

# **PUGET VENTURES INC.**

INTERIM FINANCIAL STATEMENTS  
(Unaudited) – Prepared By Management

FOR THE NINE MONTH PERIODS ENDED JANUARY 31, 2009 and 2008

## **Index**

## **Page**

### **Financial Statements**

Balance Sheets	2
Statements of Operations and Deficit	3
Statement of Cash Flow	4
Notes to Financial Statements	5-8

## **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying un-audited interim financial statements of 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 these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by the entity's auditor.



**PUGET VENTURES INC.**  
**STATEMENTS OF OPERATIONS AND DEFICIT**  
**UNAUDITED (Prepared by Management)**

	Three months ended		Nine months ended	
	January 31		January 31	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>Interest revenue</b>	<b>1,944</b>	1,847	<b>4,203</b>	2,186
<b>Expenses</b>				
Professional fees	52,367	22,879	152,757	31,693
Consulting fees	32,400	0	113,400	0
Shareholder relations	27,143	0	72,676	0
Office overhead	14,927	7,026	31,501	20,347
Rent	4,350	2,700	13,050	8,100
Filing and registration fees	4,154	11,987	18,147	15,568
Travel	1,212	923	18,220	2,010
Stock-based compensation	0	8,117	17,325	8,117
Write off exploration costs	0	0	28,361	0
	<b>136,553</b>	53,632	<b>465,437</b>	85,835
<b>Net loss for the period</b>	<b>134,609</b>	51,785	<b>461,234</b>	83,649
<b>Deficit, opening</b>	<b>514,848</b>	45,501	<b>188,223</b>	13,637
<b>Deficit, ending</b>	<b>649,457</b>	97,286	<b>649,457</b>	97,286
<b>Basic loss per common share</b>	<b>0.01</b>	0.01	<b>0.05</b>	0.02
<b>Weighted average number of common shares outstanding</b>	<b>9,173,753</b>	5,730,000	<b>8,656,660</b>	3,769,417

**PUGET VENTURES INC.**  
**STATEMENTS OF CASH FLOW**  
**UNAUDITED (Prepared by Management)**

	Three months ended January 31		Nine months ended January 31	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>Cash flows from operating activities</b>				
Loss for the period	(134,609)	(51,785)	(461,235)	(83,648)
Items not involving cash				
Stock based compensation	0	8,117	17,325	8,117
Write off of exploration costs	0	0	28,361	0
Changes in non-cash working capital items:				
Prepaid expenses	4,340	(6,746)	(26,040)	(7,121)
GST recoverable	(8,496)	(1,758)	(46,478)	(6,098)
Accounts payable and accrued liabilities	45,638	(27,505)	10,168	1,748
	(93,127)	(79,677)	(477,899)	(87,002)
<b>Cash flows from investing activities</b>				
Purchase of term deposit	0	0	(600,000)	0
Mineral properties purchase & development	(49,604)	(10,000)	(871,869)	(10,000)
	(49,604)	(10,000)	(1,471,869)	(10,000)
<b>Cash flows from financing activities</b>				
Redemption of term deposit	175,000	0	603,126	0
Capital stock issued for cash, net of share issuance costs	250,530	0	1,607,203	208,506
	425,530	0	2,210,329	208,506
<b>Increase (decrease) in cash</b>	<b>282,799</b>	<b>(89,677)</b>	<b>260,561</b>	<b>111,504</b>
<b>Cash, beginning of Period</b>	<b>3,489</b>	<b>304,871</b>	<b>25,727</b>	<b>103,690</b>
<b>Cash, end of period</b>	<b>286,288</b>	<b>215,194</b>	<b>286,288</b>	<b>215,194</b>
<b>Cash paid during the period for interest</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Cash paid during the period for income taxes</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Supplementary Disclosures Shares Issued for Mineral Properties</b>	<b>0</b>	<b>0</b>	<b>173,850</b>	<b>0</b>

# **PUGET VENTURES INC.**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE NINE MONTH PERIOD ENDED JANUARY 31, 2009  
and JANUARY 31, 2008  
UNAUDITED – PREPARED BY MANAGEMENT

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## **1. INCORPORATION**

The Company was incorporated under the *Business Corporations Act* (British Columbia) on March 9, 2007 and was classified as a capital pool corporation (“CPC”) defined in the TSX Venture Exchange (“TSX-V”) Policy 2.4. The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities.

The Company successfully completed its initial public offering (“IPO”) and began trading on the TSX-V on October 31, 2007 under the symbol PVS.P.

## **2. NATURE OF OPERATIONS**

The Company's is engaged in mineral drilling on the Trout Bay Property and has yet to determine if the properties contain resources that are economically viable. Additional funding will be required to fulfill its exploration commitments per agreements on the property with Goldcorp Inc. and West Timmins Mining Inc. As at January 31, 2009, the Company has working capital of \$468,799 (April 30, 2008 - \$149,015), which will not be sufficient to achieve the Company's currently planned business objectives for remainder of 2009 fiscal year. With the consent of the TSX-V, the Company will continue to raise additional funds in order to finance operating and property acquisition requirements.

## **3. SIGNIFICANT ACCOUNTING POLICIES**

The accompanying interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the assets, liabilities and operations of the Company. These interim financial statements do not contain all the information required by generally accepted accounting principles for annual financial statements and, therefore, should be read in conjunction with the annual financial statements of the Company for the year ended April 30, 2008. The accounting policies and methods used in the preparation of these interim unaudited financial statements are consistent with those used in the Company's more recent audited financial statements.

## **4. MINERAL PROPERTIES**

The Company completed the acquisition of an option to acquire a 60% interest in the Trout Bay Property located in Red Lake, Ontario, from Red Lake Gold Mines/Goldcorp Inc. The consideration comprised of \$155,500 (paid) and 285,000 common shares (issued). The acquisition constituted the Company's qualifying transaction (the ‘Qualifying Transaction’) pursuant to the policies of the TSX Venture Exchange. The Qualifying Transaction was completed on May 15, 2008. During the nine-month period ended January 31, 2009, the Company has incurred \$1,017,347.98 in exploration and option costs related to the Trout Bay Property.

### **Further Details of the Qualifying Transaction**

Pursuant to the Qualifying Transaction, the Company issued 285,000 common shares to West Timmins Mining Inc., which were subject to a hold period to September 15, 2008

The Company has paid \$155,500 and issued 285,000 common shares related to the acquisition costs and incurred \$688,008 in exploration work on the Trout Bay property.

# PUGET VENTURES INC.

NOTES TO THE FINANCIAL STATEMENTS  
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## 5. CAPITAL STOCK

	Number of Shares	Amount	Contributed Surplus
		\$	\$
Authorized:			
Unlimited common shares without par value			
Issued:			
Balance at April 30, 2007	2,240,000	112,000	0
Issuance of common shares from private placement	990,000	49,500	0
Issuance of common shares from IPO	2,500,000	250,000	0
Share issuance costs		(110,258)	13,525
Stock-based compensation		0	32,470
Balance at April 30, 2008	5,730,000	301,242	45,995
Issuance of common shares from private placement	1,500,000	750,000	0
Issuance of flow-through shares from private placement	1,500,000	750,000	0
Issuance of common shares for payment on mineral properties	285,000	173,850	0
Issuance of common shares for warrants exercised	108,753	10,875	0
Share issuance costs	50,000	(184,803)	30,600
Stock-based compensation		0	17,325
Issuance of flow-through shares from private placement	1,400,000	280,000	0
Share issuance costs	0	(29,469)	0
Balance at January 31, 2009	10,573,753	2,051,695	45,995

During the quarter period ended January 31, 2009, the Company completed a private placement for 1,400,000 units at a price of \$0.20 per unit for total gross proceeds of \$280,000. Each unit consists of one flow-through common share plus one-half share purchase warrant. Each full share purchase warrant is exercisable into one non-flow-through common share of the Company, at price of \$0.30 per share in the first year and \$0.40 in the second year.

The shares issued under this private placement will be subject to a four-month hold period under applicable Canadian Securities legislation.

### Agent's warrants

During the third quarter period ended January 31, 2009, 112,000 agent's warrants were granted at an exercise price of \$0.30 per share for the first 12 months and \$0.40 for the second 12 months. As of January 31, 2009, 373,247 agent's warrants are outstanding with a weighted average exercise price of \$0.37.

# PUGET VENTURES INC.

NOTES TO THE FINANCIAL STATEMENTS  
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## 5. CAPITAL STOCK (cont'd)

### Warrants

During the third quarter period ended January 31, 2009, 700,000 warrants were granted at an exercise price of \$0.30 per share for the first 12 months and \$0.40 for the second 12 months. As of January 31, 2009, 2,200,000 warrants are outstanding with a weighted average exercise price of \$0.61.

### Stock-based compensation

The Company uses the fair value method for determining stock-based compensation for all options granted during the fiscal periods. The fair value was determined using the Black-Scholes option pricing model based on the following assumptions:

	Nine months ended January 31, 2009
Expected life (years)	5
Interest rate	3.14%
Volatility	100.00%
Dividend yield	0.00%

During the nine-month period ended January 31, 2009, stock-based compensation related to options granted was \$17,325 (2007 - \$nil).

## 6. RELATED PARTY TRANSACTIONS

During the nine-month period ended January 31, 2009, the Company incurred professional and consulting fees that were paid to private companies controlled by officers of the company.

	January 31, 2009	January 31, 2008
	\$	\$
Professional fees	23,662	1,479
Consulting fees	156,900	769

The transactions were 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.

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## 7. INCOME TAXES

The reconciliation of income tax attributable to continuing operations at the statutory tax rates to income tax expense is:

	Nine-month period ended January 31, 2009	Nine-month period ended January 31, 2008
	\$	\$
Income tax benefit computed at Canadian statutory rates	142,983	28,541
Non-deductible stock-based compensation	(5,371)	(2,770)
Share issuance costs	15,248	5,886
Meal and entertainment expenses	(131)	(289)
Other	14	0
Tax rate variation	(24,636)	0
Unrecognized tax losses	(128,107)	(31,368)
	0	0

The Company has non-capital losses available that may be carried forward to apply against future income for Canadian tax purposes. The losses start to expire as follows:

	\$
2027	14,000
2028	159,000
2029	444,000
	617,000

The potential benefit of these loss carry-forwards has not been recorded in these financial statements.

Future income tax assets reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The applicable tax rate to be expected is 26%. Significant components of the Company's future tax assets are as follows:

	As at January 31, 2009 (Unaudited)	As at April 30, 2008 (Audited)
	\$	\$
Future income tax assets		
Tax value over book value of share issuance costs	66,559	20,120
Non-capital loss carry-forwards	160,420	44,863
Temporary differences in assets	219	228
	227,198	65,211
Valuation allowance	(227,198)	(65,211)
Net future income tax assets	0	0

The valuation allowance reflects management's belief that it is more likely than not that the future tax asset will not be realized