

CARIBOO ROSE RESOURCES LTD.
(An Exploration Stage Company)

Interim Financial Statements

For The Six Months Ended August 31, 2009

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(1), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the company have been prepared by and are the responsibility of the company's management.

The company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

CARIBOO ROSE RESOURCES LTD.

Balance Sheet
Unaudited – Prepared by Management

	August 31, 2009	February 28, 2009
ASSETS		
Current		
Cash and cash equivalents	\$ 466,643	\$ 374,401
Accounts receivable	232,265	246,679
Investments	40,100	21,300
Prepaid expenses	1,074	1,074
	740,082	643,454
Project Deposits (Note 5)	10,000	10,000
Mineral Property Interests (Note 6)	1,558,165	1,660,562
Equipment (Note 7)	912	841
	\$ 2,309,159	\$ 2,314,857
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 9)	\$ 41,897	\$ 41,323
Future Reclamation Costs (Note 8)	15,000	15,000
	56,897	56,323
SHAREHOLDERS' EQUITY		
Share Capital (Note 10)	2,309,555	2,309,555
Contributed Surplus (Note 10)	292,273	292,273
Accumulated Other Comprehensive Loss	(47,950)	(62,250)
Deficit	(301,616)	(281,044)
	2,252,262	2,258,534
	\$ 2,309,159	\$ 2,314,857

APPROVED BY THE BOARD

"J.W. Morton " Director

"D.D. Sharp " Director

CARIBOO ROSE RESOURCES LTD.

Statements of Loss and Comprehensive Loss Unaudited – Prepared by Management

	Three months ended August 31, 2009	Three months ended August 31, 2008	Six months ended August 31, 2009	Six months ended August 31, 2008
EXPENSES				
Amortization	\$ -	\$ -	\$ -	\$ -
Consulting	3,107	4,942	8,882	9,917
Dues and licenses	537	333	875	920
Bank charges	72	78	179	216
Investor relations	10,231	5,136	24,962	9,309
Legal and audit	3,560	2,483	3,560	2,483
Office	1,820	1,579	3,062	2,768
Rent	6,511	6,200	12,926	9,274
Salaries and benefits	4,648	4,309	8,453	7,401
Share-based compensation (Note 10)	-	-	-	-
Telephone	645	600	1,244	1,135
Transfer and filing fees	4,378	6,818	5,833	8,095
Write-off of accounts receivable	-	-	-	-
Loss before the following	35,509	32,478	69,976	51,518
OTHER (INCOME) EXPENSE				
Mineral property option proceeds	(29,035)	-	(46,501)	-
Impairment of mineral property	-	-	-	-
Interest income	(306)	(5,190)	(2,904)	(12,836)
Gain on sale of investments	-	-	-	-
Loss before income taxes	6,168	27,288	20,571	38,682
Future income tax recovery (Note 11)	-	-	-	-
NET LOSS	6,168	27,288	20,571	38,682
OTHER COMPREHENSIVE LOSS (GAIN)				
Unrealized loss (gain) on investments	(5,200)	15,900	(14,300)	10,475
COMPREHENSIVE LOSS	\$ 968	\$ 43,188	\$ 6,271	\$ 49,157
BASIC AND FULLY DILUTED LOSS PER SHARE				
	\$ 0.000	\$ 0.002	\$ 0.000	\$ 0.002
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING				
	25,498,577	24,989,066	25,498,577	24,989,066

CARIBOO ROSE RESOURCES LTD.

Statements of Deficit and Accumulated Other Comprehensive Loss Unaudited – Prepared by Management

	Three months ended August 31, 2009	Three months ended August 31, 2008	Six months ended August 31, 2009	Six months ended August 31, 2008
DEFICIT, BEGINNING OF YEAR	\$ 295,448	\$ 306,842	\$ 281,044	\$ 295,448
Net loss	6,168	27,288	20,571	38,682
DEFICIT, END OF PERIOD	301,616	334,130	\$ 301,615	334,130
ACCUMULATED OTHER COMPREHENSIVE LOSS, BEGINNING OF PERIOD	53,150	3,150	62,250	8,575
Unrealized gain on investments – current period	(5,200)	15,900	(14,300)	10,475
ACCUMULATED OTHER COMPREHENSIVE LOSS, END OF YEAR	47,950	19,050	47,950	19,050

CARIBOO ROSE RESOURCES LTD.

Statements of Cash Flows
For the six months ended August 31, 2009
Unaudited – Prepared by Management

	Three months ended Aug 31, 2009	Three months ended Aug 31, 2008	Six months ended Aug 31, 2009	Six months ended Aug 31, 2008
Cash provided by (used in)				
Operating Activities				
Net Gain (Loss)	\$ (968)	\$ (43,188)	\$ (6,271)	\$ (49,157)
Items not affecting cash				
Share-based compensation	-	31,796	-	31,796
Change in non-cash working capital components				
Term Deposits	-	-	-	5,000
Accounts Receivable	(2,207)	(173,912)	14,413	(173,602)
Prepaid Expenses	-	150,000	-	150,000
Investments – Short Term	(9,700)	15,900	(18,800)	2,725
Accounts payable and accrued liabilities	<u>5,079</u>	<u>154,143</u>	<u>574</u>	<u>185,821</u>
	<u>(7,796)</u>	<u>134,739</u>	<u>(10,084)</u>	<u>152,583</u>
Investing Activities				
Exploration expenditures	45,136	(180,819)	102,397	(505,014)
Office equipment	-	-	-	-
Computer Software	(36)	(71)	(71)	(98)
Property option sales proceeds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash provided by investing activities	<u>37,304</u>	<u>(180,890)</u>	<u>92,242</u>	<u>(505,112)</u>
Financing Activities				
Issue of shares, net of share issue costs	<u>-</u>	<u>205,000</u>	<u>-</u>	<u>205,000</u>
Cash provided by financing activities	<u>-</u>	<u>205,000</u>	<u>-</u>	<u>205,000</u>
INCREASE (DECREASE) IN CASH	37,304	158,848	92,242	(147,529)
CASH, BEGINNING OF PERIOD	<u>429,339</u>	<u>794,120</u>	<u>374,401</u>	<u>1,100,497</u>
CASH, END OF PERIOD	<u><u>466,643</u></u>	<u><u>\$ 952,968</u></u>	<u><u>\$ 466,643</u></u>	<u><u>\$ 952,968</u></u>

CARIBOO ROSE RESOURCES LTD.

Statements of Mineral Properties Expenditures Unaudited – Prepared by Management

	<u>For the three months ended Aug 31, 2009</u>			<u>For the six months ended Aug 31, 2009</u>		
	<u>Woodjam</u>	<u>Other*</u>	<u>Total</u>	<u>Woodjam</u>	<u>Other*</u>	<u>Total</u>
<u>Acquisition Costs</u>						
Balance, beginning of period	\$ 24,825	\$ 59,990	\$ 84,815	\$ 24,825	\$ 59,990	\$ 84,815
Incurred during the period	-	-	-	-	-	-
Balance, end of period	<u>24,825</u>	<u>59,990</u>	<u>84,815</u>	<u>24,825</u>	<u>59,990</u>	<u>84,815</u>
<u>Exploration Costs</u>						
Professional fees, field crews	4,970	6,120	11,090	16,400	11,220	27,620
Vehicle, equipment rental	-	-	-	420	-	420
Geological	125	36	161	1,242	114	1,356
Transportation and fuel	-	-	-	-	-	4,-
Field equipment	-	-	-	-	-	1,-
Communications	-	-	-	38	-	38
Food and accommodation	-	-	-	49	-	49
Drilling	-	-	-	-	-	-
Freight	-	-	-	-	-	-
Assaying	-	-	-	-	-	-
Other	<u>1,078</u>	<u>-</u>	<u>1,078</u>	<u>1,553</u>	<u>-</u>	<u>1,553</u>
Total Expenditures for the period	6,173	6,156	12,329	19,702	11,334	31,036
Balance, beginning of period	1,603,969	49,186	1,653,155	1,594,500	110,382	1,704,882
Mineral exploration tax credit	-	-	-	(4,059)	(66,375)	(70,434)
Mineral property sold	-	-	-	-	-	-
Option proceeds reclassified	-	-	-	-	-	-
Written down during the period	-	-	-	-	-	-
Balance, end of period	<u>1,610,142</u>	<u>55,342</u>	<u>1,665,484</u>	<u>1,610,143</u>	<u>55,341</u>	<u>1,665,484</u>
<u>Option Proceeds</u>						
Balance, beginning of period	(21,780)	(112,889)	(134,669)	(21,780)	(107,355)	(129,135)
Additions	(32,000)	(25,465)	(57,465)	(32,000)	(30,999)	(62,999)
Mineral property sold	-	-	-	-	-	-
Option proceeds reclassified	-	-	-	-	-	-
Balance, end of period	<u>(53,780)</u>	<u>(138,354)</u>	<u>(192,134)</u>	<u>(53,780)</u>	<u>(138,354)</u>	<u>(192,134)</u>
Cumulative Mineral Property Costs	<u>\$ 1,581,187</u>	<u>\$ (23,022)</u>	<u>\$ 1,558,165</u>	<u>\$ 1,581,188</u>	<u>\$ (23,023)</u>	<u>\$ 1,558,165</u>

- *Other mineral properties include Canadian Creek, Carruthers Pass, Pat and Cowtrail.*

Schedule A

CARIBOO ROSE RESOURCES LTD.

Statement of Mineral Property Expenditures

Unaudited – Prepared by Management

	<u>For the three months ended Aug 31, 2008</u>			<u>For the six months ended Aug 31, 2008</u>		
	<u>Woodjam</u>	<u>Other*</u>	<u>Total</u>	<u>Woodjam</u>	<u>Other*</u>	<u>Total</u>
<u>Acquisition Costs</u>						
Balance, beginning of period	\$ 16,000	\$ 27,325	\$ 43,325	\$ 5,000	\$ 42,325	\$ 47,325
Incurred during the period	-	-	-	11,000	(15,000)	(4,000)
Balance, end of period	<u>16,000</u>	<u>27,325</u>	<u>43,325</u>	<u>16,000</u>	<u>27,325</u>	<u>43,325</u>
<u>Exploration Costs</u>						
Professional fees, field crews	38,182	3,060	41,242	126,292	5,520	131,812
Vehicle, equipment rental	3,315	-	3,315	17,026	80	17,106
Geological	11,796	6,697	18,493	72,347	6,733	79,080
Transportation and fuel	994	-	994	4,032	152	4,184
Field equipment	40	198	238	892	198	1,090
Communications	502	-	502	595	295	890
Food and accommodation	6,773	264	7,037	21,840	264	22,104
Drilling	285,993	-	285,993	411,310	-	411,310
Freight	897	-	897	2,151	-	2,151
Assaying	5,199	-	5,199	9,248	-	9,248
Other	<u>9,336</u>	<u>-</u>	<u>9,336</u>	<u>30,198</u>	<u>15</u>	<u>30,213</u>
Total Expenditures for the period	363,025	10,219	373,244	695,931	13,257	709,188
Balance, beginning of period	1,173,855	98,133	1,271,988	840,949	95,095	936,044
Mineral exploration tax credit	-	-	-	-	-	-
Mineral property sold	-	-	-	-	-	-
Option proceeds reclassified	-	-	-	-	-	-
Written down during the period	-	-	-	-	-	-
Balance, end of period	<u>1,536,880</u>	<u>108,352</u>	<u>1,645,232</u>	<u>1,536,880</u>	<u>108,352</u>	<u>1,645,232</u>
<u>Option Proceeds</u>						
Balance, beginning of period	(21,780)	(89,900)	(111,680)	(21,780)	(82,150)	(103,930)
Additions	-	(25,000)-	(25,000)-	-	(32,750)	(32,750)
Mineral property sold	-	-	-	-	-	-
Option proceeds reclassified	-	-	-	-	-	-
Balance, end of period	<u>(21,780)</u>	<u>(114,900)</u>	<u>(136,680)</u>	<u>(21,780)</u>	<u>(114,900)</u>	<u>(136,680)</u>
Cumulative Mineral Property Costs	<u>\$ 1,531,100</u>	<u>\$ 20,777</u>	<u>\$ 1,551,877</u>	<u>\$ 1,531,100</u>	<u>\$ 20,777</u>	<u>\$ 1,551,877</u>

- Other mineral properties include Canadian Creek, Carruthers Pass, Pat and Cowtrail.

CARIBOO ROSE RESOURCES LTD.

Notes to the Financial Statements

August 31, 2009

1. OPERATIONS

Cariboo Rose Resources Ltd. (the "Company") was incorporated in the Province of British Columbia on August 28, 2006. Its principal business activities are the acquisition and exploration of gold, copper and other precious and base metal properties.

These financial statements have been prepared on the basis that the Company is a going concern, which presumes that the Company will continue operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The ability of the Company to continue as a going concern is dependent on obtaining additional financing through the issue of treasury shares and/or from debt, and on meeting the requirements, from time to time, of any lenders. These financial statements do not reflect any adjustments or reclassifications which would be necessary if the Company was unable to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), and reflect the following significant accounting policies:

Cash and cash equivalents

Cash and cash equivalents consist of cash balances and investments in highly liquid short-term deposits.

Financial Instruments

The Company's financial assets, other than cash and cash equivalents, and financial liabilities are classified as follows:

- Accounts receivable are classified as "loans and receivables" and are measured at amortized cost. At February 28, 2009 and February 29, 2008, the recorded amounts approximate fair value.
- Investments are classified as "available for sale" and are measured at fair value. Unrealized gains and losses are recorded in other comprehensive loss (income) until the instrument is either sold or suffers an impairment that is other than temporary. Fair values of investments which are traded on a recognized exchange are reported at the bid prices on the last day they were traded.
- Accounts payable and accrued liabilities are classified as "other financial liabilities" and are measured at amortized cost. At February 28, 2009 and February 29, 2008, the recorded amount approximates fair value.

Transaction costs directly attributable to the acquisition or issue of a financial asset or liability are added to the carrying amount of the financial asset or financial liability, and are amortized to operations using the effective interest rate method.

Comprehensive Loss (Income)

Comprehensive loss (income) is the change in net assets arising from transactions and other events and circumstances from non-owner sources. Financial assets that are classified as available for sale will have revaluation gains and losses included in other comprehensive loss (income) until the asset is removed from the balance sheet. At present, the Company's only available for sale financial assets are its investments.

CARIBOO ROSE RESOURCES LTD.

Notes to the Financial Statements

August 31, 2009

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Equipment

Equipment is recorded at cost less accumulated amortization. Amortization is recorded using the declining balance method at the following annual rates:

Office equipment	20%
Computer equipment	30%

Mineral Property Interests

The Company is currently in the exploration stage and accounts for its mineral properties, whereby costs relative to the acquisition of, exploration for and development of these properties are capitalized by property. All sales and option proceeds received are first credited against the costs of the related property, with any excess credited to operations. No gains or losses are recognized on the partial sale or dispositions of properties except in circumstances which result in significant disposition of reserves. Once commercial production has commenced, these net costs are charged to future operations using the unit-of-production method based on estimated recoverable reserves by property. The net costs related to abandoned properties are charged to operations.

The Company reviews the carrying values of its mineral properties whenever events or changes in circumstances indicate that their carrying values may exceed their estimated net recoverable amounts determined by reference to estimated future operating results and undiscounted net cash flows. An impairment loss is recognized when the carrying value of those assets exceeds their fair value.

Future Reclamation Costs

The Company recognizes liabilities for statutory, contractual or legal obligations associated with the reclamation of mineral property interests, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for an asset retirement obligation is recognized at its fair value in the period in which it is incurred. Upon initial recognition of the liability, the corresponding asset retirement cost is added to the carrying amount of the related asset and amortized to operations over the economic life of the asset using either the unit-of-production method or the straight-line method, as appropriate. Following the initial recognition of the asset retirement obligation, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the amount or timing of the underlying cash flows needed to settle the obligation.

Share-based Compensation

The Company grants options to purchase shares under the terms described in Note 10.

When options to purchase shares are granted to directors, officers and employees, the fair value of the options on the date of the grant is recognized as a compensation expense, with a corresponding increase in contributed surplus, over the period during which the related options vest. When options to purchase shares are granted to non-employees in return for goods or services, the fair value of the options is recognized as an expense, with a corresponding increase in contributed surplus, in the period in which the goods or services are received or are expected to be received.

The consideration received on the exercise of options is credited to share capital and the previously recorded compensation related to the options is transferred from contributed surplus to share capital to fully reflect the consideration for the shares issued.

CARIBOO ROSE RESOURCES LTD.

Notes to the Financial Statements

August 31, 2009

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Flow-through Shares

The Company has issued flow-through shares to finance some of its exploration activities. These shares were issued for cash in exchange for the Company giving up the tax benefits arising from the exploration expenditures, in accordance with tax legislation. The Company records these share issuances by crediting share capital for the full value of cash consideration received, recognizing the related future income tax liability as a share issue cost and recording a recovery of future income taxes in operations when the tax benefits are renounced to the investors.

Exploration Tax Credits

The Company may receive refundable exploration tax credits and grants from provincial jurisdictions in Canada equal to a specified rate of qualifying exploration expenditures incurred on properties located within that jurisdiction. The Company records these exploration tax credits and grants as a reduction of qualifying exploration expenditures as it incurs the related expenditures.

Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Using this method, future income tax assets and liabilities are recognized for the estimated tax consequences attributable to differences between the amounts reported in the financial statements of the Company and their respective tax bases, and for losses and other deductions carried forward, using enacted or substantially enacted income tax rates. The effect of a change in income tax rates on future income tax assets and liabilities is recognized in operations in the period in which the change occurs. A future income tax asset is recognized when the probability of realization of the asset is more likely than not.

(Loss) Income per Share

The basic (loss) income per share is computed by dividing the net (loss) income by the weighted average number of common shares outstanding during the year. The diluted income per share reflects the potential dilution of common share equivalents, such as outstanding share purchase options and warrants, in the weighted average number of common shares outstanding during the year, if dilutive. For this purpose, the "treasury stock method" is used for the assumed proceeds upon the exercise of share purchase options and warrants that are used to purchase common shares at the average market price during the year.

Income Recognition

Interest from cash and investments is recorded on an accrual basis when collection is reasonably assured.

Use of Estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions about future events that affect the reported amount 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 reporting period. Actual results could differ from these estimates.

Significant estimates used in these financial statements include, among others, the determination of the net recoverable value of assets, share based compensation, and future income tax assets and liabilities.

CARIBOO ROSE RESOURCES LTD.

Notes to the Financial Statements

August 31, 2009

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Comparative Amounts

Certain prior period amounts have been reclassified to conform to the classifications adopted in the current year's presentation.

3. RESTATEMENT

The issue of flow-through shares in 2008 resulted in the recording of an estimated future income tax liability of \$62,969. Renunciation of the expenses associated with these flow through shares in February 2008 resulted in a recovery of this future income tax liability, which should have been credited to operations in the year ended February 29, 2008. Accordingly, the Company has included \$62,969 in future income tax recoveries in the statement of loss for the year ended February 29, 2008 and has made the following additional changes to the previously reported amounts in the financial statements.

	Previously Reported	Future Income Tax Recovery	Restated
Consolidated Balance Sheets			
Future income liability	\$ 62,969	\$ (62,969)	\$ -
Deficit	(295,448)	62,969	(232,479)
Consolidated Statements of Operations			
Future income tax recovery	\$ -	\$ 62,969	\$ 62,969
Net loss	71,974	(62,969)	9,005
Consolidated Statements of Deficit and Accumulated Other Comprehensive Loss			
Net loss	\$ 71,974	\$ (62,969)	\$ 9,005
Deficit, end of year	(295,448)	62,969	(232,479)
Consolidated Statements of Cash Flows			
Net loss	\$ 71,974	\$ (62,969)	\$ 9,005
Future income tax recovery	-	62,969	62,969

4. NEW ACCOUNTING STANDARDS

On March 1, 2008, the Company adopted three new accounting standards described in Section 1535 *Capital Disclosures*, Section 3862 *Financial Instruments – Disclosures* and Section 3863 *Financial Instruments – Presentation* of the Handbook of the Canadian Institute of Chartered Accountants (the "CICA"). The requirements of these new standards are:

Capital Disclosures

Section 1535 requires the disclosure of an entity's objectives, policies and processes for managing capital, quantitative data about what the entity regards as capital, whether the entity has complied with any external capital requirements and, if it has not complied, the consequences of such non-compliance.

As a result of the adoption of this standard, additional disclosure on the Company's capital management has been included in Note 12 to the financial statements.

CARIBOO ROSE RESOURCES LTD.

Notes to the Financial Statements

August 31, 2009

4. NEW ACCOUNTING STANDARDS (continued)

Financial Instruments - Disclosures and Financial Instruments – Presentation

Sections 3862 and 3863 replace Handbook Section 3861 *Financial Instruments - Disclosure and Presentation*, revising its disclosure requirements and carrying forward its presentation requirements. These new sections place increased emphasis on disclosure about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

Section 3862 requires disclosure which enable users to evaluate the significance of financial instruments for the entity's financial position and performance, the nature and extent of and exposure to risks arising from financial instruments and how the entity manages those risks. As a result of the adoption of this standard, additional disclosure on these risks has been included in Note 13 to the financial statements.

Section 3863 establishes standards for the presentation and classification of financial instruments and non-financial derivatives. The adoption of this standard did not have any impact on the classification or presentation of the Company's financial instruments.

Future Accounting Changes

The Accounting Standards Board of the CICA ratified a strategic plan in 2006 that will result in Canadian GAAP, as used by the Company, evolving and being converged with International Financial Reporting Standards ("IFRS") over a transitional period to be completed by 2011. The International Accounting Standards Board also has projects currently under way that should result in new pronouncements which will be included in the convergence process. The Company is conducting a detailed assessment of the requirements of IFRS, with the intention of identifying differences, if any, in accounting policies, selecting the policies which are appropriate for the Company, identifying the appropriate disclosure in financial statements prepared under IFRS and developing an implementation plan to complete the transition to IFRS by January 1, 2011.

5. PROJECT DEPOSITS

The project deposits represent term deposits in favour of regulatory authorities held as site restoration deposits. These deposits will be released to the Company upon satisfactory reclamation of the properties.

6. MINERAL PROPERTY INTERESTS

Canadian Creek Project, Whitehorse Mining District, Yukon

The Company holds an 86% interest in the Ana claims and a 100% interest in the Aztec, Koffee, Nice and Maya claims in the Whitehorse Mining District, subject to a requirement to pay 10% of all option payments and monetary benefits received and to an underlying 5.0% net profits interest in certain claims on the properties. A third company owns approximately 15% of the Ana claims, which will be reduced if it does not pay its proportionate share of exploration and other payments on the property.

The Canadian Creek project was optioned to Alder Resources Ltd. ("Alder"). Under the agreement, Alder can earn a 60% interest in the project by paying a schedule of cash payments totaling \$250,000, issuing 250,000 Alder shares and expending \$2,500,000 in exploration by June 18, 2013.

CARIBOO ROSE RESOURCES LTD.

Notes to the Financial Statements

August 31, 2009

6. MINERAL PROPERTY INTERESTS (continued)

Carruthers Pass, Omineca Mining Division, British Columbia

The Company has an option from Phelps Dodge Corporation of Canada Limited ("Phelps Dodge") to earn a 100% interest in the 3,250 hectare Carruthers Pass property. The Company can exercise the option by completing \$750,000 (approximately \$500,000 completed) in exploration expenditures and issuing \$120,000 (\$80,000 paid to date) in shares or cash on or before May 15, 2011. Phelps Dodge has a 2.5% net smelter royalty interest, which may be reduced to 1% with a cash payment of \$1,500,000. Phelps Dodge retains certain back-in and other royalty privileges in respect to the property.

The Company has entered into an option agreement with Hawthorne Gold Corp. ("Hawthorne") whereby Hawthorne may earn a 60% interest in the Carruthers Pass property by making staged issuances of cash or shares totalling \$140,000 (\$25,000 received) and incurring \$1,000,000 (approximately \$100,000 completed) in exploration expenditures over a five-year period. Hawthorne terminated the option agreement subsequent to February 28, 2009.

Cowtrail Property, Cariboo Mining Division, British Columbia

The Company has granted an option to Dajin Resources Corp. ("Dajin") to earn a 65% interest in the Cowtrail property. Dajin can exercise the option by completing \$1,000,000 (approximately \$626,000 completed) in exploration expenditures and issuing 50,000 shares and paying a schedule of cash payments totaling \$110,000 (\$60,000 paid to date) on or before November 30, 2010.

Pat Claims, Cariboo Mining Division, British Columbia

On June 25, 2007 the Company granted an option to Alder Resources Ltd. ("Alder") to earn a 60% interest in the Pat claims. Alder can exercise the option by completing \$1,200,000 in exploration expenditures, issuing 200,000 shares (50,000 now issued) and paying a schedule of cash payments totaling \$150,000 (\$35,000 paid to date) on or before June 25, 2011. On March 31, 2008, the Company and Alder agreed to an extension of the agreement whereby the requirement to complete \$100,000 in exploration expenditures was extended to June 25, 2009 from June 25, 2008 in exchange for issuing 25,000 (issued) additional Alder shares to the Company.

On January 26, 2009, Alder assigned all its rights under the option agreement to Astorius Resources Ltd. ("Astorius"). Astorius can exercise the option by completing \$1,200,000 in exploration expenditures, and issuing 150,000 shares and paying a schedule of cash payments totaling \$115,000 on or before July 9, 2011. The Company has also extended the requirement to complete \$100,000 in exploration expenditures to September 30, 2009.

Woodjam Property, Cariboo Mining Division, British Columbia

Fjordland Exploration Inc. has a 60% interest, and the Company a 40% interest in the Woodjam property. On July 30, 2009 Fjordland and the Company announced that they had signed an agreement with Gold Fields Horsefly Exploration Corporation, a member of the Gold Fields Limited group of companies. Gold Fields may earn an initial 51% interest in the Woodjam North portion of the Woodjam property by spending \$7,000,000 in exploration and making cash payments totaling \$350,000 (received) to the Woodjam Joint Venture.

Chilko Property, Kamloops Mining Division, British Columbia

The Company has decided to abandon its claims on this property due to difficulties with permitting.

CARIBOO ROSE RESOURCES LTD.

Notes to the Financial Statements

August 31, 2009

7. EQUIPMENT

	2009			2008
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Office equipment	\$ 828	\$ 83	\$ 745	\$ -
Computer equipment	477	381	96	285
	<u>\$ 1,305</u>	<u>\$ 464</u>	<u>\$ 841</u>	<u>\$ 285</u>

8. FUTURE RECLAMATION COSTS

The Company has accrued the estimated reclamation costs associated with exploration activities on its mineral property interests. The timing of these obligations is not currently known. The eventual amounts and timing of the reclamation costs will depend on a number of factors, including exploration success, and future development and mining of the resource.

9. RELATED PARTY TRANSACTIONS

During the period, geological services totaling \$41,417 (2008 - \$25,904) were provided to the Company by Mincord Exploration Consultants Ltd. ("Mincord"), a geological service company owned by two directors of the Company. Mincord's relationship with the Company is non-exclusive and without retainer, and Mincord is used on a project by project basis. Services provided include the hiring of field and professional personnel, rental of vehicular, camp and technical equipment, transportation and mobilization costs. The amounts for geological and exploration services also include payments for services on properties managed by the Company on behalf of joint venturers.

10. SHARE CAPITAL

Authorized

Unlimited common shares without par value

Unlimited preferred shares without par value

	Number of Shares	Amount
Issued and fully paid common shares		
Balance, February 28, 2007	20,805,148	\$ 1,486,454
Issued on exercise of warrants	533,429	128,033
Issued for cash on private placements	2,870,000	699,900
Issued for mineral properties	20,000	5,000
Fair value assigned to warrants issued on private placement	-	(27,828)
Share issue costs	-	(63,968)
		<hr/>
Balance, February 29, 2008	24,228,577	2,227,591
Issued for cash on private placements	1,250,000	200,000
Issued for mineral properties	20,000	5,000
Fair value assigned to warrants issued on private placement	-	(93,231)
Share issue costs	-	(29,805)
		<hr/>
Balance, February 28, 2009 and August 31, 2009	25,498,577	\$ 2,309,555

CARIBOO ROSE RESOURCES LTD.

Notes to the Financial Statements

August 31, 2009

10. SHARE CAPITAL (Continued)

Share Purchase Options

The Company issues options to directors, officers, and employees of the Company, and persons who provide ongoing services to the Company, under an incentive stock option plan. Under the plan, the Company has reserved up to 10% of issued share capital for the grant of options. Options will normally vest at the date of grant for directors, officers and employees and at the rate of 25% on the date of the grant and 25% every three months thereafter for consultants. Options will expire no later than five years from the grant date, except that they will expire within thirty days when the holder is no longer qualified to hold the option (other than for cause, when the option will expire immediately). Details of outstanding common share purchase options are as follows:

	August 31, 2009		February 28, 2009	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Balance, beginning of year	2,545,000	\$ 0.19	2,175,000	\$ 0.20
Granted	-	-	445,000	0.12
Exercised	-	-	-	-
Expired	(75,000)	0.20	(75,000)	0.20
Balance, end of year	2,470,000	\$ 0.19	2,545,000	\$ 0.19
Options exercisable, end of year	2,470,000	\$ 0.19	2,545,000	\$ 0.19

The contractual weighted average remaining life of the outstanding options at February 28, 2009 was 3.14 years (2008 - 3.83 years).

Warrants

Details of outstanding warrants are as follows:

	August 31, 2009	
	Number of Shares	Weighted Average Exercise Price
Outstanding, beginning of year	1,250,000	0.20
Issued	-	-
Exercised	-	-
Expired	(1,250,000)	(0.20)
Outstanding, August 31, 2009	0	

Under a provision of the plan of arrangement, share purchase warrants of Wildrose Resources Ltd. ("Wildrose") issued prior to November 30, 2006 entitled their holders to acquire a common share of the Company for each common share of Wildrose acquired upon the exercise of a Wildrose warrant. At November 30, 2006, 1,745,799 share purchase warrants of Wildrose were outstanding. The valuation of these warrants have been recorded in Wildrose. The Company was entitled to receive from Wildrose, twenty percent of the proceeds from the exercise of the Wildrose warrants. During the year ended February 29, 2008, 533,429 Wildrose warrants were exercised while 1,212,370 warrants expired unexercised. On June 17, 2009, 1,250,000 warrants, exercisable at \$0.20 per share, expired unexercised.

CARIBOO ROSE RESOURCES LTD.

Notes to the Financial Statements

August 31, 2009

10. SHARE CAPITAL (Continued)

The Company determines the fair value of the options granted and warrants issued using the Black-Scholes option pricing model. The following weighted average assumptions were used in valuing the options granted and warrants issued:

	2009	2008
Average risk-free interest rate	3.13%	4.65%
Expected share price volatility	91%	82%
Expected average period until exercise	2.05 years	1.5 years
Expected dividend yield	-	-

The weighted average grant date fair value of options granted during the year was \$0.12 (2008 - \$0.20).

Contributed Surplus

The total compensation expense and contributed surplus included in these financial statements for vested options granted to directors, officers and employees, and for warrants issued is as follows:

Balance, February 28, 2007	\$ 125,566
Share-based compensation expense	14,394
Fair value assigned to warrants issued on private placement	27,828
Balance, February 29, 2008	167,788
Share-based compensation expense	31,254
Fair value assigned to warrants issued on private placement	93,231
Balance, February 28, 2009	\$ 292,273

11. INCOME TAXES

The Company's future income tax assets and liabilities arise from the following items:

	2009	2008
Future income tax assets (liabilities) arising from:		
Losses deductible against future taxable income	\$ 71,890	\$ 47,533
Investments	8,994	736
Equipment	(14)	(40)
Valuation allowance	(80,870)	(48,229)
Net future income tax assets (liabilities)	\$ -	\$ -

CARIBOO ROSE RESOURCES LTD.

Notes to the Financial Statements

August 31, 2009

11. INCOME TAXES (Continued)

The reconciliation of the provision for income taxes is as follows:

	Years Ended February 28 and 29	
	2009	2008 (restated Note 3)
Loss before income taxes	\$ (48,565)	\$ (71,974)
Combined federal and provincial statutory income tax rates	30.8%	31.5%
Recovery of income taxes based on combined statutory income tax rates	\$ (14,958)	\$ (22,672)
Add (deduct):		
Tax effect of losses not recognized	3,490	26,550
Share-based compensation	8,448	4,534
Recovery of future income taxes on renunciation of exploration expenses	(61,600)	(62,969)
Other	3,020	(8,412)
Provision for (recovery of) income taxes	\$ (61,600)	\$ (62,969)

As at February 28, 2009, the Company has available losses of approximately \$233,000 for deduction against future years' taxable income. If unused, these losses will expire in varying amounts over twenty years, commencing in 2027. In addition to these tax losses, the Company has resource related expenditures of approximately \$1.2 million, net of renounced exploration expenditures, which can be used to offset future Canadian taxable income and can be carried forward indefinitely.

The future benefits which may arise from these losses have not been recorded in these financial statements.

12. MANAGEMENT OF CAPITAL

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 mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable level.

In the management of capital, the Company includes the components of shareholders' equity and any loans payable.

The Company manages its capital structure and makes adjustments to it in light of changes in 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 or debt, or acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and any updated budgets are approved by the Board of Directors.

In order to maximize ongoing development efforts, the Company does not pay out dividends.

The Company's investment policy is to invest its cash in highly liquid short-term interest-bearing investments with maturities 90 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

CARIBOO ROSE RESOURCES LTD.

Notes to the Financial Statements

August 31, 2009

12. MANAGEMENT OF CAPITAL (Continued)

The Company currently has sufficient capital resources to meet its administrative overhead expenses through its current operating period and is confident it can raise additional funds to undertake all of its planned exploration and development activities. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration and development activities. Management believes it will be able to raise capital as required in the long term, but recognizes that there will be risks involved that may be beyond their control.

13. MANAGEMENT OF FINANCIAL RISK

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk, market risk, and interest rate risk.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company's cash and cash equivalents are held through large Canadian financial institutions. The Company's receivables consist mostly of GST, mineral property expenditures recoverable and Mineral Exploration Tax Credits due from the federal government of Canada. As such, the Company considers this risk to be minimal.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to interest rate risk as a result of holding fixed rate cash equivalent investments of varying maturities. The risk that the Company will realize a loss as a result of a decline in the fair value of the cash equivalent investments is limited because these investments are generally highly liquid securities with short-term maturities.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined in Note 12.

Accounts payable and accrued liabilities are due within the current operating period.

Market risk

The Company is exposed to market risk related to the fluctuation in the market price of its investments. Although considered available for sale, the Company's investments have been acquired as a result of property transactions and, to a large extent, represent strategic investments in related mining companies and their properties. The Company closely monitors market values to determine the most appropriate course of action.