

**RED MILE CAPITAL CORP.**

**NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

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 statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

*"Larry Whitehead"*  
President and C.E.O.

RED MILE CAPITAL CORP  
INTERIM FINANCIAL STATEMENTS  
March 31, 2009  
Unaudited

**RED MILE CAPITAL CORP**  
**BALANCE SHEETS**

<b><u>ASSETS</u></b>	<b>March 31, <u>2009</u> (Unaudited)</b>	December 31, <u>2008</u> (Audited)
Current Assets		
Cash	\$ 13,747	\$ 45,675
Term deposits	756,532	750,953
GST receivable	<u>3,191</u>	<u>2,819</u>
	<u>\$ 773,470</u>	<u>\$ 799,447</u>
<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 3,121	\$ 24,755
Shareholders' Equity		
Share capital ( <i>Note 8</i> )	837,102	837,102
Contributed Surplus ( <i>Note 7</i> )	137,815	137,815
Deficit	<u>(204,568)</u>	<u>(200,225)</u>
	<u>770,349</u>	<u>774,692</u>
	<u>\$ 773,470</u>	<u>\$ 799,447</u>

SEE ACCOMPANYING NOTES

**RED MILE CAPITAL CORP.**  
 Statements of Operations, Comprehensive Loss and Deficit  
 Periods ended March 31, 2009 and 2008

	<b>Three months ended</b>	
	<b>March 31,</b>	
	<b><u>2009</u></b>	<b><u>2008</u></b>
<b>EXPENSES</b>		
Accounting fees	\$ 2,135	\$ 9,828
Interest and bank charges	88	79
Filing fees	6,055	4,343
Meals and entertainment	352	-
Office	158	-
Telephone	834	764
Travel	<u>300</u>	<u>3,572</u>
<b>LOSS FROM OPERATIONS</b>	(9,922)	(18,586)
<b>INTEREST INCOME</b>	<u>5,579</u>	<u>1,929</u>
<b>NET LOSS AND COMPREHENSIVE LOSS</b>	\$ (4,343)	\$ (16,657)
<b>DEFICIT – BEGINNING OF PERIOD</b>	<u>(200,225)</u>	<u>(106,363)</u>
<b>DEFICIT – END OF PERIOD</b>	<b><u>\$ (204,568)</u></b>	<b><u>\$ (123,020)</u></b>
<b>NET LOSS PER SHARE</b>	<b><u>\$ (0.01)</u></b>	<b><u>\$ (0.01)</u></b>

Weighted average number of shares outstanding for the period ended March 31, 2009 is 6,200,000 (December 31, 2008 - 6,200,000).

SEE ACCOMPANYING NOTES

**RED MILE CAPITAL CORP.**  
**STATEMENTS OF CASH FLOWS**

	<b>Three months ended</b>	
	<b>March 31,</b>	
	<b><u>2009</u></b>	<b><u>2008</u></b>
Cash flows from operating activities		
Net loss	\$ (4,343)	\$ (16,657)
Changes in operating assets and liabilities:		
Accounts payable and accrued liabilities	(21,633)	(1)
GST payable (receivable)	<u>(373)</u>	<u>2,050</u>
Net cash used in operating activities	<u>(26,349)</u>	<u>(14,608)</u>
Cash flows from investing activities		
Investment in term deposit	<u>(5,579)</u>	<u>-</u>
Net cash used in investing activities	<u>(5,579)</u>	<u>-</u>
Net increase (decrease) in cash	(31,928)	(14,608)
Cash, beginning	<u>45,675</u>	<u>867,274</u>
Cash, ending	<u>\$ 13,747</u>	<u>\$ 852,666</u>

SEE ACCOMPANYING NOTES

**RED MILE CAPITAL CORP.**  
**NOTES TO FINANCIAL STATEMENTS**  
March 31, 2009

**Note 1    NATURE OF OPERATIONS**

The Company was incorporated under the Business Corporations Act of Alberta on May 31, 2007 and is a Capital Pool Company ("CPC") as defined by Policy 2.4 of the TSX Venture Exchange (the 'TSXV').

As at March 31, 2009, the Company had no business operations and its only significant assets are cash and short term deposits. As a CPC, the Company's principal business is the identification and evaluation of assets, properties or businesses with a view to acquisition or participation therein subject, in certain cases, to shareholder approval and acceptance by the TSX. Where an acquisition or participation is warranted (the "Qualifying Transaction"), additional funding may be required. The ability of the Company to fund its potential future operations and commitments is dependent upon the ability of the Company to obtain additional financing.

There is no assurance that the Company will complete a Qualifying Transaction within twenty-four months from the date the Company's shares were listed on the TSX, at which time the TSX may suspend or de-list the Company's shares from trading.

These financial statements do not give effect to adjustments that would be necessary to the carrying amounts and classifications of assets and liabilities should the Company be unable to continue as a going concern.

**Note 2    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of presentation**

The financial statements of the Company are prepared in accordance with Canadian generally accepted accounting principles.

**Cash and cash equivalents**

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance to be cash equivalents.

**Term deposits**

Term deposits consist of highly liquid short-term interest bearing securities with a term to maturity of greater than three months on the date of purchase.

**RED MLE CAPITAL CORP.**  
**NOTES TO FINANCIAL STATEMENTS**  
March 31, 2009  
(Unaudited)

**Note 2    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Financial instruments**

The Company classifies financial assets and liabilities as held-for-trading, available-for-sale, held-to-maturity, loans and receivables or other financial liabilities depending on their nature. Financial assets and financial liabilities are recognized at fair value on their initial recognition, except for those arising from certain related party transactions which are accounted for at the transferor's carrying amount or exchange amount in accordance with the Canadian Institute of Chartered Accountant ("CICA") Handbook Section 3840 - Related Party Transactions.

Financial assets and liabilities classified as held-for-trading are measured at fair value, with gains and losses recognized in net income. Financial assets classified as held-to-maturity, loans and receivables, and financial liabilities other than those classified as held-for-trading are measured at amortized cost, using the effective interest method of amortization. Financial assets classified as available-for-sale are measured at fair value, with unrealized gains and losses being recognized as other comprehensive income until realized, or if an unrealized loss is considered other than temporary, the unrealized loss is recorded in income. The Company has elected to account for transaction costs related to the issuance of financial instruments as a reduction of the carrying value of the related financial instruments.

**Stock based compensation**

The Company applies the fair value method to stock-based payments to all awards that are direct awards of stock, that call for settlement in cash or other assets or are stock appreciation rights that call for settlement by the issuance of equity instruments. Compensation expense is recognized over the applicable vesting period with a corresponding increase in contributed surplus. When the options are exercised, the exercise price proceeds together with the amount initially recorded in contributed surplus are credited to share capital.

**Future income taxes**

The liability method of tax allocation is used in accounting for income taxes. Under this method, future tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities, and measured using the substantially enacted tax rates and laws that will be in effect when the differences are expected to reverse. The effect on future tax assets and liabilities of changes in tax rates is recognized in income in the period that substantive enactment occurs.

**RED MILE CAPITAL CORP.**  
**NOTES TO FINANCIAL STATEMENTS**  
March 31, 2009  
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**Note 2    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Loss per share**

The Company utilizes the treasury stock method in computing loss per share. Under this method, basic loss per share is computed by dividing loss available to common shareholders by the weighted average number of common shares outstanding during the year.

For the periods ended March 31, 2009, and March 31, 2008, the existence of agent warrants and options affect the calculation of loss per share on a fully diluted basis. As the affect of this dilution is to reduce the reported loss per share, fully diluted loss per share information has not been shown.

**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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. A significant area requiring the use of management estimates relates to the valuation of stock-based compensation and future income taxes. Management believes that the estimates used are reasonable and prudent; however, actual results could differ from those estimates.

**Comprehensive income**

In accordance with the CICA Handbook Section 1530 - Comprehensive Income and CICA Handbook section 3251 "Equity", these sections provide standards for the reporting and presentation of comprehensive income, which represents the change in equity, from transactions and other events and circumstances from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income that are excluded from net income calculated in accordance with Canadian GAAP. This standard requires the Company to disclose in its financial statements the net loss for the period as well as each component of other comprehensive income, classified by nature. For the periods ended March 31, 2009, and March 31, 2008, there was no other comprehensive income.

**RED MILE CAPITAL CORP.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 3 RECENT ACCOUNTING PRONOUNCEMENTS**

In 2008, the CICA issued Handbook Section 3064, "Goodwill and Intangible Assets", which replaces Section 3062, "Goodwill and Intangible Assets", and Section 3450, "Research and Development Costs". Section 3064 establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. This new standard is effective for the Company's interim and annual consolidated financial statements commencing January 1, 2009. The Company does not expect that the adoption of this standard will have a material impact on its financial statements.

In January 2006, the CICA Accounting Standards Board ("AcSB") adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards in Canada for public companies will converge with International Financial Reporting Standards ("IFRS"). On February 13, 2008, the AcSB confirmed that the standards will become effective for all publicly accountable enterprises in interim and annual financial statements for fiscal years beginning on or after January 1, 2011. The Company continues to monitor and assess the impact of convergence of Canadian generally accepted accounting principles and IFRS.

In January 2009, the CICA issued Section 1582, Business Combinations, which replaces former guidance on business combinations. Section 1582 establishes principles and requirements of the acquisition method for business combination and related disclosures. The Section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 2011 with early adoption permitted. The Corporation is currently evaluating the impact of this standard on the financial statements.

In January 2009, the CICA issued Section 1601, Consolidated Financial Statements, and 1602, Non-controlling interests, which replaces existing guidance. Section 1602 provides guidance on accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. These standards are effective on or after the beginning of the first annual reporting period on or after January 2011 with earlier adoption permitted. The Corporation is currently evaluating the impact of this standard on the financial statements.

In June 2007, the Accounting Standards Board issued CICA Handbook Section 1400, "General Standards of Financial Statement Presentation", which provides revised guidance on management's responsibility to assess and disclose the Company's ability to continue as a going concern. This standard is effective for the Company's interim and annual financial statements for fiscal years beginning on or after November 1, 2008. The Company does not expect that the adoption of this standard will have a material impact on its financial statements.

**RED MILE CAPITAL CORP.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 4     CHANGES IN ACCOUNTING POLICIES**

On January 1, 2008, the Company adopted the following provisions of the Canadian Institute of Chartered Accountant's ("CICA") Handbook Sections. There was no material impact on the Company's financial condition or operating results as a result of the adoption of these new standards:

Section 3862 - Financial Instruments - Disclosures, which replaces Section 3861 and provides expanded disclosure requirements that provide additional detail by financial asset and liability categories.

Section 3863 - Financial Instruments - Presentation, to enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows.

Section 1535 - Capital Disclosures - The Company is required to disclose its objectives, policies and processes for managing capital, and compliance with externally imposed capital requirements, if any.

Section 1400 - General Standards of Financial Statement Presentation - The Section provides revised guidance on management's responsibility to assess and disclose the Company's ability to continue as a going concern.

**Note 5     FINANCIAL INSTRUMENTS AND RISK**

**Financial Instruments**

As at March 31, 2009, the Company's financial instruments consist of cash, term deposits and accounts payable. The fair values of these financial instruments approximate their carrying values because of their current nature.

The Company classifies its cash and term deposits as held-for-trading and its accounts payable as other financial liabilities.

**Credit Risk**

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash. To minimize the credit risk the Company places these instruments with a high credit quality financial institution.

**Liquidity Risk**

The Company ensures its holding of cash is sufficient to meet its short-term general and administrative expenditures. 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. The Company does not have investments in any asset backed deposits.

**RED MILE CAPITAL CORP.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 5 FINANCIAL INSTRUMENTS AND RISK (Continued)**

**Foreign Exchange Risk**

The Company does not have significant foreign exchange risk as its administrative operations are all located in Canada.

**Interest Rate Risk**

Interest rate risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market interest rates. The Company's exposure relates to its ability to earn short term interest on cash and term deposit balances at variable rates. The Company has no long-term debt and therefore is not affected by changes in long-term interest rates. With respect to interest rate risk management, the Company is at risk to open market fluctuation in interest rates.

**Note 6 CAPITAL DISCLOSURE**

The Company's objectives when managing capital are to pursue and complete the identification and evaluation of assets, properties or businesses with a view to acquisition or participation in a qualifying transaction, to maintain financial strength and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long-term. The Company does not have any externally imposed capital requirements to which it is subject. Capital is comprised of the Company's shareholders' equity.

As at March 31, 2009, the Company had capital resources consisting of cash and term deposits. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or adjust the amount of cash and term deposits.

The Company's investment policy is to invest in investment instruments in high credit quality financial institutions with terms to maturity selected with regards to the expected time of expenditures from continuing operations.

The Company expects its current capital resources will be sufficient to carry its process of identifying and completion of a qualifying transaction. Additional funds may be required to finance the Company's qualifying transaction.

**RED MILE CAPITAL CORP.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 7 CONTRIBUTED SURPLUS**

	<b>March 31, 2009</b>	<b>December 31, 2008</b>
Balance, beginning of period	\$ 137,815	\$ 137,815
Stock options granted	-	-
Agents' warrants granted	-	-
Balance, end of period	<u>\$ 137,815</u>	<u>\$ 137,815</u>

**Note 8 SHARE CAPITAL**

	<b>March 31, 2009</b>		<b>December 31, 2008</b>	
	<b>Shares</b>	<b>Amount</b>	<b>Shares</b>	<b>Amount</b>
Shares outstanding at the beginning of the period	6,200,000	\$ 837,102	6,200,000	\$ 837,102
Issued for cash	-	-	-	-
Share issue costs	-	-	-	-
Agent warrants	-	-	-	-
Shares outstanding at the end of the period	<u>6,200,000</u>	<u>\$ 837,102</u>	<u>6,200,000</u>	<u>\$ 837,102</u>

The Company did not issue any shares in the period ended March 31, 2009.

On March 31, 2007, the Company issued 2,200,000 shares at \$0.10 per share for gross proceeds of \$220,000.

On November 6, 2007, the Company issued 4,000,000 shares through a brokered private placement at \$0.20 per share for gross proceeds of \$800,000. In connection with the private placement, the Company paid \$80,000 in finders' fees, issued 400,000 agent warrants and paid \$59,707 in other share issuance costs. Each agent's warrant entitles the holder to purchase one common share for \$0.20 per share for up to two years.

The fair value of the agents' warrants under the Black-Scholes model was \$43,191 and was recorded as a share issuance cost.

Escrow Shares - There are 2,200,000 shares held in escrow. Under the escrow agreement, 10% of the shares will be released on the issuance of the Final Exchange Bulletin (the TSX's acceptance of the Qualifying Transaction) and an additional 15% will be released on each of the dates which are 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the initial release.

Warrants - During the period ended March 31, 2009, the Company did not issue any warrants. As at March 31, 2009, the following warrants are outstanding: 400,000 agents' warrants at an exercise price of \$0.20 with an expiry date of November 12, 2009.

**RED MILE CAPITAL CORP.**  
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**Note 8     SHARE CAPITAL (Continued)**

In 2007, the Company recognized a share issuance cost for the fair value of agents' warrants issued as finder's fees in connection with private placements. The amount calculated is recorded as a share issuance cost with a corresponding credit to contributed surplus. The Company uses the Black-Scholes option pricing model to estimate fair values of warrants issued. This model was developed for use in estimating the fair value of traded securities that have no vesting restrictions. The model requires management to make estimates which are subjective and may not be representative of actual results. Changes in the assumptions can materially affect estimates of fair values. For purposes of the calculation the following weighted average assumptions were used:

Risk free interest rate	4.11%
Expected dividend yield	0%
Expected volatility	100%
Expected life of warrants	2 yrs

The weighted average fair value of the agent warrants issued during the period ended December 31, 2007 was \$0.11.

**Note 9     STOCK OPTION PLAN AND STOCK-BASED COMPENSATION**

During the period ended December 31, 2007, the company adopted a stock option plan applicable to directors, officers and consultants, under which the total outstanding stock options are limited to 10% of the outstanding common shares of the Company at any one time. Under the plan, an option's maximum term is five years from the grant date. Options under this plan will vest upon issuance.

The Company did not issue any options during the period ended March 31, 2009. As at March 31, 2009, the Company has 620,000 options outstanding and exercisable at an exercise price of \$0.20 with an expiry date of November 5, 2012.

As at March 31, 2009, the weighted average contract life remaining is 3.60 years.

The Company uses the Black-Scholes option pricing model to calculate the fair value of stock options granted. The Black-Scholes model was developed for use in estimating the fair value of traded options in 2007 that have no vesting restrictions. The model requires management to make estimates which are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values. For purposes of the calculation the following weighted average assumptions were used:

Risk free interest rate:	4.21%
Expected dividend yield:	0%
Expected volatility:	100%
Expected life of options:	5 yrs

**RED MILE CAPITAL CORP.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 10 RELATED PARTY TRANSACTIONS**

The following is a summary of the Company's related party transactions:

	<b>March 31, 2009</b>	<b>March 31, 2008</b>
Accounting fees	\$ 2,000	\$ -
Consulting fees		-
	<u>\$ 2,000</u>	<u>\$ -</u>

These fees are paid to entities in which principals are Directors of the Company. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

**Note 11 INCOME TAXES**

The income tax expense (recovery) differs from the amount that would have resulted by applying combined Canadian federal and provincial tax rates of 31.60% in 2008:

	<b>2009</b>	<b>2008</b>
Income tax (recovery) at statutory rate	\$ -	\$ (29,097)
Increase (decrease) resulting from:		
Share issuance costs		(8,662)
Non-deductible stock-based compensation		-
Change in enacted rates		4,872
Change in valuation allowance		32,887
Income tax recovery	<u>\$ -</u>	<u>\$ -</u>

The tax effect on temporary differences that give rise to the future tax assets at March 31, 2009 are presented below:

	<b>2009</b>	<b>2008</b>
Non-capital loss carry-forward	\$ 43,506	\$ 43,506
Valuation allowance	(43,506)	(43,506)
	<u>\$ -</u>	<u>\$ -</u>

The Company has non-capital losses for income tax purposes of \$161,131 which may be carried forward and offset against future taxable income. These losses expire in 2028.

The Company has not recognized any future income tax assets. The Company has recorded a valuation allowance against its future income tax assets based on the extent to which it is more likely than not that sufficient taxable income will not be realized during the carry-forward periods to utilize all future tax assets.

**RED MILE CAPITAL CORP.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 12    COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform with the current period's presentation.