



BRALORNE GOLD MINES LTD.

(an exploration stage company)

Audited Financial Statements

For the years ended January 31, 2009 and 2008

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of Bralorne Gold Mines Ltd. are the responsibility of the Company's management. The financial statements are prepared in accordance with Generally Accepted Accounting Principles ("GAAP") of Canada and reflect management's best estimates and judgment based on information currently available.

Management has developed and is maintaining a system of internal controls to ensure that the Company's assets are safeguarded, transactions are authorized and properly recorded and financial information is reliable.

The Board of Directors is responsible for ensuring management fulfills its responsibilities. The Audit Committee reviews the results of the audit and the annual financial statements prior to their submission to the Board of Directors for approval.

The financial statements as at and for the year ended January 31, 2009 have been audited by Smythe Ratcliffe LLP, Chartered Accountants, and their report outlines the scope of their examination and gives their opinion on the financial statements.

"Louis Wolfin"

Louis Wolfin
CEO

Vancouver, British Columbia
May 8, 2009

"Lisa Sharp"

Lisa Sharp
CFO

AUDITORS' REPORT

TO THE SHAREHOLDERS OF BRALORNE GOLD MINES LTD. (An Exploration Stage Company)

We have audited the balance sheet of Bralorne Gold Mines Ltd. (an exploration stage company) as at January 31, 2009 and the statements of operations, shareholders' equity and cash flows for the year then ended. 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 audit.

We conducted our audit 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 financial statements present fairly, in all material respects, the financial position of the Company as at January 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements as at January 31, 2008 and for the year then ended were audited by another firm of auditors who expressed an opinion without reservation on those financial statements in their report dated May 27, 2008.

"Smythe Ratcliffe LLP" (signed)

Chartered Accountants

Vancouver, British Columbia
May 8, 2009

BRALORNE GOLD MINES LTD.
(an exploration stage company)
Balance Sheets
As at January 31

	2009	2008
ASSETS		
Current		
Cash and cash equivalents	\$ 972,687	\$ 1,560,321
Amounts receivable and prepaid expenses	19,684	21,838
Interest receivable	4,882	30,105
GST receivable	22,609	81,443
	1,019,862	1,693,707
Due from related parties <i>(Note 10(c))</i>	3,411	1,819
Mineral property <i>(Notes 6 and 10)</i>	21,059,537	18,962,239
Equipment <i>(Note 7)</i>	30,082	20,366
Restricted cash <i>(Note 5)</i>	125,000	125,000
	\$ 22,237,892	\$ 20,803,131
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 175,565	\$ 258,846
Due to related parties <i>(Note 10(d))</i>	43,261	47,686
	218,826	306,532
Site restoration obligation <i>(Note 8)</i>	98,000	98,000
	316,826	404,532
Shareholders' equity		
Share capital <i>(Note 9)</i>	28,959,672	27,286,153
Contributed surplus	4,440,977	3,744,181
Deficit	(11,479,583)	(10,631,735)
	21,921,066	20,398,599
	\$ 22,237,892	\$ 20,803,131

Nature of operations and going concern (Note 1)
Commitment (Note 11)
Subsequent Events (Note 15)

Approved by the Directors on behalf of the Board:

<u>“Louis Wolfin”</u> Louis Wolfin	Director	<u>“William Kocken”</u> William Kocken	Director
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The accompanying notes are an integral part of these financial statements

BRALORNE GOLD MINES LTD.
(an exploration stage company)
Statements of Operations
For the Years Ended January 31

	2009	2008
		(Note 14)
General and administrative expenses		
Administration services <i>(Note 10(a)(i))</i>	\$ 4,485	\$ 3,928
Amortization	6,134	5,202
Automobile	22,954	26,480
Consulting <i>(Note 10(a)(ii))</i>	67,573	90,000
Directors fees <i>(Note 10(a)(iv))</i>	18,000	-
Listing and filing fees	23,276	31,458
Office, occupancy and miscellaneous	85,103	56,077
Professional fees	51,464	76,503
Salaries and benefits	141,407	90,985
Shareholder information	53,521	117,065
Stock-based compensation <i>(Note 9(e))</i>	561,106	121,541
Travel and accommodation	28,260	44,684
Loss before other items and future income tax recovery	(1,063,283)	(663,923)
Other items		
Interest income	69,838	88,927
Write-down of receivables	-	(83,760)
	69,838	5,167
Loss before future income tax recovery	(993,445)	(658,756)
Future income tax recovery	145,597	-
Loss and comprehensive loss for the year	\$ (847,848)	\$ (658,756)
Loss per share, basic and diluted	\$ (0.05)	\$ (0.05)
Weighted average number of common shares outstanding	16,074,337	13,552,828

The accompanying notes are an integral part of these financial statements

BRALORNE GOLD MINES LTD.
(an exploration stage company)
Statements of Shareholders' Equity

	Number of Common Shares	Share Capital	Contributed Surplus	Deficit	Total Shareholders' Equity
Balance, January 31, 2007	13,215,554	\$25,637,789	\$3,696,838	\$(9,972,979)	\$19,361,648
Common shares issued for cash:					
Private placement <i>(Note 9(b))</i>	511,738	547,865	40,635	-	588,500
Share issue costs	-	(64,537)	-	-	(64,537)
Exercise of stock options	139,000	138,740	-	-	138,740
Exercise of warrants	740,868	911,463	-	-	911,463
Transfer of contributed surplus to share capital on exercise of stock options	-	114,833	(114,833)	-	-
Stock-based compensation	-	-	121,541	-	121,541
Loss for the year	-	-	-	(658,756)	(658,756)
Balance January 31, 2008	14,607,160	27,286,153	3,744,181	(10,631,735)	20,398,599
Common shares issued for cash:					
Private placement <i>(Note 9(b))</i>	812,630	837,256	142,269	-	979,525
Share issue costs	25,631	(41,450)	3,441	-	(38,009)
Exercise of stock options	24,000	18,000	-	-	18,000
Exercise of warrants	995,290	995,290	-	-	995,290
Transfer of contributed surplus to share capital on exercise of options	-	10,020	(10,020)	-	-
Stock-based compensation	-	-	561,106	-	561,106
Income tax effect of flow-through share renunciation	-	(145,597)	-	-	(145,597)
Loss for the year	-	-	-	(847,848)	(847,848)
Balance January 31, 2009	16,464,711	\$28,959,672	\$4,440,977	\$(11,479,583)	\$21,921,066

The accompanying notes are an integral part of these financial statements

BRALORNE GOLD MINES LTD.
(an exploration stage company)
Statements of Cash Flows
For the Years Ended January 31

	2009	2008
		(Note 14)
OPERATING ACTIVITIES		
Loss for the year	\$ (847,848)	\$ (658,756)
Adjustments for items not involving cash:		
Amortization	6,134	5,202
Stock-based compensation	561,106	121,541
Future income tax recovery	(145,597)	
	(426,205)	(532,013)
Changes in non-cash working capital:		
Amounts receivable and prepaid expenses	2,154	42,111
Interest receivable	25,223	57,325
GST receivable	58,834	(52,714)
Accounts payable and accrued liabilities	(16,097)	3,545
Cash used in operating activities	(356,091)	(481,746)
INVESTING ACTIVITIES		
Equipment acquisitions	(15,850)	(3,451)
Mineral property expenditures, net of gold sales	(2,167,893)	(2,252,710)
Increase in reclamation deposit	-	(2,500)
Cash used in investing activities	(2,183,743)	(2,258,661)
FINANCING ACTIVITIES		
Share subscriptions received	-	650
Issuance of shares and units, net of issue costs	1,954,806	1,574,166
Amounts due to (from) related parties, net	(2,606)	(44,269)
Cash provided by financing activities	1,952,200	1,530,547
Decrease in cash and cash equivalents	(587,634)	(1,209,860)
Cash and cash equivalents, beginning of year	1,560,321	2,770,181
Cash and cash equivalents, end of year	\$ 972,687	\$ 1,560,321

See note 13 for supplemental cash flow information.

The accompanying notes are an integral part of these financial statements

BRALORNE GOLD MINES LTD.
(an exploration stage company)

Notes to Financial Statements

For the years ended January 31, 2009 and 2008

1. Nature of Operations and Going Concern

Bralorne Gold Mines Ltd. ("Bralorne" or the "Company") was incorporated on July 10, 1992 under the laws of the Province of British Columbia. The Company owns a 100% interest in a mineral property in British Columbia, Canada. It is in the process of exploring its mineral property interest and has not yet determined whether this property contains sufficient ore reserves, such that their recovery would be economically viable.

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") applicable to a going concern, which assumes that the Company will realize its assets and discharge its liabilities in the normal course of business.

The Company is in the exploration stage. The investment in and expenditures on the mineral property comprises substantially all of the Company's assets. The recoverability of amounts shown for its mineral property interest and related deferred costs and the Company's ability to continue as a going concern are dependent upon the continued support from its shareholders, the discovery of economically recoverable reserves, and the ability of the Company to obtain the financing necessary to complete development and achieve profitable operations in the future. The outcome of these matters cannot be predicted at this time. These financial statements do not reflect any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

As at January 31, 2009, the Company had working capital of \$801,036 (2008 - \$1,387,175) and an accumulated deficit of \$11,479,583 (2008 - \$10,631,735). Management of the Company believes that it has the ability to raise sufficient funds to pay its ongoing operating expenditures, meet its liabilities for the ensuing year as they fall due, and to fund cash payments for planned exploration programs.

2. Significant Accounting Policies

(a) Use of estimates

The preparation of financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of commitments and contingencies at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates. Significant areas requiring the use of management's estimates include the balances of accrued liabilities, amortization rates of equipment, the recoverability of mineral property, the determination of site restoration and environmental obligations, determination of the variables used in the calculation of stock-based compensation, allocation of proceeds for unit offerings, and the valuation allowance for future income tax assets. Although management believes its estimates are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

(b) Cash equivalents

Cash equivalents consist of highly liquid investments, with maturities of 90 days or less from the date of purchase and are readily convertible into known amounts of cash.

2. Significant Accounting Policies (continued)

(c) Mineral property

The Company is in the exploration stage and defers all expenditures related to its mineral property until such time as the property is put into commercial production, sold or abandoned. Under this method, all amounts shown as mineral property represent acquisition, exploration and development costs incurred to date, net of recoveries and amounts amortized and/or written off and do not necessarily represent present or future values.

Inventory of gold flotation concentrate, gold dore bars and silver contained within the gold dore bars produced during the bulk sampling development stage are recorded as a component of mineral property costs. Proceeds from the sale of gold produced during the bulk sampling stage are deducted from accumulated mineral property costs.

If the property is put into commercial production, the expenditures will be depleted based upon the proven reserves available. If the property is sold or abandoned, the expenditures will be charged to operations. The Company does not accrue the estimated future costs, such as land or property taxes, of maintaining its mineral property in good standing.

The carrying values of mineral properties, on a property-by-property basis, is reviewed by management at least annually to determine if they have become impaired. If impairment is deemed to exist, the mineral property will be written down to its fair value. The ultimate recoverability of the amounts capitalized for the mineral properties is dependent upon the delineation of economically recoverable ore reserves, the Company's ability to obtain the necessary financing to complete their development and realize profitable production or proceeds from the disposition thereof. Management's estimates of recoverability of the Company's investment in various projects have been based on current conditions. However, it is reasonably possible that changes could occur in the near term which could adversely affect management's estimates and may result in future write-downs of capitalized mineral property carrying values.

(d) Equipment

Equipment is recorded at historical cost less accumulated amortization. Amortization is charged to operations in amounts sufficient to allocate the costs over the estimated useful life of the equipment using the declining balance method at the following annual rates:

Computer equipment and software	30%
Office equipment	20%
Vehicle	30%

(e) Site restoration obligation

The Company recognizes the fair value of liabilities for asset retirement obligations (referred to as "site restoration obligations") in the period in which they occur and/or in which a reasonable estimate of such costs can be made. Liabilities include those liabilities related to environmental protection and rehabilitation due to environmental law or contracts. The site restoration obligation is recorded as a liability with a corresponding increase to the carrying amount of the related long-lived asset.

Subsequently, the costs of site restoration are allocated to expenses using a systematic and rational method and are adjusted to reflect period-to-period changes in the liability resulting from the passage of time and/or revisions to either timing or the amount of the original estimate of the undiscounted cash flow.

2. Significant Accounting Policies (continued)

(f) Income taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method of tax allocation, future income tax assets and liabilities are determined based on differences between the financial statement carrying values and their respective income tax basis (temporary differences). Future income tax assets and liabilities are measured using the tax rates expected to be in effect when the temporary differences are likely to reverse. The effect on future income tax assets and liabilities of a change in tax rates is included in operations in the period in which the change is enacted or substantially assured. The amount of future income tax assets recognized is limited to the amount of the benefit that is more likely than not to be realized.

(g) Stock-based compensation

The Company accounts for stock-based compensation using a fair value based method with respect to all stock-based payments measured and recognized, to directors, employees and non-employees. For directors and employees, the fair value of the options is measured at the date of grant. For non-employees, the fair value of the options is measured on the earlier of the date at which the counterparty performance is completed or the date the performance commitment is reached or the date at which the equity instruments are granted if they are fully vested and non-forfeitable. The fair value of the options is accrued and charged either to operations or mineral properties, with the offset credit to contributed surplus. For directors and employees the options are recognized over the vesting period, and for non-employees the options are recognized over the related service period. If and when the stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to capital stock.

(h) Flow-through shares

Flow-through shares entitle a company that incurs certain resource expenditures in Canada to renounce them for tax purposes allowing the expenditures to be deducted for income tax purposes by the investors who purchased the shares. The income tax benefits foregone are considered to constitute share issue costs and are reflected in capital stock with an offsetting increase to future income tax liability.

(i) Loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the year. The Company uses the treasury stock method for calculating diluted earnings per share. Under this method, the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

(j) Accounting for Equity Units

Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated first to warrants based on their fair value determined using the Black-Scholes option pricing model, and the remainder is allocated to common shares.

2. Significant Accounting Policies (continued)

(k) Financial instruments and comprehensive income

All financial instruments are classified as one of the following: held-to-maturity, loans and receivables, held-for-trading, available-for-sale or other financial liabilities. Financial assets and liabilities held-for-trading are measured at fair value with gains and losses recognized in net income. Financial assets held-to-maturity, loans and receivables, and other financial liabilities are measured at amortized cost using the effective interest method. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) and reported in shareholders' equity. Any financial instrument may be designated as held-for-trading upon initial recognition.

Transaction costs that are directly attributable to the acquisition or issue of financial instruments that are classified as other than held-for-trading, which are expensed as incurred, are included in the initial carrying value of such instruments.

Comprehensive income or loss is defined as the change in equity from transactions and other events from sources other than the Company's shareholders that are excluded from the calculation of net income (loss) calculated in accordance with Canadian GAAP.

(l) New accounting standards

Effective February 1, 2008, the Company adopted the following standards of the Canadian Institute of Chartered Accountants' ("CICA") Handbook:

(i) Capital Disclosures (Section 1535)

Section 1535 specifies the disclosure of: (i) an entity's objectives, policies and procedures 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.

As a result of the adoption of this standard, additional disclosure on the Company's capital management strategy have been included in note 4.

(ii) Financial Instruments – Disclosures (Section 3862) and Financial Instruments – Presentation (Section 3863)

Sections 3862 and 3863 replace Handbook Section 3861, "Financial Instruments – Disclosures and Presentation", revising its disclosure requirements, and carrying forward 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.

2. Significant Accounting Policies (continued)

(I) New accounting standards (continued)

- (ii) Financial Instruments – Disclosures (Section 3862) and Financial Instruments – Presentation (Section 3863) (continued)

Section 3862 specifies disclosures that enable users to evaluate: (i) the significance of financial instruments for the entity's financial position and performance; and (ii) the nature and extent of risks arising from financial instruments to which the entity is exposed and how the entity manages those risks.

As a result of the adoption of these standards, additional disclosures on the risks of certain financial instruments have been included in note 3.

- (iii) Going Concern

In June 2007, the CICA amended Section 1400, "General Standards of Financial Statement Presentation", which requires management to make an assessment of the Company's ability to continue as a going concern. When financial statements are not prepared on a going concern basis, that fact shall be disclosed together with the basis on which the financial statements are prepared and the reason why the company is not considered a going concern. The Company adopted this policy on February 1, 2008 with no significant effect on these consolidated financial statements.

(m) Recent accounting pronouncements

International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian generally accepted accounting principles with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own generally accepted accounting principles. The IFRS standards will be effective for the Company for interim and fiscal period reporting commencing February 1, 2011. The effective date will require the restatement for comparative purposes of amounts reported by the Company for the interim periods and for the year ended January 31, 2011 and earlier where applicable. 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.

3. Risk Management and Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, interest receivable, amounts receivable, restricted cash, accounts payable and accrued liabilities and amounts due to/from related parties. Cash and cash equivalents and restricted cash are classified as held-for-trading, amounts receivable, interest receivable and amounts due from related parties are classified as loans and receivables, and accounts payable and accrued liabilities and amount due to related parties are classified as other financial liabilities.

BRALORNE GOLD MINES LTD.
(an exploration stage company)

Notes to Financial Statements

For the years ended January 31, 2009 and 2008

3. Risk Management and Financial Instruments (continued)

The carrying value of financial assets by category at January 31, 2009 and 2008 are as follows:

Financial Assets	2009		2008	
	Held-for-trading	Loans and receivables	Held-for-trading	Loans and receivables
Cash and cash equivalents	\$ 972,687	\$ -	\$ 1,560,321	\$ -
Interest receivable	-	4,882	-	30,105
Amounts receivable	-	-	-	10,797
Restricted cash	125,000	-	125,000	-
Amounts due from related parties	-	3,411	-	1,819
	\$ 1,097,687	\$ 8,293	\$ 1,685,321	\$ 42,721

The carrying value of financial liabilities by category at January 31, 2009 and 2008 are as follows:

Financial Liabilities	2009		2008	
	Other Financial Liabilities		Other Financial Liabilities	
Accounts payable and accrued liabilities		\$ 175,565		\$ 258,846
Amounts due to related parties		42,261		47,686
		\$ 218,826		\$ 306,532

The carrying amounts of cash and cash equivalents, interest receivable, amounts receivable, restricted cash and accounts payable and accrued liabilities are a reasonable estimate of their fair value because of their short term to maturity.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

(a) Credit risk

The Company is exposed to credit risk with respect to cash and cash equivalents, amounts receivable, interest receivable, amounts due from related parties and restricted cash. The risk arises from the non-performance of counterparties of contractual financial obligations. The Company manages credit risk, in respect of cash and cash equivalents, by purchasing highly liquid, short-term investment-grade securities held at a major Canadian financial institution.

Concentration of credit risk exists with respect to the Company's cash and cash equivalents, interest receivable and restricted cash as all amounts are held at two Canadian financial institutions. The Company's concentration of credit risk and maximum exposure thereto is as follows:

	2009	2008
Term deposits	\$ 950,000	\$ 700,000
Cash held in bank accounts	22,687	860,321
Interest receivable	4,882	30,105
Restricted cash	125,000	125,000
	\$ 1,102,569	\$ 1,715,426

3. Risk Management and Financial Instruments (continued)

(a) Credit risk (continued)

Term deposits currently earn interest at 3.1% and mature in March 2009. The credit risk associated with cash and term deposits held in Canada is minimized by ensuring that these financial assets are placed with major Canadian financial institutions with strong investment-grade ratings by a primary ratings agency.

(b) Liquidity risk

The Company's approach to managing liquidity risk is to provide reasonable assurance that it has sufficient capital to meet short-term financial obligations after taking into account its exploration obligations and cash and cash equivalents on hand. The Company maintains sufficient cash and cash equivalents at January 31, 2009 in the amount of \$972,687 (2008 - \$1,560,321) in order to settle current liabilities. All of the Company's financial liabilities have contractual maturities of less than 30 days and subject to normal trade terms with the exception of amounts due to related parties which are due on demand. The Company will require additional equity financing to meet its administrative overhead costs and further exploration activities on its mineral properties in fiscal 2010.

(c) Market risk

Market risks consist of interest rate risk, foreign exchange risk and other price risk. The only market risk to which the Company is exposed is as follows:

Interest rate risk

The Company's cash and cash equivalents and restricted cash consists of cash held in bank accounts, fixed income investments and guaranteed investment certificates that earn interest at variable interest rates. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of January 31, 2009 or 2008. Future cash flows from interest income on cash and cash equivalents will be affected by interest rate fluctuations. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on preservation of capital and liquidity.

4. Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its properties and to maintain flexible capital structure for its projects for the benefit of its stakeholders. As the Company is in the exploration stage, it does not generate cash flows from operations. The Company's primary source of funds comes from the issuance of equity units. The Company does not use other sources of financing that require fixed payments of interest and principal due to lack of cash flow from current operations and is not subject to any externally imposed capital requirements.

In the management of capital, the Company includes the components of shareholders' equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares. Management reviews the capital structure on a regular basis to ensure that objectives are met.

4. Capital Management (continued)

The Company has in the past invested its capital in liquid investments to obtain adequate returns. The investment decision is based on cash management to ensure working capital is available to meet the Company's short-term obligations while maximizing liquidity and returns on unused capital.

Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will continue this financing due to the current difficult market conditions.

5. Restricted Cash

The Company has placed deposits in the amount of \$125,000 at January 31, 2009 (2008 – \$125,000), registered in the name of the Ministry of Finance of British Columbia, as security for its mining permit and for reclamation. Deposits consist of Guaranteed Investment Certificates earning interest at rates between 1.70% and 2.55% and maturing between February 19, 2009 and October 30, 2009.

6. Mineral Property

The Company owns a 100% undivided interest in certain mineral properties located in the Lillooet Mining Division, Province of British Columbia. The properties consist of 154 Crown granted mineral claims, ten freehold parcels of land, two reverted Crown granted claims and eight metric unit claims, all known as the "Bralorne Property".

BRALORNE GOLD MINES LTD.
(an exploration stage company)

Notes to Financial Statements

For the years ended January 31, 2009 and 2008

6. Mineral Property (continued)

The following is a summary of the deferred mineral property expenditures for the Bralorne Property:

	2009	2008
		(note 14)
Acquisition costs	\$ 2,442,347	\$ 2,442,347
Deferred exploration and development expenditures	16,515,977	14,317,822
Tailings pond	1,020,840	1,011,085
Mine and plant buildings, and equipment	2,303,334	2,268,268
Provision for reclamation	98,000	98,000
	22,380,498	20,137,522
Deduct: concentrate and gold dore sales	(1,320,961)	(1,175,283)
	\$ 21,059,537	\$ 18,962,239

As at January 31, 2009, the Company had inventory of gold and silver dore bars with a fair market value of \$493,194 (2008 - \$541,245). During the year ended January 31, 2009, the Company sold 150 ounces of gold dore bars for proceeds of \$145,678 (2008 - \$nil).

Deferred exploration and development expenditures incurred on the Bralorne Property during the years ended January 31, 2009 and 2008 are as follows:

	2009	2008
Assays	\$ 44,032	\$ 16,379
Camp operations	64,642	97,498
Field office	68,749	150,189
Drilling	1,223,346	1,062,385
General exploration	680,845	718,640
Insurance	26,533	28,540
Mine power	76,148	59,420
Mill operating	353	4,296
Taxes and permits	13,507	18,280
Increase in deferred exploration expenditures	2,198,155	2,155,627
Deferred exploration and development expenditures, beginning of the year	14,317,822	12,162,195
Deferred exploration and development expenditures, end of the year	\$ 16,515,977	\$ 14,317,822

Realization of assets

The investment in and expenditures on the mineral property comprise a significant portion of the Company's assets. Realization of the Company's investment in this asset is dependent upon the establishment of legal ownership, the attainment of successful production from the property or from the proceeds of its disposal.

Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore.

8. Site Restoration Obligation

Management has estimated that the present value of its site restoration obligation at January 31, 2009 totals \$98,000 (2008 - \$98,000), which amount has been added to the capitalized cost of the mineral property, and recognized as site restoration liability. The present value of the obligation was calculated using a risk-free interest rate of 4.50% (2008 - 5.75%) and an inflation rate of 2.21% (2008 - 2.38%). Reclamation activities are estimated to occur over a three-year period beginning in 2030. The undiscounted value of the obligation is \$154,000 (2008 - \$140,000). The obligation remained unchanged from the prior year as a result of the net differential effect of the present value calculations for the current year being insignificant.

9. Share Capital

(a) Authorized: Unlimited number of common shares without par value

(b) Issued

On March 20, 2008, the Company closed a private placement issuing 300,000 units at a price of \$1.30 per unit for gross proceeds of \$390,000. Of this amount, \$316,500 was attributable to common shares and \$73,500 was attributable to common share purchase warrants, which has been recorded in contributed surplus. Each unit consists of one flow-through common share and one non flow-through share purchase warrant. Each share purchase warrant is exercisable for a term of 24 months into one non flow-through common share at a price of \$1.60 per share until March 19, 2009 and thereafter at \$2.00 per share until March 19, 2010. Share issuance costs were \$8,533 in cash. The fair value of the warrants issued has been estimated using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 2.60%, dividend yield of nil, volatility of 59.30% and an expected life of two years.

On February 4, 2008, the Company closed a private placement issuing 512,630 units at a price of \$1.15 per unit for gross proceeds of \$589,525. Of this amount, \$520,756 was attributable to common shares and \$68,769 was attributable to common share purchase warrants, which has been recorded in contributed surplus. Each unit consists of one flow-through common share and one-half non flow-through share purchase warrant. Each share purchase warrant is exercisable for a term of 24 months into one non flow-through common share at a price of \$1.50 per share until February 4, 2009 and thereafter at \$2.00 per share until February 4, 2010. Share issuance costs were \$29,476 in cash, 25,631 units valued at \$29,476 whereby \$26,035 was attributable to common shares and \$3,441 attributable to common share purchase warrants. Each finders unit consists of one common share of the Company and one-half share purchase warrant with terms consistent with the warrants issued to investors. The fair value of the warrants issued has been estimated using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 3.05%, dividend yield of nil, volatility of 60.74% and an expected life of two years.

During the year ended January 31, 2009, 24,000 stock options were exercised for gross proceeds of \$18,000. The Company reallocated the fair value of these options previously recorded in the amount of \$10,020 from contributed surplus to share capital.

During the year ended January 31, 2009, 995,290 warrants were exercised for gross proceeds of \$995,290.

9. Share Capital (continued)

(b) Issued (continued)

On December 31, 2007, the Company closed a private placement issuing 487,370 units at a price of \$1.15 per unit for gross proceeds of \$560,477. Of this amount, \$521,777 was attributable to common shares and \$38,700 was attributable to common share purchase warrants, which has been recorded in contributed surplus. Each unit consists of one flow-through common share and one-half non flow-through share purchase warrant. Each share purchase warrant is exercisable for a term of 24 months into one non flow-through common share at a price of \$1.50 per share until December 31, 2008 and thereafter at \$2.00 per share until December 31, 2009. Share issuance costs were \$36,514 in cash and 24,368 in units valued at \$28,023 whereby \$26,088 was attributable to common shares and \$1,935 attributable to common share purchase warrants. Each finders unit consists of one common share of the Company and one-half share purchase warrant with terms consistent with the warrants issued to investors. The fair value of the warrants issued has been estimated using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 3.70%, dividend yield of nil, volatility of 64.43% and an expected life of two years

During the year ended January 31, 2008, 139,000 stock options were exercised for gross proceeds of \$138,740. In connection with these exercises, the Company reclassified the fair value of these options previously recorded in the amount of \$114,833 from contributed surplus to share capital.

(c) Share purchase warrants

A summary of the stock options issued, exercised and expired during the years ended January 31, 2009 and 2008 is as follows:

	Underlying Shares	Weighted Average Exercise Price
Balance, January 31, 2007	7,580,928	\$1.71
Issued	255,869	\$1.50
Exercised	(740,868)	\$1.23
Expired	(202,112)	\$1.22
Balance, January 31, 2008	6,893,817	\$1.61
Issued	569,139	\$1.55
Exercised	(995,290)	\$1.00
Balance, January 31, 2009	6,467,666	\$1.67

9. Share Capital (continued)

(c) Share purchase warrants (continued)

As at January 31, 2009 and 2008, the following share purchase warrants were outstanding and exercisable:

Number of Warrants Outstanding and Exercisable		Exercise Price Per Share	Expiry Date
2009	2008		
505,284*	505,284	\$2.60	February 8, 2009
1,005,283**	1,887,240	\$1.00	April 30, 2009
271,900**	371,900	\$1.00	April 30, 2009
424,998**	433,331	\$1.00	April 30, 2009
1,965,000**	1,970,000	\$1.00	April 30, 2009
255,869	255,869	\$2.00	December 31, 2009
269,139	-	\$1.50/\$2.00	February 4, 2009/February 4, 2010
300,000	-	\$1.60/\$2.00	March 19, 2009/March 19, 2010
470,193	470,190	\$3.00	April 26, 2010
1,000,000	1,000,000	\$3.00	April 26, 2010
6,467,666	6,893,817		

*In February 2008, the Company amended the terms of 505,284 warrants by extending their expiry date from February 8, 2008 to February 8, 2009 and re-pricing their exercise price from \$3.25 to \$2.60. The aggregate fair value of the amendments to the warrants of \$nil has been estimated using the Black-Scholes option pricing model with the following assumptions for the fair value of the original warrants at the date of amendment and the fair value of the amended warrants at the date of the amendment respectively: risk-free interest rates of 3.24% and 3.16%, dividend yield of nil and nil, volatility of 9.93% and 55.18% and an expected life of 0.02 years and 1.02 years. Subsequent to January 31, 2009, 505,284 warrants expired unexercised.

**In December 2008, the Company amended the terms of 3,667,181 warrants as follows:

Number of Warrants	Previous Terms			Amended Terms	
	Exercise price to June 1, 2008	Exercise price June 1, 2008 to Expiry	Expiry date	Exercise price	Expiry date
1,005,283	\$1.00	\$1.20	December 21, 2008	\$1.00	April 30, 2009
271,900	\$1.00	\$1.20	December 28, 2008	\$1.00	April 30, 2009
424,998	\$1.00	\$1.25	December 28, 2008	\$1.00	April 30, 2009
1,965,000	\$1.00	\$1.20	December 28, 2008	\$1.00	April 30, 2009

The aggregate fair value of the amendments to the warrants of \$346,182 has been estimated using the Black-Scholes option pricing model with the following assumptions for the fair value of the original warrants at the date of amendment and the fair value of the amended warrants at the date of the amendment respectively: risk-free interest rates of 0.95% and 0.98%, dividend yield of nil and nil, volatility of 63.35% and 117.55% and an expected life of 0.07 years and 0.41 years.

Subsequent to January 31, 2009, 120,000 of these warrants were exercised raising gross proceeds of \$120,000; the remaining 3,547,181 warrants expired unexercised.

9. Share Capital (continued)

(d) Stock options

The Company has a stock option plan for its directors, officers, employees and consultants. The terms of the plan provide for options to be granted equal in number up to 10% of the issued and outstanding common shares of the Company at the time of grant of the stock options. The option price under each option is not less than the discounted market price on the grant date. The expiry date for each option is set by the Board of Directors at the time of issue and cannot be more than five years after the grant date.

A summary of the stock options granted, exercised and forfeited during the years ended January 31, 2009 and 2008 is as follows:

	Number of Options	Weighted Average Exercise Price
Options outstanding at January 31, 2007	1,204,500	\$1.14
Issued	153,500	\$1.16
Exercised	(139,000)	\$1.00
Forfeited	(35,000)	\$0.95
Options outstanding at January 31, 2008	1,184,000	\$1.16
Issued	506,000	\$0.78
Exercised	(24,000)	\$0.75
Forfeited	(117,500)	\$1.14
Options outstanding at January 31, 2009	1,548,500	\$1.04

During the year ended January 31, 2009, the Company granted a total of 506,000 stock options to directors, officers, employees and consultants. Of the options granted 42,000 are exercisable at a price of \$1.16 per share until May 14, 2013 and 464,000 are exercisable at a price of \$0.75 per share until November 21, 2013.

At January 31, 2009, the Company has 1,548,500 stock options outstanding with a weighted average remaining contractual life of 2.68 years.

As at January 31, 2009 and 2008, the following stock options were outstanding and exercisable:

Number of Options Outstanding		Number of Options Exercisable		Exercise Price per Share	Expiry Date
2009	2008	2009	2008		
956,000	1,030,500	956,000	1,030,500	\$1.16	January 16, 2011
50,000	50,000	50,000	50,000	\$1.16	July 23, 2012
60,500	103,500	60,500	103,500	\$1.16	November 29, 2012
42,000	-	21,000	-	\$1.16	May 14, 2013
440,000	-	440,000	-	\$0.75	November 21, 2013
1,548,500	1,184,000	1,527,500	1,184,000		

9. Share Capital (continued)

(e) Stock-based compensation

Stock-based compensation expense is determined using the fair value method. The Company estimated the fair value of options granted during the year ended January 31, 2009 of \$223,660 (2008 - \$107,130) using the Black-Scholes option pricing model with the following weighted-average assumptions:

	2009	2008
Risk-free interest rate	2.57%	4.02%
Expected dividend yield	0%	0%
Expected stock price volatility	82.45%	69.69%
Expected option life in years	5	5
Forfeiture rate	0%	0%

During the year ended January 31, 2009, the Company recorded stock-based compensation expense on options granted and vesting and warrants amended of \$561,106 (2008 - \$121,541). The amounts expensed were allocated as follows:

	2009	2008
Directors, officers and employees	\$ 193,710	\$ 107,130
Consultants	21,214	14,411
Modification of warrants (Note 9(c))	346,182	-
	\$ 561,106	\$ 121,541

At January 31, 2009 there is \$8,735 (2008 - \$nil) in unrecognized stock-based compensation which will be recognized in future periods as the options vest.

Option pricing models require the input of highly subjective estimates and assumptions including the expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates.

10. Related Party Transactions

Related party transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Related party transactions not disclosed elsewhere in these statements are as follows:

- (a)** During the fiscal year of 2009, the Company paid, or made provision for the future payment, of the following amounts to related parties:
- (i) \$205,631 (2008 - \$177,127) for administrative fees, overhead expenses, and reimbursement of out-of-pocket operating expenditures on the Company's behalf and \$17,157 (2008 - \$nil) for certain mineral property expenses to Oniva International Services Corp. ("Oniva"), a private company beneficially owned by the Company and five other public companies related through common Directors;
 - (ii) \$67,500 (2008 - \$90,000) as consulting fees to three private companies controlled by Directors for management fees;

10. Related Party Transactions (continued)

- (iii) \$96,000 (2008 - \$96,000) for general exploration expenses on the mineral property to a private company controlled by the President of the Company for geological consulting and general mine management; and
- (iv) \$18,000 (2008 - \$nil) for directors fees to certain directors of the Company.
- (b) The Company was billed \$285,894 (2008 - \$326,181) for drilling expenses from a private drilling company with common management.
- (c) Due from related parties consists of the following:

	2009		2008	
Levon Resources Ltd.	\$	-	\$	1,819
ABC Drilling		3,411		-
	\$	3,411	\$	1,819

The above noted related parties are related through common management and directors.

- (d) Due to related parties consists of the following:

	2009		2008	
Coral Gold Resources Ltd.	\$	27,998	\$	27,998
Oniva International Services		15,263		19,514
Frobisher Securities Inc.		-		174
	\$	43,261	\$	47,686

The above noted related parties are related through common directors or are beneficially owned by the Company and five other companies related through common directors.

Related party balances are unsecured, due on demand and do not bear interest.

11. Commitment

The Company entered into a cost sharing agreement dated October 1, 1997 and amended November 1, 2003 to reimburse Oniva for a percentage of its overhead expenses, and reimburse 100% of its out-of-pocket expenses incurred on behalf of the Company, and to pay a percentage fee based on the total overhead and corporate expenses referred to above. The agreement may be terminated with one month's notice by either party.

BRALORNE GOLD MINES LTD.
(an exploration stage company)

Notes to Financial Statements

For the years ended January 31, 2009 and 2008

12. Income Taxes

Income tax recovery differs from the amount that would result from applying the Canadian federal and provincial statutory income tax rates to loss before income taxes. For the year ended January 31, 2009 the statutory tax rate is 30.92% (2008 – 33.90%). These differences result from the following items:

	2009	2008
Income tax recovery at the statutory income tax rate	\$ 307,140	\$ 223,318
Share issuance costs	9,341	112,632
Stock based compensation	(173,475)	(41,202)
Non-capital loss carry forwards expired	(28,780)	(32,318)
Other differences	26,755	51,226
Effect of changes in the tax rates	(34,601)	(213,121)
Change in the valuation allowance	39,217	(100,535)
Future income tax recovery	\$ 145,597	\$ -

The components of the future income tax assets and liabilities, after applying substantively enacted tax rates of 26.00% (2008 – 26.00%), are as follows:

	2009	2008
Non-capital loss carry forwards	\$ 1,282,523	\$ 1,144,191
Equipment	778,975	768,263
Non-refundable pre-production mining income tax credit	127,904	122,698
Share issuance costs and other	88,782	120,636
Future income tax assets	2,278,184	2,155,788
Less: valuation allowance	(652,297)	(691,513)
Future income tax assets, net	1,625,887	1,464,275
Future income tax liability		
Mineral property	(1,625,887)	(1,464,275)
Future income taxes, net	\$ -	\$ -

The valuation allowance reflects the Company's estimate that the benefits of the future income tax assets are not more likely than not to be realized.

The Company has accumulated non-capital losses for income tax purposes of approximately \$4,933,000. The losses expire in the following years:

2010	\$ 118,000
2011	244,000
2015	812,000
2026	1,128,000
2027	888,000
2028	1,100,000
2029	643,000
	\$ 4,933,000

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Notes to Financial Statements

For the years ended January 31, 2009 and 2008

12. Income Taxes (continued)

In addition, the Company has accumulated Canadian Exploration and Development Expenses for income tax purposes of approximately \$14,353,823 (2008 – \$13,358,000). The expenditures pools can be carried forward indefinitely to be applied against taxable income of future years.

The Company has approximately \$491,938 (2008 - \$471,916) in pre-production mining expenditures income tax credits which may be used to offset federal income taxes payable. Credits may be carried forward for a maximum of 20 years to be applied against federal income taxes payable of future years.

During the year ended January 31, 2009, the Company renounced \$559,988 (2008 – \$nil) of qualifying Canadian Exploration and Development Expenditures pursuant to the issuance of flow-through shares.

The Company qualifies for a British Columbia Mining Exploration Tax Credit (“METC”) as it has incurred qualified mineral exploration expenditures for determining the existence, location, extent or quality of a mineral resource in the province of British Columbia. The tax credit is calculated as 20% (for the area in which the Company operates) of qualified mineral exploration expenditures incurred during the year. At January 31, 2009, the Company has filed claims of the METC in the amount of \$1,992,747 for fiscal years ending January 31, 2004 to January 31, 2008. For the year ended January 31, 2009, the Company will file a claim in the amount of \$40,044 for qualifying expenditures incurred during the year. The collectability of these claims is subject to audit by the taxation authority, as such, the receivable is not recorded until such time as there is reasonable assurance that the credits will be realized.

13. Supplemental Cash Flow Information

	2009	2008
Non-cash transactions for the years ended		
January 31		
Amounts due from related parties included in mineral property	\$ 3,411	\$ -
Accounts payable and accrued liabilities included in mineral property	\$ 30,201	\$ 97,385
Other supplemental cash flow information:		
Cash paid during the year for		
Interest expense	\$ -	\$ -
Income tax expense	\$ -	\$ -

14. Comparative Figures

Certain of the comparative figures for the fiscal year ended January 31, 2008 have been reclassified, where applicable, to conform to the presentation adopted for the current year.

15. Subsequent Events

Subsequent to January 31, 2009:

- (i) 120,000 warrants expiring April 30, 2009 were exercised for \$1.00 each raising gross proceeds of \$120,000; and
- (ii) The Company announced a non-brokered private placement for up to 2,000,000 units consisting of 500,000 common share units for \$0.95 each, 1,000,000 flow-through shares for \$1.10 each, and 500,000 super flow-through shares for \$1.20 each. The 500,000 common share units consist of one common share and one share purchase warrant where each warrant is exercisable for one common share at \$1.25 each for a period of 18 months from closing. Fees payable to the agent consist of options equal to 2% of the number of shares placed with investors exercisable at \$1.25 each for a period of 18 months. Finders' fees include cash equal to 6% of the proceeds raised and compensation options equal to 8% of the units placed with investors. Finders options are exercisable for one common share at a price of \$1.25 each for a period of 18 months from closing.