



**INTERIM FINANCIAL STATEMENTS**

**For the Nine Months Ended**

**November 30, 2008 and 2007**

**(Expressed in Canadian Funds)**

Prepared by Management Without Audit

## **UNAUDITED INTERIM FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited interim financial statements for the period ended November 30, 2008.

# Stikine Gold Corporation

## Balance Sheets

Canadian Funds

	As at November 30, 2008  (unaudited)	As at February 29, 2008
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 194,616	\$ 32,656
Receivables	14,844	23,990
Prepaid expenses	7,725	11,705
	<u>217,185</u>	68,351
<b>Resource Property Costs - Schedule (Note 3)</b>	<b>1,524,015</b>	1,171,778
<b>Reclamation Bonds (Note 7)</b>	<b>10,000</b>	6,000
<b>Equipment (Note 4)</b>	<b>3,561</b>	2,600
	<u>\$ 1,754,761</u>	<u>\$ 1,248,729</u>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 97,929	\$ 46,968
Asset retirement obligations (Note 6)	-	6,000
Due to related parties (Note 8e)	42,679	6,506
	<u>140,608</u>	59,474
<b>SHAREHOLDERS' EQUITY</b>		
<b>Share Capital (Note 5a)</b>	<b>7,430,137</b>	6,927,436
<b>Contributed Surplus (Note 5d)</b>	<b>971,825</b>	839,262
<b>Deficit</b>	<b>(6,787,809)</b>	(6,577,443)
	<u>1,614,153</u>	1,189,255
	<u>\$ 1,754,761</u>	<u>\$ 1,248,729</u>

Nature of Operations and Going Concern (Note 1)  
Financial Instruments (Note 9)

ON BEHALF OF THE BOARD:

"Scott Broughton", Scott E. Broughton, Director

"David Skerlec", David J. Skerlec, Director

- See Accompanying Notes -

**Stikine Gold Corporation**  
**Statements of Loss, Comprehensive Loss and Deficit**

Canadian Funds  
Unaudited

	For the Three Months Ended		For the Nine Months Ended	
	November 30, 2008	November 30, 2007	November 30, 2008	November 30, 2007
<b>Expenses</b>				
Audit, accounting and legal fees	\$ 10,892	\$ 1,516	\$ 57,034	\$ 38,619
Consulting fees and wages	6,650	2,450	14,314	23,250
Rent, Office and sundry	8,841	5,897	22,247	23,355
Advertising, promotion and shareholder relations	7,901	3,603	16,002	20,190
Listing and filing fees	2,055	3,572	9,090	20,079
Stock-based compensation	-	2,739	85,650	9,708
Travel	594	-	594	1,864
Amortization	217	360	652	1,081
Bank charges and interest	144	59	328	376
<b>Loss before under-noted</b>	<b>37,294</b>	<b>20,196</b>	<b>205,911</b>	<b>138,522</b>
Resource costs written-off	5,222	15,411	5,222	290,741
Interest Income	(360)	(733)	(767)	(14,088)
<b>Loss and Comprehensive Loss for the Period</b>	<b>42,156</b>	<b>34,874</b>	<b>210,366</b>	<b>415,175</b>
Deficit, beginning of period	6,745,653	6,504,736	6,577,443	6,124,435
<b>Deficit, End of Period</b>	<b>\$ 6,787,809</b>	<b>\$ 6,539,610</b>	<b>\$ 6,787,809</b>	<b>\$ 6,539,610</b>
<b>Loss per Share - Basic and Diluted</b>				
	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01
<b>Weighted Average Number of Common Shares Outstanding</b>				
	40,475,335	37,364,346	38,725,399	35,417,005

- See Accompanying Notes -

# Stikine Gold Corporation

## Statements of Cash Flows

Canadian Funds  
Unaudited

	For the Three Months Ended		For the Nine Months Ended	
	November 30, 2008	November 30, 2007	November 30, 2008	November 30, 2007
<b>Operating Activities</b>				
Loss for the period	\$ (42,156)	\$ (34,874)	\$ (210,366)	\$ (415,175)
Items not affected by cash:				
Resource costs written-off	5,222	15,411	5,222	290,741
Stock-based compensation	-	2,739	85,650	9,708
Amortization	217	360	652	1,081
Changes in non-cash working capital:				
Prepaid expenses	1,160	37,856	3,980	10,363
Receivables	(8,215)	(3,156)	9,146	24,352
Accounts payable, related parties and accrued liabilities	(51,482)	1,578	(5,153)	(259,356)
	<u>(95,254)</u>	<u>19,914</u>	<u>(110,869)</u>	<u>(338,286)</u>
<b>Investing Activities</b>				
Reclamation Bond	(4,000)	-	(4,000)	-
BC METC receivable	-	-	-	186,853
Resource property costs	(214,515)	(71,321)	(225,614)	(665,224)
Equipment	(1,613)	-	(1,613)	-
	<u>(220,128)</u>	<u>(71,321)</u>	<u>(231,227)</u>	<u>(478,371)</u>
<b>Financing Activities</b>				
Equities Issued for cash	500,000	300,000	510,000	412,500
Shares to be issued	-	(167,500)	-	-
Equity issuance costs	(5,944)	(2,472)	(5,944)	(2,472)
	<u>494,056</u>	<u>130,028</u>	<u>504,056</u>	<u>410,028</u>
<b>Net Increase in Cash and cash equivalents</b>	<b>178,674</b>	<b>(134,081)</b>	<b>161,960</b>	<b>(406,629)</b>
<b>Cash and cash equivalents - Beginning of Period</b>	<b>15,942</b>	<b>153,277</b>	<b>32,656</b>	<b>504,446</b>
<b>Cash and cash equivalents - End of Period</b>	<b>\$ 194,616</b>	<b>\$ 97,817</b>	<b>\$ 194,616</b>	<b>\$ 97,817</b>
<b>Supplemental Schedule of non-cash Transactions</b>				
Stock-based compensation recorded as investing activities	\$ -	\$ -	\$ 45,558	\$ -
Shares issued for property	\$ -	\$ -	\$ -	\$ 441,000

- See Accompanying Notes -

# Stikine Gold Corporation

(An Exploration Stage Company)

## Schedule of Resource Property Costs

Unaudited

Canadian Funds

	For the Three Months Ended		For the Nine Months Ended	
	November 30, 2008	November 30, 2007	November 30, 2008	November 30, 2007
<b>Grant Gold Project, B.C., Canada</b>				
<b>Acquisition Costs</b>				
Staking, land and claim costs	\$ 61,646	\$ -	\$ 61,646	\$ -
Acquisition costs - cash	20,000	-	20,000	-
<b>Deferred Exploration Costs</b>				
Prospecting, labour, camp costs and meals	77,304	-	77,304	-
Equipment	53,503	-	53,503	-
Consulting	9,602	-	9,602	-
Travel and accomodation	7,872	-	7,872	-
Geological	4,002	-	4,002	-
Maps and reports	2,307	-	2,307	-
Environmental studies	1,800	-	1,800	-
	<b>238,036</b>	<b>-</b>	<b>238,036</b>	<b>-</b>
<b>Huskie Uranium Project, SK, Canada</b>				
<b>Acquisition Costs</b>				
Staking, land and claim costs	\$ -	\$ -	\$ 56,633	\$ -
<b>Deferred Exploration Costs</b>				
Stock based compensation	-	-	22,779	-
Insurance	2,125	-	6,355	-
Labour	-	-	329	-
Geophysical	-	53,485	-	350,404
	<b>2,125</b>	<b>53,485</b>	<b>86,096</b>	<b>350,404</b>
<b>Catalan Copper Project, B.C., Canada</b>				
<b>Acquisition Costs</b>				
Acquisition costs - cash	\$ -	\$ -	\$ -	\$ 10,000
Staking, land and claim costs	-	2,425	3,718	11,417
<b>Deferred Exploration Costs</b>				
Stock based compensation	-	-	22,779	-
Geological, Project Management	-	-	1,000	1,750
Assaying	-	-	608	912
	<b>-</b>	<b>2,425</b>	<b>28,105</b>	<b>24,079</b>
<b>Total Costs for the Period</b>	<b>240,161</b>	<b>55,910</b>	<b>352,237</b>	<b>374,483</b>
Balance - Beginning of Period	1,283,854	1,084,744	1,171,778	766,171
<b>Balance - End of Period</b>	<b>\$ 1,524,015</b>	<b>\$ 1,140,654</b>	<b>\$ 1,524,015</b>	<b>\$ 1,140,654</b>

- See Accompanying Notes -

# Stikine Gold Corporation

## Notes to Financial Statements

November 30, 2008 and 2007

Canadian Funds  
Unaudited

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### 1. Nature of Operations and Going Concern

Stikine Gold Corporation (the "Company") was incorporated July 10, 2000 as Withit Capital Corp., changed its name to Stikine Gold Corporation June 18, 2002 and commenced operations in the 2003 fiscal year. The Company engages principally in the acquisition, exploration and development of resource properties in Canada.

These financial statements have been prepared using Canadian generally accepted accounting principles applicable to a going concern which assume that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. For the nine months ended November 30, 2008, the Company reported a loss of \$210,366 and an accumulated deficit of \$6,787,809 at that date. Cash and cash equivalents at November 30, 2008 amounted to \$194,616. These circumstances lend substantial doubt as to the ability of the Company to continue as a going concern.

The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to ultimately achieve profitable operations in the future. Management continues to seek equity financing for the Company and although management has been successful in the past; there is no assurance that these initiatives will be successful in the future.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

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### 2. Significant Accounting Policies

#### a) Basis of Presentation

These interim unaudited financial statements have been prepared in accordance with accounting principles generally accepted in Canada and follow the same accounting policies and methods consistent with those used in the preparation of the most recent annual audited financial statements except as noted. The interim consolidated financial statements do not include all information and note disclosures required by Canadian GAAP for annual financial statements, and therefore should be read in conjunction with the Company's audited financial statements for the year ended February 29, 2008.

#### b) Changes in accounting policies

Effective March 1, 2008, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA").

i) Section 1535, *Capital Disclosures*, establishes standards for disclosing information about an entity's capital and how it is managed. The purpose will be to enable users of the financial statements to evaluate the entity's objectives, policies and processes for managing capital.

# Stikine Gold Corporation

## Notes to Financial Statements

November 30, 2008 and 2007

Canadian Funds  
Unaudited

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### 2. Significant Accounting Policies - *Continued*

ii) Sections 3862 and 3863 – *Financial Instruments-Disclosures* and *Financial Instruments-Presentation*, requires entities to provide disclosure of quantitative and qualitative information in their financial statements that enable users to evaluate the significance of financial instruments for the entity's financial position and performance, and the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and management's objectives, policies and procedures for managing such risks.

iii) Section 1400, *General Standards of Financial Statement Presentation - Going Concern* requires management to assess an entity's ability to continue as a going concern. When management is aware of material uncertainties related to events or conditions that may cast doubt on an entity's ability to continue as a going concern, those uncertainties must be disclosed. In assessing the appropriateness of the going concern assumption, the standard requires management to consider all available information about the future, which is at least, but not limited to, twelve months from the balance sheet date.

iv) Section 3031, *Inventories*, prescribes the accounting treatment for inventories and provides guidance on the determination of costs and their subsequent recognition as an expense, including any write-down to net realizable value. It also provides guidance on the cost formulas that are used to assign costs to inventories.

The adoption of these new accounting standards did not impact the amounts reported in the Company's financial statements, however, it did result in expanded disclosure.

#### c) Accounting Developments

The CICA has issued various new standards which may affect the financial disclosures and results of operations of the Company for future interim and annual periods.

For interim and annual financial periods beginning on or after October 1, 2008, the following standard will be adopted by the Company. The Company is currently assessing the impact that this new standard will have on the disclosures in the consolidated financial statements.

i) Section 3064 – *Goodwill and Intangible Assets* replaces sections 3062 and 3450 and establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. The new standard also provides guidance for the treatment of pre-production and start-up costs and requires that these costs be expensed as incurred.

#### 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's strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February of 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.

# Stikine Gold Corporation

## Notes to Financial Statements

November 30, 2008 and 2007

Canadian Funds  
Unaudited

### 3. Resource Property Costs

Details are as follows:

	Acquisition	Deferred Exploration	Total November 30 2008
British Columbia, Canada			
Grant Gold Project(a)	\$ 81,646	\$ 156,390	\$ 238,036
Catalan Copper Project(b)	85,141	233,285	318,426
Saskatchewan, Canada			
Huskie Uranium Project(c)	537,809	429,744	967,553
	\$ 704,596	\$ 819,419	\$ 1,524,015

	Acquisition	Deferred Exploration	Total February 29 2008
British Columbia, Canada			
Catalan Copper Project(b)	\$ 81,423	\$ 208,898	\$ 290,321
Saskatchewan, Canada			
Huskie Uranium Project(c)	481,176	400,281	881,457
	\$ 562,599	\$ 609,179	\$ 1,171,778

- a) In September of 2008, the Company was granted an option to acquire a 100% interest in a placer property located at the southern end of Stuart Lake, British Columbia. The property consists of one placer lease covering 616 hectares and is located approximately eight kilometres southwest of Fort St. James, B.C. The Company paid \$20,000 to secure a 90-day evaluation period. After the evaluation period which, has been extended until February 28, 2009, and subject to regulatory approval, the Company may enter into a formal option agreement, pursuant to which it could earn a 100% interest in the property by paying an additional \$80,000 in cash and issuing 400,000 shares to the property vendor over a four-year option period. An additional 200,000 shares would be issued upon commercial production.
- b) During the year ended February 29, 2008, the Company completed the acquisition of a 100% interest in the Catalan Copper Property for \$60,000 in cash payments of which \$50,000 was paid in 2007. The Catalan mineral claims lie adjacent to the Gibraltar Copper Molybdenum Mine near Williams Lake, in south-central British Columbia. The property is subject to a 1% net smelter return held by the vendor upon commencement of commercial production.
- c) During the year ended February 28, 2007, the Company completed the purchase of a 100% interest in the Huskie Uranium Property, in Northern Saskatchewan. In order to acquire the 100% interest, the Company issued 1,225,000 common shares with a fair value of \$441,000 to the vendor. The property is subject to a 2.5 percent net smelter return held by the vendor upon commencement of commercial production that is reducible to 1 percent at the option of the Company upon payment of \$3-million.

**Stikine Gold Corporation**  
**Notes to Financial Statements**

November 30, 2008 and 2007

Canadian Funds  
 Unaudited

**4. Equipment**

Details are as follows:

			<b>November 30, 2008</b>
	Cost	Accumulated Amortization	<b>Net Book Value</b>
Computer/Office equipment	\$ 18,949	\$ 15,388	<b>\$ 3,561</b>

  

			<b>February 29, 2008</b>
	Cost	Accumulated Amortization	<b>Net Book Value</b>
Computer/Office equipment	\$ 17,336	\$ 14,736	<b>\$ 2,600</b>

**5. Share Capital**

a) Details are as follows:

	Number	Amount
Authorized:		
Unlimited common shares without par value		
<b>Balance as at February 28, 2007</b>	<b>33,667,917</b>	<b>\$ 6,405,913</b>
Issued and fully paid		
Private Placement – prorated value of common shares issued	3,000,000	270,206
Exercise of stock options at \$0.10	1,125,000	112,500
Fair value of options exercised	-	141,045
Share Issuance costs	-	(2,228)
<b>Balance as at February 29, 2008</b>	<b>37,792,917</b>	<b>6,927,436</b>
Issued and fully paid		
Private Placement – prorated value of common shares issued	5,000,000	469,474
Exercise of stock options at \$0.10	100,000	10,000
Fair value of options exercised	-	28,809
Share Issuance costs	-	(5,582)
<b>Balance as at November 30, 2008</b>	<b>42,892,917</b>	<b>\$ 7,430,137</b>

During the nine months ended November 30, 2008, 100,000 stock options set to expire on February 2, 2009 were exercised for proceeds of \$10,000.

Also during the nine months ended November 30, 2008, the Company completed a non-brokered private placement for proceeds of \$500,000. Five million units were issued at a price of \$0.10 per unit, each consisting of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire an additional common share until October 14, 2009 at price of \$0.15. Directors of the Company purchased a total of 1,675,000 units.

# Stikine Gold Corporation

## Notes to Financial Statements

November 30, 2008 and 2007

Canadian Funds  
Unaudited

### 5. Share Capital - Continued

The prorated fair value of the warrants issued was calculated to be \$30,526 on the grant date and is accounted for as a reduction to proceeds from the common shares with the offsetting entry to contributed surplus. The total fair value of warrants was estimated using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

Number of warrants	5,000,000
Average risk-free interest rate	2.43%
Expected dividend yield	Nil
Expected stock price volatility	56.47%
Average expected life	0.89 years

During the year ended February 29, 2008, the Company completed a non-brokered private placement for proceeds of \$300,000. Three million units were issued at a price of \$0.10 per unit, each consisting of one common share and one half of one share purchase warrant. Each full warrant entitles the holder to acquire an additional common share until September 13, 2008 at price of \$0.20. Directors of the Company purchased a total of 2,025,000 units.

The prorated fair value of the warrants issued was calculated to be \$29,794 on the grant date and is accounted for as a reduction to proceeds from the common shares with the offsetting entry to contributed surplus. The total fair value of warrants was estimated using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

Number of warrants	1,500,000
Average risk-free interest rate	4.28%
Expected dividend yield	Nil
Expected stock price volatility	85.3%
Average expected life	1 year

#### b) Stock Options

The company has established a share purchase option plan whereby the board of directors may, from time to time, grant options to directors, officers, employees or consultants. The maximum number of shares issuable under the stock option plan shall not exceed 10% of the issued and outstanding shares. Options granted must be exercised no later than five years from date of grant or such lesser period as determined by the board of directors. The exercise price of an option is not less than the closing price on the Exchange on the last trading day preceding the grant date. Options vest on the grant date unless determined otherwise by the board of directors.

At November 30, 2008 there were 3,090,000 options outstanding at a weighted average exercise price of \$0.22. A summary of the changes during the period is as follows:

# Stikine Gold Corporation

## Notes to Financial Statements

November 30, 2008 and 2007

Canadian Funds  
Unaudited

### 5. Share Capital - Continued

Number at February 29, 2008	Granted	Exercised	Cancelled	Number at November 30, 2008	Exercise Price Per Share	Expiry
630,000	-	-	(140,000)	<b>490,000</b>	\$0.55	Mar. 4, 2010
100,000	-	-	(100,000)	-	\$0.10	July 31, 2008
450,000	-	(100,000)	(350,000)	-	\$0.10	Feb 2, 2009
200,000	-	-	(200,000)	-	\$0.20	Mar 13, 2011
100,000	-	-	-	<b>100,000</b>	\$0.30	June 1, 2011
750,000	-	-	(50,000)	<b>700,000</b>	\$0.30	Feb. 20, 2012
-	1,800,000	-	-	<b>1,800,000</b>	\$0.10	June 18, 2013
2,230,000	1,800,000	(100,000)	(840,000)	<b>3,090,000</b>	\$0.22	

During the first quarter ended May 31, 2008, 100,000 stock options were exercised for proceeds of \$10,000.

During the second quarter, the Company granted 1,800,000 incentive stock options exercisable at a price of \$0.10 per share for a period of five years. The total fair value of the options granted was calculated to be \$131,208 on the grant date, \$85,649 of which amount was expensed and \$45,558 capitalized to resource property costs. The offsetting entries are to contributed surplus. The fair value of stock options used to calculate the compensation expense was estimated using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

Average risk-free interest rate	3.54%
Expected dividend yield	Nil
Expected stock price volatility	104%
Average expected option life	4.1 years

Also during the second quarter, a total of 840,000 outstanding stock options were cancelled upon termination of various consulting agreements.

As at February 29, 2008 there were 2,230,000 options outstanding at a weighted average exercise price of \$0.31. A summary of the changes during the year is as follows:

Number at February 28, 2007	Granted	Exercised	Number at February 29, 2008	Exercise Price Per Share	Expiry
630,000	-	-	<b>630,000</b>	\$0.55	Mar. 4, 2010
835,000	-	(735,000)	<b>100,000</b>	\$0.10	July 31, 2008
840,000	-	(390,000)	<b>450,000</b>	\$0.10	Feb 2, 2009
200,000	-	-	<b>200,000</b>	\$0.20	Mar 13, 2011
100,000	-	-	<b>100,000</b>	\$0.30	June 1, 2011
750,000	-	-	<b>750,000</b>	\$0.30	Feb. 20, 2012
3,355,000	-	(1,125,000)	<b>2,230,000</b>	\$0.31	

During the year ended February 29, 2008, directors of the Company exercised a total of 1,125,000 options at an exercise price of \$0.10 per share for cash proceeds of \$112,500.

# Stikine Gold Corporation

## Notes to Financial Statements

November 30, 2008 and 2007

Canadian Funds  
Unaudited

### 5. Share Capital - Continued

#### c) Warrants

A summary of the Company's warrants outstanding at November 30, 2008 is as follows:

Number Outstanding February 29, 2008	Issued	Expired	Exercised	Number Outstanding November 30, 2008	Exercise Price	Expiry Date
-	5,000,000	-	-	<b>5,000,000</b>	\$0.15	October 14, 2009
1,500,000	-	(1,500,000)	-	-	\$0.20	September 13, 2008
1,500,000	5,000,000	(1,500,000)	-	<b>5,000,000</b>	\$0.15	

A summary of the Company's warrants and agent's warrants outstanding at February 29, 2008 and the changes for the fiscal year are as follows:

Number Outstanding February 28, 2007	Issued	Expired	Exercised	Number Outstanding February 29, 2008	Exercise Price	Expiry Date
478,000	-	(478,000)	-	-	\$0.55	Apr. 20, 2007
1,750,000	-	(1,750,000)	-	-	\$0.45	Aug. 22, 2007
1,000,000	-	(1,000,000)	-	-	\$0.45	Dec. 29, 2007
90,466	-	(90,466)	-	-	\$0.45	Aug. 22, 2007
112,694	-	(112,694)	-	-	\$0.45	Dec. 29, 2007
-	1,500,000	-	-	<b>1,500,000</b>	\$0.20	Sept. 13, 2008
3,431,160	1,500,000	(3,431,160)	-	<b>1,500,000</b>	\$0.20	

#### d) Contributed Surplus

Details are as follows:

	November 30, 2008	February 29, 2008
Balance – Beginning of Period	\$ 839,262	\$ 938,563
Fair value of warrants issued	30,526	29,794
Fair value of agent's warrants issued	-	-
Fair value of warrants amended	-	-
Issuance costs attributed to warrants	(362)	(246)
Fair value of options exercised	(28,809)	(141,045)
Fair value of stock-based compensation	131,208	12,196
Balance – End of Period	\$ 971,825	\$ 839,262

# Stikine Gold Corporation

## Notes to Financial Statements

November 30, 2008 and 2007

Canadian Funds  
Unaudited

### 6. Asset Retirement Obligations

For each property, management has estimated the costs of reclaiming any disturbances to its projects at November 30, 2008. Details of management's estimates of reclamation and mine closure costs are as follows:

	November 30, 2008	February 29, 2008
Balance – Beginning of Period	\$ 6,000	\$ -
Reclamation costs incurred	(6,000)	
Estimated drill site and road closure costs	-	6,000
Balance – End of Period	\$ -	\$ 6,000

Asset retirement obligations relating to the abandoned Sullivan Deeps project have been estimated by management and reflect the present value of expected reclamation costs. The total inflated, undiscounted value of reclamation work was estimated to be \$6,000 which amount was exceeded. The amount incurred over \$6,000 was expensed in the current period as reclamation costs.

It is possible the Company's estimate of its asset retirement obligations could materially change due to possible changes in laws and regulations or changes in cost estimates.

### 7. Reclamation Bonds

At November 30, 2008, reclamation bonds totalling \$10,000 (2007-\$6,000) were held with the British Columbia Ministry of Energy, Mines and Petroleum Resources as summarized below:

	November 30, 2008	February 29, 2008
Catalan Copper Project	\$ 3,500	\$ 3,500
Grant Gold Project	4,000	-
Sullivan Deeps Project	2,500	2,500
Total	\$ 10,000	\$ 6,000

### 8. Related Party Transactions

Except as noted elsewhere in these financial statements, related party transactions are measured and recorded at fair market value as follows:

- a) During the nine months ended November 30, 2008, consulting fees of \$2,800 (2007 - \$3,600) were paid or accrued to the Company's President and Chief Executive Officer. Services provided include general corporate, exploration and acquisition strategy, planning and management work, contract negotiations, and investment presentations
- b) During the nine months ended November 30, 2008, consulting fees of \$12,950 (2007 - \$18,900) were paid or accrued to the Company's Secretary and Chief Financial Officer. Services provided include corporate finance initiatives, fund raising, contract negotiations, accounting, office and general management.
- c) During the nine months ended November 30, 2008, contract fees of \$7,000 (2007 - \$3,850) were paid or accrued to a company controlled by a director. These amounts were included in resource costs.

# Stikine Gold Corporation

## Notes to Financial Statements

November 30, 2008 and 2007

Canadian Funds  
Unaudited

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### 8. Related Party Transactions - *Continued*

- d) During the nine months ended November 30, 2008, rent costs of \$22,247 (2007 - \$15,629) were paid or accrued to a company with directors of the Company in common.
- e) At November 30, 2008 current liabilities include \$42,679 (2007 - \$19,158) payable to related parties. These amounts were incurred in the ordinary course of business, are non-interest bearing, and without specific repayment terms.

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### 9. Financial Instruments

#### a) Fair Values

The Company has designated its financial instruments as follows:

- Cash and cash equivalents and reclamation bond amounts are classified as “*Available-for-Sale*” and recorded at fair value with temporary changes in fair value recorded in other comprehensive income;
- Receivables are classified as “*Loans and Receivables*”. These financial assets are recorded at values that approximate their amortized cost using the effective interest method; and
- Accounts payable, accrued liabilities, and due to related parties are classified as “*Other Financial Liabilities*”. These financial liabilities are recorded at amortized cost using the effective interest method.

The carrying amounts of financial instruments approximate fair value as of November 30, 2008 as shown below:

	<b>Carrying and Fair Values</b>
<b>Financial Assets</b>	
Cash and cash equivalents	\$ 194,616
Accounts receivable	\$ 14,837
Reclamation bonds	\$ 10,000
<b>Financial Liabilities</b>	
Accounts payable and accrued liabilities	\$ 101,409
Due to related parties	\$ 39,179

#### b) Capital Risk Management

The Company's primary objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders, and to have sufficient funds on hand for business opportunities as they arise. The Company considers the components of shareholders' equity, as well as its cash and equivalents as capital. 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. In order to maintain or adjust the capital structure, the Company may issue equity, sell assets, or return capital to shareholders as well as issue or repay debt. The Company is not subject to externally-imposed capital requirements. The Company invests its cash in highly liquid short-term interest-bearing investments, having maturity dates of three months or less from the date of acquisition, that are readily convertible to known amounts of cash.

# Stikine Gold Corporation

## Notes to Financial Statements

November 30, 2008 and 2007

Canadian Funds  
Unaudited

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### 9. Financial Instruments – *Continued*

There were no changes to the Company's approach to capital management during the three and nine months ended November 30, 2008. As at November 30, 2008, the Company had no foreign currency hedges or commodity hedges in place, and consequently, hedge accounting is not used.

#### c) Financial Risk Management

The Company is exposed to potential loss from various risks including credit risk, interest rate risk, currency risk, liquidity risk, market risk and commodity price risk.

##### *i) Credit Risk*

The Company is not exposed to significant credit risk at November 30, 2008. The Company's maximum exposure to credit risk is the carrying value of its accounts receivables.

##### *ii) Foreign Exchange Risk*

The Company's operations are almost exclusively conducted in Canada and the operating results and the financial position of the Company are reported in Canadian dollars. The Company is not therefore subject to significant foreign exchange risk at November 30, 2008.

##### *iii) Interest Rate Risk*

The Company is exposed to interest rate risk on its cash and cash equivalents. Generally, the Company's interest income will be reduced during sustained periods of lower interest rates as higher yielding cash equivalents and short-term investments mature and the proceeds are invested at lower interest rates. A 1% change in interest rates would have an insignificant impact on the Company's financial statements or operating results.

##### *iv) Liquidity Risk*

The Company is exposed to liquidity risk. The Company manages liquidity risk by maintaining sufficient cash and short-term investment balances for settlement of its obligations. Liquidity requirements are managed based on expected cash flow to ensure there is sufficient capital in order to meet short-term obligations. For the nine months ended November 30, 2008, the Company reported a loss of \$210,366 and an accumulated deficit of \$6,787,809 at that date. Cash and cash equivalents at November 30, 2008 amounted to \$194,616. At November 30, 2008, the liquidity risk of the Company was considered very high due to limited funds and general uncertainty in the world economy (*see Note 1*).

##### *v) Pledged Financial Assets*

The Corporation has financial assets that are pledged for reclamation obligations. Reclamation deposits are maintained to satisfy the Corporation's obligation for future reclamation expenditures at its various exploration properties.

##### *vi) Market and Commodity Price Risk*

The Company is exposed to market risk and commodity price risk. Declines in the market price of commodities can affect the Company's ability to raise capital to fund its ongoing exploration and development activities.

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# Stikine Gold Corporation

## Notes to Financial Statements

November 30, 2008 and 2007

*Canadian Funds*  
**Unaudited**

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### 10. Segmented Information

The Company's principal activity is the exploration and development of mineral properties. All of these properties are located in Canada.

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### 11. Subsequent Events

Subsequent to the third quarter ended November 30, 2008, the Company received assay results from a sampling program conducted at the Grant Gold Project. Based on these results, the Company decided that it would not proceed with the option agreement signed in September. To November 30, 2008, the Company had recorded acquisition costs totalling \$81,646 and deferred exploration costs of \$156,390. The Company expects to write-off all costs associated with the project in the fourth quarter ended February 28, 2009.

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