

HIGH RIDGE RESOURCES INC.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

SEPTEMBER 30, 2008

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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

HIGH RIDGE RESOURCES INC.
INTERIM CONSOLIDATED BALANCE SHEETS
NINE MONTHS ENDED SEPTEMBER 30, 2008
(Unaudited)

	September 30, 2008	December 31, 2007
ASSETS		
Current Assets		
Cash	\$ 143,621	\$ 119,553
Amounts receivable	224,186	14,508
Mining tax credit receivable	-	102,374
Prepaid expenses	32,528	32,154
	400,335	268,589
Reclamation Bonds	25,000	25,000
Advances on Mineral Properties	17,728	17,728
Mineral Property Interests	5,187,588	2,428,233
Equipment (Note 4)	118,011	67,494
	\$ 5,748,662	\$ 2,807,044
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 683,279	\$ 279,589
SHAREHOLDERS' EQUITY		
Share capital (Note 7)	7,938,758	4,218,118
Share subscriptions received in advance	-	136,500
Contributed Surplus	748,676	587,087
Deficit	(3,622,052)	(2,414,250)
	5,065,382	2,527,455
	\$ 5,748,662	\$ 2,807,044

On behalf of the Board:

"Gary Anderson" Director _____
"David McElhanney" Director

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

HIGH RIDGE RESOURCES INC.

INTERIM CONSOLIDATED STATEMENT OF OPERATIONS AND DEFICIT
 THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2008 AND 2007
 (Unaudited)

	For the Three Months Ended		For the Nine Months Ended	
	Sept. 30, 2008	Sept. 30, 2007	Sept. 30, 2008	Sept. 30, 2007
Administrative Expenses				
Amortization	\$ 11,683	\$ 4,660	\$ 17,062	\$ 13,091
Consulting and management	86,746	35,323	117,484	129,312
Foreign exchange	(32,799)	(106,197)	(105,754)	15,061
Insurance	10,033	6,458	15,004	7,479
Investor relations	83,142	15,303	112,439	42,979
Office and sundry	345,693	59,854	317,077	114,543
Professional fees	85,136	16,532	143,823	54,540
Property investigations	(54,792)	961	1,021	18,517
Regulatory and transfer agent fees	24,980	3,330	39,095	25,685
Rent	2,049	11,927	35,844	31,253
Salaries and related benefits	103,976		243,643	-
Shareholder information	53,160	52,561	76,986	81,446
Stock-based compensation	11,986	11,986	121,986	187,014
Telephone	9,284	7,727	19,966	19,695
Travel and business development	13,158	3,716	70,309	46,465
	753,436	124,141	1,225,986	787,080
Other Income (Expense)				
Interest income	17,688	3,636	18,184	16,955
Loss for the period	(735,748)	(120,505)	(1,207,802)	(770,125)
Deficit, beginning of period	(3,361,348)	(1,599,122)	(2,414,250)	(949,502)
Deficit, end of period	(4,097,096)	(1,719,627)	(3,622,052)	(1,719,627)
Basic and diluted loss per share	\$ (0.03)	\$ (0.01)	\$ (0.05)	\$ (0.05)
Weighted average number of shares				
issued and outstanding - basic and diluted	27,721,640	17,763,131	23,871,621	15,482,858

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

HIGH RIDGE RESOURCES INC.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2008 AND 2007
(Unaudited)

	For the Three Months Ended		For the Nine Months Ended	
	Sept. 30, 2008	Sept 30, 2007	Sept. 30, 2008	Sept. 30, 2007
Cash flows from (used in) operating activities				
Loss for the year	\$ (735,748)	\$ (120,505)	\$ (1,207,802)	\$ (770,125)
Items not involving cash:				
Amortization	11,683	4,660	17,062	13,091
Stock-based compensation	11,986	11,986	121,986	187,014
Changes in non-cash working capital:				
Decrease (Increase) in amounts receivable	49,259	(3,709)	(38,961)	(54,497)
Decrease (Increase) in Mining tax credit receivable	-	-	-	-
(Increase) Decrease in prepaid expenses	(17,483)	(22,319)	(374)	(21,604)
(Increase) Decrease in accounts payable and accrued liabilities	(367,475)	13,706	(349,536)	(23,698)
Net cash used in operating activities	(1,047,778)	(116,181)	(1,457,624)	(669,819)
Cash flows used in investing activities				
Payment of deferred exploration expenditures	(547,901)	(380,494)	(1,935,426)	(800,741)
Proceeds on disposal of equipment	-	-	-	-
Acquisition of equipment	(45,061)	(8,913)	(69,517)	(47,548)
Net cash used in investing activities	(592,962)	(389,407)	(2,004,944)	(848,289)
Cash flows from financing activities				
Issuance of shares for cash, net of share issue costs	1,088,180	-	3,411,636	1,223,965
Warrants exercised	-	90,780	-	419,467
Options exercised	-	9,000	75,000	102,750
Net cash provided by financing activities	1,088,180	99,780	3,486,636	1,746,182
Increase (decrease) in cash and cash equivalents	(552,560)	(405,808)	24,068	228,074
Cash and cash equivalents, beginning of period	696,181	954,069	119,553	320,187
Cash and cash equivalents, end of period	143,621	548,261	\$ 143,621	\$ 548,261

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

HIGH RIDGE RESOURCES INC.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(Unaudited)

1. BASIS OF PRESENTATION AND OPERATIONS

The interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Minera High Ridge del Peru, incorporated in Peru. All inter-company transactions and balances have been eliminated upon consolidation. The Company's primary business is the acquisition and exploration of mineral interests. The Company is considered to be in the exploration stage.

The accompanying consolidated financial statements for the interim periods ended September 30, 2008 and 2007, are prepared on the basis of accounting principles generally accepted in Canada and are unaudited but in the opinion of management, reflect all adjustments (consisting of normal recurring accruals) necessary for fair presentation of the financial position, operations and changes in financial results for the interim periods presented. The consolidated financial statements for the interim periods are not necessarily indicative of the results to be expected for the full year and have been prepared using Canadian generally accepted accounting principles applicable to a going concern.

As at September 30, 2008, the Company had working capital of \$282,944 and an accumulated deficit of \$3,622,052. 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.

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.

HIGH RIDGE RESOURCES INC.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(Unaudited)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and are expressed in Canadian dollars, unless specifically indicated otherwise. They do not contain the detail or footnote disclosure concerning accounting policies and other matters, which would be included in full year financial statements, and therefore should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2007.

Financial instruments

Effective January 1, 2007, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants ("CICA") under CICA Handbook Section 1530 "Comprehensive Income" ("Section 1530"), Section 3251 "Equity", Section 3855 "Financial Instruments – Recognition and Measurement" ("Section 3855"), Section 3861 "Financial Instruments – Disclosure and Presentation" and Section 3865 "Hedges". These new sections, which apply to fiscal years beginning on or after October 1, 2006, provide requirements for the recognition and measurement of financial instruments and on the use of hedge accounting. Section 1530 establishes standards for reporting and presenting comprehensive income, which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income but that are excluded from net income calculated in accordance with Canadian generally accepted accounting principles. The Company did not have any comprehensive income in the period.

Under Section 3855, all financial instruments are classified into one of five categories: held-for-trading financial instruments, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments and derivatives are measured in the balance sheet at fair value, except for loans and receivables, held-to-maturity investments and other financial liabilities, which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification. Held-for-trading financial instruments are measured at fair value and changes in fair value are recognized in net income. Available-for-sale financial assets are measured at fair value and changes in fair value are recognized in other comprehensive income until the instrument is derecognized or impaired.

Cash is classified as held-for-trading. Receivables and mining tax credit receivable are classified as loans and receivables and accounts payable and accrued liabilities are classified as other liabilities.

The adoption of these new sections has not had a significant impact on the Company's financial position, results of operations and cash flows.

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

Recent accounting pronouncements

Assessing Going Concern

The Accounting Standards Board (“AcSB”) amended CICA Handbook Section 1400, to include requirements for management to assess and disclose an entity’s ability to continue as a going concern. This section applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008.

Financial Instruments

The 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*. This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007.

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. This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007.

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. This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007.

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.

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

Recent accounting pronouncements (cont'd...)

International Financial Reporting Standards (“IFRS”)

In 2006, the Canadian Accounting Standards Board (“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.

3. CAPITAL MANAGEMENT

The Company is in the business of mineral exploration in Canada and in Peru. Management determines the Company’s capital structure and makes adjustments to it based on funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors has not established quantitative return on capital criteria for capital management but rather relies upon the expertise of the management team to sustain the future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; and the Company does not generate any revenue, and accordingly the Company is dependent upon external financing to fund both its exploration programs and its administrative costs. The Company will spend existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and to seek to acquire an interest in additional properties if management feels there is sufficient geologic or economic potential provided it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that its approach is reasonable.

The Company is not subject to externally imposed capital requirements.

HIGH RIDGE RESOURCES INC.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(Unaudited)

4. EQUIPMENT

	September 30, 2008			December 31, 2007		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computer equipment	\$ 47,826	\$ 17,141	\$ 30,685	\$ 37,073	\$ 9,834	\$ 27,239
Computer software	12,754	10,798	1,955	11,577	6,696	4,881
Office furniture and equipment	45,516	12,495	33,022	38,645	7,865	30,780
Field equipment	55,502	3,153	52,349	4,784	190	4,594
	\$ 161,598	\$ 43,587	\$ 118,011	\$ 92,079	\$ 24,585	\$ 67,494

5. ADVANCES ON MINERAL PROPERTIES

During the nine month period ended September 30, 2008, the Company:

- a) Is owed \$17,728 for advances relating to a mineral property project. The whole amount is refundable should the project not proceed.

6. MINERAL PROPERTY INTERESTS

Title to mineral properties involves inherent risks due to difficulties of determining the validity of certain mineral claims as well as the potential for problems arising from the frequently ambiguous conveyancing history, characteristic of many mining 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, with the exception of the Bella Rubia concessions.

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 and issued aggregate of 400,000 common shares valued at a total of \$130,000, to-date, and is required to pay annual advance royalties of \$20,000 from October 26, 2008 ceasing in the year in which commercial production commenced.

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.

The Company has paid a total of \$15,000 for a reclamation bond pursuant to regulatory requirements against potential reclamation obligations relating to exploration work on the Chuchi mineral interest.

Newton Hill Property

On July 20, 2004, the Company entered into an option agreement to acquire a 100% interest in certain mineral claims located on the Chilcotin Plateau in the Clinton Mining Division of British Columbia, referred to as the Newton Hill Property. The property is subject to a 2% net smelter royalty ("NSR"). To exercise the option, the Company paid a total of \$60,000, issued aggregate of 400,000 common shares valued at a total of \$140,000, to-date, 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.

The Company has paid \$10,000 for a reclamation bond pursuant to regulatory requirements against potential reclamation obligations relating to exploration work on the Newton Hill mineral interest.

6. MINERAL PROPERTIES (cont'd...)

Silver Bay Property

On August 31, 2004, the Company entered into an option agreement, subsequently amended, to acquire a 100% interest in certain mineral claims located on the Crawford Peninsula at Kootenay Lake in the Slocan Mining Division of British Columbia, referred to as the Silver Bay Property. To exercise this option, the Company paid a total of \$38,000, issued aggregate of 40,000 common shares valued at a total of \$10,000, to-date, and is required to:

- 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.

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 \$332,250 (US\$325,000) (2006 - \$Nil) and issued 600,000 common shares valued at \$265,000 and is required to:

- pay US\$275,000 during fiscal 2008;
- 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.

The Company is obligated, pro-rata over the term of the option, to pay US\$300,000 and issue 150,000 common shares as finders' fees in connection with the transaction.

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 June 30, 2008, the agreement is not yet registered, pending resolution of title interest (Note 13).

HIGH RIDGE RESOURCES INC.**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

SEPTEMBER 30, 2008

(Unaudited)

6. MINERAL PROPERTIES (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 \$107,400 (US\$150,000), issued 200,000 common shares valued at \$94,000 and is required to:

- pay US\$100,000 and issue 100,000 common shares during fiscal 2008; (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 is subject to a 2.5% NSR and the Company has the option to purchase a 1.5% NSR for US\$1,000,000.

7. SHARE CAPITAL

	Number of Shares		Capital Stock		Contributed Surplus
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)		-
Agents' 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	600,000		318,000		-
Balance, December 31, 2007	18,162,170		4,218,118		587,087
Stock options exercised	250,000		75,000		-
Private placement	13,519,900		2,685,300		-
Share issuance costs	-		(225,344)		-
Value assigned to agents' warrants as part of issuance costs	-		(87,548)		87,548
Contributed surplus allocated on options exercised	-		47,945		(47,945)
Stock-based compensation	-		-		121,986
Shares issued for mineral properties	945,000		181,000		-
Balance, Sept. 30, 2008	32,877,070	\$	6,894,471	\$	748,676

HIGH RIDGE RESOURCES INC.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(Unaudited)

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

i) Private Placements

In July 2007, the Company completed a non-brokered private placement of 3,568,900 units at \$0.25 per unit, for net proceeds of \$892,225. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share. See subsequent events.

In September 2007, the Company completed a private placement of 1,000,000 units at a price of \$0.20 per unit. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional share of High Ridge at \$0.20 for a period of 24 months from the date of issue of the warrant. The units were purchased by one director of High Ridge.

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 Agents' 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 2008, the Company completed the first tranche of a private placement of 2,769,000 units at \$0.30 per unit, for proceeds of \$830,700 before share issue costs of \$61,656. Each unit consisted of one common share and one-half of a share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share expiring August 13, 2009, at a price of \$0.45 per common share.

The Company has issued 156,000 finders' warrants, valued at \$26,568, as part of this private placement which entitles the holder to purchase one common share at 30 cents per share of 18 months. The finders' warrants expire August 13, 2009.

In March 2008, the Company completed the second tranche of a private placement of 3,807,000 units at \$0.30 per unit, for proceeds of \$1,142,100 before share issue costs of \$87,009. Each unit consisted of one common share and one-half of a share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share expiring September 14, 2009, at a price of \$0.45 per common share.

The Company has issued 104,000 finders' warrants, valued at \$18,819, as part of this private placement which entitles the holder to purchase one common share at 30 cents per share of 18 months. The finders' warrants expire September 14, 2009.

In April 2008, the Company completed the third and final tranche of a private placement of 2,375,000 units at \$0.30 per unit, for proceeds of \$712,500 before share issue costs of \$76,679. Each unit consisted of one common share and one-half of a share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share expiring October 11, 2009, at a price of \$0.45 per common share.

The Company has issued 224,100 finders' warrants, valued at \$42,161, as part of this private placement which entitles the holder to purchase one common share at 30 cents per share of 18 months. The finders' warrants expire October 11, 2009.

HIGH RIDGE RESOURCES INC.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(Unaudited)

7. 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:

	<u>Granted</u>	
	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
Cancelled/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
Cancelled/expired	(786,217)	0.40
Options outstanding, Sept. 30, 2008	1,730,000	\$ 0.36
Options exercisable, Sept. 30, 2008	1,467,500	\$ 0.36

HIGH RIDGE RESOURCES INC.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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(Unaudited)

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

Stock option and warrants (cont'd...)

The following stock options were outstanding at September 30, 2008:

Exercise price	Number Outstanding	Expiry
\$0.30	750,000	March 1, 2011
\$0.35	455,000	May 28, 2013
\$0.40	75,000	February 22, 2009
\$0.40	50,000	May 2, 2009
\$0.50	400,000	June 15, 2012
	<u>1,730,000</u>	

Stock-based compensation

During the period ended September 30, 2008, stock options with a total estimated fair value of \$121,986 (2007 - \$175,028) became vested, which the Company recorded as stock-based compensation expense. The fair value per option was \$0.13 (2007 - \$0.19).

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	3.05 - 4.23%	4.23%
Expected life	1 - 2 years	1 years
Expected stock volatility	84-104%	101-104%
Expected dividend rate	Nil	Nil

HIGH RIDGE RESOURCES INC.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(Unaudited)

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

Stock option and warrants (cont'd...)

Share purchase warrants

Share purchase warrant transactions are summarized as follows:

	Warrants	Weighted Average Exercise Price
Balance December 31, 2006	3,805,439	\$ 0.42
Granted/issued	3,419,110	0.58
Exercised	(1,175,935)	0.36
Expired	(2,629,504)	0.45
Balance December 31, 2007	3,419,110	0.58
Issued	8,528,500	0.44
Exercised	-	-
Expired	-	-
Balance, September 30, 2008	11,947,610	\$ 0.50

The following warrants expire as follows:

Exercise price	Number Outstanding	Expiry
\$ 0.45	300,000	November 28, 2008
\$ 0.45	119,110	November 28, 2008
\$ 0.60	3,000,000	November 29, 2008
\$ 0.45	1,384,500	August 13, 2009
\$ 0.30	1,903,500	August 13, 2009
\$ 0.45	156,000	September 14, 2009
\$ 0.30	104,000	September 14, 2009
\$ 0.45	1,187,500	October 9, 2009
\$ 0.30	224,100	October 9, 2009
	<u>8,378,710</u>	

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8. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash receivables, advances on mineral properties and accounts payable and accrued liabilities. The carrying values of the financial instruments and approximate their fair values, due to the relatively short period to maturity of these instruments. The Company is not subject to significant interest rate risk arising from these instruments.

Currency risk

The Company is exposed to financial risk arising from fluctuation of foreign exchange rates and the degree of volatility of those rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risks.

Receivable risk

The Company is exposed to credit risk with respect to its receivables and advances on mineral properties.

Political uncertainty

In conducting operations in Peru, the Company is subject to considerations and risks not typically associated with companies operating in North America. These include risks such as the political, economic and legal environments. Among other things, the Company's results may be adversely affected by changes in the political and social conditions in Peru, and by changes in governmental policies with respect to mining laws and regulations, anti-inflammatory measures, currency conversion and remittance abroad, and rates and methods of taxation.

9. RELATED PARTY TRANSACTIONS

During the nine month period ended September 30, 2008, the Company entered into transactions with related parties as follows:

- a) paid or accrued consulting fees of \$33,000 (2007 - \$61,000) to directors and companies controlled by directors.
- b) paid salaries of \$30,000 (2007 - nil) to a director.
- c) paid geological consulting fees of \$90,000 (2007 - \$90,000) to a director.

As at September 30, 2008, there were no amounts due to related parties of the Company.

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.

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10. COMMITMENT AND CONTINGENCIES

The Company has entered into office premises lease agreements with basic annual rental payments as follows:

2008	\$ 55,524
2009	42,099
2010	5,526

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.

The Company was notified by the Supreme Court of Justice in Lima, Peru, ordered that registration of the agreement to the Bella Rubia concession be deferred until resolution of a dispute between the Company and another Canadian public company, who claims that they also have an agreement relating to these claims. The Company has provided a guarantee of US\$50,000 in connection with registration of the property. On March 4, 2008, an action was commenced against the Company in the Supreme Court of British Columbia asserting false claim of ownership. The Company is of the opinion that its agreement is valid and prior to the alleged agreement of the other company.

The Company has been named as a defendant in Peru on several legal claims related to the mineral property. The Company believes the lawsuits are without merit and intends to defend the claims vigorously. The likelihood of the outcome is not determinable and no liability has been recorded in connection with these lawsuits.

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11. SEGMENTED INFORMATION

The Company's primary business is the acquisition and exploration of mineral interests. The Company's geographic information as at September 30, 2008 and December 31, 2007 is as follows:

	2008	2007
Capital assets:		
Canada	\$ 2,424,273	\$ 1,383,697
Peru	<u>2,899,054</u>	<u>1,112,030</u>
	<u>\$ 5,323,327</u>	<u>\$ 2,495,727</u>

12. SUBSEQUENT EVENTS

Subsequent to September 30, 2008, the Company:

- a) In conjunction with efforts to secure additional financing to support ongoing exploration and development activity, company operations have been scaled back in both Peru and Canada. This situation, brought on by current global financial market uncertainty, will remain and delay further work activities until sufficient funding is confirmed.