

Sprott Resource Corp.

Consolidated Financial Statements
First Quarter Ended March 31, 2009
(unaudited – expressed in Canadian dollars)

Sprott Resource Corp.
Interim Consolidated Balance Sheets
As at March 31, 2009

(Unaudited - expressed in Canadian dollars)

	March 31, 2009	December 31, 2008
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	31,811,697	45,263,646
Gold and silver bullion (note 5)	61,930,413	61,930,413
Short-term investments (note 6)	144,432,760	158,282,940
Note receivable (note 9)	630,650	609,000
Prepays and other receivables	4,427,009	2,049,400
	<hr/>	<hr/>
	243,232,529	268,135,399
Investments (note 7)	34,205,951	28,564,256
Investment in Stonegate Agricom Ltd. (note 9)	11,426,127	11,731,245
Promissory notes receivable (note 14)	150,000	150,000
Mining claims and deferred exploration (note 13)	409,537	305,307
Oil and gas properties and equipment (note 11)	6,506,166	5,399,392
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	295,930,310	314,285,599
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	2,901,722	5,617,857
Income tax payable	1,578,246	16,328,246
	<hr/>	<hr/>
	4,479,968	21,946,103
Asset retirement obligation (note 12)	76,432	75,111
Non-controlling interest	6,702,177	6,973,112
Future income tax liability	309,983	534,983
	<hr/>	<hr/>
	11,568,560	29,529,309
Shareholders' Equity (note 15)		
Capital stock (note 15a)	163,217,190	163,217,190
Warrants (note 15c)	45,035,956	45,035,956
Contributed surplus (note 15f)	436,752	400,249
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	208,689,898	208,653,395
Retained earnings	79,452,424	80,623,130
Accumulated other comprehensive loss	(3,780,572)	(4,520,235)
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	284,361,750	284,756,290
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	295,930,310	314,285,599
Commitments (note 20)		
Subsequent events (note 19 and 24)		

Approved by the Board of Directors

Director

Director

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

Sprott Resource Corp.

Interim Consolidated Statements of Operations and Retained Earnings (deficit) For the three months ended March 31, 2009

(Unaudited - expressed in Canadian dollars)

	March 31, 2009	March 31, 2008
	\$	\$
Revenue		
Oil and gas revenue	385,198	-
Oil and gas royalties	(89,414)	-
	<u>295,784</u>	<u>-</u>
General and administrative expense	1,740,608	287,315
Management fee (notes 17 and 19)	1,417,301	386,194
	<u>(3,157,909)</u>	<u>(673,509)</u>
Other income and (expenses)		
Oil and gas operating and exploration	(369,669)	-
Equity earnings of PBS Coals Limited	-	92,000
Equity loss of Stonegate Agricom Ltd. (note 9)	(308,800)	-
Gain on disposal of investments – net (note 7)	1,186,811	-
Foreign exchange gain	108,424	12,419
Interest and other income	628,718	294,798
Non-controlling interest	270,935	1,653
Mining and Reconnaissance	-	(3,569)
	<u>1,516,419</u>	<u>397,301</u>
Loss before income taxes	<u>(1,345,706)</u>	<u>(276,208)</u>
Provision for income taxes		
Future tax recovery	225,000	-
Income and capital tax expense	(50,000)	-
	<u>175,000</u>	<u>-</u>
Net (loss) for the period	(1,170,706)	(276,208)
Earnings (deficit) - Beginning of period	<u>80,623,130</u>	<u>(49,880,233)</u>
Retained earnings (deficit) - End of period	<u>79,452,424</u>	<u>(50,156,441)</u>
Basic and fully diluted loss share	(0.01)	(0.01)
Weighted average shares outstanding during the period		
Basic	81,807,229	50,820,335
Diluted	81,879,313	50,820,335

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

Sprott Resource Corp.

Interim Consolidated Statements of Comprehensive Loss and Accumulated Other Comprehensive Loss

(Unaudited - expressed in Canadian dollars)

	March 31, 2009 \$	March 31, 2008 \$
Net loss for the period before other comprehensive income	(1,170,706)	(276,208)
Unrealized gains (losses) on available-for-sale investments	739,663	(1,210,693)
Comprehensive loss for the period	<u>(431,043)</u>	<u>(1,486,901)</u>
	March 31, 2009 \$	March 31, 2008 \$
Accumulated other comprehensive (loss) income - Beginning of period	(4,520,235)	1,799,552
Unrealized gains (losses) on available-for-sale investments	739,663	(1,210,693)
Accumulated other comprehensive loss - End of period	<u>(3,780,572)</u>	<u>(588,859)</u>

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

Sprott Resource Corp.
Interim Consolidated Statements of Cash Flows
For the three months ended March 31, 2009

(Unaudited - expressed in Canadian dollars)

	March 31, 2009	March 31, 2008
	\$	\$
Cash flows from (used in) operating activities		
Net (loss) for the period	(1,170,706)	(276,208)
Items not affecting cash		
Depreciation, depletion and amortization	115,686	2,679
Future income tax recovery	(225,000)	-
Income and capital tax expense	50,000	-
Equity (earnings) loss of PBS Coals Limited	-	(92,000)
Equity loss of Stonegate Agricom Ltd.	308,800	-
Non-controlling interest	(270,935)	(1,653)
Gain on disposal of investments	(1,186,811)	-
Stock-based compensation	36,503	-
Write-off of oil and gas properties and equipment	23,339	-
	<u>(2,319,124)</u>	<u>(367,182)</u>
Changes in non-cash operating working capital		
Change in prepaids and other receivables	(2,377,609)	56,042
Change in note receivable	(21,650)	-
Change in accounts payable and accrued liabilities	(2,716,135)	149,664
Change in income tax payable	(14,800,000)	-
	<u>(22,234,518)</u>	<u>(161,476)</u>
Cash flows from (used in) investing activities		
Purchase of investments	(7,836,811)	(500,000)
Proceeds on short-term investments	13,850,180	-
Proceeds on sale of investments	4,117,908	-
Deferred exploration expenditures - net of reclamation deposits	(104,230)	(141,441)
Purchase of oil and gas properties and equipment	(1,244,478)	(8,575)
	<u>8,782,569</u>	<u>(650,016)</u>
Cash flows from (used in) financing activities		
Proceeds from issuance of capital stock	-	761,950
	<u>-</u>	<u>761,950</u>
Decrease in cash and cash equivalents	<u>(13,451,949)</u>	<u>(49,542)</u>
Cash and cash equivalents – Beginning of period	<u>45,263,646</u>	<u>34,083,045</u>
Cash and cash equivalents – End of period	<u>31,811,697</u>	<u>34,033,503</u>
Cash	31,811,697	17,079,753
Short-term investments	-	16,953,750
	<u>31,811,697</u>	<u>34,033,503</u>

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

Sprott Resource Corp.

Notes to Interim Consolidated Financial Statements For the three months ended March 31, 2009

(Unaudited - expressed in Canadian dollars)

1 Organization and nature of operations

Sprott Resource Corp. (the "Company") was incorporated under the Canada Business Corporations Act ("CBCA") on August 19, 1994.

The Company's principal activities are investment in natural resources through direct acquisitions, joint ventures and equity investments.

During 2008, the Company incorporated two new subsidiaries. One Earth Resources Corp. ("One Earth Resources") was incorporated under CBCA on April 25, 2008. 2173177 Ontario Ltd. ("Holdco") was incorporated under the Ontario Business Corporations Act on May 15, 2008.

During 2008, Holdco amalgamated with Stonegate Minerals Ltd. ("Stonegate Minerals"), to form Stonegate Agricom Ltd. ("Stonegate Agricom"). At December 31, 2008 and March 31, 2009, the Company held a 78.95% interest (undiluted) in Stonegate Agricom. The Company has equity accounted for the investment based on the terms of a voting agreement (the "Voting Agreement") between the Company and Stonegate Agricom pursuant to which the Company has agreed to vote its Stonegate Agricom shares in favour of each nominee to the board of directors of Stonegate Agricom proposed by management of Stonegate Agricom for a period of three years from the date of the IPO of Stonegate Agricom, provided that one such nominee is a representative of the Company.

During 2008, the Company acquired 79.72% of Waseca Energy Inc. ("Waseca"). As a result of the transaction, the Company has consolidated in its accounts the accounts of Waseca. The Company's interest in Waseca decreased to 79.24% as at December 31, 2008 with Waseca issuing additional shares to external parties. The ownership interest remains unchanged to March 31, 2009.

During 2008, the Company entered into a venture agreement with Lara Exploration Ltd. ("Lara") to form L-S Alliance, for a three-year period. The Company and Lara each have a 50% participating interest in the L-S Alliance. The Company has accounted for the investment in the L-S Alliance as a variable interest entity ("VIE") for which the Company is the primary beneficiary. As a result of the transaction, the Company has consolidated in its accounts the accounts of the L-S Alliance.

During 2008, the Company completed the sale of all the common shares held of PBS Coals Limited ("PBS"). Consequently, the Company no longer has an interest in PBS.

Sprott Resource Corp.

Notes to Interim Consolidated Financial Statements For the three months ended March 31, 2009

(Unaudited - expressed in Canadian dollars)

2 Significant accounting policies

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"), using the same accounting policies and methods as per the annual consolidated financial statements for the year ended December 31, 2008, with the additions described in note 3. They do not include all of the disclosures required by Canadian GAAP, and should be read in conjunction with the most recent annual consolidated financial statements of the Company.

The results of operations for the three months ended March 31, 2009 are not necessarily indicative of those to be expected for the entire year ending December 31, 2009.

3 Adoption of new accounting standards

Goodwill and Intangible Assets - Section 3064

The CICA issued the new Handbook Section 3064, Goodwill and Intangible Assets, which replaced Section 3062, Goodwill and Other Intangible Assets. The new standard establishes revised standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The new standard also provides guidance for the treatment of preproduction and start-up costs and requires that these costs be expensed as incurred. There has been no impact, upon adoption, in the consolidated financial statements.

4 Future accounting and reporting changes

Business Combinations, Consolidated Financial Statements and Non-controlling Interest

In January 2009, the CICA issued CICA Handbook Section 1582, Business Combinations, Section 1601, Consolidations, and Section 1602, Non-controlling Interests. These sections replace the former CICA Handbook Section 1581, Business Combinations and Section 1600, Consolidated Financial Statements and establish a new section for accounting for a non-controlling interest in a subsidiary. CICA Handbook Section 1582 establishes standards for the accounting for a business combination, and states that all assets and liabilities of an acquired business will be recorded at fair value. Obligations for contingent considerations and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date. It provides the Canadian equivalent to IFRS 3, Business Combinations (January 2008). 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 1, 2011.

CICA Handbook Section 1601 establishes standards for the preparation of consolidated financial statements.

CICA Handbook Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in the preparation of consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS International Accounting Standards ("IAS") 27, Consolidated and Separate Financial Statements (January 2008).

Sprott Resource Corp.

Notes to Interim Consolidated Financial Statements For the three months ended March 31, 2009

(Unaudited - expressed in Canadian dollars)

CICA Handbook Section 1601 and Section 1602 apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year.

All three sections must be adopted concurrently. The Company is currently evaluating the impact of the adoption of these sections.

5 Gold and silver bullion

At December 31, 2008 and March 31, 2009 the Company held the following ounces of Bullion:

Bullion	Ounces	Cost \$	Average cost per ounce \$	Fair value at March 31, 2009 \$	Fair value at December 31, 2008 \$
Gold	40,475	39,196,942	968.00	47,018,605	43,437,439
Silver	1,783,013	22,733,471	12.75	29,145,929	24,605,479
		<u>61,930,413</u>		<u>76,164,534</u>	<u>68,042,918</u>

6 Short-term Investments

At March 31, 2009, the Company had the following short-term investments:

	Maturity date	Interest rate per annum %	Investment \$
Government of Canada treasury bill, held with Scotia Capital Inc.	April 2, 2009	1.30	7,949,920
Government of Canada treasury bill, held with Scotia Capital Inc.	April 30, 2009	1.80	15,863,840
Government of Canada treasury bill, held with Scotia Capital Inc.	May 14, 2009	1.51	51,599,200
Government of Canada treasury bill, held with Scotia Capital Inc.	May 28, 2009	0.84	9,967,900
Government of Canada treasury bill, held with Scotia Capital Inc.	August 6, 2009	1.80	19,735,200
Government of Canada treasury bill, held with Scotia Capital Inc.	October 1, 2009	1.85	9,839,900
Government of Canada treasury bill, held with Scotia Capital Inc.	October 29, 2009	1.82	<u>29,476,800</u>
Balance, March 31, 2009			<u>144,432,760</u>

Sprott Resource Corp.

Notes to Interim Consolidated Financial Statements For the three months ended March 31, 2009

(Unaudited - expressed in Canadian dollars)

7 Investments

The Company has a portfolio of investments in securities of public and private companies. The Company's ownership percentage in each case is less than 20%.

	March 31, 2009	March 31 2008
	\$	\$
Opening balance	28,564,256	11,766,507
Acquisitions during the period	7,836,811	500,000
Unrealized gains (losses) during the period - net	735,981	(1,210,693)
Proceeds on disposals of investments at their fair market value	(4,117,908)	-
Gain on disposals of investments, net	<u>1,186,811</u>	<u>-</u>
Closing balance at fair value	<u>34,205,951</u>	<u>11,055,814</u>

At March 31, 2009, 53% of the total securities held by the Company were public securities, and the remaining 47% were privately held securities.

8 Acquisition of Waseca Energy Inc.

During 2008, the Company purchased 45,289,000 common shares of Waseca for an aggregate purchase price of \$27,173,400 (\$0.60 per share) representing 79.72% of Waseca's outstanding common shares. The transaction was accounted for as an acquisition of assets and liabilities using the purchase method. The Company's interest in Waseca decreased to 79.24% as at December 31, 2008 with Waseca issuing additional shares to external parties. The interest held by the Company remains unchanged at March 31, 2009. The results of Waseca's operations have been included in the consolidated financial statements from the date of acquisition. Waseca is a private Canadian oil and gas company whose primary focus is heavy oil production from the Lloydminster area near the border between Alberta and Saskatchewan.

Sprott Resource Corp.

Notes to Interim Consolidated Financial Statements For the three months ended March 31, 2009

(Unaudited - expressed in Canadian dollars)

9 Investment in Stonegate Agricom Ltd.

During 2008, the Company terminated the option and exploration agreement in respect of the Mantaro Phosphate Project and concurrently, its wholly-owned subsidiary, Holdco, entered into a share purchase agreement to purchase all the outstanding shares of Mantaro (BVI) Ltd., a British Virgin Island company ("Mantaro BVI").

During 2008, Holdco and the Company signed a loan agreement (the "Loan Agreement") under which the Company agreed to lend Holdco US\$500,000 to assist in the purchase of mining properties. Pursuant to the Loan Agreement, the loan is non-interest bearing and is repayable within two (2) business days of demand made by the Company. At March 31, 2009, the loan amount is \$630,650 (December 31, 2008 - \$609,000).

During 2008, Holdco amalgamated with Stonegate Minerals to form Stonegate Agricom, in which the Company received 60,000,000 common shares representing an 81% interest. Pursuant to the Voting Agreement established upon amalgamation, the Company does not control Stonegate Agricom and therefore has equity accounted for the investment. The Company has agreed to vote its Stonegate Agricom shares in favour of each nominee to the board of directors of Stonegate Agricom proposed by the management of Stonegate Agricom for a period of three (3) years from the date of the IPO of Stonegate Agricom, provided that one such nominee is a representative of the Company. As a result of the amalgamation, the Company recorded a dilution gain of \$2,947,904. Subsequent to the amalgamation in 2008, Stonegate Agricom completed a private placement of 2,000,000 common shares reducing the Company's interest to 78.95%, which resulted in a further dilution gain of \$646,730.

As at March 31, 2009, Stonegate Agricom has 13,999,976 share purchase warrants outstanding exercisable at \$0.75 per common share, none of which the Company holds.

Mantaro BVI holds 99.5% of the outstanding shares of Mantaro Peru S.A.C., a Peruvian company ("Mantaro Peru"), with the balance 0.5% being held by Stonegate Agricom. Mantaro Peru holds the mineral claims relating to the Mantaro Phosphate Project.

A summary of 100% of the assets and liabilities of Stonegate Agricom as at March 31, 2009 and the results of operations for the period ending March 31, 2009 are as follows:

Sprott Resource Corp.

Notes to Interim Consolidated Financial Statements For the three months ended March 31, 2009

(Unaudited - expressed in Canadian dollars)

	\$
Total current assets	4,906,386
Total non-current assets	<u>14,411,634</u>
Total assets	<u>19,318,020</u>
Total current liabilities	869,917
Total non-current liabilities	<u>3,975,000</u>
Total liabilities	4,844,917
Share capital	15,939,000
Contributed surplus	324,263
Accumulated other comprehensive loss	(607,392)
Deficit	<u>(1,182,768)</u>
Total liabilities and equity	<u>19,318,020</u>
Company share of accumulated other comprehensive loss	<u>(479,536)</u>
Revenue	8,822
Expenses	<u>(399,956)</u>
Loss	<u>(391,134)</u>
Company share of equity loss of Stonegate Agricom	<u>(308,800)</u>

The investment in Stonegate Agricom is as follows:

	Investment in Stonegate Agricom \$
Balance - December 31, 2008	11,731,245
Share of losses for the period	(308,800)
Share of accumulated other comprehensive gain for the period	<u>3,682</u>
Balance – March 31, 2009	<u>11,426,127</u>

10 Lara Alliance (BVI) Ltd.

During 2008, the Company entered into a venture agreement with Lara Exploration Ltd. (“Lara”) to form L-S Alliance, for a three-year period. The L-S Alliance was established to acquire, explore, evaluate, develop and mine mineral resources in all countries other than Canada. The Company and Lara each have a 50% participating interest in the L-S Alliance. The Company’s initial contribution to the L-S Alliance in 2008 was US\$500,000 to fund the first year program and budget. Lara is deemed to have an initial contribution of

Sprott Resource Corp.

Notes to Interim Consolidated Financial Statements For the three months ended March 31, 2009

(Unaudited - expressed in Canadian dollars)

US\$500,000 in consideration for acting as manager of the L-S Alliance. Lara's contribution has been set up as prepaid expenses and will be amortized over the one-year period. For each of the second and third years, the Company and Lara can elect to contribute in proportion to its respective participating interest or not at all, in which case the participating interest will be recalculated.

As at March 31, 2009, the Company has accounted for the investment in the L-S Alliance as a VIE based on (i) the L-S Alliance has insufficient equity to carry out its principal activities without additional financial support; and (ii) the Company has a controlling financial interest. Subsequent to the first year and on an annual basis thereafter, the accounting treatment will be reassessed based on the elected amount contributed by the Company and by Lara.

11 Oil and gas properties and equipment

	March 31, 2009		
	Cost \$	Accumulated depletion and depreciation \$	Net book value \$
Oil and gas properties	6,462,911	(124,045)	6,338,866
Equipment	196,402	(29,102)	167,300
	6,659,313	(153,147)	6,506,166
	December 31, 2008		
	Cost \$	Accumulated depletion and depreciation \$	Net book value \$
Oil and gas properties	5,164,532	(17,092)	5,147,440
Equipment	273,791	(21,839)	251,952
	5,438,323	(38,931)	5,399,392

Sprott Resource Corp.

Notes to Interim Consolidated Financial Statements For the three months ended March 31, 2009

(Unaudited - expressed in Canadian dollars)

12 Asset retirement obligation

The Company is legally required to restore its properties to their original condition. Estimated future site restoration costs are based upon engineering estimates of the anticipated method and the extent of site restoration required in accordance with current legislation and industry practices in the various jurisdictions in which the Company has properties.

The Company calculated the ARO related to oil and gas properties using a discount rate of 7% and an inflation rate of 2%. It is assumed that the drilled wells will be abandoned seven years from the date drilled. The future undiscounted amount of ARO is estimated at \$120,612. All accretion expenses related to ARO are included within depreciation, depletion and amortization.

13 Mining claims and deferred exploration

During 2008, the Company entered into an option agreement (the "Option Agreement") with Altius Resources Inc. ("Altius") under which the Company can earn up to a 50.1% interest in the mineral properties owned by Altius in Newfoundland, Canada, which are subject to the Option Agreement. The Company may exercise the option by making the following minimum aggregate expenditures on the properties: (i) by April 30, 2009, \$275,000; (ii) by April 30, 2010, \$650,000; and (iii) by April 30, 2011, \$1,500,000. Expenditures totalling \$409,537 have been made as at March 31, 2009.

14 Promissory notes receivable

During 2008, the Company's subsidiary, One Earth Resources, entered into agreements with three (3) First Nation bands. Under the agreements, One Earth Resources will pay the First Nations a \$100,000 signing bonus each upon the receipt of mineral exploration permits by One Earth Resources. The First Nations each received cash payments in the amounts of \$50,000 advanced in the form of promissory notes to be applied against the amounts of the total signing bonus. The promissory notes are non-interest bearing and are repayable, at no specified date, in the event the exploration permits are not received by One Earth Resources.

15 Shareholders' equity

- a) Issued and outstanding

	Number of common shares	Amount \$
Balance - December 31, 2008 and March 31, 2009	81,807,229	163,217,190

Sprott Resource Corp.

Notes to Interim Consolidated Financial Statements For the three months ended March 31, 2009

(Unaudited - expressed in Canadian dollars)

b) Stock options

The Company established a share option plan (the "Plan") during 1995 for the benefit of employees and directors of the Company and designated affiliated companies. The maximum number of shares available under the Plan is limited to 5% of the issued common shares at the time of granting of options. Subject to any employment contracts, each option becomes exercisable as to 33 1/3% on a cumulative basis, at the end of each of the first, second and third years following the date of grant. The maximum option term shall not exceed ten years, subject to extension in the event that the expiry date falls within a "blackout" period.

During the period ended March 31, 2009, there were no stock option grants, exercises, cancellations or expiries. The following table summarizes information about the Company's stock options outstanding and exercisable at December 31, 2008 and March 31, 2009:

Range of exercise prices \$	Number of options outstanding and exercisable	Options outstanding and exercisable	
		Weighted average remaining contractual life (years)	Weighted average exercise price \$
1.30 to 1.75	190,000	0.79	1.54

At March 31, 2009, the Company had 75,000 options granted but not yet vested (December 31, 2008 – 75,000). These options were granted during 2008 and the terms of the grant were consistent with the Plan and are exercisable at \$3.32 per option. The fair value of the share options granted were estimated as at the grant date using the Black-Scholes option pricing model. The assumptions used in the calculation relating to these options are noted below:

Risk-free interest rate	3.03%
Expected life	5 years
Expected volatility	176%
Fair value per option	\$3.20

Compensation expense for the period ended March 31, 2009 was \$19,986, all of which has been recorded as a non-cash stock-based compensation expense classified as office and miscellaneous expense. The total amount has been recorded as an offsetting credit to contributed surplus.

Sprott Resource Corp.

Notes to Interim Consolidated Financial Statements For the three months ended March 31, 2009

(Unaudited - expressed in Canadian dollars)

c) Share warrants

Warrants to acquire common shares outstanding at March 31, 2009 are as follows:

Number of warrants outstanding	Exercise price \$	Expiry date
3,855,430	2.50	September 5, 2009
16,594,284	4.25	December 31, 2010

Warrant Incentive Program

During 2008, the Company announced a warrant incentive program (the “Warrant Incentive Program”) to encourage the early exercise of 39,920,000 outstanding warrants that were to expire September 5, 2009 (the “Old Warrants”), which were issued as part of the financing completed in September 2007. The Warrant Incentive Program expired on July 7, 2008. The Old Warrants are exercisable at \$2.50 per share. Warrant holders who elected to exercise their Old Warrants as part of the Warrant Incentive Program received one-half of one new common share purchase warrant (a “New Warrant”), which is exercisable for one common share of the Company at a price of \$4.25 until December 31, 2010, subject to the Company’s ability to accelerate the expiry of the New Warrants if the trading price of the Company’s common shares is equal to or greater than \$6.00 for twenty (20) consecutive trading days. Under the Warrant Incentive Program, 33,188,568 of the Old Warrants were exercised for total proceeds of \$82,971,420 and consequently 16,594,284 New Warrants were issued.

Sprott Resource Corp.

Notes to Interim Consolidated Financial Statements For the three months ended March 31, 2009

(Unaudited - expressed in Canadian dollars)

d) The Waseca Stock Option Plan

The maximum number of shares available under the Waseca Stock Option Plan (the "Waseca Plan") is limited to 10% of the issued common shares of Waseca at the time of granting of options. Subject to any employment contracts, each outstanding option becomes exercisable as to 33 1/3% on a cumulative basis, at the end of each of the first, second and third years following the date of grant. The maximum option term shall not exceed five years.

The following table summarizes information about Waseca's stock options outstanding under the Waseca Plan at March 31, 2009:

	2009		2008	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Balance - Beginning of year	2,250,000	0.60	-	-
Granted	185,000	0.60	2,250,000	0.60
Balance - End of year	<u>2,435,000</u>	<u>0.60</u>	<u>2,250,000</u>	<u>0.60</u>

The fair value of the stock options granted during the period under Waseca's Plan is estimated at the grant date using the Black-Scholes option pricing model. The assumptions used in the calculation are noted below:

Risk-free interest rate	3.11%
Expected life	5 years
Expected volatility	Nil%
Fair value per option	\$0.08

Compensation expense under the Waseca Plan for the period ended March 31, 2009 was \$16,517 (2008 - \$nil), all of which has been recorded as a non-cash stock-based compensation expense classified as office and miscellaneous expense. The total amount has been recorded as an offsetting credit to contributed surplus.

Sprott Resource Corp.

Notes to Interim Consolidated Financial Statements For the three months ended March 31, 2009

(Unaudited - expressed in Canadian dollars)

The following table summarizes information about stock options outstanding under the Waseca Plan at March 31, 2009 of which none were exercisable:

Range of exercise prices \$	Options outstanding		
	Number of options outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price \$
0.60	2,435,000	4.5	0.60

e) Waseca Performance Shares

The following table summarizes the activity during the period for Waseca's Performance Shares, which are only releasable upon a liquidity event:

	Number of shares	Weighted average conversion price \$
Balance - December 31, 2008	4,450,000	0.60
Granted	295,000	0.60
Balance - March 31, 2009	4,745,000	0.60

Performance Shares outstanding and exercisable

Transaction value *	Number of Performance Shares outstanding	Weighted average remaining contractual life (years)	Number of Performance Shares convertible
0.69	1,186,250	4.5	nil
0.90	1,186,250	4.5	nil
1.20	1,186,250	4.5	nil
1.50	1,186,250	4.5	nil

* Above table denotes transaction value required to trigger option to convert to common shares at \$0.60 per Performance Share. A transaction event occurs when Waseca's share price exceeds the prices noted in the above table resulting from liquidation or a public transaction.

As of March 31, 2009, neither a liquidity event nor a public transaction had occurred and therefore the fair value of the Performance Shares have not been recognized in these financial statements.

Sprott Resource Corp.

Notes to Interim Consolidated Financial Statements For the three months ended March 31, 2009

(Unaudited - expressed in Canadian dollars)

f) Contributed surplus

Balance – December 31, 2008	400,249
Stock-based compensation	<u>36,503</u>
Balance – March 31, 2009	<u>436,752</u>

The Company's stock based compensation amount is \$19,986 (2008 - \$nil) and the remaining amount of \$16,517 is attributable to Waseca.

16 Supplemental cash flow information

The Company conducted non-cash investing and financing activities as follows:

	March 31, 2009	March 31, 2008
	\$	\$
Investing activities		
Deferred exploration costs included in accounts payable	-	(215,271)
Financing activities		
Common shares issued on exercise of stock options	-	407,538
Supplemental information to the cash flow statement		
Taxes paid - net	14,800,000	-
Interest received - net	234,720	-

Sprott Resource Corp.

Notes to Interim Consolidated Financial Statements For the three months ended March 31, 2009

(Unaudited - expressed in Canadian dollars)

17 Related party transactions

Related party transactions not disclosed elsewhere in these consolidated financial statements are as follows:

- a) During the three months ended March 31, 2009, directors fees of \$32,250 (March 31, 2008 - \$7,198) were charged by independent directors of the Company. Of this amount \$32,250 was charged to the statements of operations (March 31, 2008 - \$4,000).
- b) During the three months ended March 31, 2009, consulting fees of \$53,158 and \$26,381 relating to Waseca (March 31, 2008 - \$4,000, Waseca - \$nil) were charged by officers or former officers of the Company. Of this amount \$53,158 was charged to the statement of operations (March 31, 2008 - \$4,000).
- c) During the three months ended March 31, 2009, management fees of \$1,417,301 (March 31, 2008 - \$386,194) were incurred, which are payable to Sprott Consulting Limited Partnership ("SCLP"), an entity with directors and management in common.
- d) Included in accounts payable and accrued liabilities as at March 31, 2009 was \$1,449,551 (December 31, 2008 - \$3,902,632) payable to related parties, including \$1,417,301 (December 31, 2008 - \$3,872,382) payable to SCLP. These amounts are non-interest bearing and have no specific terms of repayment.
- e) Included in investments as at March 31, 2009 is an investment in Tournigan Energy Ltd ("Tournigan") at fair market value of \$3,258,731. During 2008, the Company purchased 15,896,250 of Tournigan shares throughout the year from funds managed by the Chairman of the Company. The price paid for such shares was \$3,501,360 or \$0.22 per share.

Transactions with related parties are recorded at the exchange amount, being the price agreed between the parties. Transactions in the normal course of business were measured at the monetary exchange amount which is the amount of consideration established, agreed to and paid by the related parties based on standard commercial terms.

18 Segment information

The Company operates within the mining industry through direct acquisitions, joint ventures and equity investments, and within the oil and gas industry through direct acquisitions. Industry segmentation of the Company assets is as follows:

	March 31, 2009	December 31, 2008
	\$	\$
Mining	29,657,855	26,895,656
Oil and gas	6,475,931	5,342,651
Unallocated	259,796,524	282,047,292
	<hr/>	<hr/>
Total assets	295,930,310	314,285,599

Sprott Resource Corp.

Notes to Interim Consolidated Financial Statements For the three months ended March 31, 2009

(Unaudited - expressed in Canadian dollars)

19 One Earth Farms Corp.

During the quarter, the Company announced that it had launched One Earth Farms Corp. (“One Earth Farms”), a wholly owned subsidiary. One Earth Farms is a large and fully-integrated corporate farming entity, which intends to have operations on First Nations’ farmland in the Prairie Provinces of Canada. Subsequent to March 31, 2009, the Company invested \$27,500,000 in One Earth Farms through the purchase of 30,000,000 units. Each unit entitles the Company to one common share of One Earth Farms and one common share purchase warrant exercisable for \$1.00 for a period of five years from the subscription date. One Earth Farms will use the proceeds to establish operations, fund working capital and support its initial growth. Refer to note 20 for commitments under One Earth Farms.

20 Commitments

Contractual Obligations	2009	2010	2011	2012	2013	2014 and beyond	Total
Farm leases (a)	370,656	386,656	405,760	405,760	405,760	1,818,208	3,792,800
Operating leases (b)	238,990	318,653	292,099	-	-	-	849,741
Software licences (c)	67,953	-	-	-	-	-	67,953
Total contractual obligations	677,599	705,309	697,859	405,760	405,760	1,818,208	4,710,494

Sprott Resource Corp.

Notes to Interim Consolidated Financial Statements For the three months ended March 31, 2009

(Unaudited - expressed in Canadian dollars)

- a) Farm leases encompass contractual agreements with First Nations regarding the rental of cultivated land for growing crops and the farming of haylands. As at March 31, 2009, approximately 12,000 acres had been leased for growing crops and approximately 2,000 acres for growing hay. The lease agreements can be terminated by One Earth Farms with notice of not less than one year. The term of the lease agreements ranges between 4.75 years to 9.75 years.

In the first year of each farm lease, the rents have been contractually established at a current fair market rental rate per cultivated acre. In subsequent years, One Earth Farms will pay an annual rent based on the fair market rental rate of the land. The fair market rental rate of the land will be determined by an independent professional land valuator. For the purposes of calculating the commitment in future years, management has assumed that the rent is equal to the contracted rent in the first year of the agreement.

For the haylands leases, One Earth Farms will pay the equivalent of one-half of the proceeds of the baled hay to the landowner as rent. One Earth Farms is responsible for the costs related to the production and harvesting of the hay. It is currently not possible for management to determine the proceeds of harvesting the haylands and no amount has been included in the above commitments table.

- b) The operating leases relate to leased office space in Calgary, Alberta, by Waseca for a three year term commencing December 1, 2008. The estimated annual rent obligations are \$233,740 (April through December 2009); \$318,653 for 2010; and \$292,268 for 2011. Waseca has the option to extend the lease for an additional five years under the same terms and conditions currently in place. Management estimates that this option has \$nil value given current market conditions.
- c) Waseca has licensed certain geological software for a two-year term commencing September 30, 2008. The Company's license cost for 2009 is \$67,953. There are no license payments in 2010.
- d) On September 5, 2007, the Company entered into the MSA with Sprott Consulting Limited ("SCL"), a then wholly-owned subsidiary of Sprott Asset Management Inc. ("SAM") with an initial term of three years. The MSA was approved by shareholders of the Company at a special meeting of shareholders held on August 31, 2007. Pursuant to the terms of the MSA, SCL was appointed by the Company to manage, or engage others to manage, the undertaking and affairs of the Company. In consideration for providing these services, the Company agreed to pay SCL an annual services fee equal to 2% of the net asset value (as defined in the MSA) of the Company calculated and payable at the end of each calendar quarter based on the average month-end net asset value of the Company and an annual incentive fee equal to 20% of: (a) the pre-tax profits of the Company for the year minus (b) the average month-end net asset value of the Company for the year multiplied by the percentage return of the Canadian 30-Year Generic Bond Index. On December 1, 2007, SCL assigned the MSA to SCLP, the successor to SCL, as part of an internal reorganization involving SAM and its subsidiaries.

21 Contingencies

The Company may be subject to various contingent liabilities that occur in the normal course of operations. The Company is not aware of any pending or threatened proceedings that would have a material adverse effect on the consolidated financial condition or future results of the Company.

Sprott Resource Corp.

Notes to Interim Consolidated Financial Statements For the three months ended March 31, 2009

(Unaudited - expressed in Canadian dollars)

22 Management of capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain a flexible capital structure which optimizes the costs of capital as an acceptable risk.

In the management of capital, the Company includes the components of shareholders' equity, as well as cash and cash equivalents and investments.

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 capital structure, the Company may attempt to issue new shares, acquire or dispose of assets or adjust the amount of cash and cash equivalents and investments. The Company has no debt and does not expect to enter into debt financing. Operating subsidiaries may enter into debt financing as necessary.

The Company is not subject to any capital requirements imposed by a regulator. The Company does not pay out dividends.

The Company's cash management policy is to invest its cash in highly liquid short-term Government of Canada issued treasury bills, with maturities of three months or less from the original date of acquisition, and bullion.

23 Financial instruments

Fair value of financial instruments

The Company's financial instruments consist of cash and cash equivalents, short-term investments, note receivable, other receivable, promissory notes receivable, investments and accounts payable and accrued liabilities. Cash equivalents consist of highly liquid investments held in the form of Government of Canada treasury bills, the investment terms of which are less than three months at the time of acquisition, and are all held in Canadian dollars. The Company has no asset backed commercial paper. Portfolio investments in securities of publicly-traded companies are reported at fair value. The fair values of the other instruments approximate their book value due to their short-term nature.

Sprott Resource Corp.

Notes to Interim Consolidated Financial Statements For the three months ended March 31, 2009

(Unaudited - expressed in Canadian dollars)

Currency risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada and Peru and a portion of its expenses are incurred in U.S. dollars. The Company does not hedge its exposure to fluctuations in the exchange rate. Future changes in exchange rates could have a material effect on the Company's business, financial condition and results of operations.

Certain of the Company's financial instruments are exposed to fluctuations in the U.S. dollar, including the note receivable. A hypothetical change of 10% to the foreign exchange rate between the U.S. dollar and the Canadian dollar applied to the average level of U.S. denominated cash and cash equivalents and note receivable during the period would have an impact of approximately \$73,800.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its commercial obligations.

The Company's cash is held primarily through large Canadian financial institutions. Short-term investments consist of Government of Canada treasury bills, which have an original maturity of three months or less from the date of purchase and are readily convertible into a known amount of cash.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, gold and silver bullion and equity prices, will affect the Company's operations or the value of its financial instruments. The Company will generate a portion of its revenue from the proceeds of disposition from its equity investments in natural resource companies. The values of such investments are subject to general market risks and all the risks specific to natural resource companies. If the value of these investments declines, as a result of company specific issues or market conditions generally, the Company may suffer capital losses. Management performed a sensitivity analysis of the portfolio investments and the physical gold and silver bullion against a 10% fluctuation in the stock market. A 10% fluctuation in the S&P TSX Composite Index would impact the Company's net assets excluding cash and cash equivalents and short-term investments by 4% and net assets including cash and cash equivalents and short-term investments by 1.5%.

The Company manages its cash according to its operational needs and to optimize revenues from interest.

Liquidity risk

The Company manages liquidity risk by maintaining sufficient cash and cash equivalents balances to enable settlement of transactions on the due date.

The Company invests in securities of private companies. In some cases, the Company may be restricted by contract or by applicable securities laws from selling such securities for a period of time. The inability to sell such securities may impair the Company's ability to exit such investments when the Company considers it appropriate.

Sprott Resource Corp.

Notes to Interim Consolidated Financial Statements For the three months ended March 31, 2009

(Unaudited - expressed in Canadian dollars)

Interest rate risk

The Company is exposed to minimal interest rate risk on its cash and cash equivalents and short-term investments with terms of maturity within one year. The Company has a low sensitivity to interest rate declines as the maximum exposure would result in interest income to decline to \$nil. This would not materially impact the Company as interest income is not depended upon as a primary source of income. The interest rate on its short-term investments is at a fixed rate.

24 Subsequent events

The Company entered into the following transactions subsequent to March 31, 2009:

- a) The Company purchased \$2,055,071 of publicly traded securities, and received proceeds of \$5,746,488 on the disposal of publicly traded securities, resulting in a gain of \$2,639,126.
- b) One Earth Farms entered into additional lease commitments to farm approximately 1,000 acres of cultivated land for growing crops. The aggregate commitment over the term of the lease agreements is \$163,350. The term of the lease agreements ranges between 4.75 years to 9.75 years.