

**GEOROX RESOURCES INC.
CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008**

The interim consolidated financial statements have not been reviewed by the Company's auditors.

Interim Financial Statements

Georox Resources Inc.

30-JUNE-2009

(Unaudited)

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 standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

GEOROX Resources Inc.
CONSOLIDATED BALANCE SHEET
AS AT JUNE 30, 2009 AND DECEMBER 31, 2008

(Unaudited)

	2009	2008
	\$	\$
ASSETS		
CURRENT		
Cash and cash equivalents	648,335	1,433,287
Sundry receivables	1,759	20,460
Prepaid expenses	0	1,642
	<u>650,094</u>	<u>1,455,388</u>
FIXED ASSETS (Note 3)	5,114	38,990
INVESTMENT (Note 12)	598,750	598,750
INTEREST IN MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (Notes 9 and 12)	558,248	0
	0	123,381
	<u>1,812,206</u>	<u>2,216,509</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 7)	45,407	79,870
	<u>45,407</u>	<u>79,870</u>
SHAREHOLDERS'S EQUITY		
CAPITAL STOCK (Note 5(b))	6,844,820	6,844,820
WARRANTS (Note 5(c))	31,900	31,900
CONTRIBUTED SURPLUS	1,774,919	1,783,620
(DEFICIT)	(6,884,839)	(6,523,701)
	<u>1,766,800</u>	<u>2,136,639</u>
	<u>1,812,206</u>	<u>2,216,509</u>

Approved by the Board of Directors

Signed "Burkhard Franz", Director

Signed "Lorraine McVean", Director

GEOROX RESOURCES INC.
CONSOLIDATED STATEMENTS OF OPERATIONS,
COMPREHENSIVE LOSS AND DEFICIT
FOR THE THREE MONTHS ENDED JUNE 30
(Unaudited)

	2009 three months	2008 three months	2009 six months	2008 six months
OPERATING EXPENSES				
Stock Based Compensation	(10,021)	21,137	(8,701)	42,274
Professional Fees	29,396	1,359	29,455	12,940
Management and Consulting Fees (Note 5)	16,621	36,002	16,781	81,073
Office and general	28,006	46,837	41,555	73,670
Shareholder information and promotion	18,529	4,482	92,617	13,080
Travel expenses	3,829	10,594	5,586	15,245
Transfer agent and filing fees	1,580	3,357	11,760	11,575
Rent	1,864	1,800	3,254	3,150
Interest and bank charges	120	713	402	1,420
Amortization	174	3,819	348	9,424
LOSS BEFORE OTHER ITEMS	90,098	130,100	193,057	263,851
OTHER ITEMS				
Loss on disposal and write-down of fixed assets	0	(7,564)	0	(7,564)
Interest (income)	(8,058)	(3,818)	(10,740)	(12,768)
Loss on disposal and write-down of fixed assets (Note 9)	0	10,231	178,821	(28,000)
	0	0	0	0
	(8,058)	(1,151)	168,081	(48,332)
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	82,040	128,949	361,138	215,519
DEFICIT, BEGINNING OF YEAR	6,802,800	5,448,807	6,523,701	5,362,237
DEFICIT, END OF YEAR	6,884,839	5,577,756	6,884,839	5,577,756
NET LOSS PER SHARE				
Basic and Diluted			\$0.01	\$0.11
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING				
Basic and diluted			14,529,518	10,353,862

GEOROX Resources Inc.
CONSOLIDATED STATEMENT OF CASH FLOW
AS AT JUNE 30, 2009 AND JUNE 30, 2008

(Unaudited)

	2009 three months	2008 three months	2009 six months	2008 six months
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss for the period	(82,040)	(128,949)	(361,138)	(215,519)
Operating activities not involving cash:	0	0	0	0
Stock based compensation	(10,021)	21,137	(8,701)	42,274
Amortization	174	3,819	348	9,424
Loss on disposal and write-down of fixed assets	0		33,528	
Changes in non cash working capital balances				
Decrease (increase) in sundry receivables	1,039	(1,830)	18,701	13,031
(Increase) decrease in prepaid expenses	0	(848)	1,642	81
(Decrease) increase in accounts payable and accrued liabilities	27,665	(56,809)	(34,464)	(216,783)
	(63,183)	(163,480)	(350,084)	(367,492)
CASH FLOWS FROM FINANCING ACTIVITIES				
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest in mineral properties and deferred exploration expenses	0	(90)	(123,381)	(111,491)
Purchase of Fixed Assets	558,248	(885)	558,248	(885)
Proceeds from disposal of fixed assets	0	0	0	37,311
	558,248	(975)	434,867	(75,065)
(DECREASE) IN CASH AND CASH EQUIVALENTS	(621,431)	(164,455)	(784,952)	(442,557)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	1,269,766	1,594,216	1,433,287	1,872,318
CASH AND CASH EQUIVALENTS, END OF PERIOD	648,335	1,429,761	648,335	1,429,761

GEOROX RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

(unaudited)

1. BASIS OF PRESENTATION AND NATURE OF OPERATIONS

Georox Resources Inc. (the “Company” or “Georox”) was incorporated under the Canada Business Corporations Act on April 14, 2003. Due to the enactment of a new Mining Law in Ecuador on January 29, 2009, requiring title holders to observe special requirements for each mining phase, the properties of the Company became affected and as a result the impairment was material. Consequently, the Company did not make any annual concessions payments on any of the mining concession in Ecuador and has ceased all of its operations in Ecuador. The Company has not yet determined whether it is abandoning entirely its efforts in exploring for precious metals and acquiring properties. However recently the Company focused its attention on acquiring an oil and gas producing property in Canada and closed the purchase of it on June 26, 2009.(see Note 10).

The global credit market crisis, the significant decline in commodity prices, the recession in Canada and the slowdown of economic growth in the rest of the world has created a substantially more difficult business environment, resulting in an extremely limited ability to execute capital market transactions.

As at June 30, 2009, the Company had working capital of \$ 604,687 (\$1,375,518 at December 31, 2008) and an accumulated deficit of \$6,884,839 (\$6,523,701 at December 31, 2008).

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a “going concern”, which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Management of the Company believes that it has sufficient funds to pay its ongoing administrative expenses and to meet its liabilities for the ensuing year as they fall due. The Company is in the development stage with no history of profitability. There is no guarantee that the Company’s exploration programs will yield positive results or that the Company will be able to obtain the necessary financing to carry out the exploration and development of its properties.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Company are in accordance with Canadian generally accepted accounting principles and their basis of application is consistent with that of the previous year and should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2008.

GEOROX RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

(Unaudited)

Fixed Assets

Equipment is recorded at cost. Amortization is provided over the related assets' estimated useful lives using the following methods and annual rates.

Vehicles	20% declining balance
Computer equipment	30% to 45% declining balance
Office equipment	10% to 20% declining balance

Income Taxes

Income taxes are calculated using the asset and liability method of accounting. Under this method, current income taxes are recognized for the estimated income taxes payable for the current period. Future income tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and on unclaimed losses carried forward and are measured using the substantially enacted tax rates that will be in effect when the differences are expected to reverse or losses are expected to be utilized. The effect on future income tax assets and liabilities of a change in income tax rates is recognized in income in the period that includes the date of enactment or substantive enactment of the change. When the future realization of income tax assets does not meet the test of being more likely than not to occur, a valuation allowance in the amount of the potential benefit is taken and no asset is recognized.

Loss Per Common Share

Basic (loss) earnings per share is calculated using the weighted average number of common shares outstanding during the year. Diluted loss per share is calculated using the treasury stock method. In order to determine diluted (loss) earnings per share, the treasury stock method assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted (loss) earnings per share calculation. The diluted (loss) earnings per share calculation excludes any potential conversion of options or warrants that would increase earnings per share or decrease loss per share. As the Company had losses for the period ended June 30, 2009 and 2008 in the current year, basic and diluted loss per share are the same as the exercise of all options and warrants would be anti-dilutive.

GEOROX RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Unaudited)

Foreign Currency Translation

The Canadian dollar is the functional currency of all of the Company's operations, which are classified as integrated for foreign currency translation purposes. Under this method translation gains or losses are included in the determination of net income or loss.

Monetary assets and liabilities of the Company's integrated foreign operations are translated into Canadian dollars at exchange rates in effect at the balance sheet date. Revenues and expenses, except amortization which is translated at historical rates, are translated at the average exchange rates for the period.

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 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 reporting period. Such estimates and assumptions affect the carrying value of assets, impact decisions as to when exploration and development costs should be capitalized or expensed and estimates for asset retirement obligations and reclamation costs. The Company's most significant areas of estimation are in relation to recoverability of mineral properties, valuation of the investment in common shares and warrants of Canuc Resources Corporation, stock-based compensation, warrant valuation, royalties and future tax assets and liabilities. Actual results could differ from those estimates.

Financial Instruments

All financial instruments are initially recognized at their fair value on the balance sheet. The Company has classified each financial instrument into five categories: financial assets and liabilities held for trading, financial assets held to maturity, loans and receivables, financial assets available for sale and other liabilities. Measurement of each these items is contingent upon their initial classification. Unrealized gains and losses on financial instruments classified as held for trading are recognized in the statement of operations in the period incurred. Gains and losses on assets available for sale are recognized in other comprehensive income, and are charged to the statement of operations when the change in asset value is recognized. The effective interest rate method using amortized cost is applied to the remaining categories of financial instruments.

GEOROX RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

(Unaudited)

Adoption of New Accounting Standards

Effective January 1, 2008, the Company adopted two new CICA standards, Section 3862 “Financial Instruments – Disclosures” and Section 3863 “Financial Instruments – Presentation”, which replaced Section 3861 “Financial Instruments – Disclosure and Presentation”. The new disclosure standard increases the emphasis on the risks associated with both recognized and unrecognized financial instruments and how those risks are managed. The Company has included disclosures recommended by these sections in Note 11 to these consolidated financial statements.

Future Accounting Pronouncements

In January 2006, the CICA Accounting Standards Board adopted a strategic plan for the direction of accounting standards in Canada. As part of the plan, accounting standards in Canada for public companies are expected to converge with International Financial Reporting Standards (“IFRS”) by of 2011. The Company continues to monitor and assess the impact of the convergence of Canadian GAAP and IFRS.

CHANGES IN ACCOUNTING POLICIES AND FUTURE ACCOUNTING PRONOUNCEMENTS

a) Goodwill and Intangible Assets

On January 1, 2009, the Company adopted new standards for Goodwill and Intangible Assets. New Standards have been established for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous CICA Handbook Section 3062. The adoption of these new standards did not have any impact on the financial statements.

b) Business Combinations

On January 1, 2011 the Company will adopt Section 1582, Business Combinations, which replaces the previous business combination, contingent consideration and certain acquired contingencies to be measured at their fair values as of the date of acquisition. In addition, acquisition-related and restructuring costs are to be recognized separately from the business combination and included in the statement of earnings. The adoption of this standard will impact the accounting treatment of future combinations.

GEOROX RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Unaudited)

c) Consolidated Financial Statements

On January 1, 2011 the Company will adopt Sections 1601, Consolidated Financial Statements, which together with Section 1602 below, will replace the former consolidated financial statements standard. Section 1601 established the requirements for the preparation of consolidated financial statements. The adoption of this standard is not expected to have a material impact on the Company's financial statements based on current operations.

d) Non-controlling interests

Section 1602 established the accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. This standard requires a non-controlling interest in a subsidiary to be classified as a separate component of equity. In addition, net earnings and components of other comprehensive income are attributed to both the parent and non-controlling interest. The adoption of this standard is not expected to have a material impact on the Company's financial statements based on current operations.

e) International Financial Reporting Standards ("IFRS")

In 2008, the CICA Accounting Standards Board ("ACSB") confirmed the changeover to IFRS from Canadian GAAP will be required for publicly accountable enterprises effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition from current Canadian GAAP to IFRS is a significant undertaking and the specific impact on the Company's financial statements are unknown at this time. The Company is currently in the process of developing an implementation strategy to establish timelines and identify significant differences between Canadian GAAP and IFRS.

FIXED ASSETS

	2009			2008		
	Cost \$	Accumulated Amortization	Net \$	Cost \$	Accumulated Amortization	Net \$
Computer equipment	3,214	2,577	637	26,356	17,076	8,464
Office equipment	5,544	1,067	4,477	36,849	6,650	30,417
June 30, 2009	8,758	3,644	5,114	62,607	23,762	38,881

GEOROX RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

(Unaudited)

4. CAPITAL STOCK, WARRANTS, AND OPTIONS

The capital stock is as follows:

- a) Authorized**
 Unlimited number of common shares

- b) Issued**
 12,964,518 post-consolidation common shares

	Common	
	Shares	Amount
	#	\$
Balance, December 31, 2008	10,234,518	6,740,220
Issued for cash (i)	2,730,000	104,600
Balance, June 30, 2009	12,964,518	6,844,820

As of August 26, 2008, the Company consolidated its shares on a one for three basis.

4. CAPITAL STOCK, WARRANTS, AND OPTIONS (Continued)

(i) 2008 Private Placement

On December 15, 2008, the Company completed a non-brokered private placement of 2,730,000 Units at \$0.05 per Unit for aggregate gross proceeds of \$136,500. Each Unit is comprised of one common share of the Corporation and one-half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder thereof to purchase one additional common share of the Corporation at a price of \$0.10 per common share at any time prior to December 15, 2010. All securities issued under the Private Placement were subject to a hold period of four months following the date of closing, in accordance with applicable securities laws.

GEOROX RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Unaudited)

Of the total gross proceeds above a portion was allocated to the warrants. The warrants were valued at \$0.023 per warrant for a total of \$31,900 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; risk free interest rate of 1.48%; expected life of 2 years; and expected volatility of 120%.

c) Share Purchase Warrants

Transactions during the years ended December 31, 2008, and June - 2009 were as follows:

	<u>Warrants</u> #	<u>Weighted</u> <u>Average</u> <u>Exercise Price</u> \$	<u>Value</u> \$
Balance, December 31, 2006	2,497,000	1.86	861,104
Expired	(1,497,000)	1.59	(369,805)
Balance, December 31, 2007	1,000,000	2.25	491,299
Expired	(1,000,000)	2.25	491,299
Issued for cash 2008	1,365,000	0.10	31,900
Balance, June 30, 2009	1,365,000	0.10	\$31,900

GEOROX RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Unaudited)

4. CAPITAL STOCK, WARRANTS, AND OPTIONS (Continued)

As at June 30, 2009, the following warrants were outstanding:

Date of Grant	Warrants	Exercise	Expiry Date
	<u>Issued</u>	<u>Price</u>	
	#	\$	
December 15, 2008	1,365,000	0.10	December 15, 2010

d) Options

The Company has a stock option plan for the purchase of common shares for its directors, officers, employees and other service providers. The aggregate number of common shares reserved for issuance under the plan will not exceed 10% of its issued and outstanding common shares. No one person shall be granted options representing more than 5% of the issued and outstanding common shares of the Company. The maximum number of shares which may be reserved for issuance to any consultant in any 12-month period shall be 2% of the shares issued and outstanding at the time of the grant. The maximum number of shares which may be reserved for issuance to investor relations employees in any 12-month period shall be 2% of the shares issued and outstanding at the time of the grant. The options are non-assignable and non-transferable and may be granted for a term not exceeding five years. The exercise price of the options is fixed by the board of directors of the Company and shall be determined on the basis of the market price of the shares at the time of grant, subject to all applicable regulatory requirements.

GEOROX RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Unaudited)

	<u>Options</u> #	<u>Weighted Average</u> <u>Exercise Price</u> \$
Balance, December 31, 2006	463,333	1.62
Expired in 2007	(13,333)	2.28
Granted in 2007	206,667	1.17
Balance December 31, 2008	656,667	1.47
Expired during 2009	(456,667)	1.50
Balance June 30, 2009	200,000	1.50

No options were granted during the quarter ended June 30, 2009. The fair value of these options at the date of grant was determined using the Black-Scholes option pricing model based on the following weighted average assumptions: expected dividend yield of 0%, risk free interest rate of 4.1%; expected life of 3 years and expected volatility of 133%.

GEOROX RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

(Unaudited)

4. CAPITAL STOCK, WARRANTS, AND OPTIONS (Continued)

As at June 30, 2009, the following options were outstanding on a post-consolidation basis:

Date of Grant	Options	Options	Exercise	Expiry Date
	<u>Outstanding</u>	<u>Exercisable</u>	<u>Price</u>	
	#	#	\$	
December 19, 2005 (i)	66,667	66,667	0.57	December 19, 2010
July 11, 2006 (i)	66,667	66,667	2.13	July 20, 2011
November 23, 2006	66,666	66,666	2.13	November 22, 2011
Balance June 30, 2009	200,000	200,000	1.61	

During the year ended December 31, 2007; 200,000 options were granted to directors of the Company and 420,000 options were granted to officers and consultants of the Company. There were no options granted in 2008 and June 30, 2009.

- (i) Options vest 1/3 on date of grant and 1/3 on each of the first and second anniversaries of the options.

As of August 26, 2008, the Company consolidated its options on a one for three basis.

**GEOROX RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008**

(Unaudited)

5. RELATED PARTY TRANSACTIONS

- (i) During the six months ended June 30, 2009, \$Nil (2008 – \$4,375) was paid to a corporation controlled by a former director of the Company for 43-101 Qualified Person (QP) services in Ecuador.
- (ii) During the six months ended June 30, 2009, nil (year ended December 31, 2008 - \$36,627) was expensed for legal services provided by a law firm of which a director of the Company is a partner.
- (iii) During the six months ended June 30, 2009, management and consulting fees of \$14,000 (year ended December 31, 2007 - \$47,191) were charged by officers, directors and the spouse of an officer and director of the Company.

The above transactions were in the normal course of operations and were recorded at the exchange amount, which is the amount agreed to by the related parties.

6. CONTINGENCIES

Environmental Contingencies

The Company's mining and exploration activities are subject to various federal, provincial and state laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations based upon environmental studies completed and subsequently approved by the Ecuadorian government. The amounts cannot be reasonably estimated at this time.

7. FINANCIAL INSTRUMENTS

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

Credit Risk

The Company's credit risk is primarily attributable to cash and cash equivalents and sundry receivables. The Company has no significant concentration of credit risk arising from operations. Cash equivalents consist of guaranteed investment certificates, which have been invested with reputable financial institutions, from which management believes the risk of loss to be remote. Financial instruments included in sundry receivables consist of goods and services tax due from the Federal Government of Canada and value added tax recoverable from the government of Ecuador. Management believes that the credit risk concentration with respect to financial instruments included in sundry receivables is remote.

GEOROX RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Unaudited)

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As of June 30, 2009, the Company had a cash and cash equivalents balance of \$650,094 (2008 - \$1,433,287) to settle current liabilities of \$45,407 (2008- \$79,870). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market Risk

(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 deposit certificates 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 Risk**

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian and US dollars. The Company funds certain operations, exploration and administrative expenses in Ecuador on a cash basis using US dollar currency converted from its Canadian dollar bank accounts held in Canada. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk. At June 30, 2009 the Company held cash in US of \$ (Cdn \$ 1,358).

(c) **Price Risk**

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the company.

Fair Values

Canadian generally accepted accounting principles require that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet date based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates. Cash and cash equivalents are classified as "held for trading", sundry receivables are classified as "loans and receivables", accounts payable and accrued liabilities are designated as "other liabilities" and investments are classified as "available for sale". The carrying amounts for cash and cash equivalents, sundry receivables, and accounts payable and accrued liabilities on the balance sheet approximate fair value because of the limited term of these instruments.

GEOROX RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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8. CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base for the objectives of maintaining financial flexibility, to sustain the development of the Company's current capital projects and for future development of the Company. The Company monitors its working capital and expected capital spending and issues share capital to manage its development plans. The Company has no externally imposed capital requirements.

The Company considers its capital structure to include shareholders' equity and working capital. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the company, is reasonable. There were no changes in the Company's approach to capital management during the quarter ended June 30, 2009.

9. MATERIAL UNCERTAINTY

Ecuador's Constituent Assembly issued a Mining Mandate (the Mining Mandate) on April 18, 2008 to initiate the re-structuring of the legal framework for mining activities in Ecuador. The Mining Mandate temporarily suspended all exploration work for medium and large-scale mining operations until the enactment of a new Mining Law. Furthermore, it ordered the cancellation of all applications for new concessions that were in process or that were not in compliance with environmental impact studies and community consultation requirements. It also ordered the cancellation of those concessions for which conservation patents had not been timely paid (that is, no later than March 31st of each year.) The Mining Mandate revoked all concessions that were granted to current or ex-officials (and their relatives) of the Ministry of Mines and Petroleum, Ministry of Energy and Mines and the Ministry of Natural Resources; regardless of whether they had been subsequently transferred to third parties. Georox Resources Inc., and its Ecuadorian subsidiaries, has been notified with cancellation resolutions for some of its mining concessions. Reinstatement actions to appeal cancellation resolutions have been issued for certain concessions.

On April 2, 2009 the company announced that it has decided not to make annual concession payments on any of its mining concessions in Ecuador. Consequently, all of the company's mining concessions lapsed. The Company's concessions have been significantly adversely affected by the Government of Ecuador's implementation of changes to the country's constitution and mining law on January 29, 2009. The Company has determined that it is uneconomic for it to continue operations in Ecuador.

GEOROX RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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10.

- a) The government recently enacted the new Ecuadorian Mining Law (the new Mining Law). It was published in Official Gazette No. 517 on January 29, 2009. The new Mining Law cancels the Mining Mandate and establishes requirements and proceedings for the regularization of mining concessions. Only those mining concessions that were not cancelled pursuant to the Mining Mandate may now be adapted to comply with the new law's provisions. Compliance must be made within a 120-days term of the enactment of the regulations to the new Mining Law which must be issued within 120-days from January 29, 2009. In order to conduct mining activities, the new Mining Law requires titleholders to observe special requirements that have been established for each of the different mining phases. These requirements include obtaining the corresponding permits and filing the respective Environmental Impact Studies. Until new titles are issued, there will be continued uncertainty as to whether concessions that fell into one of the Mining Mandate's cancellation criteria, but for which the government has not issued a corresponding cancellation or extinguishment resolution, will continue to be valid. There is a chance that the National Mining Bureau could refuse to issue new titles for these concessions on the grounds that they fell within the cancellation provisions of the Mining Mandate.

The above government actions represent an impairment event for the Company's mineral properties in Ecuador and the resulting impairment is material to the Company. The Company has ceased all of its operations in Ecuador. The Company announced that it has decided not to make any annual concession payments on any of its mining concessions in Ecuador. Consequently all of the mining concessions have lapsed. The Company has determined that it is uneconomic to continue its operations in Ecuador.

The value of the investment in Canuc Resources Corporation may also be impacted by the Mining Mandate and new Mining Law as Canuc is focused on mineral exploration in Ecuador. An impairment in the investment could be material to the Company.

11. Comparative Figures

Certain comparative figures have been reclassified in order to conform to the current year's presentation.

12. Subsequent Events

The Company completed the acquisition of oil and gas interests from a company based in Alberta on June 26, 2009. The purchase price paid is \$550,000 plus goods and services tax with an effective date of May 1, 2009. The acquisition includes a 45 per cent working interest in five producing oil wells as well as a 12.5 per cent gross overriding royalty in a sixth well. The acquisition is considered an exempt acquisition in accordance with the TSX Venture Exchange Policy 5.3.

MANAGEMENT DISCUSSION AND ANALYSIS FOR GEOROX RESOURCES INC. FOR THE THREE MONTHS ENDED JUNE 30, 2009

GENERAL

The following Management's Discussion and Analysis ("MD&A") prepared as of August 19, 2009, is provided for the purpose of reviewing the results for the six month period ended June 30, 2009. This discussion and analysis of the performance, financial condition and future prospects of the Company should be read in conjunction with the Company's consolidated financial statements and notes for the six months ended June 30, 2009. The Financial Statements are prepared in accordance with Canadian generally accepted accounting principles (GAAP) and all monetary amounts are expressed in Canadian dollars unless otherwise indicated.

This discussion includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical facts that address activities, events or developments that Georox Resources Inc. (the "Company" or "Georox") expects are forward looking statements. *Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, readers and investors are cautioned that such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.* Factors that could cause actual results to differ materially from those in the forward-looking statements include market prices, exploration and exploration successes, continued availability of capital and financing and general economic, market or business conditions.

Additional information related to the Company is available on SEDAR at www.sedar.com and on the Company's website at www.oromonteresourcesinc.com.

DESCRIPTION OF BUSINESS

Georox Resources Inc. is a Canadian natural resources exploration company presently engaged in the acquisition, development and exploration of base and precious metal properties. The Company's focus has been on mineral exploration properties in Ecuador, South America.

The Company was incorporated on April 14, 2003, under the Canada Business Corporations Act (CBCA). The Company's shares initially began trading on the TSX Venture Exchange under the trading symbol "ORR" on March 29, 2005 and on the Frankfurt Exchange under the trading symbol "OF6" on June 21, 2006. Effective at market opening August 26, 2008, the Company's common shares and common share purchase warrants began trading on the TSX Venture Exchange under the trading symbol "GXR" and GXR.WT respectively and on the Frankfurt Exchange under the trading symbol "OF6A".

MINERAL EXPLORATION

Georox Resources Inc. announced on April 2, 2009 that it has decided not to make any annual concession payments on any of its mining concessions in Ecuador. Consequently all of the mining claims have lapsed. The Company's concessions have been significantly adversely affected by the Government of Ecuador's implementation of changes to the country's constitution and mining law on January 29, 2009. The Company has determined that it is uneconomic for it to continue operations in Ecuador and consequently all operations have been discontinued.

OVERALL PERFORMANCE

The Company recorded a loss of \$361,138 for the 6 months ended June 30, 2009. The increased loss arose as a result of the write down of all the Ecuadorian assets, the mineral properties and severance payment made to an ex-employee of the Company. Working capital for the six months ended June 30, 2009 was \$604,687.

The Company remains committed to the creation of shareholder value through the exploration and development of base and precious metals in an environmentally, economically and socially responsible manner within its host countries and communities.

SELECTED FINANCIAL INFORMATION

Year Ended	Quarter June 31, 2009	Quarter June 31, 2008
Total Revenues	\$0	\$0
Net loss	\$82,040	\$128,949.
Net loss per share, basic and diluted	\$0.01	\$0.004
Total Assets	\$1,812,206	\$2,935,222
Total current liabilities	\$45,407	\$9,650
Deferred Exploration fees balance	\$0	\$778,392
Cash Dividends	\$0	\$0

Three Months Ended	1st Quarter March 31, 2009	3rd Quarter December 31, 2008	3rd Quarter September 30, 2008
Total Revenues	\$0	\$0	\$0
Net loss	\$279,099	\$754,517	\$191,429
Net loss per share, basic and diluted	\$0.01	\$0.07	\$0.019
Deferred Exploration fees balance	\$1,876,602	\$123,380	\$778,392
Three Months Ended	1st Quarter March 31, 2008	4th Quarter December 31, 2007	3rd Quarter Sept 30, 2007
Total Revenues	\$0	\$0	\$0
Net loss	\$86,570	\$2,437,055	\$182,847
Net loss per share, basic and diluted	\$0.03	\$0.07	\$0.01
Deferred Exploration fees balance	\$778,302	\$666,901	\$2,803,888

RESULTS OF OPERATIONS

The financial results for the six month period ended June 30, 2009 reflect the administrative costs for managing the Company's properties and associated activities as well as a write-down of mineral properties and a loss on disposal of the Ecuadorian subsidiaries assets. Operating and general expenses were \$193,057, write-down of mineral properties of \$178,821 for the six month period resulted in a loss of \$361,138. This compares with expenses for the same period in 2008 of \$130,100 and a loss of \$128,949. The reason for the write-down is the Company's decision to abandon all operations due to political changes in Ecuador and the Company deciding not to maintain annual payments on its concessions.

LIQUIDITY AND CAPITAL RESOURCES

The financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the company are dependent upon its ability to continue to raise adequate financing in the future.

The Company's working capital was \$604,687 as at June 30, 2009.

The Company has sufficient working capital to meet all of its foreseeable obligations based on its plan for the next twelve months.

The global credit market crisis, the significant decline in commodity prices, the recession in Canada and the slowdown of economic growth in the rest of the world has created a substantially more difficult business environment, resulting in an extremely limited ability to execute capital market transactions.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, receivables, investments and accounts payables and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of financial instruments approximates their carrying values, unless otherwise noted. The fair value of investments is subject to an annual impairment test.

CORPORATE STRUCTURE

Georox Resources Inc. has five subsidiary companies in Ecuador as noted below. Orosources Minerals S.A. became the operational management subsidiary in October 2007, replacing the functions previously carried out by Ecuaro Resources S.A. Activities in all of these subsidiaries have now all been abandoned.

<u>Subsidiary</u>	<u>Properties</u>
Orosources Minerals S.A.	Nil – operations only
Ecuaro Resources S.A.	Nil
Marissaoro Minerals S.A.	Marissa concession
Monte Minerals S.A.	Virgen del Cisne concessions
Oromonte Resources S.A.	Pangui and Chimbuza (El Macizo) concessions

STOCK OPTIONS

No stock options were issued or exercised during the six months ended June 30, 2009.

WARRANTS

During the three months ended June 30, 2009, no warrants expired or were exercised.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

During the six month ended June 30, 2009, \$Nil (2008 – \$4,375) was paid to a former director for 43-101 Qualified Person (QP) services in Ecuador.

During the six months ended June 30, 2009, \$nil (year ended December 31, 2008 - \$36,627 was expensed for legal services provided by a law firm of which a director of the Company is a partner.

During the six months ended June 30, 2009, the Company incurred management and consulting fees of \$14,000 (2008 - \$47,191) were charged by officers and director of the Company.

The above transactions were in the normal course of operations and were recorded at the exchange amount, which is the amount agreed to by the related parties.

SUBSEQUENT EVENTS

The Company completed the acquisition of oil and gas interests from a company based in Alberta on June 26, 2009. The purchase price paid is \$550,000 plus goods and services tax with an effective date of May 1, 2009. The acquisition includes a 45 per cent working interest in five producing oil wells as well as a 12.5 per cent gross overriding royalty in a sixth well. The acquisition is considered an exempt acquisition in accordance with the TSX Venture Exchange Policy 5.3.

RISK AND UNCERTAINTIES

The Company is principally involved in the inherently high-risk mineral exploration business, and as such, is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same business. The list of risks noted is not exhaustive and other risk factors may apply. An investment in the Company may not be suitable for all investors.

- The industry is capital intensive and subject to fluctuations in metal prices, market sentiment, foreign exchange and interest rates.
- There is no certainty that properties which the Company has deferred as assets on its balance sheet will be realized at the amounts recorded.
- The ability of the Company to continue operations in future is dependent upon obtaining favourable results from its exploration activities, which will affect its ability to attract joint venture partners and to raising financing.
- The only source of future funds for further exploration programs, or if such exploration programs are successful for the development of economic ore bodies and commencement of commercial production thereon, presently available to the Company is the sale of equity capital or the offering by the Company of an interest in its properties to be earned by another party carrying out further exploration or development. Although the Company has been successful in accessing the equity market in the past, there is no assurance that such sources of financing will be available on acceptable terms, if at all, in the future. Management however, has no reason to expect that this capability will diminish in the near term. Further exploration and development of its property will be

dependent on the Company's ability to obtain financing through joint venturing, debt or equity financing or other means.

- Mining operations generally involve a high degree of risk. The Company's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of precious metals and other minerals, including equipment failure, unexpected geological formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of facilities, damage to life or property, environmental damage and possible legal liability.
- Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in exploration operations may be required to compensate those suffering loss or damage by reason of the exploration activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.
- The Company competes in the intensely competitive mining industry with other larger companies that have greater technical and financial resources for the acquisition of mineral properties, recruitment and retention of qualified employees, access to drilling and other equipment required for exploration and development. Such competition could adversely affect the Company's future exploration and development of its projects.
- Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and may be affected by undetected defects. Further, although the Company acquires the rights to some or all of the minerals in the ground subject to the tenures that it acquires, or has a right to acquire, in most cases it does not thereby acquire any rights to, or ownership of, the surface to the areas covered by the mineral tenures. In such cases, applicable mining laws usually provide for rights of access to the surface for the purpose of carrying on mining activities. However, the enforcement of such rights can be costly and time consuming.
- Exploration activity is also dependent upon the laws of local governments, which may change from time to time, and may have an effect on the Company's exploration program.

CHANGE IN ACCOUNTING POLICIES

Adoption of new accounting policies

On January 1, 2008, the Company adopted two new CICA standards, Section 3862 "Financial Instruments – Disclosures" and Section 3863 "Financial Instruments – Presentation". The new disclosure standard increases the emphasis on the risks associated with both recognized and unrecognized financial instruments and how those risks are managed.

As of January 1, 2008, the Company adopted CICA Section 1535 "Capital Disclosures" which requires additional disclosures of objectives, policies and processes for managing capital. In

addition, disclosures include whether companies have complied with externally imposed capital requirements.

In June 2007, the CICA amended Section 1400, "General Standards for financial statements presentation". These standards became effective for interim and annual financial statements for the Company's reporting periods beginning on January 1, 2008.

In January 2006, the CICA Accounting Standards Board adopted a strategic plan for the direction of accounting standards in Canada. As part of the plan, accounting standards in Canada for public companies are expected to converge with International Financial Reporting Standards ("IFRS") by the end of 2011. The company continues to monitor and assess the impact of the convergence of Canadian GAAP and IFRS.

The Company plans to report under IFRS as of January 1, 2011. Adoption of IFRS as Canadian GAAP is unlikely to materially affect the Company's financial position and results of operations, given the Company's current situation. During 2009 the Company will continue the assessment phase of its changeover plan. The Company will identify major differences between current Canadian GAAP and IFRS as they affect the Company and determine resource requirements over the next two years as the Company implements its transition plan.

ACCOUNTING ESTIMATES

Estimates are based on historical experience and on various other assumptions that the Company believes to be reasonable. These estimates form the basis of judgements about the carrying value of assets and liabilities that are not readily apparent from other sources. The Company's most significant areas of estimation are in relation to recoverability of mineral properties, stock-based compensation expenses, warrant valuation, and future tax assets and liabilities. Actual results could differ from those estimates.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The information provided in this report, including the consolidated financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

Management maintains a system of internal controls to provide reasonable assurance that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

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