

WSR Gold Inc.
(formerly Westchester Resources Inc.)
(A Development Stage Company)

Unaudited Consolidated Financial Statements
June 30, 2008 and 2007

WSR Gold Inc. (formerly Westchester Resources Inc.)**(A Development Stage Company)****Consolidated Balance Sheets**

	June 30, 2008 (Unaudited)	March 31, 2008 (Audited)
Assets		
Current assets		
Cash and cash equivalents	\$ 8,065,466	\$ 5,203,971
Short-term investment	1,010,000	1,010,000
Sundry receivables	132,649	67,597
Prepaid expenses	85,758	5,000
	<u>9,293,873</u>	<u>6,286,568</u>
Equipment (Note 5)	16,706	13,077
Mining interest (Note 6)	8,919,939	4,033,206
	<u>8,936,645</u>	<u>4,046,283</u>
	<u>\$18,230,518</u>	<u>\$10,332,851</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 1,449,244	\$ 2,168,983
	<u>1,449,244</u>	<u>2,168,983</u>
Shareholders' Equity		
Share capital (Note 7 (a))	27,762,317	20,943,737
Warrants (Note 7 (c))	4,461,260	2,565,012
Contributed surplus (Note 9)	1,955,561	1,276,480
Deficit	(17,397,864)	(16,621,361)
	<u>16,781,274</u>	<u>8,163,868</u>
	<u>\$ 18,230,518</u>	<u>\$ 10,332,851</u>

Going Concern (note 1)

See accompanying notes to the Financial Statements

WSR Gold Inc. (formerly Westchester Resources Inc.)
(A Development Stage Company)
Unaudited Consolidated Statements of Operations and Deficit

For the three months ended June 30,	2008	2007	Cumulative since inception December 8, 2006
Revenue			
Interest and other revenues	<u>\$ 54,683</u>	<u>\$ 25,600</u>	<u>\$ 176,565</u>
	54,683	25,600	176,565
Expenses			
General and administrative	151,165	113,342	682,115
Stock-option compensation (Note 7(b))	679,081	94,650	1,093,953
Depletion, depreciation and accretion	<u>940</u>	<u>387</u>	<u>4,202</u>
	<u>831,186</u>	<u>208,379</u>	<u>1,780,270</u>
Net loss from continuing operations before other items	(776,503)	(182,779)	(1,603,705)
Write down of mineral properties	<u>-</u>	<u>-</u>	<u>(3,818,059)</u>
Net loss from continuing operations before income taxes	(776,503)	(182,779)	(5,421,764)
Future income taxes	<u>-</u>	<u>-</u>	<u>695,000</u>
Net loss	(776,503)	(182,779)	(4,726,764)
Deficit, beginning of the period	<u>(16,621,361)</u>	<u>(13,054,541)</u>	<u>(12,671,100)</u>
Deficit, end of the period	\$ (17,397,864)	\$ (13,237,320)	\$ (17,397,864)
Basic and diluted loss per share (Note 8)	<u>\$ (0.01)</u>	<u>\$ (0.00)</u>	

See accompanying notes to the Financial Statements

WSR Gold Inc. (formerly Westchester Resources Inc.)
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Unaudited Consolidated Statements of Cash Flows

Three months ended June 30,	2008	2007	Cumulative since inception December 8, 2006
Cash flows from operating activities			
Net loss for the period	\$ (776,503)	\$ (182,779)	\$ (4,726,764)
Add items not affecting cash:			
Depletion, depreciation and accretion	940	387	4,202
Future income taxes	-	-	(695,000)
Stock-based compensation	679,081	94,650	1,093,953
Write-down of mineral properties	-	-	3,818,059
	(96,482)	(87,742)	(505,550)
Changes in non-cash components of working capital:			
Accounts receivable	(65,052)	100,870	(103,626)
Prepaid expenses	(80,758)	(45,899)	(81,091)
Accounts payable and accrued liabilities	(1,795,599)	148,042	257,931
Cash flows generated by operating activities	(2,037,891)	115,271	(432,336)
Financial Activities			
Broker warrants exercised for cash	-	100,125	174,375
Common shares issued for cash	5,500,000	-	6,791,466
Shares issue cost	(692,601)	-	(746,564)
Flow-through shares issued for cash	3,499,999	-	5,573,749
Warrants exercised for cash	407,431	1,699,500	2,944,931
Repayment of advances	-	-	(52,545)
	8,714,829	1,799,625	14,685,412
Investment Activities			
Equipment purchase	(4,569)	-	(20,907)
Purchase of investment	-	(1,492,998)	(1,050,000)
Redemption of investment	-	-	100,000
Mining interests	(3,810,874)	(450,997)	(8,041,783)
	(3,815,443)	(1,943,995)	(9,012,690)
Net change in cash	2,861,495	(29,099)	5,240,386
Cash and cash equivalents, beginning of the period	5,203,971	1,333,122	2,825,080
Cash and cash equivalents, end of the period	\$ 8,065,466	\$ 1,304,023	\$ 8,065,466

See accompanying notes to the Financial Statements

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Notes to the Unaudited Consolidated Financial Statements
June 30, 2008 and 2007

1. Nature of operations

WSR Gold Inc. (formerly Westchester Resources Inc.) ("WSR" or the "Company") is a publicly listed Canadian junior resource company with mining interests in Canada. The Company filed articles of amendment to change its name from Westchester Resources Inc. to WSR Gold Inc. on February 15, 2007.

WSR is a junior mining company engaged in the identification, acquisition, evaluation and exploration of gold and nickel properties in Canada. The Company has not determined whether the properties contain mineral reserves that are economically recoverable. The recoverability of amounts shown for resource properties and related deferred costs is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development, and attaining future profitable production from the properties or proceeds from disposition.

The Company has sufficient working capital in the near term to fund ongoing operating and exploration expenditures. However, the Company is dependent on raising funds through the issuance of shares and/or attracting joint venture partners in order to undertake further exploration and development of its mineral properties. There can, however, be no assurance it will be able to raise sufficient funds in the future.

The unaudited consolidated financial statements (the "financial statements") of the Company have been prepared in accordance with the accounting principles and methods of application disclosed in note 2 of the consolidated financial statements for the year ended March 31, 2008.

The accompanying unaudited interim consolidated financial statements include all adjustments that are, in the opinion of management, necessary for a fair presentation. The financial statements do not include disclosures required by Canadian Generally Accepted Accounting Principles for annual consolidated financial statements and accordingly the financial statements should be read in conjunction with the Company's audited financial statements for the year ended March 31, 2008.

2. Recent Accounting Pronouncements

Financial Instruments

Section 3862, Financial Instruments – Disclosure and 3863, Financial Instruments – Presentation will replace Section 3861 Financial Instruments – Disclosure and Presentation, revising and enhancing disclosure requirements on the nature and extent of risks arising from financial instruments and how a company manages those risks. Beyond additional disclosure, the adoption of these new pronouncements is not expected to have any effect on the Company's financial position or results of operations.

Going Concern

Section 1400 has been amended for new requirements relating to the assessment of an entity's ability to continue as a going concern. Beyond additional disclosure, the adoption of these new pronouncements is not expected to have an effect on the Company's financial position or results of operations.

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3. Capital management

The Company manages its capital structure and adjusts it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. For the Company, capital is the funds required to operate the Company as well as fund current and future exploration projects. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for general administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. 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.

There were no changes in the Company's approach to capital management during the three months ended June 30, 2008. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

4. Financial risk factors

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

Fair value

The carrying value of accounts payable and accrued liabilities approximates fair value due to the relatively short-term maturity of the financial instruments. Fair value represents the amount that would be exchanged in an arms length transaction between willing parties and its best evidenced by a quoted market price, if one exists.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2008, the Company has cash and short-term investments of \$9.1 million (June 30, 2007 \$6.2 million) to settle current liabilities of \$1.4 million (June 30, 2007 - \$2.1 million). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company is also committed to spending \$5.6 million on Canadian Exploration Expenditures, \$2.1 million by December 31, 2008 and \$3.5 million by December 31, 2009. If the Company does not spend these funds in compliance with the government of Canada flow-through regulations, it may be subject to litigation from various counterparties. The Company expects to fulfill all flow-through commitments within the given time constraints.

Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in low risk investments instruments with Canadian banking institutions. The Company periodically monitors the investments it makes and is satisfied with the current credit ratings of its banks. The Company's excess cash at June 30, 2008 is invested in cash and low risk financial instruments accounts with its banking institution.

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Market risk

Market risk arises from the possibility that changes in market prices will affect the value of the financial instruments of the Company such as cash equivalents. The Company's short-term investments bear interest at fixed rates and accordingly are exposed to market risk. The Company's short-term instruments such as account payables and accrued liabilities are not subject to market risk.

Commodity price risk

The Company is exposed to price risk with respect to gold and nickel prices which impacts the future economic feasibility of its exploration properties. The Company closely monitors gold and nickel prices to determine the appropriate course of action to be taken by the Company.

5. Equipment

	June 30, 2008			March 31, 2008		
	Cost	Accumulated depreciation	Net Book Value	Cost	Accumulated depreciation	Net Book Value
Computer equipment	\$ 3,436	\$ 2,136	\$ 1,300	\$ 3,436	\$ 1,971	\$ 1,465
Furniture and equipment	17,356	1,950	15,406	12,902	1,290	11,612
	<u>\$ 20,792</u>	<u>\$ 4,086</u>	<u>\$ 16,706</u>	<u>\$ 16,338</u>	<u>\$ 3,261</u>	<u>\$ 13,077</u>

6. Mining interests

	June 30, 2008				March 31, 2008
	Tri-Eagle	Lowland	Big Mac	Total	
Acquisition costs	\$ 707,124	\$ 15,854	\$ 1,735,518	\$ 2,458,496	\$ 3,775,228
Exploration	72,115	4,477,158	1,912,170	6,461,443	4,076,037
Write-offs	-	-	-	-	(3,818,059)
	<u>\$ 779,239</u>	<u>\$ 4,493,012</u>	<u>\$ 3,647,688</u>	<u>\$ 8,919,939</u>	<u>\$ 4,033,206</u>

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a) Peters Mine

On October 19, 2006, WSR entered into an option agreement with Guyana Goldfields Inc. to earn a 50% interest in the Peters Mine property in Guyana. WSR was granted the right to earn a 50% interest in the property by issuing 5.0 million common shares of the Company to Guyana Goldfields Inc. and by spending an aggregate of \$5.0 million in exploration expenditures on the property over a three-year period. The value of shares issued was deemed to be \$0.36 per share for a total fair value of \$1.8 million. At March 31, 2008 the Company had incurred on the Peters Mine property \$2,018,059 as part of the requirements under the Agreement.

During the third quarter of fiscal 2008 the Company's Guyanese subsidiary suspended their exploration activities and at year end the property was under care and maintenance. After evaluating the work results obtained in the Peters Mine property and Company's available resources and its allocation, in May 2008 WSR decided not to continue its exploration efforts in this property and to concentrate its technical and financial resources into the newly acquired Canadian projects. The Company fully wrote off this project as at March 31, 2008.

b) Tri-Eagle

On November 1, 2007 the Company entered into an option agreement with Noront Resources Ltd. ("Noront") pursuant to which WSR was granted the option to acquire a 50% legal and beneficial interest in Noront's Tri-Eagle property. The area includes 15 Claim Blocks, approximately 4,400 hectares (9,600 acres) in the "Ring of Fire", McFauld's Lake, Ontario, near Noront's nickel copper discovery.

In order to acquire its interest in the property, WSR required to:

- Incur aggregate exploration expenditures on the property of \$5.0 million over a three year period, of which \$1.5 million must be expended by October 30, 2008, an additional \$1.5 million on or before October 30, 2009 and a further \$2.0 million on or before October 30, 2010.
- Issue to Noront an aggregate of 400,000 common shares.
- Make cash payments to Noront of \$200,000 on or before October 30, 2008 and an additional \$200,000 on or before October 30, 2009. These payments may be satisfied at the option of Noront in cash or by the issuance to Noront of 400,000 common shares of WSR.

On January 9, 2008, in accordance with the option agreement, WSR issued 400,000 shares to Noront valued at \$200,000.

c) Big Mac

On February 15, 2008 the Company entered into an option agreement pursuant to which WSR has agreed to acquire 75% legal and beneficial interest in MacDonald Mines Exploration Ltd. ("MacDonald") "Big Mac" property. The Big Mac property includes 51 claim blocks, approximately 11,200 hectares, in the "Ring of Fire", McFauld's Lake, Ontario, near Noront's nickel copper discovery.

In order to acquire its interest in the property WSR is required to:

- Issue to MacDonald an aggregate of 5.0 million common shares of WSR of which 2.5 million were issued on March 25, 2008 and 2.5 million by the first anniversary date, March 14, 2009.
- Make a cash payment to MacDonald in the amount of \$100,000 following the execution of the agree-

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ment which was paid.

- Issue to MacDonald an aggregate of 1.0 million share purchase warrants, of which 500,000 warrants were to be issued on closing and 500,000 by March 14, 2009. Each warrant entitles the holder thereof to acquire one common share of WSR at an exercise price of \$0.50 per share for a period of two years from closing. 500,000 warrants were issued on May 2, 2008 and recorded as of March 31, 2008. The value of these warrants was \$195,000.
- Incur exploration expenditures of \$1.5 million on or before March 14, 2009 and, \$1.0 million before March 14, 2010 (note 7(c)).

MacDonald shall have a carried interest until WSR delivers a pre-feasibility study to MacDonald on Big Mac. After the delivery of a pre-feasibility study, MacDonald will be required to pay a pro rata portion of costs related to the property to maintain its 25% interest.

d) Lowland

On March 26, 2008 the Company executed a definitive option agreement with Metalex Ventures Ltd. ("Metalex"), and Arctic Star Diamond Corp. ("Arctic") pursuant to which WSR will be granted the option to acquire 50% interest in certain claims of Metalex's and Arctic's James Bay Properties located on and around the "Ring of Fire" and covering approximately 36 square kilometers of ground.

Under the terms of the agreement, WSR has the right to fund a maximum of \$20.0 million in expenditures on the Lowland property over a four year period. For each \$5.0 million in expenditures, WSR will acquire 12.5% interest in the Lowland property, up to a maximum 50% interest. WSR will fund by way of:

- The Company is committed to meet cash calls of \$5.0 million before May 16, 2009. Anytime after the first cash call has been met, the Company may elect to terminate the option agreement.
- Meeting cash calls of \$5.0 million before May 15, 2010;
- Meeting cash calls of \$ 5.0 million before May 15, 2011;
- Meeting cash calls of \$ 5.0 million before May 15, 2012.

As of June 30, 2008, the Company has spent \$4.4 million in exploration expenditures on this property.

WSR may at any time prior to the termination of the option period earn a full 50% interest by making a lump sum payment to Metalex in the amount of \$20.0 million minus the amount of expenditures that WSR has funded to date.

e) Golden Valley

On June 6, 2008 WSR announced the grant of an option from Golden Valley Mines Ltd. ("Golden Valley") to WSR and Noront to acquire an aggregate 70% legal and beneficial interest in the Golden Valley property located in the lowland region of James Bay, Ontario.

In order to acquire its 35% interest in the property, WSR will be required to make payments to Golden Valley of \$175,000, payable in cash and/or by issuing common shares of WSR upon the later of the execution of a definitive option agreement, or the receipt of approval from the TSX Venture Exchange. The number of shares, to be issued by WSR as consideration for the option will be equal to the dollar amount of the total consideration that Golden Valley elects to receive in shares divided by the ten day volume weighted av-

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erage price of such shares for the ten trading day period immediately preceding the date on which a press release is issued announcing a definitive option agreement amongst WSR, Noront and Golden Valley. In addition to these payments, WSR and Noront will be required to incur aggregate exploration expenditures on the property of at least \$5.0 million over a three year period, of which \$1.0 million must be expended in the first year.

Upon WSR and Noront earning their collective 70% interest in the property, WSR, Noront and Golden Valley shall enter into a joint venture agreement. The joint venture agreement will require WSR and Noront to fund all project costs up to the start of commercial production from the property. Following the commencement of commercial production, any cash after payment of operating expenses and third party financing costs will be distributed to Noront and WSR until such time as the aggregate of their project costs, including interest, up to the commencement of commercial production have been repaid, following which such a cash flow shall be distributed to the parties on a pro rata basis.

The transaction remains subject to the approval of the TSX Venture Exchange and execution of the definitive option agreement.

7. Share capital

(a) Capital stock

	<u>Common shares</u>	<u>Amount</u>
Balance, March 31, 2007	74,147,652	\$ 15,132,287
Flow-through shares issued	5,925,000	2,073,750
Tax effect of flow-through shares	-	(695,000)
Issued under private placement	4,075,000	1,344,750
Fair value of warrants issued under private placement	-	(1,034,513)
Warrants exercised	6,570,000	1,917,000
Warrants value transfer to common shares	-	490,690
Fair value of broker warrants issued	-	(445)
Broker warrants exercised	445,000	100,125
Transfer to common shares	-	44,055
Share issue cost	-	(53,962)
Issue on acquisition of mineral interest	2,900,000	1,625,000
Balance March 31, 2008	<u>94,062,652</u>	<u>\$ 20,943,737</u>

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	<u>Common shares</u>	<u>Amount</u>
Balance March 31, 2008	94,062,652	\$ 20,943,737
Flow-through shares issued	5,833,331	3,499,999
Fair value of warrants issued on flow-through shares	-	(644,583)
Issued under private placement	11,000,000	5,500,000
Fair value of warrants issued under private placement	-	(1,215,500)
Warrants exercised	1,629,725	407,431
Warrants value transfer to common shares	-	162,973
Share issue cost	-	(891,739)
Balance, June 30, 2008	<u>112,525,708</u>	<u>\$ 27,762,317</u>

On December 13, 2007 the Company completed a private placement financing consisting of (i) 5,925,000 flow-through units ("FT Units") at \$0.35 per FT Unit, each such FT Unit consisting of one "flow-through" common share of the Company and one-half of one share purchase warrant and (ii) 4,075,000 hard dollar units ("Units") at \$0.33 per Unit, each Unit consisting of one common share of the Company and one share purchase warrant for gross proceeds of \$3,418,500. The warrants are exercisable at \$0.45 until November 8, 2008. (See also section (c) "Warrants"). In connection with this financing, the company incurred \$53,962 in share issue costs for legal and filing fees.

During fiscal 2008, 445,000 broker warrants were exercised for 445,000 units consisting of 445,000 shares and an additional 445,000 warrants exercisable at \$0.30. During the year, 6,570,000 warrants were exercised for proceeds of \$1,917,000.

On April 25, 2008 the Company closed a private placement for gross proceeds of \$9.0 million by issuing 11,000,000 units ("Units") at a price of \$0.50 per Unit and 5,833,331 flow-through units ("FT Units") at a price of \$0.60 per FT Unit. Each Unit consists of one common share of WSR and one-half of one common share purchase warrant. Each FT Unit consists of one flow-through common share of WSR and one-half of one common share purchase warrant. Each whole warrant shall entitle the holder thereof to acquire one additional common share of WSR at an exercise price of \$0.65 per share for a period of 24 month from the date of the issuance thereof.

In connection with this offering, the Company paid to its agents a cash commission of 6.5% of the gross proceeds raised in the offering, as well as such number of Compensation Warrants as is equal to 6.5% of the total number of Units and FT Units sold in the offering. Each Compensation Warrant shall be exercisable to acquire one Unit at an exercise price of \$0.50 for a period of one year following the date of issuance thereof.

(b) Stock-Based Compensation

The Company has a stock option plan (the "Plan") under which it is authorized to grant options to acquire shares of the Company to directors, officers, employees and other ongoing service providers. The aggregate number of common shares issuable is 3,600,000. The number of common shares reserved for issue to any one person within any one year may not exceed 5% of the issued and outstanding common shares at the date of such grant. The exercise price of options issued shall be determined by the board of directors on the basis of the market price. The options are non-assignable and may be granted for a term not exceeding five years. Options issued under the Plan may vest at the discretion of the Board of Directors.

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On June 4, 2008 WSR received conditional approval from the TSX Venture exchange to amend its stock-option plan that reserves for stock option compensation issuance a rolling 10% of the issued and outstanding shares of the Company. The plan amendment is subject to shareholder's approval at their next annual general meeting.

The changes in stock options for the three months period ended June 30, 2008 and year ended March 31, 2007 are as follows:

	<u>June 30, 2008</u>		<u>March 31, 2008</u>	
	<u>Number of</u>	<u>Weighted</u>	<u>Number of</u>	<u>Weighted</u>
	<u>Options</u>	<u>Average</u>	<u>Options</u>	<u>Average</u>
		<u>Price</u>		<u>Price</u>
Outstanding, beginning of period	2,550,000	\$ 0.58	2,160,000	\$ 0.58
Granted	4,475,000	0.80	390,000	0.60
Outstanding, end of period	7,025,000	\$ 0.72	2,550,000	\$ 0.58

The following schedule describes the remaining average life remaining on these stock options:

<u>Options Outstanding</u>		
<u>Exercise</u>	<u>Remaining</u>	<u>Options</u>
<u>Price</u>	<u>Life in years</u>	<u>Outstanding</u>
\$0.30	0.24	160,000
\$0.50	2.78	200,000
\$0.60	3.17	1,890,000
\$0.67	2.88	200,000
\$0.70	1.02	100,000
\$0.80	4.95	4,475,000
\$0.72	2.78	7,025,000

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On April 19, 2007, the Company granted options to a consultant to acquire 100,000 common shares of the Company at \$0.60 per share over a period of five years. These options have an estimated value of \$32,600 and were expensed on the date that they were granted since they were fully vested. The fair value was estimated using the Black-Scholes option-pricing model using the following assumptions: dividend yield 0%; expected volatility 100%; risk-free interest rate 4.12%; and an expected life of five years.

On November 28, 2007, the Company granted options to a director and consultants to acquire 290,000 common shares of the Company at \$0.60 per share over a period of five years. These options have an estimated value of \$79,750 and were expensed on the date that they were granted since they vest immediately. The fair value was estimated using the Black-Scholes option-pricing model using the following assumptions: dividend yield 0%; expected volatility 100%; risk-free interest rate 4.0%; and an expected life of five years.

On June 11, 2008, the Company granted options to directors and consultants to acquire 4,475,000 common shares of the Company at \$0.80 per share for five years. These options have an estimated value of \$2,716,325 are vested over a period of 18 month with 25% vesting immediately and 25% every six month thereafter. The fair value was estimated using the Black-Scholes option-pricing model using the following assumptions: dividend yield 0%; expected volatility 100%; risk-free interest rate 3.71%; and an expected life of five years. These options are subject to shareholders approval on a proposed increase in the stock option reserves (see above).

(c) Warrants

The following schedules describe the warrants transactions during the periods ended June 30, 2008 and 2007 and balances outstanding at the end of each period:

	Warrants		Broker Warrants	
	Number of Warrants	Stated Value	Number of Warrants	Stated Value
Balance, March 31, 2007	19,480,000	\$ 1,825,744	445,000	\$ 44,055
Issued on private placement	7,037,500	\$ 1,034,513	-	-
Exercise of warrants	(6,570,000)	(490,690)	-	-
Exercise of broker warrants	445,000	445	(445,000)	(44,055)
Warrants issued for Big Mac property (note 8 c)	500,000	195,000	-	-
Balance at March 31, 2008	20,892,500	\$ 2,565,012	-	\$ -
Issued on private placement	8,416,665	1,860,083		
Compensation warrants	1,094,166	199,138		
Exercise of warrants	(1,629,725)	(162,973)		
Balance at June 30, 2008	28,773,606	\$ 4,461,260	-	\$ -

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The following schedule describes the remaining life on these warrants:

Exercise price	Expiry Date	Units
\$0.25	November 17, 2008	11,725,275
\$0.45	December 13, 2008	7,037,500
\$0.50	March 14, 2010	500,000
\$0.50	March 25, 2009	1,094,166
\$0.65	March 25, 2010	8,416,665
		28,773,606

In connection with the December 13, 2007 financing, the Company issued 7,037,500 warrants entitling the holder thereof to acquire one additional common share of the Company (which was not a flow-through share), at an exercise price of \$0.45 per share before November 8, 2008. The fair value assigned to these warrants was \$1,034,513 determined by the Black-Scholes option-pricing model using the following assumptions: dividend yield 0%; expected volatility 133%; risk-free interest rate 3.96%; and an expected life of one year.

During fiscal 2008, 445,000 broker warrants were exercised for net proceeds of \$100,125. On exercise of these warrants 445,000 new warrants were issued, each warrant exercisable into one common share of the Company at a price of \$0.30 per warrant. The fair value assigned to the issued warrants was calculated using the Black-Scholes option-pricing model assuming a dividend rate of 0%, average expected volatility of 87% and an expected maturity of 14 days. The fair value assigned was \$445.

The following warrants were exercised during the year ended March 31, 2008:

- Exercise of 775,000 warrants at a price of \$0.30, issued on exercise of 775,000 broker warrants, for net proceeds of \$232,500 and a fair value of \$775;
- Exercise of 4,715,000 warrants at a price of \$0.30 for net proceeds of \$1,414,500 and a fair value of \$381,915;
- Exercise of 1,080,000 warrants at a price of \$0.25 for net proceeds of \$270,000 and fair value of \$108,000.

During the first quarter of fiscal 2009 1,629,725 warrants at \$0.25 were exercised for net proceeds of \$407,431. The fair value of these warrants is \$162,973.

In connection with the April 25, 2008 private placement the Company issued warrants exercisable into 8,416,665 shares of WSR at an exercise price of \$0.65 per share for a period of 24 month from the date of the issuance. The fair value assigned to the issued warrants was calculated using the Black-Scholes option-pricing model assuming a dividend rate of 0%, average expected volatility of 100%; risk-free interest rate of 2.94% and an expected maturity of two years. The fair value assigned was \$1,860,083.

In connection with this offering, the Company paid to its agents a cash commission of 6.5% of the gross proceeds raised in the offering, as well as such number of compensation warrants as is equal to 6.5% of the total number of Units and FT Units sold in the offering. Each compensation warrant shall be exercisable to acquire one Unit at an exercise price of \$0.50 for a period of one year following the date of issuance thereof. The fair value assigned to the issued warrants was calculated using the Black-Scholes option-pricing model assuming a dividend rate of 0%, average expected volatility of 100%; risk-free interest rate of 2.94% and an expected maturity of one years. The fair value assigned was \$199,138.

WSR Gold Inc.
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8. Loss per Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share. Under this method, it is assumed that proceeds on the exercise of stock options and warrants are used by the Company to repurchase Company shares at the average market price. A reconciliation of the denominators for the basic and diluted net income per share calculations for the three months ended June 30, 2008 and 2007 is as follows:

June 30,	2008	2007
Basic weighted average shares	107,201,839	74,251,131
Effect of dilutive stock options and warrants (i)	-	-
Diluted weighted average shares	107,201,839	74,251,131

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

9. Contributed surplus

Balance, March 31, 2007	\$ 1,100,887
Stock-based compensation	175,593
Balance, March 31, 2008	1,276,480
Stock based compensation	679,081
Balance at June 30, 2008	\$ 1,955,561

10. Related party transactions

No related party transactions occurred during the first quarter of fiscal 2009. During the first quarter of fiscal 2008 a corporation owned by an officer of the Company performed accounting services for the Company for fees of \$10,828 and the Company paid management fees to a director of the Company for \$8,000.

11. Segment information

The Company conducted mineral exploration programs in Guyana and Canada. The Company discontinued their exploration activities on the Guyanese property and the balance of these mining interests has been written off. None of the operations generated revenue during fiscal 2008. Exploration expenditures by project are disclosed in note 6.