



TORCH RIVER RESOURCES LTD.

**SECOND QUARTER
INTERIM FINANCIAL STATEMENTS**

April 30, 2009
(Prepared by Management)

**NOTICE TO SHAREHOLDERS
FOR THE SECOND QUARTER ENDED APRIL 30, 2009
TORCH RIVER RESOURCES LTD.**

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

The accompanying unaudited interim consolidated financial statements of Torch River Resources Ltd. have been prepared by, and are the responsibility of, the Company's management. The accompanying unaudited interim consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada, consistent with previous periods.

Torch River Resources Ltd.'s independent auditor has not performed a review of these consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statement by an entity's auditor.

TORCH RIVER RESOURCES LTD.
BALANCE SHEET AS AT APRIL 30, 2009

	April 2009	April 2008	YE October 31 2008 (Audited)
ASSETS			
Current			
Cash and equivalents	\$ 54,218	\$ 82,496	\$ 49,956
Short term investments	0	2,086,724	371,264
Accounts receivable	309,532	80,899	415,513
Prepaid expenses	7,563	26,415	20,018
	371,313	2,276,534	856,751
Restricted cash	46,000	36,000	46,000
Equipment	90,240	95,701	100,426
Deferred finance charge	0	7,774	0
Mineral properties and rights	1,022,775	1,980,186	3,161,614
Deferred exploration costs	1,978,171	2,621,656	4,342,449
	\$ 3,508,499	\$ 7,017,851	\$ 8,507,240
LIABILITIES			
Current			
Accounts payable and accrued liabilities	\$ 48,373	\$ 11,254	\$ 221,788
Current portion of long term debt	12,884	18,944	24,785
	61,257	30,198	246,573
Long Term			
Finance contracts payable	-	17,108	
	61,257	47,306	246,573
SHAREHOLDER'S EQUITY			
Share capital	10,162,850	8,708,911	10,096,072
Contributed surplus	875,300	877,365	875,300
Deficit	(7,590,908)	(2,615,731)	(2,710,705)
	3,447,242	6,970,545	8,260,667
	\$ 3,508,499	\$ 7,017,851	\$ 8,507,240

On behalf of the Board of Directors

"William E. Pfaffenberger"
William Pfaffenberger
President, CEO

"Barry Pearson"
Barry Pearson
CFO

TORCH RIVER RESOURCES LTD.

**STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME AND DEFICIT
FOR THE SECOND QUARTER ENDED APRIL 30, 2009**

	3 Months April 30 2009	3 Months April 30 2008	6 Months April 30 2009	6 Months April 30 2008
Administrative Costs				
Amortization	\$ 5,040	\$ 5,419	\$ 10,186	\$ 10,837
Bank and loan interest	860	245	1,016	430
Filing fees	7,495	8,369	7,611	8,536
General meetings		500	364	2,985
Internet and website	75	1,700	326	2,482
Investor relations	27,817	42,795	59,342	68,032
Management fees	26,400	23,400	52,800	46,800
Office compensation	240	3,501	1,080	5,110
Office expense	1,933	3,206	5,974	8,268
Professional fees	21,510	7,010	43,275	18,013
Stock compensation		79,931		101,563
Telecommunications	95	160	420	772
Transfer agent	1,101	980	2,379	2,958
Travel & promotion	1,026	10,737	8,199	23,077
Operating costs for the quarter	\$ 93,592	\$ 187,953	\$ 192,972	\$ 299,863
Writedown of mineral property interests (note 5)			4,690,350	
Interest income	(119)	(16,325)	(3,119)	(37,389)
Loss and comprehensive loss for the period	\$ 93,473	\$ 171,628	\$ 4,880,203	\$ 262,474
Deficit, beginning of year / quarter	\$ 7,497,435	\$ 2,444,103	\$ 2,710,705	\$ 2,353,257
Deficit end of quarter / period	\$ 7,590,908	\$ 2,615,731	\$ 7,590,908	\$ 2,615,731
Loss (gain) per share - basic and diluted	\$ 0.00	\$ 0.00	\$ 0.09	\$ 0.01

TORCH RIVER RESOURCES LTD.

STATEMENT OF CASH FLOWS

FOR THE SECOND QUARTER ENDED APRIL 30, 2009

	3 Months April 30 2009	3 Months April 30 2008	6 Months April 30 2009	6 Months April 30 2008
Cash Flow from (used in) the following				
Operations				
Net income (loss) for the year	\$ (93,473)	\$ (171,628)	\$ (4,880,203)	\$ (262,474)
Items not involving cash				
Stock based compensation	-	79,931	-	101,563
Amortization	5,040	5,418	10,186	10,837
Writedown of mineral property interests	-	-	4,690,350	-
	(88,433)	(86,279)	(179,667)	(150,074)
Cash provided by (invested in) non-cash working capital				
Decrease (increase) in accounts receivable and prepaids	(4,276)	(8,862)	118,435	132,284
Increase (decrease) in accounts payable and accrued liabilities	(25,296)	(34,997)	(173,415)	(45,420)
Letter of Credit		(10,000)		(10,000)
	(118,005)	(140,138)	(234,647)	(73,210)
Cash Flow from (used in) financing activities				
Issuance of share capital	50,000		50,000	215,150
Share issuance cost	(5,721)	(750)	(5,721)	
Repayment of long term debt				
Payment in financing contracts	(5,950)	(6,248)	(11,901)	(12,537)
	38,329	(6,998)	32,378	202,613
Cash flows from (used in) investing activities				
Acquisition of mineral properties for cash	(45,251)	(14,909)	(73,606)	(14,909)
Acquisition of capital assets				
Deferred exploration expenses	(25,132)	(44,907)	(91,127)	(65,426)
Restricted cash for contingency				
	(70,383)	(59,816)	(164,733)	(80,335)
Increase (decrease) in cash and cash equivalents	\$ (150,059)	\$ (206,952)	\$ (367,002)	\$ 49,068
Cash and cash equivalents, beginning of period	204,277	2,376,023	421,220	2,120,003
Cash and cash equivalents, end of period	\$ 54,218	\$ 2,169,071	\$ 54,218	\$ 2,169,071

TORCH RIVER RESOURCES LTD.

Notes to the Interim Financial Statements

For the six months ended April 30, 2009

1. Going Concern

These financial statements have been prepared by the Company (without audit) on a going-concern basis which assumes that the Company will be able to realize assets and discharge liabilities in the normal course of business for the foreseeable future. Accordingly, it does not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than normal course of business and at amounts which may differ from those shown in the financial statements.

The Company's ability to continue as a going concern is contingent on its ability to obtain additional equity financing. However, the current financial equity market conditions and the low price of the Company's common shares make it difficult to raise funds by private placements of shares.

The amounts shown as mineral properties and related deferred costs represent costs net of recoveries to date, less amounts written off, and do not represent present or future values. Recoverability of the amounts shown for mineral properties is dependent upon the discovery of economically recoverable mineral reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain financing necessary to complete the exploration and development of its mineral property interests, and on future profitable production or proceeds from the disposition of the mineral property interests.

2. Nature of Operations

Torch River Resources Ltd. incorporated extra provincially in Alberta, Saskatchewan, Manitoba, and British Columbia has shares listed on the TSX Venture Exchange.

Torch River Resources Ltd. is the result of an amalgamation filed March 26, 2004 effective September 4, 2003 between Torch River Mines Ltd. and Tael Capital Inc.

Tael was formed as a "Capital Pool Company" and was engaged in the business of identifying and evaluating properties or businesses with a view to completing a Qualifying Transaction. The amalgamation constitutes Tael's Qualifying Transaction for the purposes of TSXV Policy 2.4. Torch was a private Company that was formed to explore and develop mineral properties in Manitoba. The amalgamation allows Torch to provide liquidity to its existing shareholders and gain access to the capital markets.

The Company is in the process of exploring its mineral properties and has not determined whether these properties contain ore reserves which are economically recoverable.

The recoverability of amounts shown for mineral properties and related deferred costs is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development, and future profitable production from the properties of proceeds from disposition.

TORCH RIVER RESOURCES LTD.

Notes to the Interim Financial Statements

2. Nature of Operations - continued

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

To date, the Company has not earned significant revenues and is considered to be in the exploration stage.

3. Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results may differ from those estimates.

Mineral Properties and Rights, and Deferred Exploration Costs

The Company follows the accepted accounting practice of capitalizing acquisition, exploration and development costs applicable to properties held. If the properties become productive the costs will be amortized over the anticipated production of the property. If the property is abandoned, the applicable costs will be written off.

Depletion of costs capitalized to properties will be recorded using the unit of production method based on estimated proven reserves as determined by independent engineers.

Management has determined each property or project to be a cost centre.

The costs capitalized represent those costs incurred to date and do not necessarily reflect present or future values.

From time to time, the Company acquires or disposes of properties pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as a resource property cost or recoveries when the payments are made or received.

Management of the Company reviews and evaluates the carrying value of each mineral property for impairment when events or changes in circumstances indicate that the carrying amounts of the related asset may not be recoverable. If the total estimated future cash flow on an undiscounted basis is less than the carrying value of the asset, an impairment loss is measured and the asset is written down to fair value which is normally based on the discounted value of future cash flows. Where estimates of future net cash flows are not available and where other conditions suggest impairment, management assesses whether carrying value can be recovered by considering alternative methods of determining fair value. When it is determined that a mineral property is impaired, it is written down to its estimated fair value.

TORCH RIVER RESOURCES LTD.

Notes to the Interim Financial Statements

3. Significant Accounting Policies - continued

Equipment

Equipment is recorded at cost less accumulated amortization. Amortization is provided using the following basis and annual rates:

<u>Equipment</u>	<u>Basis</u>	<u>Rate</u>
Computer equipment	Declining balance	45%
Furniture, fixtures and office equipment	Declining balance	20%
Field equipment	Declining balance	20%

One half of the above rates are used in the year of acquisition.

Cash Equivalents

Cash equivalents consist of highly liquid investments which are readily convertible into cash with maturities of three months or less when purchased.

Income Taxes

Income taxes are accounted for using the asset and liability method pursuant to Section 3465, Income Taxes of the Handbook of the Canadian Institute of Chartered Accountants. Future taxes are recognized for the tax consequences of "temporary differences" by applying enacted or substantively enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and tax basis of existing assets and liabilities. The effect on deferred taxes for a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment. In addition, Section 3465 requires the recognition of future tax benefits to the extent that realization of such benefits is more likely than not.

Stock Option Plan

The Company has a stock option plan that is described in Note 8.

Effective November 1, 2003, the Company adopted the standard for the accounting for stock-based compensation and other stock-based payments as recommended by the Canadian Institute of Chartered Accountants (CICA 3870)

As permitted by CICA 3870 the Company applied the recommendations prospectively only to awards granted on or after November 1, 2003. For stock option awards granted and all direct awards of stock, the Company applies the fair value method. The fair value of stock options is determined by the Black-Scholes Option Pricing Model with assumptions for: weighted average risk-free interest rates; dividend yields; weighted-average volatility factors of the expected market price of the Company's Common Shares; and a weighted average expected life of the options. The fair value of direct awards of stocks is determined by the quoted market price of the Company's stock.

TORCH RIVER RESOURCES LTD.

Notes to the Interim Financial Statements

3. Significant Accounting Policies - continued

Basic and Diluted Loss Per Share

Loss per share amounts have been calculated and presented in accordance with the new recommendation of the Canadian Institute of Chartered Accountants. The new standard has been applied on a retroactive basis and had no impact on the amounts previously reported.

Basic earnings per share are computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year. Diluted earnings per share reflect the potential dilution that could occur if potentially dilutive securities were exercised or converted to Common Shares. The dilutive effect of options and warrants and their equivalent is computed by application of the treasury stock method and the effect of convertible securities by the "if converted" method. Fully diluted amounts are not presented when the effect of the computations are anti-dilutive due to the losses incurred. Accordingly, there is no difference in the amounts presented for basic and diluted loss per share.

Share Capital - Flow Through Shares

The Company finances a portion of its exploration activities through the issue of flow-through shares.

The Company provides certain share subscribers with a flow-through component for tax incentives available on qualifying Canadian exploration expenditures. The Company renounces the qualifying expenditures upon issuance of the respective flow-through common shares and accordingly is not entitled to the related taxable income deductions for such expenditures.

The Company issued 1,000,000 flow through shares at \$0.05 in Quarter 2, 2009. Those shares issued require that the Company make certain qualifying expenditures for tax purposes on or before December 31, 2009. the deduction of which flow through to the shareholders.

The Company adopted, on a prospective basis, recommendations by the Emerging Issues Committee ("EIC") of the CICA relating to the recording of flow-through shares. EIC 146 stipulates that future income tax liabilities resulting from the renunciation of qualified mineral expenditures by the Company from the issuance of flow-through shares are recorded as a reduction in share capital. Any corresponding realization of future income tax benefits resulting in the utilization of prior year losses available to the Company not previously recorded, whereby the Company did not previously meet the criteria for recognition, are reflected as part of the Company's operating results during the year the expenses are renounced to the share subscribers.

Contributed Surplus

The fair value of certain stock options have been valued using the Black-Scholes option-pricing model. The fair value on the grant of these securities is added to contributed surplus. Upon exercise, the corresponding amount of contributed surplus related to the security is removed from contributed surplus and added to share capital.

TORCH RIVER RESOURCES LTD.

Notes to the Interim Financial Statements

3. Significant Accounting Policies - continued

Asset Retirement Obligations

Asset retirement obligations are recognized when a legal obligation arises. This liability is recognized at the fair value of the asset retirement obligation. When the liability is initially recorded the Company capitalizes the cost by increasing the carrying amount of the related long-lived assets. Over time the liability is accreted to its present value each period, and the capitalized cost is amortized over the useful life of the related asset. Upon settlement of the liability, the Company either settles the obligation for its recorded amount or incurs a gain or a loss upon settlement.

It is reasonably possible that the Company's estimates of its ultimate reclamation and site restoration liability could change as result of changes in regulations or cost estimates. The effect of changes in estimated costs is recognized on a prospective basis. Currently, the Company's projects are under option and at an exploration stage, and accordingly, no such obligations have arisen.

4. Equipment

Equipment consists of the following:

	Cost	Accumulated Depreciation	Net Book Value 2009	Oct 31, 2008
Computer Equipment	\$ 10,247	\$ 8,264	\$ 1,983	\$ 2,333
Office Equipment	5,259	4,442	817	1,055
Field Equipment	153,626	66,186	87,334	97,038
	\$ 169,132	78,892	90,240	\$ 100,426

5. Mineral Properties and Rights and Deferred Exploration Costs

The Company has acquired certain mineral properties and rights, the costs of which are as follows:

Property	Property Costs	Exploration Costs	April 30, 2009	October 31, 2008
High Rock and Climpy	\$ 15,000	552,646	567,646	\$ 567,646
Red Bird Property	2,990,000	3,263,798	1,563,448	6,215,613
* Impairment	(2,242,500)	(2,447,850)		
Grouse Mountain	33,435	10,606	44,041	43,460
Mount Copeland	139,000	582,240	721,240	677,344
Nahmint	67,840	16,732	84,572	
			3,091,186	\$7,504,063

(*) charge taken in Quarter 1

TORCH RIVER RESOURCES LTD.

Notes to the Interim Financial Statements

5. Mineral Properties and Rights (continued)

High Rock and Climpy Property

The High Rock property and the Climpy property are gold prospects in northeast Manitoba located approximately 8 kilometres apart and cover approximately 1,544 hectares. The High Rock property consists of 9 mining claims covering 1,301 hectares and the Climpy property consists of one claim covering 243 hectares. Torch holds a 100% interest in all of the claims.

These claims do not include surface rights, but the use of such surface areas as may be required to carry out a mining operation can be obtained according to regulation. The claims have not been surveyed.

Red Bird Property

On July 8, 2005 the Company entered into an agreement with Red Bird Resources Ltd. whereby the Company will have an option to acquire a 100% interest in a molybdenum/copper property consisting of 840 hectares located in the Skeena Mining Division of the Central Coastal region of British Columbia.

The option is subject to a 2.5% net smelter return ("NSR") royalty which shall be retained by the Optionor on the Property.

The interest will be earned by the Company paying to Red Bird the following:

- (a) \$50,000 upon execution of the option agreement (paid)
- (b) \$50,000 (paid)
- (c) \$150,000 to fund the initial work program on the Red Bird property (paid)
- (d) \$200,000 on or before May 15, 2006 (paid)
- (e) \$500,000 which will be used by Red Bird to fund the work program on the Red Bird property to be paid on or before June 30, 2006 (paid)
- (f) \$500,000 to be paid on or before May 15, 2007 (paid)
- (g) \$750,000 which will be used by Red Bird to fund the work program on the Red Bird property to be paid on or before May 15, 2007 (paid)
- (h) \$500,000 payable on or before May 15, 2008 (paid)
- (i) \$750,000 which will be used by Red Bird to fund the work program on the Red Bird property, payable on or before May 31, 2008 (paid)

At May 31, 2008 the Company earned a 25% undivided interest in the property.

If the Company does not complete the Option Agreement to earn 100% of the property, Red Bird shall have the right of first refusal to buy back the 25% interest earned by the Company, for the cash payment of \$1,800,000. This right of first refusal shall expire on December 31, 2008. If Red Bird elects not to buy back the 25% interest, Red Bird retains the sole right to negotiate future deals with third parties on 100% of the Red Bird Property.

TORCH RIVER RESOURCES LTD.

Notes to the Interim Financial Statements

5. Mineral Properties and Rights (continued)

In addition to the foregoing, the Company is obligated to:

- (a) pay the sum of 4,000,000 to Red Bird on or before December 31, 2008
- (b) issue and deliver to Red Bird the following common shares of the Company:
 - (i) 1,000,000 Common Shares (issued)
 - (ii) 2,000,000 Shares on or before May 15, 2007 (issued)
 - (iii) 2,000,000 Shares on or before May 15, 2008 (issued)
 - (iv) 2,000,000 Shares on or before May 15, 2009; (not issued) and
 - (v) 3,000,000 Shares on or before December 31, 2009

The Company did not remit the \$4,000,000 to Red Bird on or before December 31, 2008 and currently is left holding a 25% undivided interest in the property. There are no ongoing negotiations or further activities planned at this time.

In the first quarter of the year, the Board and management of the company, after careful evaluation of the depressed market conditions and having done its due diligence on the short to mid term economic opportunities on the property decided that the best decision on behalf of the shareholders was to cap the option agreement with the 25% undivided interest in the property and not put the Corporation into debt.

Management believes that the value of the property is impaired and that this actions results in some uncertainty as to the value of work done to date and the carrying value of the Red Bird property, As a result, in Quarter one, the value of the asset was written down by 75% or \$4,690,350. The Company believe that this is a reasonable impairment charge and follows Canadian GAAP as guided by Section 3063 of the CICA handbook.

Grouse Mountain

In July of 2007 the Company entered into an agreement with William Pfaffenberger to purchase six mineral (silver) claims covering a total of 1,574.5054 hectares at Grouse Mountain, British Columbia for a total of \$33,060 in cash.

Mount Copeland

On February 12, 2008, the Company entered into an agreement whereby the Company will have the option to acquire a 100% interest in a molybdenum/copper property consisting of two mineral claims covering a total of 730.112 hectares located in British Columbia.

The option is subject to a 2.75% net smelter royalty ("NSR") which shall be retained by the Optionor on the property.

The interest will be earned by the Company paying the following:

- (a) \$15,000 upon signing the agreement (paid)
- (b) \$10,000 on or before the 28th of April 2008 and \$25,000 together with 200,000 common shares on or before the 30th day of June (paid and issued)
- (c) \$25,000 together with 200,000 common shares on or before the 28th day of April 2009 (paid)
- (d) \$200,000 together with 900,000 common shares on or before the 28th day of April 2010
- (e) \$200,000 on or before the 28th day of April 2011 upon which, all payments being made, the title to the mineral claims will be transferred to Torch River Resources Ltd.

TORCH RIVER RESOURCES LTD.

Notes to the Interim Financial Statements

5. Mineral Properties and Rights (continued)

In addition to the foregoing, the Company is obligated to pay the following for work commitments:

- (a) \$100,000 during the summer and fall of the 2008 calendar year but, in any event, on or before November 1, 2008 (paid)
- (b) \$400,000 on or before November 1, 2009 (paid)

Nahmint Property

An Option Agreement was signed February 9, 2009 whereby the Company shall earn a 75% interest in the Nahmint Property by paying the vendors \$351,000 over 5 years, spending \$1,350,000 on work programs on the property over five years and issuing ten million shares to the vendors over five years. The Nahmint Property is subject to a 2% NSR of which 1% can be purchased by the Company for \$1,000,000. The Company shall be the operator for the projects conducted on the Nahmint property.

The property consists of two groups of: (i) 14 Crown granted mineral claims comprised of the Three Jays group of eight crown grants and the Monitor group of six crown grants; and (ii) the surrounding 18 cell staked claims are collectively known as the Nahmint Property. The Nahmint Property is at tidewater on the Alberni Canal approximately 25 km. south-south-west of Port Alberni on Vancouver Island, British Columbia.

A copy of the agreement is posted on SEDAR.

Measurement Uncertainty

The Company has attempted to take a conservative valuation of its mineral properties and has booked an impairment charge on the Red Bird property to reflect a possible reduction in value. The Company has not experienced any other property specific adverse impact to date on its operations but general mining market conditions have deteriorated, resulting in a decrease in the price of the Company's common shares, which in turn has created difficulty in raising sufficient equity capital to effectively explore or develop the Company's mineral property interests.

One or more of the issues described, or other factors beyond management's control, in future periods could adversely affect the Company's operations and could result in future potential or total write downs of the Company's recorded mineral property total interest of \$3,091,186 as at April 30, 2009. Such write-down amounts could be material.

TORCH RIVER RESOURCES LTD.

Notes to the Interim Financial Statements

6. Long-Term Debt

The Company does not carry any long term debt.

7. Share Capital

The authorized share capital of the Company is:

An unlimited number of voting common shares without par value. An unlimited number of non-voting first preferred shares. An unlimited number of non-voting second preferred shares.

At April 30, 2009 (2008 comparison) the Company's issued share capital was as follows:

	2009		2008	
	Number of Shares	\$ Amount	Number of Shares	\$ Amount
<u>Common Shares</u>				
Balance beginning of year	52,742,657	10,096,072	44,046,177	8,493,761
Warrants exercised			580,000	145,000
Options exercised			580,000	70,900
Issued on Private Placement	1,000,000	44,278		
Nahmint	200,000			
Mount Copeland	250,000			
Contributed Surplus		22,500		
Balance end of quarter / period	54,192,657	10,162,850	45,126,177	8,708,911

8. Share Capital Options and Warrants

Options

The Company has established a stock based compensation plan pursuant to which options to purchase common shares may be granted to certain officers, directors, and contractors of the Company as well as persons providing ongoing services to the Company. Exercise price of options equals at least the market price of the Company's stock on the date of grant. Stock options are exercisable on the day of grant and are for a two - five-year term in accordance with TSX Venture Exchange policy.

TORCH RIVER RESOURCES LTD.
Notes to the Interim Financial Statements

8. Share Capital Options and Warrants - continued

A summary of the status of the Company incentive stock option plan as at April 30, 2009 is as follows:

	Number of Shares	Weighted Average Exercise Price
Outstanding October 31, 2008	4,724,000	0.26
Expired	(180,000)	0.48
Outstanding April 30, 2009	4,544,000	0.25

Options Granted

The Company has established a share option plan whereby options may be granted to directors, officers, contractors and consultants to purchase. Options granted have an exercise price of not less than the market price on the last trading day prior to the date of grant of the common shares on the stock exchange on which the shares are traded. Options granted vest upon grant and expire within two to five years from the date of the grant of options.

There were no options issued in the first two quarters of fiscal 2009

A summary of the status of the company incentive stock option plan as at April 30, 2009 is as follows:

Number of Shares Under Option	Exercise Price	Expiry Date
250,000	0.170	May 12, 2009
200,000	0.320	June 06, 2009
124,000	0.420	September 16, 2009
50,000	0.180	December 27, 2009
120,000	0.180	August 25, 2011
100,000	0.135	January 17, 2012
500,000	0.160	March 7, 2012
1,230,000	0.380	May 15, 2012
670,000	0.032	June 6, 2012
180,000	0.150	November 30, 2012
320,000	0.180	February 17, 2013
370,000	0.160	May 29, 2013
50,000	0.015	July 12, 2013
380,000	0.120	July 29, 2013
4,544,000		

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Notes to the Interim Financial Statements

The Company has not completed any private placements during the current quarter. However, the Company has raised in the previous year(s) by attaching share purchase warrants to common shares sold and issuing share purchase warrants.

A summary of the status of the share purchase warrants available is as follows:

<u>Number of Warrants</u>	<u>Purchase Price</u>	<u>Expiry Date</u>
789,450	0.30	May 21, 2010
476,190	0.30	June 20, 2010
57,143	0.30	June 20, 2010
1,096,500	0.30	June 29, 2010
131,580	0.30	June 29, 2010
317,500	0.25	September 15, 2010
<u>1,000,000</u>	0.15	March 5, 2010
3,868,363		

9. Related Party Transactions

During the quarter the Company incurred charges from directors or companies sharing common directors as follows:

	<u>2009</u>	<u>2008</u>
Management fees	\$ 9,000	\$ 9,000
Office expense	0	210
Travel and promotion	0	1,360
Stock compensation	0	64,267
Meeting expense	0	2,194
	<u>\$ 9,000</u>	<u>\$ 77,031</u>

These transactions occurred during the normal course of operations and were measured at the exchange amount, that is the amount established and accepted by the parties

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Notes to the Interim Financial Statements

10. Contingency

A term deposit of \$46,000 has been pledged as security to the Scotia Bank for their irrevocable letter of credit in favor of the Province of British Columbia, Ministry of Energy and Mines.

11. Financial Instruments

The Corporation has classified its financial instruments as follows:

Cash and short-term investments are classified as held-for-trading and accordingly carried at their fair values.

Accounts receivable are classified as loans and receivables, and accordingly carried at their amortized costs.

Accounts payable and accrued liabilities and long-term debt were classified as other financial liabilities and are currently at their amortized cost.

Credit Risk

The Company does not believe it is subject to any significant credit risk as \$309,532 of its accounts receivable balance as at April 30, 2009 represents amounts owed to the Company by Canadian Federal and Provincial governments.

Currency Risk

The Company is not exposed to currency risk as all cash and cash equivalents are held in Canadian funds.

Interest Rate Risk

The Company is exposed to interest rate risk on its cash equivalents. Generally, the company's interest income will be reduced during sustained periods of lower interest rates.

Liquidity Risk

The Company is exposed to liquidity risk which is the risk that an entity will encounter difficulty in raising funds to meet cash flow commitments associated with financial instruments. The Company endeavors to manage liquidity risk by maintaining sufficient cash and short-term investment balances for settlement of its obligations. Liquidity requirements are managed based on expected cash flow to ensure there is sufficient capital in order to meet short-term obligations.

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11. Financial Instruments - continued

Market Risk and Commodity Price Risk

Market risk is the risk of loss arising from adverse changes in market rates and prices. The significant market risk exposure to the Company relates to commodity price risk and, specifically, declines in the price of molybdenum and copper. The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in the market prices of molybdenum and copper associated with the Company's mineral property interests.

12. Capital Disclosures

The Company's capital currently consists of common shares, options and warrants. As the Company is in the exploration stage its principal source of funds is from the issuance of common shares. The Company is not subject to any externally imposed capital requirements. The Company's capital management objectives are to safeguard its ability to continue as a going concern and to have sufficient capital to be able to meet the Company's property exploration plans to ensure the growth of activities.