

YUKON GOVERNMENT FUND LIMITED

FINANCIAL STATEMENTS

December 31, 2008

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Management Responsibility Statement

The management of Yukon Government Fund Limited is responsible for preparing the financial statements, the notes to the financial statements and other financial information contained in this annual report.

Management prepares the financial statements in accordance with Canadian generally accepted accounting principles. The financial statements are considered by management to present fairly the management's financial position and results of operations.

Management, in fulfilling its responsibilities, has developed and maintains a system of internal accounting controls designed to provide reasonable assurance that management assets are safeguarded from loss or unauthorized use, and that the records are reliable for preparing the financial statements.

The financial statements have been reported on by MacKay LLP, Chartered Accountants, the shareholders' auditors. Their report outlines the scope of their examination and their opinion on the financial statements.

Managing Director

MacKay LLP

Auditors' Report

**To the Directors of
Yukon Government Fund Limited**

We have audited the balance sheet of Yukon Government Fund Limited as at December 29, 2008 and the statements of operations, retained earnings and cash flows for the year 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 audit.

We conducted our audit 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 December 29, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Whitehorse, Canada

June 24, 2009



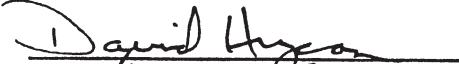
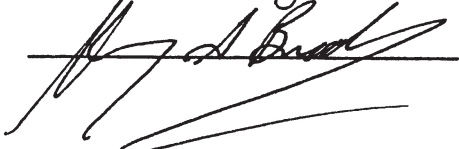
Chartered Accountants

Yukon Government Fund Limited

Balance Sheet

December 29,	2008	Dec. 31, 2007
Assets		
Current		
Cash	\$ -	\$ 1,444,193
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ -	\$ 4,863
Due to Government of Yukon (note 4)	-	116,054
	-	120,917
Shareholder's Equity		
Share capital (note 5)	-	100
Retained earnings	-	1,323,176
	-	1,323,276
	\$ -	\$ 1,444,193

Approved by the board:

 Director
 Director

Yukon Government Fund Limited

Statement of Operations

For the year ended December 29,	2008	Dec. 31, 2007
Revenue	\$ 9,183	\$ 63,507
Expenses		
Bank charges and interest	270	60
Interest	-	7,370
Professional fees	7,262	5,944
Reporting fees	-	2,215
	7,532	15,589
Net income	\$ 1,651	\$ 47,918

Yukon Government Fund Limited

Statement of Retained Earnings

For the year ended December 29,	2008	Dec. 31, 2007
Retained earnings, beginning of year	\$ 1,323,176	\$ 1,275,258
Net income	1,651	47,918
	1,324,827	1,323,176
Dividends paid	(1,324,827)	-
Retained earnings, end of year	\$ -	\$ 1,323,176

Yukon Government Fund Limited

Statement of Cash Flows

For the year ended December 29,	2008	Dec. 31, 2007
Cash provided by (used for)		
Operating activities		
Net income	\$ 1,651	\$ 47,918
Change in non-cash working capital items		
Decrease in interest receivable	-	7,737
Decrease in accounts payable and accrued liabilities	(4,863)	(48,259)
	(3,212)	7,396
Financing activities		
Advances to shareholder	(116,054)	-
Decrease in due to investors	-	(2,250,000)
Redemption of share capital	(100)	-
Dividends paid	(1,324,827)	-
	(1,440,981)	(2,250,000)
Investing activity		
Decrease in due from 19596 Yukon Inc.	-	1,225,000
Decrease in cash	(1,444,193)	(1,017,604)
Cash, beginning of year	1,444,193	2,461,797
Cash, end of year	\$ -	\$ 1,444,193
Supplemental cash flow information		
The company had the following cash transactions:		
Interest paid	\$ -	\$ 7,370
Interest received	9,183	71,244

Yukon Government Fund Limited

Notes to the Financial Statements

December 29, 2008

1. Nature of operations

Yukon Government Fund Limited ("The Company") is incorporated under the Business Corporations Act (Yukon). The Company is wholly owned by the Government of the Yukon ("the Government").

The Company is a Government administered venture capital fund pursuant to the Immigration Regulations, 1978 (Canada) as amended ("the Regulations"). Under the Regulations, the purpose of the Company is to invest in the active business operations of at least two eligible businesses.

The Company provides loan and equity capital to establish, expand, purchase, maintain or revitalize business or commercial ventures in the Yukon Territory which comply with the Regulations and are of significant economic benefit to the Yukon Territory, including creation or continuation of employment opportunities for Canadian citizens or permanent residents other than the investor and his/her dependants.

2. Significant accounting policies

The following is a summary of the significant accounting policies used by management in the preparation of these financial statements.

(a) Accounting Changes

Financial Instruments

In the prior years financial statements the Company disclosed that it would be required to adopt and will be adopting the new recommendations of the Canadian Institute of Chartered Accountants regarding the recognition, measurement and presentation of financial instruments following the release of Sections 1530, "Comprehensive income," 3855, "Financial instruments — recognition and measurement", 3862, "Financial Instruments — disclosure," 3863, "Financial Instruments — presentation" and 3865, "Hedges." In September 2008 the CICA announced that the adoption of these sections is not required for non-publicly accountable enterprises. The company chose not to adopt these sections.

(b) Measurement uncertainty

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

(c) Revenue recognition

Interest income is recognized as revenue in the year in which accrued under the terms of the investment contracts.

(d) Income taxes

The Company is wholly owned by the Yukon Government and is therefore exempt from income taxes.

Yukon Government Fund Limited

Notes to the Financial Statements

December 29, 2008

2. Significant accounting policies (continued)

(e) Financial instruments

All significant financial assets, financial liabilities and equity instruments of the company are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk. Where practicable the fair values of financial assets and financial liabilities have been determined and disclosed; otherwise only available information pertinent to fair value has been disclosed.

3. Deferred distribution fees

Legal fees and other expenditures related to the incorporation and issuance of the Confidential Offering Memorandum have been deferred and have been amortized over 5 years, the initial term of the investments. The Government has advanced funds to cover these expenses. A portion of the proceeds of the offering will be used to repay the Government. Distribution fees of 8% of the subscription proceeds have been deferred and amortized over the terms of the investments (5 years).

	2008			Dec. 31, 2007
	Cost	Accumulated Amortization	Net book value	Net book value
Deferred distribution fees	\$ 1,200,000	\$ 1,200,000	\$ -	\$ -
Deferred costs	118,220	118,220	-	-
	\$ 1,318,220	\$ 1,318,220	\$ -	\$ -

4. Due to the Government of Yukon

The amount due to the shareholder is unsecured, bears no interest and is due on demand. Fair value cannot be readily determined.

	2008		Dec. 31, 2007
Due to the Government of Yukon	\$ -	\$ -	116,054

5. Share capital

	2008	Dec. 31, 2007
Authorized Unlimited number of shares without nominal or par value		

Yukon Government Fund Limited

Notes to the Financial Statements

December 29, 2008

5. Share capital (continued)

Issued	-	Common shares (2007 - 100)	\$	-	\$	100
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No dividends, share repurchases or return of capital shall be paid at any time when the Company has outstanding debt obligations to investors. Subject to this restriction, the holders of shares shall have all the rights of a shareholder under the Business Corporations Act, including the right to vote. No shares shall be transferred without the prior consent of the Government.

6. Dissolution

Effective December 29, 2008 the company was dissolved.

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