

**LAURENTIAN GOLDFIELDS LTD.**

**(Formerly CAPO RESOURCES LTD.)**

**(An Exploration Stage Company)**

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE NINE MONTHS ENDED DECEMBER 31, 2008**

**In Canadian Funds**

**(Unaudited – Prepared by Management)**

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

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management and approved by the Board of Directors of the Company. The Company's independent auditor has not performed a review of these interim consolidated financial statements.

**LAURENTIAN GOLDFIELDS LTD.**

Statement 1

(Formerly CAPO RESOURCES LTD.)

(An Exploration Stage Company)

**Interim Consolidated Balance Sheets**

(Unaudited – Prepared by Management)

Canadian Funds

	As at December 31, 2008 (Unaudited)	As at March 31, 2008 (Audited)
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 757,699	\$ 255,300
GST and other receivables	117,977	138,609
Prepaid expenses	24,471	11,435
	<b>900,147</b>	405,344
<b>Property and Equipment</b>	<b>55,846</b>	5,428
<b>Resource Property Costs</b> (Note 5) – Schedule	<b>4,154,560</b>	2,275,646
	<b>\$ 5,110,553</b>	\$ 2,686,418
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 70,147	\$ 52,434
Future income tax liability (Note 10)	7,497	284,242
	<b>77,644</b>	336,676
<b>SHAREHOLDERS' EQUITY</b>		
<b>Share Capital</b> (Note 7a)	<b>5,369,948</b>	3,161,439
<b>Share Purchase Warrants</b> (Notes 7b and c)	<b>807,047</b>	-
<b>Contributed Surplus</b> (Note 7f) – Statement 3	<b>190,149</b>	203,063
<b>Deficit</b> - Statement 2	<b>(1,334,235)</b>	(1,014,760)
	<b>5,032,909</b>	2,349,742
	<b>\$ 5,110,553</b>	\$ 2,686,418

**Subsequent Events** (Note 12)

ON BEHALF OF THE BOARD:

"Andrew Brown", President &amp; CEO \_\_\_\_\_, Director

"Brian P. Fowler" \_\_\_\_\_, Director

- See Accompanying Notes -

**LAURENTIAN GOLDFIELDS LTD.****(Formerly CAPO RESOURCES LTD.)***(An Exploration Stage Company)***Interim Consolidated Statements of Loss, Comprehensive Loss and Deficit***(Unaudited – Prepared by Management)**Canadian Funds*Statement 2

	For the three months ended December 31, 2008	For the three months ended December 31, 2007	For the nine months ended December 31, 2008	For the nine months ended December 31, 2007
<b>Expenses</b>				
Amortization	\$ 6,976	\$ -	\$ 18,841	\$ -
Consulting fees	33,710	49,253	128,750	97,167
Investor relations	-	1,445	23,719	1,445
Listing and filing fees	133	400	17,859	1,187
Office and administration	9,498	3,030	32,349	5,589
Professional fees	1,913	44,110	176,816	70,230
Rent	7,059	5,070	23,199	9,520
Salaries and benefits	42,602	-	104,654	-
Stock-based compensation	-	190,149	-	225,563
Transfer agent fees	1,844	-	11,917	-
Travel and conferences	3,191	10,307	22,780	14,555
<b>Loss before the undernoted</b>	<b>(106,926)</b>	<b>(303,764)</b>	<b>(560,884)</b>	<b>(425,256)</b>
<b>Other Income (Expenses)</b>				
Interest income	1,676	7,154	7,581	9,383
Interest expense <i>(Note 7e)</i>	(501)	-	(501)	-
Generative activities	(15,178)	(239,398)	(42,416)	(239,398)
	<b>(14,003)</b>	<b>(232,244)</b>	<b>(35,336)</b>	<b>(230,015)</b>
<b>Loss Before Income Taxes</b>	<b>(120,929)</b>	<b>(536,008)</b>	<b>(596,220)</b>	<b>(655,271)</b>
<b>Future Income Tax Recovery</b> <i>(Note 10)</i>	<b>30,800</b>	<b>-</b>	<b>276,745</b>	<b>-</b>
<b>Net Loss and Comprehensive Loss for the Period</b>	<b>(90,129)</b>	<b>(536,008)</b>	<b>(319,475)</b>	<b>(655,271)</b>
<b>Deficit - Beginning of Period</b>	<b>(1,244,106)</b>	<b>(389,266)</b>	<b>(1,014,760)</b>	<b>(270,003)</b>
<b>Deficit - End of Period</b>	<b>\$ (1,334,235)</b>	<b>\$ (925,274)</b>	<b>\$ (1,334,235)</b>	<b>\$ (925,274)</b>
<b>Basic Loss per Share</b>	<b>\$ (0.00)</b>	<b>\$ (0.06)</b>	<b>\$ (0.02)</b>	<b>\$ (0.10)</b>
<b>Weighted Average Number of Shares Outstanding</b>	<b>21,115,719</b>	<b>8,755,387</b>	<b>19,661,456</b>	<b>6,385,021</b>

- See Accompanying Notes -

**LAURENTIAN GOLDFIELDS LTD.**

Statement 3

(Formerly CAPO RESOURCES LTD.)

(An Exploration Stage Company)

**Interim Consolidated Statements of Changes in Shareholders' Equity**

(Unaudited – Prepared by Management)

Canadian Funds

	For the three months ended December 31, 2008	For the three months ended December 31, 2007	For the nine months ended December 31, 2008	For the nine months ended December 31, 2007
<b>Share capital</b>				
Balance – beginning of period	\$ 5,369,948	\$ 1,758,670	\$ 3,161,439	\$ 300,000
Shares issued on reverse takeover transaction - (Notes 4 and 6)	-	-	277,870	-
Issued during the period – Qualifying Transaction finder's fee (Note 7a)	-	-	35,000	-
Share issuance costs – Qualifying Transaction (Note 7a)	-	-	(35,000)	-
Issued during the period – Flow-through (Note 7b)	-	-	869,593	-
Issued during the period – Non Flow-through (Note 7b)	-	1,897,781	1,107,629	3,435,868
Issued during the period – exercise of stock options (Note 7d)	-	-	32,500	-
Fair value of stock options exercised (Note 7d)	-	-	12,914	-
Issued during the period – property payments (Note 5c)	-	-	24,840	-
Share issuance costs	-	(330)	(116,837)	(79,747)
Balance – end of period	<b>5,369,948</b>	3,656,121	<b>5,369,948</b>	3,656,121
<b>Share purchase warrants</b>				
Balance – beginning of period	<b>807,047</b>	-	-	-
Fair value of share purchase warrants issued (Note 7c)	-	-	857,828	-
Warrant issuance costs (Note 7b)	-	-	(50,781)	-
Balance – end of period	<b>807,047</b>	-	<b>807,047</b>	-
<b>Contributed surplus</b>				
Balance – beginning of period	<b>190,149</b>	12,914	<b>203,063</b>	-
Fair value of stock options granted	-	190,149	-	203,063
Fair value of stock options exercised (Note 7d)	-	-	(12,914)	-
Balance – end of period	<b>190,149</b>	203,063	<b>190,149</b>	203,063
<b>Deficit</b>				
Balance – beginning of period	<b>(1,244,106)</b>	(389,266)	<b>(1,014,760)</b>	(270,003)
Net loss for the period	<b>(90,129)</b>	(536,008)	<b>(319,475)</b>	(655,271)
Balance – end of period	<b>(1,334,235)</b>	(925,274)	<b>(1,334,235)</b>	(925,274)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>\$ 5,032,909</b>	\$ 2,933,910	<b>\$ 5,032,909</b>	\$ 2,933,910

- See Accompanying Notes -

**LAURENTIAN GOLDFIELDS LTD.****(Formerly CAPO RESOURCES LTD.)***(An Exploration Stage Company)***Interim Consolidated Statements of Cash Flows***(Unaudited – Prepared by Management)**Canadian Funds*

Statement 4

	For the three months ended December 31, 2008	For the three months ended December 31, 2007	For the nine months ended December 31, 2008	For the nine months ended December 31, 2007
<b>Cash Flows from Operating Activities</b>				
Net loss for the period	\$ (90,129)	\$ (536,008)	\$ (319,475)	\$ (655,271)
Items not affected by cash:				
Future income tax recovery (Note 10)	(30,800)	-	(276,745)	-
Stock-based compensation	-	190,149	-	225,563
Amortization	6,976	-	18,841	-
	<b>(113,953)</b>	<b>(345,859)</b>	<b>(577,379)</b>	<b>(429,708)</b>
Change in non-cash working capital:				
GST and other receivables	98,023	(117,292)	25,166	(121,483)
Prepaid expenses	(9,067)	491,909	(3,034)	(11,435)
Accounts payable and accrued liabilities	(253,680)	(18,636)	(67,021)	13,158
	<b>(278,677)</b>	<b>10,122</b>	<b>(622,268)</b>	<b>(549,468)</b>
<b>Cash Flows from Investing Activities</b>				
Cash acquired on reverse takeover transaction (Note 6)	-	-	307,602	-
Increase in property and equipment, net	(876)	-	(69,259)	-
Resource property costs, net	(238,023)	(1,601,280)	(1,863,288)	(2,071,405)
	<b>(238,899)</b>	<b>(1,601,280)</b>	<b>(1,624,945)</b>	<b>(2,071,405)</b>
<b>Cash Flows from Financing Activities</b>				
Issuance of share capital and share purchase warrants, net	-	1,897,451	2,749,612	3,356,121
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(517,576)</b>	<b>306,293</b>	<b>502,399</b>	<b>735,248</b>
<b>Cash and Cash Equivalents- Beginning of Period</b>	<b>1,275,275</b>	<b>459,302</b>	<b>255,300</b>	<b>30,347</b>
<b>Cash and Cash Equivalents - End of Period</b>	<b>\$ 757,699</b>	<b>\$ 765,595</b>	<b>\$ 757,699</b>	<b>\$ 765,595</b>
<b>Supplemental Schedule of Non-Cash Investing and Financing Activities</b>				
Accounts payable and accrued liabilities included in resource property costs	\$ 40,466	\$ 62,679	\$ 40,466	\$ 62,679
Issuance of shares for property	\$ -	\$ -	\$ 24,840	\$ 437,500
Shares issued during the period – QT finder's fee	\$ -	\$ -	\$ 35,000	\$ -

- See Accompanying Notes -

# LAURENTIAN GOLDFIELDS LTD.

(Formerly CAPO RESOURCES LTD.)

(An Exploration Stage Company)

## Notes to Interim Consolidated Financial Statements

December 31, 2008

(Unaudited – Prepared by Management)

Canadian Funds

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### 1. Nature of Operations

Laurentian Goldfields Ltd. (formerly “Capo Resources Ltd.”) (the “Company”) was incorporated under the Business Corporations Act of British Columbia on November 14, 2005. Effective May 15, 2008, the Company acquired Laurentian Exploration Ltd. through a reverse takeover which completed its Qualifying Transaction requirement under TSX-V Policy 2.4. The Company’s principal business activities include the acquisition, exploration and development of economic gold and other precious and base metal properties. The Company is in the exploration stage and has not yet determined whether any of the mineral properties contain mineral reserves that are economically recoverable.

These interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern company which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

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### 2. Significant Accounting Policies

These interim consolidated financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and follow the same accounting policies and methods of their application as the most recent annual financial statements except that the Company has adopted the following CICA guidelines effective April 1, 2008.

#### New Accounting Policies

##### a) Section 1535 – Capital Disclosures

Effective April 1, 2008, the Company adopted CICA Section 1535, “Capital Disclosures”. This section requires the Company to include additional information in the notes to the financial statements about its capital and the manner in which it is managed. The additional disclosure includes quantitative and qualitative information regarding an entity’s objectives, policies and procedures for managing capital.

The impact of adopting this section is disclosed in Note 9.

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

Effective April 1, 2008, the Company adopted CICA Section 3862 and 3863, “Financial Instruments Disclosures and Presentation”. This section requires disclosures of both qualitative and quantitative information that enables users of the financial statements to evaluate the nature and extent of risks from financial instruments to which the Company is exposed.

The impact of adopting this section is disclosed in Note 8.

These interim consolidated financial statements do not include all disclosures required by Canadian Generally Accepted Accounting Principles for annual financial statements and accordingly, these interim consolidated financial statements should be read in conjunction with the audited financial statements and notes thereto of the Company as at March 31, 2008.

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# LAURENTIAN GOLDFIELDS LTD.

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(An Exploration Stage Company)

## Notes to Interim Consolidated Financial Statements

December 31, 2008

(Unaudited – Prepared by Management)

Canadian Funds

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### 3. Future Accounting and Reporting Changes

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

In 2006, the Canadian Accounting Standards Board (“AcSB”) published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada’s own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended February 28, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

#### b) Goodwill and Intangible Assets

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

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### 4. Reverse Takeover and Basis of Presentation

On May 15, 2008, the Company acquired through a reverse takeover 0785531 B.C. Ltd. by issuing to 0785531 B.C. Ltd.’s shareholders 11,341,067 of the Company’s common shares. The acquisition was accounted for according to the accounting guidelines for reverse takeover transactions that do not constitute a business combination, with 0785531 B.C. Ltd. being the deemed accounting acquirer for financial statement purposes. The Qualifying Transaction effectively represents an issue of shares by 0785531 B.C. Ltd. for the net assets of the Company (*Note 6*).

The Company’s comparative financial statements reflect the financial position, results of operations and cash flows of 0785531 B.C. Ltd., the deemed acquirer (*Note 6*). The Company’s shareholder’s equity (*Note 7a*) gives effect to the shares issued to the shareholders of 0785531 B.C. Ltd. The consolidated financial statements include the results of operations of Laurentian Goldfields Ltd. (formerly Capo Resources Ltd.) commencing from the date of acquisition on May 15, 2008.

The Qualifying Transaction described above involved the amalgamation of a wholly-owned subsidiary of the Company (“Laurentian Exploration Ltd.”) with 0785531 B.C. Ltd. The amalgamation of Laurentian Exploration Ltd. and 0785531 B.C. Ltd. was completed in accordance with the terms of a Statutory Plan of Arrangement under the Business Corporations Act (British Columbia). The amalgamated entity is a wholly-owned subsidiary of the Company.

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# LAURENTIAN GOLDFIELDS LTD.

(Formerly CAPO RESOURCES LTD.)

(An Exploration Stage Company)

## Notes to Interim Consolidated Financial Statements

December 31, 2008

(Unaudited – Prepared by Management)

Canadian Funds

### 5. Resource Property Costs

Details at December 31, 2008 are as follows:

	Acquisition Costs	Exploration Costs	As at December 31, 2008
Maze Lake, Nunavut	\$ 357,150	\$ 2,507,228	\$ 2,864,378
Grenville, Quebec	141,652	826,417	968,069
Van Horne, Dryden, Ontario	67,840	254,273	322,113
	\$ 566,642	\$ 3,587,918	\$ 4,154,560

Details at March 31, 2008 are as follows:

	Acquisition Costs	Exploration Costs	As at March 31, 2008
Maze Lake, Nunavut	\$ 357,150	\$ 1,780,954	\$ 2,138,104
Grenville, Quebec	130,925	6,617	137,542
	\$ 488,075	\$ 1,787,571	\$ 2,275,646

#### a) Maze Lake Property, Nunavut

On June 25, 2007, the Company entered into an agreement with Terrane Metals Corp. ("Terrane") to acquire up to a 75% interest in the Maze Lake Property, located in Nunavut. The Company can earn a 51% interest in the property by incurring a total of \$2 million in expenditures on the property, with a minimum of \$1 million required on or before December 31, 2007 (incurred) and the balance on or before December 31, 2008 (incurred).

The Company can increase its interest to 60% by incurring an additional \$1.5 million in expenditures on or before December 31, 2009 and can increase its interest to 75% by incurring an additional \$2.5 million in expenditures on or before December 31, 2010.

In addition, the Company issued to Terrane 1,000,000 common shares (fair value \$350,000) upon signing of the agreement. These shares are subject to sale restrictions whereby 10% was available to be sold on May 15, 2008 and an additional 15% becomes available to be sold every 6 months for a period of 36 months. The Company has also granted Terrane a right to participate in future financings for a period of two years from the date of listing of the common shares on the TSX Venture Exchange to maintain its percentage interest in the issued and outstanding common shares.

Following the Company earning its interest (*Note 12*), Terrane and Laurentian will continue under a joint venture with each holding their respective interest. Work programs will be agreed between the parties, provided that if one party does not contribute to a work program, straight line dilution will occur. If either party's interest under the joint venture is reduced to 10%, it will revert to a royalty equal to 2% of Net Smelter Returns payable on the commencement of Commercial Production.

The related claims are subject to an underlying net profit royalty of 12%.

# LAURENTIAN GOLDFIELDS LTD.

(Formerly CAPO RESOURCES LTD.)

(An Exploration Stage Company)

## Notes to Interim Consolidated Financial Statements

December 31, 2008

(Unaudited – Prepared by Management)

Canadian Funds

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### 5. Resource Property Costs – Continued

#### b) Grenville, Quebec

On August 9, 2007 the Company signed a joint venture agreement with Australian Mineral Fields Pty Ltd. (“Ausmin”), an Australian Company, to utilize Ausmin’s expertise in the identification of exploration targets on specified exploration targets within the Grenville geological province of Canada. The Company issued 250,000 common shares to Ausmin upon signing. As targets are identified the Company will be solely responsible for the costs associated with staking and will conduct other early exploration work on these targets, including hydrogeochemistry, lithochemisrty and PIMA and other techniques typically used in early phase screening of significant exploration areas. The staking phase of the agreement is for a five year term to August 9, 2012.

Upon completion of the early exploration work, one target, which Ausmin will select as its priority target, will be subject to a joint venture held 75% by Ausmin and 25% by the Company. The operator will be Ausmin and the joint venture will contain certain dilution provisions.

The remaining targets will be subject to separate joint venture agreements, with the Company holding an initial 80% interest and Ausmin holding an initial 20% interest. The operator will be the party with greater than 50% interest and the joint ventures will contain certain dilution provisions.

Ausmin has not made its selection to date. (Note 12)

#### c) Van Horne, Dryden, Ontario

On July 1, 2008, the company signed 7 option agreements to acquire a 100% interest in 7 contiguous mining properties in the Eagle-Wabigoon-Manitou Lakes Greenstone Belt near Dryden, Ontario. These properties are also adjacent to claims acquired during the year ended March 31, 2008. Collectively, these claim blocks are referred to as the Van Horne Property.

The Company may earn an interest in each of the 7 properties under option by paying the following aggregate consideration over a 4 year period:

Payments:

i)	\$	41,500	on or before July 1, 2008 (paid)
ii)		61,500	on or before July 1, 2009
iii)		73,000	on or before July 1, 2010
iv)		116,750	on or before July 1, 2011
v)		18,500	on or before July 1, 2012
		<u>311,250</u>	

Common shares:

i)	103,500	on or before July 1, 2008 (issued – fair value \$24,840)
ii)	155,000	on or before July 1, 2009
iii)	205,000	on or before July 1, 2010
iv)	220,000	on or before July 1, 2011
v)	284,000	on or before July 1, 2012
	<u>967,500</u>	

# LAURENTIAN GOLDFIELDS LTD.

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## Notes to Interim Consolidated Financial Statements

December 31, 2008

(Unaudited – Prepared by Management)

Canadian Funds

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### 5. Resource Property Costs – Continued

#### c) Van Horne, Dryden, Ontario – Continued

Minimum expenditures:

i)	100,000	on or before July 1, 2009 (incurred)
ii)	250,000	on or before July 1, 2010 (incurred)
iii)	500,000	on or before July 1, 2011
iv)	750,000	on or before July 1, 2012
	<u>1,600,000</u>	

The Company will also be subject to certain additional buyout payments relating to the final acquisition of surface/access rights under 3 of the 7 option agreements. The property optionors will retain a 2% Net Smelter Royalty (NSR) on each of the 7 properties under option. The Company will have the right to reduce the NSRs to 1% for 6 of the 7 NSRs at a price of \$1,000,000 each.

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### 6. Acquisition of Laurentian Exploration Ltd.

On May 15, 2008, the Company acquired all of the issued and outstanding shares of 0785531 B.C. Ltd. in consideration for 11,341,067 common shares of the Company. 0785531 B.C. Ltd. was a private Canadian resource exploration company which held mineral claims located in the Province of Quebec and the Territory of Nunavut, Canada. The acquisition constituted the Company's Qualifying Transaction that satisfied the related conditions of a Qualifying Transaction under the TSX Venture Exchange (the "Exchange") rules, and was approved by all applicable regulatory authorities.

Upon completion of the acquisition, the former shareholders of 0785531 B.C. Ltd. gained control of the post-transaction voting common shares of the Company. The transaction has been accounted for as a capital transaction effectively representing an issuance of shares by 0785531 B.C. Ltd. for the net assets of the Company. Accordingly, 0785531 B.C. Ltd. is deemed to be the acquirer for accounting purposes. The combined entity for financial statement purposes is considered to be a continuation of 0785531 B.C. Ltd. with the net assets of \$277,870 of the Company deemed to have been acquired by 0785531 B.C. Ltd. The net assets acquired on May 15, 2008 were as follows:

Cash	\$	307,602
Other Current Assets		14,536
		<u>322,138</u>
Less: Current Liabilities		(44,268)
<b>Net Assets Acquired</b>	<b>\$</b>	<b>277,870</b>

# LAURENTIAN GOLDFIELDS LTD.

(Formerly CAPO RESOURCES LTD.)

(An Exploration Stage Company)

## Notes to Interim Consolidated Financial Statements

December 31, 2008

(Unaudited – Prepared by Management)

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### 6. Acquisition of Laurentian Exploration Ltd. - Continued

The Company's results of operations for the period from April 1, 2008 to the date of the acquisition on May 15, 2008 were as follows:

Listing and filing fees	\$	22,302
Professional fees		6,021
Investor relations		414
Office and administration		15
Bank charges and interest		20
<b>Net Loss for the Period</b>	<b>\$</b>	<b>28,772</b>

The above noted expenditures relate to the expenditures of Laurentian Goldfields Ltd. (formerly Capco Resources Ltd.) prior to the date of the qualifying transaction (*Note 4*) and as a consequence have not been included in the December 31, 2008 interim consolidated financial statements.

### 7. Share Capital

#### a) Details are as follows:

	Number	Amount
<b>Authorized:</b>		
Unlimited number of common voting shares without par value		
Unlimited number of preferred shares		
<b>Issued:</b>		
Common shares of Laurentian Goldfields Ltd. – (formerly Capco) before Qualifying Transaction	1,609,125	\$ 3,161,439
Shares issued on reverse takeover transaction	11,341,067	277,870
Issued during the period – Qualifying Transaction finder's fee	100,000	35,000
Share issuance costs	-	(35,000)
Balance After Reverse Takeover	13,050,192	3,439,309
Flow-through shares issued during the period – ( <i>Note 7b</i> )	3,035,000	869,593
Non flow-through shares issued during the period – ( <i>Note 7b</i> )	4,631,572	1,107,629
Issued during the period – exercise of stock options – ( <i>Note 7d</i> )	295,455	32,500
Fair value of stock options exercised – ( <i>Note 7d</i> )	-	12,914
Issued during the period – property payments – ( <i>Note 5c</i> )	103,500	24,840
Share issuance costs	-	(116,837)
<b>Balance – December 31, 2008</b>	<b>21,115,719</b>	<b>\$ 5,369,948</b>

# LAURENTIAN GOLDFIELDS LTD.

(Formerly CAPO RESOURCES LTD.)

(An Exploration Stage Company)

## Notes to Interim Consolidated Financial Statements

December 31, 2008

(Unaudited – Prepared by Management)

Canadian Funds

### 7. Share Capital – Continued

#### b) Private Placements

##### Private Placement May 2008

On May 15, 2008, the Company closed a non-brokered private placement of 3,035,000 flow-through units at a price of \$0.40 per unit for gross proceeds of \$1,214,000 and a total of 4,631,572 non flow-through units at a price of \$0.35 per unit for gross proceeds of \$1,621,050. Each Flow-through Unit consists of one common share of Laurentian Goldfields Ltd. and one-half of one common share purchase warrant, each whole warrant being exercisable to purchase one additional non flow-through common share of Laurentian Goldfields Ltd. at a price of \$0.60 per common share to May 15, 2010. Each Non Flow-through Unit consists of one common share of Laurentian Goldfields Ltd. and one-half of one common share purchase warrant, each whole warrant being exercisable to purchase one additional non flow-through common share of Laurentian Goldfields Ltd. at a price of \$0.55 per common share to May 15, 2010. The warrants attached have been valued at \$807,047 (\$857,828 net of share issuance costs of \$50,781) based upon the average of the residual method and the Black Scholes Method using the following assumptions:

#### Assumptions

Risk-free interest rate	3.05%
Expected stock price volatility	134%
Expected dividend yield	0.00%
Expected life of warrants	2 years

#### c) Share Purchase Warrants

Details of outstanding warrants are as follows:

	Number of Warrants	Weighted Average Exercise Price
March 31, 2008	-	-
Issued	3,833,286	\$0.57
<b>December 31, 2008</b>	<b>3,833,286</b>	<b>\$0.57</b>

At December 31, 2008, the following warrants were outstanding:

Expiry Date	Exercise Price	Number of Warrants	Warrant Valuation
May 15, 2010 (Note 7b)	\$0.60	1,517,500	\$ 344,407
May 15, 2010 (Note 7b)	\$0.55	2,315,786	513,421
<b>Weighted Average</b>	<b>\$0.57</b>	<b>3,833,286</b>	<b>\$ 857,828</b>

# LAURENTIAN GOLDFIELDS LTD.

(Formerly CAPO RESOURCES LTD.)

(An Exploration Stage Company)

## Notes to Interim Consolidated Financial Statements

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(Unaudited – Prepared by Management)

Canadian Funds

### 7. Share Capital – Continued

#### d) Stock Options

The Company has established a share purchase option plan (the “Plan”) whereby the board of directors may, from time to time, grant options to directors, officers, employees, consultants or management company employees. Options granted must be exercised not later than five years from the date of grant or such lesser or greater period as may be determined by the Company’s board of directors and in accordance with the policies of the TSX-V. The exercise price of an option must be determined by the board of directors and in accordance with the Plan and the policies of the TSX-V. Subject to the policies of the TSX-V, the board of directors may determine the time during which options shall vest and the method of vesting, or that no vesting restriction shall exist.

On July 11, 2008, a total of 295,455 stock options were exercised by various directors, officers, employees and consultants of the Company for proceeds of \$32,500 (Note 7a). The previously determined fair value of these stock options of \$12,914 (Note 7a) has been removed from contributed surplus and included in share capital.

The associated stock-based compensation expenses for options granted during prior periods are as follows:

Grant Date	No. of Options Granted	Total Expense	Amount of expense recognized or recognizable		
			2007	2008	2009
April 26, 2006	155,000	\$ 49,801	\$ 49,801	\$ -	\$ -
July 11, 2007	295,455	12,914	-	12,914	-
November 30, 2007	568,183	190,149	-	190,149	-
<b>TOTAL</b>	<b>1,018,638</b>	<b>\$ 252,864</b>	<b>\$ 49,801</b>	<b>\$ 203,063</b>	<b>\$ -</b>

At December 31, 2008, the following options were outstanding:

Expiry Date	Weighted Average		Number of Options	Weighted Average Remaining in Years
	Exercise Price			
April 26, 2011	\$0.40		155,000	2.32
November 30, 2012	\$0.44		468,183	3.92
	<b>\$0.43</b>		<b>623,183</b>	<b>3.57</b>

#### e) Flow-Through Shares

During the period ended December 31, 2008, the Company issued 3,035,000 flow-through common shares for total proceeds of \$1,214,000, which must be used for qualifying exploration expenditures and have been renounced to the flow-through shareholders effective December 31, 2008. The future income tax liability is estimated to be \$315,640 resulting from the renunciation of these qualifying expenditures and will be recorded on February 5, 2009, the date the renunciation tax forms were filed. The unspent balance of this flow-through issuance at December 31, 2008 was \$Nil.

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Canadian Funds

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### 7. Share Capital – Continued

#### e) Flow-Through Shares – Continued

##### Fiscal Year Ended March 31, 2008

During the year ended March 31, 2008, the Company issued 4,915,891 flow-through common shares for total proceeds of \$1,902,624, which must be used for qualifying exploration expenditures and has been renounced to the flow-through shareholders effective December 31, 2007 by way of tax filings completed during the year ended March 31, 2008. The future income tax liability was estimated to be \$494,682 resulting from the renunciation of these qualifying expenditures. As the Company had previously unrecognized tax assets available, the future income tax liability as at March 31, 2008 was reduced to \$284,242 resulting in a recovery of \$210,440. As the Company continues to incur taxation losses and exploration expenditures, therefore increasing its unrecognized tax assets, the liability which is to be recorded in fiscal 2009 will be reduced further. As at December 31, 2008, the future income tax liability has been reduced to \$7,497 resulting in a recovery of \$276,745 (Note 10). Interest payable in relation to this flow-through share issuance has been paid in the amount of \$501 as at December 31, 2008. This interest payable relates to Part XII.6 tax on the balance of exploration expenditures not yet incurred during the period March 1, 2008 to June 30, 2008. The unspent balance of this flow-through issuance at December 31, 2008 was \$Nil.

#### f) Contributed Surplus

Contributed surplus relates to the recognition of the estimated fair value of stock options as follows:

Balance – March 31, 2008	\$	203,063
Fair value of stock options exercised (Note 7d)		(12,914)
<b>Balance – December 31, 2008</b>	<b>\$</b>	<b>190,149</b>

#### g) Escrow Shares

As at December 31, 2008, 2,828,923 shares are held in escrow. These common shares will be held in escrow and will be released pro-rata to the shareholders in six equal tranches of 15% every six months beginning May 15, 2008 (date of Qualifying Transaction) for a period of 36 months. These escrow shares may not be transferred, assigned or otherwise dealt with without the consent of the regulatory authorities. Escrow shares are excluded from the weighted average number of common shares calculation until their release from escrow.

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# LAURENTIAN GOLDFIELDS LTD.

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## Notes to Interim Consolidated Financial Statements

December 31, 2008

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Canadian Funds

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### 8. Financial Instruments

#### Categories of financial assets and liabilities

As at December 31, 2008, the carrying and fair value amounts of the Company's financial instruments are the same. The carrying value of the Company's financial instruments is classified into the following categories:

	December 31, 2008		March 31, 2008	
Held for trading	\$	757,699	\$	255,300
Loans and receivables	\$	117,977	\$	138,609
Other financial liabilities	\$	70,147	\$	52,434

#### a) Classification of Financial Instruments

The Company designated its cash and cash equivalents as held-for-trading, which is measured at fair value. GST and other receivables have been designated as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities have been designated as other financial liabilities, which are measured at amortized cost.

#### b) Fair Value

The fair values of financial assets and liabilities that are included in the balance sheet approximate their carrying values as the financial assets and liabilities have a short term to maturity.

#### c) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company ensures that it has sufficient capital to meet short-term financial obligations when they become due. The Company prepares cash flow forecasts to ensure it has sufficient funds to fulfill its obligations.

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### 9. Capital Management

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

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

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

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

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# LAURENTIAN GOLDFIELDS LTD.

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## Notes to Interim Consolidated Financial Statements

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(Unaudited – Prepared by Management)

Canadian Funds

### 10. Income Taxes

- a) The income tax provision for the period differs from the amount obtained by applying the statutory Canadian federal and provincial income tax rates as follows:

	For the Period Ended December 31, 2008	For the Period Ended December 31, 2007
Earnings (Loss) before income taxes (Note 6)	\$ (624,992)	\$ (655,271)
Statutory Canadian federal and provincial tax rates	30.00%	31.00%
Expected tax recovery	(187,498)	(203,134)
Adjustments:		
Stock-based compensation	-	69,925
Share issuance costs	(81,985)	(4,944)
Losses and tax pools acquired on reverse takeover transaction	(56,077)	-
Other	6,161	74,213
Statutory tax rate difference	42,654	63,940
	(276,745)	-
Valuation allowance	-	-
Income tax expense (recovery)	\$ (276,745)	\$ -

- b) The components of the future income tax asset (liability) balances are as follows:

	December 31, 2008	March 31, 2008
Future income tax asset (liability)		
Non-capital loss carry-forwards	\$ 339,330	\$ 125,057
Share issuance costs	63,133	16,587
Other	6,218	1,320
Resource property costs tax basis in excess of book value (book value in excess of tax costs)	(416,178)	(427,206)
Future income tax asset (liability)	(7,497)	(284,242)
Valuation allowance	-	-
Future income tax liability	\$ (7,497)	\$ (284,242)

The effective income tax rate is the rate that is estimated to be applicable when the timing differences reverse. For 2009 the future enacted rate is estimated to be 26% (2008 – 26%).

- c) The Company has non-capital losses which may be applied to reduce future year's taxable income. As at December 31, 2008, these amounted to \$1,305,117 (March 31, 2008 – \$478,459). Of these non-capital losses, \$23,287 will expire in 2026, \$60,040 will expire in 2027, \$582,054 will expire in 2028 and the remaining \$639,736 in 2029.

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## Notes to Interim Consolidated Financial Statements

December 31, 2008

(Unaudited – Prepared by Management)

Canadian Funds

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### 11. Comparative Figures

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

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### 12. Subsequent Events

- a) On January 22, 2009, Laurentian Goldfields Ltd. (formerly Capco Resources Ltd.) completed an amalgamation with its wholly owned subsidiary, Laurentian Exploration Ltd. These two entities were amalgamated as one company under the name Laurentian Goldfields Ltd. The amalgamation was completed in accordance with the terms of a Statutory Plan of Arrangement under the Business Corporations Act (British Columbia).
  - b) On January 23, 2009, Laurentian Goldfields Ltd. secured a 100% interest in its Grenville Project through the termination of its joint venture agreement with Australian Mineral Fields Pty Ltd. ("Ausmin"). Ausmin no longer has any interest in the mineral claims that were subject to the joint venture. In consideration, Laurentian Goldfields Ltd. will issue 1,000,000 common shares to Ausmin, subject to approval by the TSX Venture Exchange. The shares will be subject to escrow restrictions with one-third being released immediately, one-third being released on January 23, 2010 and one-third being released on January 23, 2011.
  - c) On January 29, 2009, Laurentian Goldfields Ltd. and Terrane Metals Corp. officially formed a joint venture on the Maze Lake Property, located in Nunavut. Initially Laurentian Goldfields Ltd. will hold a 51% interest in the joint venture and Terrane Metals Corp. will hold a 49% interest in the joint venture.
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**LAURENTIAN GOLDFIELDS LTD.**  
**(Formerly CAPO RESOURCES LTD.)**  
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**Schedule of Resource Property Costs**

Schedule

**December 31, 2008**  
*(Unaudited – Prepared by Management)*  
Canadian Funds

	For the nine months ended December 31, 2008 (Unaudited – Prepared by Management)			For the year ended March 31, 2008 (Audited)		
	Acquisition Costs	Deferred Exploration	Total	Acquisition Costs	Deferred Exploration	Total
<b>Mineral Interests</b>						
<i>Maze Lake, Nunavut</i>						
Acquisition costs - shares	\$ -	\$ -	\$ -	\$ 350,000	\$ -	\$ 350,000
Staking and recording	-	-	-	7,150	-	7,150
Fieldwork	-	607,329	607,329	-	1,732,296	1,732,296
Assay and sampling	-	32,111	32,111	-	-	-
Geological consulting	-	86,834	86,834	-	48,658	48,658
	-	726,274	726,274	357,150	1,780,954	2,138,104
<i>Grenville, Quebec</i>						
Staking and recording	10,727	-	10,727	130,925	-	130,925
Fieldwork	-	456,815	456,815	-	2,717	2,717
Assay and sampling	-	133,439	133,439	-	-	-
Geological consulting	-	229,546	229,546	-	3,900	3,900
	10,727	819,800	830,527	130,925	6,617	137,542
<i>Van Horne, Dryden, Ontario</i>						
Acquisition costs - shares	24,840	-	24,840	-	-	-
Acquisition costs - cash	41,500	-	41,500	-	-	-
Staking and recording	1,500	-	1,500	-	-	-
Fieldwork	-	88,995	88,995	-	-	-
Assay and sampling	-	41,133	41,133	-	-	-
Geological consulting	-	124,145	124,145	-	-	-
	67,840	254,273	322,113	-	-	-
<b>Resource Costs for the Period</b>	<b>78,567</b>	<b>1,800,347</b>	<b>1,878,914</b>	<b>488,075</b>	<b>1,787,571</b>	<b>2,275,646</b>
Costs, Beginning of the Period	488,075	1,787,571	2,275,646	-	-	-
<b>Costs, End of the Period</b>	<b>\$ 566,642</b>	<b>\$ 3,587,918</b>	<b>\$ 4,154,560</b>	<b>\$ 488,075</b>	<b>\$ 1,787,571</b>	<b>\$ 2,275,646</b>