

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

Unaudited Consolidated Financial Statements
September 30, 2009 and 2008



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

Consolidated Balance Sheets

	September 30, 2009	March 31, 2009
	(Unaudited)	
Assets		
Current assets		
Cash	\$ 2,259,029	\$ 1,017,647
Short-term investment	10,000	10,000
Sundry receivables	62,185	59,929
Share subscription receivable	40,000	-
Prepaid expenses	168,561	152,122
	<u>2,539,775</u>	<u>1,239,698</u>
Exploration advance and supplies inventory (Note 6)	348,966	689,715
Equipment (Note 5)	18,263	21,434
Mining interests (Note 7)	4,031,377	3,466,860
	<u>4,398,606</u>	<u>4,178,009</u>
	<u>\$ 6,938,381</u>	<u>\$ 5,417,707</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 79,735	\$ 284,426
Exploration advances	44,529	447,025
	<u>124,264</u>	<u>731,451</u>
Shareholders' Equity		
Share capital (Note 8 (a))	32,169,246	30,013,771
Warrants (Note 8 (c))	3,134,710	2,964,543
Contributed surplus (Note 9)	4,490,511	4,113,754
Deficit	(32,982,564)	(32,405,812)
	<u>6,811,903</u>	<u>4,686,256</u>
	<u>\$ 6,936,167</u>	<u>\$ 5,417,707</u>

Going concern (Note 1)

Approved by the board of directors

Signed "T. Pladsen"

Director

Signed "V. Vallance"

Director

White Pine Resources Inc.

(formerly WSR Gold Inc)

(A Development Stage Company)**Unaudited Consolidated Statements of Operations and Deficit**

As at September 30,	Three months ended		Six months ended		Cumulative since inception December 8, 2006
	2009	2008	2009	2008	
Revenue					
Interest and other revenues	\$ 600	\$ 98,041	\$ 33,893	\$ 152,724	\$ 389,989
	600	98,041	33,893	152,724	389,989
Expenses					
General and administrative	121,409	162,922	230,717	314,087	1,378,751
Stock based compensation (Note 8(b))	123,887	61,538	376,757	740,619	3,641,624
Depreciation	1,585	3,936	3,171	4,876	16,956
	246,881	228,396	610,645	1,059,582	5,037,331
Net loss before other items	(246,281)	(130,355)	(576,752)	(906,858)	(4,647,342)
Write down of mining interests	-	-	-	-	(17,372,122)
Net loss before income taxes	(246,281)	(130,355)	(576,752)	(906,858)	(22,019,464)
Future income taxes	-	-	-	-	1,708,000
Net loss	(246,281)	(130,355)	(576,752)	(906,858)	(20,311,464)
Deficit, beginning of the period	(32,736,283)	(17,397,864)	(32,405,812)	(16,621,361)	(12,671,100)
Deficit, end of the period	\$ (32,982,564)	\$ (17,528,219)	\$ (32,982,564)	\$ (17,528,219)	\$ (32,982,564)
Basic and diluted loss per share (Note 10)					
	\$ (0.01)	\$ (0.01)	\$ (0.03)	\$ (0.08)	
Weighted average number of common shares (Note 10)					
	19,783,964	11,264,147	18,694,299	10,993,652	

White Pine Resources Inc.

(formerly WSR Gold Inc)

(A Development Stage Company)**Unaudited Consolidated Statements of Cash Flows**

As at September 30,	Three months ended		Six months ended		Cumulative since inception
	2009	2008	2009	2008	December 8, 2006
Cash flows from operating activities					
Net loss for the period	\$ (246,281)	\$ (130,355)	\$ (576,752)	\$ (906,858)	\$ (20,311,464)
Add items not affecting cash:					
Depreciation	1,585	3,936	3,171	4,876	16,956
Future income taxes	-	-	-	-	(1,708,000)
Stock-based compensation	123,887	61,538	376,757	740,619	3,641,624
Write-down of mineral properties	-	-	-	-	17,372,122
	<u>(120,809)</u>	<u>(64,881)</u>	<u>(196,824)</u>	<u>(161,363)</u>	<u>(988,762)</u>
Changes in non-cash components of working capital:					
Sundry receivables	12,495	(196,148)	(2,256)	(261,199)	(33,162)
Prepaid expenses	4,281	(51,434)	(16,439)	(132,192)	(163,894)
Accounts payable and accrued liabilities	(198,348)	(272,179)	(217,568)	(2,067,778)	1,842,665
Cash flows generated by (used in) operating activities	<u>(302,381)</u>	<u>(584,642)</u>	<u>(433,087)</u>	<u>(2,622,532)</u>	<u>656,847</u>
Financing Activities					
Broker warrants exercised for cash	-	-	-	-	174,375
Common shares issued for cash	290,000	-	290,000	5,500,000	7,081,466
Share issue costs	(193,108)	-	(193,108)	(692,601)	(983,905)
Flow-through shares issued for cash	2,153,750	-	2,153,750	3,499,999	9,296,248
Warrants exercised	35,000	62,500	35,000	469,931	3,042,431
Stock options exercised	-	18,000	-	18,000	18,000
Repayment of advances	-	-	-	-	(52,545)
Exploration advances received (paid)	(34,985)	-	(402,496)	-	44,529
	<u>2,250,657</u>	<u>80,500</u>	<u>1,883,146</u>	<u>8,795,329</u>	<u>18,620,599</u>
Investment Activities					
Equipment purchase	-	(13,483)	-	(18,052)	(35,218)
Exploration advance and supplies inventory	214,575	(500,000)	340,749	(500,000)	(348,966)
Purchase of investment	-	-	-	-	(1,050,000)
Redemption of investment	-	1,010,000	-	1,010,000	1,100,000
Mining interests	(399,597)	(3,644,779)	(551,640)	(7,455,654)	(19,511,527)
	<u>(185,022)</u>	<u>(3,148,262)</u>	<u>(210,891)</u>	<u>(6,963,706)</u>	<u>(19,845,711)</u>
Net change in cash	<u>1,763,254</u>	<u>(3,652,404)</u>	<u>1,239,168</u>	<u>(790,909)</u>	<u>(568,265)</u>
Cash, beginning of the period	<u>493,561</u>	<u>8,065,466</u>	<u>1,017,647</u>	<u>5,203,971</u>	<u>2,825,080</u>
Cash, end of the period	<u>\$ 2,256,815</u>	<u>\$ 4,413,062</u>	<u>\$ 2,256,815</u>	<u>\$ 4,413,062</u>	<u>\$ 2,256,815</u>

White Pine Resources Inc. (formerly WSR Gold Inc.)

Notes to the consolidated financial statements

September 30, 2009 and 2008

(Unaudited)

1. Nature of operations and going concern

White Pine Resources Inc. (formerly WSR Gold Inc.) (a development stage Company) ("WPR" or the "Company") is a publicly listed Canadian junior resource company with mining interests in Canada.

WPR is engaged in the identification, acquisition, evaluation and exploration of gold, nickel, copper, zinc, silver and other base metal properties in Canada. The Company has not determined whether the properties contain mineral reserves that are economically recoverable. The recoverability of amounts shown for mining interests 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 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 mining interests. There is significant uncertainty on whether the Company will be able to further fund its exploration programs since there is no assurance it will be able to raise sufficient funds in the future.

As at September 30, 2009, the Company had working capital of \$2,371,453 and an accumulated deficit of \$32,982,564. Management of the Company believes that it has sufficient funds to pay its ongoing expenses and to meet its liabilities for the ensuing twelve months as they fall due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. The Company's ability to continue operations and fund its exploration activities is dependent on management's ability to secure additional financing. Management is actively pursuing such additional sources of financing, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. 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. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying audited consolidated financial statements. Such adjustments could be material.

2. Summary of significant accounting policies

The accounting policies of the Company are in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") and reflect the following policies:

(a) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Electrum Slater Resources Corporation, Spiral Mountain Corporation and Tupper Shields Copper Corporation. The Company's subsidiaries have currently suspended their exploration and development activities and are inactive.

(b) Basis of presentation

On December 16, 2008, the Company's shareholders approved a 10 for 1 consolidation of its outstanding common shares effective December 18, 2008, the day on which the Company's common shares began trading under the symbol WPR.

White Pine Resources Inc. (formerly WSR Gold Inc.)

Notes to the consolidated financial statements

September 30, 2009 and 2008

(Unaudited)

All references to share and per-share data, warrants and stock options for all periods presented in the financial statements have been adjusted to give effect to the 10 for 1 common share consolidation.

(c) Short-term investment

Short-term investments represent investments in guaranteed investment certificates with maturity dates of more than ninety days and money market funds. All guaranteed investment certificates are held with Canadian chartered banks.

(d) Equipment

Equipment is stated at cost. Equipment consists of computer equipment and furniture. Amortization is provided using the declining balance basis at the following annual rates based on the estimated useful lives of the equipment:

Computer hardware and software	45%
Furniture and office equipment	20%

(e) Mining interests

The Company accounts for mining interests costs in accordance with the CICA Handbook Section 3061, "Property, Plant and Equipment" ("CICA 3061"), and abstract EIC 174, "Mining Enterprises for Exploration Costs" of the Emerging Issues Committee. CICA 3061 provides for the capitalization of acquisition and exploration costs of an exploration property where such costs are considered to have the characteristics of property, plant and equipment.

Mining interests which includes interest in mineral properties and deferred exploration expenditures are carried at cost until they are brought into production, at which time they are depleted on a units of production method based on proven and probable reserves. If a property is subsequently determined not to be economic, the property and related deferred costs are written down to net recoverable amount. Other general exploration expenses are charged to operations as incurred. The cost of exploration properties abandoned or sold and their related deferred exploration costs are charged to operations in the current year.

Costs include the cash consideration and the fair market value of the shares issued for the acquisition of exploration properties. The carrying value is reduced by option proceeds received until such time as the property cost and deferred expenditures are reduced to nominal amounts. Properties acquired under option agreements or by joint ventures, whereby payments are made at the sole discretion of the Company, are recorded in the accounts at the time of payment.

If it is determined that the carrying value of a property exceeds its net recoverable amount as estimated by management, or exceeds the selling value of the property, a provision is made for the decline in value and charged against operations in the year of impairment.

(f) Asset retirement obligations

The fair values of asset retirement obligations are recorded as liabilities on a discounted basis when they are incurred. Amounts recorded for the related assets are increased by the amount of these obligations. Over time, the liabilities will be accreted for the change in their present value and the initial capitalized

White Pine Resources Inc. (formerly WSR Gold Inc.)

Notes to the consolidated financial statements

September 30, 2009 and 2008

(Unaudited)

costs will be depleted and amortized over the useful lives of the related assets. The Company did not have any material asset retirement obligations as of September 30 and March 31, 2009.

(g) Flow-through financing

The Company has financed a portion of its exploration activities through the issue of flow-through shares, which transfer the tax deductibility of exploration expenditures to the investor. Proceeds received on the issue of such shares have been credited to share capital and the related exploration costs have been charged to mineral properties. Resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. When these expenditures are renounced, taxable differences created by the renunciation will reduce share capital.

(h) Stock based compensation plan

The Company recognizes stock based compensation expense for grants of options to officers, directors and employees in the consolidated financial statements based on the estimated fair value at the grant date. Stock based payments are recorded as an expense over the vesting period or when the awards or rights are granted, with a corresponding increase to stock options under shareholders' equity. When stock options are exercised, the corresponding value is transferred from stock options to capital stock. The Company's stock option plan is described in Note 8(b).

(i) Income taxes

The Company uses the asset and liability method of accounting for income taxes. Under the asset and liability method of tax allocation, future income taxes are determined based on the differences between the financial reporting and tax bases of assets and liabilities. These income tax assets and liabilities are measured using the substantively enacted tax rates in which the income tax assets or liabilities are expected to be settled or realized. A valuation allowance is provided to the extent that it is more likely than not that those future income tax assets will not be realized.

(j) Loss per common share

Basic loss per share is calculated using the weighted average number of shares outstanding. Diluted loss per share is calculated using the treasury stock method. In order to determine diluted loss per share, the treasury stock method assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted loss per share calculation. The diluted loss per share calculation excludes any potential conversion of options and warrants that would increase earnings per share or decrease loss per share.

(k) Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the related reported amounts of revenue and expense during the report period. The most significant estimates are related to the recoverability of mining interests, valuation of stock based compensation and warrants, and valuation of future tax assets and liabilities. Actual results could differ from those estimates. Management believes that the estimates are reasonable.

White Pine Resources Inc. (formerly WSR Gold Inc.)

Notes to the consolidated financial statements

September 30, 2009 and 2008

(Unaudited)

(l) Investment in joint venture

The investment in joint venture is accounted for using proportionate consolidation.

(m) Financial instruments

The Company has made the following classifications:

Cash	Held-for-trading
Short-term investment	Held-for-trading
Amounts receivable	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities

Transaction costs are expensed as incurred for all financial instruments and the Company had no other comprehensive income or loss transactions during the year. Accordingly, a statement of comprehensive income has not been presented.

(n) Change in accounting policies

Future Accounting Changes

International financial reporting standards ("IFRS")

In January 2006, the CICA's Accounting Standards Board ("AcSB") formally adopted the strategy of replacing Canadian generally accepted accounting principles with IFRS for Canadian enterprises with public accountability. The current conversion timetable calls for financial reporting under IFRS for accounting periods commencing on or after January 1, 2011. On February 13, 2008 the AcSB confirmed that the use of IFRS will be required in 2011 for publicly accountable profit-oriented enterprises. For these entities, IFRS will be required for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company is currently assessing the impact of IFRS on its consolidated financial statements.

Consolidated financial statements

In January 2009, the CICA released *Section 1601 Consolidated Financial Statements* which replaces *Section 1600 Consolidated Financial Statements*. *Section 1601* establishes standards for preparation of consolidated financial statements. This section will apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption is permitted but must be applied together with *Section 1582 Business Combinations*. The Company is assessing the impact, if any, that the adoption of these new sections will have on its consolidated financial statements.

Business combinations

In January 2009, the CICA released *Section 1582 Business Combinations*, which replaces *Section 1581 Business Combinations*. The new section provides the Canadian equivalent to *IFRS 3 Business Combinations*. This section applies prospectively to business combinations for which the acquisition is on or after January 1, 2011. Earlier adoption is permitted but must be applied together with *Section 1601 Financial Statements* and *Section 1602 Non-Controlling interests*. As *Section 1582* will apply only to future business combinations, it will not have a significant effect on the Company's consolidated financial statements prior to such acquisitions.

White Pine Resources Inc. (formerly WSR Gold Inc.)

Notes to the consolidated financial statements

September 30, 2009 and 2008

(Unaudited)

3. Capital management

The Company's capital consists of common shares, warrants and contributed surplus totaling \$39,794,467 (March 31, 2009 \$37,092,068). 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.

When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of mineral properties.

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

4. Property and financial risk factors

a) Property risk

As at September 30, 2009, the Company had interests in the Lowland, Luc Bourdon and Garden Island properties (the "Properties"). Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage 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.

b) Financial risk

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

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

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and short-term investments and amounts receivable. Cash and short-term investments consist of cash on hand and short-term securities with reputable financial institutions. Amounts receivable are in good standing as of September 30, 2009. Management be-

White Pine Resources Inc. (formerly WSR Gold Inc.)

Notes to the consolidated financial statements

September 30, 2009 and 2008

(Unaudited)

believes that the credit risk concentration with respect to financial instruments included in cash and short-term investments and amounts receivable is minimal.

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 September 30, 2009, the Company has cash and short-term investments balances of \$2,269,029 (March 31, 2009 \$1,027,647) to settle current liabilities of \$124,264 (March 31, 2009 - \$731,451). Most of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and commodity prices.

Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in short-term securities and marketable securities which consist of certificates of deposit, bankers acceptances and discount notes ("fixed income"). The Company's cash balances and short-term investments bear interest at floating rates and as such are subject to interest rate cash flow risk resulting from market fluctuation in interest rates.

c) Sensitivity analysis

The Company has designated, for accounting purposes, its cash and short-term investments as held-for-trading, which are measured at fair value. Amounts receivable are classified for accounting purposes as loans and receivables, which are measured at amortized cost which equals fair market value. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost which also equals fair market value.

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

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

Cash and cash equivalents are subject to floating interest rates. As at September 30, 2009, if interest rates had decreased/increased by 1% with all other variables held constant, the loss for the three months ended September 30, 2009 would have varied by approximately \$22,690, as a result of the variance in interest income from cash and cash equivalents. Similarly, as at September 30, 2009, shareholders' equity would have varied by \$22,690 as a result of the variance in interest income from cash and cash equivalents due to a 1% variance in interest rates.

White Pine Resources Inc. (formerly WSR Gold Inc.)
Notes to the consolidated financial statements
September 30, 2009 and 2008
(Unaudited)

5. Equipment

	September 30, 2009			March 31, 2009		
	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value
Computer equipment	\$ 3,436	\$ 2,812	\$ 624	\$ 3,436	\$ 2,630	\$ 806
Computer software	13,484	7,736	5,748	13,484	6,068	7,416
Furniture and equipment	17,356	5,465	11,891	17,356	4,144	13,212
	<u>\$ 34,276</u>	<u>\$ 16,013</u>	<u>\$ 18,263</u>	<u>\$ 34,276</u>	<u>\$ 12,842</u>	<u>\$ 21,434</u>

6. Exploration advances and supply inventory

Exploration advances and supply inventory consists of the following:

	September 30, 2009	March 31, 2009
Deposits - Garden Island project	\$ 325,000	\$ 325,000
Deposits - Tri-Eagle project	-	207,048
Fuel supplies	23,966	157,667
	<u>\$ 348,966</u>	<u>\$ 689,715</u>

7. Mining interests

The following schedules describe the carrying values of each property as at September 30, 2009 and year ended March 31, 2009:

	September 30, 2009		
	Lowland	Luc Bourdon	Total
Acquisition cost	\$ 15,854	\$ 175,000	\$ 190,854
Exploration	12,330,305	785,889	13,116,194
Write-downs	(9,275,671)	-	(9,275,671)
	<u>\$ 3,070,488</u>	<u>\$ 960,889</u>	<u>\$ 4,031,377</u>

White Pine Resources Inc. (formerly WSR Gold Inc.)
Notes to the consolidated financial statements
September 30, 2009 and 2008
(Unaudited)

Year ended March 31, 2009					
	Lowland	Luc Bourdon	Big Mac	Tri-Eagle	Total
Acquisition cost	\$ 15,854	\$ 175,000	\$ 1,735,518	\$ 207,124	\$ 1,910,518
Exploration	12,216,864	334,813	1,971,338	364,412	2,306,151
Write-downs	(9,275,671)	-	(3,706,856)	(571,536)	(3,706,856)
	\$ 2,957,047	\$ 509,813	\$ -	\$ -	\$ 509,813

Lowland

On March 26, 2008 the Company entered into an option agreement with Metalex Ventures Ltd. ("Metalex"), and Arctic Star Diamond Corp. ("Arctic") pursuant to which WPR was granted the option to acquire a 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.

Under the terms of the agreement, WPR 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, WPR will acquire a 12.5% interest in the Lowland property, up to a maximum 50% interest. WPR will fund the required \$20.0 million in expenditures by way of:

- Meeting 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 at September 30, 2009 the Company has spent \$12,330,305 (March 31, 2009: \$12,216,864), meeting its commitment up to May 15, 2010 and earning a 25% interest in the Lowland property. If WPR authorizes additional spending in a period they must meet all additional cash calls made to be in compliance with the agreement.

WPR 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 WPR has funded to date.

During last fiscal year, given market conditions and exploration results the Company recorded an impairment charge of \$9,275,671 on this project.

Luc Bourdon

On September 11, 2008 WPR and Noront entered into an option agreement with Golden Valley Mines Ltd. ("Golden Valley"), providing WPR and Noront with the option to acquire from Golden Valley an aggregate 70% interest in the Luc Burdon property located in the lowland region of James Bay, Ontario. WPR and Noront jointly control the option and WPR has accounted for the option as a joint venture. WPR and Noront are 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.

White Pine Resources Inc. (formerly WSR Gold Inc.)

Notes to the consolidated financial statements

September 30, 2009 and 2008

(Unaudited)

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

Included in cash is \$44,529 (March 31, 2009:\$500,000) in restricted cash advanced by Noront for future expenditure on the Luc Bourdon property.

In order to satisfy its payments under the agreement, WPR made payments to Golden Valley on September 19, 2008 of \$175,000 by paying \$25,000 in cash and issuing Golden Valley 34,091 WPR common shares with a fair value of \$4.40 per share.

WPR has recorded its 50% proportionate interest in the assets of the joint venture. The assets of the joint venture are as follows:

Mining interest: \$ 1,571,778

The joint venture had no revenue or expenses.

Cash flow from investing activities: \$ (1,571,778)

During the three and six months ended September 30, 2009 the Company has incurred \$91,839 and \$451,076 respectively on this project.

Garden Island

On February 25, 2009 the Company entered into an agreement (the "Garden Island Option Agreement") with TSR Resources Inc. ("TSR") where TSR granted the Company an option to acquire an individual 20% right, title and interest for a resulting aggregate 10% right, title and interest (the "Interest") in and to 296 mineral claims located in Piedmont, Courville, Pascalis and Senneville Townships of Quebec, which mineral claims are collectively known as the Garden Island Property (the "Property").

TSR and Noront Resources Ltd. entered into an option agreement dated July 6, 2007 and amended on July 10, 2008 (the "Noront Option Agreement"), pursuant to which Noront has acquired a 50% interest in the Garden Island Property and upon exercise of the Garden Island Option Agreement, the Property shall thereafter be held as 50% by Noront, as to 40% by TSR and 10% by WPR.

To exercise the Option and thereby acquire the Interest, WPR shall incur expenses on the Property in the aggregate amount of CDN\$ 325,000 which qualify as Canadian Exploration Expenses as defined in the Income Tax Act (Canada), which expenses shall be incurred as shall be directed by TSR. On March 4, 2009 the Company advanced \$325,000 to TSR for this purpose. This amount has been included in Exploration advance and supplies inventory on the balance sheet.

Big Mac

On February 15, 2008, the Company entered into an option agreement pursuant to which WPR agreed to acquire 75% interest in MacDonald Mines Exploration Ltd. ("MacDonald") "Big Mac" property. The Big Mac property included 51 claim blocks, approximately 11,200 hectares, in the "Ring of Fire".

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

- Issue MacDonald an aggregate of 500,000 WPR common shares of which 250,000 were issued on March 25, 2008 (and valued at \$1,425,000) and 250,000 by the first anniversary date, March 14, 2009

White Pine Resources Inc. (formerly WSR Gold Inc.)

Notes to the consolidated financial statements

September 30, 2009 and 2008

(Unaudited)

that were not issued.

- Make a cash payment to MacDonald of \$100,000 following the execution of the agreement (paid).
- Issue MacDonald an aggregate of 100,000 WPR common share purchase warrants, of which 50,000 warrants were to be issued on closing and 50,000 to be issued by March 14, 2009. Each warrant entitles the holder to acquire one WPR common share at an exercise price of \$5.00 per share for a period of two years from closing. 50,000 warrants were issued on May 2, 2008 and recorded as of March 31, 2008. These warrants were valued at \$195,000. The warrants due by March 14, 2009 were not issued.
- Incur exploration expenditures of \$1.5 million on or before March 14, 2009 and, \$1.0 million before March 14, 2010. As at March 31, 2009 the Company had incurred \$1,971,338 on exploration expenditures on the project.

Given market conditions and exploration results the Company decided to discontinue its exploration efforts on this project and fully wrote off the property during last fiscal year.

Tri-Eagle

On November 1, 2007 the Company entered into an option agreement with Noront Resources Ltd. ("Noront") pursuant to which WPR was granted the option to acquire a 50% interest in Noront's Tri-Eagle property. The area included 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, WPR was required to:

- Incur aggregate exploration expenditures on the property of \$5.0 million over a three-year period, of which \$1.5 million had to 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 40,000 WPR common shares (issued on January 9, 2008 and valued at \$200,000).
- Make cash payments to Noront of \$200,000 on or before October 30, 2008 (unpaid) 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 40,000 WPR common shares.

Given market conditions and exploration results the Company decided to discontinue its exploration efforts on this project and fully wrote off the property during last fiscal year.

White Pine Resources Inc. (formerly WSR Gold Inc.)
Notes to the consolidated financial statements
September 30, 2009 and 2008
(Unaudited)

8. Share capital

a. Capital stock

Common share consolidation

On December 16, 2008, the Company's shareholders approved a 10 for 1 consolidation of its outstanding common shares effective December 18, 2008, the day on which the Company's common shares began trading on the TSX Venture Exchange under the symbol WPR. In connection with the common share consolidation, the number of shares of the Company's common stock was reduced from 113,176,617 to 11,317,660 without any change in par value per common share. All references to share and per share data for all periods presented in the consolidated financial statements have been adjusted to give effect to the 1 for 10 common share consolidation.

The following schedule describes the Company's capital transactions for the six months ended September 30, 2009 and the fiscal year ended March 31, 2009:

	<u>Common shares</u>	<u>Amount</u>
Balance March 31, 2008	9,406,265	\$ 20,943,737
Flow-through shares issued	6,858,333	5,068,748
Tax effect of flow-through shares	-	(1,013,000)
Fair value of warrants issued on flow-through shares	-	(1,157,974)
Issued under private placement	1,100,000	5,500,000
Fair value of warrants issued under private placement	-	(1,178,986)
Warrants exercised (Note 7c)	187,973	469,931
Warrants value transfer to common shares	-	187,973
Warrants expired	-	2,182,040
Issued on exercise of options	6,000	18,000
Fair value of options exercised	-	12,720
Share issue cost	-	(1,169,418)
Issue on acquisition of mineral interest (Note 7(e))	34,091	150,000
Fractional share adjustment	(2)	-
Balance March 31, 2009	<u>17,592,660</u>	<u>\$ 30,013,771</u>
Flow-through shares issued	4,874,999	2,193,750
Fair value of warrants issued under private placement	-	(106,431)
Issued under private placement	725,000	290,000
Warrants exercised	100,000	35,000
Warrants value transfer to common shares	-	7,616
Share issue cost	-	(264,460)
Balance September 30, 2009	<u>23,292,659</u>	<u>\$ 32,169,246</u>

White Pine Resources Inc. (formerly WSR Gold Inc.)

Notes to the consolidated financial statements

September 30, 2009 and 2008

(Unaudited)

On April 25, 2008 the Company completed a private placement financing raising gross proceeds of \$8,999,998 by issuing 1,100,000 units ("Units") at a price of \$5.00 per Unit and 583,333 FT Units at a price of \$6.00 per FT Unit. Each Unit consists of one common share of WPR and one-half of one common share purchase warrant. Each FT Unit consists of one FT Share and one-half of one common share purchase warrant. The warrants are exercisable at \$6.50 until April 25, 2010. In connection with this offering, the Company paid its agents a cash commission of 6.5% of the gross proceeds raised in the offering, as well as 109,417 warrants with a fair value of \$3.95 per warrant. Each compensation warrant entitles the holder to acquire one Unit at an exercise price of \$5.00 until April 25, 2010. The Company incurred \$1,127,685 in share issue costs in connection with this financing.

On December 23, 2008 WPR completed a brokered private placement financing raising gross proceeds of \$1,068,750 by issuing 4,275,000 FT Units at \$0.25 per FT Unit. Each FT Unit consists of one FT Share and one common share purchase warrant. The warrants are exercisable at \$0.35 until December 23, 2009. All securities issued in connection with this offering are subject to a statutory hold period expiring April 24, 2009. The Company incurred \$41,733 in share issue costs in connection with this financing. On January 16, 2009 the Company completed an additional \$500,000 financing, being a supplement of the December 23, 2008 brokered private placement, by issuing 2,000,000 additional FT units at \$0.25 per FT unit. The Units issued under the supplemental financing have the same features as the ones issued under the original financing.

During the year ended March 31, 2009, 6,000 options were exercised for net proceeds of \$18,000.

On August 25, 2009 the Company closed a private placement where WPR issued 4,874,999 flow-through common shares ("FT Shares") at a price of \$0.45 per FT shares and 725,000 units ("Units") at a price of \$0.40 per Unit. Each unit consist of one common share (non flow-through) and one-half of one share purchase warrant of WPR, each whole such warrant entitles the holder thereof to acquire one additional common share of WPR for a period of 24 month at an exercise price of \$0.65.

In connection with the offering WPR paid finder's fees to certain qualified registrants assisting in the offering in the amount of \$161,444 representing 6.5% of the gross proceeds raised by such finder, and issued 316,874 broker warrants to such finders representing 6.5% of the aggregate number of FT Shares sold by such finders in the offering. The broker warrants are exercisable at a price of \$0.45 per share, for a period of two years following the closing of the offering.

b. Stock Based Compensation

The Company has a stock option plan (the "Plan") under which it is authorized to grant options to acquire common shares to directors, officers, employees and other ongoing service providers. During the current fiscal year, the Plan was converted into a "rolling plan" where the aggregate number of common shares which may be issued and sold under the Plan will not exceed 10% of the aggregate number of common shares issued and outstanding from time to time. The number of common shares which may be reserved for issue to any one individual under the Plan within any one-year period shall not exceed 5% of the outstanding issue. The board of directors or Committee shall determine the exercise price of options issued, as applicable, based on 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. The total number of shares available for issuing under the plan as at September 30, 2009 is 830,266.

White Pine Resources Inc. (formerly WSR Gold Inc.)
Notes to the consolidated financial statements
September 30, 2009 and 2008
(Unaudited)

The changes in stock options for the six months ended September 30, 2009 and year ended March 31, 2009 are as follows:

	September 30, 2009		March 31, 2009	
	Number of options	Weighted average price	Number of options	Weighted average price
Outstanding, beginning of period	1,519,000	\$ 3.28	255,000	\$ 5.83
Exercised	-	-	(6,000)	3.00
Expired	(20,000)	6.00	(92,500)	6.05
Granted	-	-	1,362,500	2.99
Outstanding, end of period	1,499,000	\$ 3.24	1,519,000	\$ 3.28

The following schedule describes the remaining average life remaining on these stock options as at September 30, 2009:

Exercise price	Outstanding		Exercisable	
	Rem. Life	Units	Rem. Life	Units
\$5.00	1.53	20,000	1.53	20,000
\$6.00	2.50	139,000	2.43	131,500
\$6.70	1.62	20,000	1.62	20,000
\$8.00	3.70	435,000	3.70	326,250
\$0.35	4.39	885,000	4.39	885,000
\$3.24	3.94	1,499,000	3.96	1,382,750

On June 11, 2008, the Company granted options to directors and consultants to acquire 447,500 common shares at \$8.00 per share for five years. These options have an estimated fair value of \$2,996,993 and vest over a period of eighteen months with 25% vesting immediately and 25% every six months thereafter. The fair value was estimated using the Black-Scholes option-pricing model using the following assumptions: dividend yield 0%; expected volatility 121%; risk-free interest rate 3.45%; and an expected life of five years.

On July 16, 2008, the Company granted options to an officer of the Company to acquire 30,000 common shares at \$6.00 per share for five years. These options have an estimated fair value of \$147,393 and vest over a period of twelve months with 25% vesting immediately and 25% every four months thereafter. The fair value was estimated using the Black-Scholes option-pricing model using the following assumptions: dividend yield 0%; expected volatility 120%; risk-free interest rate 3.3%; and an expected life of five years.

White Pine Resources Inc. (formerly WSR Gold Inc.)
Notes to the consolidated financial statements
September 30, 2009 and 2008
(Unaudited)

On February 17, 2009, the Company granted options to officers, directors and consultants of the Company to acquire 885,000 common shares at \$0.35 per share for five years. These options have an estimated fair value of \$263,774 and vested when granted. The fair value was estimated using the Black-Scholes option-pricing model using the following assumptions: dividend yield 0%; expected volatility 127%; risk-free interest rate 1.74%; and an expected life of five years.

c. Warrants

The following schedule describes the Company's warrants transactions for the six months ended September 30, 2009 and the year ended March 31, 2009:

	Warrants		Broker Warrants		Total	
	Number of Warrants	Value	Number of Warrants	Value	Number of Warrants	Value
Balance at March 31, 2008	2,089,250	\$ 2,565,012	-	\$ -	2,089,250	\$ 2,565,012
Issued on private placement	7,116,667	2,336,961	-	-	7,116,667	2,336,961
Compensation warrants	-	-	109,417	432,583	109,417	432,583
Exercise of warrants	(187,973)	(187,973)	-	-	(187,973)	(187,973)
Expired during the year	(1,851,277)	(2,182,040)	-	-	(1,851,277)	(2,182,040)
Balance at March 31, 2009	7,166,667	2,531,960	109,417	\$ 432,583	7,276,084	\$ 2,964,543
Issued on private placement	362,500	106,431			362,500	106,431
Exercise of warrants	(100,000)	(7,616)			(100,000)	(7,616)
Compensation warrants			316,874	71,352	316,874	71,352
Balance at September 30, 2009	7,429,167	\$ 2,630,775	426,291	\$ 503,935	7,855,458	\$ 3,134,710

The following schedule describes the remaining life of these warrants as at September 30, 2009:

Exercise price	Expiry Date	Units	Value
\$0.35	December 23, 2009	4,175,000	\$ 317,958
\$0.35	January 16, 2010	2,000,000	187,818
\$5.00	March 14, 2010	50,000	195,000
\$6.50	April 25, 2010	841,667	1,823,567
\$5.00	April 25, 2010	109,417	432,583
\$0.65	August 25, 2011	362,500	106,431
\$0.65	August 25, 2011	316,874	71,353
\$1.13		7,855,458	\$ 3,134,710

White Pine Resources Inc. (formerly WSR Gold Inc.)

Notes to the consolidated financial statements

September 30, 2009 and 2008

(Unaudited)

During the year ended March 31, 2009, 187,973 warrants were exercised at \$2.50 per share for net proceeds of \$469,931. The fair value of these warrants is \$187,973.

Also, on November 17, 2008 1,147,527 warrants exercisable at a price of \$2.50 expired. The fair value of these expired warrants was \$1,147,527.

In connection with the April 25, 2008, private placement the Company issued warrants exercisable into 841,667 common shares of WPR at an exercise price of \$6.50 per share until April 25, 2010. 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 118%; risk-free interest rate of 2.94% and an expected life of two years. The fair value assigned was \$1,823,567.

In connection with this offering and as described in note 8(a) the Company paid to its agents a commission of 109,417 compensation warrants, representing 6.5% of the total number of Units and FT Units sold in the offering. Each compensation warrant is exercisable to acquire one Unit at an exercise price of \$5.0 until April 25, 2009. The fair value assigned to these warrants was calculated using the Black-Scholes option-pricing model assuming a dividend rate of 0%, average expected volatility of 118%; risk-free interest rate of 2.94% and an expected life of one year. The fair value assigned was \$432,583. This warrants expired unexercised.

As described in note 7(a), on December 23, 2008 the Company issued 4,275,000 warrants (Series II) exercisable before December 23, 2009 at an exercise price of \$0.35. 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 143%; risk-free interest rate of 1.23% and an expected life of one year. The fair value assigned to these warrants was \$325,574.

On January 16, 2009 the Company issued 2,000,000 warrants (Series I) exercisable before January 16, 2010 at an exercise price of \$0.35. 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 143%; risk-free interest rate of 1.23% and an expected life of one year. The fair value assigned to these warrants was \$187,818.

In connection with the August 25, 2009 financing the Company issued 362,500 share purchase warrant of WPR, each whole such warrant entitles the holder thereof to acquire one additional common share of WPR for a period of 24 month at an exercise price of \$0.65. 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 141%; risk-free interest rate of 1.29% and an expected life of two year. The fair value assigned to these warrants was \$106,431.

In connection with the offering WPR paid finder's fees to certain qualified registrants assisting in the offering in the amount of \$161,444 representing 6.5% of the gross proceeds raised by such finder, and issued 316,874 broker warrants to such finders representing 6.5% of the aggregate number of FT Shares sold by such finders in the offering. The broker warrants are exercisable at a price of \$0.45 per share, for a period of two years following the closing of the offering. 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 141%; risk-free interest rate of 1.29% and an expected life of two year. The fair value assigned to these warrants was \$71,353.

Subsequent to September 30, 2009, WPR announces that it will make an application to the TSX Venture Exchange to extend the term of its Series 2008-II and Series 2009-I warrants to December 23, 2010 and January 26, 2011, respectively. See Subsequent Events, note 11.

White Pine Resources Inc. (formerly WSR Gold Inc.)
Notes to the consolidated financial statements
September 30, 2009 and 2008
(Unaudited)

9. Contributed surplus

Balance, March 31, 2008	\$ 1,276,480
Stock based compensation	2,849,994
Options exercised during the period	<u>(12,720)</u>
Balance at March 31, 2009	<u>4,113,754</u>
Stock based compensation	<u>376,757</u>
Balance September 30, 2009	<u>\$ 4,490,511</u>

10. 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 common shares at the average market price. Stock options and warrants were not included in the computation of diluted loss per share as their inclusion would be anti-dilutive.

11. Subsequent Events

On November 20, 2009 WPR announces that it will make an application to the TSX Venture Exchange (the "TSXV") to extend the term of its Series 2008-II and Series 2009-I warrants to December 23, 2010 and January 26, 2011, respectively.

An aggregate of 4,275,000 Series 2008-II warrants were originally issued in December 2008 and are exercisable at \$0.35 per share until 5:00 p.m. (Toronto time) on December 23, 2009. An aggregate of 2,000,000 Series 2009-I warrants were originally issued on January 26, 2009 and are exercisable at \$0.35 per share until 5:00 p.m. (Toronto time) on January 26, 2010.

The exercise price for both series of warrants will remain the same.

The warrant amendments have been approved by the board of directors of the Company.