

# **CADILLAC MINING CORPORATION**

(An Exploration Stage Company)

## **Consolidated Financial Statements**

**May 31, 2009**

**and**

**May 31, 2008**

## **Notice to Shareholders**

### **Responsibility for Financial Statements**

The accompanying consolidated financial statements for Cadillac Mining Corporation have been prepared by management in accordance with Canadian generally accepted accounting principles consistently applied. The most significant of these accounting principles have been set in Note 3 in the accompany notes to these consolidated financial statements.

These statements are presented on the accrual basis of accounting. Accordingly, a precise determination of many assets and liabilities is dependent upon future events. Therefore, estimates and approximations have been made using careful judgment. Recognizing that the Company is responsible for both the integrity and objectivity of the consolidated financial statements, management is satisfied that these consolidated financial statements have been fairly presented.

### **Auditor involvement**

The independent auditor of Cadillac Mining Corporation has not performed a review of the unaudited consolidated financial statements for the three ended May 31, 2009 and May 31, 2008.

# CADILLAC MINING CORPORATION

(An Exploration Stage Company)

## Consolidated Balance Sheets

	May 31	May 31
	2009	2008
<b>ASSETS</b>		
<b>Current</b>		
Cash and equivalents	\$ 344,654	\$ 233,682
Amounts receivable	7,032	60,823
Prepaid expenses	8,600	6,000
	<u>360,286</u>	<u>300,505</u>
<b>Equipment (Note 5)</b>	<b>1,426</b>	<b>2,033</b>
<b>Mineral Properties (Note 6)</b>	<b>760,785</b>	<b>1,627,592</b>
	<u>\$ 1,122,497</u>	<u>\$ 1,930,130</u>

## LIABILITIES

### Current

Accounts payable and accrued liabilities	\$ 40,313	\$ 103,003
Due to related parties (Note 7)	353,616	259,215
	<u>\$ 393,929</u>	<u>\$ 362,218</u>

## SHAREHOLDERS' EQUITY

Share capital (Note 8)	\$ 3,927,448	\$ 3,733,363
Contributed surplus (Note 8)	140,674	140,674
Deficit	(3,339,554)	(2,106,125)
	<u>728,568</u>	<u>1,567,912</u>
	<u>\$ 1,122,497</u>	<u>\$ 1,930,130</u>

**Continued Operations (Note 2)**

**Commitment (Note 12)**

Approved by the Board of Directors:

*"V.F. Erickson"*

\_\_\_\_\_  
Director

*"D. W. Childs"*

\_\_\_\_\_  
Director

# CADILLAC MINING CORPORATION

(An Exploration Stage Company)

## Consolidated Statements of Operations and Deficit

	For the three month period ended May 31, 2009	For the three month period ended May 31, 2008	For the Nine month period ended May 31 2009	For the Nine month period ended May 31, 2008
			\$	
<b>Expenses</b>				
Advertising and promotion	\$ -	\$ 1,386	\$ 247	\$ 1,681
Amortization	137	199	413	593
Bank charges and interest	51	159	179	325
Consulting/management fees	35,000	19,672	75,000	50,173
General exploration	-	12,000	21,484	13,271
Investor relations	2,103	21,825	8,386	37,203
Legal, accounting and audit	13,808	10,225	22,783	18,230
Office and miscellaneous	5,823	-	8,399	22,243
Regulatory and filing fees	8,042	39,072	14,298	39,072
Travel and accommodation	1,836	4,683	7,348	10,347
<b>Net loss before other items</b>	<b>(66,800)</b>	<b>(109,221)</b>	<b>(158,537)</b>	<b>(193,138)</b>
Interest income	126	794	2,521	6,594
<b>Net loss for the period</b>	<b>(66,674)</b>	<b>(108,427)</b>	<b>(156,016)</b>	<b>(186,544)</b>
<b>Deficit - beginning of period</b>	<b>(3,272,880)</b>	<b>(2,197,699)</b>	<b>(3,183,538)</b>	<b>(2,119,581)</b>
<b>Deficit - end of period</b>	<b>\$ (3,339,554)</b>	<b>\$ (2,306,125)</b>	<b>\$ (3,339,554)</b>	<b>\$ (2,306,125)</b>
<b>Basic and diluted loss per common share</b>	<b>\$ (0.003)</b>	<b>\$ (0.002)</b>	<b>\$ (0.006)</b>	<b>\$ (0.008)</b>
<b>Common shares outstanding</b>	<b>25,044,828</b>	<b>22,894,828</b>	<b>24,675,952</b>	<b>22,601,995</b>

# CADILLAC MINING CORPORATION

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## Consolidated Statements of Cash Flows

	For the three month period ended May 31 2009	For the three month period ended May 31 2008	For the nine month period ended May 31 2009	For the nine month period ended May 31 2008
<b>Cash Provided by (Used for):</b>				
<b>Operating Activities</b>				
Net loss for the period	\$ (66,674)	\$ (108,427)	\$ (156,016)	\$ (186,544)
Adjustments for items not involving cash:				
Amortization	137	199	413	593
Issuance of shares	-	17,000	-	44,250
Stock based compensation	-	39,072	-	39,128
	<b>(66,537)</b>	<b>(52,156)</b>	<b>155,603</b>	<b>(102,573)</b>
Changes in non-cash working capital components:				
Amounts receivable	<b>(2,096)</b>	<b>( 2,811)</b>	<b>5,336</b>	240,710
Prepaid expenses	-	-	<b>10,900</b>	20,072
Accounts payable and accrued liabilities	<b>(6,616)</b>	<b>(54,376)</b>	<b>(113,606)</b>	<b>(11,330)</b>
Due to related parties	<b>62,567</b>	10,183	<b>91,246</b>	<b>(6,993)</b>
	<b>(12,682)</b>	<b>(99,160)</b>	<b>161,727</b>	<b>139,866</b>
<b>Investing Activities</b>				
Mineral property expenditures	<b>(452)</b>	<b>(59,906)</b>	<b>(59,121)</b>	<b>(770,976)</b>
<b>Financing Activities</b>				
Share capital issued for property	-	-	<b>2,750</b>	-
<b>Net cash provided (used) during the period</b>	<b>(12,230)</b>	<b>(159,066)</b>	<b>(218,098)</b>	<b>(631,090)</b>
<b>Cash and equivalents - beginning of period</b>	<b>356,886</b>	392,748	<b>562,754</b>	864,772
<b>Cash and equivalents - end of period</b>	<b>\$ 344,656</b>	<b>\$ 233,682</b>	<b>\$ 344,656</b>	<b>\$ 233,682</b>

### Non-cash Investing and Financing Activities (Note 10)

# CADILLAC MINING CORPORATION

(An Exploration Stage Company)

## Notes to Consolidated Financial Statements

May 31, 2009 and May 31, 2008

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### 1. Nature of Operations:

The Company was incorporated under the Ontario Business Corporations Act and continued into British Columbia in 2007. Its principal activity is the acquisition and exploration of resource properties. The Company is currently in the exploration stage of developing its resource properties and has not yet been able to determine whether any of these properties contain resources that are economically recoverable.

### 2. Continued Operations:

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company has incurred operating losses since inception, has limited financial resources, no source of operating cash flow, and no assurances that sufficient funding, including adequate financing, will be available to conduct further exploration and development of its mineral property projects.

The Company's ability to continue as a going concern is dependent upon its ability to obtain the financing necessary to complete its mineral projects by issuance of share capital or through joint ventures, and to realize future profitable production or proceeds from the disposition of its mineral interests.

These consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate because management believes that the actions taken or planned will mitigate the adverse conditions and events that raise doubt about the validity of the going concern assumption used in preparing these consolidated financial statements. If the going concern assumption were not appropriate for these consolidated financial statements, then adjustments would be necessary in the carrying values of assets, liabilities, the reported income and expenses and the balance sheet classifications used.

### 3. Significant Accounting Policies:

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The following is a summary of significant accounting policies used in the preparation of these financial statements.

#### a) Amortization

Amortization is being provided for computer equipment at 30% of the declining balance

In the year of acquisition the rate for amortization is at one-half the annual rate.

#### b) Asset Retirement Obligations

This policy requires recognition of a legal liability for obligations relating to retirement of tangible long-term assets, and arising from the acquisition, construction, development, or normal operation of those assets. Such asset retirement costs must be recognized at fair value, when a reasonable estimate of fair value can be estimated, in the year in which it is incurred, added to the carrying value of the asset, and amortized into income on a systematic basis over its useful life. As at May 31, 2009 and May 31, 2008, the Company does not have any asset retirement obligations.

#### c) Basis of Presentation and Principles of Consolidation

These consolidated financial statements include the accounts of the parent Company and its wholly owned subsidiaries Cadillac West Explorations Inc. and Cadillac South Explorations Inc. All significant intercompany accounts and transactions have been eliminated.

The Company's efforts and those of its subsidiaries are devoted to exploring their mineral properties and acquiring new mineral properties. Accordingly, these consolidated financial statements represent those of a company in the exploration stage.

# CADILLAC MINING CORPORATION

(An Exploration Stage Company)

## Notes to Consolidated Financial Statements

May 31, 2009 and May 31, 2008

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### 3. Significant Accounting Policies: (continued)

#### c) Basis of Presentation and Principles of Consolidation (continued)

The Company is in the process of exploring mineral properties and has not yet determined whether the properties contain resources that are economically recoverable. The recovery of amounts shown for mineral properties and related assets are dependent on the existence of economically recoverable resources, on the ability of the Company to obtain financing to complete development, and on future profitable operations.

#### d) Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash and cash equivalents.

#### e) Fair Value of Financial Instruments

Effective September 1, 2007, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA") relating to financial instruments. These new standards have been adopted on a prospective basis with no restatement to prior period financial statements.

##### (i) Section 3855 Financial Instruments – Recognition and Measurement.

This standard sets out criteria for the recognition and measurement of financial instruments for fiscal years beginning on or after October 1, 2006. This standard requires all financial instruments within its scope, Section 3855 Financial Instruments – Recognition and Measurement including derivatives, to be included on a Company's balance sheet and measured either at fair value or, in certain circumstances when fair value may not be considered most relevant, at cost or amortized cost. Changes in fair value are to be recognized in the statements of operations and comprehensive income (loss).

All financial instruments are classified into one of the following five categories: held for trading, held to maturity, loans and receivable, available-for-sale financial assets, or other financial liabilities. Initial and subsequent measurement and recognition of changes in the value of financial instruments depends on their initial classification:

- Held-to-maturity investments, loans and receivables, and other financial liabilities are initially measured at fair value and subsequently measured at amortized cost.
- Available-for-sale financial assets are measured at fair value. Revaluation gains and losses are included in other comprehensive income (loss) until the asset is removed from the balance sheet.
- Held for trading financial instruments are measured at fair value. All gains and losses are included in net earnings (loss) in the year in which they arise.
- All derivative financial instruments are measured at fair value, even when they are part of a hedging relationship. All gains and losses are included in net earnings (loss) in the year in which they arise.

##### (ii) Section 1530 – Comprehensive Income (Loss)

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events, and circumstances from other than the Company's shareholders. This standard requires certain gains and losses that would otherwise be recorded as part of net earnings to be presented in other "comprehensive income (loss)" until it is considered appropriate to recognize into net earnings (loss). This standard requires the presentation of comprehensive income (loss), and its components in a separate financial statement that is displayed with the same prominence as the other financial statements.

For May 31, 2009 the Company does not have any accumulated comprehensive income and the current comprehensive loss equals net loss.

The following pronouncements recently issued by the CICA will likely impact the Company's future accounting policies:

##### (i) CICA Handbook *Section 1535 – Capital Disclosures*

This standard requires disclosure of an entity's objectives, policies and processes for managing capital, quantitative data about what the entity regards as capital and whether the entity has complied with any capital requirements and, if it has not complied, the consequences of such non-compliance. This standard is effective for the Company for interim and annual periods relating to fiscal years beginning on or after January 1, 2008. The Company is currently evaluating the effects of adopting this standard.

# CADILLAC MINING CORPORATION

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## Notes to Consolidated Financial Statements

May 31, 2009 and May 31, 2008

### 3. Significant Accounting Policies: (continued)

#### f) Accounting Policies Not Yet Adopted

(ii) *Financial Instruments – Disclosure (Section 3862) and Presentation (Section 3863)*

these standards replace CICA 3861, *Financial Instruments – Disclosure and Presentation*. They increase the disclosures currently required, which will enable users to evaluate the significance of financial instruments for an entity's financial position and performance, including disclosures about fair value. In addition, disclosure is required of qualitative and quantitative information about exposure to risks arising from financial instruments including specified minimum disclosures about credit risk, liquidity risk and market risk. The quantitative disclosures must provide information about the extent to which the entity is exposed to risk, based on information provided internally to the entity's key management personnel. This standard is effective for the Company for interim and annual periods beginning on or after January 1, 2008. The Company expects that its disclosures will be expanded to incorporate the additional requirements.

(iii) *International Financial Reporting Standards ("IFRS")*

In February 2008 the Canadian Accounting Standards Board announced 2011 as the changeover date for publicly-listed companies to use IFRS, replacing Canada's own generally accepted accounting principles. The specific implementation is set 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 restatement for comparative purposes of amounts reported by the Company for the year ended August 31, 2011. 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.

#### g) Flow-Through Shares

The Company accounts for flow-through shares using the recommendations of the Emerging Issues Committee EIC-146. Canadian Income Tax Legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. When resource expenditures are renounced to the investors and the Company has reasonable assurance that the expenditures will be completed, future income tax liabilities are recognized (renounced expenditures multiplied by the effective tax rate) thereby reducing share capital.

If the Company has sufficient unused tax losses and deductions ("losses") to offset all or part of the future income tax liabilities and no future income tax assets have been previously recognized on such losses, a portion of such unrecognized losses (losses multiplied by the effective corporate tax rate) is recorded as income up to the amount of the future income tax liability that was previously recognized on the renounced expenditures.

#### h) Future Income Taxes

The Company accounts for potential future net tax assets which are attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and which are measured using tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be settled. When the future realization of income tax assets does not meet the test of being more likely than not to occur, a valuation allowance in the amount of the potential future benefit is taken and no net asset is recognized. Such an allowance has been applied to all potential income tax assets of the Company.

#### i) Loss Per Share

Basic loss per share has been calculated using the weighted average number of shares outstanding during the year. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares from the assumed exercise or conversion of stock options, warrants, and convertible securities using the treasury stock method, if dilutive. Diluted loss per common share does not differ from basic loss per share because the effects on loss per common share are not dilutive.

#### j) Mineral Exploration Tax Credits ("METC") and Refundable Mining Duties ("RMD")

The Company recognizes METC amounts when the Company's METC application is approved by Canada Revenue Agency and applicable province or when the amount to be received can be reasonably estimated and collection is reasonably assured.

The Company recognizes RMD amounts when the Company's RMD application is approved by Ministere des Ressources Naturelles or when the amount to be received can be reasonably estimated and collection is reasonably assured.

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## Notes to Consolidated Financial Statements

May 31, 2009 and May 31, 2008

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### 3. Significant Accounting Policies: (continued)

#### k) Mineral Properties

The cost of mineral properties and their related direct exploration costs are deferred until the properties are placed into production, sold or abandoned. These deferred costs will be amortized on the unit-of-production basis over the estimated useful life of the properties following the commencement of production, or written-off if the properties are allowed to lapse, or are sold or abandoned.

Cost includes any cash consideration and the fair market value of shares issued on the acquisition of property interests. Properties acquired under option agreements, whereby payments are made at the sole discretion of the Company, are recorded in the accounts when the payments are made. The recorded amounts of property acquisition costs and all related deferred exploration costs represent actual expenditures incurred and are not intended to reflect present or future values.

The Company reviews capitalized costs on its property interests on a periodic basis and will recognize an impairment in value based upon current exploration results and upon management's assessment of the future probability of profitable revenues from the property or from the sale of the property. Management's assessment of the property's estimated current fair market value is also based upon a review of other property transactions that have occurred in the same geographic area as that of the property under review.

Administrative costs are expensed as incurred.

#### l) Environmental Expenditures

The operations of the Company have been and may in the future, be affected in varying degrees by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company vary greatly from country to country and are not predictable.

#### m) Costs of Maintaining Mineral Properties

The Company does not accrue the estimated future costs of maintaining its mineral properties in good standing.

#### n) Share Capital

- i) The proceeds from the exercise of stock options, warrants and escrow shares are recorded as share capital in the amount for which the option, warrant or escrow share enabled the holder to purchase a share in the Company, net of issue costs.
- ii) Share capital issued to third parties for non-monetary consideration is recorded at an amount based on fair market value.
- iii) Costs incurred to issue shares are deferred until the shares are issued, at which time these costs are charged to share capital.

#### o) Stock Based Compensation

All stock based awards made to employees and non-employees are measured and recognized using a fair value-based method.

### 4. Fair Value of Financial Instruments:

The Company's financial instruments consist of cash and cash equivalents, amounts receivable, accounts payable and amounts due to related parties. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from the financial instruments. The fair value of these financial instruments approximates their carrying value due to their short term maturity or capacity of prompt liquidation.

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## Notes to Consolidated Financial Statements

May 31, 2009 and May 31, 2008

### 5. Equipment:

	Cost	Accumulated Amortization	Net	
			May 31 2009	May 31 2008
Computer equipment	\$ 4,828	\$ 3,402	\$ 1,426	\$ 2,033

### 6. Mineral Properties:

	May 31, 2009			May 31, 2008		
	Balance Beginning \$	Expenditures (nine months) \$	Ending Balance \$	Balance Beginning \$	Expenditures (nine months) \$	Ending Balance \$
<b>Herd Dome</b>						
Acquisition	5,612	17,500	23,112	-	5,612	5,612
Assaying & analysis	-	23	23	-	-	-
Consulting	1,500	6,185	7,685	-	500	500
Filing fees	-	1,285	1,285	-	-	-
Transportation	-	1,727	1,727	-	-	-
Balance, end of period	7,112	26,720	33,832	-	6,112	6,112
<b>Kanasuta</b>						
Assaying & analysis	7,444	-	7,444	7,444	-	7,444
Board and lodging	3,996	-	3,996	3,996	-	3,996
Consulting	16,748	-	16,748	16,748	-	16,748
Drilling	111,604	-	111,604	111,604	-	111,604
Filing fees	7,411	-	7,411	7,411	-	7,411
Geological	37,893	-	37,893	37,893	-	37,893
Material and supplies	3,842	-	3,842	3,842	-	3,842
Transportation	1,707	-	1,707	1,707	-	1,707
Balance, end of period	190,645	-	190,645	190,645	-	190,645
<b>Kekeko</b>						
Assaying & analysis	19,694	-	19,694	19,694	-	19,694
Board and lodging	11,013	-	11,013	11,013	-	11,013
Consulting	42,534	2,000	44,534	42,534	-	42,534
Drilling	430,357	-	430,357	430,357	-	430,357
Geochemical	9,352	-	9,352	9,352	-	9,352
Geological	8,396	-	8,396	8,396	-	8,396
Material and supplies	7,740	-	7,740	7,740	-	7,740
Transportation	4,477	-	4,477	4,477	-	4,477
Balance, end of period	533,563	2,000	535,563	533,563	-	533,563

# CADILLAC MINING CORPORATION

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## Notes to Consolidated Financial Statements

May 31, 2009 and May 31, 2008

### 6. Mineral Properties: (continued)

	May 31, 2009			May 31, 2008		
	Balance beginning	Expenditures	Ending Balance	Balance beginning	Expenditures	Ending Balance
	\$	\$	\$	\$	\$	\$
<b>N Dasserat-Gan</b>						
Acquisition	-	-	-	367	-	367
Assaying & analysis	-	-	-	14,692	-	14,692
Board and lodging	-	-	-	6,288	-	6,288
Consulting	-	-	-	7,666	-	7,666
Drilling	-	-	-	130,174	-	130,174
Geochemical	-	-	-	6,213	-	6,213
Geological	-	-	-	26,121	598	26,719
Material and supplies	-	-	-	2,840	-	2,840
Transportation	-	-	-	641	-	641
Balance, end of period	-	-	-	195,002	598	195,600
<b>Osilinka-Cat Mtn</b>						
Acquisition	7,006	-	7,006	-	7,006	7,006
Assaying & analysis	9,870	-	9,870	-	9,870	9,870
Board and lodging	32,245	-	32,245	-	32,245	32,245
Consulting	63,292	7,565	70,857	6,750	56,542	63,292
Drilling	199,549	-	199,549	-	199,549	199,549
Geophysics	-	16,998	16,998	-	-	-
Material and supplies	18,038	162	18,200	13	18,025	18,038
Transportation	8,927	-	8,927	-	8,635	8,635
Balance, end of period	338,927	24,724	363,652	6,763	336,622	338,635
<b>Santa Maria</b>						
Acquisition	-	-	-	-	21,362	21,362
Assaying & analysis	-	-	-	-	4,585	4,585
Board and lodging	-	-	-	-	10,557	10,557
Consulting	-	-	-	5,750	23,572	29,322
Drilling	-	-	-	-	131,301	131,301
Material and supplies	-	-	-	-	7,038	7,038
Transportation	-	-	-	-	4,880	4,880
Balance, end of period	-	-	-	5,750	203,296	209,046

# CADILLAC MINING CORPORATION

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## Notes to Consolidated Financial Statements

May 31, 2009 and May 31, 2008

### 6. Mineral Properties: (continued)

	May 31, 2009			May 31, 2008		
	Balance beginning	Expenditures	Ending Balance	Balance beginning	Expenditures	Ending Balance
	\$	\$	\$	\$	\$	\$
<b>Silver Streak</b>						
Acquisition	7,750	250	8,000	-	7,750	7,750
Assaying & analysis	5,188	-	5,188	-	5,188	5,188
Board and lodging	843	-	843	-	843	843
Consulting	25,948	-	25,948	-	25,948	25,948
Drilling	81,807	-	81,807	-	81,807	81,807
Filing fees	727	-	727	-	727	727
Material and supplies	1,255	30	1,285	-	1,184	1,184
Transportation	1,086	-	1,086	-	1,086	1,086
Balance, end of period	<b>124,604</b>	<b>280</b>	<b>124,884</b>	-	124,533	124,533
<b>Staked Claims in Quebec</b>						
Acquisition	23,435	-	23,435	23,435	-	23,435
Assaying & analysis	2,712	1,671	4,383	2,049	663	2,712
Board and lodging	1,569	-	1,569	1,569	-	1,569
Consulting	42,525	-	42,525	41,903	-	41,903
Drilling	22,034	-	22,034	2,295	-	2,295
Filing fees	54,975	-	54,975	40,575	-	40,575
Geochemical	345,566	-	345,566	345,566	-	345,566
Geological	5,858	1,000	6,858	5,858	-	5,858
Material and supplies	5,682	3,179	8,861	5,682	-	5,682
Transportation	12,452	-	12,452	12,452	-	12,452
Balance, end of period	<b>516,808</b>	<b>5,850</b>	<b>522,658</b>	481,384	663	482,487
<b>Tuzo Creek</b>						
Acquisition	-	-	-	-	46,567	46,567
Assaying & analysis	-	-	-	-	15,594	15,594
Board and lodging	-	-	-	-	6,472	6,472
Consulting	-	-	-	-	40,795	40,795
Drilling	-	-	-	-	155,299	155,299
Filing fees	-	-	-	-	6,989	6,989
Material and supplies	-	-	-	-	22,736	22,736
Transportation	-	-	-	-	5,659	5,659
Balance, end of period	-	-	-	-	300,111	300,111

# CADILLAC MINING CORPORATION

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## Notes to Consolidated Financial Statements

May 31, 2009 and May 31, 2008

### 6 Mineral Properties: (continued)

	May 31, 2009			May 31, 2008		
	Balance beginning	Expenditures	Ending Balance	Balance beginning	Expenditures	Ending Balance
	\$	\$	\$	\$	\$	\$
<b>Wasa</b>						
Assaying & analysis	2,755	-	2,755	2,755	-	2,755
Board and lodging	4,219	-	4,219	4,219	-	4,219
Consulting	3,602	-	3,602	3,602	-	3,602
Drilling	28,419	-	28,419	28,419	-	28,419
Geochemical	1,374	-	1,374	1,374	-	1,374
Material and supplies	955	-	955	955	-	955
Transportation	461	-	461	461	-	461
Balance, end of period	<b>41,785</b>	-	<b>41,785</b>	41,785	-	41,785
<b>Total</b>	<b>1,753,444</b>	<b>59,574</b>	<b>1,813,018</b>	1,454,892	967,184	2,422,076
Less:						
Mining Duty refund	141,470	-	141,470	26,952	114,518	141,470
Quebec METC	910,310	454	910,764	571,326	81,688	653,014
	<b>1,051,780</b>	<b>454</b>	<b>1,052,234</b>	598,278	196,206	794,484
Balance, end of period	<b>701,664</b>	<b>59,121</b>	<b>760,785</b>	856,614	770,978	1,627,592

### Details of Mineral Properties

#### a) Herd Dome

The Company has an option dated May 21, 2008 to acquire a 100% interest in the Herd Dome property by expending \$350,000 on exploration over five years, and making payments totaling \$135,000 and 300,000 shares over a 4-year period. The initial payments of \$5,000 and 25,000 shares have been made. The vendor will retain a production royalty comprising 3% of net smelter return ("NSR"), of which the Company can purchase two-thirds or 2% for \$2,000,000 and 50,000 shares. The Company issued 25,000 common shares at \$ 0.10 per common share during the period.

#### b) Osilinka-Cat Mountain

The Company issued 50,000 common shares at \$ 0.125 per common share to Lysander Minerals Corporation, pursuant to a Memorandum of Understanding dated September 26, 2007 by which the Company has the option to earn a 50% interest in 23 mining claims in the Omineca Mining Division, BC. Consideration is cumulative exploration expenditures of \$ 2,000,000 by December 31, 2011 and the issue of 250,000 common shares by December 31, 2010.

#### c) Santa Maria

The Company issued 100,000 common shares at \$ 0.105 per common share to Bearclaw Capital Corp., pursuant to an option agreement dated August 23, 2007 by which the Company could earn up to a 75% interest in one Mineral Title Online ("MTO") claim in the Omineca Mining Division, BC. Total consideration was cash of \$10,000 (paid), exploration expenditures of \$ 650,000 within four years and issuance of 500,000 common shares within three years. The Company has relinquished the option and written off associated costs at August 31, 2008.

# CADILLAC MINING CORPORATION

(An Exploration Stage Company)

## Notes to Consolidated Financial Statements

May 31, 2009 and May 31, 2008

### 6. Mineral Properties: (continued)

#### d) Silver Streak

By an agreement dated November 6, 2007 and amended November 28, 2008 with three arms length vendors, the Company has the option to earn a 100% interest in nine MTO claims in the Omineca Mining Division, BC, subject to a 1% NSR royalty. Consideration is exploration expenditures of \$ 50,000 within one year (completed) and payment of \$105,000 and 250,000 common shares in stages to November 6, 2012 and November 8, 2011 respectively. Payment of \$5,000 and 25,000 common shares at \$ 0.08 per common share were issued pursuant to this agreement during the year ended August 31, 2008 and 25,000 common shares at \$ 0.01 per common share during the period. The NSR royalty may be purchased for \$1,000,000.

#### e) Staked Claims in Quebec: Kanasuta, Kekeko, North Dassart-Gan and Wasa Rouyn, Beauchastel, and Dasserat Townships

The Company has 100% interest in 259 mining claims in these Quebec townships, subject to a 1.5% NSR to the President and a director on production exceeding 100,000 oz. gold.

#### f) Tuzo Creek

The Company under an assignment agreement dated December 21 2007 obtained the option to purchase a 100% interest in the 1746-hectare property in Greenwood Mining Division, BC. The assignment and option agreements required the Company to pay the claim owner and assignor an aggregate of \$90,000 and 1,100,000 common shares over a two-year period. The Company issued 400,000 shares valued at \$0.085 each and paid \$20,000 pursuant to the agreement during the year. The Company has relinquished its option and written off all costs at August 31, 2008.

### 7. Due to Related Parties:

As at May 31, 2009 - \$353,616 (May 31, 2008 - \$259,215) was owed to companies controlled by directors and officers. All amounts due to related parties are unsecured, bear no interest and have no fixed terms for repayment.

The following related party transactions were incurred in the normal course of operations and were measured at their fair value as determined by management.

	For the three month period ended		For the nine month period ended	
	May 31, 2009	May 31, 2008	May 31, 2009	May 31, 2008
	\$	\$	\$	\$
Management fees charged by a company controlled by the President	15,000	15,000	45,000	45,000
Exploration consulting /management fees charged by company controlled by a director	15,000	23,400	45,000	57,000
Consulting and accounting fees charged by a company controlled by an officer	6,000	4,775	18,000	17,375

### 8. Share Capital:

#### a) Share Capital

Authorized:

Unlimited common shares without par value.

	Number		Amount
Balance, May 31, 2006	23,053,132	\$	3,904,958
Private placements net of issuance costs of \$29,126 <sup>(1)</sup>	820,000		380,874
Share gross up <sup>(2)</sup>	589,071		-
Debt settlement <sup>(3)</sup>	16,667		20,000
Future income tax recovery (note 3)	-		(616,719)
Balance, August 31, 2007	24,478,870	\$	3,689,113

# CADILLAC MINING CORPORATION

(An Exploration Stage Company)

## Notes to Consolidated Financial Statements

May 31, 2009 and May 31, 2008

### 8 Share Capital: (continued)

#### a) Share Capital

	Number		Amount
Balance carry forward	24,478,870	\$	3,689,113
Acquisition of mineral claims <sup>(4)</sup>	100,000		10,500
Acquisition of mineral claims <sup>(5)</sup>	50,000		6,250
Acquisition of mineral claims <sup>(6)</sup>	25,000		2,000
Acquisition of mineral claims <sup>(7)</sup>	400,000		34,000
Share relinquished pursuant to escrow agreement <sup>(8)</sup>	(2,059,042)		-
Balance, May 31, 2008	22,894,828		3,733,363
Private placement net of issue costs of \$ 17,165 <sup>(9)</sup>	2,000,000		182,835
Balance, August 31, 2008	22,894,828		3,733,363
Acquisition of mineral claims <sup>(6)</sup>	25,000		2,500
Acquisition of mineral claims <sup>(7)</sup>	25,000		250
Balance, May 31, 2009	25,044,828	\$	3,927,448

- 1) During the period ended August 31, 2007, the Company issued an additional 57 A units and 25 B Units at a price of \$5,000 per unit in respect of a second closing of a brokered private placement of a total of 820,000 common shares at \$0.50 per common share. The A units consisted of 2,500 common shares, 7,500 flow-through shares and 2,500 share purchase warrants. The B units consisted of 10,000 common shares and 10,000 share purchase warrants. Each share purchase warrant entitled the holder to purchase one common share at a price of \$0.55 on or before July 10, 2007 and at a price of \$0.75 on or before July 10, 2008. Issuance costs of \$29,126 were netted against the proceeds.
- 2) During the period ended August 31, 2007, the Company issued 589,071 common shares to former Eclips Inc. shareholders as part of an undertaking to ensure each former shareholder owned a minimum of 500 common shares in the Company.
- 3) During the period ended August 31, 2007, the Company issued 16,667 common shares valued at \$20,000 for a debt settlement.
- 4) The Company issued 100,000 common shares at \$0.105 per common share pursuant to an option agreement dated August 23, 2007 to earn up to a 75% interest in the Santa Maria property in the Omineca Mining Division, BC.
- 5) The Company issued 50,000 common shares at a deemed price of \$0.125 per share pursuant to a Memorandum of Understanding dated September 26, 2007 whereby it acquired the option to earn a 50% interest in 23 mining claims comprising the Osilinka-Cat Mountain property in the Omineca Mining Division, BC.
- 6) The Company issued 25,000 common shares at a deemed price of \$0.08 per common share pursuant to an option agreement dated November 6, 2007 and amended November 28, 2008 to earn a 100% interest in nine MTO claims comprising the Silver Steak property in the Omineca Mining Division, BC.
- 7) The Company issued 400,000 common shares at a deemed price of \$0.085 per common share pursuant to an assignment agreement dated December 21, 2007 by which the Company obtained an option to purchase a 100% interest in the 1746-hectare Tuzo Creek property in Greenwood Mining Division, BC.
- 8) The Company relinquished its option on the Lac Fortune and Norcoeur properties during the comparative year and pursuant to an escrow agreement 2,059,042 common shares were returned to treasury.
- 9) On July 22, 2008, the Company completed a private placement of 2,000,000 units at a price of \$0.10 per unit. Each unit was comprised of one flow-through common share and one share purchase warrant, exercisable into one share at \$0.15 per warrant on or before January 23, 2010. Finders' fees included 200,000 Agent Options, exercisable into units with the same terms as the offering, and payment of \$10,000. Issuance costs of \$17,165 were netted against the proceeds.

# CADILLAC MINING CORPORATION

(An Exploration Stage Company)

## Notes to Consolidated Financial Statements

May 31, 2009 and May 31, 2008

### 8. Share Capital: (continued)

#### a) Share Capital

- 10) The Company, issued 25,000 common shares at a deemed price of \$0.10 per share pursuant to an option agreement for the Herd Dome Property.
- 11) The Company issued 25,000 common shares at a deemed price of \$0.01 per share pursuant to an option agreement to vendors of the Silver Streak Property.

#### b) Stock Options

The Company grants options to employees, directors and agents in accordance with the rules of the Exchange. Options vest over a period of time pursuant to the Company's stock option plan. The following table provides details of stock options, including options to agents:

	May 31, 2009		May 31, 2008	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding, beginning of period	2,280,000	\$ 0.10	1,600,000	\$ 0.50
Granted	200,000	0.10	2,270,000	0.10
Exercised	-	-	-	-
Cancelled	-	-	1,600,000	0.50
Expired	-	-	-	-
Outstanding, end of period	<b>2,480,000</b>	<b>\$ 0.10</b>	2,270,000	\$ 0.10

At May 31, 2009 the weighted-average remaining contractual life of options outstanding is 2.21 years (May 31, 2008 – 2.375). At May 31, 2009 - 2,480,000 (May 31, 2008 – 1,600,000) options have vested.

#### c) Agents Options

The Company granted 200,000 Agents Options as a finders' fee on its private placement of July 22, 2008. Each option is exercisable into one unit at \$0.10 per unit, each unit comprising one flow-through common share and one share purchase warrant entitling the holder to a common share for \$0.15 per warrant on or before January 23, 2010. At May 31, 2009 the weighted average contractual life of the agent's options outstanding is .64 years.

#### d) Agents Warrants

The continuity of share purchase warrants outstanding is as follows:

	May 31, 2009		May 31, 2008	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, beginning of period	3,456,000	\$ 0.19	4,860,600	\$ 0.60
Issued	-	-	-	-
Expired	1,456,000	0.24	-	-
Balance, end of period	<b>2,000,000</b>	<b>\$ 0.15</b>	4,860,600	\$ 0.60

At May 31, 2009 the weighted-average remaining contractual life of warrants outstanding is 0.16 years (May 31, 2008 – 0.25).

# CADILLAC MINING CORPORATION

(An Exploration Stage Company)

## Notes to Consolidated Financial Statements

May 31, 2009 and May 31, 2008

### 8. Share Capital: (continued)

#### e) Contributed Surplus

The fair value of stock options granted during the year ended August 31, 2008 is \$39,072. This has been determined using the Black-Scholes Option Pricing Model with the following assumptions: a risk free interest rate of 4.25%; an expected life of three years and expected volatility of 37.5%.

The fair value of stock options granted during the period ended August 31, 2007 is \$41,440. This has been determined using the Black-Scholes Option Pricing Model with the following assumptions: a risk free interest rate of 4.3%; an expected life of five years and expected volatility of 26%. These options were cancelled during the year.

Option pricing models require the input of highly subjective assumptions, particularly as to the expected price volatility of the stock. Changes in these assumptions can materially affect the fair value estimate and therefore it is management's view that the existing models do not necessarily provide a single reliable measure of the fair value of the Company's stock option and warrant grants.

### 9. Income Taxes:

A reconciliation of income taxes at statutory rates is as follows:

	May 31, 2009	May 31, 2008
Consolidated loss for the period	\$ (108,427)	\$ (193,138)
Expected income tax recovery	(34,848)	(65,899)
Net adjustment for amortization, deductible and non-deductible amounts	308	288
Unrecognized benefit of non-capital losses	34,540	65,611
Total income taxes	\$ -	\$ -
	May 31, 2009	May 31, 2008
Future income tax assets:		
Mineral properties	\$ 525,531	\$ (237,841)
Non-capital losses carry forward	1,110,299	1,053,990
Equipment and other	141,425	124,633
	1,777,255	904,782
Valuation allowance	(1,777,255)	(904,782)
Net future tax assets	\$ -	\$ -

The Company has estimated non-capital losses available at May 31, 2009 to reduce future taxable income in Canada expiring as follows:

	Year of Expiry	
2009	\$	443,900
2010		297,500
2014		10,800
2015		749,900
2026		806,500
2027		1,340,400
2028		181,800
2029		108,570
Total	\$	3,993,370

Subject to certain restrictions, the Company also had mineral property expenditures of approximately \$3,001,000 at May 31, 2009, formerly available to reduce taxable income in future years. The Company has not recognized any future benefit for these tax losses and resource deductions as it is not considered likely that they will be utilized.

# **CADILLAC MINING CORPORATION**

(An Exploration Stage Company)

## **Notes to Consolidated Financial Statements**

**May 31, 2009 and May 31, 2008**

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### **10. Non-cash Investing and Financing Activities:**

During the nine period ended the Company issued 50,000 common shares valued at \$2,750 pursuant to option agreements for the acquisition of mineral claims.

### **11. Comparative Figures:**

Certain comparative figures have been reclassified to conform to the current period's presentation.

### **12. Commitment:**

At May 31, 2009, the Company has met its flow-through expenditure obligations pursuant to 2008 flow-through share purchase agreements totalling \$200,000.