

GRANDE PORTAGE RESOURCES LTD.

FINANCIAL STATEMENTS AND NOTES

As at April 30, 2010

GRANDE PORTAGE RESOURCES LTD.
BALANCE SHEETS
April 30, 2010 and October 31, 2009

	April 30, 2010	October, 2009
Assets		
Current		
Cash & cash equivalents	\$ 1,677,469	\$ 1,871,704
Marketable securities	5,842,330	3,000,000
Mining exploration tax recoverable	52,019	85,503
GST receivable	3,913	3,183
Prepaid expenses and deposits	14,112	13,597
	7,589,843	4,973,987
Reclamation bonds	44,000	44,000
Property, plant & equipment (Notes 9)	15,195	17,297
Mineral properties acquisition costs (Note 10 & Schedule 1)	860,819	807,738
Deferred exploration expenditures (Note 10 & Schedule 1)	5,440,966	5,435,071
	\$ 13,950,823	\$ 11,278,093
Liabilities		
Current		
Accounts payable	\$ 2,432	\$ 45,740
Shareholders' Equity		
Share capital (note 11)	15,173,088	15,160,588
Contributed surplus (notes 11)	2,334,486	2,303,185
Accumulated other comprehensive income (loss) (Note 8)	2,842,330	-
Deficit	(6,401,513)	(6,231,420)
	13,948,391	11,232,353
	\$ 13,950,823	\$ 11,278,093

Nature and Continuance of Operations – Note 1
Subsequent Events – Notes 13

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:

<u>“Ian Klassen”</u> Ian Klassen	Director	<u>“Harold Forzley”</u> Harold Forzley	Director
-------------------------------------	----------	---	----------

GRANDE PORTAGE RESOURCES LTD.
STATEMENTS OF OPERATIONS AND DEFICIT
For the Three- and six-month periods ended April 30, 2010 and 2009

	Three Months Ended April 30,		Six Months Ended April 30,	
	2010	2009	2010	2009
Administrative expenses				
Management fees	30,000	39,000	60,000	96,000
Stock based compensation	15,650	3,500	31,300	7,000
Legal and accounting	14,907	14,019	24,809	28,186
Office and miscellaneous	10,184	5,017	19,714	27,341
Regulatory and transfer agent fees	9,325	8,642	10,397	13,450
Rent	5,000	4,200	10,000	7,400
Investor & shareholder relations	5,952	4,469	9,573	31,676
Travel & promotion	4,092	6,909	8,373	18,484
Amortization	1,051	1,414	2,102	2,828
Consulting fees	1,850	17,410	1,850	18,110
Total expenses	98,011	104,580	178,118	250,475
Other items				
Interest income	(3,822)	(22,398)	(8,025)	(28,330)
Loss for the period	94,189	82,182	170,093	222,145
Deficit, beginning of period	6,307,324	6,209,732	6,231,420	6,069,769
Deficit, end of period	\$ 6,401,513	\$ 6,291,914	\$ 6,401,513	\$ 6,291,914
Loss per share	\$ 0.001	\$ 0.002	\$ 0.003	\$ 0.004
Weighted average number of shares outstanding	64,098,572	63,996,325	64,070,016	63,319,740

SEE ACCOMPANYING NOTES

GRANDE PORTAGE RESOURCES LTD.
STATEMENT OF COMPREHENSIVE INCOME (LOSS)
For the Six-month periods ended April 30, 2010 and 2009

	2010	2009
Net loss for the period	\$ (170,092)	\$ (222,146)
Unrealized gain (loss) on available-for-sale investments	2,842,330	-
Comprehensive income (loss) for the year	\$ 2,672,238	\$ (222,146)

SEE ACCOMPANYING NOTES

GRANDE PORTAGE RESOURCES LTD.
STATEMENTS OF CASH FLOWS
For the Three- and six-month periods ended April 30, 2010 and 2009

For the	Three Months Ended April 30,		Six Months Ended April 30,	
	2010	2009	2010	2009
Cash provided by (used for)				
Operating activities				
Loss for the period	\$ (94,189)	\$ (82,182)	\$ (170,093)	\$ (222,145)
Add item not affecting cash:				
Amortization	1,051	1,414	2,102	2,828
Stock based compensation	15,650	3,500	31,300	7,000
Net change in non-cash working capital				
GST receivable	(881)	(1,087)	(730)	10,156
Accounts receivable & prepaids	36,295	60,000	32,970	50,000
Accounts payable	(21,303)	(75,003)	(43,308)	(38,645)
	(63,377)		(147,759)	(190,806)
Financing activities				
Shares issued for cash	-	-	-	102,000
Shares issued for property	-	-	-	-
	-	-	-	102,000
Investing activity				
Acquisition of resource properties	(23,000)	(32,500)	(40,581)	(109,748)
Deferred exploration expenditures	(3,969)	(35,031)	(5,895)	(88,977)
Insurance claim refund	-	33,093	-	54,338
	(26,969)	(34,438)	(46,476)	(144,387)
Net increase (decrease) in cash	(90,346)	(127,796)	(194,235)	(233,193)
Cash, beginning of period	1,767,815	3,955,067	1,871,704	4,060,464
Cash, end of period	\$1,677,469	\$3,827,271	\$ 1,677,469	\$ 3,827,271
Supplemental Information:	\$	No. of shares	\$	No. of shares
Shares issued for property	12,500	125,000	12,500	125,000

SEE ACCOMPANYING NOTES

GRANDE PORTAGE RESOURCES LTD.
SCHEDULE OF RESOURCE PROPERTIES
For the periods ended April 30, 2010 and October 31, 2009

Statement of Mining and Exploration Expenditures

	Merry Widow	New Merry Widow	Newt Property	Good Sport	Kathleen Lake
Balance, beginning	\$5,676,188	\$120,750	\$149,500	\$151,260	\$25,000
Acquisition costs					
Cash	17,581	23,000	-	-	-
Shares	-	12,500	-	-	-
Staking and land taxes	-	-	-	-	-
	<u>17,581</u>	<u>35,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred exploration costs					
Assay & recording	859	-	-	-	-
Camp supplies	1,350	-	-	-	-
Consulting	-	-	-	-	-
Drafting and mapping	-	-	-	-	-
Drilling	-	-	-	-	-
Engineering	-	-	-	-	-
Equipment rental	825	-	-	-	-
Geological consulting	-	-	-	-	-
Helicopters	-	-	-	-	-
Site access and preparation	-	-	-	-	-
Site personnel	2,860	-	-	-	-
Travel & miscellaneous	-	-	-	-	-
	<u>5,894</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, ending	<u>\$5,699,663</u>	<u>\$156,250</u>	<u>\$149,500</u>	<u>\$151,260</u>	<u>\$25,000</u>

SEE ACCOMPANYING NOTES

GRANDE PORTAGE RESOURCES LTD.
SCHEDULE OF RESOURCE PROPERTIES
For the periods ended April 30, 2010 and October 31, 2009

Statement of Mining and Exploration Expenditures (continued)

	Pass Property / New Mine	Tahsis Property	April 30, 2010	October 31, 2009
Balance, beginning	\$555,238	\$43,000	\$6,720,936	\$7,029,993
Acquisition costs				
Cash		-	40,581	97,248
Shares		-	12,500	12,500
Staking & land taxes		-	-	1,070
Sub-lease of property		-	-	(30,000)
		-	\$53,081	\$80,818
Deferred exploration costs				
Assay & recording		-	859	20,066
Camp supplies		-	1,350	(3,577)
Claim renewal		-	-	73,554
Consulting		-	-	2,001
Drafting and mapping		-	-	863
Drilling		-	-	25,994
Engineering		-	-	3,016
Equipment rental		-	825	1,140
Geological consulting		-	-	4,500
Geophysics		-	-	-
Helicopters		-	-	-
Site maintenance		-	-	-
Site personnel		-	2,860	45,549
Travel & miscellaneous		-	-	1,822
		-	5,894	174,928
Write-down of properties		-	-	(564,804)
Mining tax credits	-		(478,126)	(478,126)
Balance, ending	\$555,238	\$43,000	\$6,301,785	\$6,242,809

GRANDE PORTAGE RESOURCES LTD.
Notes to the Financial Statements
For the Six-month period ending April 30, 2010

1. NATURE OF BUSINESS

Grande Portage Resources Ltd. (the Company) is a development stage company whose shares trade on the TSX Venture Exchange. The Company holds resource properties in British Columbia, Canada, and has not yet determined whether they contain ore reserves that are economically recoverable. The recoverability of amounts shown for resource properties, including related deferred exploration costs, is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to satisfy expenditure requirements under property acquisition and joint venture agreements to complete their development, and future profitable production or the disposition thereof.

2. GOING CONCERN

The accompanying financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles on the going concern basis. This presumes funds will be available to finance on-going development, operations and capital expenditures and the realization of assets and the payment of liabilities in the normal course of operations for the foreseeable future.

The Company has no source of operating cash flows and has not yet achieved profitable operations, has accumulated losses of \$6,401,513 (2009 - \$6,291,914) since inception, and expects to incur further losses in the development of its business, all of which casts substantial doubt about the Company's ability to continue as a going concern.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles (GAAP).

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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. This includes the valuation of capitalized resource properties of the company. Actual results could differ from these estimates.

GRANDE PORTAGE RESOURCES LTD.
Notes to the Financial Statements
For the Six-month period ending April 30, 2010

3. SIGNIFICANT ACCOUNTING POLICIES (Cont)

Resource Properties

Acquisition costs, rights and options together with direct exploration and development expenditures and certain administration costs directly relating to the resource properties, are deferred in the accounts on a property-by-property basis. The expenditures related to a property from which there is production will be depleted using the unit-of-production method based upon the estimated proven reserves. Proceeds received on the sale of interests in mineral properties are credited to the carrying value of the mineral properties, with any excess included in operations. Write-downs due to impairment in value are charged to operations.

Earnings/Loss per Share

The Company uses the treasury stock method to compute the dilutive effects of options, warrants and similar instruments. Under this method, the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period.

Basic loss per share has been computed based on the weighted average number of common shares outstanding. Existing stock options and share purchase warrants have not been included in the computation of diluted earnings (loss) per share because to do so would be anti-dilutive.

Foreign Currency Translation

Monetary items denominated in a foreign currency are translated into Canadian dollars at the rate of exchange in effect at the balance sheet date and non-monetary items are translated at the rate of exchange in effect when the assets were acquired or obligations incurred. Gains and losses resulting from the translation of assets and liabilities are reflected in the operations of the period.

Foreign currency denominated revenue and expense items are translated at the average rates of exchange prevailing during the period.

Income Taxes

The company accounts for income taxes under the asset and liability method, whereby future assets and liabilities are recognized for the future consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future income tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the year that substantive enactment or enactment occurs. Future tax assets are recognized to the extent that they are considered more likely than not to be realized.

GRANDE PORTAGE RESOURCES LTD.
Notes to the Financial Statements
For the Six-month period ending April 30, 2010

3. SIGNIFICANT ACCOUNTING POLICIES (Cont)

Flow-through Shares

Under the terms of flow-through share agreements, the related expenditures are renounced to the subscribers of such shares. In March 2004, the CICA issued Emerging Issue Committee Abstract No. 146, Flow-through Shares, which clarifies the recognition of previously unrecorded future income tax assets caused by renouncement of expenditures relating to flow-through shares. For flow-through shares issued after March 19, 2004, the Company records the tax effect related to the renounced deductions as a reduction of income tax expense in the statement of operations on the date that the Company renounces the deductions for investors.

Impairment of Long-lived Assets

Canadian generally accepted accounting principles require that long-lived assets and intangibles to be held and used by the Company be reviewed for possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If changes in circumstances indicate that the carrying amount of an asset that an entity expects to hold and use may not be recoverable, future cash flows expected to result from the use of the asset and its disposition must be estimated. If the undiscounted value of the future cash flows is less than the carrying amount of the asset, impairment is recognized. Management believes there has been no impairment of the Company's long-lived assets as at April 30, 2010.

Asset Retirement Obligations

The fair values of obligations associated with the retirement of tangible long-lived assets are recorded in the period the asset is put into use, with a corresponding increase to the carrying amount of the related asset. The obligations recognized are statutory, contractual or legal obligations. The liability is accreted over time for changes in the fair value of the liability through charges to accretion, which is included in depletion, depreciation and accretion expense. The costs capitalized to the related assets are amortized in a manner consistent with the depletion and depreciation of the related asset. At April 30, 2010, the Company cannot reasonably estimate the fair value of the resource properties' site restoration costs, if any.

Mining Tax Credits

Mining tax credits are recorded in the accounts when there is reasonable assurance that the Company has complied with, and will continue to comply with, all conditions needed to obtain the credits. Where recovery is not reasonably assured they will be recorded or accrued when assurance of recovery is reasonably determined. Non-repayable mining tax credits may be earned in respect to exploration costs incurred in British Columbia, Canada and are recorded as a reduction of the related deferred exploration expenditures.

GRANDE PORTAGE RESOURCES LTD.
Notes to the Financial Statements
For the Six-month period ending April 30, 2010

3. SIGNIFICANT ACCOUNTING POLICIES (Cont)

Stock-based compensation

The Company has a stock option plan, described in Note 11. The fair value method of accounting is applied to all stock-based compensation payments to both employees and non-employees. The estimated fair value of the options is determined using the Black-Scholes option pricing models.

During 2004, the Company adopted the revised CICA Handbook Section 3870, "Stock-based Compensation and Other Stock-based payments," which requires that a fair value method of accounting be applied to all stock-based compensation to both employees and non-employees. In accordance with the transitional provisions of Section 3870, the Company retroactively applied the fair value method for employee stock option awards granted after January 1, 2004.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated amortization. Property, plant and equipment are amortized over their estimated useful lives at the following rates and methods:

Vehicles	30% Declining balance method
Equipment	20% Declining balance method

In the year of acquisition, amortization is calculated at one-half of the above-noted rates.

Financial instruments

The organization classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired or liability incurred. The organization's accounting policy for each category is as follows:

Assets held-for-trading

Financial instruments classified as assets held-for-trading are reported at fair value at each balance sheet date, and any change in fair value is recognized in net income (loss) in the period during which the change occurs. Transaction costs are expensed when incurred. In these financial statements, cash and cash equivalents and marketable securities have been classified as held-for-trading.

Available-for-sale investments

Financial instruments classified as available-for-sale are reported at fair value at each balance sheet date, and any change in fair value is recognized in net assets in the period in which the change occurs.

GRANDE PORTAGE RESOURCES LTD.
Notes to the Financial Statements
For the Six-month period ending April 30, 2010

3. SIGNIFICANT ACCOUNTING POLICIES (Cont)

Financial instruments (Continued)

Held-to-maturity investments

Financial instruments classified as held-to-maturity are financial assets with fixed or determinable payments and fixed maturities that the organization's management has the positive intention and ability to hold to maturity. These assets are initially recorded at fair value and subsequently carried at amortized cost, using the effective interest rate method. Transaction costs are included in the amount initially recognized.

Loans and receivables and other financial liabilities

Financial instruments classified as loans and receivables and other financial liabilities are carried at amortized cost using the effective interest method. Transaction costs are expensed when incurred.

In these financial statements, accounts receivable have been classified as loans and receivables and accounts payable have been classified as other financial liabilities.

Capital disclosures

The AcSB issued CICA Handbook Section 1535, Capital Disclosures, which established standards for the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. Other than the additional disclosure in Note 5, the adoption of this section has had no impact on the Company's financial statements.

Assessing Going Concern

The Accounting Standards Board ("AcSB") amended CICA Handbook Section 1400, to include requirements for management to assess and disclose an entity's ability to continue as a going concern. This section applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009.

4. RECENT ACCOUNTING PRONOUNCEMENTS

Goodwill and intangible assets

The Company adopted the new standard Goodwill and Intangible Assets (Section 3064) for its fiscal year beginning November 1, 2009. This Section replaces Section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research and Development Costs. The new Section establishes standards 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 Section 3062. The Company is currently evaluating the impact of the adoption of this new Section on its consolidated financial statements.

GRANDE PORTAGE RESOURCES LTD.
Notes to the Financial Statements
For the Six-month period ending April 30, 2010

4. RECENT ACCOUNTING PRONOUNCEMENTS (Cont)

International financial reporting standards ("IFRS")

In addition to the above new accounting pronouncements the Canadian Accounting Standards Board ("AcSB") in 2006 published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with International Financial Reporting Standards ("IFRS") over a five-year transitional period. In February 2009 the AcSB announced that 2011 is the changeover date for publicly-accountable enterprises to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended October 31, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

5. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition of mineral claims, expenditure requirements under property acquisition and joint venture agreements and the cost of mineral exploration. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company is dependent upon external financings or borrowings to fund expansion of its mineral property acquisitions. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

6. FINANCIAL RISK FACTORS

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

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's believes it has no significant credit risk.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. At April, 2010, the Company had cash and marketable securities of \$7,519,799 (2009 - \$3,827,271) to settle current liabilities of \$2,432 (2009 - \$11,375). Most of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

GRANDE PORTAGE RESOURCES LTD.
Notes to the Financial Statements
For the Six-month period ending April 30, 2010

6. FINANCIAL RISK FACTORS (Cont)

Market risk

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

Interest rate risk

Interest rate risk is the risk to the Company's earnings that would arise from fluctuations in interest rates and would depend on the volatility of these rates. The Company's interest rate risk is not considered to be significant

Foreign currency risk

The Company is not exposed to foreign currency risk on fluctuations related to cash and accounts payable and accrued liabilities that are denominated in Canadian Dollars (CDN), and US Dollars (USD).

Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of raw materials, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

7. CASH AND CASH EQUIVALENTS

Cash is defined as cash and short-term investments with maturity dates less than 90 days. The Company's short-term investments are considered to be cash equivalents and are recorded at cost, which approximates current market value.

The Company holds two term deposits with separate banks. Term deposit A consists of \$1,000,000 held in a Royal Bank prime-linked GIC bearing interest at 0.3% with a maturity date of January 19, 2011. Term deposit B consists of \$450,000 held in a Bank of Montreal GIC bearing interest at 0.5% with a maturity date of February 14, 2011.

GRANDE PORTAGE RESOURCES LTD.
Notes to the Financial Statements
For the Six-month period ending April 30, 2010

8. MARKETABLE SECURITIES

As at April 30, 2010, the Company had available for sale 891,300 common shares of Quaterra Resources Inc. (a public company) with a market value of \$1,631,079, (cost - \$600,000). The Company also holds 53,960 common shares of Petrobakken Energy Ltd. ("PetroBakken") having a market value of \$1,488,756.

As previously announced on September 11, 2009, the Company purchased 10,000,000 Class A shares of Nexstar Energy Ltd. ("Nexstar") at a cost of \$1,500,000. On March 1, 2010, Result Energy Inc. ("Result") acquired all of the outstanding Class A shares of Nexstar through the issuance of 1.05 Result common shares. Grande Portage received 8,400,000 common shares of Result for the balance of 8,000,000 Class A shares it held of Nexstar.

On April 1, 2010, PetroBakken acquired all of the issued and outstanding shares of Result. Under this arrangement, Grande Portage received 53,960 common shares of PetroBakken for the balance of 6,720,500 common shares it held of Result.

At October 31, 2009, the total market value for both investments was \$3,000,000 and at April 30, 2010, the market value increased to \$5,842,330, therefore the Company recorded the difference of \$2,842,330 as Accumulated Other Comprehensive Income on the Balance sheet and on the Statement of Comprehensive Income.

Marketable securities and long-term investments were recorded at fair value at April 30, 2010 in accordance with the Company's policy on financial instruments.

9. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated Amortization	2010 Net Book Value	2009 Net Book Value
Vehicles	12,000	5,663	6,337	\$ 9,053
Equipment	13,670	4,812	8,858	11,072
	<u>\$ 25,670</u>	<u>\$ 10,475</u>	<u>\$ 15,195</u>	<u>\$ 20,125</u>

GRANDE PORTAGE RESOURCES LTD.
Notes to the Financial Statements
For the Six-month period ending April 30, 2010

10. RESOURCE PROPERTIES

Merry Widow Property

Pursuant to an agreement dated March 25, 2004, the Company was granted an option to earn a 100% interest in mineral claims known as the Merry Widow property located in the Nanaimo Mining Division of British Columbia. Grande Portage Resources paid \$75,000 in cash and issued 450,000 common shares of the Company.

The property is subject to a 2% net smelter return royalty (NSR), with a minimum advance payment of \$16,000 due each calendar year following the year the option is exercised. The Company may purchase the NSR for \$750,000.

New Merry Widow Property

Pursuant to an agreement dated March 10, 2006, the Company was granted an option to earn a 100% interest in an area adjoining the Company's Merry Widow property. The Company is required to pay a total of \$75,000 and 275,000 common shares over four years. The property will be subject to a 2% Net Smelter Return ("NSR"). The Company may purchase 100% of the NSR for \$750,000.

MWM Property

Pursuant to an agreement dated July 26, 2006, the Company was granted an option to earn up to a 100% interest in seven mineral claims located in the Nanaimo Mining Division, B.C., known as the MWM Property.

The Company can acquire the MWM Property by making option payments in instalments aggregating \$60,000 and issuances of non-transferable share purchase warrants to acquire up to a total of 1,000,000 common shares of the Company (the "Warrants") over 18 months.

The Company decided to forgo exploration on the MWM property and it was written off to operations during the year ended October 31, 2009.

Good Sport and Newt Properties

Pursuant to an agreement dated January 17, 2006, the Company was granted an option to earn 100% in two mineral claims adjacent northeast and northwest to its current crown grants. For a cash payment of \$5,000 on each property, the Company would add another 329 hectares to its holdings (paid). Upon exercise of the option(s), the Company would be required to make cash payments totalling \$100,000 on each property to be acquired over three years and issue 400,000 shares on each property over three years (paid and issued). Each of the properties will be subject to a 2.5% NSR reserved to the original owners. In each case, the Company may purchase 50% of the NSR for \$1,000,000 in order to reduce the total net smelter return to 1.25%.

Kathleen Lake Property

Pursuant to an agreement dated March 10, 2006, the Company signed a 100% interest in three mineral claims in the Rupert District known as Kathleen Lake for \$25,000 (paid).

GRANDE PORTAGE RESOURCES LTD.
Notes to the Financial Statements
For the Six-month period ending April 30, 2010

10. RESOURCE PROPERTIES (Cont)

Pass Property

Pursuant to an agreement dated August 30, 2008, the Company was granted an option to earn up to a 100% interest in two mineral claims located in the Omineca Mining Division of British Columbia known as the Pass property. To earn the 100% interest in these claims, the Company is required to pay a total of \$7,500 and complete minimum expenditures of \$500,000 over four years and 200,000 common shares if and when the first, second and third phase of the exploration program on the property has been completed.

The property is subject to a 3.0% net smelter return royalty (NSR), with payments due within 30 days after receipt of proceeds and 90 days after the end of each fiscal year thereafter. The Company may purchase 50% of the NSR for \$1,000,000.

New Mine Property

Pursuant to an agreement dated March 31, 2009, the Company was granted an option to earn up to a 100% interest in ten mineral claims located in the Omenica Mining Division of British Columbia. To earn the 100% interest in these claims, the Company was required to issue 50,000 shares within five days of the agreement and an additional 150,000 shares by August 30, 2011. The Company issued the original 50,000 shares. Pursuant to the agreement, the Company was required to complete minimum expenditures on the property of at least \$500,000 by August 30, 2011. The mineral claims lapsed on September 12, 2009 and the Company entered into a new agreement on September 17, 2009, wherein the Company has been given a 100% interest in the property in exchange for \$75,000. The Company is not required to issue any more shares or to meet the previous exploration expenditure requirements with regard to this agreement.

Scrutor Property

Pursuant to an agreement dated August 16, 2007, the Company was granted an option to earn up to a 100% interest in six mineral claims located in the Alberni Mining Division of British Columbia known as the Scrutor property. To earn the 100% interest in these claims, the Company is required to pay a total of \$100,000 and complete minimum expenditures of \$700,000 and 250,000 common shares over four years.

The property is subject to a 2.0% net smelter return royalty (NSR), with payments due within 30 days after receipt of proceeds and 90 days after the end of each fiscal year thereafter. The Company may purchase 50% of the NSR for \$750,000.

On May 11, 2009, the Company granted to Auracle Resources Ltd., (“Auracle”) the exclusive sub-option to acquire 70% of its interest in the Property. Under the terms of the Agreement Auracle must pay to Grande Portage the aggregate sum of \$120,000; incur an aggregate of at least \$775,000 of exploration expenditures on the Property; and issue to Grande Portage an aggregate of 250,000 common shares in varying increments by August 31, 2011.

During the year ended October 31, 2009, the Company terminated its Scrutor property agreement and the expenditures and acquisition costs related to the property were written off to operations.

GRANDE PORTAGE RESOURCES LTD.
Notes to the Financial Statements
For the Six-month period ending April 30, 2010

10. RESOURCE PROPERTIES (Cont)

Tahsis Property

Pursuant to an agreement dated August 3, 2008, the Company was granted an option to earn up to a 100% interest in six mineral claims located in British Columbia. To earn the 100% interest in these claims, the Company is required to pay a total of \$10,000 and 100,000 common shares on the closing date.

Cherry Claims Property

Pursuant to an agreement dated April 10, 2008, the Company was granted an option to earn up to a 100% interest in 26 mineral claims located on the Vancouver Island of British Columbia. To earn the 100% interest in these claims, the Company is required to pay \$15,000 and 250,000 common shares as well as 250,000 share purchase warrants exercisable at \$0.60 per share for one year. The company must complete its investigations and airborne survey and complete minimum expenditures of \$200,000 within six months from the date of the agreement to earn 50% interest. To acquire the remaining 50%, the Company is required to pay an additional \$15,000 and issue a further 250,000 common shares as well as 250,000 share purchase warrants exercisable for one year at a price yet to be determined.

The property is subject to a 2.5% net smelter return royalty (NSR), with payments due immediately upon receipt of proceeds. The Company may purchase 60% of the NSR for \$1,500,000.

During the year ended October 31, 2009, the Company let the Cherry Property Claims lapse; therefore the property expenditures were written off to operations.

GRANDE PORTAGE RESOURCES LTD.
Notes to the Financial Statements
For the Six-month period ending April 30, 2010

11. SHARE CAPITAL

Authorized:

Unlimited common shares with no par value

Issued and Outstanding:

	Number of Shares	Amount
Balance, October 31, 2007	61,597,242	\$ 15,025,468
For cash:		
Exercise of options – at \$0.15	145,150	21,773
For resource property acquisition	350,000	52,750
Less: share issue costs		
Shares issued but paid in prior year	-	(21,773)
Balance, October 31, 2008	62,092,392	15,078,218
For cash:		
Pursuant to private placement – at \$0.06	1,700,000	102,000
For resource property acquisition – at \$0.05	250,000	12,500
Less:		
Income tax effect on f/t share renouncement	-	(32,130)
Balance, October 31, 2009	64,042,392	\$ 15,160,588
Shares issued for property	125,000	12,500
Balance, April 30, 2010	64,167,392	\$ 15,173,088

GRANDE PORTAGE RESOURCES LTD.
Notes to the Financial Statements
For the Six-month period ending April 30, 2010

11. SHARE CAPITAL (Cont)

Commitments:

Flow-through Shares

The Company is committed to spending flow-through share proceeds on qualifying exploration expenditures. Any amounts renounced in favour of the investors purchasing such shares will not be available to the Company as resource deductions. During the year ended October 31, 2009, the Company issued 1,700,000 shares at \$0.06 per share for gross proceeds of \$102,000 related to the issuance of flow-through shares.

Stock-based Compensation Plan

Effective January 1, 2004 the Company adopted the new CICA standard relating to the accounting for stock-based compensation. This standard recognizes the fair value (as determined using the Black-Scholes valuation model) of the stock options as an expense in the year in which the options are vested. The value of options and warrants granted in 2009 was \$54,300 (2008 – \$41,809). The value of options vesting in 2009 from options granted in 2007, 2008 and 2009 was \$117,216.

The following assumptions were used to calculate the value of the stock options granted:

	<u>2010</u>	<u>2009</u>
Expected dividend yield	0%	0%
Expected volatility	92.33%	97.09%
Risk-free interest rate	3.03%	3.11%
Expected option life	5 years	5 years

The Black-Scholes option-pricing model was developed for use in estimating the fair value of traded stock options, which have no vesting restrictions and are fully transferable. In addition, option-pricing models require the use of highly subjective assumptions including the expected stock price volatility. Because the Company's employee stock options have characteristics significantly different from those of traded stock options, and because changes in the subjective assumptions can have a material effect on the fair value estimate, in management's opinion, the existing option-pricing models do not necessarily provide a reliable single measure of the fair value of its employee stock options.

Contributed Surplus

	<u>2010</u>	<u>2009</u>
Beginning balance	\$ 2,303,186	\$ 2,185,970
Stock based compensation	31,300	7,000
Ending balance	\$ 2,334,486	\$ 2,192,970

GRANDE PORTAGE RESOURCES LTD.
Notes to the Financial Statements
For the Six-month period ending April 30, 2010

11. SHARE CAPITAL (Cont)

A summary of the stock option plan is presented below:

	Six-month periods ended April 30,			
	2010	2009	2010	2009
	Share Purchase Options	Weighted Average Exercise Price	Share Purchase Options	Weighted Average Exercise Price
Outstanding at beginning of period	6,620,000	\$0.15	7,270,000	\$0.15
Granted	550,000	\$0.15	375,000	\$0.15
Cancelled	(1,130,000)	\$0.15	-	-
Exercised	-	-	(250,000)	\$0.15
Options outstanding at end of year	6,040,000	\$0.15	7,395,000	\$0.15
Options exercisable at end of year	5,800,000	\$0.15	7,032,500	\$0.15

At April 30, 2010, the Company had 5,800,000 share purchase options outstanding and vested, entitling the holders thereof the right to purchase one share for each option held as follows:

<u>Number</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
1,600,000	\$0.15	July 25, 2010
1,225,000	\$0.15	March 17, 2011
350,000	\$0.15	July 12, 2011
900,000	\$0.15	September 29, 2011
420,000	\$0.15	November 9, 2011
100,000	\$0.15	July 17, 2012
300,000	\$0.15	August 15, 2012
220,000	\$0.15	October 4, 2011
375,000	\$0.15	October 8, 2013
270,000	\$0.15	June 4, 2014
40,000	\$0.15	August 6, 2014
<u>5,800,000</u>		

Share Purchase Warrants

At April 30, 2010, the Company had 850,000 share purchase warrants outstanding exercisable at a price of \$0.10 per share. All of the outstanding warrants were issued December 2, 2008 and expire December 2, 2010.

GRANDE PORTAGE RESOURCES LTD.
Notes to the Financial Statements
For the Six-month period ending April 30, 2010

12. RELATED PARTY TRANSACTIONS

The Company incurred management fees paid to a company owned by the President & CEO and to a company owned by a Director of the Company:

	Six-month periods ended April 30,	
	2010	2009
Management fees	60,000	96,000
	\$ 60,000	\$ 96,000

These charges were measured by the exchange amount, which is the amount agreed upon by the transacting parties.

13. SUBSEQUENT EVENTS

On June 17, 2010, the Company announced that it has entered into an agreement with Quaterra Resources Inc. (TSX-V: "QTA", NYSE Amex: "QMM") to explore the Herbert Glacier gold property located 20 miles north of Juneau, Alaska.

GPG has the right to earn a 51% interest in the Property and the Lease by incurring Expenditures on the Property of not less than USD\$750,000 on or before June 15, 2011. The Company can earn an additional 14% interest in the Property and the Lease for an aggregate 65% interest in the Property and the Lease by incurring Expenditures on the Property of not less than an additional USD\$500,000 on or before June 15, 2012. If Grande Portage acquires an interest, then Grande Portage and Quaterra will form a joint venture for the further exploration and development of the project, with each party bearing their proportionate share of costs, and a dilution formula will be applicable to any non-contributing party to reduce such party's joint venture interest. If either party is reduced to 10% or less, then such party's joint venture interest will be reduced to a 1% net smelter returns royalty, which may be acquired by the other party for USD\$1 million.

The Herbert Glacier Property comprises 1,880 acres, and consists of 74 Federal unpatented mining claims and 17 leased mining claims, which host six main composite vein-fault structures that contain ribbon structure quartz-sulfide veins. The structures strike east-west and dip steeply, mostly to the north. Only one of the six known vein systems was drilled in 1986 and 1988. Sampling in 2007 shows that all six structures locally have high-grade gold-quartz mineralization and should be drill tested.

The Herbert Glacier property is subject to a mining lease dated November 1, 2007 with the underlying property owners for a term of 20 years, with a right of renewal. During the option period, Grande Portage will assume the annual lease minimum work commitments of USD\$50,000 on the property, and pay annual advance royalties of USD\$12,000 until October 31, 2011, increasing to USD\$20,000 thereafter until October 31, 2017, and thereafter increasing to USD\$30,000 per annum for the term of the lease. All advance royalties will be credited towards and offset the underlying net smelter returns royalty of 3% to 5% on a sliding scale based on the price of gold, and being 5% where gold exceeds USD\$601 per oz.

GRANDE PORTAGE RESOURCES LTD.
Notes to the Financial Statements
For the Six-month period ending April 30, 2010

On June 21, 2010, the Company announced that it has engaged Core One Enterprises LLC. of Delta, Colorado to conduct its upcoming drill program at the Herbert Glacier mesothermal gold vein project in Alaska this summer.

The claims host six main composite vein-fault structures that contain ribbon structure quartz-sulphide veins. The structures strike east-west and dip steeply, mostly to the north. Only one of the six known vein systems was drilled in 1986 and 1988. All six structures locally have high-grade gold-quartz mineralization and are recommended to be drill tested.

Commencing in early August, the Company will drill (using NQ core) approximately 8000 feet from approximately six drill sites to further test possible ore-shoots in vein no. 1 identified in historic drilling and begin to test the underground potential of several other veins found to be strongly enriched gold-bearing in surface studies done in 2007.

The Company will conduct this drill program under its newly created subsidiary GPG Alaska Resources Inc.

As well, the Company wishes to indicate that it is fully financed for the 2010 and 2011 drill seasons as per its recently announced option agreement.