

KAMINAK GOLD CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2008

Canadian Dollars

AUDITORS' REPORT

To the Shareholders of
Kaminak Gold Corporation

We have audited the consolidated balance sheets of Kaminak Gold Corporation as at September 30, 2008 and 2007 and the consolidated statements of loss and deficit and comprehensive loss and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with 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, 2008 and 2007 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Accountants

January 13, 2009



Kaminak Gold Corporation
(An Exploration Stage Company)
Consolidated Balance Sheets

As at September 30

Canadian Dollars

| ASSETS | 2008 | 2007 |
|---|---------------------|---------------------|
| Current | | |
| Cash and cash equivalents | \$ 4,855,655 | \$ 2,383,371 |
| Accrued interest receivable | 17,173 | 24,248 |
| Cash call receivable | 99,842 | 24,761 |
| Marketable securities <i>(Note 6)</i> | 310,000 | 234,500 |
| GST receivable | 129,189 | 64,584 |
| Prepaid expense | 5,000 | 5,818 |
| Short-term investment | 31,585 | 30,750 |
| | 5,448,444 | 2,768,032 |
| Investments <i>(Note 8)</i> | 248,394 | - |
| Office Equipment , at net book value <i>(Note 7)</i> | 9,730 | 9,686 |
| Resource Property Costs <i>(Note 9) – Schedule</i> | 2,468,222 | 2,439,396 |
| | \$ 8,174,790 | \$ 5,217,114 |
| LIABILITIES | | |
| Current | | |
| Accounts payable and accrued liabilities | 95,997 | 77,224 |
| Future Income Tax Liability <i>(Note 15)</i> | - | 217,000 |
| | 95,997 | 294,224 |
| SHAREHOLDERS' EQUITY | | |
| Share Capital <i>(Note 10)</i> | 10,412,223 | 5,569,627 |
| Contributed Surplus <i>(Note 11)</i> | 1,419,042 | 1,874,958 |
| Accumulated Other Comprehensive Loss | (364,750) | (16,250) |
| Deficit - <i>Statement 2</i> | (3,387,722) | (2,505,445) |
| | 8,078,793 | 4,922,890 |
| | \$ 8,174,790 | \$ 5,217,114 |

Nature of Operations (Note 1)

Subsequent Event (Note 17)

ON BEHALF OF THE BOARD:

"Rob Carpenter", President & CEO, Director

"Charles Chebry, CFO", Director

Kaminak Gold Corporation*(An Exploration Stage Company)***Consolidated Statements of Loss and Deficit and Comprehensive Loss****For the years ended September 30***Canadian Dollars*

| | 2008 | 2007 |
|--|-----------------------|-----------------------|
| Expenses | | |
| Accounting and legal | \$ 280,433 | \$ 62,679 |
| Amortization | 3,301 | 4,219 |
| Bank charges and interest | 23,505 | 3,192 |
| Consulting | 307,857 | 176,143 |
| Investor relations | 136,277 | 118,889 |
| Listing and filing fees | 47,510 | 7,373 |
| Office and sundry | 38,770 | 23,527 |
| Rent | 25,070 | 24,786 |
| Stock-based compensation | 227,223 | 687,944 |
| Transfer agent fees | 12,997 | 14,620 |
| Travel and conference | 142,505 | 98,042 |
| Loss before the undernoted | (1,245,448) | (1,221,414) |
| Other Income (Expenses) | | |
| Interest | 114,303 | 128,580 |
| Gain on marketable securities | - | 16,975 |
| Gain on optioning of resource property | 318,931 | 111,267 |
| Loss on investments | (2,003) | - |
| Minority interest | 21,996 | - |
| Write-off of resource property costs | (253,154) | (664,471) |
| | 200,073 | (407,649) |
| Loss from continuing operations | (1,045,375) | (1,629,063) |
| Loss allocated to spin-out assets (Note 2) | (53,902) | (123,813) |
| Loss before income taxes | (1,099,277) | (1,752,876) |
| Future income tax recovery | 217,000 | 226,300 |
| Loss For The Year | (882,277) | (1,526,576) |
| Deficit - Beginning of Year | (2,505,445) | (978,869) |
| Deficit – End of Year | \$ (3,387,722) | \$ (2,505,445) |
| Loss For The Year | \$ (882,277) | \$ (1,526,576) |
| Changes in fair value of investments | (348,500) | (16,250) |
| Total comprehensive loss for the year | \$ (1,230,777) | \$ (1,542,826) |
| Basic and Diluted Loss per Share | \$ (0.03) | \$ (0.05) |
| Weighted Average Number of Shares Outstanding | 32,982,084 | 28,106,429 |

- See Accompanying Notes -

Kaminak Gold Corporation
(An Exploration Stage Company)
Consolidated Statements of Cash Flows
For the years ended September 30
Canadian Dollars

| | 2008 | 2007 |
|--|---------------------|---------------------|
| Cash Flows from Operating Activities | | |
| Net loss for the year | \$ (882,277) | \$ (1,526,576) |
| Items not affected by cash: | | |
| Amortization | 3,301 | 4,621 |
| Future income tax recovery | (217,000) | (226,300) |
| Gain on optioning of property | (318,931) | - |
| Non-cash portion of loss allocated to Kivalliq | 4,722 | - |
| Loss on investments | 2,003 | - |
| Minority interest | (21,996) | - |
| Stock-based compensation | 227,223 | 760,188 |
| Write-off of resource property costs | 253,154 | 664,471 |
| Change in non-cash working capital: | | |
| GST receivable | (64,605) | (50,930) |
| Cash call receivable | (75,081) | - |
| Accrued interest receivable | 7,075 | (9,170) |
| Prepaid expenses | 818 | (818) |
| Accounts payable and accrued liabilities | (33,337) | (54,348) |
| | (1,114,931) | (438,862) |
| Cash Flows from Investing Activities | | |
| Sale of marketable securities | - | 23,000 |
| Increase in short-term investment | (835) | (750) |
| Resource property costs | (561,035) | (503,284) |
| Office equipment | (3,345) | (7,001) |
| | (565,215) | (488,035) |
| Cash Flows from Financing Activities | | |
| Issuance of share capital, net | 4,152,430 | 525,886 |
| Repayment of (advances to) related party | - | (3,816) |
| | 4,152,430 | 522,070 |
| Net Increase (Decrease) in Cash | 2,472,284 | (404,827) |
| Cash - Beginning of year | 2,383,371 | 2,788,198 |
| Cash and Cash Equivalents - End of Year | \$ 4,855,655 | \$ 2,383,371 |
| Supplemental Schedule of Non-Cash Investing and Financing Activities | | |
| Cash calls receivable included in resource property costs | \$ - | \$ (345,038) |
| Accounts payable included in resource property costs | \$ 41,295 | \$ (32,355) |
| Transfer of contributed surplus to share capital on warrant exercise | \$ 687,503 | \$ 75,889 |
| Transfer of contributed surplus to share capital on option exercise | \$ 2,663 | \$ 76,558 |
| Receipt of shares and warrants as property option payments, net of gains on optioning of resource properties | \$ 424,000 | \$ 250,750 |
| Issuance of shares for property | \$ - | \$ 28,000 |
| Future income tax recovery – flow-through shares | \$ - | \$ 443,300 |
| Spin out (Note 2) | \$ 226,096 | \$ - |
| Cash paid during the year for interest | \$ - | \$ - |
| Cash paid during the year for income taxes | \$ - | \$ - |

- See Accompanying Notes -

Kaminak Gold Corporation

(An Exploration Stage Company)

Consolidated Schedule of Resource Property Costs

For the years ended September 30

Canadian Dollars

| | 2008 | | | 2007 |
|---|-------------------|----------------------|--------------|------------|
| | Acquisition Costs | Deferred Exploration | Total | |
| Mineral Interests | | | | |
| Angilak (formerly Yathkyed), Nunavut | | | | |
| Acquisition costs – cash | \$ 50,000 | \$ - | \$ 50,000 | \$ 7,500 |
| Claim maintenance | 35,333 | - | 35,333 | - |
| Recording and staking | 15,901 | - | 15,901 | 109,647 |
| Assays | - | 540 | 540 | 1,093 |
| Field and supplies | - | (20,500) | (20,500) | 28,546 |
| Geological consulting | - | 641 | 641 | 17,516 |
| Travel and accommodation | - | - | - | 42,766 |
| Transfer assets to Kivalliq (Note 2) | (218,381) | (70,602) | (288,983) | - |
| | (117,147) | (89,921) | (207,068) | 207,068 |
| Baker Lake (Uranium), Nunavut | | | | |
| Claim maintenance | 136 | - | 136 | (152,540) |
| Geological consulting | - | 238 | 238 | 833 |
| Option receipt – shares | - | - | - | (6,952) |
| Transfer assets to Kivalliq (Note 2) | (136) | (238) | (374) | - |
| | - | - | - | (158,659) |
| Bathurst, Nunavut | | | | |
| Claim maintenance | 34 | - | 34 | - |
| Recording and staking | 24,170 | - | 24,170 | - |
| Geological consulting | - | 237 | 237 | - |
| | 24,204 | 237 | 24,441 | - |
| Breakwater, Quebec and Labrador | | | | |
| Recording and staking | 38 | - | 38 | - |
| Airborne Geological | - | 491,352 | 491,352 | - |
| Assays | - | - | - | 973 |
| Field and general | - | 27,252 | 27,252 | 34,463 |
| Geological consulting | - | 14,362 | 14,362 | 8,896 |
| Travel and accommodation | - | 15,920 | 15,920 | 31,769 |
| Recovery of costs | - | (552,678) | (552,678) | - |
| | 38 | (3,792) | (3,754) | 76,101 |
| Churchill, Nunavut | | | | |
| Field and general | - | - | - | (3,139) |
| Geological consulting | - | - | - | 613 |
| Travel and accommodation | - | - | - | 455 |
| | - | - | - | (2,071) |
| Balance Forward | \$ (92,905) | \$ (93,476) | \$ (186,381) | \$ 122,439 |

- See Accompanying Notes -

Kaminak Gold Corporation

(An Exploration Stage Company)

Consolidated Schedule of Resource Property Costs

For the years ended September 30

Canadian Dollars

| | 2008 | | | 2007 |
|--------------------------------|----------------------|-------------------------|--------------|------------|
| | Acquisition Costs | Deferred Exploration | Total | |
| Balance Brought Forward | \$ (92,905) | \$ (93,476) | \$ (186,381) | \$ 122,439 |
| Hemlo, Ontario | | | | |
| Acquisition costs – shares | - | - | - | 28,000 |
| Recording and staking | - | - | - | 42,682 |
| Assays | - | 10,005 | 10,005 | - |
| Field and general | - | 125,199 | 125,199 | 17,401 |
| Geological consulting | - | 77,110 | 77,110 | 26,036 |
| Travel and accommodation | - | 47,954 | 47,954 | 8,700 |
| | - | 260,268 | 260,268 | 122,819 |
| IME, Nunavut | | | | |
| Recording and staking | - | 448 | 448 | - |
| Assays | - | - | - | 37,533 |
| Field and general | - | 1,093 | 1,093 | 470 |
| Geological consulting | - | 95 | 95 | 313 |
| Travel and accommodation | - | - | - | 7,719 |
| | - | 1,636 | 1,636 | 46,035 |
| Lach, Nunavut | | | | |
| Recording and staking | - | - | - | 14,795 |
| | - | - | - | 14,795 |
| Matrix, Nunavut | | | | |
| Recording and staking | 500 | - | 500 | - |
| Claim maintenance | 103 | - | 103 | 775 |
| Recording and staking | - | - | - | 15,270 |
| Geological consulting | - | 480 | 480 | 2,063 |
| | 603 | 480 | 1,083 | 18,108 |
| Needle, Nunavut | | | | |
| Option receipt – shares | (33,863) | (31,137) | (65,000) | - |
| Assays | - | - | - | 216 |
| Field and general | - | - | - | 3,225 |
| Geological consulting | - | 95 | 95 | 7,716 |
| Travel and accommodation | - | - | - | 2,050 |
| | (33,863) | (31,042) | (64,905) | 13,207 |
| Nizi, BC | | | | |
| Options receipt – shares | - | - | - | (26,250) |
| Recording and staking | 2,664 | - | 2,664 | - |
| Field and general | - | 650 | 650 | 556 |
| | 2,664 | 650 | 3,314 | (25,694) |
| Obonga | | | | |
| Recording and staking | 51,029 | - | 51,029 | - |
| Field and general | - | 488 | 488 | - |
| Geological consulting | - | 30 | 30 | - |
| | 51,029 | 518 | 51,547 | - |
| Balance Forward | \$ (72,472) | \$ 139,034 | \$ 66,562 | \$ 311,709 |

- See Accompanying Notes -

Kaminak Gold Corporation

(An Exploration Stage Company)

Consolidated Schedule of Resource Property Costs

Canadian Dollars

| | 2008 | | | 2007 |
|---|-------------------|----------------------|--------------|--------------|
| | Acquisition Costs | Deferred Exploration | Total | |
| Balance Brought Forward | \$ (72,472) | \$ 139,034 | \$ 66,562 | \$ 311,709 |
| Sail, BC | | | | |
| Recording and staking | 22,720 | - | 22,720 | 2,013 |
| | 22,720 | - | 22,720 | 2,013 |
| Sharpe Lake, Manitoba | | | | |
| Acquisition costs – cash | - | - | - | 15,000 |
| Field and general | - | 800 | 800 | 6,583 |
| Geological consulting | - | 71 | 71 | 8,950 |
| Travel and accommodation | - | - | - | 426 |
| | - | 871 | 871 | 30,959 |
| Sy, Nunavut | | | | |
| Claim maintenance | 103 | - | 103 | - |
| Recording and staking | 82 | - | 82 | 4,390 |
| Options receipt – shares | (40,000) | - | (40,000) | - |
| Field and supplies | - | 172 | 172 | 163 |
| Geological consulting | - | 203 | 203 | 3,500 |
| Travel and accommodation | - | 71 | 71 | - |
| | (39,815) | 446 | (39,369) | 8,053 |
| Voigtberg, BC | | | | |
| Option receipt – shares | - | (69) | (69) | (86,281) |
| Recording and staking | - | - | - | 10 |
| Assays | - | - | - | 13,003 |
| Field and supplies | - | 69 | 69 | 6,590 |
| Travel and accommodation | - | - | - | 4,962 |
| | - | - | - | (61,716) |
| Washburn, Nunavut | | | | |
| Recording and staking | - | - | - | 19,788 |
| Claim maintenance | 34 | - | 34 | 200 |
| Geological consulting | - | 71 | 71 | 1,970 |
| Transfer assets to Kivalliq (Note 2) | (20,022) | (2,041) | (22,063) | - |
| | (19,988) | (1,970) | (21,958) | 21,958 |
| Generative | | | | |
| Recording and staking | 5,883 | - | 5,883 | 29,854 |
| Assays | - | 28,144 | 28,144 | 32,275 |
| Field and supplies | - | 85,295 | 85,295 | 90,198 |
| Geological Consulting | - | 92,946 | 92,946 | 171,960 |
| Travel and accommodation | - | 40,886 | 40,886 | 45,425 |
| Generative costs recoverable | - | - | - | (24,761) |
| | 5,883 | 247,271 | 253,154 | 344,951 |
| Resource Property Costs for the Year | (103,672) | 385,652 | 281,980 | 657,927 |
| Write off of Resource Property Costs | (5,883) | (247,271) | (253,154) | (664,471) |
| Balance, Beginning of the Year | 1,234,250 | 1,205,146 | 2,439,396 | 2,445,940 |
| Balance, End of the Year | \$ 1,124,695 | \$ 1,343,527 | \$ 2,468,222 | \$ 2,439,396 |

- See Accompanying Notes -

Kaminak Gold Corporation

(An Exploration Stage Company)

Notes to Consolidated Financial Statements

September 30, 2008

Canadian Dollars

1. Nature of Operations

Kaminak Gold Corporation ("Kaminak" or "KAM" or the "Company") was incorporated on July 4, 2005 under the Business Corporations Act (British Columbia), and is an exploration stage enterprise focusing on the acquisition, exploration and development of economic gold and other precious and base metal properties.

The Company became a reporting issuer in Alberta and British Columbia on November 9, 2005 by virtue of a reorganization transaction involving the exchange of securities between Shear Minerals Ltd. ("Shear"), the Company and the shareholders of Shear. The reorganization transaction involved the acquisition from Shear of a 46.24% interest in certain properties ("Hunter Properties") and all of the outstanding shares of 974134 N.W.T. Limited, a wholly-owned subsidiary of Shear which holds the non-diamond properties of Shear. In tandem with the reorganization transaction, the Company acquired the remaining interest in the Hunter Properties from Hunter Exploration Group ("Hunter"), a related party, by issuing common shares and a promissory note. On November 23, 2005, after completion of its private placements, the Company's shares became publicly trading on the TSX Venture Exchange under the symbol "KAM".

As part of the Spin out transaction (Note 2) the Company incorporated a subsidiary, Kivalliq Energy Corp. ("Kivalliq") on February 13, 2008. As at September 30, 2008, the Company owns 12% of this subsidiary which was accounted for on a consolidated basis until July 4, 2008, at which point the company's interest in Kivalliq was reduced from 48% to 13%. Since July 4, 2008, the Company has accounted for its investment using the equity method.

2. Spin Out Transaction

In February 2008, Kaminak completed a transfer of its Uranium properties to Kivalliq in exchange for 3,646,752 units of Kivalliq. In addition, in July 2008, Kivalliq issued an additional 14,587,008 units to Kaminak. Each unit consisted of one common share and one half of one share purchase warrant, whereby each whole warrant allows the holder to purchase one additional common share of Kivalliq at a price of \$0.25 per share, exercisable for a period of 30 days from the date Kivalliq's shares are approved for trading on the TSX Venture Exchange (the shares were approved for trading on July 4, 2008). Kaminak then distributed 80% of these to the existing Kaminak shareholders pursuant to a corporate restructuring transaction ("Plan of Arrangement"). This resulted in each shareholder of Kaminak receiving 0.4 of a common share in Kivalliq and one quarter of one share purchase warrant for each outstanding common share of Kaminak held.

The Company's Consolidated Statements of Loss and Deficit for the years ended September 30, 2008 and 2007 are the result of a "carve-out" of an allocation of general and administrative expenses for those periods to Kivalliq. The allocation of the Company's general and administrative expenses was calculated on the basis of the ratio of costs deferred by the Company on the Uranium mineral properties in each year presented as compared to the costs deferred on all mineral properties in each of these years.

Kaminak Gold Corporation
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
September 30, 2008
Canadian Dollars

3. Significant Accounting Policies

a) **Consolidation**

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, 974134 N.W.T. Limited, and the accounts of Kivalliq from Incorporation on February 13, 2008 to July 4, 2008 (Note 2). Results of operations of 974134 N.W.T. Limited are included in these consolidated financial statements from the date of acquisition on November 9, 2005.

b) **Basis of presentation**

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

c) **Cash and cash equivalents**

Cash is comprised of cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Included in cash and cash equivalents is \$1,357,228 (2007 - \$478,961) in cash and \$3,498,427 (2007 - \$1,904,410) in term deposits.

d) **Short-term investments**

Short-term investments include Canadian guaranteed investment certificates with a major Canadian banking institution. These investments are stated at cost plus accrued interest and their carrying value approximates their fair value.

e) **Equipment**

The Company provides for amortization on its equipment at an annual rate of 20% on the declining balance method. One-half of the rates is taken in the year of acquisition.

f) **Comprehensive Income**

Comprehensive income is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that would not normally be included in net earnings such as unrealized gains or losses on available-for-sale investments. Other comprehensive income includes the holding gains and losses from available for sale securities which are not included in net loss until realized.

Kaminak Gold Corporation
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
September 30, 2008
Canadian Dollars

3. Significant Accounting Policies - Continued

g) Resource Property Costs

The Company is in the process of exploring its resource properties and has not yet determined whether these properties contain reserves that are economically recoverable.

Resource exploration and development costs are capitalized on an individual area of interest basis until such time as an economic ore body is defined or the prospect is abandoned. Costs for a producing prospect are amortized on a unit-of-production method based on the estimated life of the reserves, while costs for the prospects abandoned are written off.

The recoverability of the amount capitalized for the undeveloped resource properties is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the ability to farm out its resource properties, the ability to obtain the necessary financing to complete their development and future profitable production or proceeds from the disposition thereof.

Title to resource properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many resource properties. The Company has investigated title to all of its resource properties and, to the best of its knowledge, title to all of its properties are in good standing.

h) Asset Retirement Obligations

The Company recognizes the fair value of legal obligations relating to retirement of property, plant, and equipment, and arising from the acquisition, construction, development, or normal operation of those assets. Such asset retirement cost is recognized at fair value when a reasonable estimate of fair value can be estimated, in the period in which it is incurred, added to the carrying value of the asset, and amortized into income on a systematic basis over its useful life. No asset retirement costs have been recognized for the periods presented as none of the Company's properties are estimated to require any remediation or other expenditures upon their retirement.

i) Income Taxes

Income taxes are accounted for using the asset and liability method. Future taxes are recognized for the tax consequences of "temporary differences" by applying enacted or substantively enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and tax basis of existing assets and liabilities. The effect on deferred or future income taxes for a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment. In addition, the method requires the recognition of future tax benefits to the extent that realization of such benefits is more likely than not.

j) Share Capital

Share capital issued for non-monetary consideration is recorded at an amount based on fair market value.

Kaminak Gold Corporation
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
September 30, 2008
Canadian Dollars

3. Significant Accounting Policies - Continued

k) Stock-Based Compensation

All stock-based awards are measured and recognized using a fair value based method. Accordingly, the fair value of the options at the date of the grant is accrued and charged to operations, with the offsetting credit to contributed surplus, on a straight-line basis over the vesting period. If and when the stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital.

l) Loss per Share

Basic loss per share is computed by dividing loss available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted loss per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share. The dilutive effect of convertible securities is reflected in diluted loss per share by application of the "if converted" method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted loss per share by application of the treasury stock method. The treasury stock method assumes that the options and/or warrants are exercised at the beginning of the year (or issue date if later) and the proceeds are used to repurchase outstanding shares of common stock.

m) Flow-Through Shares

The Company accounts for flow-through shares using the recommendations of the Emerging Issues Committee EIC-146. Canadian Income Tax Legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. When resource expenditures are renounced to the investors and the Company has reasonable assurance that the expenditures will be completed, future income tax liabilities are recognized (renounced expenditures multiplied by the effective tax rate) thereby reducing share capital.

If the Company has sufficient unused tax losses and deductions ("losses") to offset all or part of the future income tax liabilities and no future income tax assets have been previously recognized on such losses, a portion of such unrecognized losses (losses multiplied by the effective corporate tax rate) is recorded as income up to the amount of the future income tax liability that was previously recognized on the renounced expenditures.

n) Management's Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reported periods. In particular, resource property costs may be affected. Actual results could differ from those estimates.

Kaminak Gold Corporation
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
September 30, 2008
Canadian Dollars

3. Significant Accounting Policies - Continued

o) Impairment of long-lived assets

A long-lived asset is tested for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of a long-lived asset exceeds its fair value. For purposes of recognition and measurement of an impairment loss, a long-lived asset is grouped with other assets and liabilities to form an asset group at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. Estimates of future cash flows used to test recoverability of a long-lived asset include only the future cash flows that are directly associated with, and that are expected to arise as a direct result of, its use and eventual disposition.

p) Financial instruments

The Company follows the recommendations of the Canadian Institute of Chartered Accountants ("CICA") under CICA Handbook Section 1530 "Comprehensive Income" ("Section 1530"), Section 3251 "Equity", Section 3855 "Financial Instruments – Recognition and Measurement" ("Section 3855"), Section 3861 "Financial Instruments – Disclosure and Presentation" and Section 3865 "Hedges". These new sections, which apply to fiscal years beginning on or after October 1, 2006, provide requirements for the recognition and measurement of financial instruments and on the use of hedge accounting. Section 1530 establishes standards for reporting and presenting comprehensive income which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income that are excluded from net income calculated in accordance with Canadian generally accepted accounting principles.

Under Section 3855, all financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments and derivatives are measured in the balance sheet at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification as follows: (1) held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income; (2) available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired; and (3) all derivative instruments, including embedded derivatives, are recorded in the balance sheet at fair value unless they qualify for the normal sale normal purchase exemption and changes in their fair value are recorded in income unless cash flow hedge accounting is used, in which case changes in fair value are recorded in other comprehensive income.

The Company has classified its cash and cash equivalents and short term investment as held-for-trading. Marketable securities are classified as available-for-sale. Accrued interest receivable, cash call receivable, and GST receivable are classified as loans and receivables. Accounts payable and accrued liabilities are classified as other financial liabilities, all of which are measured at amortized cost. The Company has elected to measure all derivatives and embedded derivatives at fair value and the Company has maintained its policy not to use hedge accounting.

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3. Significant Accounting Policies - Continued

p) **Financial instruments - Continued**

Section 3855 also provides guidance on accounting for transaction costs incurred upon the issuance of debt instruments or modification of a financial liability. Transaction costs are now deducted from the financial liability and are amortized using the effective interest method over the expected life of the related liability.

q) **Investments**

The Company accounts for its long-term investments in affiliated companies over which it has significant influence on the equity basis of accounting, whereby the investment is initially recorded at cost, adjusted to recognize the Company's share of earnings or losses and reduced by dividends received. The excess of the cost of equity investments over the underlying book value at the date of acquisition is amortized over the estimated useful lives of the underlying assets to which it is attributed.

r) **Comparative Figures**

Certain comparative figures have been reclassified to conform with the current year's presentation

4. Changes in Accounting Policies

a) **Section 1535 – Capital Disclosures**

Effective October 1, 2007, the Company adopted CICA Section 1535, "Capital Disclosures". This section requires the Company to include additional information in the notes to the financial statements about its capital and the manner in which it is managed. The additional disclosure includes quantitative and qualitative information regarding an entity's objectives, policies and procedures for managing capital.

The impact of adopting this section is disclosed in Note 14.

b) **Section 3862 and 3863 – Financial Instruments Disclosures and Presentation**

The Company adopted CICA Section 3862 and 3863, "Financial Instruments Disclosures and Presentation". This section requires disclosures of both qualitative and quantitative information that enables users of the financial statements to evaluate the nature and extent of risks from financial instruments to which the Company is exposed.

The impact of adopting this section is disclosed in Note 13.

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5. Future Accounting and Reporting Changes

a) **International Financial Reporting Standards (“IFRS”)**

In 2006, the Canadian Accounting Standards Board (“AcSB”) published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada’s own GAAP. The date is 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 the restatement for comparative purposes of amounts reported by the Company for the year ended September 30, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

b) **Goodwill and Intangible Assets**

In February 2008, the AcSB issued Handbook Section 3064, “Goodwill and Intangible Assets”, which will replace Section 3062, “Goodwill and Intangible Assets” and amended Section 1000, “Financial Statement Concepts” clarifying the criteria for the recognition of assets, intangible assets and internally developed intangible assets. Items that no longer meet the definition of an asset are no longer recognized with assets. The new standard also provides guidance for the treatment of preproduction and start-up costs and requires that these costs be expensed as incurred. The new standard is effective for fiscal years beginning on or after October 1, 2008 and early adoption is permitted. The adoption of this new section is not expected to have a material impact on the Company’s financial position.

6. Marketable Securities

| | September 30, 2008 | | September 30, 2007 | |
|---|---------------------------|-------------------|--------------------|-------------------|
| | Market Value | Cost | Market Value | Cost |
| Common shares in public companies received as property payments | \$ 310,000 | \$ 666,500 | \$ 234,500 | \$ 250,750 |

The Company also holds 50,000 share purchase warrants in a public company at an exercise price of \$0.27 per share exercisable on or before September 15, 2009 and 100,000 share purchase warrants in a public company at an exercise price of \$0.35 per share to April 17, 2009.

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7. Office Equipment

Details for 2008 are as follows:

| | Cost | Accumulated Amortization | Net Book Value September 30, 2008 |
|--------------------|------------------|-----------------------------|---|
| Computer equipment | \$ 11,026 | \$ 5,122 | \$ 5,904 |
| Computer software | 4,450 | 4,450 | - |
| Office equipment | 4,963 | 1,137 | 3,826 |
| | <u>\$ 20,439</u> | <u>\$ 10,709</u> | <u>\$ 9,730</u> |

Amortization of \$73 was allocated to Kivalliq pursuant to the spin out (Note 2).

Details for 2007 are as follows:

| | Cost | Accumulated Amortization | Net Book Value September 30, 2007 |
|--------------------|------------------|-----------------------------|---|
| Computer equipment | \$ 9,008 | \$ 3,024 | \$ 5,984 |
| Computer software | 4,450 | 3,955 | 495 |
| Office equipment | 3,563 | 356 | 3,207 |
| | <u>\$ 17,021</u> | <u>\$ 7,335</u> | <u>\$ 9,686</u> |

8. Investments

The Company accounts for its investment in Kivalliq on an equity basis. As at September 30, 2008 the Company holds a 12% interest in Kivalliq. The Company exercises significant control over the Kivalliq investment. Accordingly the Company has used the equity method to account for this investment since its disposal of a total of 87% to July 4, 2008. Prior to July 4, 2008, the Company consolidated the operations of Kivalliq.

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9. Resource Property Costs:

Details are as follows:

| | Acquisition Costs | Exploration Costs | Cumulative as at September 30, 2008 | Cumulative as at September 30, 2007 |
|--|----------------------|----------------------|---|---|
| Angilak (formerly Yathkeyed), Nunavut | - | - | - | 207,068 |
| Bathurst, Nunavut | 24,204 | 237 | 24,441 | - |
| Breakwater, Quebec and Labrador | 38 | 72,309 | 72,347 | 76,101 |
| Churchill, Nunavut | 783,721 | 463,534 | 1,247,255 | 1,247,255 |
| Hemlo, Ontario | 70,682 | 312,405 | 383,087 | 122,819 |
| IME, Nunavut | 30,509 | 60,377 | 90,886 | 89,250 |
| Matrix, Nunavut | 47,066 | 19,908 | 66,974 | 65,891 |
| Needle, Nunavut | - | 41,404 | 41,404 | 106,309 |
| Needle (Diamond), Nunavut | - | 8,999 | 8,999 | 8,999 |
| Nizi, BC | 6,830 | 4,737 | 11,567 | 8,253 |
| Obonga, Ontario | 51,029 | 518 | 51,547 | - |
| Sail, BC | 24,733 | - | 24,733 | 2,013 |
| Sharpe Lake, Manitoba | 67,500 | 149,189 | 216,689 | 215,818 |
| Sy, Nunavut | 18,383 | 209,910 | 228,293 | 267,662 |
| Washburn, Nunavut | - | - | - | 21,958 |
| | \$ 1,124,695 | \$ 1,343,527 | \$ 2,468,222 | \$ 2,439,396 |

General

The Company acquired from Hunter and Shear, related parties, two groups of properties: the Hunter Properties and the Shear Properties. The Hunter Properties consists of five mineral properties: the Churchill Gold Property, the Nizi Gold Property, the Matrix Gold Project, the Voigtberg Gold Property and non-diamond rights over the IME Properties. The Shear Properties consist of the Needle, Sy and any non-diamond rights to the Churchill Diamond Projects (except for a 5% non-diamond net profits interest).

Under the reorganization transaction, the following items relate to resource properties:

Hunter retains a 2% royalty on all minerals on all Hunter properties acquired by the Company.

Angilak, Nunavut

Angilak was spun into Kivalliq as part of the transaction detailed in Note 2.

Angilak is a combination of two properties, on Inuit Owned Lands and Federal Crown land.

Kaminak signed an Exploration Agreement ("EA") with Nunavut Tunganuk Inc. ("NTI") whereby Kaminak was granted a 100% interest in the minerals within privately owned Inuit Owned Lands. This parcel is located directly adjacent to Kaminak's "Angilak (formerly Yathkeyed) Iron Oxide Copper Gold Project" which is comprised of staked claims located on Federal Crown land.

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9. Resource Property Costs – Continued:

Baker Lake (Uranium), Nunavut:

Baker Lake was spun into Kivalliq as part of the transaction detailed in Note 2.

The Baker Lake Uranium Property forms part of the Churchill property and is located in the Kivalliq District of Central Nunavut. The Baker Lake Property is optioned to Pacific Ridge Exploration.

Bathurst, Nunavut

The property is subject to a 2% NSR in favour of a third party, Echo Bay Mines Ltd. In addition, the Company was required to make payments to keep the property in good standing.

Breakwater, Quebec and Labrador

The Company has acquired through staking with a strategic partner Breakwater Resources Ltd. an interest in a number of nickel targets in the Grenville geological domain of Southern Quebec. On April 26th, 2007, Kaminak and Breakwater Resources Ltd. entered into a generative strategic alliance targeting primarily nickel-copper-platinum group elements deposits over parts of eastern North America. Each company initially funded \$50,000 for data compilation, targeting and field work during the 2007 season. Kaminak will initially act as Project Operator. Upon ground acquisition, a 50-50 joint venture is formed on each separate property. Breakwater shall bear 100% of the exploration costs in each joint venture block until the cumulative total amount expended for exploration across all joint venture blocks equals \$1,000,000. Upon completion of such expenditure, the interests of the parties in each joint venture shall be Breakwater 51% and Kaminak 49%. Within thirty days after Kaminak and Breakwater agree that this \$1,000,000 expenditure threshold has been reached, Breakwater can elect to increase its joint venture interest to 60% by solely funding the next \$2,000,000 in cumulative exploration costs across all joint venture blocks.

Churchill, Nunavut

The Churchill property consists of non-diamond rights covering the Churchill Diamond Project operated by Shear Minerals Ltd. in Nunavut.

Hemlo, Ontario

The Hemlo Property consists of claims in the Archean Hemlo Greenstone Belt of Ontario.

IME, Nunavut

The Company holds the non-diamond rights to Indicator Minerals Inc.'s ("IME") properties held in Nunavut. These properties are held by IME with the Company having the right of first refusal on assuming any permits which IME chooses not to renew.

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9. Resource Property Costs – Continued:

Matrix, Nunavut

The Matrix Project consists of a 100% interest in certain claims near Henik Lakes, southwest of Rankin Inlet, Nunavut.

Needle, Nunavut

The Company signed a letter of intent with TerraX Resource Corp. (“TerraX”) on its Needle Property. TerraX has the right to earn a 51% project interest by making exploration expenditures totalling \$1,000,000 (\$100,000 in year 1) and staged share payments totalling 400,000 common shares issued to the Company by December 31, 2010. The letter of intent was subject to approval by the TSX Venture Exchange and the share payments are subject to TerraX successfully completing an Initial Public Offering by June 30, 2008 (completed and 100,000 shares received).

The Needle Lake Property is subject to a 1% NSR in favour of the former shareholders of Pinnacle Resources (1996) Ltd.

Nizi, British Columbia

The Company signed a letter of agreement with Avasca Inc. on Kaminak’s Nizi Creek Gold-Silver Property located near Cry Lake, British Columbia. Avasca has the right to earn a 51% project interest by making exploration expenditures totaling \$2,000,000 and staged share payments totaling 400,000 units to Kaminak by December 31, 2011. Year 1 (2008) exploration expenditures are set at a minimum of \$50,000. The letter of agreement is subject to regulatory approval from the TSX Venture Exchange. Share payments are subject to Avasca successfully completing an IPO by December 31, 2009. Failure by Avasca to successfully complete the IPO will result in the return of the Property to Kaminak.

The Nizi Creek Gold-Silver Property is located northeast of Dease Lake, British Columbia.

Underlying interests are held by the Hunter Exploration Group as to a 2% royalty on all minerals.

Obonga, Ontario

The Obonga nickel property is located in Archean greenstones of the Lake Nipigon area of Northern Ontario.

Sail Property, British Columbia

The Company has acquired the 100% owned “Sail property” through staking a land package in the Cry Lake area.

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9. Resource Property Costs – Continued:

Sharpe Lake, Manitoba

The Company entered into a Letter of Agreement with a third party on October 18, 2005, amended October 29, 2006, to acquire a 100% interest in the Sharpe Lake Gold Project. The project is located 550 kilometres northeast of Winnipeg, Manitoba. To earn its interest, the Company paid the vendor \$15,000 (in January 2006) and issued 100,000 common shares (valued at \$35,000), in addition to the initial payment of \$2,500 upon signing of the agreement covering the license renewal fees for the property. On November 23, 2006 the Company paid the vendor a further \$15,000 and the Company will issue a further 100,000 common shares once Kaminak finds an option partner for the gold and base metal rights exploration licence. The vendor will retain a 2% NSR. The Company has the option to buy back 1% of this NSR at anytime by paying the vendor \$1,000,000.

Sy, Nunavut

The “SY” property is in the Archean greenstone belt.

On July 20, 2007 the Company signed an option agreement with Corsa Capital Ltd. (“Corsa”) giving Corsa the right to earn up to a 60% interest in the non-diamond rights on the Sy Property. Under the terms of the Option Agreement, Corsa has the right to initially earn a 51% interest by December 31, 2010 by making exploration expenditures totalling \$1,000,000 dollars and staged payments totalling 300,000 Units to the Company (100,000 received April 16, 2008). Each Unit consists of one common share and one 12-month share purchase warrant with an exercise price set in accordance with market at the time of issuance of the Unit (100,000 received with an exercise price of \$0.35 per share). Corsa can then increase its interest to 60% by spending an additional \$1,000,000 and issuing an additional 100,000 Units to the Company, prior to December 31, 2011.

Underlying interests are held by the Hunter Exploration Group as to a 2% royalty on all minerals.

Voigtberg, British Columbia

By agreement dated July 11, 2006, the Company granted a third party, BCGold Corp. (“BCGold”), an option to acquire up to a 60% interest in the Voigtberg Gold Project, British Columbia. Under the terms of the Option Agreement, BCGold has the right to initially earn a 60% interest by July 11, 2010 by making exploration expenditures totalling \$2,000,000 dollars and staged payments totalling 400,000 Units to the Company. Each Unit consists of one common share and one half of one common share purchase warrant with an exercise price set in accordance with market at the time of issuance of the Unit. BCGold will be vested with a total of a 50% interest after spending a minimum of \$1,000,000, thereafter BCGold and the Company will form a joint venture in accordance with their interests then held. Upon completion of the required exploration expenditures and issuance of the additional Units, BCGold will be vested with an additional 10% interest for a total interest of 60%. BCGold can earn an additional 10% interest in the property by completing a bankable feasibility study, for a total earn-in of 70%.

Underlying interests are held by the Hunter Exploration Group as to a 2% royalty on all minerals.

Washburn, Nunavut

Washburn was spun into Kivalliq as part of the transaction detailed in Note 2. The Washburn Uranium Property is located on Victoria Island, Nunavut.

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10. Share Capital

a) Details as follows:

| | Number | Amount |
|--|-------------------|----------------------|
| Authorized: | | |
| Unlimited number of common voting shares without par value | | |
| Unlimited number of preferred shares without par value | | |
| Issued: | | |
| Balance - September 30, 2006 | 27,654,070 | \$ 5,306,595 |
| For cash – exercise of warrants | 735,891 | 417,035 |
| Transfer from contributed surplus – exercise of warrants | - | 75,889 |
| For cash – exercise of stock options | 227,000 | 108,850 |
| Transfer from contributed surplus – exercise of warrants (Note 11) | - | 76,558 |
| Acquisition of Sharpe Lake Property | 50,000 | 28,000 |
| Future income taxes on renouncement of flow-through shares issued | - | (443,300) |
| Balance - September 30, 2007 | 28,666,961 | 5,569,627 |
| For cash – exercise of warrants | 7,790,559 | 4,147,930 |
| Transfer from contributed surplus – exercise of warrants (Note 11) | - | 687,503 |
| For cash – exercise of stock options | 10,000 | 4,500 |
| Transfer from contributed surplus – exercise of options (Note 11) | - | 2,663 |
| Balance – September 30, 2008 | 36,467,520 | \$ 10,412,223 |

b) Warrants:

Details as follows:

| | Number of Warrants | Weighted Average Exercise Price |
|--|--------------------|------------------------------------|
| Outstanding warrants, September 30, 2006 | 9,145,500 | \$0.54 |
| Exercised | (735,891) | \$0.60 |
| Outstanding warrants, September 30, 2007 | 8,409,609 | \$0.54 |
| Exercised | (7,790,559) | \$0.53 |
| Expired without exercise | (619,050) | \$0.69 |
| Outstanding warrants, September 30, 2008 | - | - |

At September 30, 2008, there were no warrants were outstanding.

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10. Share Capital – Continued:

c) Stock Options

Details as follows:

| | Number of Options | Weighted Average Exercise Price |
|--|--------------------|------------------------------------|
| Outstanding options, September 30, 2006 | 3,515,000 | \$0.66 |
| Issued | 500,000 | \$0.70 |
| Exercised | (227,000) | \$0.48 |
| Expired or cancelled without exercise | (100,000) | \$0.55 |
| Outstanding options, September 30, 2007 | 3,688,000 | \$0.68 |
| Issued | 227,000 | \$0.45 |
| Exercised | (10,000) | \$0.40 |
| Expired or cancelled without exercise | (1,030,000) | \$1.14 |
| Outstanding options, September 30, 2008 | 2,875,000 | \$0.52 |

At September 30, 2008 the following stock options were outstanding:

| Expiry Date | Original Weighted Average Exercise Price | Adjusted Weighted Average Exercise Price | Number of Options | Vested Number of Options | Weighted Average Remaining in Years |
|------------------|--|--|----------------------|--------------------------------|--|
| January 17, 2011 | \$0.55 | \$0.45 | 1,658,000 | 1,658,000 | 2.30 |
| April 7, 2011 | \$0.55 | \$0.45 | 50,000 | 50,000 | 2.52 |
| April 25, 2011 | \$0.63 | \$0.51 | 50,000 | 50,000 | 2.57 |
| July 21, 2011 | \$0.55 | \$0.45 | 415,000 | 415,000 | 2.81 |
| December 7, 2011 | \$0.55 | \$0.45 | 100,000 | 100,000 | 3.19 |
| April 2, 2012 | \$0.79 | \$0.65 | 240,000 | 240,000 | 3.51 |
| June 18, 2012 | \$0.79 | \$0.65 | 135,000 | 135,000 | 3.72 |
| July 16, 2013 | \$0.45 | \$0.45 | 227,000 | - | 4.79 |
| | \$0.57 | \$0.52 | 2,875,000 | 2,648,000 | 2.78 |

On February 20, 2007, the Company adopted a stock option plan with the following terms:

- i) Options granted can not be lower than the market price of one share on the last trading day immediately preceding the day on which the option is granted, less the maximum applicable discount permitted by TSX Venture Exchange and the minimum exercise price per share must be at least \$0.10.
- ii) At the time of the grant:
 - a) the total number of shares so reserved for issuance by the Board of directors shall not exceed ten (10%) percent of the issued and outstanding shares (on a non-diluted basis);
 - b) the aggregate number of shares so reserved for issuance to any one optionee in a 12 month period shall not exceed five (5%) percent of the issued shares (on a non-diluted basis);
 - c) the aggregate number of options granted to any one consultant in a 12 month period shall not exceed 2% of the issued shares;

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10. Share Capital – Continued:

d) Stock Options – *Continued:*

- d) the aggregate number of options granted to employees, who provide investor relations activities must not exceed 2% of the issued shares in any 12 month period; and
- e) options granted to consultants performing investor relations services must vest in stages over 12 months with no more than one-quarter of the options vesting in any 3 month period. Options granted to employees vest at the discretion of the Board of Directors.

During the year ended September 30, 2008, the Company granted options to acquire 227,000 common shares with a weighted average fair value of \$0.19 per share, of which none had vested during the year, resulting in stock-based compensation expense under the Black-Scholes option pricing model of \$7,044. During fiscal 2007, the Company granted options to acquire 500,000 common shares with a weighted average fair value of \$0.65 per share, of which 350,000 vested during the current year resulting in stock-based compensation expense under the Black-Scholes option pricing model of \$177,336. During the year ended September 30, 2008, the outstanding stock options were repriced in connection with the spin out of Kivalliq, resulting in additional stock-based compensation expense of \$49,870. Of the total stock-based compensation of \$234,250, \$7,027 has been allocated to Kivalliq as a result of the spin out.

The fair value of stock options used to calculate compensation expense is estimated using the Black-Scholes Option Pricing Model with the following weighted average assumptions used for the stock options granted to September 30, 2008 and 2007:

| 2008 | |
|---------------------------------------|------------|
| Risk-free interest rate | 3.29% |
| Expected dividend yield | 0% |
| Expected stock price volatility | 100.08% |
| Average expected option life in years | 3.02 years |
| 2007 | |
| Risk-free interest rate | 4.18% |
| Expected dividend yield | 0% |
| Expected stock price volatility | 131.84% |
| Average expected option life in years | 5 years |

11. Contributed Surplus

Balance consists of:

| | |
|--|---------------------|
| Balance – September 30, 2006 | \$ 1,267,216 |
| - stock based compensation | 760,189 |
| - warrants exercised – transferred to share capital | (75,889) |
| - stock options exercised – transferred to share capital | (76,558) |
| Balance – September 30, 2007 | 1,874,958 |
| - stock based compensation | 227,223 |
| - stock based compensation allocated to Kivalliq | 7,027 |
| - warrants exercised – transferred to share capital | (687,503) |
| - stock options exercised – transferred to share capital | (2,663) |
| Balance – September 30, 2008 | \$ 1,419,042 |

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12. Related Party Transactions

Included in the current year are consulting fees of \$69,021 (2007-\$17,638), rent of \$26,332 (2007-\$27,283), travel and conference charges of \$31,467 (2007-\$14,000), office and sundry charges of \$12,384 (2007-\$8,553) and investor relations charges of \$72,991 (2007-\$38,954) to companies controlled by directors and officers of the Company.

During the year the Company incurred \$164,350 (2007-\$116,072) in consulting fees to directors and officers or which \$2,100 is payable to a Company controlled by a director at September 30, 2008 (2007 – Nil).

During the year, the Company signed an option agreement with Corsa Capital Ltd. ("Corsa"), a company with directors in common, giving Corsa the right to earn up to a 60% interest in the Sy Property (Note 9).

During the year ended September 30, 2008, the Company transferred its Uranium properties, with a carrying value of \$311,421 in consideration for 18,233,761 units of Kivalliq (Note 2).

The amounts charged to the Company for the services provided have been determined by negotiation among the parties and, in certain cases, are covered by signed agreements. These transactions were in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed to by the related parties.

13. Financial Instruments

Categories of financial assets and liabilities

As at September 30, 2008, the carrying and fair value amounts of the Company's financial instruments are the same. The carrying value of the Company's financial instruments is classified into the following categories:

| | September 30, 2008 | September 30, 2007 |
|-----------------------------|--------------------|--------------------|
| Held for trading | \$ 4,887,240 | \$ 2,414,121 |
| Available for sale | \$ 310,000 | \$ 234,500 |
| Loans and receivables | \$ 246,204 | \$ 113,593 |
| Other financial liabilities | \$ 33,117 | \$ 77,224 |

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to accounts receivable. Management believes that the credit risk concentration with respect to financial instruments included in accounts receivable is remote.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2008, the Company had a cash and cash equivalent balance of \$4,855,655 (2007 - \$2,383,371) to settle current liabilities of \$95,997 (2007 - \$77,224). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

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13. Financial Instruments – Continued:

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As of September 30, 2008, the Company had \$3,498,427 invested in investment-grade short-term deposit certificates.

(b) Foreign currency risk

The Company operates predominately in Canada and is not exposed to any significant foreign currency risk.

(c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of resources, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

14. Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its resource properties and to maintain flexible capital structure for its projects for the benefit of its stakeholders.

In the management of capital, the Company includes the components of shareholders' equity as well as cash, receivables and current liabilities.

The Company manages the capital structure and makes adjustments to it in light of changes in the economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, enter into joint venture property arrangements, acquire or dispose of assets or adjust the amount of cash.

Management reviews the capital structure on a regular basis to ensure that the above-noted objectives are met.

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15. Income Taxes

a) A reconciliation of current income taxes at statutory rates with the reported taxes is as follows:

| | 2008 | 2007 |
|--|----------------|----------------|
| Loss before income taxes | \$ (1,099,277) | \$ (1,752,876) |
| Expected tax recovery | \$ (350,724) | \$ (606,846) |
| Non deductible (deductible) items | 23,912 | 465,221 |
| Unrecognized (recognized) benefits of non-capital losses | 109,812 | (84,675) |
| Total income tax recovery | \$ (217,000) | \$ (226,300) |

b) Details of future income tax assets (liabilities) are as follows:

| | 2008 | 2007 |
|----------------------------------|-------------|--------------|
| Future tax assets (liabilities): | | |
| Equipment | \$ 3,300 | \$ - |
| Marketable securities | 109,000 | - |
| Resource deductions | 655,000 | (532,000) |
| Share issuance costs | 40,000 | 96,000 |
| Non-capital loss carryforwards | 450,000 | 219,000 |
| | 1,257,300 | (217,000) |
| Valuation allowance | (1,257,300) | - |
| Net future tax liabilities | \$ - | \$ (217,000) |

The Company has non-capital losses of approximately \$1,731,000 which may be carried forward and applied against taxable income in future years. These losses, if unutilized, will expire through to 2028. Subject to certain restrictions, the Company has further resource development and exploration expenditures available to reduce taxable income of future years. The future income tax benefits of these losses, resource deductions and other tax assets have not been reflected in these financial statements and have been offset by a valuation allowance.

16. Segmented Information

The Company operates in one industry, being the acquisition, exploration and development of resource properties. All of the Company's properties are located in Canada.

Kaminak Gold Corporation

(An Exploration Stage Company)

Notes to Consolidated Financial Statements

September 30, 2008

Canadian Dollars

17. Subsequent Event

- a) On December 5, 2008 the Company granted 650,000 stock options to directors, officers and consultants exercisable at a price of \$0.15, expiring December 5, 2013.
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NOTES: