



RJK Explorations Ltd

Interim Financial Statements September 30, 2008 (Unaudited)

Notice to Reader

Notice: The unaudited interim financial statements of RJK Explorations Ltd.. (“Company”) as at and for the Nine months ended September 30, 2008 and 2007 (“Financial Statements”) have been prepared by management and have not been reviewed by the Company’s auditors. The Financial Statements should be read in conjunction with the financial statements for the year ended December 31, 2007 which are available at the SEDAR website at www.sedar.com. The Financial Statements are presented in Canadian dollars, unless otherwise indicated, and are prepared in accordance with Canadian generally accepted accounting principles.

RJK Explorations Ltd.

Balance Sheets

<i>As at</i>	September 30, 2008	December 31, 2007
Assets		
Current Assets		
Cash	\$ 344,015	\$ 965,254
GST recoverable	5,643	10,583
Prepaid expenses and other receivables	10,000	10,000
	359,658	985,837
Mineral Properties and Deferred Expenditures <i>(Note 3)</i>	2,253,836	1,838,406
Capital Assets <i>(Note 3)</i>	10,259	10,899
	\$2,623,753	\$2,835,142
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities <i>(Note 5)</i>	\$ 33,281	\$ 352,924
Promissory Note <i>(Note 11)</i>	191,941	-
	225,222	352,924
Shareholders' Equity		
Capital Stock <i>(Note 6)</i>		
Class B shares Issued 854,140 shares	427,070	427,070
Class A shares	18,671,686	18,489,986
Contributed Surplus <i>(Note 7)</i>	610,800	630,000
Deficit	(17,311,025)	(17,064,838)
	2,398,531	2,482,218
	\$2,623,753	\$2,835,142

Approved by the Board:

("Signed") Glenn Kasner , Director

("Signed") Barry Milne , Director

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

RJK Explorations Ltd.

Statement of Operations and Comprehensive Net Loss and Deficit

	<i>Nine Months Ended September 30,</i>		<i>Three Months Ended September 30,</i>	
	2008	2007	2008	2007
Revenue				
Gain on sale of Mineral Property	\$ -	\$ 17,191	\$ -	\$ -
Interest income	14,293	14,311	2,447	12,277
	14,293	31,502	2,447	12,277
Operating Expenses				
Office and general	95,242	94,082	28,561	41,380
Professional fees	64,623	34,912	5,168	3,049
Shareholder information	59,322	118,909	16,742	25,381
Travel, promotion and tradeshow	41,293	35,460	14,331	2,852
	260,480	283,363	64,802	72,662
Net Loss and Comprehensive Net Loss	246,187	251,861	62,355	60,385
Deficit, beginning of period	17,064,838	16,488,964	17,248,670	16,680,440
Deficit, end of period	\$ 17,311,025	\$ 16,740,825	\$ 17,311,025	\$ 16,740,825
Basic and fully diluted net loss per share	\$ 0.006	\$ 0.007	\$ 0.002	\$ 0.001
Weighted average number of shares	38,436,672	33,277,411	38,927,496	37,724,529

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

RJK Explorations Ltd.

Statement of Cash Flow

	<i>Nine Months Ended September 30,</i>		<i>Three Months Ended September 30,</i>	
	2008	2007	2008	2007
Operations				
Net loss	\$(246,187)	\$(251,861)	\$(62,355)	\$(60,385)
Adjustments to reconcile net loss to cash flow from operating activities:				
Gain on disposal of mineral property	-	(17,191)	-	-
Amortization	2,210	1,261	737	675
Net change in non-cash operating working capital items:				
GST recoverable	4,940	(29,203)	(1,484)	(16,807)
Prepaid expenses and other receivables	-	-	216	-
Promissory Note	191,941	-	-	-
Accounts payable and accrued liabilities	(319,643)	(44,469)	4,847	(126,540)
Cash Flow used in Operating Activities	(366,739)	(341,463)	(58,039)	(203,057)
Financing				
Issuance of common shares	90,000	1,730,000	24,750	-
Cost of share issuance	-	(63,910)	-	-
Cash Flow from Financing Activities	90,000	1,666,090	24,750	-
Investing				
Proceeds from sale of mineral property	-	25,000	-	-
Purchase of capital assets	(1,570)	(10,188)	(755)	-
Expenditures on mineral properties	(342,930)	(327,607)	(81,372)	(236,171)
Cash Flow used in Investing Activities	(344,500)	(312,795)	(82,127)	(236,171)
Net Increase (decrease) in Cash	(621,239)	1,011,832	(115,416)	(439,228)
Cash, beginning of period	965,254	4,744	459,431	1,455,804
Cash, end of period	\$344,015	\$1,016,576	\$344,015	\$1,016,576

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

RJK Explorations Ltd.

Notes to Interim Financial Statements (unaudited)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations and Going Concern Considerations

RJK Explorations Ltd. (RJK, or the Company) is in the process of exploring its mineral properties and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of the amount shown for mineral properties is dependent upon the existence of economically recoverable reserves, the ability of RJK to obtain the necessary financing to complete exploration and development, and upon future profitable production or proceeds from disposition of such properties.

If the going concern basis of accounting is not appropriate, material adjustments may be necessary in the carrying accounts and/or classifications of assets, liabilities and expenses in the financial statements.

The Company's Canadian exploration activities are undivided interests in properties that are explored jointly with others. Accordingly, these financial statements also reflect RJK's pro rata share of the assets, liabilities, and expenditures of these undivided interests.

Income Taxes

RJK follows the liability method of accounting for income taxes. Under this method future tax liabilities and assets are recognized for the estimated tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases. Future tax liabilities and assets are measured using enacted tax rates. The effect on future tax liabilities and assets of a change in tax rates is recognized in the period that the change occurs.

Flow-Through Common Shares

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

Mineral Properties and Deferred Exploration Expenditures

RJK defers the costs of exploration and capital assets on existing projects and carries them as assets until production commences. Mineral properties and the deferred exploration expenditures are recorded at cost and do not necessarily reflect present or future values. If a project is successful, the related mineral properties and deferred exploration expenditures will be amortized over the estimated economic life of the project. If a project is unsuccessful, or if exploration has ceased because continuation is not economically feasible, the mineral properties and the related deferred exploration expenditures are written off. Option payments received are applied against the mineral property or deferred exploration.

Capital Assets

Capital assets are recorded at cost less accumulated amortization. Amortization is provided on the declining basis at rates varying from 10% to 30% per year.

RJK Explorations Ltd.

Notes to Interim Financial Statements (unaudited)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Loss Per Share

Net loss per share is calculated based on the weighted average number of shares issued and outstanding during the quarter or year, as appropriate. In the years when the Company reports a net loss, the effect of potential issuances of shares under options and warrants would be anti-dilutive and, therefore, basic and diluted losses per share are the same.

Stock-Based Compensation Plan

RJK records employee stock-based compensation using the fair value method. Under the fair value method, stock-based payments are measured at the fair value of the equity instruments issued and are amortized over the vesting period. The offset to the recorded cost is recorded to contributed surplus. Contributed surplus is relieved of these costs to the extent that the value of any exercised options is less than the current market price of the shares acquired by the optionee.

The Company uses the Black-Scholes option pricing model to determine the stock-based compensation expense. The table below summarizes the assumptions used with the Black-Scholes valuation model for determining the stock-based compensation costs for the stock options issued in 2008 and 2007.

The weighted-averages used in the Black-Scholes option pricing method were as follows

	2008	2007
Dividend yield	0.0%	-
Expected volatility	132.4%	-
Risk-free interest rate	4.3%	-
Expected life (years)	5	-

Asset Retirement Obligations

As the Company currently has no projects under construction, there is no legal obligation requiring remediation.

However, as the development of any project commences, senior management will assess whether an asset retirement obligation ("ARO") liability will arise. At the point where such liability arises, the financial statement adjustment required will be to increase the project's property value and related ARO liability by the discounted value of the total liability. Thereafter, the Company will be required to record a charge to earnings each year to accrete the discounted ARO obligation amount to the final expected liability.

Impairment of Long-Lived Assets

Senior management periodically reviews the carrying value of mineral properties and deferred exploration costs to consider whether there are any conditions that may indicate impairment. Where estimates of future cash flows are available, a reduction in the carrying value is recorded to the extent the net book value of the investment exceeds the estimated fair value which is normally the discounted value of future cash flows. Where estimates of future cash flows are not available and where other conditions suggest impairment, management assesses if carrying value can be recovered and provides for impairment if so indicated, by reducing the carrying value of the property to its estimated fair value.

RJK Explorations Ltd.

Notes to Interim Financial Statements (unaudited)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make assumptions about future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Cash

Cash consists of cash on hand and balances with banks, including cashable guaranteed investment certificates with maturity dates of three months or less at the date of acquisition.

Short-Term Investments

Short-term investments are liquid investments with a maturity greater than three months but less than one year.

Revenue Recognition

The Company recognizes interest revenue over the passage of time on a monthly basis.

Financial Instruments

All financial instruments are classified into one of the following five categories: held-for-trading assets or liabilities, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. Held-for-trading financial instruments are measured at fair value and all gains and losses are included in net income in the period in which they arise. Available-for-sale financial instruments are measured at fair value with revaluation gains and losses included in accumulated other comprehensive income until the instruments are derecognized or impaired. Loans and receivables, investments held-to-maturity and other financial liabilities are measured at amortized cost using the effective interest method.

The Company has made the following classifications:

Cash	Held for trading assets
Short-term investments	Held for trading assets
Subscription receivable	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities

Transaction costs are expensed as incurred for financial instruments classified as held-for-trading. For other financial instruments, transaction costs are expensed on initial recognition.

The Company adopted the new standards retrospectively without restatement. There was no material effect as a result of this change in policy.

a) Fair value

The carrying values of the Company's cash, GST recoverable, and accounts payable and accrued liabilities approximate their fair values due to the relatively short periods to maturity of these instruments.

RJK Explorations Ltd.

Notes to Interim Financial Statements (unaudited)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Interest rate risk

The Company is not exposed to significant interest rate price risk due to the short-term maturity of its monetary assets and liabilities.

c) Credit risk

The Company is exposed to credit risk with respect to its GST recoverable; however, this is minimized because the amounts are due from government agencies.

d) Derivatives – mineral properties

The Company retains and/or has obligations related to certain carried interest rights and net smelter royalties ("NSR"), the value of which is derived from future events and commodity prices. These rights are derivative instruments. However, the mineral property interests to which they relate are not sufficiently developed to reasonably determine value.

e) Currency risk

The Company is not exposed to significant currency rate price risk due to all of their operations being run in Canadian dollars.

f) Sensitivity analysis

The Company has designated its cash and cash equivalents as held for trading, which is measured at fair value; the carrying amount of the financial instruments equals fair market value.

Management believes that, based on their knowledge and experience of financial markets, the following sensitivity analysis is appropriate for its cash and cash equivalents and its exposure to foreign exchange risk: The Company's funds are held primarily in short term investment deposits, the rates of which are fixed for a period not exceeding three months. The Company accounts for temporal movements in US dollar exchange rate for all items measured at historical cost on its balance sheet, by including such changes as a change or gain to its income statement

g) Business risk

There are numerous business risks involved in the mineral exploration industry, some of which are outlined below. The Company's current or future operations, including development activities, are subject to environmental regulations which may make operations not economically viable or prohibit them altogether. The success of the operations and activities is dependent to a significant extent on the efforts and abilities of its management, outside contractors, experts and other advisors. Investors must be willing to rely to a significant degree on management's discretion and judgment, as well as the expertise and competence of the outside contractors, experts and other advisors. The company does not have a formal program in place for succession of management and training of management. The loss of one or more of the key employees or contractors, if not replaced on a timely basis, could adversely affect Company's operations and financial performance.

RJK Explorations Ltd.

Notes to Interim Financial Statements (unaudited)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Commodity Price risk

The price of the common shares in the capital the Company ("Common Shares"), its financial results, exploration and development activities have been, or may in the future be, adversely affected by declines in the price of zinc, gold and/or other metals. Gold prices fluctuate widely and are affected by numerous factors beyond the Company's control such as the sale or purchase of commodities by various central banks, financial institutions, expectations of inflation or deflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, international supply and demand, speculative activities and increased production due to new mine developments, improved mining and production methods and international economic and political trends. The Company's revenues, if any, are expected to be in large part derived from mining and sale of precious and base metals or interests related thereto. The effect of these factors on the price of precious and base metals, and therefore the economic viability of any of the Company's exploration projects, cannot accurately be predicted.

i) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2008, the Company had current assets of \$359,658 (2007 - \$1,045,892) and current liabilities of \$225,222 (2007 - \$214,112). All of the Company's financial liabilities and receivables have contractual maturities of less than 90 days and are subject to normal trade terms. Current working capital of the Company is \$134,436 (2007 - \$831,780).

Recent Accounting Pronouncements

Effective January 1, 2009

In February 2008, the Canadian Institute of Chartered Accountants ("CICA") issued Section 3064, Goodwill and intangible assets, replacing Section 3062, Goodwill and other intangible assets and Section 3450, Research and development costs. Various changes have been made to other sections of the CICA Handbook for consistency purposes. The new Section will be applicable to financial statements relating to fiscal years beginning on or after October 1, 2008. Accordingly, the Company will adopt the new standards for its fiscal year beginning January 1, 2009. It establishes standards for the recognition of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The Company has determined that this new standard will have no material impact on the financial statements.

The CICA issued a new accounting standard Handbook Section 3031, Inventory which becomes effective for the Company for its fiscal year beginning on January 1, 2009. Section 3031 establishes standards for the measurement of inventories, allocations of overhead, accounting for write-downs and disclosures. The Company has determined that this new standard will have no material impact on the financial statements.

RJK Explorations Ltd.

Notes to Interim Financial Statements (unaudited)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The CICA has issued a new standard, which may affect the financial disclosures and results of operations of the Company for interim and annual periods beginning January 1, 2009. The Company will adopt the requirements commencing in the quarter ended March 31, 2009 and is considering the impact this will have on the Company's financial statements. Section 3064, Goodwill and intangible assets, establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the introduction of this standard, the CICA withdrew EIC 27, Revenues and Expenses during the pre-operating period. As a result of the withdrawal of EIC 27, the Company will no longer be able to defer costs and revenues incurred prior to commercial production at new operations.

Effective January 1, 2011

The Canadian Accounting Standards Board (AcSB) has confirmed that the use of International Financial Reporting Standards ("IFRS") will be required in 2011 for publicly accountable profit-oriented enterprises. IFRS will replace Canada's current GAAP for those enterprises. These include listed companies and other profit-oriented enterprises that are responsible to large or diverse groups of stakeholders. The official changeover date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Companies will be required to provide comparative IFRS information for the previous fiscal year. The Company is currently evaluating the impact of adopting IFRS.

2. CHANGES IN ACCOUNTING POLICIES

On December 1, 2006, the CICA issued three new accounting standards: Capital Disclosures (Handbook Section 1535), Financial Instruments – Disclosures (Handbook Section 3862), and Financial Instruments – Presentation (Handbook Section 3863). These new standards became effective for the Company on January 1, 2008.

Capital Disclosures

Handbook Section 1535, Capital Disclosures, establishes disclosure requirements regarding an entity's capital, including (i) an entity's objectives, policies, and processes of managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any externally imposed capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. The Company has included disclosures recommended by the new Handbook section in note 8 to these interim financial statements

Financial Instruments

Handbook Sections 3862 Financial instruments – Disclosures and 3863 Financial Instruments – Presentation replace Handbook Section 3861 Financial Instruments – Disclosure and Presentation, revising and enhancing disclosure requirements while leaving presentation requirements unchanged. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The Company has included disclosures recommended by the new Handbook section in note 10 to these interim financial statements.

Adoption of these standards did not require the Company to restate prior periods as these new standards have been adopted prospectively.

RJK Explorations Ltd.

Notes to Interim Financial Statements (unaudited)

3. MINERAL PROPERTIES AND DEFERRED EXPLORATION

The following table summarizes the Company's mineral properties and deferred expenditures:

Nine Months ended September 30, 2008

	Opening Balance \$	Additions (\$)	Net (\$)
Stares, Ontario	774,481	11,057	785,538
Goldie, Ontario	481,131	21,837	502,968
Blackwell, Ontario	237,834	-	237,834
Mylake, Ontario	135,654	818	136,472
Savant Lake, Ontario	98,628	-	98,628
St. Lawrence Lowlands	-	151,073	151,073
General and other	110,678	230,645	341,323
	1,838,406	415,430	2,253,836

Nine Months ended September 30, 2007

	Opening Balance \$	Additions (\$)	Net (\$)
Stares, Ontario	703,181	59,635	762,816
Goldie, Ontario	126,701	197,419	324,120
Blackwell, Ontario	234,523	-	234,523
Mylake, Ontario	132,827	939	133,766
Savant Lake, Ontario	97,255	-	97,255
General and other	32,744	61,805	94,549
	1,327,231	319,798	1,647,029

RJK enters into exploration agreements whereby they may earn an interest in certain mineral properties by issuing common shares, making cash option payments and/or incurring expenditures in varying amounts by specified dates. Failure by RJK to meet such requirements can result in a reduction of ownership interest. Several of the properties are subject to a net smelter royalty in amounts of one to two percent.

RJK Explorations Ltd.

Notes to Interim Financial Statements (unaudited)

3. MINERAL PROPERTIES AND DEFERRED EXPLORATION (Continued)

In order to maintain its options in good standing, RJK is required to make the following cash payments and issue the following number of common shares:

	Cash	No of Shares
2008	\$ 5,000	-
2009	10,000	-
2010	15,000	-
On commencement of production	-	50,000
	\$ 30,000	50,000

During 2007, the Company optioned two of its properties off to Atomic Uranium Inc. ("AUI"). The first property was optioned off as an exclusive right and option to allow AUI to earn a 60% interest in 16 claims in the Lavant, Palmerston and Sherbrooke Townships for consideration of: (1) \$25,000 cash to be paid \$5,000 upon signing and \$20,000 received by June 15, 2007; (2) Receive 250,000 common shares of AUI with 50,000 shares of AUI between June 16, 2007 and June 15, 2008, 100,000 shares of AUI between June 16, 2008 and June 15, 2009 and 100,000 shares of AUI between June 16, 2009 and June 15, 2010. AUI is also required to incur \$1,200,000 in Exploration Expenditures, with \$200,000 incurred between June 16, 2007 and June 15, 2008, \$400,000 between June 16, 2008 and June 15, 2009 and \$600,000 between June 16, 2009 and June 15, 2010. RJK will retain a Net Smelter Return of 1% provided that AUI may purchase up to 0.5% of the NSR at a rate of \$300,000 per 0.25% to a maximum of \$600,000 (0.5%). The second property was optioned off as an exclusive right and option to allow AUI to earn a 60% interest in 10 claims in the Palmerston and Olden Townships for consideration of: (1) \$15,000 cash to be paid upon signing; (2) Receive 150,000 common shares of AUI with 50,000 shares of AUI between October 11, 2007 and October 12, 2008, 50,000 shares of AUI between October 12, 2008 and October 11, 2009 and 50,000 shares of AUI between October 12, 2009 and October 11, 2010. AUI is also required to incur \$400,000 in Exploration Expenditures, with \$75,000 incurred between October 11, 2007 and October 11, 2008, \$100,000 between October 12, 2008 and October 11, 2009 and \$225,000 between October 12, 2009 and October 11, 2010. RJK will retain a Net Smelter Return of 1.5% provided that AUI may purchase up to 1.0% of the NSR at a rate of \$250,000 per 0.25% to a maximum of \$1,000,000 (1.0%).

In June, 2008, the Company acquired a 100% interest in a number of shale gas & oil permits in the St. Lawrence area of Quebec. At the present time, RJK has reserved 10 permits totaling 214,900 hectares (531,030 acres), which are located within the current shale gas & oil play areas of the Lower St. Lawrence, adjacent to and in close proximity to J.A.G. Ltee (Les Mines) and Mundiregina Resources Canada Inc. and also in a new area of interest around Sept-Isles where a well drilled in 1970 flowed gas and Palmerston Townships in the East Bancroft area, approximately 70 km southwest of Ottawa.

RJK is continuing to conduct additional research to determine whether there are any other prospective areas still available for acquisition. A finder's fee will be paid in association with these acquisitions. The finder's fee and the acquisitions remain subject to regulatory approval.

RJK Explorations Ltd.

Notes to Interim Financial Statements (unaudited)

3. MINERAL PROPERTIES AND DEFERRED EXPLORATION (Continued)

In July, 2008, the Company signed an Earn-In Option Agreement with Altai Resources Inc. ("Altai") for a 100% interest in oil and gas Permit No. 2008PG6988 totaling 24,042 hectares held by Altai at Sept - Iles, on the Upper St. Lawrence, Quebec.

RJK also added an additional permit totaling 12,400 hectares tying on to the west side of the current Sept - Iles permits and when all the RJK Sept - Iles permits are combined, they cover the entire geological structure that RJK considers to be prospective for gas and oil.

RJK acquired approximately 36,300 hectares in new permits at Havre, Saint Pierre in order to cover another potentially prospective geological structure.

In August, 2008 the Company issued 500,000 Class A shares valued at \$72,500 (\$0.145 per share) pursuant to the terms on the Earn In Option Agreement.

4. CAPITAL ASSETS

	2008		2007	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Equipment	\$21,911	\$12,653	\$20,341	\$9,242
Building	3,475	2,474	3,475	2,324
	\$25,386	\$15,127	\$23,816	\$11,566
Net Book Value	\$10,259		\$12,250	

5. RELATED PARTY TRANSACTIONS

The financial statements include balances and transactions with directors and officers of the Company and corporations related to directors of RJK. These transactions are recorded at their exchange amounts, being the amounts agreed to by the parties. The following summarizes related party transactions entered into:

	2008	2007
Transactions during the period		
Consulting fees included in office and general expense	\$76,500	\$71,500
Related party payables included in accounts payable and accrued liabilities	7,875	199,891

The amount due to related parties is non-interest bearing and without any fixed terms of repayment.

RJK Explorations Ltd.

Notes to Interim Financial Statements (unaudited)

6. CAPITAL STOCK

Share Capital

RJK's authorized share capital consists of an unlimited number of Class A Subordinate Voting Shares, 854,140 Class B Voting Shares, and an unlimited number of Class C Preference Shares without par value. The holders of the Class A Subordinate Shares are entitled to one vote per share while the holders of the Class B Voting Shares are entitled to five votes per share. The Class B and C Shares rank equally as to dividends. The Class C Preference Shares are issuable in series with the rights, privileges, restrictions, and conditions designated by the Directors at the time the particular series is created.

At any time, a holder of Class B Voting Shares may require the Company to redeem, in whole or, any part of the Class B Voting Shares so held upon the payment of 20¢ for each share redeemed. Any holder of Class B Voting Shares is entitled, at the holder's option, to convert any number of the Class B Voting Shares into Class A Subordinate Voting Shares upon a 1:1 basis. The Class B Voting shares will be deemed to be converted into Class A Subordinate Voting Shares under a take-over bid that is at a price above the market price of the Class A Subordinate Voting Shares.

The issued share capital of RJK's Class A Subordinate Voting Shares is as follows:

	Number of Shares	Amount
Balance, December 31, 2005 and 2006	27,963,529	\$17,057,049
Issued for cash:		
Private placements	9,500,000	1,730,000
Issued for agent's fees	261,000	26,100
Issued for property option payment	450,000	66,250
Share issue costs	-	(156,413)
Fair value of warrants issued on private placement	-	(233,000)
Balance, December 31, 2007	38,174,529	\$18,489,986
Issued for cash:		
Warrants exercised	600,000	90,000
Fair value assigned to warrants exercised		19,200
Issued for property option payment	500,000	72,500
Balance, September 30, 2008	39,274,529	\$18,671,686

On February 26, 2007, the Company completed a brokered private placement financing by issuing 3,000,000 units for gross proceeds of \$300,000. Each unit consists of one Class A Subordinate Voting Share and one-half of one share purchase warrant. Each whole warrant entitles the holder to purchase one Class A Subordinate Voting Share at \$0.15 for a period of 18 months from closing. Under the terms of the private placement, RJK issued 261,000 common shares to finders of the private placement as finders shares for a fair value of \$26,100.

The warrants were assigned a value of \$48,000, using the Black-Scholes valuation model with the following assumptions: a 18 month expected term; 142.62% volatility; risk-free interest rate of 4.04% p.a.; and a dividend yield of Nil%;

RJK Explorations Ltd.

Notes to Interim Financial Statements (unaudited)

6. CAPITAL STOCK (Continued)

On June 8, 2007, the Company completed a private placement of 6,500,000 units at a price of \$0.22 per unit for gross cash proceeds of \$1,430,000. Each unit consisted of one Class A Subordinate Voting Share and one one-half share purchase warrant. Each whole purchase warrant entitles the holder thereof to acquire one Class A Subordinate Voting Share at a price of \$0.27 for a period of 12 months from the closing date.

The warrants were assigned a value of \$185,000, using the Black-Scholes valuation model with the following assumptions: a 12 month expected term; 125.31% volatility; risk-free interest rate of 4.62% p.a.; and a dividend yield of Nil%;

Agents were paid a cash commission of 7% of the gross proceeds of the private placement totaling \$63,910. Agents were also given Broker warrants equal to 10% of the gross units of the private placement totaling 415,000 Broker warrants. Each whole Broker warrant entitles the holder thereof to acquire one Class A Subordinate Voting Share at a price of \$0.22 for a period of 12 months from the closing date.

These warrants were assigned a value of \$27,000, using the Black-Scholes valuation model with the following assumptions: a 12 month expected term; 125.31% volatility; risk-free interest rate of 4.62% p.a.; and a dividend yield of Nil%.

On June 24, 2008 a total number of 435,000 warrants were exercised for a total consideration of \$65,250. Each Warrant was exchanged for one Class A Subordinate Voting Share at a price of \$0.15 per share.

On July 3, 2008 a total number of 90,000 warrants were exercised for a total consideration of \$13,500. Each Warrant was exchanged for one Class A Subordinate Voting Share at a price of \$0.15 per share.

On August 22, 2008 a total number of 75,000 warrants were exercised for a total consideration of \$11,250. Each Warrant was exchanged for one Class A Subordinate Voting Share at a price of \$0.15 per share.

On August 25, 2008 the Company issued 500,000 Class A shares valued at \$72,500 (\$0.145 per share) pursuant to the terms on the Earn In Option Agreement.

Stock Options

RJK has a stock option plan pursuant to which options to purchase Class A Subordinate Voting Shares may be granted to certain officers, directors and employees. The plan allows for the issuance of a rolling 10% of common shares outstanding. As at June 30, 2008, the maximum allowable outstanding was 3,817,454 (2007 - 2,796,354).

RJK Explorations Ltd.

Notes to Interim Financial Statements (unaudited)

6. CAPITAL STOCK (Continued)

The following table summarizes the activity for the options to purchase Class A Subordinate Voting Shares:

	2008		2007	
	Weighted Average Exercise Price	No. of Options (000's)	Weighted Average Exercise Price	No. of Options (000's)
Outstanding, beginning of period	\$0.18	2,650	\$0.18	1,375
Transactions during the period:				
Granted	-	100	-	1,600
Expired	-	(150)	-	(325)
Outstanding, end of period	\$0.18	2,600	\$0.18	2,650
Exercisable, year period	\$0.18	2,600	\$0.18	2,650

The following table provides additional information about outstanding stock options at September 30, 2008:

Range of Exercise Prices	No. of Options Outstanding (000's)	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price
\$0.15	800	1.75	\$ 0.15
0.20	1,800	3.67	0.20
\$0.15 - \$0.20	2,600	3.08	\$ 0.18

Warrants

The following table provides additional information about outstanding warrants at September 30, 2008:

Expiry Date	Exercise Price	No. Of Warrants Issued	No. Of Warrants Exercised	No. Of Warrants Expired	No. Of Outstanding Warrants
August 23, 2008	\$0.15	1,500,000	600,000	900,000	-
June 8, 2008	\$0.22	415,000	-	415,000	-
June 8, 2008	\$0.27	3,250,000	-	3,250,000	-
		5,165,000	600,000	4,565,000	-

RJK Explorations Ltd.

Notes to Interim Financial Statements (unaudited)

7. CONTRIBUTED SURPLUS

	2008	2007
Balance at beginning of period	\$ 630,000	\$ 81,000
Value assigned to:		
Warrants issued on private placements	-	-
Fair value transferred to common shares on exercise of warrants	(19,200)	
Warrants issued to agents on private placements	-	-
Options related to stock-based compensation costs	-	-
Balance at end of period	\$ 610,800	\$ 81,000

8. CAPITAL MANAGEMENT

The Company considers its cash, short-term investments and shareholder's equity (capital stock, contributed surplus and deficit) as its total capital.

The Company's objective when managing capital is to obtain adequate levels of funding to support its exploration activities, to obtain corporate and administrative functions necessary to support organizational functioning and obtain sufficient funding to further the identification and development of precious metals deposits.

The Company raises capital, as necessary, to meet its needs and take advantage of perceived opportunities and, therefore, does not have a numeric target for its capital structure. Funds are primarily secured through equity capital raised by way of private placements. There can be no assurance that the Company will be able to continue raising equity capital in this manner.

The Company invests all capital that is surplus to its immediate operational needs in short term, liquid and highly rated financial instruments, such as cash, and short term guarantee deposits, all held with major Canadian financial institutions.

9. POTENTIAL INCOME TAXES BENEFITS

At December 31, 2007, RJK has \$7,879,500 (2006 - \$7,083,300) of unused cumulative Canadian exploration and development expenses available to offset future taxable income. The tax benefits pertaining to these expenses are available to carry forward indefinitely. The Company also has \$3,180,000 in capital losses that are available to reduce future taxable capital gains. In addition, the Company has \$25,900 non-capital losses for income tax purposes which can be carried forward to be applied against future taxable income. These non-capital losses expire in 2027.

RJK Explorations Ltd.

Notes to Interim Financial Statements (unaudited)

9. POTENTIAL INCOME TAXES BENEFITS (continued)

Income Taxes

The income tax provision differs from that computed using the statutory tax rates for the following reasons:

	2007	%	2006	%
Income taxes at Federal and Provincial statutory rates	\$ (207,900)	(36.1)	\$ (46,700)	(36.1)
Expenses not deductible for income tax purposes:				
Stock-based compensation	104,300	18.1	-	-
Write-down of investment	200	(81.0)	16,200	19.2
Share issue costs	(46,700)	-	-	-
Valuation adjustment of future tax assets	150,100	(26.1)	30,500	17.0
Income Taxes	\$ -	-	\$ -	-

10. COMMITMENTS AND CONTINGENCIES

On January 18, 2008, RJK entered into discussions with Holmer Silver Company Ltd., ("Holmer") a private company, on the basis of creating a formal business relationship with Holmer related to the various mining opportunities that are available in the Republic of Cuba.

RJK is interested in pursuing these mineral exploration opportunities in Cuba and Holmer has the expertise and experience to aid RJK in its dealings with both the Cuban Government and the Cuban state owned mining company, Geominera SA. Holmer has operated in Cuba for over 16 years and during that period of time has developed a silver deposit, conducted a number of exploration programs concentrating on discovering precious metals and VMS deposits, built a staff of highly-trained personnel and achieved the unique status of becoming the longest operating foreign mineral exploration company in that country. It is RJK's belief that Holmer's expertise and knowledge of operating in Cuba in mineral exploration will be invaluable to RJK.

RJK is working to secure a financing for Homer for the production financing Loma Hierro Silver Deposit owned by Plato Cuba S.A., a joint venture of Homer Gold Mines Inc. and GeoMinera S.A. (a Cuban state owned company) located approximately kilometers west of Havana, Cuba for the amount of \$16,000,000. Homer owns 100% of the issued and outstanding shares of Holmer Gold Mines Inc. and RJK has entered into an undertaking to acquire the issued and outstanding shares of Homer.

11. PROMISSORY NOTE

On April 21, 2008 the Company executed a Promissory Note providing for the repayment of \$191,941 to Glenn C. Kasner Explorations Ltd. (hereinafter called the "Holder"). Under the terms of the Promissory Note the Principal owing shall become due and be paid in full on demand, which demand may be made by the Holder at any time. In addition, at any time and from time to time any portion of the Principal may be prepaid without any notice being given to the Holder and without any bonus or penalty being paid to the Holder. The Promissory Note is non-interest bearing with no fixed terms of repayment.