



**INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2009**

**THESE FINANCIAL STATEMENTS HAVE BEEN PREPARED BY MANAGEMENT AND HAVE NOT
BEEN REVIEWED BY THE COMPANY'S AUDITOR**



Consolidated Balance Sheets

<i>As at,</i>	Unaudited March 31, 2009 \$	Audited December 31, 2008 \$
ASSETS		
Current assets		
Cash	2,306,443	2,381,816
Prepaid expenses and deposits	18,504	55,023
Receivables	12,400	44,400
Due from related parties (<i>note 11</i>)	1,263,172	1,440,930
Income taxes recoverable	460,782	462,364
	4,061,301	4,384,533
Investments		
Investment in Augen Gold Corp. (<i>note 4</i>)	810,379	642,145
	1,067,827	1,253,444
Mineral properties and deferred costs (<i>note 5</i>)	748,918	747,208
Property, plant and equipment, net (<i>note 6</i>)	83,836	88,985
Future income taxes (<i>note 10</i>)	646,163	470,929
Total assets	7,418,424	7,587,244
LIABILITIES		
Current liabilities		
Accounts payable	327,134	97,957
Accrued and other liabilities	152,157	157,605
	479,291	255,562
Deferred lease inducement	38,135	40,794
Total liabilities	517,426	296,356
SHAREHOLDERS' EQUITY		
Capital stock (<i>note 8</i>)	7,235,551	7,235,551
Contributed surplus (<i>note 9</i>)	885,382	875,748
Retained earnings (deficit)	(1,219,935)	(820,411)
	6,900,998	7,290,888
Total liabilities and shareholders' equity	7,418,424	7,587,244

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



**Consolidated Statements of Operations and Comprehensive Earnings
Unaudited**

<i>For the three months ended March 31,</i>	2009	2008
	\$	\$
Income		
Fee income	77,529	398,431
Realized losses on sale of investments held for trading	-	(190,916)
	77,529	207,515
Expenses		
General and administrative	340,944	546,137
Corporate development	154,330	-
Management fee (note 11)	95,960	-
Stock-based compensation	9,634	42,215
Interest expense	6,072	953
	606,940	589,305
Earnings (loss) before undernoted items	(529,411)	(381,790)
Share of (earnings) loss and capital transactions from equity-accounted investment (note 4)	185,617	(16,316)
Unrealized (gain) loss on investments held for trading	(168,234)	568,764
Non-recurring charges (note 15)	36,881	-
Adjustment to fair value of liabilities	-	(26,712)
Amortization	5,149	3,203
Earnings (loss) before income taxes	(588,824)	(910,729)
Income taxes (note 10)		
Current	(14,066)	(54,451)
Future	(175,234)	(110,294)
	(189,300)	(164,745)
Net earnings (loss) and comprehensive earnings (loss)	(399,524)	(745,984)
Earnings (loss) per share		
Basic and diluted	(0.01)	(0.02)
Weighted average shares outstanding	36,615,614	36,515,614

**Consolidated Statements of Retained Earnings (Deficit)
Unaudited**

<i>For the three months ended March 31,</i>	2009	2008
	\$	\$
Retained earnings (deficit), beginning of period	(820,411)	2,691,939
Net earnings (loss) and comprehensive earnings (loss) for the period	(399,524)	(745,984)
Retained earnings (deficit), end of period	(1,219,935)	1,945,955

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



Consolidated Statements of Cash Flows
Unaudited

For the three months ended March 31,

	2009	2008
	\$	\$
Cash flow from (used in) operating activities		
Net earnings (loss) and comprehensive earnings (loss)	(399,524)	(745,984)
Amortization	5,149	3,203
Stock-based compensation	9,634	42,215
Realized and unrealized (gain) loss on investments held for trading	(168,234)	759,680
Share of (earnings) loss from equity-accounted investment	185,617	(16,316)
Future income taxes	(175,234)	(110,294)
	(542,592)	(67,496)
Changes in non-cash working capital	476,849	(102,068)
Cash flow from (used in) operating activities	(65,743)	(169,564)
Cash flow from (used in) investing activities		
Purchase of investments	-	(116,973)
Proceeds from the sale of investments	-	201,147
Repayment of advances to related parties	35,366	-
Advances to related party	(43,286)	(1,033,547)
Purchase of property, plant and equipment	-	(3,424)
Expenditures on mineral properties and deferred costs	(1,710)	(171,513)
Cash flow from (used in) investing activities	(9,630)	(1,124,310)
Net increase (decrease) in cash	(75,373)	(1,293,874)
Cash, beginning of period	2,381,816	4,274,394
Cash, end of period	2,306,443	2,980,520
Interest paid during the period	5,670	953
Income taxes paid during the period	-	-

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



Notes to Consolidated Financial Statements

March 31, 2009

Unaudited

1. Nature of operations

Based in Toronto, Augen Capital Corp. ("**Augen**" or "**Company**") is a merchant bank specializing in the financing of and investment in early-stage resource companies or projects. In addition, Augen acts as a consultant to issuers of mineral resource tax-advantaged flow-through shares in Canada. Augen is also registered as a limited market dealer with the Ontario Securities Commission.

2. Adoption of new accounting policies

In March 2009, the CICA issued Emerging Issues Committee Abstract 174 Mining Exploration Costs ("**EIC 174**"). EIC 174 discusses the analysis recommended to determine whether there has been an impairment of mineral properties and deferred exploration costs. The Company considered the recommendations discussed in EIC 174 when testing for impairment of mineral properties and deferred exploration costs and determined that impairment adjustments were not required.

Future accounting policies

Consolidated Financial Statements and Non-controlling Interests

In January 2009, the CICA released *Section 1601 Consolidated Financial Statements* and *Section 1602 Non-Controlling Interests*, which replace *Section 1600 Consolidated Financial Statements*. *Section 1601* establishes standards for the preparation of consolidated financial statements. *Section 1602* establishes standards for accounting for a non-controlling interest in a subsidiary in the consolidated financial statements of the parent, subsequent to a business combination. *Section 1602* is equivalent to the corresponding provisions of *IAS 27 Consolidated and Separate Financial Statements*. These sections will apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption is permitted but must be applied together with *Section 1582 Business Combinations*. The Company is assessing the impact, if any, that the adoption of these new sections will have on its consolidated financial statements.

Business Combinations

In January 2009, the CICA released *Section 1582 Business Combinations*, which replaces *Section 1581 Business Combinations*. The new section provides the Canadian equivalent to *IFRS 3 Business Combinations*. This section applies prospectively to business combinations for which the acquisition is on or after January 1, 2011. Earlier adoption is permitted but must be applied together with *Section 1601 Consolidated Financial Statements* and *Section 1602 Non-Controlling Interests*. As *Section 1582* will apply only to future business combinations, it will not have a significant effect on the Company's consolidated financial statements prior to such acquisitions.



Notes to Consolidated Financial Statements
March 31, 2009
Unaudited

3. Summary of significant accounting policies

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

Principles of consolidation

The consolidated financial statements include the accounts of the Company together with all of its subsidiaries. All inter-company transactions have been eliminated. The Company's consolidated subsidiaries are as follows:

Entity	Ownership
Aumerco Limited	100%
Polar Bear Explorations Inc.	100%
Augen General Partner 2007 Inc.	100%
Augen General Partner 2006 Inc.	100%
Augen General Partner XII Inc.	100%
Augen General Partner XI Inc.	100%
Augen General Partner X Inc.	100%
Augen General Partner 2003 Inc.	100%

Use of estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

The areas that involve significant use of management estimates and assumptions are: recognition of impairment of mineral properties, allowances for amounts due from related parties, stock-based compensation, determination of fair values of certain investments held for trading, impairment of equity investment, the valuation of warrants, determination of income tax assets and loss carry-forwards, and determination of contingent liabilities.

Financial instruments

Financial assets are classified as held for trading, available for sale, held to maturity or loans and receivables. Financial liabilities are classified as either held for trading or other liabilities. Initially, all financial assets and financial liabilities must be recorded on the balance sheet at fair value with subsequent measurement determined by the classification of each financial asset and liability. Transaction costs related to held for trading securities are expensed as incurred. Transaction costs related to financial assets available for sale, held to maturity, and loans and receivables are generally capitalized and are then amortized using the effective interest method over the expected life of the instrument. Financial assets and financial liabilities held for trading are measured at fair value with the changes in fair value reported in earnings. Financial assets held to maturity, loans and receivables and financial liabilities other than those held for trading are measured at amortized cost. Available for sale financial assets are measured at fair value with changes in fair value reported in other comprehensive income until the financial asset is disposed of, or becomes impaired. The Company has classified receivables and due from related parties as loans and receivables, cash equivalents and investments as held for trading, and accounts payable as other liabilities. Accrued liabilities included incentive compensation payable, previously charged directly to retained earnings as a transitional adjustment, which was reduced by the change in the fair value of the liability and offset by payments made during the period. The adjustment was reported as adjustment to fair value of liabilities in the earnings of the comparative period.



Notes to Consolidated Financial Statements
March 31, 2009
Unaudited

3. Summary of significant accounting policies (continued)

Accumulated other comprehensive income is a component of shareholders' equity. Comprehensive earnings are composed of the Company's net earnings and other comprehensive income. Other comprehensive income includes unrealized gains and losses on available for sale financial assets, foreign currency translation on net investments in self-sustaining foreign operations and changes in the fair market value of derivative instruments designated as cash flow hedges, all net of income taxes.

The Company does not have any other comprehensive income components and, as such, comprehensive income is equal to net earnings (loss).

Cash and equivalents

Cash and equivalents may include money market instruments and short-term investments with maturities of less than three months.

Valuation of investments

Investments held for trading are recorded at fair value with the difference between fair value and cost being reported in earnings as unrealized appreciation or depreciation in the value of investments. In the case of securities listed on stock exchanges, the fair value means the latest bid price.

Fair value of investments in shares of private companies, for which market quotations or other benchmarks are not available, is determined by reviewing the most recent arms' length equity financing of the subject company and determining whether or not such financing is relevant for valuation purposes. In the absence of such financing, fair value is determined by applying the relative change in the quoted value of a peer group of listed companies having similar characteristics to the private investment. A discount may be applied to the resulting fair value in order to reflect the liquidity risk associated with private company investments. Private company investments are not valued above original cost unless compelling evidence exists to support such an increase.

Investments available for sale are measured at fair value with changes in fair value reported in other comprehensive income until the financial asset is disposed of, or becomes impaired. Investments for which reliable quotations are not readily available are valued at their fair value using a valuation model and market inputs. Investments in shares of investee companies in which Augen's ownership and rights provide the ability to exercise significant influence are accounted for using the equity method.

The fair value of purchase warrants is calculated using the Black-Scholes valuation model. The following weighted average assumptions are used when determining fair value using the Black-Scholes valuation model:

Risk free rate	4.0% – 5.0%
Expected life	Determined by the terms and conditions of each instrument.
Expected volatility	Determined by the closing sale price for the company for a historical time interval equal to the expected life of the instrument or the period that the stock has been trading if less than the expected life, adjusted to reflect various factors including non-recurring price volatility, the Exchange hold periods on the instruments, and the liquidity of flow-through shares of Canadian resource companies.
Expected dividend yield	Determined by the terms and conditions of each instrument.



Notes to Consolidated Financial Statements
March 31, 2009
Unaudited

3. Summary of significant accounting policies (continued)

Mineral properties and deferred costs

The Company defers the costs of exploration on existing projects and carries them as assets until production commences. The amounts at which mineral properties and deferred exploration costs are recorded do not necessarily reflect present or future values. If a project is successful, the related mineral property and deferred exploration costs are 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 costs are written off.

The Company reviews its mineral properties and deferred costs on an annual basis to determine if events or changes in circumstances have transpired which indicate that its carrying value may not be recoverable. The recoverability of costs incurred on the mineral properties and deferred costs is dependent upon numerous factors including exploration results, environmental risks, commodity risks, political risks, and the Company's ability to attain profitable production. It is possible that conditions in the near-term could change the Company's assessment of the carrying value.

Consideration, in the form of cash and/or shares received under mineral property option agreements, is applied against the acquisition cost of the mineral property and related deferred exploration expenditures. Consideration, in excess of the acquisition cost and related deferred exploration expenditures on the mineral property, is reported as income for the period and is included under fee income in the consolidated statements of operations and comprehensive earnings.

Property, plant and equipment

Property, plant and equipment is recorded at cost less accumulated amortization. Amortization is recorded over the estimated useful life of assets on the diminishing balance or straight-line basis using the following rates:

Furniture and equipment	20%
Computer hardware	30%
Computer software	100%
Leasehold improvements	5 years, straight-line

Stock-based compensation

The Company follows guidance in the CICA Handbook *Section 3870 Stock-Based Compensation and Other Stock-Based Payments*, which requires that a fair value based method of accounting be applied to all stock-based payments. The fair value of stock-based compensation is recorded as a charge to net earnings with a corresponding credit to contributed surplus.

The fair value of incentive stock options granted to directors, officers and consultants and purchase warrants issued to shareholders on private placements are calculated using the Black-Scholes valuation model. The fair value for each instrument is estimated using the following weighted average assumptions:

Risk free rate	4.0% - 5.0%
Expected life	Determined by the terms and conditions of each instrument.
Expected volatility	Determined by the closing sale price for the Company for a historical time interval equal to the expected life of the instrument, adjusted to reflect various factors including non-recurring price volatility, the Exchange hold periods on the instruments, and the liquidity of flow-through shares of Canadian resource companies.
Expected dividend yield	0%.



Notes to Consolidated Financial Statements
March 31, 2009
Unaudited

3. Summary of significant accounting policies (continued)

Future income taxes

The Company follows the asset and liability method of income tax allocation whereby future income tax assets and liabilities are determined based on differences between the financial reporting and tax basis of the assets and liabilities and measured using the substantively enacted income tax rates expected to apply when such differences are expected to reverse. Future income taxes arise from the recognition of those accumulated capital and non-capital losses, which in the opinion of management, are more likely than not to be realized before expiry. Future income taxes also arise as a result of timing differences related to the recognition of flow-through share tax deductions. Flow-through share tax deductions are recognized in the period in which the tax authorities are notified of expense renunciations.

Deferred lease inducements

Deferred lease inducements, which include free rent, are recorded as liabilities on the consolidated balance sheets and recognized as a reduction of rent expense on a straight-line basis over the term of the lease.

Revenue recognition

The Company recognizes revenue when all significant acts in relation to revenue have been completed or the Company has performed all engagement requirements in accordance with the relevant agreements and at the time of recognition, the collection of revenue is reasonably assured. The Company recognizes revenue through each of its Merchant Banking and Managed Products segments.

Merchant Banking

In the Merchant Banking segment, the Company earns revenue primarily through securities transactions. These transactions are recorded on a trade-date basis. Realized gains and losses on the disposal of investments and unrealized gains and losses due to the change in fair value of held-for-trading investments are reflected in the consolidated statements of operations and comprehensive earnings and are calculated on an average cost basis. The Merchant Banking segment also earns fees for consulting and due diligence services. Fee income also includes dividend income recorded on the ex-dividend date, and interest income, recorded on an accrual basis using the effective interest method.

Managed Products

In the Managed Products segment, the Company earns fees for services rendered, including consulting and due diligence fees. The Company, through incorporated general partners, manages the operations and affairs of the various limited partnerships and is entitled to advisory fees which are accrued periodically based on the average net assets of the limited partnerships as described in the respective limited partnership offering documents. Performance fees, if applicable, are earned on the rollover transaction asset transfer date of the limited partnerships into a mutual fund corporation. The reimbursement of set-up expenses, if any, from the limited partnerships offered during the period are recorded upon the initial and subsequent closings of the limited partnership.

Foreign currency translation

Balances of the Company denominated in foreign currencies are translated into Canadian dollars as follows:

- Monetary assets and liabilities at period-end rates;
- All other assets and liabilities at historical rates;
- Revenue and expense transactions at the average rate of exchange prevailing during the period.

Exchange gains and losses arising on these transactions are reflected in income in the period incurred.



Notes to Consolidated Financial Statements
March 31, 2009
Unaudited

4. Investment in Augen Gold Corp.

Augen Capital Corp.'s investment in Augen Gold Corp. ("**AGC**") has been accounted for under CICA Handbook *Section 3051 Investments*, using the equity-accounting method. The equity-accounting method requires Augen's investment in AGC to be recorded at cost, and adjusted for its proportionate share of earnings or loss and capital transactions from AGC. As at March 31, 2009, the investment in AGC has been recorded at \$1,067,827 which has been adjusted by \$185,617, representing its proportionate share of loss and capital transactions (2008 – share of earnings \$16,316). The fair market value of AGC as at March 31, 2009, based on the closing bid price per share, was \$323,200 (December 31, 2008 - \$161,600).

5. Mineral properties and deferred costs

	3 months ended March 31, 2009	Year ended December 31, 2008
	\$	\$
Acquisition costs ⁽¹⁾		
Balance, beginning of year	1	1
Acquisition costs	-	-
Option payments received	-	-
	1	1
Deferred exploration expenditures ⁽²⁾		
Balance, beginning of year	747,207	562,942
Exploration costs	1,710	184,265
	748,917	747,207
Balance, end of period	748,918	747,208

⁽¹⁾ In January 2007, the Company staked the Roberts Property for \$25,000 consisting of 8 mineral claims located in Roberts Township in Ontario.

In March 2007, the Company granted International Kirkland Minerals Inc. ("IKI") the option to acquire a 100% interest in the Roberts Property for cash consideration of \$55,000, 3,000,000 IKI common shares, and \$200,000 in work expenditures. In 2007, and pursuant to the terms of the option agreement, IKI made \$5,000 in option payments and issued 1,000,000 IKI shares at a value of \$170,000. The acquisition cost was reduced to \$1 on the consolidated balance sheet at December 31, 2007 and the Company reported \$150,001 in income on the consolidated statement of operations and comprehensive earnings for the year ended December 31, 2007.

In March 2008, pursuant to the terms of the option agreement, IKI issued 1,000,000 shares to the Company at a value of \$40,000. The amount was reported in income during the year.

In May 2008, pursuant to the terms of the option agreement, IKI made \$25,000 in option payments. The amount was reported in income during the year.

⁽²⁾ On February 29, 2008, the Company acquired the residual 24% non-controlling interest in Polar Bear Explorations Inc. ("PBE") and now owns 100% of the outstanding shares of PBE. The purchase price of \$165,000, representing the fair value of the non-controlling interest in PBE, has been assigned to Mineral properties and deferred costs. The balance of \$19,265 relates to other deferred exploration expenditures. Additional exploration costs of \$1,710 were incurred during the period ended March 31, 2009.

In 2006, Augen established Polar Bear Explorations Inc. ("**PBE**"), a mining company currently in the exploration stage, to acquire claims in the Hudson Bay / James Bay area of northern Ontario, south east of the community of Peawanuck and south west of Polar Bear Provincial Park. Twenty-four claims (the "**Property**") have been staked and recorded in PBE. PBE owns 100% of the mineral rights on the Property. The Ministry of Northern Development and Mines has granted an Exclusion of Time to PBE which waives the annual expenditure requirements required by the Mining Act, pending the completion of an exploration agreement with the Weenusk First Nation.



Notes to Consolidated Financial Statements
March 31, 2009
Unaudited

6. Property, plant and equipment

	As at March 31, 2009			As at December 31, 2008		
	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Computer hardware	61,872	47,969	13,903	61,872	46,841	15,031
Computer software	4,116	3,698	418	4,116	3,559	557
Furniture and equipment	99,052	65,662	33,390	99,052	63,905	35,147
Leasehold improvements	42,500	6,375	36,125	42,500	4,250	38,250
	207,540	123,704	83,836	207,540	118,555	88,985

7. Commitments and contingencies

The Company has entered into lease agreements for premises and other equipment. The future minimum lease commitments are as follows:

2009	\$ 178,458
2010	\$ 233,949
2011	\$ 230,666
2012	\$ 227,567
2013	\$ 189,639

Certain legal actions against the Company are pending. Additionally, in the normal course of operations, certain contingencies may arise relating to legal actions undertaken against the Company. In the opinion of management, the outcome of such pending and potential legal actions will not have a material adverse effect on the Company's results of operations, liquidity or its financial position.

8. Capital stock

Authorized share capital

The Company is authorized to issue an unlimited number of common shares without par value, preferred shares issuable in series, and Series A preferred shares. The Series A preferred shares are non-redeemable, non-callable, non-voting and have no right to dividends. The preferred shares issuable in series will have the rights, privileges, restrictions and conditions assigned to the particular series upon the Board of Directors approving their issuance.

Issued share capital

The issued and outstanding share capital consists of common shares as follows:

	3 months ended March 31, 2009		For the year ended December 31, 2008	
	No. of Shares	\$	No. of Shares	\$
Balance, beginning of year	36,615,614	7,235,551	36,515,614	7,212,362
Issuance of shares for cash:				
Exercise of stock options	-	-	100,000	23,189
Balance, end of period	36,615,614	7,235,551	36,615,614	7,235,551



Notes to Consolidated Financial Statements
March 31, 2009
Unaudited

8. Capital stock (continued)

Stock option plan

The Company has established a stock option plan whereby the Board of Directors may grant options to directors, officers, and consultants to purchase common shares of the Company. The stock option plan is a rolling plan and the maximum number of authorized but unissued shares available to be granted shall not exceed 10% of its issued and outstanding common shares. Each stock option granted is for a term not exceeding five years unless otherwise specified.

	3 months ended March 31, 2009		For the year ended December 31, 2008	
	Weighted Average Exercise Price	No. of Options	Weighted Average Exercise Price	No. of Options
Outstanding, beginning of period	\$0.35	2,250,000	\$0.41	2,900,000
Transactions during the period: ⁽¹⁾				
Granted	-	-	0.25	1,050,000
Options exercised	-	-	0.16	(100,000)
Expired	0.50	(600,000)	0.41	(1,600,000)
Outstanding, end of period	\$0.29	1,650,000	\$0.35	2,250,000
Exercisable, end of period	\$0.33	846,164	\$0.39	1,076,393

As at March 31, 2009, the 1,650,000 options have a weighted average remaining life of 2.96 years.

⁽¹⁾ During the period, 600,000 options expired and no new options were granted. The estimated fair value of options that vested during the period is \$9,634 using the Black-Scholes model. The estimated fair value of the vested options has been charged during the period to the statements of operations and comprehensive earnings and credited to contributed surplus in shareholders' equity on a straight-line basis over any applicable vesting period. The underlying weighted average assumptions used in the estimation of fair value in the Black-Scholes model are as follows:

Risk free rate:	4.0% - 5.0%
Expected life:	3 - 5 years (based on option term)
Expected volatility:	93%-98%
Expected dividend yield:	0%

9. Contributed surplus

	3 months ended March 31, 2009	For the year ended December 31, 2008
	\$	\$
Balance, beginning of period	875,748	739,407
Value assigned to:		
Stock-based compensation on vested options	9,634	143,530
Exercise of stock options	-	(7,189)
Founder shares received of Augen Gold Corp.	-	-
Balance, end of period	885,382	875,748



Notes to Consolidated Financial Statements
March 31, 2009
Unaudited

10. Income taxes

The Company's reported income taxes differ from the amounts obtained by applying statutory rates (2009 - 33%, 2008 - 33.5%) to the loss before income taxes as follows:

<i>For the three months ended March 31,</i>	2009	2008
	\$	\$
Income tax (recovery) provision at statutory rates	(194,312)	(305,094)
Increase (decrease) related to:		
Non-taxable components of investment income	-	31,978
Previously unrecorded tax expense	(15,653)	-
Unrealized (gains) losses on held for trading investments	(27,759)	95,268
Share of (earnings) loss and capital transactions from equity-accounted investment	30,627	(5,466)
Stock-based compensation	3,179	14,142
Reduction in future income taxes resulting from reduction in tax rate	24,717	3,813
Other	(10,099)	614
Provision for income taxes	(189,300)	(164,745)
Classified as:		
Current	(14,066)	(54,451)
Future	(175,234)	(110,294)
	(189,300)	(164,745)

The Company's future income tax assets (liabilities) are comprised of the following:

<i>As at,</i>	March 31, 2009	December 31, 2008
	\$	\$
Future income tax asset (liability):		
Net operating losses carried forward	286,118	111,606
Recoverable taxes paid	59,758	59,758
Investments	351,798	349,277
Accounting provisions not currently deductible	8,247	10,046
Less: valuation allowance	(59,758)	(59,758)
	646,163	470,929
Classified as:		
Non-current	646,163	470,929
	646,163	470,929



Notes to Consolidated Financial Statements
March 31, 2009
Unaudited

11. Related party transactions

The amounts due from related parties are as follows:

<i>As at,</i>	March 31, 2009	December 31, 2008
	\$	\$
Due from investee company ⁽¹⁾	1,165,138	1,157,217
Due from Managed Products ⁽²⁾	99,917	283,713
	1,265,055	1,440,930
Due to other related parties ⁽³⁾	(1,883)	-
Total amount due from related parties, net	1,263,172	1,440,930

The amounts which are receivable and payable at the end of the period are summarized in the table above. The following were related party transactions during the period, of which certain amounts have been collected or paid. The transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties:

⁽¹⁾ The Company holds an investment in AGC, accounted for using the equity-accounting method. A director of the Company is a director of AGC and two officers of the Company are officers of AGC. The Company reported \$38,184 (2008 - \$47,508) in professional service fees earned through a services agreement with AGC for CEO and CFO services, premises and overhead charges, and interest charged on loan advances at the rate of prime plus 5% per annum beginning January 1, 2008. The balance at the end of the period of \$1,165,138 consists of loan advances in the amount of \$1,121,851 which were unsecured with no terms of repayment. Subsequent to the end of the quarter, the loan advances were converted into 7,479,010 common shares of AGC at a price of \$0.15 per share. The remaining balance of \$43,286 represents operational costs paid on behalf of AGC, which were collected subsequent to the end of the quarter.

⁽²⁾ The Company owns 100% of the general partners listed in note 3 and is responsible for the day to day management of the Augen limited partnerships. The general partners are entitled to an advisory fee equal to 2.00% - 2.25% of the net assets of the respective limited partnerships. The general partners may earn a performance fee on the rollover transaction asset transfer date of the limited partnerships into BluMont Augen Resource Strategy Fund ("**RS Fund**"). The general partners earned advisory fees of \$5,380 (2008 - \$35,515) during the quarter. No performance fees were paid during the quarter (2008 - \$NIL). Certain general partners are reimbursed for administrative and operating expenses incurred on behalf of certain limited partnerships. The general partners were reimbursed \$NIL (2008 - \$35,714) for such expenses during the quarter. During the quarter, Augen General Partner 2007 Inc. was the only general partner with an active Augen limited partnership outstanding, and had a net amount receivable of \$39,459.

Pursuant to the terms of an agreement entered into in 2007 between Augen and BluMont Capital Corporation ("**BluMont**"), the manager of RS Fund, the Company earned a percentage of the advisory fees for investment consulting services, paid from the new BluMont Augen limited partnerships. The Company earned net investment consulting fees of \$19,038 (2008 - \$104,596) during the quarter. At the end of the quarter, an amount of \$46,448 was receivable from BluMont.

The Company also earned net advisory fees from RS Fund of \$12,160 (2008 - \$57,399) during the quarter. At the end of the quarter, an amount of \$14,010 was receivable from BluMont.

⁽³⁾ For part of the quarter, the Company relied upon the services of a senior officer, who is also Chairman, for investment analysis and due diligence services. The services were provided by a related company that is controlled by the officer. The Company secured these services through an annual contract which was terminated on February 28, 2009. During the quarter, the Company paid fees of \$41,666 (2008 - \$62,500) to the related company, and there was no balance outstanding at the end of the quarter.

On February 27, 2009, the Company announced that it had entered into a management agreement effective March 1, 2009 pursuant to which OreReserve Asset Management Corp. (the "**Manager**"), a newly formed subsidiary of Integrated Asset Management Corp. ("**IAM**") (TSX: IAM), will manage the Company's business. During the quarter, the Company paid \$95,960 in management fees to the Manager pursuant to the terms of the management agreement. At the end of the quarter, a net amount of \$1,883 remains payable to the Manager, which represents fees payable by the Company in respect of the terms of the management agreement.



Notes to Consolidated Financial Statements
March 31, 2009
Unaudited

12. Segmented information

Augen operates under two segments: *Managed Products* and *Merchant Banking*.

The Merchant Banking ("MB") segment consists of a core investment portfolio of primarily emerging resource stocks. The MB segment provides financing and strategic management support to certain resource investee companies with a goal of maximizing net gains realized on its investment portfolio and generating transactional fee income.

The Managed Products ("MP") segment earns fees related to the limited partnerships and the mutual fund. These fees include, where applicable, management fees, performance fees, due diligence fees, and operating expense reimbursements.

The segmented financial results and assets are as follows:

<i>For the three months ended March 31,</i>	Merchant Banking		Managed Products		Total	
	2009	2008	2009	2008	2009	2008
	\$	\$	\$	\$	\$	\$
Income	45,703	(12,633)	31,826	220,148	77,529	207,515
Expenses	431,718	362,334	175,222	226,971	606,940	589,305
Earnings (loss) before undernoted items	(386,015)	(374,967)	(143,396)	(6,823)	(529,411)	(381,790)
Share of (earnings) loss and capital transactions from equity-accounted investment	185,617	(16,316)	-	-	185,617	(16,316)
Unrealized (gain) loss on investments held for trading	(168,234)	568,764	-	-	(168,234)	568,764
Non-recurring charges	18,441	-	18,440	-	36,881	-
Adjustment to fair value of liabilities	-	(26,712)	-	-	-	(26,712)
Amortization	2,575	1,601	2,574	1,602	5,149	3,203
Earnings (loss) before income taxes	(424,414)	(902,304)	(164,410)	(8,425)	(588,824)	(910,729)
Income taxes						
Current					(14,066)	(54,451)
Future					(175,234)	(110,294)
					(189,300)	(164,745)
Net earnings (loss) and comprehensive earnings (loss)					(399,524)	(745,984)

Consolidated Assets

<i>As at,</i>	Merchant Banking		Managed Products		Total	
	March 31, 2009	December 31, 2008	March 31, 2009	December 31, 2008	March 31, 2009	December 31, 2008
	\$	\$	\$	\$	\$	\$
Total assets	7,071,410	7,047,232	347,014	540,012	7,418,424	7,587,244
Shareholders' equity per share (*)					0.19	0.20

* Defined as shareholders' equity per financial statements, divided by common shares outstanding



Notes to Consolidated Financial Statements
March 31, 2009
Unaudited

13. Financial risk management

The Company's financial risk management goals are to ensure that the outcome of activities involving elements of risk are consistent with the Company's objectives and risk tolerance, while maintaining an appropriate risk/reward balance and protecting the Company's consolidated balance sheet from events that have the potential to materially impair its financial strength. Balancing risk and reward is achieved through identifying risk appropriately, aligning risk with overall business strategy, diversifying risk, pricing appropriately for risk, mitigation through preventive controls, and transferring risk to third parties.

The long-term investment objective and strategy for the direct holdings in the Merchant Banking portfolio and the consulting assets in the Managed Products portfolio remain unchanged. However, the short-term corporate objective and strategy continues to be modified to reflect the current global economic financial crisis and general market uncertainty, which will inevitably have an impact on the overall risk assessment of the Company. Such modifications include streamlining operational costs, preserving cash to the extent possible, and as a result of the weakened markets, management has suspended the disposition of securities until the markets show signs of improvement. The Company invests primarily in the equity securities of Canadian resource issuers. Investors are exposed to the risks and rewards of the Canadian resource sector.

The Company's exposure to potential loss from financial instruments relates primarily to its investment activities, and in particular, fair value risk, credit risk, liquidity risk, and market risk including credit quality and equity market fluctuation risk as described below.

Fair value risk

The carrying value of accounts receivable, due from related parties, accounts payable, and accrued liabilities approximates fair value due to the relatively short-term maturity of these financial instruments. Fair value represents the amount that would be exchanged in an arm's length transaction between willing parties and is best evidenced by a quoted market price, if one exists.

Credit risk

Credit risk is the risk that one party to a financial instrument fails to discharge its obligations and thereby causes financial loss to another party. The Company's exposure to credit risk is concentrated in two specific areas: the credit risk on operating balances, including receivables and the credit risk on balances due from related parties. The Company was exposed to credit risk with respect to the loan advances due from its equity-accounted investment in AGC, which earned interest at the prime lending rate plus 5%. The loan advances were converted into common shares of AGC on April 7, 2009 as disclosed in note 16 *Subsequent event*.

The aggregate gross credit risk exposure at March 31, 2009 was \$3,582,015, and was comprised of \$12,400 in receivables, \$1,263,172 in amounts due from related parties, and \$2,306,443 of cash held with financial institutions with an "AA" credit rating and securities brokerage firms.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet cash flow commitments associated with financial instruments. The purpose of liquidity management is to ensure that there will be sufficient cash to meet all financial commitments and obligations as they become due. To manage cash flow requirements, the Company maintains a portion of invested assets in liquid securities. All financial liabilities, with the exception of deferred lease inducements, are current.



Notes to Consolidated Financial Statements
March 31, 2009
Unaudited

13. Financial risk management (continued)

The Company believes that its cash position, short-term investments, if any, and investments in marketable securities provide adequate liquidity to meet all of the Company's financial obligations for at least the next twelve months. The Company also expects to receive fee income on its flow-through consulting assets as well as investment income on its holdings of cash.

Currency risk

Currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company believes it is not significantly exposed to foreign exchange risk at this time as its business activities are primarily denominated in Canadian currency. The Company may however be exposed to foreign exchange fluctuations, which could have a significant adverse effect on its consolidated results of operations from time to time, should the Company enter into foreign currency denominated transactions.

Market risk

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, the trading price of equity and other securities, and foreign currency exchange rates. Market risk is directly influenced by the volatility and liquidity in the markets in which the related underlying assets are traded. Market price fluctuations and fluctuations in the value of equity securities affect the level and timing of recognition in earnings and comprehensive earnings of gains and losses on securities held. General economic conditions, political conditions and many other factors can also adversely affect the stock markets and consequently, the value of the equity securities held.

The Company focuses on small and mid-market capitalization companies as these companies have historically generated higher per share returns. The per share price of these companies can, however, be more volatile than larger capitalization companies. The following table summarizes the potential impact of a 10% change in the Company's equity-related holdings on the net earnings (loss) and other comprehensive earnings (loss) for the quarter ended March 31, 2009. Certain shortcomings are inherent in the method of analysis presented, as the analysis is based on the assumptions that the equity-related holdings increased/decreased by 10% with other variables held constant and that all the Company's equity and equity-related instruments moved in a one-to-one correlation with the market.

Changes in equity-related holdings	Effect on Net earnings (loss) and comprehensive earnings (loss) (pre-tax)
10% increase	\$81,038
10% decrease	\$(81,038)

Generally, a 10% decline in the value of equity-related holdings resulting from market price fluctuations would decrease the pre-tax net earnings and comprehensive earnings whereas a 10% increase in the value of equity-related holdings resulting from market price fluctuations would increase the pre-tax net earnings and other comprehensive earnings. Currently, two of sixty-one investments represent 50% of the Company's MB investment portfolio.



Notes to Consolidated Financial Statements
March 31, 2009
Unaudited

14. Capital management

The Company includes cash, receivables, amounts due from related parties, investments and shareholders' equity in its capital management considerations. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders by maximizing fee income from the MP consulting assets and investment returns on the MB investment portfolio. The Company manages capital in proportion to risk and manages the investment portfolio and capital structure based on economic conditions and prevailing commodity pricing and trends. The following table is a summary of quantitative data about what the Company manages as capital:

	March 31, 2009	December 31, 2008	Change
	\$	\$	\$
Cash	2,306,443	2,381,816	(75,373)
Receivables	12,400	44,400	(32,000)
Due from related parties	1,263,172	1,440,930	(177,758)
Investments	810,379	642,145	168,234
Shareholders' equity	6,900,998	7,290,888	(389,890)

The Company monitors these items to assess its ability to fulfil its ongoing financial obligations. The Company relies on cash flow generated from operations, ongoing cost cutting measures and additional financing, if required, to maintain adequate liquidity to support its ongoing working capital commitments. As a result of the current economic conditions and market uncertainty, the Company: has streamlined operational costs; is preserving cash to the extent possible; and has suspended the disposition of securities until the markets show signs of improvement.

15. Non-recurring charges

The Company reported net non-recurring charges of \$36,881 in connection with the new Management Agreement described in note 11 *Related party transactions* above. The costs associated with the new Management Agreement are expected to be one time in nature and not to reoccur.

16. Subsequent event

The Company called a special meeting of the shareholders of AGC, an investee company in the MB portfolio. The meeting was held on March 13, 2009. The shareholders of AGC were asked to vote on a resolution approving a shares-for-debt transaction for the conversion of debt owed by AGC to the Company, into common shares. One hundred percent of the disinterested shareholders who voted on this resolution did so in favour of the conversion. As a result on April 7, 2009, AGC issued 7,479,010 common shares at a price of \$0.15 per share to settle \$1,121,851 of debt and the Company now owns 11,519,010 shares of AGC which represents 35.5% of the issued and outstanding common shares of AGC.

17. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation. Net loss previously reported has not been affected by this reclassification.