

Knight Resources Ltd.

Quarterly Financial Statements For The Six Months Ended March 31, 2009 (Unaudited)

Notice to Reader

The accompanying unaudited financial statements of Knight Resources Ltd. ("the Company") have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of the Company's unaudited interim financial statements as at and for the six months ended March 31, 2009.

KNIGHT RESOURCES LTD.

(An exploration stage company)

Balance Sheets

(Unaudited)

(Canadian Dollars)

	March 31, 2009	September 30, 2008
ASSETS		
Current assets		
Cash and cash equivalents	\$ 424,895	\$ 2,543,672
Accounts receivable	12,287	9,696
Tax credits recoverable	1,829,412	1,563,297
Prepaid expenses	14,014	18,508
	2,280,608	4,135,173
Property, plant and equipment	9,795	11,570
	\$ 2,290,403	\$ 4,146,743
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 13,401	\$ 1,194,771
Shareholders' equity		
Share capital (note 4)	23,272,203	23,272,203
Contributed surplus (note 5)	4,809,107	3,779,853
Warrants (note 4)	568,071	1,575,518
Deficit	(26,372,379)	(25,675,602)
	2,277,002	2,951,972
	\$ 2,290,403	\$ 4,146,743

Nature of operations and basis of presentation (note 1)

Approved by the Directors:

"Harvey Keats"

David Patterson"

See accompanying notes to the financial statements.

KNIGHT RESOURCES LTD.

(An exploration stage company)

Statements of Loss and Comprehensive Loss

(Unaudited)

(Canadian Dollars)

	Three months ended March 31,		Six months ended March 31,	
	2009	2008	2009	2008
Exploration expenditures				
West Raglan (schedule)(note 3)	\$ 50,406	\$ 651,681	\$ 345,159	\$ 821,024
General and administrative expenditures				
Accounting and audit	9,000	8,000	10,574	16,975
Administrative fees	27,500	33,000	55,500	65,000
Amortization	887	1,211	1,775	2,174
Filing fees	5,000	10,578	8,595	15,026
Legal fees	3,341	6,102	4,597	7,529
Management fees	32,633	47,350	74,584	97,495
Office and miscellaneous	4,832	9,180	29,590	39,057
Promotion	34,447	52,920	90,989	112,339
Rent	20,667	9,500	30,167	19,000
Stock-based compensation (note 5)	21,807	316,323	21,807	334,215
Telephone and communications	1,646	5,893	4,492	17,720
Transfer agent	3,628	4,452	4,592	7,343
Travel	10,956	22,576	21,295	41,354
	176,344	527,085	358,557	775,227
Other Items				
Interest income	(1,590)	(43,774)	(7,760)	(79,521)
Interest on flow-through shares	-	-	821	-
	(1,590)	(43,774)	(6,939)	(79,521)
Loss before income taxes	(225,160)	(1,134,992)	(696,777)	(1,516,730)
Future income tax recovery	-	1,328,662	-	1,328,662
Earnings (loss) and comprehensive earnings (loss) for the period	\$ (225,160)	\$ 193,670	\$ (696,777)	\$ (188,068)
Basic and diluted loss per share	\$ -	\$ -	\$ -	\$ -
Weighted average number of common shares outstanding	90,670,447	89,987,370	90,670,447	87,212,010

See accompanying notes to the financial statements.

KNIGHT RESOURCES LTD.

(An exploration stage company)

Statements of Shareholders' Equity

(Unaudited)

(Canadian Dollars)

	Common Shares		Warrants	Contributed surplus	Deficit	Total shareholders' equity
	Number of	Amount				
Balance at September 30, 2008	90,670,447	\$ 23,272,203	\$ 1,575,518	\$ 3,779,853	\$ (25,675,602)	\$ 2,951,972
Expiry of warrants	-	-	(1,007,447)	1,007,447	-	-
Stock-based compensation (note 5)	-	-	-	21,807	-	21,807
Loss for the period	-	-	-	-	(696,777)	(696,777)
Balance at March 31, 2009	90,670,447	\$ 23,272,203	\$ 568,071	\$ 4,809,107	\$ (26,372,379)	\$ 2,277,002

	Common Shares		Warrants	Contributed surplus	Deficit	Total shareholders' equity
	Number of	Amount				
Balance at September 30, 2007	79,230,947	\$ 21,598,232	\$ 660,072	\$ 3,439,760	\$ (23,286,235)	\$ 2,411,829
Common shares issued for cash:						
Private placement	10,000,000	2,975,460	1,024,540	-	-	4,000,000
Share issue costs on private placement	-	(313,631)	(17,093)	-	-	(330,724)
Exercise of stock options	758,500	195,341	-	(64,746)	-	130,595
Expiry of warrants	-	-	(92,001)	92,001	-	-
Stock-based compensation	-	-	-	334,215	-	334,215
Future income tax impact of renunciation of Canadian Exploration Expenditures pursuant to flow-through shares	-	(1,328,662)	-	-	-	(1,328,662)
Loss for the period	-	-	-	-	(188,068)	(188,068)
Balance at March 31, 2008	89,989,447	\$ 23,126,740	\$ 1,575,518	\$ 3,801,230	\$ (23,474,303)	\$ 5,029,185

See accompanying notes to the financial statements.

KNIGHT RESOURCES LTD.

(An exploration stage company)

Statements of Cash Flows

(Unaudited)

(Canadian Dollars)

	Three months ended March 31,		Six months ended March 31,	
	2009	2008	2009	2008
Cash Provided by (Used for):				
Operating Activities				
Earnings (loss) for the period	\$ (225,160)	\$ 193,670	\$ (696,777)	\$ (188,068)
Items not involving cash:				
Amortization	887	1,211	1,775	2,174
Stock-based compensation	21,807	316,323	21,807	334,215
Future income tax recovery	-	(1,328,662)	-	(1,328,662)
Changes in non-cash operating working capital:				
Accounts receivable	6,204	5,647	(2,591)	3,128
Tax credits recoverable	(27,942)	806,112	(266,115)	673,275
Advances for exploration	-	(153,496)	-	(153,496)
Prepaid expenses	(3,959)	159	4,494	10,276
Accounts payable and accrued liabilities	(171,760)	(45,196)	(1,181,370)	(480,308)
	(399,923)	(204,232)	(2,118,777)	(1,127,466)
Financing Activities				
Issuance of common shares	-	2,295	-	4,130,595
Share issue costs	-	-	-	(330,724)
	-	2,295	-	3,799,871
Investing Activities				
Purchase of property, plant and equipment	-	(1,979)	-	(1,979)
Decrease in cash and cash equivalents	(399,923)	(203,916)	(2,118,777)	2,670,426
Cash and cash equivalents, beginning of period	824,818	4,804,587	2,543,672	1,930,245
Cash and cash equivalents, end of period	\$ 424,895	\$ 4,600,671	\$ 424,895	\$ 4,600,671
Cash provided by:				
Interest received	\$ 1,590	\$ 43,774	\$ 7,760	\$ 79,521
Tax credits received	\$ -	\$ 697,427	\$ -	\$ 697,427
Supplemental cash flow information:				
Agent's warrants for share issue costs	\$ -	\$ -	\$ -	\$ 92,677
Stock-based compensation transferred to share capital on exercise of stock options	\$ -	\$ 1,047	\$ -	\$ 64,746

See accompanying notes to the financial statements.

KNIGHT RESOURCES LTD.

(An exploration stage company)

Notes to the Financial Statements

March 31, 2009

(Unaudited)

(Canadian Dollars)

1. Nature of Operations and Basis of Presentation

The Company is a public company incorporated under the Company Act, British Columbia. Its shares are listed on the TSX Venture Exchange and the Frankfurt Stock Exchange. The principal business of the Company is exploration of mineral properties. As of the date of this report, the Company has not determined whether its properties contain reserves that are economically recoverable.

These interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and notes to the financial statements required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for fair presentation have been included. Operating results for the six month period ended March 31, 2009 are not necessarily indicative of the results that may be expected for the year ended September 30, 2009. The balance sheet at September 30, 2008 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

2. Significant Accounting Policies

These interim financial statements have been prepared by management in accordance with the accounting policies described in the Company's annual financial statements for the year ended September 30, 2008. For further information, refer to the financial statements and notes thereto included in the Company's Annual Report to Shareholders for the year ended September 30, 2008.

3. Mineral Property

West Raglan Property

	March 31, 2009	September 30, 2008
Cumulative expenditures		
Exploration expenditures	\$ 21,428,087	\$ 20,816,813
Refundable tax credits and mining duties	(8,522,536)	(8,256,421)
	<u>\$ 12,905,551</u>	<u>\$ 12,560,392</u>

The Company has a 49% participating joint venture interest in the West Raglan Project ('the Project') located in northern Quebec, Canada. Exploration is carried out by Anglo American Exploration (Canada) Limited ('Anglo American') under the direction of a Management Committee comprised of two representatives from each of the Company and Anglo American.

4. Share Capital and Warrants

During the six months ended March 31, 2009, 10,830,000 warrants with an initial value of \$1,007,447 expired unexercised. These warrants had a weighted-average exercise price of \$0.55 per warrant.

5. Stock-based Compensation

The Company uses the fair value based method of accounting for all stock-based awards. During the six months ended March 31, 2009, the Company incurred \$21,807 of compensation cost pursuant to 312,500 stock options granted in fiscal 2008 that vested during the period.

KNIGHT RESOURCES LTD.

(An exploration stage company)

Notes to the Financial Statements

March 31, 2009

(Unaudited)

(Canadian Dollars)

6. Related Party Transactions

Related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The following is a summary of the related party transactions that occurred throughout the six months ended March 31:

- a) paid or accrued \$74,584 (2008 - \$97,495) for management fees to a company controlled by the CEO, to a company controlled by the CFO, and to a company controlled by the Vice-President of Exploration;
- b) paid or accrued \$28,465 (2008 - \$27,305) for technical services relating to the West Raglan Property to a company controlled by the CEO and to a company controlled by the Vice-President of Exploration; and
- c) paid or accrued \$30,167 (2008 - \$19,000) for rent to a company where the CFO is a director.

7. Financial Instruments

As at March 31, 2009, the Company's financial instruments are cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities. The amounts reflected in the balance sheet are carrying amounts and approximate their fair values due to the short-term nature and negligible credit losses. These financial instruments are classified as follows:

Cash and cash equivalents – held-for-trading
Accounts receivable – loans and receivables
Accounts payable and accrued liabilities – other financial liabilities

The Company does not use derivative instruments or hedges to manage risks because the Company's exposure to credit risk, interest rate risk and currency risk is small.

a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash and cash equivalents, accounts receivable and tax credits recoverable are exposed to credit risk. The credit risk on cash and cash equivalents is small because the counterparties are highly rated banks. The credit risk on accounts receivable and tax credits recoverable are small because the counterparties are the Government of Canada (GST input tax credits recoverable) and the Government of Quebec (tax credits recoverable from exploration programs).

b) 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 Company's cash and cash equivalents are exposed to interest rate risk as the Company invests cash and cash equivalents at floating rates of interest in highly liquid instruments. Fluctuations in interest rates impact the value of cash and cash equivalents. For the six months ended March 31, 2009, if interest rates had been 1% lower, loss and comprehensive loss would have been \$4,391 higher and conversely if interest rates had been 1% higher, loss and comprehensive loss would have been \$4,391 lower.

c) Currency Risk

Currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to currency risk is negligible because the Company's operations are in one country, being Canada. The dollar amount and number of transactions conducted in currencies other than the Canadian dollar are not material.

KNIGHT RESOURCES LTD.

(An exploration stage company)

Notes to the Financial Statements

March 31, 2009

(Unaudited)

(Canadian Dollars)

7. Financial Instruments (cont'd)

d) Liquidity Risk

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

8. Capital Management

The Company's objectives when managing capital are:

- To safeguard the Company's ability to continue as a going concern.
- To maintain appropriate cash reserves on hand to continue exploration of the Company's West Raglan Project and to meet ongoing operating costs.
- To ensure that flow-through funds are spent on Canadian Exploration Expenditures in order to meet the required renunciation obligations.
- To invest cash on hand in highly liquid and highly rated financial instruments.

In the management of capital, the Company includes shareholders' equity (excluding accumulated other comprehensive income (loss)), cash and cash equivalents and short-term investments in the definition of capital.

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, especially in regards to exploration results on its West Raglan Project. In order to maintain or adjust the capital structure, the Company may issue common shares through private placements. The Company is not exposed to externally imposed capital requirements.

KNIGHT RESOURCES LTD.

(An exploration stage company)

Schedule of Exploration Expenditures

(Unaudited)

(Canadian Dollars)

	Three months ended March 31,		Six months ended March 31,	
	2009	2008	2009	2008
West Raglan Property				
Drilling	\$ 3,759	\$ 41,087	\$ 226,659	\$ 116,576
Geochemistry	2,861	-	11,173	2,390
Geology	40,591	36,501	106,230	93,083
Geophysics	3,235	3,244	61,133	10,379
Mobilization	363	333,431	56,884	427,124
Other	20,975	60,065	109,052	118,773
Property filing fees	2,885	65,968	2,885	66,092
Safety and environment	3,679	2,700	37,258	10,759
	78,348	542,996	611,274	845,176
Refundable tax credits	(23,487)	91,369	(223,687)	(20,289)
Mining duties refund	(4,455)	17,316	(42,428)	(3,863)
	\$ 50,406	\$ 651,681	\$ 345,159	\$ 821,024