



CONSOLIDATED FINANCIAL STATEMENTS

for the three and nine months ended

September 30, 2008

and

September 30, 2007

Notice to Shareholders

Responsibility for Financial Statements

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

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

Auditor involvement

The independent auditor of Kootenay Gold Inc. has not performed a review of the unaudited interim consolidated financial statements for the three and nine months ended September 30, 2008 and September 30, 2007.

KOOTENAY GOLD INC.
(An Exploration Stage Company)
CONSOLIDATED BALANCE SHEETS

Exhibit 1

	September 30 2008	December 31 2007	September 30 2007
ASSETS			
Current			
Cash and cash equivalents	\$ 18,113,043	\$ 1,566,191	\$ 395,222
Accounts receivable and advances	859,444	193,060	291,324
Share subscriptions receivable	-	35,500	-
Prepaid expenses	185,615	107,756	35,106
Marketable securities (Note 4)	445,473	365,750	165,500
Total current assets	19,603,575	2,268,257	887,152
Equipment (Note 5)	92,435	48,494	38,374
Exploration advances	47,687	74,921	113,290
Exploration deposits	36,644	36,644	-
Mineral properties (Note 6)	9,981,684	4,776,655	3,671,008
	\$ 29,762,025	\$ 7,204,971	\$ 4,709,824

LIABILITIES

Current			
Accounts payable and accrued liabilities (Note 10)	\$ 738,665	\$ 472,244	\$ 335,682
Investor deposits	37,500	96,700	-
Exploration advances	-	249,450	-
Total current liabilities	776,165	818,394	335,682

SHAREHOLDERS' EQUITY

Share capital (Note 7)	20,770,244	4,934,521	4,794,408
Contributed surplus (Note 7)	12,923,227	4,014,397	1,622,192
Accumulated other comprehensive income (loss) (Exhibit 3)	(304,903)	47,000	-
Deficit	(4,402,708)	(2,609,341)	(2,042,458)
	28,985,860	6,386,577	4,374,142
	\$ 29,762,025	\$ 7,204,971	\$ 4,709,824

Continued Operations and Going Concern (Note 2)

Approved on Behalf of the Board:

"Kenneth E. Berry"
Director

"James M. McDonald"
Director

- see accompanying notes -

KOOTENAY GOLD INC.

(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF OPERATIONS

Exhibit 2

	For the three months ended		For the nine months ended	
	September 30 2008	September 30 2007	September 30 2008	September 30 2007
Administrative Expenses				
Amortization	\$ 2,817	\$ 2,832	\$ 8,450	\$ 8,397
Foreign exchange loss	48,913	(9,247)	148,307	(33,253)
General and administrative	180,949	105,618	483,540	359,618
Management fees	126,220	55,025	235,370	163,623
Stock-based compensation (Note 8)	249,824	86,443	979,203	86,443
Professional fees	20,674	25,845	92,336	158,885
Regulatory and filing fees	6,073	2,953	67,193	39,564
Rent	11,724	12,052	35,774	19,070
Loss before Other Items	647,194	281,521	2,050,173	802,347
Other Items				
Loss on sale of marketable securities	(1,525)	-	(1,525)	
Administration income	3,096	139,026	115,075	147,289
Interest income	77,874	7,529	143,256	17,380
	79,445	146,555	256,806	164,669
Loss before income taxes	567,749	134,966	1,793,367	637,678
Income tax recovery	-	-	-	153,881
Loss for the Period	567,749	134,966	1,793,367	483,797
Deficit, Beginning	3,834,959	1,907,492	2,609,341	1,558,661
Deficit, Ending	\$ 4,402,708	\$ 2,042,458	\$ 4,402,708	\$ 2,042,458
Basic and Diluted Earnings (Loss) per Share	\$ (0.016)	\$ (0.007)	\$ (0.064)	\$ (0.026)
Weighted Average Number of Shares Outstanding	36,475,559	18,753,131	28,017,659	18,971,210

- see accompanying notes -

KOOTENAY GOLD INC.

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CONSOLIDATED STATEMENTS OF ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Exhibit 3

	For the three months ended		For the nine months ended	
	September 30 2008	September 30 2007	September 30 2008	September 30 2007
Accumulated other comprehensive income, beginning of period	\$ (120,750)	\$ -	\$ 47,000	\$ -
Other comprehensive loss	(184,153)	-	(351,903)	-
Accumulated other comprehensive loss, end of period	\$ (304,903)	\$ -	\$ (304,903)	\$ -

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

Exhibit 4

	For the three months ended		For the nine months ended	
	September 30 2008	September 30 2007	September 30 2008	September 30 2007
Net loss	\$ (567,749)	\$ (134,966)	\$ (1,793,367)	\$ (483,797)
Other comprehensive income				
Unrealized loss on available-for-sale financial assets arising during the period	(184,153)	-	(351,903)	-
Total other comprehensive loss	(184,153)	-	(351,903)	-
Comprehensive loss	\$ (751,902)	\$ (134,966)	\$ (2,145,270)	\$ (483,797)

- see accompanying notes -

KOOTENAY GOLD INC.

(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF CASH FLOWS

Exhibit 5

	For the three months ended		For the nine months ended	
	September 30 2008	September 30 2007	September 30 2008	September 30 2007
Cash Flows from Operating Activities				
Net loss for the period	\$ (567,749)	\$ (134,966)	\$ (1,793,367)	\$ (483,797)
Add items not involving any outlay of cash:				
Stock-based compensation	249,824	86,443	979,203	86,443
Loss from the sale of marketable securities	1,525	-	1,525	-
Amortization	2,817	2,832	8,450	8,397
	(313,583)	(45,691)	(804,189)	(388,957)
Changes in non-cash working capital balances:				
Accounts receivable and advances	180,124	(214,581)	(666,384)	(195,922)
Prepaid expenses	22,843	(14,289)	(77,859)	(32,994)
Exploration advances received	-	-	(249,450)	(250,000)
Accounts payable and accrued liabilities	66,474	227,741	266,421	202,302
	\$ (44,142)	\$ (50,820)	\$ (1,531,461)	\$ (665,571)
Cash Flows from Financing Activities				
Investor deposits	\$ -	\$ -	\$ (23,700)	\$ (989,690)
Issuance of share capital	1,239,615	278,000	22,630,350	2,798,954
	\$ 1,239,615	\$ 278,000	\$ 22,606,650	\$ 1,809,264
Cash Flows from Investing Activities				
Increase in marketable securities	\$ -	\$ -	\$ (5,000)	\$ -
Proceed from the sale of marketable securities	4,225	-	4,225	-
Investment in equipment	(21,177)	(6,920)	(52,391)	(11,095)
Investment in mineral properties	(2,081,605)	(1,003,724)	(4,502,405)	(2,395,156)
Exploration advances paid	(21,308)	(15,152)	27,234	(113,290)
	\$ (2,119,865)	\$ (1,025,796)	\$ (4,528,337)	\$ (2,519,541)
Increase (Decrease) in Cash and Cash Equivalents During the Period	(924,392)	(798,616)	16,546,852	(1,375,848)
Cash and Cash Equivalents, Beginning of the Period	19,037,435	1,193,838	1,566,191	1,771,070
Cash and Cash Equivalents, End of the Period	\$ 18,113,043	\$ 395,222	\$ 18,113,043	\$ 395,222

Supplemental Disclosure of Cash and Non-Cash Activities (Note 9)

- see accompanying notes -

KOOTENAY GOLD INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2008 and September 30, 2007

1 Nature of Operations and Going Concern:

Kootenay Gold Inc. (the "Company") was established as a Capital Pool Company under the policies of the TSX Venture Exchange (the "Exchange"). On March 7, 2005 the Company completed an Acquisition Agreement with Kootenay Gold Corp. ("Kootenay") and its shareholders. This acquisition represented the Company's "Qualifying Transaction" pursuant to the policies of the Exchange as they relate to 'Capital Pool Corporations'. Effective March 7, 2005, the Company changed its name from First Integrated Enterprises Ltd. to Kootenay Gold Inc.

The Company's main business is acquiring and exploring mineral properties principally located in the North America, with the objective of identifying mineralized deposits economically worthy of subsequent development, mining or sale.

2 Continued Operations:

These consolidated 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. During the nine months ended September 30, 2008 and 2007, the Company experienced operating losses and negative operating cash flows, operations of the Company having been primarily funded by the issuance of share capital. Continued operations are dependent on the Company's ability to complete public equity financing or generate profitable operations in the future.

	Accumulated to nine months ended	
	September 30	September 30
	2008	2007
Deficit	\$ 4,402,708	\$ 2,042,458
Working capital	\$ 18,827,410	\$ 551,470

3 Significant Accounting Policies:

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The significant accounting policies adopted by the Company are as follows:

Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Kootenay Resources Inc. (formerly Kootenay Gold Corp), Minera JM S.A. de C.V. (a company incorporated in Mexico) and Kootenay Gold (US) Corp. All significant inter-company transactions 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 amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates. The most significant estimates

KOOTENAY GOLD INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2008 and September 30, 2007

3 Significant Accounting Policies (continued):

made by management relate to amounts recorded for the depreciation of capital assets, measurement of stock-based compensation, and the recoverability of mineral properties. By their nature, these estimates are subject to measurement uncertainty and actual results may differ from those estimates.

Foreign currency translation

The Company's foreign subsidiary is considered an integrated foreign operation and is translated using the temporal method. Under this method, monetary assets and liabilities are translated at the rate of exchange at the balance sheet date and non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the consolidated statements of operations.

Cash and cash equivalents

Cash is comprised of cash on hand. Cash equivalents are short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Marketable securities

Marketable securities are recorded at market value by reference to published price quotations in an active market, and are written down when the value is impaired on an other-than-temporary basis, or when no other means exist to independently confirm the recorded value is reasonable. Realized gains or losses on the sale of securities are determined based on specific cost basis.

Mineral property interests

All costs related to the acquisition, exploration and development of mineral properties 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.

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

Although the Company has taken steps to verify title to mineral properties in which it has an interest, according to usual industry standards for the stage of exploration of such properties, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2008 and September 30, 2007

3 Significant Accounting Policies (continued):

Stock-based compensation

In connection with incentive stock options granted by the Company to its officers, directors, employees and consultants, an expense is recognized over the vesting period based on the estimated fair value of the options on the date of the grant as determined using the Black -Scholes option pricing model. The expense is charged to stock-based compensation and the offset is credited to contributed surplus. Cash received on exercise of incentive stock options is credited to the then issued and outstanding capital stock of the Company.

Equipment

Equipment is recorded at cost less accumulated amortization. Amortization is recognized using the declining balance method at the following annual rates:

Computer equipment	30%
Computer software	100%
Vehicles	30%

For the year of acquisition, the rate is one-half of the above.

Asset retirement obligation

The Company recognizes the fair value of a liability for an asset retirement obligation in the period in which it is incurred or when a reasonable estimate of fair value can be made. The fair value of an asset retirement obligation is recorded as a liability and a corresponding increase in mineral properties. Changes in the liability for an asset retirement obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in the statement of operations. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset. Actual costs incurred upon settlement are charged against the asset retirement obligation. Any difference between the actual costs and the recorded liability is recognized as a gain or loss in earnings in the period in which the settlement occurs. At present, estimated future site restoration costs for the Company's mineral property interests are considered minimal.

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 to the investors, 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.

Share capital

The Company records proceeds from share issuances net of share issuance costs. Share capital issued for non-monetary consideration is recorded at the fair market value of the shares on the date the shares are issued.

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3 Significant Accounting Policies (continued):

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 period. For the periods presented, this calculation proved to be anti-dilutive. Basic loss per common share is calculated using the weighted-average number of shares outstanding during the period.

Income taxes

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.

Financial instruments – Recognition and Measurement – Section 3855

This section establishes standards for the recognition, measurement disclosure and presentation of financial instruments. Under the new standard, financial assets and liabilities are initially recognized at fair value and are subsequently measured based on their classification as held-for-trading, held-to-maturity, loans and receivables, available-for-sale, or other financial liabilities, as described below:

(i) Held-for-trading

Financial assets and financial liabilities that are purchased and incurred with the intention of generating profits in the near term are classified as held-for-trading. Any financial instrument can be designated as held for trading as long as its fair value can be reliably measured. These instruments are measured at fair value with subsequent changes in fair value included in earnings.

The Company has classified cash and cash equivalents as held-for-trading, which accordingly are carried at their fair values. Held-for-trading assets are not subject to significant credit, foreign exchange or interest rate risk.

(ii) Held-to-maturity

Financial assets that have a fixed maturity date and fixed or determinable payments, where the Company intends and has the ability to hold the financial asset to maturity are classified as held-to-maturity and measured at amortized cost using the effective interest rate method. Any gains and losses arising from the sale of held-to-maturity financial assets are included in earnings.

Currently, the Company has no held-to-maturity financial assets.

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3 Significant Accounting Policies (continued):

(iii) Loans and receivables

Items classified as loans and receivables are measured at amortized cost using the effective interest method. Any gains or losses on the realization of loans and receivables are included in earnings.

The Company has classified receivables, subscriptions receivable, exploration deposits and exploration advances as loans and receivables, which are accordingly measured at amortized cost. Due to their short-term natures, the fair values of loans and receivables approximate their carrying values, and they are not subject to significant credit or interest rate risk.

(iv) Available-for-sale

Available-for-sale assets are those financial assets that are not classified as held-for-trading, held-to-maturity or loans or receivables, and are carried at fair value. Any gains or losses arising from the change in fair value are recorded as other comprehensive income. Available-for-sale securities are written down to fair value through earnings whenever it is necessary to reflect other-than-temporary impairment. Cumulative gains and losses arising upon the sale of the instrument are included in earnings.

The Company has classified marketable securities as available-for-sale which is accordingly carried at their fair values. Available-for-sale assets are not subject to significant credit, foreign exchange or interest rate risk

(v) Other financial liabilities

Financial liabilities that are not classified as held-to-maturity are classified as other financial liabilities, and are carried at amortized cost using the effective interest method. Any gains or losses arising from the realization of other financial liabilities are included in earnings.

The Company has classified exploration funds received in advance and accounts payable and accrued liabilities as other financial instruments, which are accordingly carried at amortized cost. Due to their short-term natures, the fair values of other financial liabilities approximate their carrying values, and they are not subject to significant credit, foreign exchange or interest rate risk.

Financial Instruments - Disclosures Section 3862 and Presentation Section 3863

These sections replaced Section 3861, Financial Instruments Disclosure and Presentation, revising and enhancing disclosure requirements while carrying forward its presentation requirements. These new Sections will place increased emphasis on disclosure about the nature and extent of risk arising from financial instruments and how the entity manages those risks.

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3 Significant Accounting Policies (continued):

Comprehensive income – Section 1530

This section establishes standards for reporting and presentation of comprehensive income, which is comprised of net earnings or loss and other comprehensive income. Other comprehensive income represents the change in net equity for the period that arises from unrealized gains and losses on available-for-sale financial instruments, and changes in the fair market value of derivative instruments designated as cash flow hedges. Amounts included in other comprehensive income are shown net of tax. Cumulative changes in other comprehensive income are included in accumulated other comprehensive income which is presented (if applicable) as a new category in shareholders' equity.

Risk management

Because the financial instruments are not subject to significant credit, foreign exchange or interest rate risk, the Company has not adopted risk management policies.

Hedges

This Section establishes standards for how hedge accounting may be applied. The Company currently does not have any hedges in place, and therefore this standard has no impact on the financial statements.

Capital Disclosures

This Section which specifies the disclosure of information that enables users of an entity's financial statements to evaluate management's objectives, policies and processes for managing capital including qualitative information about its objectives, policies and processes for managing capital, summary quantitative data about what the entity manages as capital, whether it has complied with any capital requirements and, if it has not complied, the consequences on non-compliance.

Recent accounting pronouncements issued by the CICA, which have not yet been adopted by the Company.

Section 1400, General Standards of Financial Statement Presentation

In June 2007, the CICA amended this Section to include additional requirements to assess an entity's ability to continue as a going concern and disclose any material uncertainties that cast doubt on its ability to continue as a going concern. The mandatory effective date is for annual and interim financial statements for years beginning on or after February 1, 2008. This new requirement will be adopted by the Company effective January 1, 2009. The adoption of this Section primarily impacts disclosures in future financial statements.

Transition to International Financial Reporting Standards

In 2006, Canada's Accounting Standards Board (AcSB) ratified a strategic plan that will result in the convergence of Canadian GAAP, as used by public companies, with International Financial Reporting Standards over a transitional period. The AcSB has developed and published a detailed implementation plan, with a changeover date for fiscal years beginning on or after January 1, 2011. The Company has not assessed the impact of the initiative on its financial statements.

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4 Marketable Securities:

Marketable securities are classified as available for sale financial instruments, which are adjusted to market value at the end of the reporting period. Market value as at September 30, 2008 is \$445,473 (2007 – \$165,500), resulting in other comprehensive loss of \$351,903 (2007 - \$Nil) for the nine months ended September 30, 2008.

5 Equipment:

	Cost		Accumulated Amortization		2008 Net		2007 Net	
Vehicles	\$	58,117	\$	17,722	\$	40,395	\$	21,445
Computer		68,200		16,160		52,040		16,929
	\$	126,317	\$	33,882	\$	92,435	\$	38,374

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6 Mineral Properties:

	Canada Total	Promontorio	Santa Lucia*	Sonora Anomalies	Other	Mexico Total	United States	2008 Total	2007 Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Acquisition Costs									
Balance, beginning	341,399	967,326	55,724	29,823	52,103	1,104,976	65,102	1,511,477	262,717
Incurred	151,306	1,368,728	31,500	458,994	-	1,859,222	-	2,010,528	901,338
Balance, ending	492,705	2,336,054	87,224	488,817	52,103	2,964,198	65,102	3,522,005	1,164,055
Exploration Expenditures									
Balance, beginning	1,715,603	1,247,443	331,065	1,094,530	33,899	2,706,937	204,326	4,626,865	1,013,167
Assaying and Lab	156,143	382,134	1,304	45,521	-	428,959	999	586,101	51,632
Camp Costs	18	251,571	5,554	264,804	-	521,929	878	522,825	-
Drafting	4,420	-	-	-	-	-	-	4,420	52,374
Drilling	409,442	1,443,477	-	-	-	1,443,477	-	1,852,919	658,390
Geological mapping	109,950	87,156	13,645	43,750	-	144,551	-	254,501	152,333
Geophysics	156,086	310,851	3,884	-	-	314,735	(90)	470,731	742,321
Maintenance	50,298	92,587	10,838	284,451	330	388,206	10,600	449,104	37,854
Miscellaneous	109,909	3,743	-	1,245	-	4,987	-	114,897	333,305
Prospecting	166,682	81,333	150	117,239	-	198,722	-	365,404	309,570
Rock Sampling	47,146	53,920	11,280	-	4,060	69,260	-	116,406	114,492
Incurred	1,210,094	2,706,772	46,655	757,009	4,390	3,514,826	12,387	4,737,308	2,452,271
Balance, ending	2,925,697	3,931,815	377,720	1,851,539	38,289	6,221,763	216,713	9,364,173	3,465,438
Total property balance	3,418,402	6,290,269	464,944	2,340,356	90,392	9,185,961	281,815	12,886,178	4,629,493
Recovery of costs	(1,014,393)	-	(504,690)	(1,385,411)	-	(1,890,101)	-	(2,904,494)	(958,485)
Abandoned	-	-	-	-	-	-	-	-	-
Cumulative mineral property costs	2,404,009	6,290,869	(39,746)	954,945	90,392	7,295,860	281,815	9,981,684	3,671,008

*Joint Venture Project

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6 Mineral Properties (Canada):

	Alisa Lake \$	Chapleau* \$	Chenier* \$	Conner Creek* \$	CP Midas \$	Deer Creek \$	Jumping Josephine* \$	Murphy* \$	Sunrise \$	Other \$	2008 Total \$	2007 Total \$
Acquisition Costs												
Balance, beginning	50,000	-	50,800	24,250	50,000	42	24,250	50,000	77,500	14,557	341,399	40,533
Incurred	25,000	-	25,000	-	25,000	210	25,000	25,000	25,000	1,096	151,306	10,000
Balance, ending	75,000	-	75,800	24,250	75,000	252	49,250	75,000	102,500	15,653	492,705	50,533
Exploration Expenditures												
Balance, beginning	4,685	29,333	199,425	439,640	55,538	81,930	97,667	188,375	54,430	564,580	1,715,603	284,367
Assaying and Lab	4,215	12,043	-	19,767	-	2,230	36	91	-	117,761	156,143	17,474
Camp Costs	-	18	-	-	-	-	-	-	-	-	18	-
Drafting	-	-	-	-	-	-	-	-	-	4,420	4,420	1,294
Drilling	-	-	-	13,695	-	-	395,747	-	-	-	409,442	-
Geological mapping	983	52,776	-	5,777	-	2,190	(942)	1,685	325	47,156	109,950	33,251
Geophysics	3,618	666	-	5,935	-	550	-	-	-	145,317	156,086	85,905
Maintenance	1,372	-	-	4,394	445	1,200	114	-	-	42,773	50,298	26,915
Miscellaneous	-	281	-	-	-	-	104,043	2,475	-	3,110	109,909	-
Prospecting	3,889	1,186	550	1,950	4,950	825	2,276	1,450	844	148,762	166,682	117,626
Rock Sampling	-	-	-	1,388	424	2,669	-	2,618	-	40,047	47,146	14,812
Incurred	14,077	66,970	550	52,906	5,819	9,664	501,274	8,319	1,169	549,346	1,210,094	297,277
Balance, ending	18,762	96,303	199,975	492,546	61,357	91,594	598,941	196,694	55,599	1,113,926	2,925,697	581,644
Total property balance	93,762	96,303	275,775	516,796	136,357	91,846	648,191	271,694	158,099	1,129,579	3,418,402	632,177
Recovery of costs	-	-	(254,961)	(476,938)	-	-	(115,950)	(166,544)	-	-	(1,014,393)	(127,418)
Abandoned	-	-	-	-	-	-	-	-	-	-	-	-
Cumulative mineral property costs	93,762	96,303	20,814	39,858	136,357	91,846	532,241	105,150	158,099	1,129,579	2,404,009	504,759

*Joint Venture Project

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2008 and September 30, 2007

6 Mineral Properties (continued):

Details of Mineral Properties - Canada

Connor Creek Property - Trail Creek Mining Division, British Columbia

The Company exercised its right under a Grubstake Agreement dated March 20, 2003 granting the Company the option to purchase a 100% interest in thirty-six mineral claims covering sixty-eight units in the Connor Creek area of Trail, British Columbia.

In order to exercise its option the Company must issue 100,000 shares of the Company to the vendor, and incur an aggregate of \$40,000 in expenditures on or before July 23, 2007. The Company expended \$30,050 on the property for the period ended June 30, 2008 (2007 - \$31,329). The Company issued 25,000 shares valued at \$0.25, 25,000 shares valued at \$0.10, 25,000 shares valued at \$0.37, and 25,000 shares valued at \$0.75 per share each, pursuant to this agreement. With expenditure commitments being fulfilled and the issuance of common stock to the vendor under the agreement, the claims have been transferred to the Company.

The Company entered into an option agreement with Amador Gold Inc., whereby the Company granted the right to Amador to earn a 50% undivided interest in the Connor Creek property. The option calls for Amador to expend \$1,000,000 in exploration and issue 400,000 shares to the Company over 4 years. If commercial production is reached, an additional 250,000 shares of Amador are payable to the Company. The Company received accumulative reimbursements in the amount of \$476,938 for costs incurred up to the period ended September 30, 2008 (2007 - \$401,495).

Jumping Josephine Property - Nelson Mining Division, British Columbia

The Company exercised its right under a Grubstake Agreement dated March 20, 2003 granting the Company the option to purchase a 100% interest in twenty mineral claims comprised of fifty-eight units in the Jumping Josephine area of Nelson, British Columbia.

In order to exercise its option the Company must issue 100,000 shares of the Company to the vendor and incur an aggregate of \$40,000 in expenditures on or before July 23, 2007. The Company issued 25,000 shares valued at \$0.25, 25,000 shares valued at \$0.10, 25,000 shares valued at \$0.37 and 25,000 shares valued at \$0.75 per share each, pursuant to this agreement. With expenditure commitments being fulfilled and the issuance of common stock to the vendor under the agreement the claims have been transferred to the Company.

The Company entered into an additional agreement dated June 30, 2005, which grants the Company the option to purchase a 100% interest in additional seven mineral claims in the Jumping Josephine area of Nelson, British Columbia. In order to exercise its option the Company must pay \$97,000 to the vendor and incur an aggregate of \$500,000 in expenditures on or before the October 31, 2009.

The Company entered into an option agreement with Astral Mining Corporation, ("Astral") on April 11, 2006, whereby the Company will grant to Astral the right to earn up to 60% undivided interest in the Jumping Josephine Property. Astral have fulfilled its obligations under the option agreement by spending \$2,100,000 in exploration on the property and issuing to the Company 400,000 common shares. Under the joint venture agreement the Company is carrying a 40% interest and incurred \$501,274 to the period ending September 30, 2008.

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6 Mineral Properties (continued):

Chapleau Property – Sault Ste. Marie Mining Division, Ontario

The Company entered into a 50/50 joint venture agreement with Golden Chalice Resources Inc. (formerly International Chalice Resources Inc.) to further explore the Kimberlite dike with large diamond potential on the Chapleau property. Cost will be shared equally on March 1, 2006. The Company expended \$66,970 in exploration during the period ended September 30, 2008 (2007 - \$6,486).

Other Properties – Southern British Columbia

On September 27, 2006, the Company exercised its right under a Grubstake Agreement granting the Company the option to purchase a 100% interest in five mineral claims comprising of twenty-eight units. The properties are known as the Sunrise, Midas, Chenier, Murphy and Alisa Lake Properties. Four (Sunrise, Chenier, Murphy and Midas) are located in the prolific Rossland-Republic trend and one (Alisa Lake) is in the Sullivan District in south eastern British Columbia.

The agreement requires issuance of 25,000 shares per property on September 27, 2006 and 25,000 shares in the next three anniversaries (September 27, 2007; September 27, 2008; September 27, 2009) for a total of 100,000 for each property, being a total of 500,000 shares. The Company must also make expenditures of \$40,000 on each property by April 1, 2011. The Company expended a total of \$29,934 (Sunrise \$1,169; Chenier \$550; Murphy \$8,319; Midas \$5,819; and Alisa \$14,077) on the properties during the nine months ended September 30, 2008 (2007 - \$477,074). The Company issued 150,000 shares valued at \$1.10; 125,000 shares valued at \$0.90 and 125,000 shares valued at \$1.00 per share pursuant to this agreement.

A bonus payment of 200,000 common shares is payable upon commencement of Commercial Production on any given property. The Company has the right to terminate the property agreements at anytime.

On April 17, 2007, the Company entered into an option agreement with Astral Mining Corporation (“Astral”), whereby the Company gave the right to Astral to earn a 60% undivided interest in the Chenier property located in the West Kootenay region of in south eastern British Columbia. In order to exercise its option, Astral must issue 500,000 common shares to the Company and incur an aggregate of \$2,500,000 in expenditures for each mineral property on or before May 4, 2011. The Company received accumulative reimbursements in the amount of \$254,961 for costs incurred up to the period ended September 30, 2008 (2007 - \$186,732).

A bonus payment of 200,000 shares is payable upon commencement of Commercial Production on the property. Astral has the right to terminate the property agreements at anytime.

On March 28, 2008, the Company announced an option agreement on the Murphy Property with Abitibi Mining Corp (“Abitibi”). Abitibi will have the option to acquire a 60% interest in the Murphy Property by issuing to the Company 400,000 Abitibi common shares over three years, with an additional 250,000 shares to be issued upon commencement of production. Abitibi must also expend an aggregate of \$2,000,000 in exploration expenditures on the Murphy property over a four year period. The Company received accumulative reimbursements in the amount of \$166,544 for costs incurred up to the period ended September 30, 2008 (2007 - \$nil).

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6 Mineral Properties (continued):

Under the terms of the Kennedy Grubstake Agreement dated March 20, 2003, on July 2, 2008, Kootenay Gold Inc. elected to option three additional properties namely, Deer Park, Rosetta Creek and Monashee. All projects are located in the West Kootenay region of British Columbia. Deer Park covers 10,573 hectares in 24 claims, Monashee covers 11,459 hectares in 24 claims and Mc Donald Creek covers 11,588 hectares in 26 claims.

Under the terms of the Grubstake Agreement each property requires a work commitment of \$40,000 over three years and share payments of 25,000 shares on election of the option and 25,000 shares on each of years one, two and three to maintain the option in good standing. If production is achieved on a specific property a bonus of 200,000 shares would be paid. The issuance of share payments requires regulatory approval.

Additional properties have been staked and are currently being evaluated to determine the viability of further exploration or development. Once the Company has made its evaluations the properties will be either be abandoned or acquired under the terms of the Grubstake Agreements.

Details of Mineral Properties - Mexico

La Joya - Southern Sonora State, Mexico

On August 20, 2005, the Company acquired one mineral claim covering 713 hectares in the southern Sonora State region located between Navajoa and Alamos, Mexico. The Company expended \$Nil on exploration during the period ended September 30, 2008 (2007 – \$nil).

Promontorio - Sonora State, Mexico

The Company entered into an agreement on October 20, 2006 with Siete Companas de Plata, S.A de C.V. ("Siete"), Exploration Canada De Oro, SA de CV ("ECO") and the Mexican Government Agency ("FIFOMI") to acquire an unencumbered 100% registered and beneficial interest in the former producing Promontorio Mine Site and the surrounding properties and mineral rights known as the Promontorio Concession. The claims cover approximately 37,000 hectares, and are located in the historic silver and gold producing Sierra Madre Region of Northwest Mexico. The Company expended \$2,706,772 on exploration for the nine months ended September 30, 2008 (2007 - \$569,439).

The agreement calls for the Company to pay up to \$1,375,000 U.S. in cash, issue up to 850,000 shares of Kootenay to ECO and Siete, and to pay a debt owing to FIFOMI in connection with the Promontorio Concession. The Company issued 300,000 shares valued at \$1.15 per share; 150,000 shares valued at \$1.05 per share; 200,000 shares valued at \$1.93 per share; 50,000 shares valued at \$1.70 per share and 150,000 shares valued at \$1.95 per share pursuant to this agreement.

In addition, there is a 2 per-cent net smelter return relating to the acquisition. The Company may upon commencement of commercial production or sooner purchase 50 per cent of the net smelter return for \$1,000,000 U.S. in order to reduce the total net smelter return to 1 per cent. The Company also has the right of first refusal on the remaining 1 per cent in the event that the ECO and Siete decide to sell it. The Company has also negotiated a settlement with FIFOMI on the properties outstanding debt; under the terms of the agreement the Company will pay FIFOMI 4,218,935 pesos (\$400,000 U.S.) over a five- year period.

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6 Mineral Properties (continued):

Santa Lucia - Southern Sonora State, Mexico

On September 27, 2006, the Company entered into an agreement which grants the Company the option to purchase a 100% interest in two mineral claims comprised of 9,350 hectares in the southern Sonora State region located between Navajoa and Alamos, Mexico.

In order to exercise its option the Company must issue 100,000 shares of the Company to the vendor. The Company expended \$46,655 on exploration during the period ended September 30, 2008 (2007 - \$287,294). The Company under a grubstaking agreement dated June 15, 2005 issued a total of 75,000 shares, with three tranches of 25,000 shares valued at \$0.74; \$1.00 and \$1.26 per share respectively pursuant to this agreement.

The Company entered into a letter agreement dated June 6, 2006 with Klondike Silver Corp. ("Klondike"), whereby the Company will grant to Klondike the right to earn up to a 50% interest in the Santa Lucia property located in Sonora State, Mexico. In order to earn their interest, Klondike must spend \$1,000,000 U.S. in exploration on the property; pay \$25,000 U.S. in cash and issue to the Company 500,000 common shares in its capital by June 14, 2009. The Company received 500,000 shares of Klondike pursuant to this agreement. The Company received accumulative reimbursements in the amount of \$504,690 for costs incurred up to the period ended September 30, 2008 (2007 - \$226,796).

In addition, there is a 2.5-per-cent net smelter return relating to the acquisition. The Company may upon commencement of commercial production or sooner purchase 50 per cent of the net smelter return for \$1,000,000 U.S. in order to reduce the total net smelter return to 1.25 per cent. The Company also has the right of first refusal on the remaining 1.25 per cent in the event that the Cross group decides to sell it.

Sonora Anomalies - Northwest Mexico

The Company entered into an agreement dated June 21, 2006 with Klondike Silver Corp. ("Klondike"), whereby the Company granted to Klondike the right to earn up to a 50% interest in three mineral properties in Mexico. In order to earn their interest, Klondike must reimburse the Company \$250,000 U.S., and for each property optioned, spend \$1,000,000 U.S. on exploration and issue to the Company 500,000 common shares within two years of the exchange approval date which is yet to be determined. In June 2007, under the same terms as the initial agreement, Klondike agreed to increase the number of properties by three. The Company expended \$757,009 on exploration during the period ended September 30, 2008 (2007 - \$81,304). The Company received accumulative reimbursements in the amount of \$1,385,411 for costs incurred up to the period ended September 30, 2008 (2007 - \$49,942).

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September 30, 2008 and September 30, 2007

6 Mineral Properties (continued):

On March 31, 2008, the Company announced the completion of six option agreements with Klondike Silver Corp. ("Klondike") on six of the Company's 100% owned mineral concessions in the Sierra Madre Region of Northwest Mexico. The six concessions selected by Klondike include two epithermal precious metal settings (Suzanne and Ofelia), three porphyry settings (Los Alamos, Cerro Colorado and Espiritu) and one skarn (Los Chinos). Under the terms of each option agreement, Klondike can earn a 50% undivided interest in the mineral concession by incurring or funding a minimum of US\$1,000,000 in exploration expenditures in stages over three years and issuing 500,000 shares to the Company in stages over two years. In order for Klondike to earn an undivided interest in all six mineral concessions, Klondike must incur or fund minimum exploration expenditures totaling in the aggregate \$6,000,000 (US\$1,000,000 on each mineral concession) and issue to the Company an aggregate of 3,000,000 shares (500,000 shares per mineral concession).

On August 18, 2008, Klondike received regulatory approval and issued the Company 1,800,000 common shares being the initial commitment of 300,000 common shares per each optioned property.

Details of Mineral Properties - United States

Elephant Mountain Property - Rampart Mining District, Alaska, U.S.A.

On December 12, 2003, the Company acquired seventy-one mineral claims in the Rampart mining district located eighty kilometres northwest of Fairbanks, Alaska. The property is subject to a 1.5% net returns royalty to the vendors. The Company purchased the property for \$65,102 and has expended a total of \$216,713 since acquisition.

Title to Mineral Property Interests

Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2008 and September 30, 2007

7 Share Capital:

Authorized:

Unlimited common shares without par value

Unlimited preferred shares

Issued and Fully Paid:

	Number of Shares		Share Capital		Contributed Surplus
Balance, December 31, 2005	9,851,800	\$	1,247,031	\$	8,260
For cash:					
Exercise of stock options	280,000		49,000		-
Private placements	793,500		357,075		-
Exercise of warrants	3,200,000		1,312,000		129,099
Acquisition of mineral properties	75,000		56,000		-
Share issuance costs	-		(129,100)		-
Stock-based compensation	-		-		501,838
Balance, December 31, 2006	14,200,300	\$	2,892,006	\$	639,197
For cash:					
Private placement, net of issuance cost of \$90,317	5,298,925		761,361		3,238,440
Exercise of warrants	914,500		713,978		(220,427)
Exercise of stock options	100,000		122,740		(51,740)
Acquisition of mineral properties	750,000		805,000		-
Future income tax effect on renunciation of flow-through share expenditures	-		(153,881)		-
Share issuance costs	-		(206,683)		-
Stock-based compensation					408,927
Balance, December 31, 2007	21,263,725	\$	4,934,521	\$	4,014,397
For cash:					
Private placement, net of issuance cost of \$926,674	11,401,200		11,236,443		9,224,212
Exercise of warrants	3,410,925		3,388,817		(288,945)
Exercise of stock options	63,750		75,463		(26,437)
Acquisition of mineral properties	650,000		1,135,000		-
Balance, September 30, 2008	36,789,600	\$	20,770,244	\$	12,923,227

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2008 and September 30, 2007

7 Share Capital (continued):

2008 Private Placements

On February 29, 2008, the Company issued 5,500,000 units at \$1.50 per unit for total gross proceeds of \$8,250,000. Each unit consisted of one common share and one-half share purchase warrant. One whole warrant is exercisable into an additional common share for \$1.80 expiring August 29, 2009. The Company paid a finder's fee of \$369,285 in cash, 94,500 finder's units and 340,690 share purchase warrants. Each warrant is exercisable into one common share at \$1.70 per share expiring on August 29, 2009.

On June 19, 2008, the Company issued 5,648,000 units at \$2.20 per unit, by way of brokered private placement for total gross proceeds of \$12,425,600. Each unit consisted of one common share of the Company and one-half of one transferable common share purchase warrant. Each whole Warrant will entitles the holder to acquire, at any time within 24 months from the date of closing of the Private Placement, one additional common share of the Company at an exercise price of \$2.75 per share. A total of 2,824,000 Warrants were issued to investors under the Private Placement. A commission equal to 6.5% of the gross proceeds of the Private Placement, consisting of \$458,524 paid in cash and 158,700 units (the "Agent's Units"), having the same terms as the Units sold under the Private Placement, except that the common share purchase warrants comprising part of the Agent's Units are non-transferable. The Agent also received 367,120 options (the "Agent's Options"), equal to 6.5% of the number of Units sold under the Private Placement. Each Agent's Option is exercisable at any time up to 24 months following the Closing to acquire one common share of the Company at an exercise price of \$2.50 per share.

2007 Private Placements

On January 12, 2007, the Company completed a private placement of 3,076,925 units at a price of \$0.65 per unit consisting of one common share and one common share purchase warrant, for gross proceeds of \$2,000,001. The warrant entitles the holder to acquire one common share at a price of \$0.80 per share for a period of eighteen months from the date the warrant is issued. The warrants were valued at \$2,324,309. Issuance costs of \$90,317 were netted against the proceeds.

On October 23, 2007, the Company completed a private placement of 2,222,000 units at a price of \$0.90 per unit consisting of one common share and one common share purchase warrant, for gross proceeds of \$1,999,800. Each warrant entitles the holder to purchase one common share at a price of \$1.25 per share for a period of eighteen months from the date of issuance of the warrant. Subsequent to four months from closing, the Company has a right upon 30 days notice to holders, to accelerate conversion of warrants by warrant holders if the share price of the Company remains equal to or greater than \$2.25 per common share for a period of twenty consecutive trading days. The warrants were valued at \$914,131. Issuance costs of \$89,106 were netted against the proceeds.

In February 2007, the Company renounced \$451,000 of flow-through share expenditures to investors for Canadian Income Tax purposes. As a result, \$153,881 has been charged to share capital to reflect the future income tax effect of the renouncement.

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8 Options and Warrants

Stock option and share purchase warrant transactions are summarized as follows:

	Warrants		Options	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, December 31, 2006	793,500	0.50	1,425,000	0.746
Granted	5,298,925	0.99	625,000	0.914
Exercised	(914,500)	0.54	(100,000)	0.710
Expired/Cancelled	-	-	-	-
Outstanding, December 31, 2007	5,177,925	1.18	1,950,000	0.802
Granted	6,361,160	2.28	890,000	1.950
Exercised	(3,410,925)	0.90	(63,750)	0.738
Expired/Cancelled	(35,000)	0.80	-	-
Outstanding, September 30, 2008	8,093,160	\$ 2.05	2,776,250	\$ 1.171

Warrants

As at September 30, 2008, the Company had outstanding share purchase warrants, enabling holders to acquire common shares as follows:

Number of Shares	Exercise Price	Expiry Date
1,732,000	1.25	April 22, 2009
2,750,000	1.80	August 29, 2009
340,690	1.70	August 29, 2009
2,903,350	2.75	June 19, 2010
367,120	2.50	June 19, 2010
8,093,160		

The fair value of warrants is estimated using the Black Scholes option-pricing model. Warrants are included in contributed surplus until exercised, at which time they are transferred into share capital.

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8 Options and Warrants (continued):

The following assumptions were used for the Black-Scholes valuation of warrants issued during 2008 and 2007:

	2008	2007
Risk-free interest rate	3.10% - 3.35%	4.20% - 4.33%
Expected life of warrants	18 – 24 months	1.5 years
Fair value per warrant issued	\$1.12 - \$1.44	\$0.41 - \$0.75
Annualized volatility	95% - 105%	80% - 98%
Dividend rate	0.00%	0.00%

Options

The Company has adopted an incentive stock option plan under the rules of the TSX Venture Exchange ("TSXV") pursuant to which it is authorized to grant options to executive officers, directors, employees and consultants, enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option is equal to the market price of the Company's shares on the date of grant. The options can be granted for a maximum term of 5 years and generally vest 25% in specified increments. No individual may hold options to purchase common shares of the Company exceeding 5% of the total number of common shares outstanding from time to time. Pursuant to the policies of the TSX Venture Exchange, shares issued on exercise of options are restricted from trading during the four month period subsequent to the date of grant.

As at September 30, 2008, the Company had outstanding stock options enabling holders to acquire common share of the Company as follows:

	Number of Shares	Exercise Price	Expiry Date
	875,000	\$ 0.71	April 12, 2011
	400,000	0.84	December 5, 2011
	436,250	0.90	September 18, 2011
	175,000	0.95	October 23, 2011
	890,000	1.95	March 31, 2013
	2,776,250		

For stock options granted to employees, officers, directors and consultants, the Company recognizes stock-based compensation expense based on the estimated fair value of the stock options granted as calculated using the Black-Scholes option-pricing model on the date of the grant.

The following assumptions were used for the Black-Scholes valuation of stock options granted during 2008 and 2007:

	2008	2007
Risk-free interest rate	2.67%	4.22 % - 4.23 %
Expected life of options	5 years	5 years
Fair value per option granted	\$1.57	\$0.72 - \$0.80
Annualized volatility	104.9%	109.9% - 111.07%
Dividend rate	0.00%	0.00%

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8 Options and Warrants (continued):

During the nine months ended September 30, 2008, the Company granted 890,000 (2007 – 445,000) stock options with a weighted average fair value of \$1.57 per option (2007 - \$0.90). Stock-based compensation totalling \$979,203 (2007 - \$86,443) was expensed during the period.

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

9 Supplemental Disclosure of Cash and Non-Cash Activities:

The following transactions incurred during the period did not include cash:

	2008	2007
Acquisition of marketable securities	\$ 423,375	\$ -
Issuance of share capital for acquisition of mineral property interests	1,135,000	646,601

10 Related Party Transactions and Balances:

Except as disclosed elsewhere in these financial statements related party transactions are as follows:

The following related party transactions were incurred in the normal course of business and are non-interest bearing, unsecured, due on demand and were measured at their fair value as determined by management.

	2008	2007
Management fees charged by a company controlled by a director and officers	\$ 186,750	\$ 97,108
Consulting, administrative and management fees charged by a company controlled by common directors	21,370	20,000
Consulting and management fees charged by a director and officer	135,000	72,000

The Company has entered into a consulting agreement with Makwa Exploration Ltd. for the services of James McDonald to act as the Company's President and CEO, and with Manly Capital Corp. for the services of Kenneth Berry to act as the Company's Chairman. The consulting agreement provides for a base monthly fee of \$15,000 payable to each party. The consulting agreement is effective as of January 1, 2008 and expires on December 31, 2009 and will unless otherwise terminated extend for an additional 24 months. As at September 30, 2008, the Company has an accrued payable in the amount of \$56,000 related to management fees.

Effective September 1, 2008, the Company entered into an administrative services agreement with Touchstone Capital Corp. a private company owned by two directors of the Company. Touchstone provides services to the Company including assisting in professional analysis and planning of exploration programs, promotional materials; providing access to secretarial services and providing such other additional instructions and directions as the Company may require. For the nine months ended September 30, 2008 the Company paid \$21,370 under the administrative services contract.

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11 Contingent Liabilities

The Company's mineral properties are affected by the laws and regulations concerning environmental protection that exist in the various jurisdictions. It is not possible to estimate the future impact on operating results, if any, as a result of, future changes in regulations or developments.

12 Segmented Information

The Company has one reportable operating segment, being the acquisition and exploration and future development of mineral properties.

The Company's mineral properties and deferred costs by geographic location are as follows:

	2008	2007
Mineral properties:		
Canada	\$ 2,404,009	\$ 1,220,115
USA	281,815	238,800
Mexico	7,295,860	2,212,093
	<u>\$ 9,981,684</u>	<u>\$ 3,671,008</u>

13 Commitments:

During the year, the company entered into a contract for office rent which expires July 2012. The following table summarizes the company's total annual obligations under this agreement:

2008	\$ 11,846
2009	47,384
2010	48,440
2011	49,497
2012	24,748
	<u>181,915</u>

14 Comparative Figures:

Certain of the comparative figures have been reclassified to conform to the presentation adopted in the current period.