

Gold Summit Corporation

(A Development Stage Company)
(Continued under the laws of Canada)

Consolidated Financial Statements

April 30, 2009 and 2008
(Expressed in Canadian Dollars)

Auditors' Report

To the Shareholders of
Gold Summit Corporation

We have audited the consolidated balance sheets of Gold Summit Corporation (A Development Stage Company) as at April 30, 2009 and 2008 and the consolidated statements of loss and comprehensive loss, equity and cash flows for each of the years then ended and for the period from July 19, 2003 to April 30, 2009. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2009 and 2008 and the results of its operations and its cash flows for each of the years then ended and for the period from July 19, 2003 to April 30, 2009 in accordance with Canadian generally accepted accounting principles.

"McCarney Greenwood LLP"

Toronto, Canada
August 5, 2009

McCarney Greenwood LLP
Chartered Accountants
Licensed Public Accountants

	April 30, 2009	April 30, 2008
Assets		
Current assets		
Cash and cash equivalents (Note 4)	\$ 30,738	\$ 415,555
Sundry receivables and prepaid	<u>47,407</u>	<u>135,979</u>
	78,145	551,534
Equipment (Note 5)	14,711	19,089
Mining interests (Note 6)	<u>4,885,574</u>	<u>4,890,754</u>
	<u>\$ 4,978,430</u>	<u>\$ 5,461,377</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	<u>\$ 133,228</u>	<u>\$ 397,376</u>
	133,228	397,376
Shareholders' Equity		
Share capital (Note 7(a))	9,926,795	9,917,745
Warrants (Note 7(c))	700,432	1,014,342
Contributed surplus (Note 7(b))	4,400,714	4,001,394
Deficit	<u>(10,182,739)</u>	<u>(9,869,480)</u>
	<u>4,845,202</u>	<u>5,064,001</u>
	<u>\$ 4,978,430</u>	<u>\$ 5,461,377</u>

Approved by the Board "Anthony P. Taylor" Director "John B. Gammon" Director

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

	Year ended April 30,		Cumulative since commencement of development stage on July 19, 2003
	2009	2008	
Revenues			
Management fees income	\$ 83,209	\$ -	\$ 83,209
Interest income	<u>1,237</u>	<u>6,517</u>	<u>80,630</u>
	<u>84,446</u>	<u>6,517</u>	<u>163,839</u>
Administrative expenses			
Salaries and benefits	128,451	216,668	1,474,237
Investor relations	53,003	245,835	982,505
Office and miscellaneous	105,628	135,442	789,907
Management fees and consulting	-	38,890	534,448
Professional fees	71,598	50,790	286,658
Accounting and corporate services	24,897	34,518	165,681
Listing and filing fees	19,266	20,814	126,923
Travel	22,065	17,814	292,751
Transfer agent fees	21,388	17,667	130,974
Amortization of equipment	<u>4,378</u>	<u>5,678</u>	<u>43,383</u>
	<u>450,674</u>	<u>784,116</u>	<u>4,827,467</u>
Loss for the period before other items	(366,228)	(777,599)	(4,663,628)
Other expenses and (recoveries)			
Write-down of mining interests	585,191	243,715	3,241,280
Stock-based compensation (Note 7(b))	85,410	208,186	2,060,592
Foreign exchange (gain) loss	(25,852)	31,067	24,389
Gain on disposal of mining interest	(741,750)	-	(741,750)
Loss on disposal of investments	75,000	-	75,000
Other income	-	-	(10,157)
General exploration expense recovery	(30,968)	-	(30,968)
Forgiveness of debt	<u>-</u>	<u>-</u>	<u>(8,417)</u>
Net loss before income tax recovery	(313,259)	(1,260,567)	(9,273,597)
Future income tax recovery	<u>-</u>	<u>87,000</u>	<u>87,000</u>
Net loss and comprehensive loss for the period	<u>\$ (313,259)</u>	<u>\$ (1,173,567)</u>	<u>\$ (9,186,597)</u>
Basic and diluted loss per share			
(Note 7(d))	<u>\$ (0.06)</u>	<u>\$ (0.24)</u>	

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

Gold Summit Corporation
(A Development Stage Company)
Consolidated Statement of Shareholders' Equity

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	Year Ended April 30, 2009	Year Ended April 30, 2008	Cumulative since commencement of development stage on July 19, 2003
Share Capital			
Balance, beginning of period	\$ 9,917,745	\$ 9,008,555	\$ 355,081
Private placements	-	1,757,366	8,802,099
Share issue costs	-	(140,544)	(928,116)
Valuation of warrants issued	-	(700,432)	(4,105,234)
Issued on exercise of warrants	-	-	3,235,495
Valuation of warrants exercised	-	-	876,336
Valuation of warrants expired	-	-	1,239,442
Issued on exercise of stock options	-	-	19,975
Valuation of stock options exercised	-	-	8,125
Shares issued for settlement of property option payment	800	79,800	486,342
Shares issued in lieu of royalty payments	-	-	16,000
Shares issued for finder's fee	8,250	-	8,250
Flow-through tax effect	-	(87,000)	(87,000)
Balance, end of period	\$ 9,926,795	\$ 9,917,745	\$ 9,926,795
Warrants			
Balance, beginning of period	\$ 1,014,342	\$ 1,454,264	\$ 405,778
Valuation of warrants issued	-	700,432	3,876,522
Valuation of warrants exercised	-	-	(876,336)
Valuation of warrants expired	(313,910)	(1,140,354)	(2,705,532)
Balance, end of period	\$ 700,432	\$ 1,014,342	\$ 700,432
Contributed Surplus			
Balance, beginning of period	\$ 4,001,394	\$ 2,652,854	\$ 789,652
Valuation of stock options granted	85,410	208,186	2,153,097
Valuation of stock options exercised	-	-	(8,125)
Valuation of warrants expired	313,910	1,140,354	1,466,090
Balance, end of period	\$ 4,400,714	\$ 4,001,394	\$ 4,400,714
Deficit			
Balance, beginning of period	\$(9,869,480)	\$(8,695,913)	\$ (784,172)
Dividends in kind	-	-	(19,548)
Deferred acquisition costs written off	-	-	(192,423)
Net loss for the period	(313,259)	(1,173,567)	(9,186,596)
Balance, end of period	\$ (10,182,739)	\$ (9,869,480)	\$ (10,182,739)
Total Shareholders' Equity, End of Period	\$ 4,845,202	\$ 5,064,001	\$ 4,845,202

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

	Year ended April 30,		Cumulative since commencement of development stage on July 19, 2003
	2009	2008	
Cash flows - operating activities			
Net loss for the period	\$ (313,259)	\$ (1,173,567)	\$ (9,186,597)
Adjustments for:			
Future income tax recovery	-	(87,000)	(87,000)
Write-down of mining interests	585,191	243,715	3,241,280
Amortization of equipment	4,378	5,678	43,383
Stock-based compensation	85,410	208,186	2,060,592
Foreign exchange (gain) loss	(25,852)	31,067	24,389
Dividends in kind	-	-	(19,547)
Deferred acquisition costs written off	-	-	(192,423)
Loss on disposal of investments	75,000	-	75,000
Gain on disposal of assets	(741,750)	-	(741,750)
Changes in non-cash working capital:			
Sundry receivables	88,572	(68,394)	(49,698)
Deferred charges and other assets	-	-	4,185
Accounts payable and accrued liabilities	(264,148)	295,566	132,511
Effect on working capital as a result of acquisition of subsidiary	-	-	242,968
Cash used in operating activities	<u>(506,458)</u>	<u>(544,749)</u>	<u>(4,452,707)</u>
Cash flows - financing activities			
Shares and warrants issued for cash (net of issue costs)	-	1,616,822	8,184,912
Exercise of warrants	-	-	3,160,207
Exercise of stock options	-	-	19,975
Cash flows provided by financing activities	<u>-</u>	<u>1,616,822</u>	<u>11,365,094</u>
Cash flows - investing activities			
Proceeds from disposal of investments	375,000	-	375,000
Purchase of equipment	-	(4,410)	(55,753)
Proceeds from disposal of mining interest	300,000	-	300,000
Cash acquired on acquisition of subsidiary	-	-	77
Effect on equipment as a result of acquisition of subsidiary	-	-	4,805
Mining interest expenditures	(579,211)	(729,466)	(7,493,550)
Effect on mining interests as a result of acquisition of subsidiary	-	-	3
Cash flows provided by (used in) investing activities	<u>95,789</u>	<u>(733,876)</u>	<u>(6,869,418)</u>
Net change during the period	(410,669)	338,197	42,969
Cash and cash equivalents, beginning of period	415,555	108,425	12,158
Effect of exchange rate changes on cash held in foreign currencies	25,852	(31,067)	(24,389)
Cash and cash equivalents, end of period	<u>\$ 30,738</u>	<u>\$ 415,555</u>	<u>\$ 30,738</u>

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

	Year ended April 30,		Cumulative since commencement of development stage on
	2009	2008	July 19, 2003

SUPPLEMENTAL SCHEDULE OF NON-CASH TRANSACTIONS

Share issuance for settlement of property option payment	\$ 800	\$ 79,800	\$ 486,342
Shares issued in lieu of royalty payment	\$ -	\$ -	\$ 16,000
Shares issued for finder's fees	\$ 8,250	\$ -	\$ 8,250
Shares received as part of the proceeds on disposal of mining interest	\$ 450,000	\$ -	\$ 450,000

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

Gold Summit Corporation

(A Development Stage Company)

Notes to Consolidated Financial Statements

April 30, 2009 and 2008

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1. Nature of operations and going concern

Gold Summit Corporation (the "Company") is a development stage company (as defined by the Canadian Institute of Chartered Accountants ("CICA") Accounting Guideline 11, "Enterprises in the Development Stage") in the business of mineral exploration. It has not yet been determined whether its mining interests contain ore reserves that are economically recoverable.

The Company's wholly-owned US subsidiary, Gold Summit Corporation, U.S.A. ("Gold USA") is based in the United States and was incorporated in the State of Nevada. It has a number of gold prospect properties located in the United States.

These consolidated financial statements have been prepared using Canadian generally accepted accounting principles ("GAAP") assuming a going concern. The Company has incurred losses since inception and its ability to continue as a going concern depends on its capacity to develop profitable operations and to continue to raise adequate financing. These consolidated financial statements do not reflect adjustments to the carrying values of assets and liabilities, which could be material and which may be required should the Company be unable to continue as a going concern.

2. Acquisition of subsidiary

Pursuant to a Securities Exchange Agreement entered into on July 18, 2003 between Gold USA (formerly Millenium Mining Company) and the Company, the Company purchased all the outstanding shares of Gold USA by the issuance of 4,420,822 common shares and 2,210,411 share purchase warrants.

The transaction resulted in the former shareholders of Gold USA owning more than 50% of the issued and outstanding shares of the Company, and they have significant representation on the board.

Therefore, Gold USA is the purchaser of the Company for accounting purposes in accordance with reverse takeover ("RTO") accounting. Accordingly the assets of Gold USA have been brought forward at their carrying values and the assets of the Company have been brought forward at their fair values. Effective on the date of the RTO, the Company continued under the name Gold Summit Corporation and the Articles of Continuance were filed under the Canada Business Corporations Act. The Company is continued under the laws of Canada.

3. Significant accounting policies

New accounting standards

On May 1, 2008, the Company adopted CICA Handbook Section 1535, "Capital Disclosures". Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. The Company has included disclosures recommended by the new Handbook section in Note 11 to these consolidated financial statements.

On May 1, 2008, the Company adopted CICA Handbook Section 3862, "Financial Instruments - Disclosures", along with Section 3863, "Financial Instruments - Presentation". These new sections replace Handbook Section 3861, "Financial Instruments — Disclosure and Presentation", revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

The adoption of these new sections had no impact on opening deficit.

3. Significant accounting policies (continued)

Measurement uncertainty

The preparation of these financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The significant accounting policies are as follows:

(a) Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Gold USA.

(b) Cash and cash equivalents

Cash and cash equivalents consist of cash and highly liquid investments, having maturity dates of three months or less from the date of purchase, and which are readily convertible to known amounts of cash.

(c) Foreign currency translation

At the transaction date, each asset, liability, revenue and expense is translated into Canadian dollars by using the exchange rate in effect at that date. At the year end date, monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at that date. The resulting foreign exchange gains and losses are included in income in the current period.

The Company's operations in the U.S. are considered to be integrated for the purposes of foreign currency translation. Its monetary assets and liabilities are translated at the rate of exchange in effect at the balance sheet date, non-monetary assets at historical rates, and revenue and expense items at the exchange rates prevailing on transaction dates. Foreign currency translation gains or losses are included in the consolidated statements of loss and comprehensive loss.

(d) Equipment

Equipment is recorded at cost and amortized using the following rates and methods:

Leasehold improvements	5 years straight line
Computer equipment	30% declining balance
Furniture and fixtures	20% declining balance
Computer software	100% declining balance

In the year of acquisition one-half of the above amounts are applied.

(e) Mining interests

The Company follows the practice of capitalizing all costs related to the acquisition, exploration and development of its mining interests. These costs are to be amortized over the estimated productive life of the property if it is placed into commercial production. If a property is sold or abandoned, or exploration results are negative and no work is planned in the foreseeable future, the related costs are charged to operations in that year.

3. Significant accounting policies (continued)

(e) Mining interests (continued)

The recoverability of amounts shown for mining interests and related deferred exploration expenditures is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete development, and future profitable production or proceeds from the disposition thereof.

(f) Asset retirement obligation

The Company measures the expected costs required to retire its mining properties at fair value which is based on the cost a third party would incur in performing the tasks necessary to abandon the property and restore the site. The fair value is recognized in the financial statements at the present value of expected future cash outflows to satisfy the obligation.

Asset retirement costs are depleted using the unit of production method based on estimated reserves and are included with depletion and depreciation expense. The accretion of the liability for the asset retirement obligation is expensed each year.

The Company has no asset retirement obligations as at April 30, 2009.

(g) Revenue recognition

Gains and losses on sales of mineral properties are recognized when realized. Interest income is recognized as earned on an accrual basis.

(h) Stock-based compensation

The Company has a stock-option compensation plan which is described in Note 7(b) and accounted for in accordance with CICA Handbook Section 3870 "Stock-based Compensation and Other Stock-Based Payments". These recommendations state that all stock-based awards be measured and recognized at the date of grant using the fair value method. The estimated fair value of the stock options is recorded as compensation expense over the vesting period or at the date of grant if the options vest immediately, with the offset recorded in contributed surplus. Any consideration paid to the company with respect to the exercise of stock options is credited to share capital along with any related contributed surplus.

(i) Income taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, income taxes are recognized for the future income tax consequences attributed to differences between the financial statement carrying values of assets and liabilities and their respective income tax bases. Future income tax assets and liabilities are measured using substantively enacted income tax rates expected to apply when the asset is realized or the liability is settled. The effect on future income tax assets and liabilities of a change in tax rates is included in income in the period that includes the enactment date. Future income tax assets and liabilities are evaluated, and if realization is not considered "more likely than not", a valuation allowance is provided.

(j) Share issue costs

Costs such as legal and broker commissions that relate to the issuance of the Company's shares are recorded as a reduction of share capital.

3. Significant accounting policies (continued)

(k) Flow-through shares

The Company has financed a portion of its exploration activities through the issue of flow-through shares which transfer the tax deductibility of exploration expenditures to the investor. Proceeds received on the issue of such shares have been credited to share capital and the related exploration costs have been charged to mining and resource properties. When the renunciation is made, the tax impact of the renunciation is recorded as a future income tax liability and charged against share capital. Where the Company has sufficient tax loss carry-forwards or other temporary deductible differences a future income tax asset is recognized and an income tax recovery is recorded in the statement of operations.

(l) Accounting changes

On May 1, 2007 the Company adopted CICA Handbook Section 1506, "Accounting Changes". The new standard allows for voluntary changes in accounting policy only when they result in the financial statements providing reliable and more relevant information; requires changes in accounting policy to be applied retrospectively unless doing so is impracticable; requires prior period errors to be corrected retrospectively and calls for enhanced disclosures about the effects of changes in accounting policies, estimates and errors on the financial statements.

(m) Accounting policy choice for transaction costs

On June 1, 2007, the Emerging Issues Committee of the CICA issued Abstract No. 166, "Accounting Policy Choice for Transaction Costs" ("EIC-166"). This EIC addresses the accounting policy choice of expensing transaction costs related to the acquisition of financial assets and financial liabilities that are classified as other than held-for-trading or adding them to the cost of the instruments. Specifically, it requires that the same accounting policy choice be applied to all similar financial instruments classified as other than held-for-trading. The Company adopted EIC-166 effective May 1, 2008. The Company has evaluated the impact of EIC-166 and determined that no adjustments are currently required.

(n) Financial instruments, comprehensive income (loss) and hedges

On May 1, 2007, the Company adopted CICA Handbook Section 1530, "Comprehensive Income", Section 3251 "Equity", Section 3855, "Financial Instruments - Recognition and Measurement", Section 3861, "Financial Instruments - Disclosure and Presentation" and Section 3865, "Hedges." Section 1530 establishes standards for reporting and presenting comprehensive income, which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income that are excluded from net income calculated in accordance with Canadian GAAP.

Section 3861 establishes standards for presentation of financial instruments and non-financial derivatives, and identifies the information that should be disclosed about them. Under the new standards, policies followed for periods prior to the effective date generally are not reversed and, therefore, the comparative figures have not been restated except for the requirement to restate currency translation adjustments as part of other comprehensive income. Section 3865 describes when and how hedge accounting can be applied as well as the disclosure requirements. Hedge accounting enables the recording of gains, losses, revenues and expenses from derivative financial instruments in the same period as for those related to the hedged item.

3. Significant accounting policies (continued)

(n) Financial instruments, comprehensive income (loss) and hedges (continued)

On May 1, 2007, the Company adopted CICA Handbook Section 3855, "Financial Instruments - Recognition and Measurement", which prescribes when a financial asset, financial liability or non-financial derivative is to be recognized on the balance sheet and at what amount. Under Section 3855, financial instruments must be classified into one of these five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are measured in the balance sheet at fair value except for loans and receivables, held to maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification, as follows: held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net earnings; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is de-recognized or impaired at which time the amounts would be recorded in net earnings.

The Company has evaluated the impact of these new standards on its consolidated financial statements and determined that no adjustments are currently required.

(o) Future accounting standards

Going concern disclosures:

The CICA has amended Section 1400, "General Standard of Financial Statement Presentation" to include requirements to assess and disclose the Company's ability to continue as a going concern. The Company will adopt this amended section on May 1, 2009. The adoption of this section is not expected to have a material impact on the Company's consolidated financial statements.

International financial reporting standards ("IFRS"):

In January 2006, the CICA's Accounting Standards Board ("AcSB") formally adopted the strategy of replacing Canadian GAAP with IFRS for Canadian enterprises with public accountability. The current conversion timetable calls for financial reporting under IFRS for accounting periods commencing on or after January 1, 2011. IFRS will be required for the Company's consolidated financial statements beginning on May 1, 2011. The Company has not yet assessed the impact of adopting this standard on its financial statements.

Goodwill and Intangible Assets:

In February 2008, the CICA approved Handbook Section 3064, "Goodwill and Intangible Assets" which replaces the existing Handbook Sections 3062, "Goodwill and Other Intangible Assets" and 3450 "Research and Development Costs". This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009, with earlier application encouraged. The standard provides guidance on the recognition, measurement and disclosure requirements for goodwill and intangible assets. The Company is currently assessing the impact of this new accounting standard on its consolidated financial statements.

4. Cash intended for flow-through expenditures

Flow-through common shares require the Company to pay an amount equivalent to the proceeds of the issue on prescribed resource expenditures. If the Company does not incur the committed resource expenditures, it will be required to indemnify the holders of the shares for any tax and other costs payable by them as a result of the Company not making the required resource expenditures. As at April 30, 2009, the Company has no remaining commitment with respect to unspent resource expenditures under flow-through common share agreements.

5. Equipment

	Cost	Accumulated amortization	Net	
			2009	2008
Computer equipment and software	18,333	13,394	4,939	7,056
Furniture and fixtures	23,489	13,717	9,772	12,033
	<u>\$ 44,822</u>	<u>\$ 30,111</u>	<u>\$ 14,711</u>	<u>\$ 19,089</u>

6. Mining interests

	2009	2008
Monte Cristo project, Nevada (a)		
Acquisition costs	\$ 298,107	\$ 298,107
Assays	153,279	153,279
Claims and maintenance fees	149,315	100,844
Drilling	2,296,605	2,296,605
Equipment rental, supplies and services	106,902	106,898
Geologists fees and costs	244,240	234,538
Meals, travel and accommodation	111,267	111,267
Transportation (including fuel costs)	43,010	29,597
Wages and salaries	359,786	339,156
Others	107,462	5,716
Carrying value of mineral property	<u>\$ 3,869,973</u>	<u>\$ 3,676,007</u>
South Gilbert, Nevada (a)		
Acquisition costs	\$ 52,500	\$ 52,500
Assays	18,490	18,490
Equipment rental, supplies and services	3,552	3,552
Claims and maintenance fees	67,505	67,088
Drilling	173,086	173,086
Meals, travel and accommodation	21,526	21,526
Wages and salaries	57,709	57,709
Others	13,440	13,440
Write-off of mining interest	(407,808)	-
Carrying value of mineral property	<u>\$ -</u>	<u>\$ 407,391</u>
Gold Basin project, Nevada (b)		
Acquisition costs	\$ 165,880	\$ 165,880
Assays	923	923
Claims and maintenance fees	31,285	24,259
Equipment rental, supplies and services	508	508
Geologists fees and costs	7,172	7,172
Transportation (including fuel costs)	907	907
Wages and salaries	1,503	1,503
Others	275	275
Carrying value of mineral property	<u>\$ 208,453</u>	<u>\$ 201,427</u>

6. Mining interests (continued)

	<u>2009</u>	<u>2008</u>
Blue Sphinx project, Nevada (c)		
Acquisition costs	\$ 295,587	\$ 266,969
Assays	2,996	2,996
Claims and maintenance fees	44,902	35,701
Drilling	1,030	1,030
Equipment rental, supplies and services	510	510
Geologists fees and costs	28,429	28,429
Meals, travel and accommodation	1,263	1,263
Transportation (including fuel costs)	23	23
Wages and salaries	<u>5,525</u>	<u>5,525</u>
Carrying value of mineral property	<u>\$ 380,265</u>	<u>\$ 342,446</u>
Gold Springs property, Nevada (d)		
Acquisition costs	\$ 118,820	\$ 113,096
Assays	2,083	2,083
Claims and maintenance fees	96,289	57,239
Equipment rental, supplies and services	2,050	2,050
Geologists fees and costs	2,886	2,886
Meals, travel and accommodation	2,320	2,320
Wages and salaries	<u>19,648</u>	<u>19,648</u>
Carrying value of mineral property	<u>\$ 244,096</u>	<u>\$ 199,322</u>
San Francisco Project, Nevada (e)		
Assays	\$ 29	\$ 29
Claims and maintenance fees	<u>43,705</u>	<u>43,705</u>
Carrying value of mineral property	<u>\$ 43,734</u>	<u>\$ 43,734</u>
Bear Creek Project, Carolina Slate Belt (f)		
Acquisition costs	\$ -	\$ 54,039
Assays	-	5,479
Consultant fees	-	53,862
Drilling	-	54,476
Meals, travel and accommodation	-	5,769
Wages and salaries	-	22,559
Write-off mining interest	-	<u>(196,184)</u>
Carrying value of mineral property	<u>\$ -</u>	<u>\$ -</u>

6. Mining interests (continued)

	<u>2009</u>	<u>2008</u>
Saluda Project, Carolina Slate Belt (f)		
Acquisition costs	\$ -	\$ 71,791
Assays	-	11,706
Consultant fees	-	63,984
Drilling	-	174,455
Equipment rental, supplies and services	-	39,780
Meals, travel and accommodation	-	445
Wages and salaries	-	37,449
Others	-	5,981
Reimbursement of exploration expenditures	-	(358,058)
Write-off mining interest	-	(47,533)
Carrying value of mineral property	<u>\$ -</u>	<u>\$ -</u>
Burning Lake project (g)		
Acquisition costs	\$ 18,057	\$ 18,057
Claims and maintenance fees	2,371	2,371
Equipment rental, supplies and services	3,729	-
Geologists fees and costs	54,698	-
Drilling	74,008	-
Meals, travel and accommodation	20,820	-
Assay, analyses, lab costs	3,700	-
Write-off of mining interest	(177,383)	-
Carrying value of mineral property	<u>\$ -</u>	<u>\$ 20,428</u>
Lithium JV project (h)		
Assays	\$ 348	\$ -
Others	719	-
Carrying value of mineral property	<u>\$ 1,067</u>	<u>\$ -</u>
Surprise Lake project (Ontario) (i)		
Acquisition costs	\$ 800	\$ -
Assays	20,142	-
Drilling	69,102	-
Equipment rental, supplies and services	1,200	-
Geologists fees and costs	33,720	-
Transportation (including fuel costs)	12,872	-
Others	150	-
Carrying value of mineral property	<u>\$ 137,986</u>	<u>\$ -</u>
Mining Interests	<u>\$ 4,885,574</u>	<u>\$ 4,890,755</u>

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6. Mining interests (continued)

(a) Monte Cristo project and South Gilbert project

On June 18, 2002, the Company signed a lease with purchase option agreement with Gerald R. Baughman that covers the greater part of the Monte Cristo district. Total cash payments of USD \$23,000 are required over 4 years, followed by a cash payment of \$5,000 on every subsequent anniversary until commercial production commences on the property. Lease payments are credited against a USD \$200,000 purchase price subject to a 3% Net Smelter Royalty ("NSR") that can be reduced to 1% by payment of USD \$3,000,000.

Consolidation of the mineral rights at the Monte Cristo property in Nevada was completed after signing an option agreement for 36 additional claims, including several adjacent to the McLean Pit with Corn & Ahem, Consulting Geologists on February 27, 2004. Terms to acquire a 100% interest include: total cash payments of USD \$120,000 over 4 years, followed by advance minimum royalties of USD \$50,000 per annum recoverable from a 4% production NSR and an option to buy that down to 1% NSR with a cash payment of USD \$3,000,000. The land package at the Monte Cristo property, a gold/quartz property, now totals 96 unpatented lode claims.

In April 2006 the Company signed an option agreement with Pacific Intermountain Gold Corporation to acquire a 60% interest in a block of 102 lode claims that adjoin the Monte Cristo property. To earn the 60% interest the Company must issue 750,000 shares and complete a work commitment of \$1,200,000 over 5 years. The agreement provides further options to acquire a total of 70% and 80% by completing a feasibility study and placing a mine into production respectively.

During the year ended April 30, 2007, in accordance with its option agreement with Pacific Intermountain Gold Corporation, the Company issued 250,000 of the 750,000 common shares to be issued by March 31, 2011 required to earn a 60% interest in the South Gilbert Project. The total value of 250,000 common shares issued was deemed at \$52,500. During the year ended April 30, 2007 the Company staked an additional 21 claims to cover gaps between the Monte Cristo and South Gilbert blocks.

On January 30, 2008, the Company signed a letter of intent with International Bethlehem Mining Corporation ("IBMC") for that company to acquire up to a 50% interest in the Company's Monte Cristo property in Nevada.

On March 12, 2008, the Company issued 150,000 of 750,000 common shares valued at \$39,000 in accordance with the option agreement.

The agreement gives IBMC the right to earn up to a 50% interest in the Monte Cristo Property by incurring \$3,000,000 in exploration expenditures over four years and issuing a total of 600,000 common shares in three stages. IBMC has the right to acquire a 25% interest after expenditures of \$1,500,000 and issuing 400,000 common shares. IBMC also has the right to accelerate work payments and share issuances if initial exploration results are favourable.

Under the terms of the agreement, the Company will be the operator for the exploration work with budgets and programmes subject to IBMC's review and approval.

In January 2009, IBMC informed the Company that it will not continue its participation in the mining option agreement on the Monte Cristo property. As at April 30, 2009, IBMC has advanced total of US\$589,774 to the Company and the amount was applied against the total expenditures of US\$674,383 incurred by the Company on behalf of IBMC during the year. Subsequent to the termination of the JV agreement, the amount of approximately US\$85,000 had been reallocated from the Bethlehem joint venture project to the Monte Cristo property where the joint venture was situated.

During the year ended April 30, 2009 management has decided not to continue with South Gilbert project and therefore the associated costs have been written off in accordance with accounting policy as described in Note 3(e).

6. Mining interests (continued)

(b) Gold Basin project

The Company has optioned two Gold Basin properties comprising 50 lode mineral claims in Nevada. Gold Basin is a gold exploration property. Terms of the option agreement require total cash payments of USD \$41,000 over a three year period and 200,000 of the Company's common shares to be issued in increments over three years to acquire a 100% interest, subject to annual advance royalty payments, deductible from a 3% NSR. At the Company's option, the royalty may be reduced to 1% with a USD \$2,000,000 cash payment.

On November 27, 2006 the Company entered into an amended option agreement that requires total cash payments of USD \$20,000 over a two year period and 50,000 of the Company's common shares to be issued in increments over two years to acquire a 100% interest, subject to annual advance royalty payments, deductible from a 3% NSR.

On January 31, 2008, the Company issued 50,000 common shares valued at \$10,500 in accordance with the option agreement.

(c) Blue Sphinx project

On August 14, 2003 the Company entered into an option agreement for a 100% interest in 75 unpatented lode claims known as the Blue Sphinx Prospect, a gold exploration property, located in Mineral County, Nevada for consideration of 200,000 of the Company's common shares, subsequently issued over three years. The claims adjoin two smaller and separated blocks held under option by the Company referred to as the Blue Sphinx and Golden Pen claims which require total of USD \$75,000 by January 31, 2007 and USD \$31,500 by February 6, 2008, respectively.

(d) Gold Springs property

The Gold Springs property, a gold exploration property, consists of a group of 7 unpatented lode claims in Lincoln County, Nevada, held under option by the Company. Terms of the agreement require total cash payments of USD \$85,000 over 5 years, followed by annual advance royalty payments of USD \$25,000. A sliding scale NSR of between 2% and 5%, depending on the price of gold, is payable upon commencement of commercial mining production. During the year ended April 30, 2006, 20,000 shares were issued with a value of \$16,000 in lieu of an advanced royalty payment.

During the year ended April 30, 2007, the Company staked an additional 65 claims to extend its existing, optioned claim block at its Gold Springs property in the Eagle Valley Mining District, Lincoln County, Nevada.

(e) San Francisco project

In June 2006, the Company announced that it had staked 69 claims in Lander County, Nevada, covering the probable source area of anomalous arsenic, antimony and gold values in stream sediments. This area is named San Francisco.

On February 28, 2008, the Company signed an option agreement with New Dimension Resources Ltd. whereby Dimension Resources (USA) Inc., a wholly owned subsidiary, may earn an initial 51% interest in the San Francisco Project from the Company by spending US\$350,000 over a three year period. Subsequently it may increase its interest to 61% by spending an additional \$1,300,000 over three years and further increase to a 75% interest with the completion of a scoping study.

6. Mining interests (continued)

(f) Bear Creek project and Saluda project

During the year ended April 30, 2007, the Company signed umbrella agreements allowing access to two gold districts in the Carolina Slate Belt. The umbrella agreements permit the use of mineral location, soil and rock chip data, and geological information collected or compiled by the two exploration syndicates that have considerable expertise and a discovery track record in exploring in the Carolinas.

The Bear Creek Project in North Carolina covers an area of approximately 300 square kilometres and the Saluda Project covers an area of approximately 15 square kilometres.

The terms of the agreements provide that the Company may acquire a 100% interest in the technical and managerial assets of each syndicate after making cash payments and issuing shares over a five year period. The consideration for the Bear Creek Resources Inc. ("BCR") syndicate in North Carolina totals \$240,000 in cash and 120,000 common shares and payment is triggered only after signature of the lease on any tract of land within the syndicate area. Similarly, in South Carolina, Eastern Minerals Syndicate and Palmetto Crescent, LLC are equal legal parties to a similar agreement, with the consideration in aggregate totaling \$250,000 in cash and 120,000 common shares.

On May 10, 2006, the Company issued 120,000 common shares with a total value of \$22,800 for the Saluda Project.

On March 12, 2007 the Company's wholly owned subsidiary, Gold USA entered into an option agreement with Astral Mining US Corporation, a wholly-owned subsidiary of Astral Mining Corporation ("Astral"), which allows Astral to acquire a 51% interest in any properties within the Saluda Area and the Bear Creek Area after expenditure of USD \$300,000 over a two year period. Of that, USD \$100,000 is a commitment within one year.

After Astral earns a 51% interest the two parties will continue to fund exploration in the two designated gold districts unless Astral exercises its further option to acquire a total 70% interest in any property by funding further exploration and completing a feasibility study. In addition, Astral has the option to acquire a total 80% interest in any property by placing a mine into production.

Astral has now earned a 51% interest in both the Bear Creek prospect in North Carolina and in the Saluda prospect. Astral has now advised the Company that it does not intend to exercise the option to earn up to an 80% interest in the projects as provided for in the joint venture agreement.

On July 24, 2007, the Company issued 120,000 common shares with an assigned fair value \$16,800 in accordance with its May 31, 2006 letter of agreement with BCR. The shares were issued for the acquisition of BCR's knowledge of, and data pertaining to, the geology, geochemistry and locations of gold and other metals located in portions of Moore and Chatham Counties, North Carolina.

During the year ended April 30, 2008 management has decided to abandon these properties and therefore the associated costs have been written off in accordance with the accounting policy as described in Note 3(e).

6. Mining interests (continued)

(g) Burning Lake project

On December 3, 2007, the Company entered into an option agreement to acquire a 100% interest in a group of 16 claim units (640 acres) with exposed nickel-copper gossans in Satterley Township, near Dryden, Ontario. An additional 32 units were subsequently staked. The agreement, with English Prospecting Services on behalf of Rubicon Minerals Corporation, requires option payments totalling \$70,000 and the issue of 100,000 Company shares over a period of four years and is subject to a 2% NSR royalty and first right of refusal to buy down the royalty to a 1% NSR.

During fiscal 2008 the Company issued 100,000 common shares valued at \$13,500 in accordance with the agreement.

During the year ended April 30, 2009 management has decided to abandon this property and therefore the associated costs have been written off in accordance with the accounting policy as described in Note 3(e).

(h) Lithium JV project

In June 2008, the Company sold a 100% interest in a lithium brine prospect to Canada Lithium Corp. (formerly Black Pearl Minerals Consolidated Inc.) ("CLC") for total cash proceeds of US\$300,000 and 3 million common shares of CLC. The estimated fair value of the 3 million common shares was \$450,000. As part of the same agreement, the Company and CLC entered into a regional alliance in the Great Basin Province of the Western US to explore for other lithium brine deposits which can also contain significant quantities of potassium.

In March 2009, the Company and CLC amended the terms of their original exploration agreement in Nevada with execution of a new agreement. This provides for joint funding of exploration budgets for lithium, potassium and other minerals. Initially CLC will hold a 75% interest and the Company will hold 25% interest. In the event either partner opts not to contribute, the agreement provides for dilution to a 3% Net Returns Royalty with a further option to purchase 2% of the royalty for a price equal to 2% of the net present value of a project calculated at the time of completion of a Feasibility Study. The previous agreement dated June 2008 is superseded.

During fiscal 2009, the Company utilized a large amount of its resources on the Lithium joint venture project. The Company was reimbursed by CLC for the amounts incurred on this project.

(i) Surprise Lake project

In November 2008, the Company entered into an agreement to option two claim blocks, a total of 32 units in Corless Township approximately 70 kilometres east of Red Lake, Ontario, covering a 5.2 kilometres area with clusters of old gold prospecting pits exposing quartz veins. The option, after payments totaling \$100,000 and issuing 200,000 of GSM common shares over a four year period, will allow GSM to acquire a 100% interest in the property subject to a 2% NSR royalty. GSM has the further option to purchase 1% of the NSR royalty for \$1 million and has a first right of refusal to purchase the remaining 1% NSR.

7. Share capital

(a) Authorized

Unlimited common shares without par value.

Issued

	<u>Shares</u>	<u>Amount</u>
	#	\$
Balance, May 1, 2003	18,699,131	\$ 129,332
(5 to 1) Share consolidation	(14,959,305)	-
Cancellation of fractional shares	(14,379)	-
Shares issued to effect reverse takeover	4,420,822	247,853
Shares issued on private placements	10,763,332	4,323,599
Shares issued for property	140,000	79,000
Issued on exercise of warrants	130,315	65,157
Warrant valuation	-	(1,977,768)
Share issuance costs	-	(600,870)
Balance, April 30, 2004	19,179,916	\$ 2,266,303
Shares issued for mineral properties	375,000	136,250
Issued on exercise of warrants	6,318,339	2,704,005
Exercise of warrants - transfer of valuation	-	549,903
Share issuance costs	-	(75,288)
Warrants expired	-	196,513
Issued on exercise of stock options	55,000	9,350
Balance, April 30, 2005	25,928,255	\$ 5,787,036
Shares issued on private placements	6,572,000	1,643,000
Warrant valuation	-	(979,228)
Shares issued in lieu of advanced royalty payment	20,000	16,000
Shares issued for mineral properties	325,000	90,192
Issued on exercise of stock options	62,500	10,625
Exercise of stock options - Black-Scholes valuation	-	8,125
Issued on exercise of warrants	1,865,331	466,333
Exercise of warrants - Black-Scholes valuation	-	326,433
Expired warrants - Black-Scholes valuation	-	1,042,929
Share issuance costs	-	(51,270)
Balance, April 30, 2006	34,773,086	\$ 8,360,175
Shares issued on private placements	2,000,000	350,000
Warrant valuation	-	(156,000)
Shares issued for mineral properties	50,000	25,000
Shares issued for mineral properties	125,000	33,750
Shares issued on private placements	2,120,560	318,084
Warrant valuation	-	(138,955)
Shares issued for mineral properties	120,000	22,800
Shares issued on private placements	2,733,667	410,050
Warrant valuation	-	(174,955)
Shares issued for mineral properties	125,000	18,750
Share issuance costs	-	(60,144)
Balance, April 30, 2007	42,047,313	\$ 9,008,555

7. Share capital (continued)

	<u>Shares</u>	<u>Amount</u>
	#	\$
Balance, April 30, 2007	42,047,313	\$ 9,008,555
Shares issued for mineral properties (Note 6(f))	120,000	16,800
Shares issued on private placements (i)	5,868,960	733,620
Warrant valuation (i)	-	(316,924)
Shares issued on private placements (ii)	3,325,488	415,686
Warrant valuation (ii)	-	(169,600)
Shares issued for mineral properties (Note 6(g))	100,000	13,500
Shares issued on private placements - flow through (iii)	2,400,000	300,000
Warrant valuation (iii)	-	(110,400)
Shares issued for mineral properties (Note 6(b))	50,000	10,500
Shares issued on private placements (iv)	2,464,480	308,060
Warrant valuation (iv)	-	(103,508)
Shares issued for mineral properties (Note 6(c))	150,000	39,000
Share issuance costs	-	(140,544)
Effect of flow-through renunciation (v)	-	(87,000)
Balance, April 30, 2008	56,526,241	\$ 9,917,745
Share issued for Finder's fees (vi)	150,000	8,250
Share issued for acquisition of mining property (vii)	50,000	800
Effect of shares consolidation (viii)	(51,053,643)	-
Balance, April 30, 2009	5,672,598	\$ 9,926,795

- (i) On August 16, 2007, the Company completed a non-brokered private placement for gross proceeds of \$733,620 by issuing 5,868,960 units at \$0.125 per unit. Each unit consists of one common share and one warrant. Each warrant is exercisable to acquire one common share of the Company for twenty four months at a price of \$0.25 per share. Finders' fees totalling \$50,625 were paid on part of this financing.

The 5,868,960 warrants were valued using the Black-Scholes option pricing model using the following assumptions: dividend yield - 0%, expected volatility - 110.05%, risk-free interest rate - 4.33% and an estimated useful life of 24 months. The value attributed to the warrants was \$316,924

- (ii) On September 28, 2007, the Company completed a \$415,686 non-brokered private placement. A total of 3,325,488 units were issued at \$0.125 per unit. Each unit consists of one common share and one warrant. Each warrant entitles the holder to purchase one common share at a price of \$0.25 for a period of 24 months. A finder's fee of \$41,568 was paid.

The 3,325,488 warrants were valued using the Black-Scholes option pricing model using the following assumptions: dividend yield - 0%, expected volatility - 106.94%, risk-free interest rate - 4.13% and an estimated useful life of 24 months. The value attributed to the warrants was \$169,600.

- (iii) On December 31, 2007, the Company completed a \$300,000 non-brokered private placement, by issuing 2,400,000 flow-through units ("FT Units") at a price of \$0.125 per FT Unit, to the MineralFields Group. Each unit consists of one flow-through common share and one non-flow-through common share purchase warrant exercisable for 24 months at \$0.25.

The 2,400,000 warrants were valued using the Black-Scholes option pricing model using the following assumptions: dividend yield - 0%, expected volatility - 99.76%, risk-free interest rate - 3.78% and an estimated useful life of 24 months. The value attributed to the warrants was \$110,400.

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7. Share capital (continued)

- (iv) On February 11, 2008, the Company completed a \$308,060 non-brokered private placement by issuing 2,464,480 units at a price of \$0.125 per unit. Each unit consists of one common share and one common share purchase warrant exercisable for 24 months at a price of \$0.25 per share. No fees were paid in connection with this financing.

The 2,464,480 warrants were valued using the Black-Scholes option pricing model using the following assumptions: dividend yield - 0%, expected volatility - 94.0%, risk-free interest rate - 3.04% and an estimated useful life of 24 months. The value attributed to the warrants was \$103,508.

- (v) During the period from January 1, 2007 to December 31, 2007, the Company issued an aggregate of 2,400,000 flow-through common shares for total proceeds of \$300,000. Exploration expenditures of \$300,000 were renounced effective December 31, 2007. The renunciation created a future income tax recovery of approximately \$87,000, which was allocated as a cost of issuing the flow-through shares.
- (vi) The agreement announced on June 25, 2008, between the Company and CLC regarding a lithium prospect in Esmeralda County Nevada, the TSX Venture has approved the issue of 150,000 common shares as a finder's fee to a consultant in connection with the arrangement. The shares are subject to a hold period of 4 months expiring on December 26, 2008 and were valued at \$8,250.
- (vii) On November 20, 2008, the Company announced that it has entered into an agreement to option two claim blocks, a total of 32 units, in Corless Township approximately 70 kilometres east of Red Lake, Ontario. The option agreement between the Company and Jerrold Williamson, after payments totaling \$100,000 and issuing 200,000 common shares over a four year period, allows the Company to acquire a 100% interest in the property subject to a 2% NSR royalty. On March 23, 2009, the Company issued 50,000 of its common shares to Jerrold Williamson for part of the acquisition cost of the mining property. These shares were valued at \$800.
- (viii) During the Special Meeting of Shareholders of the Company on April 1, 2009, the shareholders passed a resolution to amend the Articles of the Corporation to effect a consolidation of the issued and outstanding common shares of the Company on the basis of one (1) post consolidation common share for each ten (10) pre-consolidation common shares. The consolidation has reduced the total number of outstanding common shares, options and warrants of the Company at year end.

(b) Stock option plan

The Company maintains a Stock Option Plan implemented in 2006 under which the Board of Directors, or the Compensation Committee, may from time to time grant to employees, officers, directors of, or consultants to, the Company, options to acquire common shares in such numbers, for such terms and at such prices as may be determined by the Board of Directors or the Compensation Committee.

The stock option plan provides that the maximum number of common shares in the capital of the Company that may be reserved for issuance for all purposes under the stock option plan shall be equal to 20% of the total issued and outstanding common shares and that the maximum number of common shares which may be reserved for issuance to any one optionee pursuant to share options may not exceed 5% of the common shares outstanding at the time of grant.

These options are valid for a maximum of 5 years from the date of issue. Vesting terms and conditions are determined by the Board of Directors at the time of the grant. The exercise price of each option equals the market price prevailing at the date of the grant.

7. Share capital (continued)

On April 1, 2009, the shareholders of the Company approved a share consolidation (see Note 7(a)(vii) for details). As a result of the consolidation, all options outstanding as of that date have been consolidated on the basis of one (1) post consolidated option for each ten (10) pre-consolidated options.

The changes in stock options for each of the years ended April 30, 2009 and 2008 are as follows:

	Number	2009 Weighted exercise price per share	Number	2008 Weighted exercise price per share
Balance outstanding, beginning of year	8,181,000	\$ 0.23	6,540,000	\$ 0.29
Activity in the year:				
Granted	-	-	2,926,000	0.14
Expired	(1,330,000)	0.44	(70,000)	1.00
Effect of consolidation	(6,165,900)	-	-	-
Cancelled	<u>(199,000)</u>	<u>2.00</u>	<u>(1,215,000)</u>	<u>0.32</u>
Balance outstanding, end of year	<u>486,100</u>	<u>\$ 1.84</u>	<u>8,181,000</u>	<u>\$ 0.23</u>
Options exercisable at year end	<u>451,934</u>		<u>5,903,667</u>	
Weighted average fair value of options granted during the year	<u>\$ -</u>		<u>\$ 0.08</u>	

As of April 30, 2009 the following stock options were outstanding and exercisable:

<u>Expiry date</u>	<u>Options outstanding</u>			<u>Options exercisable</u>	
	<u>Number of options</u>	<u>Weighted average remaining contractual life</u>	<u>Weighted average exercise price</u>	<u>Number of options</u>	<u>Weighted average exercise price</u>
August 4, 2009	34,000	0.26 years	\$ 1.70	34,000	\$ 1.70
September 29, 2009	95,500	0.41 years	\$ 1.50	95,500	\$ 1.50
June 20, 2010	27,600	1.14 years	\$ 1.55	27,600	\$ 1.55
October 6, 2010	71,000	1.43 years	\$ 3.50	71,000	\$ 3.50
December 3, 2010	205,000	1.59 years	\$ 1.35	170,834	\$ 1.35
May 19, 2011	<u>53,000</u>	2.05 years	\$ 2.40	<u>53,000</u>	\$ 2.40
	<u>486,100</u>	1.95 years	\$ 1.84	<u>451,934</u>	\$ 1.88

7. Share capital (continued)

On June 20, 2007 the Company granted 276,000 options to a consultant for investor relations services at an exercise price of \$0.155 per share, expiring on June 20, 2010. A fair value of \$30,912 was determined using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, expected volatility 128%, a risk-free interest rate of 4.38% and an expected life of 3 years. Accordingly, \$30,912 was expensed to the statement of loss and comprehensive loss with the corresponding amount allocated to contributed surplus as the stock options vest over a twelve month period.

On December 3, 2007 the Company granted 2,650,000 options to officers, directors, employees, and consultants, at an exercise price of \$0.135 per share, expiring on December 3, 2010. A fair value of \$214,650 was determined using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, expected volatility 114.28%, a risk-free interest rate of 3.67% and an expected life of 3 years. Accordingly, \$214,650 will be expensed to the statement of loss and comprehensive loss with the corresponding amount allocated to contributed surplus as the stock options vest over a eighteen month period.

During the year ended April 30, 2007, the Company granted to employees, officers, and consultants, 1,100,000, 1,700,000 and 100,000 common share purchase options to acquire common shares of the Company at a price of \$0.24, \$0.15 and \$0.20 per common share, expiring on May 19, 2011, September 29, 2009 and January 22, 2010, respectively. The value of \$249,700 was assigned to the 1,100,000 options, \$205,700 was assigned to the 1,700,000 options and \$13,600 was assigned to the 100,000 options. The options were valued using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, expected volatility 169%, 136% and 134%, respectively. A risk-free interest rate of 4.1%, 3.83% and 3.98% and an expected life of 5 years, 3 years and 3 years. Accordingly, \$601,849 has been expensed to the statement of operations and deficit with the corresponding amount allocated to contributed surplus as the stock options vest.

Of the 1,100,000 stock options noted above 150,000 were granted to a consultant in conjunction with an investor relations service contract and are subject to vest over 12 months. The remaining 950,000 options are subject to vest over 18 months. The 1,700,000 options will to vest over 18 months and the 100,000 options will vest over 12 months.

During the year ended April 30, 2009, the following options had vested and were expensed:

<u>Option grant date</u>	<u>Number of options vested</u>	<u>Amount expensed</u>
June 20, 2007	69,000	3,435
December 3, 2007	<u>136,667</u>	<u>81,975</u>
	<u>205,667</u>	<u>\$ 85,410</u>

The following table sets out the options to be expensed as they vest:

<u>Option grant date</u>	<u>Number of options to vest</u>	<u>Amount to be expensed</u>
December 3, 2007	<u>34,166</u>	<u>\$ 3,255</u>

7. Share capital (continued)

The following is a continuity of contributed surplus:

Balance, April 30, 2004	\$ 1,110,999
Stock-option compensation	<u>640,391</u>
Balance, April 30, 2005	\$ 1,751,390
Reversal of stock option valuation on exercise of stock options	(8,125)
Stock-option compensation	<u>307,740</u>
Balance, April 30, 2006	\$ 2,051,005
Stock-option compensation	<u>601,849</u>
Balance, April 30, 2007	\$ 2,652,854
Stock-option compensation	208,186
Valuation of warrants expired	<u>1,140,354</u>
Balance, April 30, 2008	\$ 4,001,394
Stock-option compensation	85,410
Valuation of warrants expired	<u>313,910</u>
Balance, April 30, 2009	<u>\$ 4,400,714</u>

(c) Share purchase warrants

The following summarizes warrants that have been issued, exercised or have expired during each of the years:

	<u>Number of Warrants</u>	<u>Fair value</u>
Outstanding, May 1, 2004	16,435,395	\$ 2,115,778
Warrants expired	(3,276,469)	(196,513)
Warrants exercised	<u>(5,609,989)</u>	<u>(549,903)</u>
Outstanding, April 30, 2005	7,548,937	\$ 1,369,362
Warrants exercised	(1,865,331)	(326,433)
Warrants expired	(5,683,606)	(1,042,929)
Issued on private placement	6,572,000	979,228
Brokers warrants on private placement	<u>34,400</u>	<u>5,126</u>
Outstanding, April 30, 2006	6,606,400	\$ 984,354
Issued on private placement	2,000,000	156,000
Issued on private placement	2,120,560	138,955
Issued on private placement	<u>2,733,667</u>	<u>174,955</u>
Outstanding, April 30, 2007	13,460,627	\$ 1,454,264
Issued on private placement (Note 7(a)(i))	5,868,960	316,924
Issued on private placement (Note 7(a)(ii))	3,325,488	169,600
Issued on private placement (Note 7(a)(iii))	2,400,000	110,400
Issued on private placement (Note 7(a)(iv))	2,464,480	103,508
Warrants expired	<u>(8,606,400)</u>	<u>(1,140,354)</u>
Outstanding, April 30, 2008	18,913,155	\$ 1,014,342
Warrants expired	(4,854,227)	(313,910)
Effect of share consolidation (Note 7(a)(vii))	<u>(12,653,035)</u>	<u>-</u>
Outstanding, April 30, 2009	<u>1,405,893</u>	<u>\$ 700,432</u>

7. Share capital (continued)

At April 30, 2009 the following warrants were outstanding. The warrants entitle the holders to purchase the stated number of common shares at the exercise price on or before the expiry date:

<u>Value</u>	<u>Expiry date</u>	<u>Number of warrants</u>	<u>Exercise price</u>
\$ 316,924	August 16, 2009	586,896	\$ 2.50
169,600	September 28, 2009	332,549	\$ 2.50
110,400	December 31, 2009	240,000	\$ 2.50
<u>103,508</u>	February 11, 2010	<u>246,448</u>	<u>\$ 2.50</u>
<u>\$ 700,432</u>		<u>1,405,893</u>	<u>\$ 2.50</u>

(d) Basic and diluted loss per share

The following table sets forth the computation of basic and diluted loss per share:

	<u>2009</u>	<u>2008</u>
Numerator:		
Net loss for the year	\$ <u>(313,259)</u>	\$ <u>(1,173,567)</u>
Numerator for basic and diluted loss per share	\$ <u>(313,259)</u>	\$ <u>(1,173,567)</u>
Denominator:		
Weighted average number of common shares (Note 7(a)(viii))	<u>5,662,816</u>	<u>4,966,958</u>
Denominator for basic loss per share	5,662,816	4,966,958
Effect of dilutive securities:		
Stock options (i)	-	-
Share purchase warrants (i)	-	-
Denominator for diluted loss per share	<u>5,662,816</u>	<u>4,966,958</u>
Basic and diluted loss per share	\$ <u>(0.06)</u>	\$ <u>(0.24)</u>

- (i) The stock options and share purchase warrants were not included in the computation of diluted loss per share as their inclusion would be anti-dilutive.

8. Related party transactions

Transactions with related parties not disclosed elsewhere in these financial statements comprise:

	<u>2009</u>	<u>2008</u>
Geological and consulting fees paid to a Director and an Officer (i)	\$ 25,424	\$ 16,250
Legal fees paid to a firm in which a partner is a Director of the Company (ii)	\$ 30,060	\$ -
Director fees paid (iii)	\$ -	\$ 22,134

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Notes to Consolidated Financial Statements**April 30, 2009 and 2008****Page 26****8. Related party transactions (continued)**

- (i) Directors of the Company were paid \$25,424 (2008 - \$16,250) for their geological and consulting services on the Company's various mining interests during the year. Included in accounts payable and accrued liabilities is \$3,275 (2008 - \$2,500) owed to directors.
- (ii) During the year the Company paid legal fees of \$30,060 (2008 - \$Nil) to a firm in which a partner is a Director of the Company. At April 30, 2009 a balance of \$19,874 (2008 - \$Nil) was due to this legal firm.
- (iii) During the year the Company paid \$Nil (2008 - \$22,134) in director fees.

These transactions have been measured at the exchange amount.

9. Income taxes

Future income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts for tax purposes.

The Company has no future tax liability in the current year and one future tax liability in the prior year which arose from a difference between the carrying amount of the resource properties and their tax basis and one future tax asset resulting from non-capital losses carried forward. The reason for the difference on the resource properties is due to the issuance of flow-through shares to investors which resulted in the expenditures being renounced to the investors. As a result the tax basis is lower than the property's carrying amount for accounting purposes. Since the resource property is classified as long-term the associated future income tax liability was also classified as long-term. The future tax liability and asset are as follows:

	2009	2008
Future tax liability:		
Resource properties	\$ -	\$ (87,000)
Future tax asset:		
Non-capital losses carried forward applied to reduce future income tax liability	-	87,000
	<u>\$ -</u>	<u>\$ -</u>

In accordance with CICA Handbook EIC 146, "Flow-Through Shares" the benefit of non-capital losses carried forward has been used to reduce the future income tax liability. This requirement has been applied prospectively.

The Company has future income tax assets as follows:

	2009	2008
Future tax assets		
Non-capital losses carried forward	\$ 1,930,213	\$ 1,950,871
Common share issue costs	31,747	52,859
Equipment and capital assets	3,042	-
Canadian development and exploration expenditures	<u>50,859</u>	<u>2,703</u>
Total future tax assets	2,015,861	2,006,433
Non-capital losses transferred to future income tax liability	-	(87,000)
Valuation allowance for future tax assets	<u>(2,015,861)</u>	<u>(1,919,433)</u>
Net future tax assets	<u>\$ -</u>	<u>\$ -</u>

9. Income taxes (continued)

The Company provided a valuation allowance equal to the future tax assets because it is not presently more likely than not that the assets will be realized. The Company's income tax expense for accounting purposes for each of the years ended is \$Nil. The Company's actual income tax expense for each of the years ended is as follows:

	<u>2009</u>	<u>2008</u>
Net income (loss) before income taxes	\$ (313,529)	\$ (1,260,567)
Income tax (recovery) at the combined federal and provincial rates of 33.33% and 35.25%, respectively	\$ (104,409)	\$ (444,350)
Non-deductible write-down of mining interests	195,044	85,910
Stock-option compensation	28,467	73,386
Non-capital loss expired	17,527	-
Difference between Canadian and foreign tax rates	(9,062)	1,334
Capital gain from expiration of warrants	52,312	419,439
Change in valuation allowance	9,428	304,522
Non-capital loss utilized	(180,870)	(398,240)
Capital loss utilized	-	(21,199)
Renunciation of flow-through shares	-	(87,000)
Other tax items	(8,437)	(20,802)
Actual income tax expense (recovery)	<u>\$ -</u>	<u>\$ (87,000)</u>

The Company has non-capital loss carryforwards of approximately \$6,075,000, and foreign tax losses of approximately \$3,620,000. The Company also has approximately \$188,000 in various Canadian Exploration and Development Expenditures to reduce future years' income for income tax purposes. No benefit from these amounts has been recorded in these financial statements.

The non-capital losses will expire as follows:

2010	1,069,000
2014	262,000
2015	226,000
2024	265,000
2025	1,358,000
2026	1,169,000
2027	975,000
2028	632,000
2029	119,000
	<u>\$ 6,075,000</u>

10. Financial instruments and financial risk factors

Financial instruments

The carrying values of sundry receivables and accounts payable and accrued liabilities approximate their fair value due to their short term nature.

Financial risk

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign exchange rate and commodity price risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit risk:

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to sundry receivables. The Company has no significant concentration of credit risk arising from operations. Financial instruments included in sundry receivables consist of sales taxes receivable from government authorities in Canada and deposits held with service providers. Sundry receivables are in good standing as of April 30, 2009. Management believes that the credit risk concentration with respect to financial instruments is minimal.

Liquidity risk:

Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations when they become due, or can only do so at excessive cost. The Company's approach to managing liquidity risk is to ensure that it will have sufficient cash and cash equivalents to meet liabilities when due. As at April 30, 2009, the Company had a cash and cash equivalents balance of \$30,738 (2008 - \$415,555) to settle current liabilities of \$133,228 (2008 - \$397,376). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market risk:

(i) Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Company has cash balances and no interest-bearing debt.

(ii) Foreign currency risk

The Company's reporting currency is the Canadian dollar. The Company has one wholly owned subsidiary which operates in a foreign jurisdiction, giving rise to exposure to market risks from changes in foreign currency rates. The Company is primarily exposed to currency fluctuations relative to the Canadian dollar, on expenditures that are denominated in US dollars. The Company has monetary assets and liabilities denominated in foreign currencies and its largest nonmonetary assets are its mineral exploration interests in USA. The Company could, accordingly, be at risk for foreign exchange rate fluctuations in these rates.

(iii) Commodity price risk

The ability of the Company to develop its properties and the future profitability of the Company is directly related to the market prices of certain minerals and oil and gas. As such, the Company is subject to commodity price risk.

11. Management of Capital

The Company's objective when managing capital is to maintain adequate levels of funding to support the acquisition, exploration and development of mineral properties.

The Company considers its capital to be equity, which comprises share capital, warrants, stock options, contributed surplus, and deficit, which at April 30, 2009 totaled \$4,845,202 (2008 - \$5,064,001).

The Company manages and adjusts its capital structure in a manner that provides sufficient funding for acquisition, exploration and development of mineral properties. Funds are primarily secured through equity capital raised by way of private placements. There can be no assurance that the Company will be able to continue raising equity capital in this manner.

The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

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

There were no changes in the Company's approach to capital management during the year ended April 30, 2009. The Company is not subject to externally imposed capital requirements.

12. Segmented information

The Company operates in one segment within the mining industry. Segmented information on a geographic basis is as follows:

	2009	2008
Canada	\$ 154,188	\$ 591,051
United States of America	4,824,242	4,870,326
Total assets	\$ 4,978,430	\$ 5,461,377

13. Sensitivity analysis

The Company has, for accounting purposes, designated its cash and cash equivalents as held for trading, which are measured at fair value. Sundry receivables are classified for accounting purposes as loans and receivables, which are measured at amortized cost which equals fair value. Accounts payable and accrued liabilities are classified for accounting purposes as other financial liabilities, which are measured at amortized cost which also equals fair value.

As of April 30, 2009, the carrying and fair value amounts of the Company's financial instruments are approximately equivalent.

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a twelve month period:

- (i) Cash and cash equivalents are subject to floating interest rates. As at April 30, 2009, if interest rates had decreased/increased by 1% with all other variables held constant, the loss for the year ended April 30, 2009 would have been approximately \$300 higher/lower, as a result of lower/higher interest income from cash and cash equivalents. Similarly, as at April 30, 2009, reported shareholders' equity would have been approximately \$300 lower/higher as a result of lower/higher interest income from cash and cash equivalents due to a 1% decrease/increase in interest rates.

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13 Sensitivity analysis (continued)

- (ii) Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depends upon the world market price of gold and other minerals. Gold and other minerals have fluctuated widely in recent years. There is no assurance that, even if commercial quantities of gold and other minerals may be produced in the future, a profitable market will exist for them. A decline in the market price of gold and other minerals may also require the Company to reduce its mining rights and deferred exploration expenditures, which could have a material and adverse effect on the Company's value. As of April 30, 2009, the Company was not a producer of gold or other minerals. As a result, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

14. Comparative figures

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

15. Subsequent events

On April 16, 2009, the Company announced its intention to raise up to \$350,000 in a non-brokered private placement by issuing up to 3,500,000 units at a price of \$0.10 per unit. On May 8, 2009, the Company announced an increase of the offering to raise up to \$500,000 by issuing up to 5,000,000 units at a price of \$0.10 per unit. Each unit consists of 1 common share and 1 common share purchase warrant exercisable for 24 months at \$0.15.

On May 21, 2009, the Company closed the first tranche of the private placement issuing 2,785,964 units for gross proceeds of \$278,596 and closed the second tranche on June 12, 2009 issuing 1,818,898 units for gross proceeds of \$181,890. In aggregate, the Company issued 4,604,862 units for gross proceeds of \$460,486 and paid aggregate finder's fees of \$3,900 in connection with the financing. The warrants have been assigned a value of \$455,881 calculated based on the following assumptions; a risk-free Interest rate of 1.12%, an expected life of 2 years, dividend yield of 0% and an expected volatility of 361.61%.

On June 12, 2009, the Company announced that a total of 625,000 options to purchase common shares of the Company were granted to directors, officers and consultants at an exercise price of \$0.20 per share expiring on June 12, 2014. A value of \$124,375 was assigned to these options using the following assumptions: dividend yield of 0%, a risk-free interest rate of 2.74%, an expected life of 5 years, and expected volatility of 244.04%.

On July 10, 2009, the Company announced that it signed an option agreement with Parker Mining Company covering 22 unpatented mining claims at Sugarloaf Peak, Esmeralda County, in western Nevada. Option payments, starting at \$5,000 for year one, escalate by \$5,000 on successive anniversaries for a four year period. Work expenditure requirements are \$25,000 for year one, \$100,000 for year two and \$200,000 for years three, four and five. The lease may be extended beyond four years. At the start of production the Company will own a 100% interest subject to a 4% NSR production royalty. The Company has the option to reduce the royalty to a 1% NSR by making a single cash payment of \$2 million.