GOLD STANDARD VENTURES CORP.
(formerly Devonshire Resources Ltd.)
(An Exploration Stage Company)

INTERIM FINANCIAL STATEMENTS
(UNAUDITED)
(Expressed in Canadian Dollars)

FOR THE THREE AND SIX MONTHS ENDED DECEMBER 31, 2009

Notice of No Auditor Review of Interim Financial Statements

The accompanying unaudited interim financial statements have been prepared by management and approved by the Audit Committee and Board of Directors.

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

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GOLD STANDARD VENTURES CORP.
(formerly Devonshire Resources Ltd.)
(An Exploration Stage Company)
Interim Balance Sheets
As at December 31, 2009 (unaudited) and June 30, 2009
(Expressed in Canadian Dollars)

	December 31, 2009	June 30, 2009 (Audited)
Assets		
Current		
Cash and cash equivalents	$ 29,525	$ 67,397
Amounts receivable (Note 4)	4,075	1,330
Prepaid	230	-
	33,830	68,727
Mineral property costs (Note 5)	-	-
	33,830	68,727
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 6)	225,207	159,575
Shareholders' equity		
Capital stock (Note 7)		
Authorized		
Unlimited common shares		
Issued and outstanding		
3,136,069 common shares issued and outstanding	6,625,307	6,172,247
Share subscriptions received in advance	-	215,950
Contributed surplus	846,163	846,163
Warrants	-	213,060
Deficit, accumulated during the exploration stage	(7,662,847)	(7,538,268)
	(191,377)	(90,848)
	$ 33,830	$ 68,727

Nature and Continuance of Operations (Note 1), **Commitments and Other Obligations** (Note 9), **Subsequent Events** (Note 12)

On Behalf of the Board:

"Richard Silas"
Richard Silas, Director

"William Schmidt"
William Schmidt, Director

The accompanying notes are an integral part of these financial statements

GOLD STANDARD VENTURES CORP.
(formerly Devonshire Resources Ltd.)
(An Exploration Stage Company)
Interim Statements of Loss and Comprehensive Loss
For the three months and six months ended December 31, 2009 (unaudited)
(Expressed in Canadian Dollars)

	Three-month period ended December 31,		Six-month period ended December 31,	
	2009	2008	**2009**	2008
	$	$	**$**	$
Revenue				
Interest income	**-**	16	**-**	418
Expense				
Bank charges and interest	**275**	998	**765**	1,058
Filing fees	**3,205**	4,147	**3,205**	5,147
Management fees (Note 8)	**45,000**	15,000	**90,000**	30,000
Office and miscellaneous	**130**	669	**1,732**	2,034
Professional fees (Note 8)	**8,171**	30,339	**18,339**	43,854
Shareholder communications (recovery)	**302**	180	**(1,617)**	360
Transfer agent fees	**10,291**	1,714	**12,155**	3,211
Total general and adminstrative expenses	**67,374**	53,047	**124,579**	85,664
Net loss and comprehensive loss for the period	**(67,374)**	(53,031)	**(124,579)**	(85,246)
Basic and diluted loss per share	**(0.02)**	(0.01)	**(0.04)**	(0.01)
Weighted average number of common shares outstanding	**2,777,956**	6,188,768	**2,777,956**	6,188,768

The accompanying notes are an integral part of these financial statements

GOLD STANDARD VENTURES CORP.
(formerly Devonshire Resources Ltd.)
(An Exploration Stage Company)
Interim Statements of Cash Flows
For the three months and six months ended December 31, 2009 (unaudited)
(Expressed in Canadian Dollars)

	Three-month period ended December 31,		Six-month period ended December 31,	
	2009	2008	**2009**	2008
	$	$	**$**	$
Cash flows used in operating activities				
Net loss for the period	**(67,374)**	(53,031)	**(124,579)**	(85,246)
Changes in operating assets and liabilities				
(Increase) decrease in amounts receivable	**(2,395)**	14,040	**(2,745)**	15,662
(Increase) decrease in prepaid expenses	**(230)**	(3,500)	**(230)**	(3,500)
Increase (decrease) in accounts payable and accrued liabilities	**38,906**	(778)	**65,632**	11,046
	(31,093)	(43,269)	**(61,922)**	(62,038)
Cash flows used in investing activities				
Acquisition and exploration expenses (Note 5)	**-**	-	**-**	(450)
	-	-	**-**	(450)
Cash flows from financing activities				
Loan payable	**-**	40,548	**-**	40,548
Share issued for cash	**-**	-	**24,050**	-
	-	40,548	**24,050**	40,548
Increase (decrease) in cash and cash equivalents	**(31,093)**	(2,721)	**(37,872)**	(21,940)
Cash and cash equivalents, beginning of period	**60,618**	3,937	**67,397**	23,156
Cash and cash equivalents, end of period	**29,525**	1,216	**29,525**	1,216

The accompanying notes are an integral part of these financial statements

GOLD STANDARD VENTURES CORP.
(formerly Devonshire Resources Ltd.)
(An Exploration Stage Company)
Interim Statements of Changes in Shareholders’ Equity
(Expressed in Canadian Dollars)

	Number of shares issued	Share capital	Contributed surplus	Warrants	Private placement subscriptions	Deficit accumulated during the exploration stage	Total Shareholders' equity
		$	$	$	$	$	$
Balance at June 30 2007	912,892	5,881,307	794,750	-	-	(1,695,018)	4,981,039
Shares issued - cash ($0.84 per share)	600,000	290,940	-	213,060	-	-	504,000
Shares issued for finders' fee ($0.84							
per share)	34,300	28,812	-	-	-	-	28,812
Share issue costs - shares	-	(28,812)	-	-	-	-	(28,812)
Stock-based compensation	-	-	51,413	-	-	-	51,413
Net loss for the year	-	-	-	-	-	(311,622)	(311,622)
Balance at June 30 2008	1,547,192	6,172,247	846,163	213,060	-	(2,006,640)	5,224,830
Share subscriptions received in advance	-	-	-	-	215,950	-	215,950
Net loss for the year	-	-	-	-	-	(5,531,628)	(5,531,628)
Balance at June 30 2009	1,547,192	6,172,247	846,163	213,060	215,950	(7,538,268)	(90,848)
Shares issued - cash ($0.16 per share)			-	-	-	-	-
(Note 7)	1,334,377	213,500	-	-	-	-	213,500
Shares issued - cash ($0.20 per share)							-
(Note 7)	132,500	26,500	-	-	-	-	26,500
Shares issued for finder's fee ($0.28							-
per share)(Note 7)	122,000	34,160	-	-	-	-	34,160
Share issue costs - shares	-	(34,160)	-	-	-	-	(34,160)
Share subscriptions received in advance	-	-	-	-	(215,950)	-	(215,950)
Warrants expired (Note 7)	-	213,060	-	(213,060)	-	-	-
Net loss for the year	-	-	-	-	-	(124,579)	(124,579)
Balance at December 31 2009	3,136,069	6,625,307	846,163	-	-	(7,662,847)	(191,377)

The accompanying notes are an integral part of these financial statements

1. Nature and Continuance of Operations

Gold Standard Ventures Corp. (the "Company") was incorporated on February 6, 2004 under the Business Corporations Act of British Columbia as TCH Minerals Inc. and changed its name to Ripple Lake Minerals Ltd. on May 13, 2004; to Ripple Lake Diamonds Inc. on July 26, 2004 and to Devonshire Resources Ltd. on August 16, 2007 at which time the Company consolidated its share capital on the basis of one new common share for every ten existing common shares outstanding. The effect of the consolidation was to decrease the number of the Company's common shares issued and outstanding from 36,515,682 to 3,651,568. On October 9, 2009 the Company changed its name to Gold Standard Ventures Corp. and consolidated its share capital on the basis of one new common share for every four existing common shares outstanding. The effect of the consolidation was to decrease the number of the Company's common shares issued and outstanding from 12,544,265 to 3,136,069.

The Company is an exploration stage junior mining company engaged in the identification, acquisition, evaluation and exploration of diamond properties in Ontario and Nunavut, Canada. The Company completed its initial public offering ("IPO") on January 6, 2005 and is listed for trading on the TSX Venture Exchange.

The Company's mineral properties are without a known body of commercial ore. The business of exploring for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Major expenses may be required to establish ore reserves, to develop metallurgical processes, to acquire construction and operating permits and to construct mining and processing facilities. The amounts shown as mineral property costs represent acquisition, holding and deferred exploration costs and do not necessarily represent present or future recoverable values. The recoverability of the amounts shown for mineral property costs is dependent upon the Company obtaining the necessary financing to complete the exploration and development of the properties, the discovery of economically recoverable reserves and future profitable operations.

There can be no assurance that such additional financing will be available on terms acceptable to the Company. Although the Company has taken steps to verify title to mineral properties in which it has an interest in accordance with industry standards for the current state of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

These financial statements have been prepared on the going concern basis, which assumes that the Company will continue operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

At December 31, 2009 the Company had a working capital deficit of $191,377 (2008 - $182,480), which may not be sufficient to sustain operations over the next twelve months, and the Company expects to incur further losses from its operations, all of which casts substantial doubt about the Company's ability to continue as a going concern. These financial statements do not include any adjustments to the recoverability or classification of recorded asset amounts or the classification of liabilities that might be necessary should the Company be unable to continue as a going concern and therefore be required to realize on its assets and discharge its liabilities and commitments at amounts different from those reported in the financial statements.

2. Significant Accounting Policies

The following is a summary of significant accounting policies used in the preparation of these financial statements.

Basis of presentation

These financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles. In the opinion of the Company's management, these financial statements reflect all the adjustments necessary to fairly present the Company's financial position at December 31, 2009, and the results of operations and cash flow for the periods ended December 31, 2009 and 2008.

Exploration stage company

The Company is an exploration stage company and is devoting its present efforts to exploring and developing its mineral properties and none of its planned principal operations have commenced. All losses accumulated since inception has been considered as part of the Company's exploration stage activities.

Going Concern

The Company adopted changes to CICA Handbook Section 1400, "*General Standards of Financial Statement Presentation*" which became effective July 1, 2008. Section 1400 has been amended to include requirements to assess and disclose an entity's ability to continue as a going concern. Management shall make an assessment of an entity's ability to continue as a going concern. When management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, those uncertainties shall be disclosed. When financial statements are not prepared on a going concerned basis, that fact shall be disclosed, together with the basis on which the financial statements are prepared and the reason why the entity is not regarded as a going concern.

Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates are reviewed periodically and as adjustments become necessary, they are reported in operations in the period in which they became known. Actual results may differ from those estimates.

Mineral exploration properties

The Company defers the cost of acquiring, maintaining its interest, exploring and developing mineral properties until such time as the properties are placed into production, abandoned, sold or considered to be impaired in value. Costs of producing properties will be amortized on a unit of production basis and costs of abandoned properties are written off. Proceeds received on the sale of interests in mineral properties are credited to the carrying value of the mineral properties, with any excess included in operations. Write-downs due to impairment in value are charged to operations.

2. Significant Accounting Policies - Continued

The Company is in the process of exploring and developing its mineral properties and has not yet determined the amount of reserves, if any, that are available. Management reviews the carrying value of mineral properties on a periodic basis and will recognize impairment in value based upon current exploration results, the prospect of further work being carried out by the Company, the assessment of future profitability of production revenues from the property or from the sale of property. Amounts shown for properties represent costs incurred net of write-downs and recoveries, and are not intended to represent present or future values.

Although the Company has taken steps to verify title to mineral properties in which it has an interest or potential interest, according to the usual industry standards for the stage of exploration of such properties, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Reclamation costs

Reclamation activities are carried out to the extent practicable concurrently with property exploration activities and such costs are included in exploration costs during the period in which they are incurred. When properties are abandoned, any remaining reclamation costs are estimated and included as exploration costs in the period the property is abandoned.

Property, plant and equipment

Amortization on equipment is normally calculated under the declining balance basis over the estimated useful life of the asset at 30% per annum. One-half of the rate is used in the year of addition and no amortization is claimed in the year of disposal. The Company does not have any equipment at the present time.

Asset retirement obligations

The fair value of obligations associated with the retirement of tangible long-lived assets is recorded in the period the asset is put into use, with a corresponding increase to the carrying amount of the related asset. The obligations recognized are statutory, contractual or legal obligations. The liability is accreted over time for changes in the fair value of the liability through operations. The costs capitalized to the related assets are amortized in a manner consistent with the depletion and depreciation of the related asset. As at December 31, 2009, there are no asset retirement obligations.

Future income taxes

The Company accounts for income taxes using the asset and liability method. Under this method, future income taxes are recorded for the temporary differences between the financial reporting basis and tax basis of the Company's assets and liabilities. These future taxes are measured by the provisions of currently enacted tax laws. Management believes that it is not sufficiently likely that the Company will generate sufficient taxable income to allow the realization of all of its future tax assets and therefore the Company has made an impairment allowance against these assets.

2. Significant Accounting Policies - Continued

Goodwill and intangible assets

The Company adopted CICA Handbook Section 3064 "*Goodwill and Other Intangible Assets*" which became effective for interim and annual financial statements for years beginning on or after October 1, 2008. The new requirements of Section 3064 are for recognition, measurement, presentation and disclosure. Section 3064 replaces Section 3062, "*Goodwill and Other Intangible Assets*". The new standard establishes revised standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The new standard also provides guidance for the treatment of preproduction and start-up costs and requires that these costs be expensed as incurred.

Capital disclosures

The Company adopted the new CICA Handbook Section 1535, "*Capital Disclosures*" which became effective August 1, 2008. Section 1535 requires the disclosure of both qualitative and quantitative information that provides users of financial statements with information to evaluate the Company's objectives, policies and procedures for managing capital. The main features of the new section are as follows:

a. Requirements for an entity to disclose qualitative information about its objectives, policies and processes for managing capital;
b. A requirement for an entity to disclose quantitative data about what it regards as capital; and
c. A requirement for an entity to disclose whether it has complied with any externally imposed capital requirements and, if not, the consequences of such non-compliance.

Stock-based compensation

The Company has a stock-based compensation plan as disclosed in Note 7, whereby stock options are granted in accordance with the policies of regulatory authorities. The fair value of all stock options is expensed over their vesting period with a corresponding increase to contributed surplus. Upon exercise of stock options, the consideration paid by the option holder, together with the amount previously recognized in contributed surplus, is recorded as an increase to share capital.

The Company uses the Black-Scholes option valuation model to calculate the fair value of stock options at the date of grant. Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate and, therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

2. Significant Accounting Policies - Continued

Flow-through shares

The Canadian Institute of Chartered Accountants ("CICA") issued guidance on the accounting treatment for Canadian flow-through shares through its Emerging Issues Committee Abstract ("EIC") No. 146 (the "Abstract"). All flow-through shares issued by the Company are accounted for in accordance with this Abstract. Accordingly, upon renunciation of exploration expenditures to the shareholders, the Company reduces share capital and recognizes a future income tax liability for the amount of tax reduction renounced to the shareholders. In instances where the Company has sufficient available tax loss carry forwards or other deductible temporary differences available to offset the renounced tax deduction and is more likely than not able to utilize either these tax losses or other deductible temporary differences before expiry, the Company recognizes future tax assets, with a corresponding credit to operations, for an amount equal to the future income tax liability.

Basic and diluted loss per share

Basic loss per share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year. Diluted loss per share reflects the potential dilution that could occur if potentially dilutive securities were exercised or converted to common stock. The dilutive effect of options and warrants is computed by application of the treasury stock method and the effect of convertible securities by the "if converted" method. Fully diluted amounts are not presented when effects of the computations are antidilutive due to the losses incurred.

Diluted net loss per share reflects the potential dilution of securities that could result from the exercise of dilutive options and warrants. As at December 31, 2009, the Company had 38,750 (2008 - 155,000, 2007 - 198,000) stock options and 1,466,875 (2008 – 2,400,000, 2007 - 1,186,866) warrants outstanding which have not been included in the calculation of diluted net loss per share because their effect would have been anti-dilutive. Accordingly, there is no difference in the amounts presented for basic and diluted loss per share.

Financial Instrument Standards

The Company adopted the new CICA Handbook Section 3855, "*Financial Instruments -Recognition and Measurement*"; Section 3865, "*Hedges*"; Section 1530, "*Comprehensive Income*"; and Section 3861, "*Financial Instruments - Disclosure and Presentation*" (the "Financial Instrument Standards") which became effective July 1, 2007,. These new standards have been adopted on a prospective basis with no restatement to prior period financial statements.

The Financial Instrument Standards require that adjustments to the carrying value of financial assets and liabilities be recorded within retained earnings or, in the case of available-for-sale assets, accumulated other comprehensive income on transition.

The principal changes resulting from the adoption of the Financial Instrument Standards are as follows:

Financial Assets and Financial Liabilities

Under the new standards, financial assets and liabilities are initially recognized at fair value and are subsequently measured based on their classification as held-to-maturity, loans and receivables, available-for-sale or held-for-trading, as described below. The classification is not changed subsequent to initial recognition.

2. Significant Accounting Policies - Continued

Held-to-Maturity and Loans and Receivables

Financial instruments that have a fixed maturity date, where the Company intends and has the ability to hold to maturity, are classified as held-to-maturity and measured at amortized cost using the effective interest rate method. Loans and receivables are measured at amortized cost using the effective interest method.

Available-for-Sale

Financial assets classified as available-for-sale are carried at fair value (where determinable based on market prices of actively traded securities) with changes in fair value recorded in other comprehensive income. Available-for-sale investments are written down to fair value through earnings whenever it is necessary to reflect an other-than-temporary impairment. Transaction costs that are directly attributable to the acquisition or issue of a financial asset or financial liability are added to its fair value.

Held-for-Trading

Financial assets and financial liabilities that are purchased and incurred with the intention of generating profits in the near term are classified as held-for-trading. These instruments are measured at fair value with the change in the fair value recognized in income.

Derivatives and Hedge Accounting

The Company does not hold or have any exposure to derivate instruments and accordingly is not impacted by CICA Handbook Section 3865, "*Hedges*".

Comprehensive Income

Comprehensive income is composed of the Company's earnings and other comprehensive income. Other comprehensive income includes unrealized gains and losses on available-for-sale investments, foreign currency translation gains and losses on the net investment in self-sustaining operations and changes in the fair market value of derivate instruments designated as cash flow hedges, all net of income taxes. Cumulative changes in other comprehensive income are included in accumulated other comprehensive income which is presented (if applicable) as a new category in shareholders' equity.

Financial instruments – Disclosure and presentation

The Company adopted the new CICA Handbook Section 3862, "*Financial Instruments – Disclosures*" and Section 3863, "*Financial Instruments – Presentation*" which became effective July 1, 2008. This replaced existing 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 disclosure about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

2. Significant Accounting Policies - Continued

Recent Accounting Pronouncements

a) Business Combinations, Non-controlling Interest and Consolidated Financial Statements

In January 2009, the CICA issued Handbook Sections 1582 "*Business Combinations*", 1601 "*Consolidated Financial Statements*" and 1602 "*Non-controlling Interests*" which replace CICA Handbook Sections 1581 "*Business Combinations*" and 1600 "*Consolidated Financial Statements*". Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under IFRS. Section 1582 is applicable for the Company's business combinations with acquisition dates on or after January 1, 2011. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. Section 1601 is applicable for the Company's interim and annual consolidated financial statements for its fiscal year beginning January 1, 2011. Early adoption of these Sections is permitted and all three Sections must be adopted concurrently.

The Company does not anticipate the adoption of the above standards will have a significant impact on the Company's financial statements.

b) International financial reporting standards ("IFRS")

In addition to the above new accounting pronouncements, the Canadian Accounting Standards Board ("AcSB") in 2006 published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with International Financial Reporting Standards ("IFRS") over a five-year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-accountable enterprises to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the years ended June 30, 2011 and 2010. 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.

c) Financial instruments – disclosures

The CICA issued CICA Handbook Section 3862 "*Financial Instruments – disclosures*" which amended to include additional disclosure requirements about fair value measurements of financial instruments and to enhance liquidity risk disclosure requirements for publicly accountable enterprises and other entities that choose to apply this Section. Amendments apply to annual financial statements for years ending after September 30, 2009.

Management does not anticipate the adoption of the above standards will have a significant impact on the Company's financial statements

2. Significant Accounting Policies - Continued

Recent Accounting Pronouncements - Continued

d) Credit risk and the fair value of financial assets and financial liabilities

On January 20, 2009, the CICA Emerging Issues Committee (EIC) has issued the abstract of EIC 173 "*Credit Risk and the Fair Value of Financial Assets and Financial Liabilities.* The issue is to consider whether an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments, for presentation and disclosure purposes. This applies for interim and annual financial statements for periods ending on or after January 20, 2009.

Management does not anticipate the adoption of the above standards will have a significant impact on the Company's financial statements

e) Mining exploration costs

On March 27, 2009, the CICA Emerging Issues Committee (EIC) has issued the abstract of EIC 174 "*Mining Exploration Costs*". This abstract is to consider the issues of (i) when exploration costs related to mining properties may be capitalized, and (ii) if exploration costs are initially capitalized, when should impairment be assessed to determine whether a write-down is required, and what conditions indicate impairment. This applies to financial statements issued after March 27, 2009, except for entities that do not apply Section 3855 who may defer application to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2010

Management does not anticipate the adoption of the above standards will have a significant impact on the Company's financial statements

3. Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, amounts receivable and accounts payable and accrued liabilities. The carrying value of the financial instruments is approximate fair value due to their short term to maturity. These fair value estimates are subjective in nature and involve uncertainties and matters of significant judgment, and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect these estimates. The Company does not utilize derivative instruments in the management of foreign exchange, commodity price or interest rate market risks.

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risk arising from these financial instruments.

The Company has not, to the date of these financial statements, entered into derivative instruments to offset the impact of foreign currency fluctuations.

4. Amounts Receivable

Amounts receivable are non-interest bearing, unsecured and have settlement dates within one year.

5. Mineral Property Costs

Environmental protection practices

The Company is subject to laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

TCH Diamond Project

The Company has a 100% interest, subject to a 2% net smelter return upon commercial production, in certain mineral claims, representing 129 units or 2,064 hectares, located in the Walsh, Foxtrap Lake and Killala Townships in the Province of Ontario, known as the TCH Diamond Project. During the year ended June 30. 2007, the Company made cash payments totaling $31,000 and issued 4,000 common shares valued at $6,000 under these Options.

The Company has staked an additional 5,411 units or approximately 86,600 hectares in an area that is contiguous to the properties located in the Walsh, Foxtrap Lake and Killala Townships. These additional claims are also 100% owned by the Company and together with the original mineral claims make up the TCH Diamond Project.

As at December 31, 2009, the Company's interest in the TCH Diamond Project now totals approximately 88,664 hectares.

To maintain the above claims in good standing, the Company is required to spend a minimum of $400 per unit on assessment work during the first two years after staking and $400 per unit per year thereafter.

The Company recorded a provision during 2009 year end for write down of mineral property interests of $2,799,492 related to TCH Diamond Project.

5. Mineral Property Costs - Continued

Expenditures related to the TCH Diamond Project are summarized as follows:

	For the six months ended December 31, 2009 $	For the six months ended December 31, 2008 $
Balance, beginning of period	-	2,798,992
Property acquisition and staking costs	-	-
Exploration expenses		
Communication	-	-
Data analysis	-	-
Drilling	-	-
Equipment rental	-	-
Food and accommodation	-	-
Geological	-	450
Geophysics	-	-
Ground magnetic	-	-
Helicopter fees	-	-
Lab fee	-	-
Line cutting	-	-
Management fee	-	-
Mapping	-	-
Mobilization and demobilization	-	-
Sampling and processing	-	-
Supplies	-	-
	-	450
Balance, end of period	-	2,799,442

5. Mineral Property Costs - Continued

KMD Project

The Company, as a result of a settlement agreement reached on March 13, 2008, has been granted a 100% interest in 15 claims known as the Brown Lake property located in the territory of Nunavut. The Company's interest in the Brown Lake property is subject to a royalty obligation equal to 3% of gross revenue from the sale of diamonds mined from the property. The Company may, at any time within three years, purchase one-third of the 3% royalty for a purchase price of $1,000,000 and may purchase an additional one-third of the royalty for an additional $1,000,000. Additional mineral claims that were originally staked on behalf of the Company in an area that is contiguous to the Brown Lake property are 100% owned by the Company.

As at December 31, 2009, the Company's interest in this area, known as the KMD Project, now totals in excess of 116,000 acres.

The Company recorded a provision during 2009 year end for write down of mineral property interests of $2,522,672 related to the KMD Project.

Expenditures related to the KMD Project are summarized as follows:

	For the six months ended December 31, 2009	For the six months ended December 31, 2008
	$	$
Balance, beginning of period	-	2,522,622
Property acquisition and staking costs	-	-
Exploration expenses		
Assessment fee	-	-
Camp	-	-
Communication	-	-
Data Analysis	-	-
Food and accommodation	-	-
Geological	-	-
Geophysics	-	-
Helicopter fees	-	-
Management fee	-	-
Mapping	-	-
Mobilization and demobilization	-	-
Sampling and processing	-	-
Supplies	-	-
	-	-
Balance, end of period	-	2,522,622

6. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities are non-interest bearing, unsecured and have settlement dates within one year.

Included in the accounts payable and accrued liabilities at December 31, 2009 is $59,224 (2008 - $10,663, 2007 - $10,663) related to Part XII.6 tax on funds raised by the Company on flow-through share offerings (Note 10).

7. Capital Stock

On December 19, 2007, the Company issued 2,400,000 units at $0.21 per unit. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional common share of the Company at $0.28 per share until December 18, 2009. During the quarter ended December 31, 2009, all of the related share purchase warrants expired.

Pursuant to the issue of 2,400,000 units on December 19, 2007, the Company issued 137,200 common shares of the Company valued at $28,812 for finder's fees.

On August 21, 2009, the Company closed a private placement for 5,337,500 units at $0.04 per unit and another private placement of 530,000 units at $0.05 per unit. The Company issued 5,337,500 units at $0.04 per unit. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional common share of the Company at $0.05 per share for a period of one year and $0.10 per share for a further year. The Company also issued 530,000 units at $0.05 per unit. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional common share of the Company at $0.07 per share for a period of one year and $0.10 per share for a further year.

Pursuant to the issue of the 5,867,500 units, the Company issued 488,000 common shares of the Company valued at $34,160 for finder's fees.

On October 9, 2009, pursuant to a resolution passed by shareholders, the Company consolidated its capital on the basis of four existing common shares for one post-consolidated common share. After the consolidation, the Company has 3,136,069 common shares issued and outstanding.

Escrow shares

As at December 31, 2009, there are no shares remaining in escrow (2008 - Nil, 2007 - 150,000).

Stock options

The Company has established a stock option plan in accordance with the policies of the TSX Venture Exchange under which it is authorized to grant share purchase options up to 10% of its outstanding shares. Unless otherwise stated, the options vest when granted. The options are for a maximum term of five years.

During the period ended December 31, 2009, the Company granted nil stock options (2008 - Nil, 2007 - Nil).

7. Capital Stock - Continued

A summary of stock options activities during the periods ended December 31, 2009 and 2008 are as follows:

	Number of shares	Weighted average exercise price $
Outstanding and exercisable at June 30, 2008	155,000	1.15
Outstanding and exercisable at December 31, 2008	155,000	1.15
Outstanding and exercisable at June 30, 2009	155,000	1.15
Capital stock consolidation at four to one on October 9, 2009		
Outstanding and exercisable at December 31, 2009	38,750	4.60

Outstanding stock options at December 31, 2009 are as follows:

	Exercise price $	Number of options	Remaining contractual life (years)
Options	16.00	3,750	0.03
	16.00	3,750	0.21
	10.00	1,250	1.08
	1.52	30,000	3.15
		38,750	

7. Capital Stock - Continued

Warrants

A summary of share warrant activities during the periods ended December 31, 2009 and 2008 are as follows:

	Number of warrants	Weighted average exercise price $
Outstanding and exercisable at June 30, 2008	2,400,000	0.28
Outstanding and exercisable at December 31, 2008	2,400,000	0.28
Outstanding and exercisable at June 30, 2009	2,400,000	0.28
Granted	1,466,875	0.21
Excercised	-	
Expired	(2,400,000)	(0.28)
Outstanding and exercisable at December 31, 2009	1,466,875	0.21

As at December 31, 2009, the following share purchase warrants were outstanding:

	Exercise price $	Number of options	Remaining contractual life (years)
Warrants	0.20	1,334,375	1.64
	0.28	132,500	1.64
		1,466,875	

These warrants entitle the holders thereof the right to acquire one common share for each warrant held.

8. Related Party Transactions

During the six months ended December 31 2009, the Company entered into the following transactions with related parties:

i. Paid or accrued management fees of $90,000 (2008 - $15,000) to a company controlled by a director of the Company and a company controlled by an officer of the Company.

ii. Paid or accrued professional fees of $3,500 (2008 - $Nil) to a company controlled by a former director of the Company.

8. Related Party Transactions - Continued

The amounts charged to the Company for the services provided have been determined by negotiation among the parties and in certain cases, are covered by signed agreements. It is the position of the management of the Company that these transactions were in the normal course of operations and were measured at the exchange value which represented the amount of consideration established and agreed to by the related parties.

9. Commitments and Other Obligations

The Company has certain obligations related to the amendments of its flow-through filings.

10. Capital Disclosure

The capital structure of the Company consists of equity attributable to common shareholders, comprising of issued capital, contributed surplus, accumulated other comprehensive loss and deficit. The Company's objectives when managing capital are to: (i) preserve capital, (ii) obtain the best available net return, and (iii) maintain liquidity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic condition and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents and investments.

The Company's policy is to invest its excess cash in highly liquid, fully guaranteed, bank sponsored instruments.

11. Capital Management

In order to carry out planned exploration and development activities and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. In addition, the Company is dependent upon external financings to fund activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to any externally imposed capital requirements.

12. Subsequent Events

On February 15, 2010, the Company announced that by letter agreement dated February 11, 2010 (the 'Letter Agreement") the Company agreed to acquire, pursuant to a statutory plan of arrangement, 100% of the issued and outstanding shares in the capital stock of JKR Gold Resources Inc. ("JKR") in exchange for common shares of the Company ("GSV Shares"), on a one share for one share basis (the "Transaction").

There are currently 24,784,571 common shares of JKR issued and outstanding (the "JKR Shares") and the Company will issue a total of 24,784,571 GSV Shares to the shareholders of JKR (the "JKR Shareholders") in exchange for the JKR Shares. The GSV Shares will be subject to escrow and/or resale restrictions in accordance with applicable securities legislation and the policies of the TSX Venture Exchange (the "Exchange").

12. Subsequent Events - Continued

The proposed Transaction will result in a reverse takeover of the Company and is subject to the negotiation and execution of definitive documentation, completion of satisfactory due diligence inspections and approval of the Company's shareholders. The Transaction is also subject to the approval of the JKR Shareholders and the Supreme Court of British Columbia pursuant to the arrangement provisions of the *Business Corporations Act* (British Columbia).

In conjunction with the Transaction, the Company has agreed to carry out a part and parcel, non-brokered private placement (the "Financing") of up to 10,000,000 unit subscription receipts ("Subscription Receipts") at a price of $0.65 per Subscription Receipt (the "Financing Price") for gross proceeds of up to $6,500,000.

Each Subscription Receipt will entitle the holder thereof to acquire, without payment of any additional consideration, one unit (a "Unit") of the Company upon completion of the Transaction (the "Primary Release Condition").

Each Unit will consist of one common share of the Company (a "Common Share") and one transferable share purchase warrant (each whole warrant, a "Warrant") to purchase an additional Common Share at a price of $1.00 for a period of two years from the date of issuance of the Warrants.

The gross proceeds of the Financing (the "Gross Proceeds") will be held in escrow by an arm's length subscription receipt agent to be appointed by the Company pending satisfaction of the Primary Release Condition.

The Subscription Receipts will be subject to a penalty provision which provides that if the Primary Release Condition is not satisfied within 120 days (the "Release Period") following the closing of the Financing (the "Closing Date"), holders of Subscription Receipts will be entitled to receive an additional 0.05 of a Unit for each Subscription Receipt held upon satisfaction of the Primary Release Condition. For each additional 30 day period (or any portion thereof) commencing on the date that is three months following the expiry of the Release Period in which the Company fails to satisfy the Primary Release Condition, holders of Subscription Receipts will thereafter be entitled to receive a further 0.05 of a Unit for each Subscription Receipt held. If the Primary Release Condition is not satisfied on or before 12 months from the Closing Date, the Gross Proceeds, less any Partial Proceeds previously released from escrow upon satisfaction of the Interim Release Condition (as hereinafter described), will be returned to the purchasers of Subscription Receipts on a pro rata basis.

The Subscription Receipts will also provide that, subject to the consent of the Exchange, 25% of the Gross Proceeds (the "Partial Proceeds") will be released from escrow to the Company at such time as the Exchange has granted its conditional acceptance to the Transaction (the "Interim Release Condition"). Concurrent with the release of the Partial Proceeds from escrow, 25% of the Subscription Receipts will be automatically exchanged, without payment of any additional consideration, for Units with the purchasers of Subscription Receipts on a pro rata basis. It is a term of the Letter Agreement that the Company will advance the Partial Proceeds to JKR to fund further exploration of the Railroad and Crescent Valley Prospects and general working capital expenses pending completion of the Transaction. If the Transaction is not completed, the Partial Proceeds will constitute a debt of JKR to the Company.

The Company may pay finder's fees or cash commissions of up to 7% of the Gross Proceeds raised and agent's warrants of up to 7% of the total number of Subscription Receipts sold, each agent's warrant entitling the holder to purchase one Common Share of the Company at a price of $0.65 for a period of two years from the date of issuance thereof.

12. Subsequent Events - Continued

The Letter Agreement also provides that all existing stock options of the Company will be cancelled and that new options will be granted to the directors, officers, employees and consultants of the Company at the Financing Price upon closing of the Transaction.