

HIGH RIDGE RESOURCES INC.

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2008

AUDITORS' REPORT

To the Shareholders of
High Ridge Resources Inc.

We have audited the consolidated balance sheets of High Ridge Resources Inc. as at December 31, 2008 and 2007 and the consolidated statements of operations, comprehensive loss and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2008 and 2007 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Accountants

July 31, 2009



HIGH RIDGE RESOURCES INC.
CONSOLIDATED BALANCE SHEETS
AS AT DECEMBER 31

	2008	2007
ASSETS		
Current		
Cash	\$ -	\$ 119,553
Receivables	6,936	14,508
Mining tax credit receivable	-	102,374
Prepaid expenses	9,250	32,154
	<u>16,186</u>	<u>268,589</u>
Equipment (Note 4)	-	67,494
Advances on mineral properties	-	17,728
Mineral property interests (Note 5)	1	2,428,233
Reclamation bonds	-	25,000
	<u>\$ 16,187</u>	<u>\$ 2,807,044</u>

LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)

Current		
Accounts payable and accrued liabilities	\$ 1,048,349	\$ 279,589
Shareholders' equity (deficiency)		
Share capital (Note 6)	8,051,821	4,218,118
Share subscriptions received in advance (Note 6)	-	136,500
Contributed surplus (Note 6)	775,854	587,087
Deficit	(9,859,837)	(2,414,250)
	<u>(1,032,162)</u>	<u>2,527,455</u>
	<u>\$ 16,187</u>	<u>\$ 2,807,044</u>

Nature of operations and going concern (Note 1)

Contingency (Note 12)

Subsequent events (Note 14)

On behalf of the Board:

“Gary Anderson” _____ Director “David R. McElhanney” _____ Director

The accompanying notes are an integral part of these consolidated financial statements.

HIGH RIDGE RESOURCES INC.
CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT
YEAR ENDED DECEMBER 31

	2008	2007
ADMINISTRATIVE EXPENSES		
Amortization	\$ 24,023	\$ 17,926
Consulting and management	214,200	181,327
Foreign exchange loss	73,108	14,461
Insurance	20,466	12,312
Investor relations	158,485	66,172
Office and sundry	157,073	92,541
Professional fees	183,376	315,446
Property investigations	6,606	26,723
Regulatory and transfer agent fees	47,417	25,685
Rent	88,619	56,696
Salaries and benefits	297,784	163,867
Shareholder information	61,246	94,319
Stock-based compensation (Note 6)	178,925	279,749
Telephone	27,778	26,587
Travel and business development	101,422	63,202
	<u>(1,640,528)</u>	<u>(1,437,013)</u>
OTHER ITEMS		
Interest income	3,864	23,785
Write-off of mineral property (Note 5)	(5,710,694)	(51,520)
Write-off of reclamation bonds	(25,000)	-
Loss on disposal of equipment (Note 4)	(73,229)	-
	<u>(5,805,059)</u>	<u>(27,735)</u>
Loss and comprehensive loss for the year	(7,445,587)	(1,464,748)
Deficit, beginning of year	<u>(2,414,250)</u>	<u>(949,502)</u>
Deficit, end of year	<u>\$ (9,859,837)</u>	<u>\$ (2,414,250)</u>
Basic and diluted loss per common share	<u>\$ (0.27)</u>	<u>\$ (0.09)</u>
Weighted average number of common shares issued and outstanding - basic and diluted	<u>27,802,562</u>	<u>16,195,881</u>

The accompanying notes are an integral part of these consolidated financial statements.

HIGH RIDGE RESOURCES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	\$ (7,445,587)	\$ (1,464,748)
Items not affecting cash:		
Amortization of equipment	24,023	17,926
Stock-based compensation	178,925	279,749
Write-off of mineral property	5,710,694	51,520
Write-off of reclamation bonds	25,000	-
Loss on disposal of equipment	73,229	-
Changes in non-cash working capital items:		
(Increase) decrease in receivables	7,572	(3,667)
Decrease in mining tax credit receivable	102,374	-
(Increase) decrease in prepaid expenses	22,904	(19,178)
Increase in accounts payable and accrued liabilities	154,829	164,609
Net cash used in operating activities	<u>(1,146,037)</u>	<u>(973,789)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds on issue of capital stock	3,711,786	1,872,218
Share issuance costs	(282,191)	(126,036)
Share subscriptions received in advance	-	136,500
Net cash provided by financing activities	<u>3,429,595</u>	<u>1,882,682</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of reclamation bonds	-	(8,000)
Expenditure on mineral property interests	(2,373,353)	(1,030,688)
Advances on mineral properties	-	(17,728)
Acquisition of equipment	(29,758)	(53,111)
Net cash used in investing activities	<u>(2,403,111)</u>	<u>(1,109,527)</u>
Decrease in cash during the year	(119,553)	(200,634)
Cash, beginning of the year	119,553	320,187
Cash, end of the year	\$ -	\$ 119,553

Supplemental disclosure with respect to cash flows (Note 10)

The accompanying notes are an integral part of these consolidated financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

High Ridge Resources Inc, (“the Company”) was incorporated on June 24, 2004 pursuant to the Business Corporations Act (British Columbia) and is listed on the TSX Venture Exchange. The Company’s primary business is the acquisition and exploration of mineral interests. The Company is considered to be in the exploration stage.

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. The Company has not yet determined whether its mineral interests contain economically recoverable resources. The recoverability of amounts shown for mineral interests and their related deferred exploration expenditures is dependent upon the discovery of economically recoverable reserves. The Company does not generate sufficient cash flow from operations to adequately fund its exploration activities, and has therefore relied principally upon the issuance of securities for financing. The Company intends to continue relying upon the issuance of securities to finance its operations and exploration activities to the extent such instruments are issuable under terms acceptable to the Company.

The Company’s common shares have been cease-traded effective May 10, 2009 for non-compliance issues. The Company is in the process of clearing the cease-trade order and thereafter will seek additional equity financing. In the mean-time the Company is reliant on funding from related parties to continue operations.

These financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. As at December 31, 2008, the Company had a working capital deficiency of \$1,032,163 (2007 - \$11,000) and an accumulated deficit of \$9,859,837 (2007 - \$2,414,250)

2. SIGNIFICANT ACCOUNTING POLICIES

Generally accepted accounting principles

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”). All amounts, unless specifically indicated otherwise, are presented in Canadian dollars.

Basis of consolidation

The financial statements include the accounts of the Company and its wholly-owned subsidiary, Minera High Ridge Del Peru S.A.C., incorporated in Peru. All inter-company transactions and balances have been eliminated upon consolidation.

Use of estimates

The preparation of financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of any contingent assets and liabilities as at the date of the financial statements, as well as the reported amounts of revenues earned and expenses incurred during the reporting periods.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Use of estimates (cont'd...)

The Company's current items involving substantial measurement uncertainty are the carrying values of mineral property interests, the estimate for future site restoration and abandonment costs, the fair value of financial instruments, asset retirement obligation, useful life of amortization, the determination of the value of stock-based compensation and future income taxes.

Equipment and amortization

Equipment is recorded at cost and is amortized over its estimated useful life on the declining balance method at the following rates:

Computer equipment	30%
Computer software	100%
Office furniture and equipment	20%
Field equipment	20%

Mineral property interests

All costs related to the acquisition, exploration and development of mineral property interests are capitalized by property. If economically recoverable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. When a property is abandoned, all related costs are written off to operations. If, after management review, it is determined that the carrying amount of a mineral property is impaired, that property is written down to its estimated net realizable value. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

Government assistance is recorded as a reduction of the cost of the applicable assets as determined by the terms and conditions of the agreement under which the assistance is provided to the Company.

The amounts shown for mineral property interests do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing and permitting to complete the development and future profitable production or proceeds from the disposition thereof.

Asset retirement obligations

An asset retirement obligation is a legal obligation associated with the retirement of tangible long-lived assets that the Company is required to settle. The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability.

The Company does not have any significant asset retirement obligations as at December 31, 2008.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Stock-based compensation

The Company uses the fair value-based method for stock-based compensation and therefore all awards to employees and non-employees will be recorded at fair value on the date of the grant and expensed over the period of vesting. The Company uses the Black-Scholes option pricing model to estimate the fair value of each stock option at the date of grant. Any consideration paid by the option holders to purchase shares is credited to capital stock.

Future income taxes

Future income taxes are recorded using the asset and liability method. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment or enactment occurs. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

Loss per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. For the years presented, this calculation proved to be anti-dilutive.

Basic loss per common share is calculated using the weighted-average number of common shares outstanding during the year.

Flow-through shares

Canadian tax legislation permits a company to issue flow-through shares whereby the deduction for tax purposes relating to qualified resource expenditures is claimed by the investors rather than the Company. Recording these expenditures for accounting purposes gives rise to taxable temporary differences.

When flow-through expenditures are renounced, a portion of the future income tax assets that were not recognized in previous years, due to the recording of a valuation allowance, are recognized as a recovery of income taxes in the statement of operations.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Foreign currency translation

The Company's subsidiary is an integrated foreign operation. The monetary assets and liabilities of the Company and those of its subsidiary that are denominated in foreign currencies are translated at the rate of exchange at the balance sheet date and non-monetary items are translated at historical rates. Revenues and expenses are translated at rates approximating those in effect at the time of the transaction. Exchange gains and losses arising on translation are included in the statements of loss and comprehensive loss.

Financial instruments – Presentation and disclosure

Financial assets and financial liabilities are recognized on the consolidated balance sheet when the Company becomes a party to the contractual provisions of the financial instrument. All financial instruments are required to be measured at fair value at initial recognition except for certain financial instruments that arise in related party transactions. Measurement in subsequent periods is dependent upon classification of the financial instruments as held for trading, available for sale, loans and receivables, held to maturity, or other financial liabilities. The held for trading classification is applied when an entity is `trading` in an instrument or alternatively the standard permits that any financial instrument be irrevocably designated as held for trading. For financial instruments classified as other than held for trading, transaction costs are added to the initial fair value of the related financial instrument.

Financial assets and liabilities classified as held for trading are measured at fair value with changes in those fair values recognized in consolidated statement of operations. Financial assets classified as available for sale are measured at fair value with changes in those fair values recognized in Other Comprehensive Income. Financial assets classified loans and receivables, held to maturity or other financial liabilities are measured at amortized cost using the effective interest rate method of amortization. Where a financial asset classified as held to maturity or available for sale has a loss in value which is considered to be other temporary, the loss is recognized in the consolidated statement of operations.

The Company has classified cash as held for trading, receivables as loans and receivables and accounts payable and accrued liabilities as other financial liabilities.

Comprehensive income

Comprehensive income (loss) is defined as the change in equity from transactions and other events from non owner sources. Other comprehensive income (loss) refers to items recognized in comprehensive income (loss) that are excluded from net income (loss) calculated in accordance with generally accepted accounting principles.

Comparative figures

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

ADOPTION OF NEW ACCOUNTING POLICIES

Effective January 1, 2008, 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 year financial statements.

Financial instruments – presentation and disclosures

The CICA Accounting Standards Board ("AcSB") issued CICA Handbook Section 3862, Financial Instruments – Disclosures, which requires entities to provide disclosures in their financial statements that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks. The principles in this section complement the principles for recognizing, measuring and presenting financial assets and financial liabilities in Section 3855, Financial Instruments – Recognition and Measurement, Section 3863, Financial Instruments – Presentation, and Section 3865, Hedges.

The AcSB issued CICA Handbook Section 3863, Financial Instruments – Presentation, which is to enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows. This section establishes standards for presentation of financial instruments and non financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset.

The Company adopted these standards effective January 1, 2008 and has included the required disclosure in Note 7 to these financial statements.

Capital disclosures

The AcSB issued CICA Handbook Section 1535, which establishes standards for disclosing information about an entity's capital and how it is managed. The new standard requires disclosure of the Company's objectives, policies, and processes for managing capital; quantitative data about what the Company regards as capital; whether the Company has complied with any capital requirements; and, if the Company has not complied, the consequences of such non compliance. This new standard had no effect on the financial statements except for disclosure. Refer to Note 8.

Assessing going concern

The CICA AcSB amended section 1400 to include requirements for management to assess and disclose an entity's ability to continue as a going concern.

3. RECENT ACCOUNTING PRONOUNCEMENTS

International Financial Reporting Standards (“IFRS”)

In 2006, the AcSB published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada’s own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010.

Business Combinations

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

Goodwill and Intangible Assets

The AcSB issued CICA Handbook Section 3064 which replaces Section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research and Development Costs. This new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. Standards concerning goodwill remain unchanged from the standards included in the previous Section 3062. The section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008.

HIGH RIDGE RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008

4. EQUIPMENT

	2008				2007			
	Cost	Accumulated Amortization	Write-off	Net Book Value	Cost	Accumulated Amortization	Net Book Value	
Computer equipment	\$ 47,826	\$ 19,159	\$ 28,667	\$ -	\$ 37,073	\$ 9,834	\$ 27,239	
Computer software	12,754	12,165	589	-	11,577	6,696	4,881	
Office furniture and equipment	45,515	13,770	31,745	-	38,644	7,864	30,780	
Field equipment	<u>15,741</u>	<u>3,513</u>	<u>12,228</u>	<u>-</u>	<u>4,784</u>	<u>190</u>	<u>4,594</u>	
	\$ 121,836	\$ 48,607	\$ 73,229	\$ -	\$ 92,078	\$ 24,584	\$ 67,494	

As at December 31, 2008 the Company wrote off all furniture and other equipment upon closure of its rented Vancouver premises and wrote off the net book value of its remaining equipment in Peru as a result of the cessation of its exploration program.

HIGH RIDGE RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008

5. MINERAL PROPERTY INTERESTS

2008	Chuchi	Newton Hill	Silver Bay	Pacocochoa	Chanape	Other	Total
Acquisition costs							
Balance as at December 31, 2007	\$ 310,761	\$ 165,976	\$ 36,000	\$ 299,250	\$ 191,352	\$ 9,230	\$ 1,012,569
Additions:							
Shares issued	-	30,000	-	189,450	58,000	-	277,450
Cash payments	-	12,000	1,312	210,420	39,654	-	263,386
Other	53,345	-	-	14,628	-	15,118	83,091
	<u>53,345</u>	<u>42,000</u>	<u>1,312</u>	<u>414,498</u>	<u>97,654</u>	<u>15,118</u>	<u>623,927</u>
Balance as at December 31, 2008	<u>364,106</u>	<u>207,976</u>	<u>37,312</u>	<u>713,748</u>	<u>289,006</u>	<u>24,348</u>	<u>1,636,496</u>
Exploration costs							
Balance as at December 31, 2007	<u>169,610</u>	<u>519,407</u>	<u>115,270</u>	<u>296,531</u>	<u>314,846</u>	<u>-</u>	<u>1,415,664</u>
Additions							
Assays	-	-	-	-	-	-	-
Camp and field supplies	20,559	-	-	156,753	93,749	-	271,061
Equipment and vehicle rentals	-	-	-	131,163	88,675	-	219,838
Field office and administration	-	-	-	323,902	294,018	-	617,920
Geological and geophysical	19,108	49	533	336,477	642,153	-	998,320
License and permits	-	-	-	782	548	-	1,330
Professional fees	-	-	-	161,580	30,836	-	192,416
Transportation and travel	13,015	-	-	46,570	64,078	-	123,663
Value added taxes	-	-	-	116,994	116,993	-	233,987
	<u>52,682</u>	<u>49</u>	<u>533</u>	<u>1,274,221</u>	<u>1,331,050</u>	<u>-</u>	<u>2,658,535</u>
Balance as at December 31, 2008	<u>222,292</u>	<u>519,456</u>	<u>115,803</u>	<u>1,570,752</u>	<u>1,645,896</u>	<u>24,348</u>	<u>4,074,199</u>
Written off during the year	(586,398)	(727,432)	(153,115)	(2,284,499)	(1,934,902)	(24,348)	(5,710,694)
Total Balance, December 31, 2008	\$ -	\$ -	\$ -	\$ 1	\$ -	\$ -	\$ 1

HIGH RIDGE RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008

5. MINERAL PROPERTY INTERESTS

2007	Chuchi	Newton Hill	Silver Bay	Pacococha	Chanape	Other	Total
Acquisition costs							
Balance as at December 31, 2006	\$ 208,442	\$ 98,048	\$ 26,000	\$ -	\$ -	\$ -	\$ 332,490
Additions:							
Shares issued	45,000	53,000	-	165,000	55,000	-	318,000
Cash payments	50,000	12,000	10,000	134,250	107,400	-	313,650
Other	7,319	2,928	-	-	28,952	60,750	99,949
	<u>102,319</u>	<u>67,928</u>	<u>10,000</u>	<u>299,250</u>	<u>191,352</u>	<u>60,750</u>	<u>731,599</u>
Balance as at December 31, 2007	<u>310,761</u>	<u>165,976</u>	<u>36,000</u>	<u>299,250</u>	<u>191,352</u>	<u>60,750</u>	<u>1,064,189</u>
Exploration costs							
Balance as at December 31, 2006	<u>144,734</u>	<u>516,803</u>	<u>111,082</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>772,619</u>
Additions							
Assays	-	-	-	-	403	-	403
Camp and field supplies	1,335	-	-	4,836	24,828	-	30,999
Equipment and vehicle rentals	-	-	-	12,270	11,671	-	23,941
Field office and administration	-	-	-	18,316	45,989	-	64,305
Geological and geophysical	20,270	2,604	4,188	22,746	44,406	-	94,214
License and permits	-	-	-	27,460	15,455	-	42,915
Professional fees	-	-	-	123,488	34,910	-	158,398
Reports and maps	598	-	-	11,097	19,076	-	30,771
Transportation and travel	2,673	-	-	24,800	90,440	-	117,913
Value added taxes	-	-	-	51,518	27,668	-	79,186
	<u>24,876</u>	<u>2,604</u>	<u>4,188</u>	<u>296,531</u>	<u>314,846</u>	<u>-</u>	<u>643,045</u>
Balance as at December 31, 2007	<u>169,610</u>	<u>519,407</u>	<u>115,270</u>	<u>296,531</u>	<u>314,846</u>	<u>-</u>	<u>1,415,664</u>
Written off during the year	-	-	-	-	-	(51,520)	(51,520)
Total Balance, December 31, 2007	\$ 480,371	\$ 685,383	\$ 151,270	\$ 595,781	\$ 506,198	\$ 9,230	\$ 2,428,233

5. MINERAL PROPERTY INTERESTS (cont'd...)

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing.

Chuchi Property

On October 25, 2004, the Company entered into an option agreement to earn a 100% interest in certain mineral claims located in the Omineca Mining Division of British Columbia, referred to as the Chuchi Property. The property is subject to a 3% net smelter return royalty ("NSR"). To exercise the option, the Company paid a total of \$125,000 (2007 - \$125,000) and issued aggregate of 400,000 (2007 - 400,000) common shares valued at a total of \$130,000 (2007 - \$130,000). The Company has completed the terms of the option agreement and is required to pay annual advance royalties of \$20,000 from October 26, 2008 ceasing in the year in which commercial production commences. The Company has accrued, but not paid the 2008 advance royalty amount.

The NSR can be reduced to 1% by paying \$2,000,000 to the optionors. The Company is required to issue an additional 200,000 common shares upon the commencement of commercial production.

The Company acquired an additional mineral claim by staking.

As the Company has insufficient funds to continue the exploration of this property, in December, 2008 the Company wrote down the recorded cost of the property to \$Nil.

Newton Hill Property

On July 20, 2004, the Company entered into an option agreement to acquire a 100% interest in certain mineral claims located in the Clinton Mining Division of British Columbia, referred to as the Newton Hill Property. The property was subject to a 2% NSR. To exercise the option, the Company paid a total of \$60,000 (2007 - \$48,000), issued aggregate of 400,000 (2007 - 300,000) common shares valued at a total of \$140,000 (2007 - \$110,000), and is required to:

- pay \$60,000 and issue 100,000 common shares on or after June 26, 2009; and
- incur exploration costs of \$750,000 by June 26, 2009.

The NSR can be purchased at any time by the Company for \$1,200,000.

The Company has acquired additional mineral claims by staking.

On December 31, 2008 the Company wrote down the recorded cost of the property to \$Nil as the Company has relinquished its interest in the property.

Silver Bay Property

The Company held an option to acquire a 100% interest in certain mineral claims located in the Slocan Mining Division of British Columbia, referred to as the Silver Bay Property. The property was subject to a 2% NSR. To exercise this option, the Company paid a total of \$26,000 (2007 - \$26,000), issued aggregate of 40,000 (2007 - 40,000) common shares valued at a total of \$10,000 (2007 - \$10,000), and was required to:

5. MINERAL PROPERTY INTERESTS (cont'd...)

Silver Bay Property (cont'd...)

- pay \$12,000 on or before August 31, 2008(not paid);
- pay \$12,000 and issue 60,000 common shares on or before August 31, 2009; and
- incur exploration costs of \$350,000 on or before August 31, 2009.

The NSR can be purchased at any time by the Company for \$1,200,000.

On December 31, 2008 the Company wrote down the recorded cost of the property to \$Nil as the Company has relinquished its interest in the property.

Pacococha Property

Rosicler – El Domo and Pacococha - Germania

On March 22, 2007, the Company was granted an option to acquire a 100% interest in the Rosicler-El Domo and Pacococha-Germania mining concessions located in Peru, collectively referred to as the Pocococha Property. As consideration for the concessions, the Company paid a total of \$344,670 (US\$325,000) (2007 - \$134,250 (US\$125,000)) and issued a total of 900,000 (2007 – 300,000) common shares valued at \$339,000 (2007 - \$165,000) and is required to:

- pay US\$275,000(not paid);
- pay US\$375,000 and issue 600,000 common shares during fiscal 2009;
- pay US\$625,000 and issue 600,000 common shares during fiscal 2010;
- pay US\$1,000,000 and issue 600,000 common shares during fiscal 2011; and
- pay US\$3,400,000 and issue 300,000 common shares during fiscal 2012.

During the year ended December 31, 2008 the Company issued 45,000 (2007 - \$Nil) common shares valued at \$15,450 (2007 - \$Nil) and is obligated, pro-rata over the term of the option, to pay a total of US\$300,000 and issue an additional 105,000 common shares as finders' fees in connection with the transaction.

On December 31, 2008 the Company wrote down the recorded value of the property to \$1 as the Company does not have financing to continue the exploration program on the property. As at December 31, 2008, the Company is in arrears in respect to the cash payments due in 2008 and is required to renegotiate the terms of the agreement to keep it in good standing,

Bella Rubia

On June 9, 2007, the Company was granted an option to acquire a 100% interest in certain mining concessions located in the Pacococha mine area in Peru referred to as the Bella Rubia concessions. To exercise the option, the Company is required to pay US\$700,000 in semi-annual payments over five years, commencing on the date of the filing of the documented agreement. As at December 31, 2008, the agreement is not yet registered, pending resolution of a claim dispute which is subject to an arbitration ruling by the Peruvian Ministry of Mines. It is the opinion of management that the dispute will be resolved in favour of the Company.

On December 31, 2008 the Company wrote down the recorded cost of the property to \$Nil.

HIGH RIDGE RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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5. MINERAL PROPERTY INTERESTS (cont'd...)

Chanape Property

On February 8, 2007, the Company entered into an option to acquire a 100% interest in certain concessions located in Peru, referred to as the Chanape property. To acquire its interest, the Company paid a total of \$160,755 (US\$150,000) (2007 - \$107,400 (US\$100,000)), issued a total of 300,000 (2007 - 100,000) common shares valued at \$113,000 (2007 - \$55,000) and was required to:

- pay US\$100,000 (not paid);
- pay US\$250,000 and issue 200,000 common shares during fiscal 2009;
- pay US\$350,000 and issue 200,000 common shares during fiscal 2010;
- pay US\$200,000 and issue 200,000 common shares during fiscal 2011; and
- pay US\$950,000 and issue 100,000 common shares during fiscal 2012.

The property was subject to a 2.5% NSR and the Company has the option to purchase a 1.5% NSR for US\$1,000,000.

On December 31, 2008 the Company wrote down the recorded cost of the property to \$Nil. As at December 31, 2008, the Company is in arrears in respect to the cash payments due in 2008 and is required to renegotiate the terms of the agreement to keep it in good standing,

6. SHARE CAPITAL

	Number of Shares		Capital Stock		Contributed Surplus
Authorized					
Unlimited number of common shares without par value					
Balance, December 31, 2006	12,924,625	\$	2,045,719	\$	415,555
Stock options exercised	342,500		102,750		-
Warrants exercised	1,175,935		419,468		-
Private placement	3,000,000		1,350,000		-
Share issuance costs	-		(179,636)		-
Agent's units	119,110		53,600		-
Value assigned to agents' warrants as part of issuance costs	-		(67,779)		67,779
Contributed surplus allocated on options exercised	-		76,116		(76,116)
Contributed surplus allocated on warrants exercised	-		99,880		(99,880)
Stock-based compensation	-		-		279,749
Shares issued for mineral properties	<u>600,000</u>		<u>318,000</u>		<u>-</u>
Balance, December 31, 2007	18,162,170	\$	4,218,118	\$	587,087
Stock options exercised	250,000		75,000		-
Private placements	13,519,900		3,777,525		-
Share issuance costs	-		(286,431)		-
Value assigned to agents' warrants as part of issuance costs	-		(73,452)		73,452
Contributed surplus allocated on options exercised	-		63,611		(63,610)
Stock-based compensation	-		-		178,925
Shares issued for mineral properties	<u>945,000</u>		<u>277,450</u>		<u>-</u>
Balance, December 31, 2008	<u>32,877,070</u>	\$	<u>8,051,821</u>	\$	<u>775,854</u>

6. SHARE CAPITAL (cont'd...)

Escrow Shares

As at December 31, 2008, 794,031 (2007 - 2,382,293) common shares were in escrow to be released in increments over a 36 month period.

Private Placements

In May 2007, the Company completed a brokered private placement of 3,000,000 units at \$0.45 per unit, for proceeds of \$1,350,000 before share issue costs of \$179,636. Each unit consisted of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share expiring November 28, 2008, at a price of \$0.60 per common share.

The Company issued 19,110 Agents' units valued at \$53,600 as part of share issuance costs under the same terms as those to be issued pursuant to the private placement being at \$0.45 per unit. The Company also granted 300,000 Agents' warrants in respect of this private placement. Each Agent warrant is exercisable at \$0.45 per share for an eighteen-month period. The Company recorded the fair value of these warrants being \$67,779 to share issuance costs.

In February through April 2008, the Company issued a total of 8,951,000 units at a price of \$0.30 per unit for gross proceeds of \$2,685,300 (\$136,500 received in 2007). Each unit consisted of one common share and one half of one share purchase warrant, each full warrant entitling the holder to purchase one additional common share at a price of \$0.45 per share expiring between August 12, 2009 and October 7, 2009. The Company paid \$223,104 as finders' fees and issued 484,100 finder's warrants as issuance costs, each warrant entitling the holder to purchase one common share at a price of \$0.30 per share expiring between August 12, 2009 and October 7, 2009. The Company recorded \$87,548 as share issue costs for the value of the finder's warrants. The value was estimated using the Black-Scholes option pricing model using the following assumptions; risk free interest rate of 2.87%, expected life of 18 months, expected volatility of 84% and a nil% dividend rate.

In August 2008, the Company issued 3,568,900 units at a price of \$0.25 per unit for gross proceeds of \$892,225. Each unit consisted of one common share and one share purchase warrant, each warrant entitling the holder to purchase one additional common share at a price of \$0.40 per share up to April 5, 2009, at a price of \$0.50 up to December 5, 2009 and at a price of \$0.60 up to August 5, 2010. The Company paid \$67,378 as finders' fees in connection with the placement.

In October 2008, the Company issued 1,000,000 units at a price of \$0.20 per unit for gross proceeds of \$200,000. Each unit consists of one common share and one share purchase warrant, each warrant entitling the holder to purchase one additional common share at a price of \$0.20 per share up to October 30, 2010. The Company paid \$8,140 as finders' fees in connection with the placement. All units of this placement were subscribed to by the President of the Company.

HIGH RIDGE RESOURCES INC.
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6. SHARE CAPITAL (cont'd...)

Stock options and warrants

The Company has a 10% rolling incentive stock option plan for the benefit of its directors, officers, employees and consultants, whereby options to purchase common shares of the Company may be granted from time to time, provided that the maximum number of options that are outstanding at any time shall not exceed 10% of the issued and outstanding common shares of the Company. The exercise price of each option is based on the market price of the Company's common stock at the date of grant less applicable discount. The option may be granted for a maximum of five years and vesting is determined by the Board of Directors.

Stock options are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Options outstanding, December 31, 2006	1,130,000	\$ 0.30
Granted	1,066,217	0.41
Exercised	(342,500)	0.30
Expired	(37,500)	0.30
Options outstanding, December 31, 2007	1,816,217	\$ 0.37
Granted	950,000	0.35
Exercised	(250,000)	0.30
Expired	(1,421,217)	0.37
Options outstanding, December 31, 2008	1,095,000	\$ 0.36
Options exercisable, December 31, 2008	1,095,000	\$ 0.36

The following stock options were outstanding at December 31, 2008:

Exercise price	Number of Options	Expiry Date
0.40	100,000	February 22, 2009 (Subsequently expired)
0.40	25,000	May 2, 2009 (Subsequently expired)
0.30	550,000	March 1, 2011
0.40	175,000	June 15, 2012
0.50	25,000	July 03, 2012
0.50	220,000	May 28, 2013
	1,095,000	

Stock-based compensation

During the year ended December 31, 2008, the Company granted 950,000 (2007 – 1,066,217) stock options with a total estimated fair value of \$218,185 (2007 - \$327,015) or \$0.23 (2007, - \$0.31) per option. Vesting periods range from date of grant to a period of two years. For the year ended December 31, 2008, the Company recorded \$178,925 (2007 - \$279,749) as stock-based compensation expense.

HIGH RIDGE RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008

6. SHARE CAPITAL (cont'd...)

Stock-based compensation (cont'd...)

The fair value of stock options and compensatory warrants granted is estimated on the grant or issue date using the Black-Scholes option-pricing model. The weighted average assumptions used in the calculation of fair value are as follows:

	2008	2007
Risk-free interest rate	3.18%	4.3%
Expected life	3.82 years	2.8 years
Expected stock volatility	77 %	103 %
Expected dividend rate	0.00%	0.00%

Share purchase warrants

Share purchase warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Warrants outstanding, December 31, 2006	3,805,439	\$ 0.42
Issued	3,419,110	0.58
Exercised	(1,175,935)	0.36
Expired	<u>(2,629,504)</u>	0.45
Warrants outstanding, December 31, 2007	3,419,110	\$ 0.58
Issued	9,528,500	0.40
Expired	<u>(3,419,110)</u>	0.58
Warrants outstanding, December 31, 2008	9,528,500	\$ 0.40

The following warrants expire as follows:

Exercise price	Number of Options	Expiry Date
\$ 0.45	1,384,500	August 12, 2009
0.30	156,000	August 21, 2009
0.30	104,000	September 9, 2009
0.45	1,903,500	September 14, 2009
0.45	1,187,500	October 7, 2009
0.30	224,100	October 7, 2009
0.40	3,568,900	August 5, 2010
<u>0.20</u>	<u>1,000,000</u>	October 10, 2010
\$ 0.40	9,528,500	

7. FINANCIAL INSTRUMENTS

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The carrying value of cash, accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

Financial risk factors

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

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to receivables. As at December 31, 2008, the Company has minimal amounts receivable and is not exposed to significant credit risk.

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 of December 31, 2008 and 2007, the Company had a cash balance of \$Nil and \$119,553 to settle current liabilities of \$1,048,349 and \$279,589, respectively. All 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, foreign exchange rates, and commodity and equity prices.

Interest rate risk

The Company has no cash balances and no interest-bearing debt and is not exposed to significant interest rate risk.

Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to assets and liabilities that are denominated in US Dollars (USD) and Peruvian New Soles (NS). As at December 31, 2008, the Company has no foreign denominated cash and has accounts payable totaling \$US 581,237 exposed to foreign currency risk.

Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of oil and natural gas, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in value may be significant.

8. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of its mineral property interests. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company has historically relied on the equity markets to fund its activities. The Company is currently reliant of financing from related parties until it is able to resume trading and seek additional equity financing.

9. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2008, the Company paid or accrued consulting fees of \$132,377 (2007 - \$149,609) to directors and companies controlled by directors paid or accrued professional fees of \$16,515 (2007 - \$Nil) to a firm controlled by a director and paid \$120,000 (2007 - \$120,000) to a director for geological services.

As at December 31, 2008, accounts payable included \$95,082 (2007 - \$27,135) due to a director and companies controlled by directors for geological consulting services and prepaid expenses included \$Nil (2007 - \$8,010) to a director and companies controlled by directors.

These transactions were in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

For the year ended December 31, 2008, the Company's significant non-cash transactions consisted of:

- a) the accrual in mineral properties of deferred exploration costs incurred of \$639,887.
- b) the issuance of common shares valued at \$277,450 related to mineral property option agreements.
- c) the issuance of compensatory Agents' warrants valued at \$73,452 for share issuance costs.
- d) the recognition of a fair value component of \$63,610 in respect of options exercised.
- e) the application of subscriptions received in advance of \$136,500 to share capital.
- f) the application of mineral property advances of \$17,728 to mineral property interests

For the year ended December 31, 2007, the Company's significant non-cash transactions consisted of:

- a) the accrual in mineral properties of deferred exploration costs incurred of \$25,956.
- b) the issuance of common shares valued at \$318,000 related to mineral property option agreements.
- c) the issuance of common shares valued at \$53,600 for Agents' units for share issuance costs.

HIGH RIDGE RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS (cont'd...)

- d) the issuance of compensatory Agents' warrants valued at \$67,779 for share issuance costs.
- e) the recognition of a fair value component of \$175,996 in respect of options and warrants exercised.

The Company did not pay cash for interest or income taxes for 2008 or 2007.

11. INCOME TAXES

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

	2008	2007
Loss before income taxes	\$ (7,445,587)	\$ (1,464,748)
Expected income tax (recovery)	\$ (2,289,518)	\$ (500,000)
Items not deductible for income tax purposes	1,785,631	140,000
Items deducted for income tax purposes	(87,989)	(25,000)
Recognized benefit of non-capital losses and change in tax rates	<u>591,876</u>	<u>385,000</u>
Future income tax recovery	\$ -	\$ -

The significant components of the Company's future income tax assets (liabilities) are as follows:

	2008	2007
Future income tax assets (liabilities):		
Non-capital loss carry forwards	\$ 963,000	\$ 483,000
Equipment	-	5,000
Mineral properties	1,487,000	1,000
Financing costs	<u>99,000</u>	<u>66,000</u>
	2,549,000	555,000
Valuation allowance	<u>(2,549,000)</u>	<u>(555,000)</u>
Net future income tax assets	\$ -	\$ -

The Company has non-capital losses of approximately \$3,700,000 available for deduction against future taxable income. These losses, if not utilized, will expire through to 2028. The Company has resource expenditures of approximately \$5,300,000 available for deduction against future taxable income. These losses, if not utilized, will carry forward indefinitely. Future tax benefits which may arise as a result of these losses have not been recognized in these financial statements and have been offset by a valuation allowance.

HIGH RIDGE RESOURCES INC.
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12. CONTINGENCY

A claim has been filed against the Company from a former director for \$49,000. The Company is disputing the amount owing. The likelihood of the outcome is not determinable and no liability has been recorded in connection with this lawsuit.

13. SEGMENTED INFORMATION

The Company's primary business is the acquisition and exploration of mineral interests. The Company's geographic information is as follows:

	2008	2007
Capital assets:		
Canada	\$ -	\$ 1,383,697
Peru	<u>1</u>	<u>1,112,030</u>
	<u>\$ 1</u>	<u>\$ 2,495,727</u>

14. SUBSEQUENT EVENTS

Subsequent to December 31, 2008, the Company:

- a) issued 5,000,000 units at a price of \$0.05 per unit for gross proceeds of \$250,000. Each unit consists of one common share and one share purchase warrant, each full warrant entitling the holder to purchase one additional common share at a price of \$0.10 per share expiring April 28, 2011. A finder's fee of \$18,250 was paid in connection with the placement;
- b) had options to purchase 200,000 common shares cancelled;
- c) entered into an agreement to sell its subsidiary, Minera High Ridge Del Peru S.A.C., for USD \$10 ;
- d) entered into an option with an unrelated company, by which that company was granted an option to acquire a 80% interest in the Newton Hill property by the payment of \$60,000 to the Company and agreement to expend a total of approximately \$5 million on the property in exploration expenditures over seven years (subject to an amending agreement).

HIGH RIDGE RESOURCES INC.

Management Discussion and Analysis
For the Year Ended December 31, 2008

Management Discussion and Analysis

The following management discussion and analysis is prepared as at August 4, 2009 and should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2008 and 2007. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The reporting and the measurement currency is the Canadian dollar.

Forward Looking Statements

This MD&A contains certain information that may constitute forward-looking statements. Forward-looking statements are based on current expectations and entail various risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. The Company disclaims any obligation or intention to update or to revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Description of Business

High Ridge Resources Inc. (the "Company") is an exploration stage company engaged primarily in the acquisition and exploration of mineral properties. At the time of these financial statements it has not been determined whether these properties contain economically recoverable ore reserves. Due to the lack of funds to finance its exploration activities and/or meet expenditure requirements, as at December 31, 2008 the Company wrote down the recorded cost of its mineral property interests to \$1. In order to fund its ongoing operations and to pay current creditors and fund administrative expenditures to maintain its listing the Company will be seeking support from related parties and plans to raise additional equity funds.

The financial statements have been prepared on a going concern basis, which assumes the realization of assets and discharge of liabilities in the normal course of business. The Company's ability to continue as a going concern is dependent upon successful achievement of additional financing, and upon its ability to realize profitable operations. These financial statements do not give effect to any adjustments that would be necessary should the Company not be able to continue as a going concern.

Effective May 10, 2009 the Company's common shares have been cease-traded for late filing for compliance reasons. The Company is in the process of clearing the cease-trade order and thereafter will seek additional equity financing. In the mean-time, the Company is reliant on funding from related parties to continue operations.

2008 Operational & Administration Highlights

Operational

- Completed surface sampling on Peru properties.
- Developed 43-101 compliant reports for Peru properties.
- Completed Magnetic and GPS surveys for Peru properties.
- Completed 3D inverse polarization surveys for Peru properties.
- Initiated drilling programs in Peru.
- Completed repairs, upgrades and rehabilitation for accessing and drilling properties.
- Reduced staffing due to financial constraints.
- Ceased all exploration operations late in the year due to lack of funds.

HIGH RIDGE RESOURCES INC.

Management Discussion and Analysis
For the Year Ended December 31, 2008

Administration

- General Manager appointed for Peru.
- Completed brokered and non-brokered private placements of 13,519,900 shares for gross proceeds of \$3,777,525.
- Appointed Jordan Ponce Gambirazio and Jenny Egusquiza Oliveros to the Board of Directors of the Company.
- Undertook social development projects in local Peru Communities.
- Reduced staffing and closed offices late in the year due to financial constraints.
- As at December 31, 2008, the Company had working capital deficiency of \$1,032,162 and had accumulated losses of \$9,859,837.

Overview of Exploration Properties

1) Chuchi Project – British Columbia

- 100% interest in 19 mineral claims comprising 38 units located in the Omineca Mining Division of British Columbia.
- 850 hectare situated approximately 90 km north of Fort St. James in central British Columbia.
- Road access, railroads and high capacity electrical transmission lines are within 150 road-km at the resource-based communities of Fort St. James and Mackenzie.
- Located 32km northwest of the Mt. Milligan copper-gold deposit now owned by Terrane Metals Corp.
- An additional 2,377 hectares have been staked adjacent to the original claims (bringing the Company's land holdings to 9,753 hectares).
- Low-grade porphyry copper-gold deposit.

2) Newton Hill Project – British Columbia

- 100% interest in Newton 1 claim consisting of twenty claim units covering approximately 410 hectares.
- Located 105 km west-south-west of Williams Lake, British Columbia on the Chilcotin Plateau in the Clinton Mining Division.
- An additional 3,700 hectares staked adjacent to original claims.
- Property covers approximately a 2 km diameter hydrothermal alteration system centered on Newton Hill.
- Prosperity (Fish Lake) Deposit located 40 km to the south of Newton Hill, in a similar geologic setting.

3) Silver Bay Project – British Columbia

- 100% interest in 22 mineral claims covering 1,730 hectares located in the Slocan Mining Division of British Columbia.
- Located in the vicinity of Nelson, BC, on the east-shore of Kootenay Lake. The property lies on the Crawford Peninsula 13km south from Riondel and the past-producing Bluebell Mine, a well-know Ag-Zn-Pb (silver-lead-zinc) deposit.

4) Chanape - Peru

- 100% interest in 20 mining concessions totaling 808.34 hectares - located within the Matucana cadastral sheet 24-k.
- Located in the district of San Damian, in the province of Huarochiri and department of Lima, 138 kilometres (km) from Lima

HIGH RIDGE RESOURCES INC.

Management Discussion and Analysis
For the Year Ended December 31, 2008

- Accessible by road. The first 100 km east of Lima is along the well-maintained paved Central Highway to the town of San Mateo; the remaining 38 km from San Mateo to the property is via gravel roads.
- Occupies elevations between 4,300 and 4,900 metres (m).
- Numerous mineralized, gold-rich polymetallic veins and intrusive breccia pipes have been previously mapped within the property on two opposing sides of Chanape Creek (Tumialan, 1982; Ly et al., 1997 and 1999).
- Chanape area is part of an old and active mining district that has been explored and mined since the colonial period, but more extensive mining development began in 1950 with the building of the access gravel road from the Central Highway.
- Coricancha mine, formerly the Tamboraque mine, is the largest nearby active mine and is wholly owned by Gold Hawk Resources Inc. Gold Hawk owns a processing facility located just south of San Mateo.

5) Pacococha – Sunicancha - Peru

- 100% interest in 37 mining concessions located within the Matucana cadastral sheet 24-k, totaling 1223.75 hectares.
- Located within old and active mining districts SE of San Mateo approximately 125 kilometres ENE of Lima in the Province of Huarochiri, Department of Lima.
- Concessions are within the Pacococha district and accessed along the well maintained Central Highway to the town of San Mateo, 100 kilometres east of Lima, with the remaining distance to the concessions being by gravel and dirt roads, and trails.
- Numerous historical reports, maps, plans and sections prepared by former geologists and consultants of the Pacococha Mine and Milpo are available.
- These reports were not prepared in accordance with the requirements of NI 43-101.
- Concessions form two separate groupings. The larger and relatively untouched contiguous group of claims, the Rosicler-El Domo property, and the second group of concessions, referred to as the Pacococha-Germania claims.

5a) Rosicler-El Domo Property

Located 2.5-3 kilometres NW of the Pacococha Lake, the Rosicler vein trends NE, is exposed on elevations between 4550 and 4800 metres, and has been only scarcely worked by artisanal miners. The vein is epithermal and consists of two different mineralized sections; the SW-central section contains silver-bearing, polymetallic mineralization; the NE section is dominated by silver mineralization and anomalous gold values (Velarde, 1997; Arellano, 2005). There are two additional and little known mineralized vein systems present on this property, Virgen del Buen Paso and Midas, both of which are parallel to the Rosicler vein.

5b) Pacococha-Germania Claims

The Pacococha-Germania claims encompass main sections of numerous veins, which form two sets: one southern, in the Germania area, and another, northern, in the Pacococha area.

Germania area

In the Germania area, the Company has obtained four known vein systems; two of them, Sin Complemento and Belgica V, were scarcely mined in the past, whereas the other two, Germania and Peru, were previously mined to a certain extent. The mineralization in these veins is characterized by presence of galena, sphalerite, tetrahedrite, and lesser chalcopyrite, pyrite, pyrrhotite, arsenopyrite, and rhodochrosite.

HIGH RIDGE RESOURCES INC.

Management Discussion and Analysis
For the Year Ended December 31, 2008

Pacococha area

In the Pacococha area, the Company has acquired the main sections of the following veins: Santiago Menor and Santiago Major, BJ 19, Purisima, Diez de Mayo, and Cuatro de Julio. The Company has also secured claims surrounding the northeastern segment of the Carolina vein, the central Victoria vein, and the central-northeastern segment of the San David vein system. Many of these veins have formed the core of the Pacococha Mine, owned by Sindicato Minero Pacococha S.A., and have been mined in the past to varying degrees (Cayo, 1993).

The Company has not done sufficient work to classify the historical estimates as current mineral resources or mineral reserves, and the Company is not treating the historical estimates as current mineral resources or mineral reserves. Accordingly, readers should use caution when considering this information and should not rely upon the accuracy of such information.

6) Other Peru properties

In addition to the San Mateo area concessions, High Ridge has staked 1,600 hectares of highly prospective ground located approximately 70 kilometers east of Lima.

Results of Operations

For the twelve months ended December 31, 2008, the Company incurred a loss of \$7,445,587 (2007 - \$1,464,748). The increase in loss is primarily due to the write-down of \$5,710,694 in the Company's mineral property interests. General and Administrative expenses totalled \$1,640,528 (2007 - \$1,437,013), which included:

- Consulting expense for management and administration were \$214,200 (2007 - \$181,327).
- Office & sundry \$157,073 (2007 - \$92,541),
- Professional fees \$183,376 (2007 - \$315,446),
- Rent \$88,619 (2007 - \$56,696),
- Shareholder information \$61,246 (2007 - \$94,319),
- Travel & business development \$101,422 (2007 - \$63,202),
- Stock-based compensation \$178,925 (2007 - \$279,749).
- Salaries \$297,784 (2007 - \$163,867), and
- Investor relations \$158,485 (2007 - \$66,172)

Additional major expenses and costs incurred comprised:

- A total of \$6,606 (2007 - \$26,723) on site investigations for potential properties.
- \$623,927 (2007 - \$731,599) was incurred on property acquisitions and a total of \$2,658,535 (2007 - \$643,045) was incurred on exploration.
- The Company incurred non-cash acquisition costs of \$277,450 (2007 - \$318,000) on the issue of 945,000 common shares (2007 - 600,000) for property option payments.
- A write-down of mineral property interests totalling \$5,710,694 (2007 - \$51,520). The Company is required to make certain cash acquisition payments on its Peru properties and to make minimum levels of exploration expenditures on certain of its Canadian properties. In order to make these payments and expenditures the Company is required to raise additional funding, which it presently is not able to do. As a result, the Company considers the recorded costs of its mineral property interests to be impaired and has written down these mineral property interests to \$1 at December 31, 2008,

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Selected Annual Comparative Information

The following selected financial information was obtained from the audited consolidated annual financial statements of the Company. The effect of applying the treasury stock method to the Company's loss per share calculation is anti-dilutive. Therefore, basic and diluted losses per share are equal for the years presented.

For the year ended December 31	2008	2007	2006
a) Total Revenues	Nil	Nil	Nil
b) (Loss) before discontinued operations and extraordinary items	\$(7,445,587)	\$(1,464,748)	\$(668,576)
c) Basic and diluted loss per share	\$ (0.27)	\$ (0.09)	\$ (0.06)
d) Net (loss) for the year	\$(7,445,587)	\$(1,464,748)	\$(668,576)
e) Basic and diluted loss per share	\$ (0.27)	\$ (0.09)	\$ (0.06)
f) Total assets	\$ 16,187	\$ 2,807,044	\$ 1,600,796
g) Total long-term financial liabilities	Nil	Nil	Nil
h) Cash dividends per share for each class of share	Nil	Nil	Nil

Starting in 2006, the level of exploration activity increased with a commensurate increase in administrative expenses. The 2007 results were largely driven by expansion into Peru, and in 2008 expenses grew with the initiation of field drilling programs.

There have been no revenues from operations to the date of this report. The Company is a junior mineral exploration company. It has no current expectation of revenues from its operations and no ongoing mining operations of any kind. In order to sustain the exploration programs, the Company raises capital primarily through the sale of its common shares.

During the year ended December 31, 2008, administrative expenses increased by \$203,515 due to increased activity by the Company. Specific highlights include:

- Increase in office and sundry of \$64,532 due primarily to opening of Peru operations.
- Decrease in professional fees of \$132,070. In the fiscal 2007 the Company spent more on litigation and on fees related to the acquisition of properties.
- Increase in rent of \$31,923 as the Company leased more office space in Peru.
- Increase in salary and benefits of \$133,917 due to the increase in activities in Peru in 2008.
- Decrease in shareholder information of \$33,073 due to a reduction in active marketing and promotion.
- Decrease in stock-based compensation of \$100,824 as a result of less options granted during 2008.

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Summary of Quarterly Results

The following information is derived from the unaudited interim financial statements of the Company that were prepared by management in accordance with Canadian GAAP.

For the quarter ended	Dec 08	Sep 08	Jun 08	Mar 08	Dec 07	Sep 07	Jun 07	Mar 07
	\$	\$	\$	\$	\$	\$	\$	\$
Net Loss	5,762,741	735,748	472,054	475,044	694,623	120,505	473,356	176,264
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net loss per share (basic and fully diluted)	0.18	0.03	0.02	0.02	0.04	0.01	0.03	0.01

The Company has no revenues to date and losses are caused by the commencement and continuation of the exploration programs.

Administration expenses in fiscal year 2007 increased significantly with the acquisition of the Peruvian mineral properties. In the quarter ended June 30, 2007 the Company incurred stock-based compensation expense of \$139,988 as a result of the granting of directors' and employees options in that period. In the quarter ended December 31, 2007, the Company incurred \$260,906 in additional professional fees due to increased activity in Peru with regard to the Peru property acquisitions.

Fiscal year 2008 included a further increase in administrative support and added considerable field work related to the Peru properties. For the quarter ended March 31, 2008 the company incurred increased legal fees related to property disputes and financing activities, and added expenses for marketing activities and day to day operations in Peru. In the second quarter of 2008 notable expenses included professional fees, property investigations, salaries, travel and stock-based compensation. In the third quarter operations were drive by field investigations and included increases in office and sundry expenses, and consulting and management fees.

In the final quarter ended December 31, 2008, the Company suffered with the collapse in the international equity and finance markets. The inability to raise additional funding to maintain exploration and general operations lead to a rapid wind down of both field and office operations throughout the company. The continuation of the depressed markets ultimately led to the write down of the company's mineral property interests by \$5,710,694.

Related Party Transactions

During the year ended December 31, 2008, the Company entered into transactions with related parties as follows:

- a) paid or accrued consulting fees of \$132,377 (2007 - \$149,609) to Gary Anderson, David McElhanney and companies controlled by directors.

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- b) paid or accrued geological consulting fees included in deferred exploration costs of \$120,000 (2007 - \$120,000) to a Adam Szybinski:
- c) paid or accrued professional fees of \$16,515 (2007 - \$Nil) to a firm controlled by a director.

As at December 31, 2008, accounts payable included \$95,082 (2007 - \$27,135) due to Adam Szybinski, to companies controlled by Gary Anderson and David McElhanney for consulting services and to a firm controlled by a director for professional fees. As at December 31, 2008, prepaid expenses include \$Nil (2007 - \$8,010) for travel expense advances to Gary Anderson.

These transactions were in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Outstanding Share Data

The Company has authorized an unlimited number of common shares, without par value. As December 31, 2008, the Company had 32,877,070 common shares issued, 1,095,000 share purchase options were outstanding, and 9,528,500 share purchase warrants outstanding. There are no other classes of shares authorized, issued or outstanding.

As of the date of this report the Company had 37,877,070 common shares issued, 14,528,500 share purchase warrants and 895,000 stock purchase options outstanding at various exercise prices and future dates. If all of these options and warrants were exercised, a total of 53,300,570 common shares would be issued and outstanding.

Liquidity and Capital Resources

The Company does not have operations that generate cash flow. At December 31, 2008, the Company had \$Nil in cash and net working capital deficiency of \$1,032,162. In April 2009, the Company raised \$231,750 net of \$18,250 in finder's fees by the issue of 5,000,000 units at a price of \$0.05 per unit. In order to fund its ongoing expenditure requirements the Company will require support from related parties and the raising of additional equity financing. Efforts are ongoing to seek additional financing and to maximize the value of assets.

Off-Balance Sheet Arrangements

As at December 31, 2008, and up to the effective date of this report, the Company had no off balance sheet arrangements.

Changes in Accounting Policies including Initial Adoption

Effective January 1, 2008, 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 year financial statements.

Financial instruments – presentation and disclosures

The CICA Accounting Standards Board ("AcSB") issued CICA Handbook Section 3862, Financial Instruments – Disclosures, which requires entities to provide disclosures in their financial statements that enable users to evaluate (a) the significance of financial instruments for the

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entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks. The principles in this section complement the principles for recognizing, measuring and presenting financial assets and financial liabilities in Section 3855, Financial Instruments – Recognition and Measurement, Section 3863, Financial Instruments – Presentation, and Section 3865, Hedges.

The AcSB issued CICA Handbook Section 3863, Financial Instruments – Presentation, which is to enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows. This section establishes standards for presentation of financial instruments and non financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset.

The Company adopted these standards effective January 1, 2008.

Capital disclosures

The AcSB issued CICA Handbook Section 1535, which establishes standards for disclosing information about an entity's capital and how it is managed. The new standard requires disclosure of the Company's objectives, policies, and processes for managing capital; quantitative data about what the Company regards as capital; whether the Company has complied with any capital requirements; and, if the Company has not complied, the consequences of such non compliance. This new standard had no effect on the financial statements except for disclosure.

Assessing going concern

The CICA ACSB amended section 1400 to include requirements for management to assess and disclose an entity's ability to continue as a going concern.

Recent Accounting Pronouncements

International Foreign Reporting Standards ("IFRS")

In 2006, the ACSB published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010.

Business Combinations

In January 2009, the CICA issued Handbook Sections 1582 "Business Combinations", 1601 "Consolidated Financial Statements" and 1602 "Non Controlling Interests" which replace CICA Handbook Sections 1581 "Business Combinations" and 1600 "Consolidated Financial Statements". Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under IFRS. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial

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statements. These sections are applicable for the Company's interim and annual consolidated financial statements for its fiscal year beginning on or after January 1, 2011. Early adoption of these Sections is permitted and all three Sections must be adopted concurrently.

Goodwill and Intangible Assets

The AcSB issued CICA Handbook Section 3064 which replaces Section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research and Development Costs. This new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. Standards concerning goodwill remain unchanged from the standards included in the previous Section 3062. The section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008.

Financial Instruments

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The carrying value of cash, accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

Financial risk factors

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

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to receivables. As at December 31, 2008, the Company has minimal amounts receivable and is not exposed to significant credit risk.

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 of December 31, 2008 and 2007, the Company had a cash balance of \$Nil and \$119,553 to settle current liabilities of \$1,048,349 and \$279,589, respectively. All 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, foreign exchange rates, and commodity and equity prices.

Interest rate risk

The Company has no cash balances and no interest-bearing debt and is not exposed to significant interest rate risk.

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Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to assets and liabilities that are denominated in US Dollars (USD) and Peruvian New Soles (NS). As at December 31, 2008, the Company has no foreign denominated cash and has accounts payable totalling \$US581,237 which is exposed to foreign currency risk.

Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of oil and natural gas, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in value may be significant.

Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and development of its mineral property interests. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company has historically relied on the equity markets to fund its activities. The Company is currently reliant of financing from related parties until it is able to resume trading and seek additional equity financing.

Subsequent Activities

Due to the international financial collapse that occurred late in 2008 and continued into 2009, access to additional financing to support ongoing exploration was essentially cut off. As a result, operations of the company were reduced to limit further major expenditures and to direct efforts to securing new funds to continue the field programs. The company was unable to secure sufficient financing to continue the exploration work and maintain property option payments. As a result, the decision was made to divest interests in all the Peru properties and in the Silver Bay property in BC.

In January 2009, the Company abandoned its interest in the Silver Bay Property as it was not able to meet the ongoing exploration expenditure requirements in the options agreement.

Without adequate financial resources, the Company was also delayed in compiling the 2008 financial statements and associated backup necessary to complete an audit and meet the securities regulators filing deadlines. A private placement of 5,000,000 units for gross proceeds of \$250,000 was completed just days prior to the deadline, which enabled the year end audit to start, but this was too late to prevent a Cease Trading Order from being issued.

On June 17, 2009, Jenny Equisquiza Oliveros resigned from the Board of Directors.

On June 18, 2009, the Company entered into an agreement to sell its subsidiary, Minera High

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Ridge Del Peru S.A.C., for US\$10. As a result of this sale the Company has sold its interests in the Peruvian mineral properties including release and indemnity for all debts and obligations.

On June 22, 2009, the Company entered into an option with an unrelated company, by which that company was granted an option to acquire a 80% interest in the Newton property by the payment of \$60,000 to the Company and agreement to expend a total of approximately \$5 million on the property in exploration expenditures over seven years (subject to an amending agreement).