

# **Golden Goose Resources Inc.**

(An exploration stage company)

## **Unaudited Interim Financial Statements**

**Third quarter ended September 30, 2009**

### **Notice**

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

# Golden Goose Resources Inc.

(An exploration stage company)

## Interim Balance Sheets

As at	September 30, 2009 \$ (unaudited)	December 31, 2008 \$ (audited)
<b>Assets</b>		
<b>Current assets</b>		
Cash (Note 4)	2,142,009	38,258
Short-term investments	-	1,411,244
Receivables	48,833	46,990
Tax and mining exploration credits receivable	150,972	472,891
Prepaid expenses	30,353	16,385
	<b>2,372,167</b>	1,985,768
Security deposit – mine closure	230,000	230,000
Mining interests (Note 3)	13,790,969	13,558,887
	<b>16,393,136</b>	15,774,655
<b>Liabilities</b>		
<b>Current liabilities</b>		
Payables and accruals	323,183	302,255
Asset retirement obligation	195,440	185,840
	<b>518,623</b>	488,095
<b>Shareholders' Equity</b>		
Capital stock (Note 4)	23,786,199	22,542,029
Contributed surplus (Note 4)	2,813,042	2,593,527
Deficit	(10,724,728)	(9,848,996)
	<b>15,874,513</b>	15,286,560
	<b>16,393,136</b>	15,774,655

The accompanying notes are integral part of the unaudited interim financial statements.

**On Behalf of the Board**

**François Perron**  
Director

**Kevin Ramsay**  
Director

# Golden Goose Resources Inc.

(An exploration stage company)

Unaudited Interim Statements of Operations, Comprehensive Income (Loss)  
and Deficit

For the third quarter and nine-month period ended September 30,

	THIRD QUARTER		NINE MONTHS	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>Revenue</b>				
Interests	601	12,989	11,568	78,008
<b>Expenses</b>				
General and administrative	173,943	174,095	711,096	727,928
Mine care and maintenance	24,983	15,790	61,636	30,499
Accretion of asset retirement obligation	3,200	3,065	9,600	9,043
Stock-based compensation	204,335	11,069	251,696	250,448
Gain on sale of mining interests <i>(Note 3)</i>	(146,728)	-	(146,728)	-
	259,733	204,019	887,300	1,017,918
<b>Loss before income tax</b>	(259,132)	(191,030)	(875,732)	(939,910)
Income taxes recovery	-	-	-	(1,285,387)
<b>Net income (loss) and comprehensive income (loss)</b>	(259,132)	(191,030)	(875,732)	345,477
Deficit at beginning of period	(10,465,596)	(9,008,262)	(9,848,996)	(9,544,769)
<b>Deficit at end of period</b>	(10,724,728)	(9,199,292)	(10,724,728)	(9,199,262)
<b>Earnings (loss) per common share:</b>				
<b>Basic</b>	(0.01)	(0.00)	(0.02)	0.01
<b>Diluted</b>	(0.01)	(0.00)	(0.02)	0.01
<b>Weighted average number of outstanding shares:</b>				
<b>Basic</b>	48,047,315	47,295,188	47,819,880	47,295,188
<b>Diluted</b>	48,047,315	47,295,188	47,819,880	47,295,188

The accompanying notes are integral part of the unaudited interim financial statements.

# Golden Goose Resources Inc.

(An exploration stage company)

Unaudited Interim Statements of Cash Flows

For the third quarter and nine-month period ended September 30,

	THIRD QUARTER		NINE MONTHS	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>Operating activities</b>				
Net income (loss)	(259,132)	(191,030)	(875,732)	345,477
Items not affecting cash:				
Future income taxes	-	-	-	(1,285,387)
Stock-based compensation	204,335	11,069	251,696	250,448
Accretion of asset retirement obligation	3,200	3,065	9,600	9,043
Gain on sale of mining interests (Note 3)	(146,728)		(146,728)	
	(198,325)	(176,896)	(761,164)	(680,419)
Net change in non-cash working capital items :				
Receivables	(12,723)	19,195	(1,843)	152,394
Tax and mining exploration credits receivable	448,153	171,709	321,919	(241,517)
Prepaid expenses	(17,145)	6,816	(13,968)	(7,762)
Payables and accruals	124,373	(86,419)	20,928	(651,158)
	344,333	(65,595)	(434,128)	(1,428,462)
<b>Financing activities</b>				
Capital stock issue net of share issue costs (Note 4)	1,147,570	-	1,147,570	-
Capital stock issue following the exercise of stock options for cash (Note 4)	56,700	-	56,700	-
	1,204,270	-	1,204,270	-
<b>Investing activities</b>				
Decrease in short term investments	484,426	263,541	1,411,244	2,454,879
Net cash consideration received on sale of mining rights (Note 3)	146,728	-	146,728	-
Net cash consideration received on sale of option on mining interests (Note 3)	148,622	-	148,622	-
Additions to mining interests	(208,193)	(312,553)	(372,985)	(1,086,708)
	571,583	(49,012)	1,333,609	1,368,171
<b>Net change in cash</b>	<b>2,120,186</b>	<b>(114,607)</b>	<b>2,103,751</b>	<b>(60,291)</b>
Cash at beginning of period	21,823	137,533	38,258	83,217
<b>Cash at end of period</b>	<b>2,142,009</b>	<b>22,926</b>	<b>2,142,009</b>	<b>22,926</b>

The accompanying notes are integral part of the unaudited interim financial statements.

## **Golden Goose Resources Inc.**

(An exploration stage company)

### **NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS**

*For the third quarter ended September 30, 2009*

#### **1. INCORPORATION AND NATURE OF OPERATIONS**

Golden Goose Resources Inc. (the “Company”) is a publicly traded company engaged in the acquisition, exploration and development of resource properties. It is incorporated under Part IA of the Companies Act (Quebec) and its common shares are listed on TSX Venture Exchange.

The Company’s main resource assets are the Magino property in Ontario and the Lac Levac nickel, copper & PGM (“Lac Levac”) property in Québec. The Magino gold mine operated from 1988 to 1992 and has been kept on a care and maintenance basis since then. In the fall of 2005, the Company resumed exploration activities on the property.

The recoverability of the carrying value of the mine is dependent on the presence or discovery of economically recoverable reserves, the preservation of the Company’s interest in the underlying mineral claims, the ability of the Company to obtain the financing necessary to complete development of the properties, and the future profitable production therefrom or alternatively upon the Company’s ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying value.

#### **Basis of presentation**

The accompanying unaudited interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles [“Canadian GAAP”] for interim financial reporting. Accordingly, they do not include all of the information and notes required by Canadian GAAP for annual financial statements and should therefore be read in conjunction with the Company’s audited financial statements for the year ended December 31, 2008 and the accompanying notes. Operating results for interim periods are not necessarily indicative of the results that may be expected for the full year. The accounting policies and methods followed in the preparation of these unaudited interim financial statements are the same as those used in the audited financial statements for the year ended December 31, 2008, except for the new accounting policy set out in note 2.

#### **2. MODIFICATIONS TO ACCOUNTING POLICIES**

Effective January 1, 2009, the Company adopted the following new accounting standard issued by the Canadian Institute of Chartered Accountants (“CICA”).

CICA Handbook Section 3064, Goodwill and Intangible Assets, which supersedes Section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research and Development Costs, sets out standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. The adoption of this new standard had no significant effect on the Company’s financial statements.

### **3. MINING INTERESTS**

On July 17, 2009, the Company sold its mining rights in properties located in province of Quebec for a cash consideration of \$150,000 plus a 1% net smelter return (NSR) royalty. The accounting value of these properties was nil and legal costs for the transaction amounted to \$3,272 resulting in a gain on sale of mining interests of \$146,728 on the statement of operations.

On August 12, 2009, the Company signed option to sell its Lac Levac nickel, copper & PGM property in Québec (“Lac Levac”) to Exploration Nemaska Inc. (“Nemaska”). The option was granted for a cash consideration of \$150,000 and expires on December 31, 2009. Nemaska is currently in the process of raising funds and intends to complete an initial public offering before December 31, 2009. If exercised, the option will entitle Nemaska to purchase the Lac Levac property for a consideration of \$2,850,000 payable, in addition to the initial payment of \$150,000, by way of a \$2,000,000 cash payment and the issue of \$850,000 in shares of Nemaska at the initial public offering price. Nemaska will also grant one warrant per share issued, each warrant entitling the Company to purchase one share at a 20% premium over the IPO price for two years. The Company will also retain a 2% net smelter royalty (“NSR”), of which a 1% NSR can be repurchased by Nemaska for \$1,000,000 for the first three years. The accounting value of Lac Levac was \$2,740,473 as of September 30, 2009. Mining interests account on balance sheet was reduced by \$146,728 representing the cash consideration received net of legal fees.

Subsequent to quarter end, on November 13, the Company agreed to amend the option granted to Nemaska and received a non-refundable cash payment of \$50,000. The agreement was amended as follows:

Upon exercise of the option, Nemaska must pay the Company:

- \$450,000 in cash;
- \$1,500,000 in units of stocks at 30% discount to initial public offering (‘IPO’) stock price including a two-year warrant exercisable at a strike price equivalent to the stock price of the IPO;
- \$1,000,000 in the form of an 8% convertible redeemable debenture (convertible into shares at the price of the IPO and 24 month warrants exercisable at a 20% premium to the IPO price). The debenture will be forced to be converted if the publicly-traded shares of Nemaska close at a price 30% higher than IPO price for 20 consecutive days. Interest is payable in cash once a year on the anniversary of the transaction date. The debenture will be secured by the claims hosting the Nisk-1 deposit, and can be bought back at anytime by Nemaska for \$1,100,000.

### **4. SHAREHOLDERS' EQUITY**

#### **Share Capital**

The following table summarizes the changes in the share capital of the Company for the nine-month period ended September 30;

Common shares	2009		2008	
	Number	\$	Number	\$
Balance, beginning of period	47,704,278	22,542,029	47,295,188	23,373,919
Private placement, net of issue costs of \$30,990	3,367,428	1,147,570	—	—
Issued for exercises of options	210,000	96,600	—	—
Future tax benefit renounced pursuant to flow-through shares	—	—	—	(1,285,387)
<b>Balance, end of period</b>	<b>51,281,706</b>	<b>23,786,199</b>	47,295,188	22,088,532

On September 23, 2009, the Company issued 3,367,428 flow through common shares at a price of \$0.35 for gross proceeds of \$1,178,600. Share issue costs totaled \$31,030. Funds from the flow-through financing are restricted for the Company's exploration properties in Ontario and Quebec.

The number of options exercised during the period under the Company's stock option plan amounted to 210,000 for gross proceeds of \$56,700. An amount of \$39,900 representing the previously estimated value of options was added to "Capital stock" and reduced from "Contributed surplus".

In March 2008, the Company renounced to tax deductions totaling \$4,532,083, which was raised through the issuance of flow-through shares in 2006 and 2007, in favor of the investors. The Company recorded a future income tax liability of \$1,285,387 and reduced Share Capital accordingly. This future income tax liability has allowed the Company to reduce the valuation allowance on tax pools related to mining properties by a corresponding amount of \$1,285,387, thereby offsetting the future income tax liability. The reduction in the valuation allowance has been recorded in the statement of operations.

### Share purchase warrants

The following table summarizes the changes in the share purchase warrants of the Company for the nine-month period ended September 30;

Share purchase warrants	2009		2008	
	Number	\$	Number	\$
Balance, beginning of period	—	—	4,048,584	489,946
Warrants expired	—	—	(3,936,084)	(474,196)
<b>Balance, end of period</b>	<b>—</b>	<b>—</b>	112,500	15,750

Outstanding Warrants' Expiry Date	2009		2008	
	Exercise Price \$	Number	Exercise Price \$	Number
December 2008	—	—	0.80	112,500

## Stock option plan

The following table summarizes the changes in the Company's Stock option plan for the nine-month period ended September 30;

Stock option	2009		2008	
	Number	Weighted average price	Number	Weighted average price
Balance, beginning of period	3,458,326	\$0.63	2,988,326	\$0.66
Options granted i)	1,275,000	\$0.42	630,000	\$0.50
Options exercised	(210,000)	\$0.27	—	—
Forfeited / expired	(155,000)	\$0.55	(100,000)	\$0.40
<b>Balance, end of period</b>	<b>4,368,326</b>	<b>\$0.59</b>	<b>3,518,326</b>	<b>\$0.55</b>
<b>Options exercisable at end of period</b>	<b>3,755,826</b>	<b>\$0.61</b>	<b>3,243,326</b>	<b>\$0.61</b>

i) A total of 1,275,000 new options were issued to directors, officers, employees and consultants of the Company in 2009 (630,000 in 2008). Certain options granted in 2009 have vesting periods up to three years (all options vested immediately in 2008). All new options were subject to a valuation.

The following schedule presents the weighted average of assumptions used to establish the fair value of the options granted using Black-Scholes pricing model.

	2009	2008
Volatility	131%	98%
Dividend yield	0%	0%
Risk-free interest rate	2%	3%
Expected life	5 years	5 years
Fair value - Weighted average of options issued	<b>\$0.31</b>	\$0.33

For the nine-month period ended September 30, 2009, the total stock-based compensation cost was \$259,415 (\$360,858 in 2008) of which \$7,719 (\$110,410 in 2008) was capitalized to mining interests as the costs. The counterpart for those costs was credited to the contributed surplus account.

## Contributed surplus

The following table summarizes the changes in the Company's contributed surplus for the nine-month period ended September 30;

<b>Contributed surplus</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
Balance, beginning of period	<b>2,593,527</b>	1,758,850
Issuance of stock options	<b>259,415</b>	360,858
Exercise of stock options	<b>(39,900)</b>	—
Warrants expired	—	474,196
<b>Balance, end of period</b>	<b>2,813,042</b>	2,593,904

## 5. RELATED PARTY TRANSACTIONS

During the nine-month period ended September 30, 2009, the Company incurred expenses totaling \$96,583 for services rendered by officers or companies controlled by them in the normal course of operations. The services were measured at the exchange amounts and accounted for in general and administrative expenses and mining interests.

The accounts payable and accrued liabilities include an amount of \$13,707 due to officers or corporations controlled by them.