

**GEODEX MINERALS LTD.**

**CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2009**

## **AUDITORS' REPORT**

To the Shareholders of  
Geodex Minerals Ltd.

We have audited the consolidated balance sheets of Geodex Minerals Ltd. as at March 31, 2009 and 2008 and the consolidated statements of operations and deficit 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 March 31, 2009 and 2008 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

July 13, 2009



**GEODEX MINERALS LTD.**  
**CONSOLIDATED BALANCE SHEET**  
**AS AT MARCH 31**

	2009	2008
<b>ASSETS</b>		
<b>Current</b>		
Cash and equivalents	\$ 2,111,493	\$ 3,216,083
Receivables	55,139	609,935
Marketable securities (Note 3)	<u>38,601</u>	<u>132,620</u>
	2,205,233	3,958,638
<b>Equipment</b> (Note 4)	115,522	127,472
<b>Mineral properties</b> (Note 5)	7,228,430	7,174,201
<b>Deferred exploration costs</b> (Note 6)	14,656,514	10,038,418
<b>Mineral property advances</b> (Note 5)	<u>14,000</u>	<u>275,910</u>
	\$ 24,219,699	\$ 21,574,639
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 277,779	\$ 331,197
Loan payable (Note 15)	27,062	27,062
Convertible promissory note (Note 5)	<u>500,000</u>	<u>-</u>
	804,841	358,259
<b>Loan payable</b> (Note 15)	33,776	56,333
<b>Future income tax liability</b> (Note 11)	<u>3,948,000</u>	<u>2,887,000</u>
	<u>4,786,617</u>	<u>3,301,592</u>
<b>Shareholders' equity</b>		
Capital stock (Note 7)	35,770,417	32,195,584
Contributed surplus (Note 7)	2,724,211	2,303,069
Deficit	<u>(19,061,546)</u>	<u>(16,225,606)</u>
	<u>19,433,082</u>	<u>18,273,047</u>
	\$ 24,219,699	\$ 21,574,639

**Nature of operations and going concern** (Note 1)

**Commitments** (Note 15)

**Subsequent events** (Note 16)

**On behalf of the Board:**

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

The accompanying notes are an integral part of these consolidated financial statements.

**GEODEX MINERALS LTD.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT**  
**YEAR ENDED MARCH 31**

	2009	2008
<b>EXPENSES</b>		
Accounting and audit	\$ 98,252	\$ 132,408
Amortization	28,711	19,506
Consulting	34,256	32,000
Insurance	21,309	11,960
Investor relations	299,111	587,398
Legal	43,253	67,440
Management fees	47,000	30,500
Office	109,795	40,095
Rent	55,535	33,052
Salaries and benefits	94,498	55,098
Stock-based compensation (Note 8)	456,412	1,725,344
Transfer agent and regulatory fees	51,785	79,828
Travel and promotion	<u>35,450</u>	<u>30,178</u>
	<u>(1,375,367)</u>	<u>(2,844,807)</u>
<b>OTHER ITEMS</b>		
Interest income	24,533	245,684
Loss on marketable securities - unrealized	(84,019)	(27,960)
Gain on marketable securities - realized	8,170	-
Write-off of mineral properties (Note 5)	(419,841)	-
Write-off of deferred exploration costs (Note 6)	<u>(630,416)</u>	<u>-</u>
	<u>(1,101,573)</u>	<u>217,724</u>
<b>Loss before income taxes</b>	(2,476,940)	(2,627,083)
<b>Future income tax recovery (expense) (Note 11)</b>	<u>(359,000)</u>	<u>1,188,000</u>
<b>Loss and comprehensive loss for the year</b>	(2,835,940)	(1,439,083)
<b>Deficit, beginning of year</b>	(16,225,606)	(14,864,153)
<b>Fair value adjustment for financial instruments (Note 2)</b>	<u>-</u>	<u>77,630</u>
<b>Deficit, end of year</b>	<u>\$ (19,061,546)</u>	<u>\$ (16,225,606)</u>
<b>Basic and diluted loss per share</b>	<u>\$ (0.04)</u>	<u>\$ (0.03)</u>
<b>Weighted average number of common shares outstanding</b>	73,182,734	56,608,997

The accompanying notes are an integral part of these consolidated financial statements.

**GEODEX MINERALS LTD.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEAR ENDED MARCH 31**

	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the year	\$ (2,835,940)	\$ (1,439,083)
Items not affecting cash:		
Future income tax expense (recovery)	359,000	(1,188,000)
Amortization	28,711	19,506
Stock-based compensation	456,412	1,725,344
Write-off of mineral properties	419,841	-
Write-off of deferred exploration costs	630,416	-
Loss on marketable securities - unrealized	84,019	27,960
Gain on marketable securities - realized	(8,170)	-
Changes in non-cash working capital items:		
Decrease (increase) in receivables	554,796	(536,212)
Increase (decrease) in accounts payable and accrued liabilities	<u>35,349</u>	<u>(33,311)</u>
Net cash used in operating activities	<u>(275,566)</u>	<u>(1,423,796)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Mineral properties	(80,070)	(4,621,864)
Mineral property advances	37,539	(275,910)
Deferred exploration costs	(5,612,908)	(6,653,500)
Deferred exploration cost recovered	500,000	-
Equipment acquired	(16,761)	(117,761)
Proceeds from sale of marketable securities	18,170	-
Note receivable proceeds	<u>-</u>	<u>48,233</u>
Net cash used in investing activities	<u>(5,154,030)</u>	<u>(11,620,802)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Common shares issued	4,003,510	15,848,085
Share issue costs	(155,947)	(741,518)
Convertible promissory note	500,000	-
Proceeds from loan payable	-	110,163
Repayment of loan payable	<u>(22,557)</u>	<u>(26,768)</u>
Net cash provided by financing activities	<u>4,325,006</u>	<u>15,189,962</u>
<b>Change in cash and equivalents during the year</b>	<b>(1,104,590)</b>	<b>2,145,364</b>
<b>Cash and equivalents, beginning of year</b>	<b><u>3,216,083</u></b>	<b><u>1,070,719</u></b>
<b>Cash and equivalents, end of year</b>	<b>\$ 2,111,493</b>	<b>\$ 3,216,083</b>
<b>Cash and equivalents consist of:</b>		
Cash	\$ 812,224	\$ 1,133,567
Bankers acceptance	<u>1,299,269</u>	<u>2,082,516</u>
	<b>\$ 2,111,493</b>	<b>\$ 3,216,083</b>

**Supplemental disclosure with respect to cash flows (Note 10)**

The accompanying notes are an integral part of these consolidated financial statements.

## **1. NATURE OF OPERATIONS AND GOING CONCERN**

Geodex Minerals Ltd. (the “Company”) is incorporated under the British Columbia Business Corporations Act. The Company’s primary business is the acquisition and exploration of mineral properties. The Company is considered to be in the exploration stage.

The Company is in the process of exploring its mineral properties and has not yet determined whether the properties contain ore reserves that are economically recoverable. The amounts shown for mineral properties and related deferred exploration costs represent costs incurred to date and do not reflect present or future values. Accordingly, the recoverability of the capitalized costs shown for mineral properties and related deferred exploration costs are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. These financial statements do not include any adjustments relating to the recoverability and classification of recorded assets and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

The Company is reducing expenditures to conserve cash and will consider various alternatives to raise additional working capital including optioning off an interest in one or more of its properties, or completing a financing.

## **2. SIGNIFICANT ACCOUNTING POLICIES**

### **Basis of presentation**

These consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles. All amounts, unless specifically indicated otherwise, are presented in Canadian dollars.

### **Principles of consolidation**

These consolidated financial statements include the accounts of the Company and its 52.3% owned subsidiary, Champlain Resources Incorporation, from the date of acquisition onward. All inter-company balances and transactions have been eliminated upon consolidation.

### **Use of estimates**

The preparation of financial statements 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 date of the financial statements and the reported amount of revenues and expenses during the year. Significant estimates include the carrying value of mineral properties and deferred exploration costs, stock-based compensation and future income taxes. Actual results could differ from the estimates.

**2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Cash and equivalents**

Cash is comprised of cash on hand and demand deposits. 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.

**Financial instruments**

All financial instruments are classified into one of five categories: held-for-trading financial instruments, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments and derivatives are measured and reported on the balance sheet at fair value except, for loans and receivables, held-to-maturity investments and other financial liabilities, which are measured and reported at amortized cost. Subsequent measurements and changes in fair value will depend on their initial classification. Held-for-trading financial instruments are measured at fair value and changes are recognized in net income (loss) in the period in which the change occurs. Available-for-sale financial assets are measured at fair value and changes are recognized in other comprehensive income until the financial instrument is derecognized or impaired.

The Company has classified its cash and equivalents and marketable securities as held-for-trading; receivables are classified as loans and receivables; and accounts payable and accrued liabilities and loan payable are classified as other financial liabilities.

The Company's deficit position as at April 1, 2007 was reduced by \$77,630 to reflect the fair value of marketable securities as at March 31, 2007.

**Equipment**

Equipment is carried at cost. Amortization is calculated using the declining balance method applying the following annual rates:

Computer equipment	30%
Furniture and fixtures	20%
Vehicles	20%

**Mineral properties and deferred exploration costs**

All costs related to the acquisition, exploration and development of mineral properties are capitalized by property. If economically recoverable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. When a property is abandoned, all related costs are written off to operations. If, after management review, it is determined that the carrying amount of a mineral property is impaired, that property is written down to its estimated net realizable value. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

The amounts shown for mineral properties and deferred exploration costs do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

**2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Government mining tax credits**

The Company carries on certain mineral exploration activities in New Brunswick and is eligible to earn tax credits based on qualifying expenditures. Mining tax credits are recorded as either a reduction of the cost of applicable assets or credited in the statement of operations depending on the nature of the expenditures which gave rise to the credits. Claims for tax credits are accrued upon the Company attaining reasonable assurance of collection. Should any or part of these claims be adjusted, the tax credit receivable and the statements of operations and deficit will be affected accordingly.

**Asset retirement obligations**

The Company recognizes the fair value of a liability for an asset retirement obligation in the period in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability.

Changes in the liability for an asset retirement obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in the statement of operations. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset.

**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.

**Stock-based compensation**

The Company uses the fair value based method of accounting for stock options granted to employees and directors and compensation warrants issued on private placements. Under this method, the fair value of the stock options at the date of the grant, as determined using the Black-Scholes option pricing model, is recognized to expense over the vesting period. The fair value of compensatory agent warrants at the date of issuance, as determined using the Black-Scholes model, is recognized as share issuance costs, with the offsetting credit to contributed surplus. If the stock options or agent warrants are exercised, the proceeds are credited to share capital and the fair value of the options or agent warrants exercised is reclassified from contributed surplus to share capital.

**2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Loss per share**

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments on its loss per share. Under this method, the dilutive effect on basic loss per share is calculated assuming that all proceeds that could have been obtained through the exercise of stock options, warrants and/or similar instruments would be used to purchase common shares at the average market price during the year. For the years presented, this calculation proved to be anti-dilutive.

Loss per share is calculated by dividing the net loss for the period by the weighted average number of common shares outstanding during the year.

**Future income taxes**

Future income taxes are recorded using the asset and liability method, whereby 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 the enacted or substantively enacted tax rates expected to be in effect when the asset is realized or the liability is settled. The effect on future tax assets and liabilities of a change in tax rates is recognized as either income or expense in the year in which the enactment or substantive enactment occurs. In the event that the Company has determined that it is likely the future tax asset will not be fully recovered, a valuation allowance is recorded to reduce the amount of the future tax asset to its estimated recoverable value.

**Flow-through shares**

Canadian tax legislation permits a company to issue flow-through shares whereby the deduction for tax purposes relating to qualified resource expenditures is claimed by the investors rather than the Company. Recording the expenditures for accounting purposes gives rise to taxable temporary differences. When flow-through expenditures are renounced, a portion of the future income tax assets that were not recognized in previous years, due to the recording of a valuation allowance, is recognized as a recovery of income taxes in the statement of operations.

**Comparative figures**

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

**Changes in accounting policies**

Effective April 1, 2008, the Company adopted new accounting policies of the Canadian Institute of Chartered Accountants Handbook:

*Assessing going concern*

Section 1400 requires management to assess and disclose an entity's ability to continue as a going concern.

**2. SIGNIFICANT ACCOUNTING POLICIES** (cont'd...)

**Changes in accounting policies** (cont'd...)

*Financial instruments – Disclosures and presentation*

Section 3862, Disclosure is required to enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks. The principles in this section complement the principles for recognizing, measuring and presenting financial assets and financial liabilities in Section 3855, *Financial Instruments – Recognition and Measurement*, Section 3863, *Financial Instruments – Presentation*, and Section 3865, *Hedges*.

Section 3863, Presentation is required to enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows. This section establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset (Note 12).

*Capital management*

Section 1535, Disclosure is required to provide information about an entity's capital and how it is managed (Note 13).

**Recent accounting pronouncements**

*Business combinations, consolidated financial statements and non-controlling interests*

In January 2009, the CICA issued Handbook Sections 1582 “Business Combinations”, 1601 “Consolidated Financial Statements” and 1602 “Non-Controlling Interests” which replace CICA Handbook Sections 1581 “Business Combinations” and 1600 “Consolidated Financial Statements”. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under IFRS. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. These sections are applicable for the Company’s interim and annual consolidated financial statements for its fiscal year beginning on or after January 1, 2011. Early adoption of these Sections is permitted and all three Sections must be adopted concurrently.

**GEODEX MINERALS LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2009**

**2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Recent accounting pronouncements (cont'd...)**

*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 generally accepted accounting principles ("GAAP") with IFRS over an expected five-year transitional period. In 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 April 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended March 31, 2011. While the Company has begun the process of assessing the adoption of IFRS for 2011, the financial reporting impact of the transition cannot be reasonably estimated at this time.

**3. MARKETABLE SECURITIES**

Marketable securities consist primarily of shares held in publicly traded companies with a market value at March 31, 2009 of \$38,601 (2008 - \$132,620) and a cost of \$72,950 (2008 - \$82,950). During the year ended March 31, 2009, the Company sold shares for proceeds of \$18,170 which had a cost base of \$10,000.

**4. EQUIPMENT**

	March 31, 2009			March 31, 2008		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computer equipment	\$ 44,660	\$ 24,161	\$ 20,499	\$ 34,544	\$ 17,544	\$ 17,000
Furniture and fixtures	47,434	38,373	9,061	47,434	36,109	11,325
Vehicles	116,808	30,846	85,962	110,163	11,016	99,147
	<u>\$ 208,902</u>	<u>\$ 93,380</u>	<u>\$ 115,522</u>	<u>\$ 192,141</u>	<u>\$ 64,669</u>	<u>\$ 127,472</u>

**GEODEX MINERALS LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2009**

**5. MINERAL PROPERTIES**

Title to mineral 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 mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing.

	March 31, 2009	March 31, 2008
Teck Cominco Properties, New Brunswick		
Annapolis Valley Goldfields Property	\$ -	\$ 143,793
Kedron Property	14,357	10,103
Mount Pleasant Ridge Property	103,842	103,435
Mount Pleasant West Property	32,960	30,191
Murgor Property	146,176	146,088
Pershing Property	1,498,199	1,142,119
Union Property	<u>243,183</u>	<u>242,243</u>
	2,038,717	1,817,972
Annidale Property, New Brunswick	-	4,048
Armstrong Brook Property, New Brunswick	62,393	61,593
Harry Brook Property, New Brunswick	5,312	5,248
Sisson Brook Property, New Brunswick	5,118,872	5,087,132
Mount Pleasant West Properties, New Brunswick		
Cranberry Lake	-	3,000
Tamarack Lake	-	7,200
Lepreau Road	3,136	3,136
Foster Lake	-	99,052
Victoria Lake	-	56,880
Nerepris Cunningham	<u>-</u>	<u>4,500</u>
	3,136	173,768
Potter Stock, Ontario	<u>-</u>	<u>24,440</u>
	<u>\$ 7,228,430</u>	<u>\$ 7,174,201</u>

**Teck Cominco Properties, New Brunswick**

During the year ended March 31, 2008 the Company entered into an agreement with Teck Cominco Limited ("Teck") on certain of its Mount Pleasant West properties.

In a non-brokered private placement the Company issued 1,500,000 common shares to Teck for proceeds of \$1,500,000 with the proceeds to be expended on exploration on the Mount Pleasant properties.

Teck also provided an additional \$1,000,000 in exploration funding for this project consisting of \$500,000 under a convertible grid promissory note and \$500,000 for expenditures incurred on Teck's behalf. The convertible promissory note is exercisable at a 50% premium to market or at \$2.00 per share, whichever is greater. Teck has 90 days after receipt of a technical report, on the Mount Pleasant properties, to exercise the convertible promissory note.

**5. MINERAL PROPERTIES (cont'd...)**

**Teck Cominco Properties, New Brunswick (cont'd...)**

The Company has granted Teck an option, exercisable up to the latter of July 1, 2009 or 90 days after the receipt by Teck of the Initial Program Completion Notice from the Company on the Mount Pleasant properties, to elect to acquire a 51% interest in the Company's Mount Pleasant properties by spending \$6,500,000 on exploration over four years and a further 14% interest by spending a further \$15,000,000 within five years or by sole funding and completing a Feasibility Study within five years.

**Annapolis Valley Goldfields Property**

During the year ended March 31, 2007 the Company entered into an option agreement to earn a 90% interest in certain mineral claims. To earn its interest, the Company is required to pay \$45,000 (paid - \$25,000) and issue 300,000 common shares (issued 150,000 valued at \$79,000) issue 150,000 warrants (issued 150,000 valued at \$39,793) and incur expenditures of \$350,000 over three years. The optionor will retain a 2.0% net smelter return ("NSR"), half of which is subject to buyback for \$1,000,000.

The Annapolis Valley Goldfields Property was abandoned during the year ended March 31, 2009 and all related property and deferred exploration costs in the amount of \$317,574 have been written off.

**Kedron Property**

During the year ended March 31, 2006 the Company acquired by staking, certain mineral claims in the Kedron, Beech Hill and Mag River properties.

**Mount Pleasant Ridge Property**

During the year ended March 31, 2006 the Company acquired an option to earn a 100% interest in certain mineral claims. To earn its interest the Company paid \$30,000 issued 150,000 common shares valued at \$72,500 and incurred expenditures of \$200,000. The optionors will retain a 2.0% NSR, half of which is subject to buyback at \$500,000 per 0.5%. The Company also acquired by staking additional claims on the property.

**Mount Pleasant West Property**

During the year ended March 31, 2006 the Company acquired by staking, certain mineral claims.

**Murgor Property**

During the year ended March 31, 2007 the Company entered into an option agreement to earn a 60% interest in certain mineral claims. To earn its interest the Company paid \$30,000, issued 200,000 common shares valued at \$131,000. The optionor retains a 1.0% NSR.

**5. MINERAL PROPERTIES (cont'd...)**

**Pershing Property**

During the year ended March 31, 2007 the Company entered into an option agreement to earn a 60% interest in certain mineral claims. To earn its interest the Company paid \$200,000, issued 2,000,000 common shares valued at \$1,284,000 and incurred aggregate exploration expenditures of \$500,000. The optionor retains a 2.5% NSR, 1% of which is subject to buyback at \$1,000,000.

**Union Property**

During the year ended March 31, 2006 the Company acquired an option to earn a 60% interest in certain mineral claims. To earn its interest the Company issued 500,000 common shares valued at \$238,000 and incurred aggregate expenditures of \$300,000. The Company can increase its ownership to 80% in the following two years by issuing an additional 500,000 common shares. The optionor retains a 1.5% NSR, 0.75% of which is subject to buyback at \$750,000

**Annidale Property, New Brunswick**

During the year ended March 31, 2004 the Company acquired by staking, certain mineral claims.

During the year ended March 31, 2009 the Annidale Property was abandoned and all related property and deferred exploration costs in the amount of \$35,645 have been written off.

**Armstrong Brook Property, New Brunswick**

Pursuant to an option agreement entered into during the year ended March 31, 2004 the Company acquired a 100% interest in the Armstrong Brook Property by issuing 600,000 common shares at a value of \$90,000, paying \$30,000 and expending in excess of \$300,000 on the property. The vendors retained a 1.5% royalty with certain buy back rights by the Company.

During the year ended March 31, 2006, the Company granted an option to purchase which was subsequently terminated and received \$15,000 and 100,000 common shares valued at \$50,000. Thereafter the Company entered into a new option to purchase with a company (the "Purchaser") whereby the Company granted an option to the Purchaser to acquire up to 65% of the Armstrong Brook Property. The Purchaser paid \$15,000 and issued 50,000 common shares valued at \$36,000 and is required to pay \$50,000, issue 150,000 common shares and incur expenditures of \$1,000,000 by December 31, 2008. The Purchaser can increase its interest to 75% by financing all of the exploration and development costs up to a feasibility study. A 1.5% NSR is payable to the original owners of the claims.

**Harry Brook Property, New Brunswick**

During the year ended March 31, 2006, the Company acquired by staking certain mineral claims.

**Sisson Brook Property, New Brunswick**

During the year ended March 31, 2005, the Company acquired an option to earn a 70% interest in certain mineral claims. To earn its interest the Company paid \$200,000 and incurred exploration expenditures of \$2,000,000. The Company also staked additional claims.

**5. MINERAL PROPERTIES (cont'd...)**

**Sisson Brook Property, New Brunswick (cont'd...)**

During the year ending March 31, 2008 the Company increased its working interest in the Sisson Brook property to 85.7% by acquiring a 52.3% controlling interest in Champlain Resources Inc., whose principal asset is a 30% carried interest in the Sisson Brook property, by paying \$4,164,250 and issuing 550,000 common shares valued at \$544,500.

The Company has advanced \$14,000 (2008 - \$275,910) on mineral property advances for exploration work to be completed on the property.

**Manzerbrooke Property**

During the year ended March 31, 2007 the Company acquired by staking certain mineral claims.

**Nashwaak River, New Brunswick**

During the year ended March 31, 2008 the Company entered into an option agreement to earn a 90% interest in certain mineral claims. To earn its interest the Company is required to pay \$35,000 (paid \$15,000) and issue 150,000 (100,000 common shares issued valued at \$46,000) common shares over a two year period. The optionors will retain a 2% NSR and is subject to buyback at \$1,000,000. The Company has minimum work commitments of \$25,000 to be incurred within one year, \$50,000 within second year and \$100,000 within third year.

**Hayden Brook, New Brunswick**

During the year ended March 31, 2008 the Company entered into an option agreement to earn a 50% interest in certain mineral claims. To earn its interest the Company paid \$30,000 and was required to pay \$20,000 or issue 50,000 common shares by September 30, 2008, pay \$20,000 or issue 50,000 common shares by September 30, 2009 and pay \$10,000 or issue 25,000 common shares by September 30, 2010. The optionors will retain a 2% NSR on gold/silver and 1% on all other metals and is subject to buyback at \$750,000 for half and the other half for \$1,000,000. The Company has minimum work commitments of \$100,000 incurred within one year, \$200,000 within second year and \$300,000 within third year. Upon completion of the 50% option the Company can earn an additional 20% by funding \$1,000,000 in exploration by September 30, 2012.

During the year ended March 31, 2009 the Hayden Brook Property was abandoned and all related property and deferred exploration costs in the amount of \$87,467 have been written off.

**Mount Pleasant West Properties, New Brunswick**

The Company acquired additional mineral claim groups by staking and through option agreements which are not subject to the Teck Joint Venture agreement.

**Cranberry Lake, New Brunswick**

During the year ended March 31, 2008, the Company acquired by staking certain mineral claims.

During the year ended March 31, 2009 the Cranberry Lake Property was abandoned and all related property and deferred exploration costs in the amount of \$3,755 have been written off.

**5. MINERAL PROPERTIES (cont'd...)**

**Tamarack Lake, New Brunswick**

During the year ended March 31, 2008, the Company acquired by staking certain mineral claims.

During the year ended March 31, 2009 the Tamarack Lake Property was abandoned and all related property and deferred exploration costs in the amount of \$8,382 have been written off.

**Lepreau Road, New Brunswick**

During the year ended March 31, 2007, the Company acquired by staking certain mineral claims.

**Foster Lake Property, New Brunswick**

During the year ended March 31, 2007 the Company entered into an option agreement to earn a 90% interest in certain mineral claims. To earn its interest the Company paid \$27,500 (2008 - \$27,500) and issued 100,000 (2008 - 100,000) common shares valued at \$65,000 (2008 - \$65,000). The optionors will retain a 2% NSR and 1% is subject to buyback at \$1,000,000. The Company has minimum work commitments of \$150,000.

During the year ended March 31, 2009 the Foster Lake Property was abandoned and all related property and deferred exploration costs in the amount of \$255,686 have been written off.

**Victoria Lake, New Brunswick**

During the year ended March 31, 2008 the Company entered into an option agreement to earn a 90% interest in certain mineral claims. To earn its interest the Company paid \$5,000 and issued 50,000 (2007 - Nil) common shares valued at \$50,000 and was required to pay \$25,000 and issue 100,000 common shares over a two year period. The optionors will retain a 2% NSR and 1% is subject to buyback at \$1,000,000. The Company had minimum work commitments of \$25,000 within first year, \$50,000 within second year, and \$100,000 within third year.

During the year ended March 31, 2009 the Victoria Lake Property was abandoned and all related property and deferred exploration costs in the amount of \$255,938 have been written off.

**Nerepris Cunningham Property, New Brunswick**

During the year ended March 31, 2008, the Company acquired by staking certain mineral claims.

During the year ended March 31, 2009 the Nerepris Cunningham Property was abandoned and all related property and deferred exploration costs in the amount of \$4,944 have been written off.

**Potter Stock, Ontario**

During the year ended March 31, 2004, the Company entered into an agreement to earn a 50% interest in the Potter Stock properties. To earn its interest, the Company issued 100,000 common shares at a value of \$15,000, and was required to contribute 50% of funds required for staking and exploration. The vendor retains a 1% NSR on all properties staked.

During the year ended March 31, 2009 the Potter Stock Property was abandoned and all related property and deferred exploration costs in the amount of \$80,867 have been written off.

**GEODEX MINERALS LTD.**  
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**6. DEFERRED EXPLORATION COSTS**

Deferred exploration costs are comprised of the following:

<b>March 31, 2009</b>	Teck Cominco Properties	Annidale Property	Armstrong Brook Property	Harry Brook Property	Sisson Brook Property	Mount Pleasant West Properties	Potter Stock Property	Total
Balance, March 31, 2008	\$ 2,102,274	\$ 31,597	\$ 665,528	\$ 51,323	\$ 6,851,132	\$ 294,685	\$ 41,879	\$10,038,418
Assays	117,499	-	-	735	272,769	8,538	-	399,541
Drilling	228,330	-	-	-	1,485,667	-	14,548	1,728,545
Environmental	-	-	-	-	561,070	-	-	561,070
Geological	205,150	-	-	889	445,846	8,786	-	660,671
Geophysics	42,366	-	-	-	86,351	-	-	128,717
Government assistance	-	-	-	-	(75,335)	-	-	(75,335)
Mapping	30,557	-	-	247	40,838	6,243	-	77,885
Office and field	320,952	-	-	969	1,682,861	3,971	-	2,008,753
Scoping study	-	-	-	-	127,386	-	-	127,386
Travel	36,716	-	-	241	94,104	218	-	131,279
	<u>981,570</u>	<u>-</u>	<u>-</u>	<u>3,081</u>	<u>4,721,557</u>	<u>27,756</u>	<u>14,548</u>	<u>5,748,512</u>
Expense recovery	(500,000)	-	-	-	-	-	-	(500,000)
Written off during year	<u>(173,780)</u>	<u>(31,597)</u>	<u>-</u>	<u>-</u>	<u>(57,167)</u>	<u>(311,445)</u>	<u>(56,427)</u>	<u>(630,416)</u>
Balance, March 31, 2009	\$ 2,410,064	\$ -	\$ 665,528	\$ 54,404	\$11,515,522	\$ 10,996	\$ -	\$14,656,514

**GEODEX MINERALS LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2009**

**6. DEFERRED EXPLORATION COSTS (cont'd...)**

Deferred exploration costs are comprised of the following:

<b>March 31, 2008</b>	Teck Cominco Properties	Annidale Property	Armstrong Brook Property	Harry Brook Property	Sisson Brook Property	Mount Pleasant West Properties	Potter Stock Property	Total
Balance, March 31, 2007	\$ 686,785	\$ 19,349	\$ 652,922	\$ 26,020	\$ 2,001,806	\$ -	\$ 41,879	\$ 3,428,761
Assays	87,549	1,575	-	8,521	433,546	19,300	-	550,491
Drilling	733,962	-	-	-	2,258,379	133,627	-	3,125,968
Environmental	-	-	-	-	213,581	-	-	213,581
Geological	325,084	8,792	11,200	10,505	878,456	102,146	-	1,336,183
Geophysics	19,514	-	-	-	64,399	-	-	83,913
Government assistance	-	-	-	-	(34,000)	-	-	(34,000)
Mapping	52,058	501	800	4,266	31,173	10,529	-	99,327
Office and field	165,528	1,210	606	1,704	668,516	20,243	-	857,807
Scoping study	-	-	-	-	239,978	-	-	239,978
Travel	31,794	170	-	307	95,298	8,840	-	136,409
	<u>1,415,489</u>	<u>12,248</u>	<u>12,606</u>	<u>25,303</u>	<u>4,849,326</u>	<u>294,685</u>	<u>-</u>	<u>6,609,657</u>
Balance, March 31, 2008	\$ 2,102,274	\$ 31,597	\$ 665,528	\$ 51,323	\$ 6,851,132	\$ 294,685	\$ 41,879	\$10,038,418

**GEODEX MINERALS LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**7. CAPITAL STOCK AND CONTRIBUTED SURPLUS**

	Number of Shares	Capital Stock	Contributed Surplus
Authorized			
Unlimited common shares without par value			
Unlimited Class A preference shares without par value			
Issued			
At March 31, 2007	41,648,918	\$ 18,666,759	\$ 549,390
Private placements	12,704,567	12,926,502	-
Finders' fees for private placement	-	(741,518)	-
Brokers' warrants for private placements	-	(131,040)	131,040
Warrant exercise	6,671,366	2,738,583	-
Warrant issued for mineral property	-	-	28,593
Contributed surplus transferred on exercise of warrants	-	60,373	(60,373)
Stock option exercise	1,075,000	183,000	-
Contributed surplus transferred on exercise of options	-	70,925	(70,925)
Mineral property option payments	2,100,000	1,747,000	-
Stock-based compensation	-	-	1,725,344
Future income taxes on exploration costs renounced to shareholders	-	(3,325,000)	-
At March 31, 2008	64,199,851	32,195,584	2,303,069
Private placements	21,588,498	3,519,850	-
Finders' fees for private placement	-	(103,785)	-
Warrant exercise	865,000	417,500	-
Stock option exercise	393,000	66,160	-
Mineral property option payments	600,000	394,000	-
Brokers' warrants for private placements	-	(54,858)	54,858
Stock-based compensation	-	-	456,412
Share issuance costs	-	(52,162)	-
Contributed surplus transferred on exercise of options	-	50,335	(50,335)
Contributed surplus transferred on exercise of warrants	-	39,793	(39,793)
Future income taxes on exploration costs renounced to shareholders	-	(702,000)	-
At March 31, 2009	87,646,349	\$ 35,770,417	\$ 2,724,211

On January 5, 2009 the Company completed a non-brokered private placement of 5,418,500 units at a price of \$0.10 per unit for gross proceeds of \$541,850. Each unit is comprised of one common share and one share purchase warrant which entitles the holder to purchase one additional common share at an exercise price of \$0.20 per share until January 5, 2011.

**7. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)**

On December 31, 2008 the Company completed a non-brokered private placement of 5,000,000 flow-through shares at a price of \$0.20 per share for gross proceeds of \$1,000,000. The Company paid an agent a finder's fee of \$60,000 and issued 300,000 share purchase warrants valued at \$48,274. Each warrant entitles the holder to purchase one additional common share at an exercise price of \$0.20 per share until December 31, 2010.

On November 10, 2008 the Company completed a non-brokered private placement of 6,865,000 units at a price of \$0.10 per unit for gross proceeds of \$686,500. Each unit is comprised of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share at an exercise price of \$0.20 per share until November 10, 2010.

On October 9, 2008 the Company completed a non-brokered private placement of 1,805,000 flow-through shares at a price of \$0.30 per share for gross proceeds of \$541,500. The Company paid an agent a finder's fee of \$16,785.

On September 30, 2008 the Company completed a non-brokered private placement of 2,499,998 flow-through shares at a price of \$0.30 per share for gross proceeds of \$750,000. The Company paid an agent a finder's fee of \$27,000 and issued 90,000 share purchase warrants valued at \$6,584. Each warrant entitles the holder to purchase one additional common share at an exercise price of \$0.30 per share until September 30, 2009.

On January 30, 2008 the Company completed a private placement of 1,479,567 units at a price of \$1.15 per unit for gross proceeds of \$1,701,502. Each unit is comprised of one common share and one-half share purchase warrant. Each whole warrant, entitles the holder to purchase one additional common share at an exercise price of \$1.65 per share until January 30, 2009.

On May 18, 2007 the Company completed a private placement for 9,500,000 flow-through common shares at \$1.00 per share for gross proceeds of \$9,500,000 pursuant to a brokered private placement. The agent was paid \$692,168 and was issued 644,875 warrants valued at \$131,040. Each warrant entitles the holder to purchase one share at \$1.00 until May 18, 2008. The Company also concurrently completed a non-brokered private placement of 1,725,000 common shares at \$1.00 per share for proceeds of \$1,725,000 of which \$1,500,000 was received pursuant to the granting of an option on the Teck Cominco Joint Venture property (Note 5).

**Shareholders Rights Plan**

The Company approved a shareholders rights plan during the year ended March 31, 2009, which has been accepted for filing by the TSX Venture Exchange and is subject to shareholder approval at the Company's annual general meeting.

**8. STOCK OPTIONS AND WARRANTS**

**Stock options**

The Company has a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option equals the market price, minimum price or a discounted price, of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of five years and vesting is determined by the Board of Directors.

**GEODEX MINERALS LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2009**

**8. STOCK OPTIONS AND WARRANTS (cont'd...)**

**Stock options (cont'd...)**

As at March 31, 2009, the Company had outstanding stock options, enabling the holders to acquire common shares as follows:

Number of Shares	Exercise Price	Expiry Date
575,000	0.12	October 21, 2009
50,000	0.18	January 19, 2011
150,000	0.23	April 19, 2011
50,000	0.25	June 9, 2011
625,000	0.30	November 24, 2011
850,000	0.75	May 30, 2012
750,000	0.75	October 17, 2012
300,000	1.11	January 3, 2013
50,000	0.70	February 12, 2013
150,000	0.76	March 25, 2013
400,000	0.75	May 15, 2013
<u>1,357,000</u>	0.12	October 31, 2013
5,307,000		

Stock option transactions were as follows:

	Number of Options	Weighted Average Exercise Price
Balance, March 31, 2007	3,325,000	\$ 0.21
Options granted	2,950,000	0.79
Options exercised	<u>(1,075,000)</u>	0.17
Balance, March 31, 2008	5,200,000	0.55
Options granted	1,900,000	0.25
Options expired	(1,400,000)	0.58
Options exercised	<u>(393,000)</u>	0.17
Balance, March 31, 2009	5,307,000	\$ 0.46
Options exercisable, March 31, 2009	5,307,000	\$ 0.46

**GEODEX MINERALS LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**8. STOCK OPTIONS AND WARRANTS (cont'd...)**

**Stock-based compensation**

During the year ended March 31, 2009, the Company granted 1,900,000 (2008 – 2,950,000) stock options with a value, using the Black-Scholes option pricing model, of \$314,590 (2008 - \$1,803,676), or \$0.17 (2008 - \$0.61) per option. Stock-based compensation expense was \$456,412 (2008 - \$1,725,344) which was credited to contributed surplus.

The following weighted average assumptions were used to value stock options and agent warrants granted using the Black-Scholes option-pricing model:

	<u>2009</u>	<u>2008</u>
Risk-free interest rate	2.57%	4.29%
Expected life of options	4 years	4 years
Annualized volatility	101%	87%
Dividend rate	0.00%	0.00%

**Warrants**

As at March 31, 2009, the Company had outstanding share purchase warrants, enabling the holders to acquire common shares as follows:

Number of Shares	Exercise Price	Expiry Date
739,784	\$ 1.15	January 30, 2010*
90,000	0.30	September 30, 2009
6,865,000	0.20	November 10, 2010
300,000	0.20	December 31, 2010
<u>5,418,500</u>	0.20	January 5, 2011
13,413,284		

\* Effective August 26, 2008 the Company received TSX Venture Exchange approval to reduce the exercise price to \$1.15 and on December 23, 2008 to extend the expiry date to January 30, 2010. As these warrants were non-compensatory, this had no effect on these financial statements.

**GEODEX MINERALS LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**8. STOCK OPTIONS AND WARRANTS (cont'd...)**

**Warrants (cont'd...)**

Warrant transactions were as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, March 31, 2007	7,477,851	\$ 0.42
Issued	1,459,659	1.31
Expired	(19,285)	0.50
Exercised	<u>(6,671,366)</u>	0.41
Balance, March 31, 2008	2,246,859	1.02
Issued	12,673,500	0.20
Expired	(642,075)	1.02
Exercised	<u>(865,000)</u>	0.48
Balance, March 31, 2009	13,413,284	\$ 0.25

**9. RELATED PARTY TRANSACTIONS**

As at March 31, 2009, accounts payable and accrued liabilities included \$36,511 (2008 - \$75,914) owing to directors or companies controlled by directors for services and \$Nil (2008 - \$40,000) in receivables due from a senior officer of the Company.

During the year ended March 31, 2009, the Company entered into the following transactions with related parties:

- a) Paid or accrued \$305,763 (2008 - \$377,279) for management fees, consulting and geological consulting fees to directors or companies controlled by directors. Of this amount, \$244,763 (2008 - \$346,779) of geological consulting fees was included in deferred exploration costs.
- b) Paid or accrued \$36,850 (2008 - \$53,250) for accounting services to an officer and or a director.
- c) Paid or accrued \$126,000 (2008 - \$112,000) for investor relations services to a senior officer of the Company.
- d) Paid or accrued \$514,418 (2008 - \$201,688) for environmental services, included in deferred exploration costs, to a Company in which a director is a principal.

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

**10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

The significant non-cash transactions of the Company during the year ended March 31, 2009 consisted of:

- a) the issuance of 600,000 common shares at a value of \$394,000 pursuant to mineral property acquisitions.
- b) the recognition of a fair value component of \$90,128 in respect of options and broker warrants exercised.
- c) the accrual of \$153,971 of deferred exploration costs in accounts payable.
- d) the issuance of 390,000 warrants at a value of \$54,858 as a finder's fee on a private placement.
- e) the reclassification of \$224,371 from mineral property advances to deferred exploration costs.
- f) the recording of a charge to capital stock of \$702,000 with an increase to future income tax liability of \$1,061,000 and an increase to future income tax expense of \$359,000 on the renunciation of flow-through expenditures.

The significant non-cash transactions of the Company during the year ended March 31, 2008 consisted of:

- a) the issuance of 2,100,000 common shares at a value of \$1,747,000 pursuant to mineral property acquisitions.
- b) the recognition of a fair value component of \$131,298 in respect to options and broker warrants exercised.
- c) the issuance of 644,875 warrants at a value of \$131,040 as a finder's fee on a private placement.
- d) the accrual of \$242,738 of deferred exploration costs in accounts payable at March 31, 2008.
- e) the issuance of 75,000 warrants at a value of \$28,593 pursuant to mineral property requirements.
- f) the recording of a decrease to deficit and increase to marketable securities of \$77,630 for a fair value adjustment.
- g) the recording of a charge to capital stock of \$3,325,000 with an increase to future income tax liability of \$2,137,000 and an increase to future income tax recovery of \$1,188,000 on the renunciation of flow-through expenditures.

**GEODEX MINERALS LTD.**  
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**11. INCOME TAXES**

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

	2009	2008
Loss before income taxes	\$ (2,476,940)	\$ (2,627,083)
Expected income tax recovery	\$ (759,000)	\$ (879,000)
Non-deductible items	494,000	656,000
Deductible items	(71,000)	(80,000)
Non-capital losses	<u>695,000</u>	<u>(885,000)</u>
Total income tax expense (recovery)	<u>\$ 359,000</u>	<u>\$ (1,188,000)</u>

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

	2009	2008
Future income tax assets (liabilities):		
Capital loss carryforwards	\$ 1,312,000	\$ 1,358,000
Non-capital loss carryforwards	540,000	275,000
Equipment	14,000	8,000
Mineral properties and deferred exploration costs	(4,669,000)	(3,369,000)
Financing costs	<u>167,000</u>	<u>193,000</u>
	(2,636,000)	(1,535,000)
Valuation allowance	<u>(1,312,000)</u>	<u>(1,352,000)</u>
Total future income tax liabilities	<u>\$ (3,948,000)</u>	<u>\$ (2,887,000)</u>

The Company has non-capital losses of approximately \$ 2,160,000 available for deduction against future taxable income. These losses, if not utilized, will expire through to 2029. The Company has resource expenditures of approximately \$4,622,000 available for deduction against future taxable income and has capital losses available of \$10,442,000 for deduction against future capital gains. These losses, if not utilized, will carry forward indefinitely. Future tax benefits which may arise as a result of these losses have not been recognized in these financial statements and have been offset by a valuation allowance.

During the year ended March 31, 2009, the Company issued 9,304,998 (2008 – 9,500,000) common shares on a flow-through basis for proceeds of \$2,291,500 (2008 – \$9,500,000). The flow-through agreements require the Company to renounce certain tax deductions for Canadian exploration expenditures incurred on the Company's mineral properties to the flow-through participants. During the year ended March 31, 2009, the Company renounced \$2,291,500 (2008 - \$9,936,000) of expenditures to flow-through share subscribers.

## **12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The carrying value of cash and equivalents, marketable securities, receivables, accounts payable and accrued liabilities and loan payable approximate their fair value because of the short-term nature of these instruments.

### **Financial risk factors**

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

#### *Credit risk*

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to receivables. Management believes that the credit risk concentration with respect to financial instruments included in receivables 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 of March 31, 2009 and 2008, the Company had cash and equivalents balance of \$2,111,493 and \$3,216,083 to settle current liabilities of \$804,841 and \$358,259, respectively. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

#### *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.

#### *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 investments 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 March 31, 2009, the Company had \$1,299,269 investments in an investment-grade banker's acceptance.

#### *Foreign currency risk*

The Company is exposed to foreign currency risk on fluctuations related to assets and liabilities that are denominated in US Dollars (USD). Amounts exposed to foreign currency risk include cash of \$1,583(USD) as of March 31, 2009.

**12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)**

**Financial risk factors (cont'd...)**

*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 oil and natural gas, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in value may be significant.

**13. CAPITAL MANAGEMENT**

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of oil and gas interests. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company has historically relied on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

**14. SEGMENTED INFORMATION**

The Company operates in one reporting segment, being the acquisition and exploration of mineral properties in Canada.

**15. COMMITMENTS**

The Company has entered into an operating lease agreement for premises. The annual lease payments under these leases are as follows:

2010	\$ 64,845
2011	64,845
2012	<u>28,641</u>
	<u>\$ 158,331</u>

**GEODEX MINERALS LTD.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**15. COMMITMENTS** (cont'd...)

The Company entered into a loan agreement in connection with the purchase of three trucks. The loan is repayable by monthly payments of \$2,433, including interest at 2.9% per annum until May 2011.

	<u>2009</u>		<u>2008</u>
Total loan payable	\$ 60,838	\$	83,359
Less: current portion	(27,062)		(27,062)
	<u>\$ 33,776</u>	<u>\$</u>	<u>56,333</u>

The annual loan payments are as follows:

2010	27,062
2011	31,330
2012	<u>2,446</u>
	<u>\$ 60,838</u>

**16. SUBSEQUENT EVENTS**

Subsequent to March 31, 2009, the Company:

- a) granted 600,000 incentive stock options to officers and employees, exercisable for up to five years at a price of \$0.17.
- b) entered into an option agreement to acquire a 90% interest in the Flume Ridge property. The Company will pay a total of \$30,000 (paid \$2,500) and issue 150,000 common shares (issued 50,000) over a three-year period. The Company has a work commitment of \$20,000 in the first year and \$100,000 by the end of three years. The Vendor of the property will retain a 2% NSR of which the Company will have the right to purchase up to 1% at any time, for \$500,000 per 0.5%.