

Financial Statements of

QUADRO RESOURCES LTD.

(formerly Tri-Gold Resources Corp.)

Year ended July 31, 2009

Report Date – November 23, 2009

AUDITORS' REPORT

To the Directors of
Quadro Resources Ltd.
(formerly Tri-Gold Resources Corp.)

We have audited the balance sheets of Quadro Resources Ltd. (formerly Tri-Gold Resources Corp.) as at July 31, 2009 and 2008 and the statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Accountants

November 23, 2009



QUADRO RESOURCES LTD.
(formerly Tri-Gold Resources Corp.)
BALANCE SHEETS
AS AT JULY 31

	2009	2008
ASSETS		
Current		
Cash	\$ 1,020,391	\$ 1,244,725
Receivables	33,034	98,350
Prepaid expenses and deposits	5,099	3,971
	1,058,524	1,347,046
Mineral property investments (Note 3) – schedule	3,163,750	3,150,685
Equipment (Note 4)	15,781	20,185
	\$ 4,238,055	\$ 4,517,916
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 82,561	\$ 129,130
Due to related parties	10,639	38,600
	93,200	167,730
Shareholders' equity		
Capital stock (Note 6)	9,607,269	9,607,269
Contributed surplus (Note 6)	617,579	617,579
Deficit	(6,079,993)	(5,874,662)
	4,144,855	4,350,186
	\$ 4,238,055	\$ 4,517,916

Nature of operations and going concern (Note 1)
Commitments (Notes 11)

On behalf of the Board:

<u>“T. Barry Coughlan”</u> T. Barry Coughlan	Director	<u>“T. R. Wilson”</u> T. R. Wilson	Director
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The accompanying notes are an integral part of these financial statements.

QUADRO RESOURCES LTD.
(formerly Tri-Gold Resources Corp.)
STATEMENTS OF OPERATIONS AND DEFICIT
YEAR ENDED JULY 31

	2009	2008
EXPENSES		
Accounting and audit	\$ 14,900	\$ 44,353
Amortization	5,290	5,839
Consulting fees	73,977	81,601
Investor relations	2,500	30,500
Legal	6,123	4,247
Management fees	60,000	60,000
Office and miscellaneous	18,069	20,359
Rent	15,722	7,541
Stock-based compensation (Note 6)	-	56,346
Transfer agent and regulatory fees	20,823	13,145
Travel and promotion	14,907	17,061
	(232,311)	(340,992)
OTHER ITEMS		
Interest and other income	15,860	57,811
Tax and penalties (Note 8)	(20,820)	(6,856)
Write-off of staled accounts payable	31,940	-
Write-off of mineral properties (Note 3)	-	(389,315)
	26,980	(338,360)
Loss before income taxes	(205,331)	(679,352)
Income tax recovery	-	265,609
Net loss for the year	(205,331)	(413,743)
Deficit, beginning of year	(5,874,662)	(5,460,919)
Deficit, end of year	\$ (6,079,993)	\$ (5,874,662)
Basic and diluted loss per common share	\$ (0.03)	\$ (0.06)
Basic and diluted weighted average number of common shares outstanding	7,106,162	7,106,162

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

QUADRO RESOURCES LTD.
(formerly Tri-Gold Resources Corp.)
STATEMENTS OF CASH FLOWS
YEAR ENDED JULY 31

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	\$ (205,331)	\$ (413,743)
Items not affecting cash		
Amortization	5,290	5,839
Stock-based compensation	-	56,346
Write-off of staled accounts payable	(31,940)	-
Write-off of mineral properties	-	389,315
Income tax recovery	-	(265,609)
Changes in non-cash working capital items:		
Receivables	65,316	(18,035)
Prepaid expenses and deposits	(1,128)	11,806
Accounts payable and accrued liabilities	(14,629)	(42,929)
Due to related parties	(27,961)	(52,243)
Cash used in operating activities	(210,383)	(329,253)
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures on mineral properties	(13,065)	(643,742)
Acquisition of equipment	(886)	(8,586)
Cash used in investing activities	(13,951)	(652,328)
Change in cash position during the year	(224,334)	(981,581)
Cash position, beginning of year	1,244,725	2,226,306
Cash position, end of year	\$ 1,020,391	\$ 1,244,725

Supplemental disclosures with respect to cash flows (Note 7)

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

QUADRO RESOURCES LTD.
(formerly Tri-Gold Resources Corp.)
SCHEDULE OF MINERAL PROPERTY COSTS
FOR THE YEAR ENDED JULY 31, 2009

Schedule

	Big Duck Lake Property	Nipigon Uranium Project	Total
ACQUISITION COSTS			
Property cost	\$ -	\$ 765	\$ 765
	-	765	765
DEFERRED EXPLORATION EXPENDITURES			
Consulting - geological	-	12,300	12,300
	-	12,300	12,300
COSTS FOR THE YEAR	-	13,065	13,065
BALANCE, BEGINNING OF YEAR	2,383,206	767,479	3,150,685
BALANCE, END OF YEAR	\$ 2,383,206	\$ 780,544	\$ 3,163,750

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

QUADRO RESOURCES LTD.
(formerly Tri-Gold Resources Corp.)
SCHEDULE OF MINERAL PROPERTY COSTS
FOR THE YEAR ENDED JULY 31, 2008

Schedule

	Big Duck Lake Property	Stake Lake Claims	Nipigon Uranium Project	Total
ACQUISITION COSTS				
Property cost	\$ 28,000	\$ -	\$ -	\$ 28,000
	28,000	-	-	28,000
DEFERRED EXPLORATION EXPENDITURES				
Assaying	-	7,402	14,454	21,856
Consulting - geological	12,300	58,654	100,012	170,966
Drilling	-	132,897	246,075	378,972
Equipment rental	-	10,640	10,314	20,954
Geophysical	-	-	800	800
Labour	-	3,014	150	3,164
Project administration	-	-	470	470
Reports	11,872	-	-	11,872
Supplies	-	5,517	1,548	7,065
Travel and accommodation	-	1,300	-	1,300
	24,172	219,424	373,823	617,419
COSTS FOR THE YEAR	52,172	219,424	373,823	645,419
WRITTEN OFF DURING THE YEAR	(70,800)	(318,515)	-	(389,315)
BALANCE, BEGINNING OF YEAR	2,401,834	99,091	393,656	2,894,581
BALANCE, END OF YEAR	\$ 2,383,206	\$ -	\$ 767,479	\$ 3,150,685

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

1. NATURE OF OPERATIONS AND GOING CONCERN

The Company is incorporated under the laws of British Columbia and is a public company listed on the TSX Venture Exchange. The Company is in the business of acquiring, exploring and developing mineral resource properties. On May 4, 2009, the Company changed its name to Quadro Resources Ltd. from Tri-Gold Resources Corp. During the year ended July 31, 2009, the Company completed a share consolidation on the basis of one new common share for every seven old common shares. All share and per share amounts have been retroactively restated to reflect the share consolidation.

The Company is in the process of exploring and developing its mineral properties and has not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties and related deferred exploration costs are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles 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 rather than through a process of forced liquidation. The Company has incurred losses of \$6,061,993 since inception and further losses are anticipated in the development of its business plan. These circumstances lead to significant doubt as to the ability of the Company to meet its obligations as they come due, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

In order to continue as a going concern and to meet its corporate objectives, which primarily consist of exploration work on its mineral properties, the Company will require additional financing through debt or equity issuances or other available means. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

These financial statements do not include adjustments that would be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

	2009	2008
Deficit	\$ (6,079,993)	\$ (5,874,662)
Working capital	965,324	1,179,316

2. SIGNIFICANT ACCOUNTING POLICIES

Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the year. Actual results could differ from these estimates.

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

Equipment and amortization

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

Office equipment and furniture	20%
Computer equipment	30%
Computer software	100%

Financial instruments

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

The Company has classified its cash as held-for-trading, and receivables as loans and receivables. Accounts payable and accrued liabilities and due to related parties are classified as other financial liabilities.

Mineral properties

The Company records its interests in mineral properties and areas of geological interest at cost. All costs related to the acquisition, exploration and development of these interests are capitalized on the basis of specific claim blocks or areas of geological interest until the properties to which they relate are placed into production, sold or management has determined there to be an impairment of the value.

The recorded cost of mineral exploration interests is based on cash paid, the assigned value of share considerations and exploration and development costs incurred. The recorded amount may not reflect recoverable value as this will be dependant on the development program, the nature of the mineral deposit, commodity prices, adequate funding and the ability of the Company to bring its projects into production.

Asset retirement obligation

The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability.

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 to the carrying amount of the liability and the related long-lived asset.

The Company does not have any significant asset retirement obligations.

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

Flow-through shares

Canadian tax legislation permits companies to issue flow-through shares whereby the deduction for tax purposes relating to qualified resource expenditures is claimed by the investors rather than the companies. Recording these expenditures for accounting purposes gives rise to taxable temporary differences. As such, when flow-through expenditures are renounced, 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.

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 an 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.

Income taxes

Future 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.

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 earnings 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 year.

Basic loss per share is calculated using the weighted-average number of shares outstanding during the year.

New accounting policies adopted

Assessing Going Concern

Effective August 1, 2008, the Company adopted the CICA Handbook Section 1400, which includes requirements for management to assess and disclose an entity's ability to continue as a going concern. The Company has included the disclosure recommended by the new handbook section in Note 1 to these financial statements.

Capital Disclosures

Effective August 1, 2008, the Company implemented the new CICA Handbook Section 1535 "Capital disclosures". This section specifies the disclosure of (i) an entity's objectives, policies, and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. The Company has included the disclosure recommended by the new handbook section in Note 10 to these financial statements.

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

New accounting policies adopted (cont'd...)

Financial Instruments

Effective August 1, 2008, the Company implemented the new CICA Handbook Section 3862, *Financial Instruments – Disclosures* and Section 3863, *Financial Instruments – Presentation*. These two standards replace the current standard, “Financial Instruments – Disclosure and Presentation” (Section 3861), revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how those risks are managed. The Company has included the disclosure recommended by the new handbook sections in Note 9 to these financial statements.

EIC 173: credit risk and the fair value of financial assets and financial liabilities

On January 20, 2009, the CICA issued EIC abstract 173 which establishes that an entity’s own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. The adoption of this standard did not have a significant impact on the Company’s financial statements.

EIC 174: mining exploration costs

On March 27, 2009, the CICA issued EIC abstract 174 to provide additional guidance for mining exploration enterprises on when an impairment test is required. This abstract was applied during the current year. The adoption of this standard did not have a significant impact on the Company’s financial statements.

Other new standards were issued, but are not expected to have a material impact on the Company’s financial requirements.

Recent accounting pronouncements

Goodwill and intangible assets

The Canadian Accounting Standards Board (“AcSB”) issued CICA Handbook Section 3064 which replaces Section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research and Development Costs. This new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. Standards concerning goodwill remain unchanged from the standards included in the previous Section 3062. The section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008.

International financial reporting standards (“IFRS”)

In 2006, the AcSB published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada’s own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of August 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended July 31, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

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

Recent accounting pronouncements (cont'd...)

Business Combinations, Non-controlling Interest and Consolidated Financial Statements

In January 2009, the CICA issued Handbook Sections 1582 “Business Combinations”, 1601 “Consolidated Financial Statements” and 1602 “Non-controlling Interests” which replace CICA Handbook Sections 1581 “Business Combinations” and 1600 “Consolidated Financial Statements”. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under IFRS. Section 1582 is applicable for the Company’s business combinations with acquisition dates on or after January 1, 2011. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. Section 1601 is applicable for the Company’s interim and annual financial statements for its fiscal year beginning January 1, 2011. Early adoption of these Sections is permitted and all three Sections must be adopted concurrently.

Financial instruments - disclosures

In June 2009, the CICA amended Section 3862, Financial Instruments – Disclosures that includes additional disclosure requirements about fair value measurements for financial instruments and liquidity risk disclosures. These amendments entail a three-level hierarchy that takes into account the significance of the inputs used in making the fair value measurements. The amendments to Section 3862 apply for annual financial statements relating to fiscal years ending after September 30, 2009. The Company has not yet adopted the disclosure requirements of this standard and does not expect them to have a significant impact on the Company’s financial statements.

3. MINERAL PROPERTY INVESTMENTS

Title to mining properties 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 mining properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing.

Big Duck Lake Property

The Company entered into an option agreement (the “Option”) with Stephen Stares, et al. (the “Optionors”), whereby the Company can earn a one hundred percent (100%) interest in certain mining claim units located in Pays Plates Township, Ontario referred to as the Big Duck Lake property (the “Property”). The Company is required under the Option to, in stages ending on May 27, 2007, pay \$250,000 (fully paid), issue an aggregate of 400,000 common shares (fully issued), and complete a \$1,000,000 work program on the Property (completed). The Property is subject to a 2% NSR with the Company having the right to purchase 1% of the NSR for \$1,000,000. The Option also contains a provision that additional claim units acquired by either party in an area of interest surrounding the Property will be contributed to the area making up the Property and become subject to the terms of the Option at no additional cost to the Company, except for the costs of staking or acquiring such additional claims. In connection therewith additional claim units were staked, re-staked or acquired in the area of interest at a cost of \$38,747. A finder’s fee of 70,000 common shares of the Company was paid in connection with the acquisition of this option agreement. Additional common shares may be payable in connection with the finders’ fees subject to regulatory acceptance.

3. MINERAL PROPERTY INVESTMENTS (Cont'd...)

Big Duck Lake Property (Cont'd...)

In addition, the Company acquired an option for the surface rights (the "Surface Option") to certain mineral claims forming part of the Property. The acquisition of the Surface Option will facilitate future exploration work on this portion of the Property. To acquire the Surface Option, the Company agreed to pay the owner of the rights \$2,000 (paid) and 20,000 common shares of the Company (issued). To exercise the Surface Option, the Company will pay the owner \$50,000 per annum commencing on the beginning of production from these claims up to a maximum of \$250,000. In addition, if the Company enters into a joint venture agreement on the Property with a third party, the rights granted by this agreement would be transferred to that party for future exploration activities on the claims.

The following options in connection with the Big Duck Lake Property were abandoned by the Company in the years ended July 31, 2008:

- i) The Company entered into an agreement in November 2004 to acquire an option (the "TB2092 Option") for 100% of the mining rights to a patented mineral claim (the "TB2092 Claim") which will form part of the Property. To earn the interest in the TB2092 Claim the Company has paid the owner of the rights (the "TB2092 Optionor") \$6,000 and issued 30,000 common shares of the Company, and is required to pay the TB2092 Optionor \$5,000 (not paid) and issue 10,000 common shares (not issued) of the Company on the third anniversary of the agreement. During the year ended July 31, 2008, the TB2092 Option was abandoned and all related acquisition costs were written off to operations;
- ii) The Company entered into an agreement in November 2004 to acquire an option (the "TB2314 Option") for 100% of the mining rights (the "Rights") to a patented mineral claim (the "TB2314 Claim") which will form part of the Property. To earn the interest in the TB2314 Claim the Company has paid the owner of the rights (the "TB2314 Optionor") \$4,000 and issued 30,000 common shares of the Company, and is required to pay the TB2314 Optionor \$5,000 (not paid) and issue 10,000 common shares (not issued) of the Company on the third anniversary of the agreement. During the year ended July 31, 2008, the TB2314 Option was abandoned and all related acquisition costs were written off to operations;
- iii) The Company entered into an option agreement (the "TB2089 Option") in February 2006 to acquire 100% of the mining rights (the "Rights") to a patented mineral claim (the "TB2089 Claim"), which will form part of the Property. To earn its interest in the TB2089 Claim, the Company has paid the owner of the rights (the "TB2089 Optionor") \$40,000 and issued 70,000 common shares of the Company, and is required to pay the TB2089 Optionor \$30,000 (not paid) on the second anniversary and \$20,000 (not paid) on the third anniversary. During the year ended July 31, 2008, the TB2089 Option was abandoned and all related acquisition costs were written off to operations.

QUADRO RESOURCES LTD.
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NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2009

3. MINERAL PROPERTY INVESTMENTS (Cont'd...)

Stake Lake Claims

During the year ended July 31, 2007, the Company signed a Letter of Understanding to acquire an option to earn an 80% interest in certain mineral claims in the Stake Lake area of Northern Ontario. To earn its 80% interest, the Company is required to pay \$110,000 (paid \$20,000) and issue 100,000 common shares (issued 25,000) over a three year period. During the year ended July 31, 2008 the Stake Lake Claims were abandoned and all related costs were written off to operations.

Nipigon Uranium Project

During the year ended July 31, 2007, the Company entered into an Option and Joint Venture Agreement to acquire an option to earn up to 60% interest in the Nipigon Uranium Project. To earn an initial 50% interest, the Company is required to reimburse the optionor for staking costs and incur exploration expenditures totalling \$500,000 (fully paid and incurred). The Company can earn the remaining 10% interest by incurring an additional \$500,000 of exploration expenditures.

4. EQUIPMENT

	2009			2008		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Office equipment and furniture	\$ 20,768	\$ 11,828	\$ 8,940	\$ 20,768	\$ 9,590	\$ 11,178
Computer equipment	20,367	13,526	6,841	19,481	10,787	8,694
Computer software	1,785	1,785	-	1,785	1,472	313
	<u>\$ 42,920</u>	<u>\$ 27,139</u>	<u>\$ 15,781</u>	<u>\$ 42,034</u>	<u>\$ 21,849</u>	<u>\$ 20,185</u>

5. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

Type of transaction	Nature of relationship to the Company	2009	2008
Paid or accrued:			
Consulting fees	To a company controlled by an officer and director	\$ 72,952	\$ 59,299
Management fees	To a company controlled by an officer and director	60,000	60,000
Geological costs	To companies controlled by directors	275	74,104

Included in receivables is \$15,165 (2008 - \$52,029) due from a company with common directors.

These transactions were in the normal course of operations and were measured at the exchange amount which was the amount established and agreed to by the related parties. Amounts due to and from related parties are non-interest bearing, unsecured and, unless otherwise disclosed herein, have no specified terms of repayment.

QUADRO RESOURCES LTD.
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NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2009

6. CAPITAL STOCK AND CONTRIBUTED SURPLUS

	Number of Shares	Amount	Contributed Surplus
Authorized:			
Unlimited common shares without par value			
Issued:			
Balance, July 31, 2007	49,743,142	\$ 9,872,878	\$ 561,233
Future income taxes on exploration expenditures renounced	-	(265,609)	-
Stock-based compensation	-	-	56,346
Balance, July 31, 2008	49,743,142	9,607,269	617,579
Share consolidation*	(42,636,980)	-	-
Balance, July 31, 2009	7,106,162	\$ 9,607,269	\$ 617,579

*Pursuant to a resolution passed by the Company's shareholders at its Annual and Special Meeting held on April 8, 2009, the Company has consolidated its common shares on a seven (7) old for one (1) new basis.

Stock option plan

The Company has adopted a stock option plan (the "Stock Option Plan"). The purpose of the Stock Option Plan is to advance the interests of the Company by providing directors, officers and employees with a financial incentive for the continued improvement in the performance of the Company and encouragement for them to remain with the Company. The term of any option granted under the Stock Option Plan may not exceed 5 years. The maximum number of common shares of the Company reserved for issuance under the Stock Option Plan is the lesser of 1,421,233 and 20% of the total number of issued and outstanding shares at the date of grant. Options will, in general, vest at 25% on the date of grant and at 12.5% per quarter thereafter, commencing at the end of the first quarter after the date of grant. 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.

Stock options and warrants

The Company has no stock options and share purchase warrants outstanding at July 31, 2009.

Stock option and warrant transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, July 31, 2007	3,950,000	\$ 0.18	9,157,666	\$ 0.30
Expired/cancelled	(1,080,000)	0.19	(2,652,666)	0.26
Outstanding, July 31, 2008	2,870,000	\$ 0.18	6,505,000	\$ 0.31
Expired/cancelled	(2,870,000)	0.18	(6,505,000)	0.31
Outstanding, July 31, 2009	-	\$ -	-	\$ -
Exercisable at July 31, 2009	-	\$ -	-	\$ -

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NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2009

6. CAPITAL STOCK AND CONTRIBUTED SURPLUS (Cont'd...)

Stock-based compensation

During the year ended July 31, 2008, vesting of outstanding stock options resulted in stock-based compensation expense of \$56,346, as calculated using the Black-Scholes option pricing model. No stock options were granted or vested during the year ended July 31, 2009.

7. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

	2009	2008
Cash paid during the year for interest	\$ -	\$ -
Cash paid during the year for income taxes	\$ -	\$ -

There were no significant non-cash financing or investing transactions during the year ended July 31, 2009.

During the year ended July 31, 2008, the Company incurred the following non-cash transactions:

- i) Recognition of stock-based compensation of \$56,346.
- ii) Recognition of \$265,609 of future income tax recovery on renunciation of deferred exploration expenses due to flow-through share issuance.

Mineral property expenditures of \$Nil (2008 - \$8,560) are included in accounts payable and accrued liabilities at July 31, 2009.

8. INCOME TAXES

A reconciliation of current income taxes (recovery) at statutory rates with the reported taxes is as follows:

	2009	2008
Loss before income taxes	\$ (205,331)	\$ (679,352)
Expected income tax expense (recovery) at statutory rates	\$ (62,026)	\$ (221,401)
Expenses and write-offs not affecting taxes	(17,982)	117,588
Unrecognized (recognized) benefits of non-capital losses	80,008	(161,796)
Total income taxes (recovery)	\$ -	\$ (265,609)

QUADRO RESOURCES LTD.
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8. INCOME TAXES (cont'd...)

The significant components of the Company's future income tax assets are as follows:

	2009	2008
Future income tax assets (liabilities):		
Non-capital losses available for future periods	\$ 415,000	\$ 449,000
Equipment	10,000	9,000
Financing costs	39,000	69,000
Capital losses available	153,000	165,000
Resource properties	(479,000)	(545,000)
	138,000	147,000
Valuation allowance	(138,000)	(147,000)
Net future income tax assets	\$ -	\$ -

During the year ended July 31, 2007, the Company issued common shares on a flow-through basis for gross proceeds of \$1,112,000. During the year ended July 31, 2008, the Company renounced certain deductions for Canadian exploration purposes incurred on the Company's resource property resulting in a future income tax liability of \$265,609. This future income tax liability has been offset against future income tax assets resulting in a future income tax recovery of \$265,609.

During the year ended July 31, 2009, the Company did not spend all of its Canadian exploration deduction it had announced in fiscal 2008. As a result, the Company paid a PartXII.6 tax of \$20,820 related to its Canadian exploration deductions renounced under the look-back rule of the Canadian Income Tax Act.

The Company has available for deduction against future taxable income non-capital losses of approximately \$1,663,000. These losses, if not utilized, will expire through to 2029. Subject to certain restrictions, the Company also has resource expenditures available to reduce taxable income of future years. Future tax benefits which may arise as a result of these non-capital losses and resource expenditures have not been recognized in these financial statements due to the uncertainty of their realization.

9. FINANCIAL INSTRUMENTS AND RISK

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of potential loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is limited to the carrying amount on the balance sheet and arises from the Company's cash and receivables.

The Company's cash is held at a Canadian chartered bank, which is a high-credit quality financial institution. The credit risk in receivables is considered low by management as it consists primarily of amounts owing from a company with common directors and companies sharing the same office premises.

9. FINANCIAL INSTRUMENTS AND RISK (cont'd...)

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at July 31, 2009, the Company had a cash balance of \$1,020,391 to settle current liabilities of \$93,200. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term certificates of deposits issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

(b) Foreign currency rate risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. Management believes the foreign exchange risk derived from currency conversions is insignificant and therefore does not hedge its foreign exchange risk.

Sensitivity analysis

The carrying value of cash, receivables, accounts payable and accrued liabilities, and due to related parties approximate their fair values due to the relatively short periods to maturities of these financial instruments.

Based on management's knowledge of and experience in the financial markets, management does not believe that the Company's current financial instruments will be materially affected by credit risk, liquidity risk or market risk.

10. CAPITAL MANAGEMENT

The Company's objective when managing capital is to ensure adequate working capital is available to fund both the business development plans and the working capital requirements of each annual operating cycle. In the management of capital, the Company includes shareholders' equity and working capital in the definition of capital.

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Company will continue to assess strategies and prospective properties in order to enhance the value of the Company. In order to facilitate the management of capital and development of its mineral properties, the Company may issue new equity, incur debt, option its properties for cash from optionees, or enter into joint venture arrangements. The Company is not exposed to any externally imposed capital requirements.

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11. COMMITMENTS

The Company extended the lease agreement for its office premises commencing June 1, 2009 and ending May 31, 2012. Minimum lease payments are as follows:

2010	\$ 33,908
2011	\$ 35,473
2012	<u>\$ 30,648</u>
	\$100,029