements to acquire or earn interests in several mining claims in an area located in south central British Columbia, collectively called the "Miocene Peak Property and the Miocene Miracle Property". The details of these agreements are as follows:

Pursuant to an agreement dated October 20, 2005, the Company acquired a 100% interest in thirteen mining claims in the Miocene Peak Property from a private company controlled by two common directors. As consideration, the Company paid 1,000,000 common shares valued at \$0.01 per share. These claims are subject to a 3% NSR.

Pursuant to an agreement dated October 21, 2005, the Company acquired a 100% interest in five mining claims. As consideration, the Company made a cash payment of \$10,000 and issued 300,000 common shares. The claims are subject to a 2% NSR. The Company has the right to purchase all or any portion of the NSR by paying \$500,000 for each 0.5% of the NSR.

EAGLE PEAK RESOURCES INC.

Notes to Consolidated Financial Statements

(Tabular amounts expressed in Canadian dollars, except for share and per share amounts)

Year ended September 30, 2009

5. Mineral properties (continued):

- (o) Miocene Peak Property and Miocene Miracle Property, Cariboo Mining Division, British Columbia (continued):

Pursuant to an agreement dated January 9, 2006, the Company acquired a 100% interest in fifteen mining claims from a private company controlled by a director's spouse. As consideration, the Company made a cash payment of \$5,000 and issued 333,000 common shares. The claims are subject to a 3% NSR. The Company has the right to purchase all or any portion of the NSR by paying \$500,000 for each 0.5% of the NSR.

Pursuant to an agreement dated January 9, 2006, the Company acquired a 100% interest in thirteen mining claims. As consideration, the Company made a cash payment of \$5,000 and issued 333,000 common shares. The claims are subject to a 3% NSR. The Company has the right to purchase all or any portion of the NSR by paying \$500,000 for each 0.5% of the NSR.

Pursuant to an agreement dated June 12, 2007, the Company acquired a 100% interest in five mining claims from a private company controlled by two directors. As consideration, the Company issued 166,666 common shares. The claims are subject to a 3% NSR.

Pursuant to an agreement dated January 29, 2008, the Company acquired an option to earn a 100% interest in seventeen mining claims from a private company controlled by a director's spouse. The agreement requires the Company to make cash payments of \$125,000 (all paid as at September 30, 2009) and issue 350,000 common shares (250,000 shares issued as at September 30, 2009) in stages on or before January 29, 2011. The interest will be subject to a 3% NSR. The Company has the right to purchase up to 1% of the NSR by paying \$500,000 for each 0.5% of the NSR.

Pursuant to an agreement dated May 19, 2009, the Company acquired a 100% interest in two tenures in the Likely 1 / Jacobie NE Property from a private company controlled by a director. As consideration, the Company made a cash payment of \$25,000.

- (p) Ferry Creek and Cascade Property, Kamloops Mining Division, British Columbia:

Pursuant to an agreement dated May 24, 2007 and amended on May 1, 2009, the Company acquired a 100% interest in 33 mining claims from a private company controlled by an officer of the Company. As consideration, the Company made cash payments of \$90,000 and issued 100,000 common shares.

- (q) Big Nickel Property, Cariboo Mining Division, British Columbia:

Pursuant to an agreement dated September 8, 2008 and amended on November 7, 2008, the Company purchased a 100% interest in 5 mining claims in the Big Nickel property from a private company controlled by a director of the Company. As consideration, the Company made a cash payment of \$70,000 and issued 430,000 common shares.

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5. Mineral properties (continued):

(r) Granite Mountain Property, Cariboo Mining Division, British Columbia:

Pursuant to an Agreement dated June 12, 2007, the Company acquired an option to earn a 100% interest in seven mining claims. As consideration, the Company made a cash payment of \$10,000 and issued 200,000 common shares. In addition, the agreement required the Company to issue 100,000 common shares on or before June 12, 2009. The interest would be subject to a 2% NSR. The Company had the right to purchase any or all of the NSR by paying \$500,000 for each 0.5% of the NSR.

During the year ended September 30, 2009, the Company decided to abandon the Granite Mountain property. Previously capitalized costs related to this property were written off during the year ended September 30, 2008, and all costs incurred during the year ended September 30, 2009 were written-off.

As at September 30, 2009, the Company has made all cash payments and share issuances in accordance with the terms specified in the various mineral property option agreements and mineral property acquisition agreements.

6. Deferred lease incentive:

As a result of performing leasehold improvements on rented office premises during the years ended September 30, 2008 and 2009, the Company was paid a tenancy improvement allowance by the lessor. The amount of allowance was recorded as a deferred lease incentive and is recognized in the statement of operations, as a reduction to rent expense, on a straight-line basis over the term of the lease. The amount recognized in the statement of operations during the year ended September 30, 2009 was \$19,520 (2008 - \$4,294).

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7. Share capital:

(a) Authorized:

Authorized share capital consists of an unlimited number of common shares without par value.

(b) Issued and outstanding:

	2009		2008	
	Number of shares	Amount	Number of shares	Amount
Issued, beginning of year	29,279,523	\$ 10,299,970	22,611,688	\$ 3,541,234
Shares issued for cash				
Common shares	5,116,210	5,116,210	3,452,617	3,452,617
Flow-through common shares	632,572	727,457	140,886	162,019
Income tax benefits renounced on flow-through shares issued	-	(65,006)	-	-
Shares issued as consideration for mineral properties	1,350,000	1,350,000	2,346,000	2,346,000
Shares issued as consideration for services	4,550,000	4,550,000	-	-
consideration for finder's fees	1,036,245	1,036,245	-	-
Exercise of stock options	-	-	728,332	109,250
Fair value of exercised options	-	-	-	688,850
Share Issuance Cost	-	(1,460,864)	-	-
Issued, end of year	41,964,550	\$ 21,554,012	29,279,523	\$ 10,299,970

During the year ended September 30, 2009, the Company issued 5,116,210 (2008 – 3,452,617) common shares under various Offering Memorandums at a price of \$1.00 per share.

During the year ended September 30, 2009, the Company issued 632,572 (2008 – 140,886) flow-through shares under various Offering Memorandums at a price of \$1.15 per share. Subject to the Company making the applicable tax filings for the renunciation of qualifying expenditures, the Company is committed to incurring eligible exploration expenditures equal to the amounts raised. As at September 30, 2009, the Company had \$233,181 of cash restricted for use on qualifying exploration expenditures.

1,036,245 common shares were issued and \$424,619 was paid in cash as finders' fees in connection with the above two financings.

During the year ended September 30, 2009, the Company issued 4,550,000 (2008 – Nil) common shares to directors, officers and other employees of the Company as bonus compensation for services rendered. The fair value of these shares issued was \$4,550,000 of which \$4,350,000 was recognized in the statement of operations and \$200,000 was capitalized to mineral properties.

EAGLE PEAK RESOURCES INC.

Notes to Consolidated Financial Statements

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Year ended September 30, 2009

7. Share capital (continued):

(c) Stock options:

The Company has a Stock Option Plan approved by the shareholders that allows the Company to grant stock options up to 25% of the issued shares of the Company. The following summarizes the stock options that were granted, exercised and cancelled as at September 30, 2009:

	2009		2008	
	Number of options	Price	Number of options	Price
Opening balance	6,171,668	0.15	-	-
Options granted	675,000	0.15	7,000,000	0.15
Options exercised	-	0.15	(728,332)	0.15
Options cancelled	(3,800,000)	0.15	(100,000)	0.15
Closing balance	3,046,668	0.15	6,171,668	0.15

As at September 30, 2009, the following stock options were outstanding:

Number of options outstanding and exercisable	Fair value of common share at grant date	Exercise price	Expiry date
1,366,667	\$1.00	\$0.15	31-Dec-12
250,001	\$1.00	\$0.15	30-Jun-13
100,000	\$1.00	\$0.15	31-Jul-13
100,000	\$1.00	\$0.15	4-Aug-13
175,000	\$1.00	\$0.15	5-Aug-13
100,000	\$1.00	\$0.15	27-Aug-13
80,000	\$1.00	\$0.15	15-Sep-13
200,000	\$1.00	\$0.15	22-Sep-13
25,000	\$1.00	\$0.15	12-Nov-13
300,000	\$1.00	\$0.15	31-Jan-13
100,000	\$1.00	\$0.15	2-Feb-14
25,000	\$1.00	\$0.15	31-Mar-14
25,000	\$1.00	\$0.15	31-May-14
200,000	\$1.00	\$0.15	18-Sep-14
3,046,668			

The average remaining life of the outstanding options at September 30, 2009 was 3.74 years.

EAGLE PEAK RESOURCES INC.

Notes to Consolidated Financial Statements

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Year ended September 30, 2009

7. Share capital (continued):

(c) Stock options:

The Company uses the fair value method of accounting for share options granted to consultants, directors, officers and employees. For the year ended September 30, 2009, stock-based compensation expense relating to the options vested during the year of \$1,333,738 (2008 - \$4,121,961) was included in the statement of operations and \$nil (2008 - \$1,792,539) was capitalized in mineral properties.

The fair value of options is estimated using the Black-Scholes option pricing model with the following assumptions:

	2009	2008
Risk-free interest rate	1.75% - 2.75%	1.75% - 3.76%
Expected stock price volatility	117.17% - 122.83%	115.99% - 122.83%
Expected life in years	5	5
Expected dividend yield	0%	0%

Option pricing models require the input of highly subjective assumptions including the estimate of the share price volatility, risk-free interest rate, expected life of the options and expected dividends. Changes in these assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

(d) Continuity of contributed surplus is as follows:

	2009	2008
Opening balance	\$ 5,225,650	\$ -
Stock-based compensation expense	1,333,738	4,121,961
Stock-based compensation capitalized in mineral properties	-	1,792,539
Contributed surplus transferred to share capital relating to options exercised	-	(688,850)
Closing balance	\$ 6,559,388	\$ 5,225,650

EAGLE PEAK RESOURCES INC.

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Year ended September 30, 2009

8. Income taxes:

The reconciliations of income taxes computed at statutory rates to the reported income tax provision are as follows:

	2009	2008
Loss before income taxes	\$ (7,628,258)	\$ (5,228,700)
Statutory rates	30.25%	31.91%
Expected income tax recovery	\$ (2,307,548)	\$ (1,668,478)
Non-deductible expenses and other permanent differences	417,352	1,317,902
Tax effect of share issuance costs not recognized	(441,911)	-
Change in valuation allowance	1,650,646	(126,307)
Change in tax rates	393,639	69,888
	\$ (287,822)	\$ (406,995)

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

	2009	2008
Future income tax assets:		
Equipment	\$ 24,717	\$ 18,614
Leasehold inducements	19,307	-
Non-capital loss carry forwards	2,007,688	416,394
Share issuance costs	292,173	-
	2,343,885	435,008
Future income tax liabilities:		
Mineral properties	(693,239)	(657,824)
	1,650,646	(222,816)
Valuation allowance	(1,650,646)	-
Net future tax liability	\$ -	\$ (222,816)

The Company has approximately \$8,030,750 of non-capital losses available that may be applied to offset future taxable income. The losses expire as follows:

2026	\$ 233,987
2027	350,472
2028	1,017,058
2029	<u>6,429,233</u>
	<u>\$ 8,030,750</u>

Subject to certain restrictions, the Company also has mineral property and equipment expenditures of approximately \$12,600,000 (2008 - \$8,645,000) available to reduce taxable income in future years and approximately \$443,000 (2008 - \$520,000) in pre-production mining exploration tax credits which expire between 2026 and 2029.

EAGLE PEAK RESOURCES INC.

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Year ended September 30, 2009

8. Income taxes (continued):

Due to the uncertainty of the realization of the potential income tax benefits related to these pools, the Company has recorded a valuation allowance for the net potential future income tax asset.

During the year ended September 30, 2009, the Company raised \$727,457 (2008 - \$162,019) (Note 7(b)) under flow-through arrangements with subscribers. Under Canadian Tax legislation, the Company renounces qualifying expenditures in favour of the share subscribers and must incur such qualifying expenditures within a one year period from renunciation. At September 30, 2009, the Company had renounced \$250,024 in expenditures to subscribers and the associated expenditures have been made.

The renunciation of \$250,024 during the year ended September 30, 2009 gave rise to a future income tax recovery of \$65,006. This arises based on the utilization of future income tax assets that were provided for by way of a valuation allowance.

9. Related party transactions:

All transactions with related parties which have occurred in the normal course of operations are measured at their exchange amount, which is the consideration agreed to by the related parties.

	2009	2008
Due from related parties:		
Due from companies with common directors and management	\$ 94,490	\$ 766
Due from directors and officers	-	23,448
	\$ 94,490	\$ 24,214
Due to related parties:		
Due to companies with common directors and management	\$ -	\$ 168,807
Loan from MMR	960,000	1,100,000
Due to directors and officers	167,878	99
Due to companies controlled by certain directors	18,049	31,172
	\$ 1,145,927	\$ 1,300,078

The loan from MMR, a company under common control, is unsecured, bears interest at 5% per annum and is due on demand (note 13(h)). During the year ended September 30, 2009, the Company incurred interest expense in the amount of \$66,996 (2008 - \$11,363) in relation to this loan. All other amounts due to and from related parties are unsecured and non-interest bearing with no fixed terms of repayment.

EAGLE PEAK RESOURCES INC.

Notes to Consolidated Financial Statements

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Year ended September 30, 2009

9. Related party transactions (continued):

During the year certain transactions took place between the Company and companies controlled by directors of the Company, companies controlled by spouses of directors of the Company and companies controlled by officers of the Company. These transactions are included in the financial statements as follows:

	2009	2008
Mineral property costs:		
Acquisition of mineral properties for cash	\$ 649,000	\$ 260,000
Acquisition of mineral properties for shares issued	33,332	1,109,998
Exploration fees	15,174	44,800
Administrative consulting	-	6,846
Geological	242,302	16,150
Geophysical	-	23,547
Administration costs:		
Advertising and promotion	-	1,910
Interest and bank charges	66,996	11,363
Consulting	30,000	19,300
Management fees	-	44,000
Legal, audit and accounting	-	31,500
Investor relations	-	36,250
General and Administrative Allocation	(870,070)	(429,086)

During the year ended September 30, 2009, the Company allocated \$870,070 (2008 - \$429,086) of its general and administrative expenses to MMR. These allocations were reflected as reductions to the specific expense items in the statements of operations.

10. Commitments:

As at September 30, 2009, the Company has office and equipment lease commitments as follows:

2010	\$ 219,788
2011	199,366
2012	197,649
2013	147,321
	\$ 764,124

11. Financial risk exposure and risk management:

The Company is exposed in varying degrees to a number of risks arising from financial instruments. Management's close involvement in the operations allows for the identification of risks and variances from expectations. The Company does not participate in the use of financial instruments to mitigate these risks and has no designated hedging transactions. The Company has no collateral on its debt. The Company's main objectives for managing risks are to ensure liquidity, the fulfillment of obligations, the continuation of the Company's exploration program, and limited exposure to credit and market risks. There were no changes to the objectives or the process from the prior period.

EAGLE PEAK RESOURCES INC.

Notes to Consolidated Financial Statements

(Tabular amounts expressed in Canadian dollars, except for share and per share amounts)

Year ended September 30, 2009

11. Financial risk exposure and risk management (continued):

The types of risk exposure and the way in which such exposures are managed are as follows:

(a) Concentration risk:

Concentration risks exist in cash because significant balances are maintained with one financial institution. The risk is mitigated because the financial institution is a prime Canadian bank.

Approximately 19% of receivables of the Company as at September 30, 2009 is due from Canada Revenue Agency in relation to input tax credit and 63% is due from the British Columbia Ministry of Finance in relation to the Mineral and Exploration Tax Credit. To reduce the risk, the Company regularly reviews the collectability of the amounts and monitors creditworthiness of counterparty.

(b) Credit risk:

Credit risk primarily arises from the Company's cash, amounts receivable, due from related parties, reclamation and security deposits and other deposits. The risk exposure is limited to their carrying amounts at the balance sheet date. The Company does not invest in asset-backed deposits or investments and does not expect any credit losses.

The Company periodically assesses the quality of its investments and is satisfied with the credit rating of the bank. To reduce credit risk, the Company regularly reviews the collectability of its amounts receivable and establishes an allowance based on its best estimate of potentially uncollectible amounts. No allowance for uncollectible amounts was required as at September 30, 2009.

(c) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due.

The Company ensures there is sufficient capital to meet short term business requirements. One of management's goals is to maintain an optimal level of liquidity through the active management of the assets, liabilities and cash flows.

The Company does not have cash inflows from operations. To maintain liquidity, the Company relies on proceeds from issuance of shares in private placements and loans from related parties. The Company's cash and cash equivalents are invested in funds which are available on demand to fund the Company's costs and other financial demands.

The Company does not have long-term borrowings.

(d) Market risk:

The significant market risks to which the Company is exposed are currency, interest rate and commodity price risk.

(i) Currency risk:

The Company has minimal currency risk as most of the transactions are denominated in Canadian dollars.

EAGLE PEAK RESOURCES INC.

Notes to Consolidated Financial Statements

(Tabular amounts expressed in Canadian dollars, except for share and per share amounts)

Year ended September 30, 2009

11. Financial risk exposure and risk management (continued):

(d) Market risk (continued):

(ii) Interest rate risk:

The Company's policy is to invest cash in guaranteed investment certificates at fixed or floating rates of interest in order to maintain liquidity, while achieving a satisfactory return for shareholders. Reclamation and security deposits bear variable interest rates. As at September 30, 2009, interest income on other deposits invested in guaranteed investment certificates (GIC Plus) is based on the value of S&P/TSX60 index, and as at September 30, 2009 such income was nil. Fluctuations in interest rates impact the return on reclamation and security deposits. The Company manages risk by monitoring changes in interest rates in comparison to prevailing market rates.

For financial liabilities, the loan due to related party bears fixed rate at 5% and is not subject to short term fluctuations in interest rates.

(iii) Commodity price risk:

The value of the Company's mineral resource properties depends on the price of copper, gold, silver and the outlook for these minerals. During economic downturns, the Company minimizes this risk by acquiring mineral properties at depressed values. In addition, the Company's exposure to the commodity price risk is reduced as none of the properties are in the production stage.

(iv) Sensitivity analysis:

A shift of 1% in the prevailing market interest rates on reclamation deposits and security deposits would result in a increase or decrease of approximately \$1,708.

12. Capital disclosures:

The Company's objectives when managing capital are to:

- ensure there are adequate capital resources to safeguard the Company's ability to continue as a going concern;
- maintain adequate funding to support the exploration and development of the Company's strategic mining projects with the ultimate goal of taking them into production; and
- meet external capital requirements on credit facilities, if any.

Capital is raised from private placements and loans from related parties to fund future exploration and corporate overhead costs. The Company is also dependent on external financing to fund future exploration and development activities. Given its objectives, the Company determines the amount of capital to be raised and retained based on the scope of planned exploration activities and management's assessment of the expected availability of acceptably priced capital in future periods.

The Company manages its capital in a manner that provides sufficient funding for operational activities. In order to maintain or adjust the capital structure, the Company may issue capital through private placements or borrow from related parties. For the year ended September 30, 2009, there were no changes in quantitative and qualitative data about the Company's objectives, policies and processes for managing capital as compared to the prior period.

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Notes to Consolidated Financial Statements

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Year ended September 30, 2009

12. Capital disclosures (continued):

The Company defines capital as shareholders' equity and loans from related parties. The Company's targeted capital structure is 100% shareholders' equity. Loans from related parties and funds received from private placements are used to cover short-term liquidity requirements. Management believes that such capital structure is the most suitable and is commensurate with the Company's current stage in its lifecycle.

The Company has \$233,181 of cash that must be spent on qualifying exploration expenditure within prescribed time limits in order to avoid penalties and interest.

13. Subsequent events:

(a) Pursuant to a Purchase Agreement with MMR dated October 16, 2009, the Company completed the sale of its interests in the following mineral properties:

- Big Onion Property;
- the Dome Property Group; and
- Silver Vista Property

The consideration receivable for the mineral property interests transferred is made up of:

- An increase in the inter-company balance in the amount of \$6,589,884 in favour of the Company;
- 21,668,711 common shares of MMR with a fair value of \$0.20 per share for a total of \$4,333,742;
- A warrant entitling the Company to purchase up to 20,000,000 common shares of MMR at an exercise price of \$0.20 per share. The warrant expires on October 16, 2014; and
- The assumption by MMR of all obligations and liabilities relating to the mineral property interests transferred as set out in the terms and conditions of all applicable mineral property agreements.

The agreement also requires the Company to transfer to MMR all rights to reclamation bonds posted by the Company with respect to the property totaling \$51,000.

(b) Pursuant to a Purchase Agreement with RRR dated October 16, 2009, the Company completed the sale of its interests in the following mineral properties:

- Tas Property Group;
- Eagle Property; and
- Redstone Property

The consideration receivable for the mineral property interests transferred is made up:

- An increase in the inter-company balance in the amount of \$580,258 in favour of the Company;
- 21,668,711 common shares of RRR with a fair value of \$0.05 per share for a total of \$1,083,436;
- A warrant entitling the Company to purchase up to 20,000,000 common shares of RRR at an exercise price of \$0.05 per share. The warrant expires on October 16, 2014; and
- The assumption by RRR of all obligations and liabilities relating to the mineral property interests transferred as set out in the terms and conditions of all applicable mineral property agreements.

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Year ended September 30, 2009

13. Subsequent events (continued):

- (c) Effective October 16, 2009, the Company declared a dividend to its shareholders of 0.5 MMR common shares for each share held for a total of 21,668,711 MMR common shares.
- (d) Effective October 16, 2009, the Company declared a dividend to its shareholders of 0.5 RRR common shares for each share held for a total of 21,668,711 RRR common shares.
- (e) Subsequent to September 30, 2009, 1,003,951 stock options were exercised by various employees and consultants resulting in the issuance of 1,003,951 common shares of the Company for consideration of \$150,593.
- (f) On October 5, 2009, the Company granted 275,000 stock options to employees of the Company. The options have an exercise price of \$0.15. The fair value of the options granted was \$256,169.
- (g) On October 16, 2009, the Company granted 800,000 stock options to consultants of the Company. The options have an exercise price of \$0.15. The fair value of the options granted was \$753,912.
- (h) On November 13, 2009, the Company advanced \$530,000 to MMR.
- (i) Subsequent to September 30, 2009, the Company issued 1,355,861 common shares at a price of \$1.00 per share and 51,940 flow-through common shares at a price of \$1.15 per share for total cash proceeds of \$1,415,592.