

Auditors' Report

To the Shareholders of Antares Minerals Inc.

We have audited the consolidated balance sheets of Antares Minerals Inc. (an exploration stage company) as at January 31, 2009 and 2008 and the consolidated statements of operations and comprehensive loss and deficit and cash flows for the years 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 audits.

We conducted our audits 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 consolidated financial statements present fairly, in all material respects, the financial position of the company as at January 31, 2009 and 2008 and the results of its operations and its cash flows for the years ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants
Toronto, Ontario
May 15, 2009

Antares Minerals Inc.
Consolidated Financial Statements
For the year ended January 31, 2009
(In Canadian Dollars)

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Antares Minerals Inc.
(An Exploration Stage Company)
Consolidated Balance Sheets

	As at January 31, 2009	As at January 31, 2008
Assets		
Current		
Cash and cash equivalents	\$ 16,957,583	\$ 27,568,716
Prepays and receivables (Note 5)	<u>2,295,912</u>	<u>1,948,048</u>
	19,253,495	29,516,764
Input taxes recoverable (Note 12)	3,064,390	947,996
Property, plant and equipment (Note 4)	591,622	393,930
Resource properties (Note 3)	<u>33,903,872</u>	<u>20,114,074</u>
	37,559,884	21,456,000
	<u>\$ 56,813,379</u>	<u>\$ 50,972,764</u>
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable	\$ 439,610	\$ 681,999
Shareholder's Equity		
Share capital (Note 6)	61,894,376	52,537,294
Warrants (Note 6)	2,747,947	6,142,868
Contributed surplus (Note 7)	7,206,709	3,407,283
Deficit	<u>(15,475,263)</u>	<u>(11,796,680)</u>
	56,373,769	50,290,765
Total Liabilities and Shareholders' Equity	<u>\$ 56,813,379</u>	<u>\$ 50,972,764</u>

On behalf of the Board

John Black
Director

Mark Wayne
Director

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

Antares Minerals Inc.
(An Exploration Stage Company)
Consolidated Statement of Operations and Comprehensive Loss and Deficit

	For the year ended January 31, 2009	For the year ended January 31, 2008
Other Income		
Interest income	\$ 583,993	\$ 293,641
Expenses		
Bank charges	87,287	59,170
Communication	85,059	57,745
Amortization of property, plant and equipment	61,466	51,121
Foreign exchange (gain)/loss	(1,449,422)	(80,501)
Office and administration	407,712	431,318
Professional fees	207,585	170,816
Rent	86,978	50,106
Salaries and benefits	1,699,727	1,231,241
Stock based compensation	2,586,544	2,004,254
Transfer agent and filing fees	38,547	106,734
Travel	211,032	218,499
Loss on fixed asset disposal	5,038	-
Admin cost recovery from joint venture	(140,446)	(129,181)
Write-down of resource properties	375,469	54,360
	<u>4,262,576</u>	<u>4,225,682</u>
Loss and comprehensive loss for the year	(3,678,583)	(3,932,041)
Deficit, beginning of year	(11,796,680)	(7,864,639)
Deficit, end of year	\$ (15,475,263)	\$ (11,796,680)
Basic and diluted loss per common share	\$ (0.069)	\$ (0.094)
Weighted average shares outstanding	52,986,914	41,944,377
Weighted average shares outstanding on a fully diluted basis	60,535,668	57,671,867

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

Antares Minerals Inc.
(An Exploration Stage Company)
Consolidated Statements of Cash Flows

	For the year ended January 31, 2009	For the year ended January 31, 2008
Cash flows from operating activities		
OPERATING ACTIVITIES		
Loss for the year	(\$3,678,583)	(3,932,041)
Non-cash items included in operating activities		
Depreciation of property, plant and equipment	61,466	51,121
Stock based compensation	2,586,544	1,818,873
Loss on fixed asset disposal	5,038	-
Write-down of resource properties	375,469	54,360
Changes in non-cash working capital balances		
Prepays and receivables	(347,864)	(1,881,209)
Input taxes recoverable	(2,116,395)	25,174
Accounts and input taxes payable	(242,389)	383,362
	<u>(3,356,714)</u>	<u>(3,480,360)</u>
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(264,196)	(110,408)
Additions to resource properties	(14,165,266)	(8,879,479)
	<u>(14,429,462)</u>	<u>(8,989,887)</u>
FINANCING ACTIVITIES		
Issuance of Share Capital	-	35,432,946
Share issue costs	-	(1,174,709)
Exercise of warrants	7,200,000	1,473,517
Exercise of stock options	17,500	115,323
Repurchase of stock options	(42,457)	(283,358)
	<u>7,175,043</u>	<u>35,563,719</u>
Increase in cash and cash equivalents during the year	(10,611,133)	23,093,472
Cash and cash equivalents, beginning of year	27,568,716	4,475,244
Cash and cash equivalents, end of year	\$16,957,583	\$27,568,716

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

Antares Minerals Inc.
Notes to the Consolidated Financial Statements
For the year ended January 31, 2009

1. Nature of Operations

The Company, formerly known as Planet Ventures Inc., was formed in 1983. The name was changed to Antares Minerals Inc. on September 24, 2004 as part of a corporate reorganization. The common shares of the Company are listed for trading on the TSX Venture Exchange under the trading symbol "ANM".

The Company is involved in mineral exploration and development with a focus on precious and base metal properties in Latin America.

The Company is an exploration company. Until it is determined that properties contain mineral reserves or resources that can be economically mined, they are classified as exploration properties. The recoverability of deferred expenditures is dependent upon: the discovery of economically recoverable reserves and resources; securing and maintaining title and beneficial interest in the properties; the ability to obtain necessary financing to complete exploration, development and construction of processing facilities; obtaining certain government approvals; and attaining profitable production.

2. Summary of Significant Accounting Policies

The accounting policies of the Company and its subsidiaries are in accordance with Canadian generally accepted accounting principles ("GAAP"). Summarized below are those policies considered particularly significant to the Company.

Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Mineras Antares Argentina S.A. which is incorporated under the laws of Argentina, and Mineras Antares Peru S.A. which is incorporated under the laws of Peru. All material inter-company transactions and balances have been eliminated.

Resource Properties

The Company's accounting policy is to capitalize all property-related costs associated with exploration costs, lease costs, and related administrative expenses. These resource property assets, once capitalized, are held on the balance sheet until one of two events occurs:

- If lease acreage is abandoned from the exploration portfolio, or if management otherwise determines that the net carrying amount on a specific lease will not be recovered, the associated asset values and tax liability (if relevant) are immediately written off to income.
- If a property is put into production at some future date, both the capitalized asset value and the future tax liability will be amortized against earnings over the estimated productive life of the property.

Cash and cash equivalents

Cash and cash equivalents are defined as highly liquid investments with original maturities of three months or less. Cash equivalents are stated at the lower of cost and market value.

Property, Plant and Equipment

Property, Plant and Equipment are stated at cost less accumulated amortization. Amortization, based on the estimated useful life of the asset, is calculated as follows:

Automobiles	- 30% diminishing balance basis
Buildings	- 5% diminishing balance basis
Field equipment	- 30% diminishing balance basis
Furniture and fixtures	- 20% diminishing balance basis
Computer equipment	- 30% diminishing balance basis

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Foreign Currency

The Company's operations outside Canada are not self-sustaining and are therefore considered to be integrated with the operations of the parent company, Antares Minerals Inc. Monetary assets and liabilities are translated into Canadian dollars at the period-end exchange rate. Non-monetary items and revenues and expenses are translated at the dates of the transactions, except amortization which is translated at the same rate as the related assets. Realized and unrealized foreign exchange gains and losses are included in operations.

Income Taxes

The Company follows the liability method of tax allocation in accounting for income taxes. Under this method, future tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities, and measured using the substantively enacted tax rates and laws expected to be in effect when the differences are realized. Future tax assets are recognized in the financial statements to the extent that their recovery is considered more likely than not.

Financial Instruments and Financial Risk

The Company's financial instruments consist of certain assets and liabilities with short-term maturities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

Stock Based Compensation

The Company uses the fair value based method to account for stock-based compensation transactions with directors and eligible employees. The value of options granted is recognized over the applicable vesting period as compensation expense and an increase in contributed surplus. When the options are exercised, the proceeds received by the Company, together with the related amount in contributed surplus, will be credited to share capital.

Loss per share

Loss per share is calculated using the weighted average number of common shares outstanding throughout the year.

Use of estimates

The preparation of consolidated financial statements in conformity with Canadian generally accepted accounting principles requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities shown on the balance sheet and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues earned and expenses incurred during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Adoption of new accounting pronouncements

Recent Accounting Pronouncements

Goodwill and Intangible Assets

On February 1, 2008 the Company adopted a new accounting standard, CICA, Section 3064, Goodwill and intangible assets that establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the introduction of this standard, the CICA withdrew EIC27, which addressed recognition of revenues and capitalization of expenses, during the pre-operating period (defined as the period between initial production and achievement of commercial production). Adoption of this standard did not have any material impact on the financial statements.

Business Combinations

CICA Handbook Section 1582 "Business Combinations", Section 1601 "Consolidated Financial Statements" and Section 1602 "Non-Controlling Interests" which replace the former CICA 1581 "Business Combinations" and CICA 1600 "Consolidated Financial Statements" and establish a new section for accounting for a non-controlling interest in a subsidiary. These sections provide the Canadian equivalent to FASB Statements No.141(R) "Business Combinations" and No.160 "Non-Controlling Interests in Consolidated Financial Statements". CICA 1582 is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period after February 1, 2011. CICA 1601 and CICA 1602 apply to interim and annual consolidated financial statements relating to years beginning on or after February 1, 2011 although early adoption is permitted. CICA 1582, which replaces Handbook Section 1581, Business Combinations, establishes standards for the measurement of a business combination and the recognition and measurement of assets acquired and liabilities assumed. CICA 1601, which replaces Handbook Section 1600, carries forward the existing Canadian guidance on aspects of the preparation of consolidated financial statements subsequent to acquisition other than non-controlling interests. CICA 1602 establishes guidance for the treatment of non-controlling interests subsequent to acquisition through a business combination.

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

In January 2009, the CICA issued an Emerging Issues Committee ("EIC") Abstract on Credit Risk and the Fair Value of Financial Assets and Financial Liabilities, EIC-173. This Abstract discusses the conclusion reached by the EIC that an entity's own credit risk and the credit risk of the counterparty should be taken into account when determining the fair value of financial assets and financial liabilities, including derivative instruments. The recommendations on the accounting treatment discussed in this Abstract should be applied retroactively without restatement of prior periods. The Company will adopt these recommendations effective for fiscal periods beginning February 1, 2009.

International Financial Reporting Standards

In February 2008, the Canadian Accounting Standards Board confirmed that International Financial Reporting Standards ("IFRS") will replace current Canadian GAAP for publicly accountable companies. The official change over date is for interim and annual financial statements for fiscal years beginning on or after January 11, 2011. IFRS will be required for Antares' interim and annual consolidated statements for the fiscal year beginning February 1, 2011. The Company is currently formulating and developing an implementation plan to comply with the new standards and its future reporting requirements.

Impairment Testing of Mineral Exploration Properties

In March 2009, the CICA issued an EIC Abstract on Impairment Testing of Mineral Exploration Properties, EIC-174. This Abstract discusses the analysis recommended to be performed to determine if there has been an impairment of mineral exploration properties. The Company considered the recommendations discussed in this Abstract which is effective for the fiscal period ended January 31, 2009 when testing for impairment.

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3. Resource Properties

	Cumulative to January 31, 2008	Additions February 1, 2008 to January 31, 2009	Write-downs February 1, 2008 to January 31, 2009	Cumulative to January 31, 2009
Rio Grande	\$6,839,926	\$1,484,052	(\$375,469)	\$7,948,509
Haquira	12,417,788	11,360,434	-	23,778,222
IVA Argentina ¹	856,360	1,052,571	-	1,908,931
Cristo de los Andes	-	268,210	-	268,210
	\$20,114,074	\$14,165,267	(\$375,469)	\$33,903,872

¹ The amounts represented by IVA Argentina are input tax credits paid by the Company on all projects that are now considered resource property costs. Please refer to note 12.

	Cumulative to January 31, 2007	Additions February 1, 2007 to January 31, 2008	Write-downs February 1, 2007 to January 31, 2008	Cumulative to January 31, 2008
Rio Grande	\$3,065,021	\$3,774,905	-	\$6,839,926
Haquira	7,549,653	4,868,135	-	12,417,788
IVA Argentina ¹	-	856,360	-	856,360
Other	28,678	25,682	(54,360)	-
	\$10,643,352	\$9,525,082	(\$54,360)	\$20,114,074

¹ The amounts represented by IVA Argentina are input tax credits paid by the Company on all projects that are now considered resource property costs. Please refer to note 12.

The Company has investigated title to all of its mineral properties and, to the best of its knowledge, they are in good standing.

The Company has entered into an option-joint venture agreement with Mansfield Minerals Inc., as amended, whereby the Company can earn a 50% interest in the Rio Grande copper-gold prospect in Argentina by completing certain work expenditures and making certain payments to Mansfield Minerals Inc. During the year, Mansfield Minerals Inc. has transferred its interest in Rio Grande to Pachamama Resources Ltd. The Company has fulfilled all earn-in requirements and is in the process of finalizing a joint venture agreement with Pachamama Resources Ltd.

On March 4, 2005, the Company executed an option agreement with Minera Phelps Dodge del Peru S.A.C. ("Phelps Dodge"), whereby the Company can acquire a 100% interest in the Haquira copper project in south-central Peru by completing cash option payments totaling US\$15 million over a five-year period. The Company has paid US\$6,500,000 to date. An option payment of US\$2,500,000 was paid on March 4, 2008. The next option payment of US\$3,500,000 was due on March 4, 2009 and has been paid. The final option payment of US\$5,000,000 is due on March 4, 2010.

The Company issued 1.5 million warrants to Phelps Dodge as part of this transaction. Each warrant was exercisable for one common share of the Company. The warrants were valued at \$1,003,093 using the Black-Scholes option pricing model (see Note 6 (b)). This amount is included within the deferred exploration cost for the Haquira project. All of these warrants expired without being exercised.

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4. Property, Plant and Equipment

	January 31, 2009			January 31, 2008		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Furniture and fixtures	\$ 180,931	\$ 46,189	\$ 134,742	\$ 93,318	\$ 23,455	\$ 69,863
Computers	61,416	31,982	29,434	64,040	29,665	34,375
Software	20,108	10,291	9,817	18,348	6,461	11,887
Field Equipment	76,636	42,341	34,295	66,751	29,762	36,989
Buildings	417,089	33,755	383,334	258,567	17,751	240,816
	\$ 756,180	\$ 164,558	\$591,622	\$ 501,024	\$ 107,094	\$ 393,930

5. Joint Funding Arrangement

Included in receivables is \$2,136,807 due from Pachamama Resources Ltd. (Mansfield Minerals Inc.), which represents 50% of the costs incurred by the Company on the Rio Grande property subsequent to the Company fulfilling its earn-in requirements (Note 3). The Company expects to recover the full amount of this receivable in the second quarter of 2009.

6. Share Capital

a) Authorized and Issued Share Capital

The Company has authorized an unlimited number of First Preferred shares and Second Preferred shares. Each of these classes is issuable in series, non-voting, participating and cumulative. The Company has authorized an unlimited number of common shares.

Issued common share capital is as follows:

	January 31, 2009		January 31, 2008	
	Number of Shares	Amount	Number of Shares	Amount
Opening balance	48,800,284	\$52,537,294	37,154,351	\$19,068,710
Shares issued - private placements	-	-	9,521,800	32,165,732
- share issue costs	-	-	-	(1,190,870)
- exercise of options	10,000	29,766	153,750	197,090
- Rio Grande agreement	-	-	300,000	510,000
- exercise of warrants	5,750,000	9,327,316	1,670,383	1,786,632
Closing Balance	54,560,284	\$61,894,376	48,800,284	\$52,537,294

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 benefits for other stakeholders and to maintain a conservative capital structure. The Company's capital structure is composed of shareholders' equity and is not subject to any capital requirements imposed by a regulator.

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets, or adjust its exploration and development programs and operating expenditure plans.

In order to facilitate the management of its capital requirements, the Company prepares cash forecasts that are updated as necessary depending in various factors including general industry conditions. These cash forecasts are reviewed by the board of directors.

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b) Warrants

	<u>January 31, 2009</u>		<u>January 31, 2008</u>	
	Number of Warrants to acquire shares	Amount	Number of Warrants to acquire shares	Amount
Opening balance	12,066,336	\$6,142,868	9,456,812	\$3,765,280
Warrants issued during year	-	-	5,029,907	3,232,157
Exercised during year	(5,750,000)	(2,127,317)	(1,670,383)	(313,112)
Warrants expired during year	(2,925,000)	(1,267,604)	(750,000)	(541,457)
Closing balance	3,391,336	\$2,747,947	12,066,336	\$6,142,868

As at January 31, 2009 there were 3,391,336 warrants outstanding which could result in the issuance of an additional 3,391,336 common shares.

Warrants issued

<u>January 31, 2009</u>		<u>January 31, 2008</u>	
Price	Number	Price	Number
		\$ 0.90	138,571
		\$ 2.25	1,500,000
		\$ 4.60	130,436
		\$ 6.00	3,260,900
Total	-	Total	5,029,907

Warrants exercised

<u>January 31, 2009</u>		<u>January 31, 2008</u>	
Price	Number	Price	Number
\$ 0.90	4,250,000	\$ 0.70	239,139
\$ 2.25	1,500,000	\$ 0.90	1,356,244
		\$ 1.14	75,000
Total	5,750,000	Total	1,670,383

The Company issued 1,750,000 warrants as part of a private placement completed on March 2, 2006. Each warrant entitles the holder to purchase one common share at \$0.90 for a period of 24 months from closing. The fair value of these warrants (\$652,462) was calculated using the Black-Scholes option pricing model. The pricing model assumed a common stock volatility of 82%, a dividend yield of nil, a risk-free interest rate of 4.5% and the expiry date of the warrants for the term. All of these options were exercised in the first quarter of this year resulting in the issuance of 1,750,000 shares for cash proceeds of \$1,575,000.

The Company issued 2,500,000 warrants as part of a private placement completed on June 30, 2006. Each warrant entitles the holder to purchase one common share at \$0.90 for a period of 24 months from closing. The fair value of these warrants (\$990,644) was calculated using the Black-Scholes option pricing model. The pricing model assumed a common stock volatility of 96%, a dividend yield of nil, a risk-free interest rate of 4.45% and the expiry date of the warrants for the term. All of these options were exercised in the second quarter of this year resulting in the issuance of 2,500,000 shares for cash proceeds of \$2,250,000.

The Company issued 3,000,000 warrants as part of a private placement completed on October 31, 2006. Each warrant entitles the holder to purchase one common share at \$1.14 for a period of 24 months from closing. The fair value of these warrants (\$1,300,107) was calculated using

Antares Minerals Inc.
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the Black-Scholes option pricing model. The pricing model assumed a common stock volatility of 87%, a dividend yield of nil, a risk-free interest rate of 3.97% and the expiry date of the warrants for the term. 75,000 of these warrants were exercised in 2007 while the remaining balance of 2,925,000 expired on October 31, 2008.

The Company issued 1,500,000 warrants as part of a financing with Mansfield Minerals Inc. completed on May 22, 2007. Each warrant entitles the holder to purchase one common share at \$2.25 for a period of 12 months from closing. The fair value of these warrants (\$484,211) was calculated using the Black-Scholes option pricing model. The pricing model assumed a common stock volatility of 73%, a dividend yield of nil, a risk-free interest rate of 4.17% and the expiry date of the warrants for the term. All of these warrants were exercised in the second quarter of 2008 resulting in the issuance of 1,500,000 shares for cash proceeds of \$3,375,000

The Company issued 3,260,900 warrants as part of a private placement completed on November 23, 2007. Each warrant entitles the holder to purchase one common share at \$6.00 for a period of 18 months from closing. The fair value of these warrants (\$2,616,496) was calculated using the Black-Scholes option pricing model. The pricing model assumed a common stock volatility of 73%, a dividend yield of nil, a risk-free interest rate of 4.22% and the expiry date of the warrants for the term.

The Company issued 130,436 broker warrants as a finder's fee to certain investment dealers as part of the November 23, 2007 private placement. Each broker warrant entitles the holder to purchase one common share at \$4.60 per share for a period of eighteen months from closing. The fair value of the broker warrants (\$131,451) was calculated using the Black-Scholes option pricing model. The pricing model assumed a common stock volatility of 73%, a dividend yield of nil, a risk-free interest rate of 4.22% and the expiry dates of the warrants for the term.

c) Stock Options

The Company has a stock option plan ("the Plan") for directors, officers, employees and consultants of the Company and its subsidiaries. The number of common shares subject to the options granted under the Plan is limited to 10% of the issued and outstanding common shares of the Company. At January 31, 2009, the Company had options outstanding for a total of 4,157,418 common shares at prices ranging from \$0.50 to \$4.00 per share. All options have a term of five years from the date of grant, subject to early expiry under certain circumstances, and subject to specified vesting periods of up to two years after grant.

The fair value of stock options was estimated at the date of the grant using the Black-Scholes option-pricing model with the following assumptions:

	<u>January 31, 2009</u>	<u>January 31, 2008</u>
Risk-free interest rate	3.35%	4.11% - 4.64%
Expected life on grant	5 years	5 years
Expected volatility	84%	86% - 87%
Dividend yield	0%	0%

The Company will recognize a further expense of \$496,247 in future periods relating to the fair value of stock options granted before January 31, 2009.

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The following table summarizes movements in stock options outstanding for the periods ended January 31, 2009 and January 31, 2008:

	January 31, 2009		January 31, 2008	
	Stock Options Outstanding	Weighted average exercise price	Stock options outstanding	Weighted average exercise price
Opening balance	3,661,154	\$1.22	2,030,000	\$0.66
Granted	920,000	4.00	2,487,500	1.60
Exercised	(10,000)	1.75	(153,750)	0.75
Repurchased	(18,250)	1.42	(103,846)	1.32
Expired/Terminated	(395,486)	2.84	(598,750)	1.00
Closing balance	4,157,418	\$1.68	3,661,154	\$1.22

The following table summarizes information about stock options outstanding at January 31, 2009

Exercise prices	Number Outstanding	Number Exercisable	Weighted average remaining contractual life
\$0.50	1,000,000	1,000,000	0.25 years
0.70	195,500	195,500	1.50 years
0.75	86,250	86,250	2.26 years
0.76	46,000	46,000	1.66 years
0.80	5,519	5,519	0.95 years
0.95	375,000	375,000	2.59 years
1.05	25,000	25,000	2.78 years
1.65	1,392,274	1,037,899	3.23 years
1.75	160,000	155,000	1.11 years
2.62	150,000	150,000	.92 years
4.00	721,875	217,500	3.81 years
	4,157,418	3,293,668	

During the year ended January 31, 2009 the Company granted 920,000 (2008- 2,487,500) options with an exercise price of \$4.00 per share.

The Company's stock option plan has a provision that allows an optionee to request that the Corporation purchase each of the optionee's vested options for a price equal to the excess of the volume weighted average trading price of the Company's shares for the five trading days immediately preceding receipt of the written notice of exercise over the exercise price of each option being purchased. The acceptance of such a request may be declined by the Board of Directors or any committee of the Board of Directors to whom the operation of the Share Option plan has been delegated. The Company repurchased a total of 18,250 options in the year ended January 31, 2009 for cash consideration of \$31,397.

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7. Contributed Surplus

The following table summarizes amounts recorded as contributed surplus.

	January 31, 2009	January 31, 2008
Opening Balance	\$ 3,407,283	\$ 1,225,260
Warrants expired	1,267,605	357,521
Options exercised/buy-out	(43,664)	(179,752)
Options expensed	2,575,485	2,004,254
	\$ 7,206,709	\$ 3,407,283

8. Income Taxes

The income tax recovery differs from the amount that would have resulted from applying the statutory income tax rates to the Company's net loss as follows:

	2009	2008
Loss and comprehensive loss for the year	\$(3,678,583)	\$(3,932,041)
Statutory income tax rate	29.50%	29.50%
Expected recovery at statutory rate	(1,085,182)	(1,159,952)
Decrease related to:		
Stock-based compensation	763,030	591,255
Valuation allowance	373,392	587,970
Impact of tax rate changes	(51,240)	(19,273)
Income tax recovery	-	-

The income tax effects of temporary differences that give rise to future income tax assets and liabilities are as follows:

	2009	2008
Future income tax assets (Liabilities) :		
Non-capital losses carried forward	2,092,439	1,719,047
Net future income tax assets	2,092,439	1,719,047
Valuation allowance	(2,092,439)	(1,719,047)
Net future income tax	-	-

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As at January 31, 2009, the Company had available non- capital loss carry forward that will expire in the following years:

	Canada	Peru	Argentina
2010	\$ 78,549	\$ -	\$ 27,839
2011	47,462	196,957	267,312
2012	43,246	393,998	631,552
2013	-	601,416	295,751
2014	-	712,168	212,606
2015	432,536	-	-
2016	504,581	-	-
2017	1,187,219	-	-
2018	1,020,581	-	-
2019	439,239	-	-
	<u>\$ 3,753,413</u>	<u>\$ 1,904,539</u>	<u>\$ 1,435,060</u>

9. Financial Instruments and Risk Management

The Company's financial instruments consist of cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities. The fair value of these instruments approximates their carrying amount due to their short term to maturity.

The Company's cash equivalents consist of a Canadian dollar denominated guaranteed investment certificates. This instrument is classified as held-to-maturity and carried at cost plus accrued interest. It bears interest at annual interest rates of 2.5% and has a maturity date of less than one year.

Risk Management

Risk exposure is summarized as follows;

a) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank accounts and guaranteed investment certificates, whose balance at January 31, 2009 was \$16,957,583. Bank accounts are held with major banks in Canada, Argentina and Peru. As the majority of the Company's cash is held by a Canadian bank the guaranteed investment certificate is also held by the same Canadian bank, there is a concentration of risk with one bank in Canada. The risk is managed by using a major bank that is a high quality financial institution as determined by rating agencies. The Company's secondary exposure is on its accounts receivable. The existence of this receivable has been acknowledged by the debtor and we have received confirmation that the amount will be settled in full in the second quarter of 2009.

b) Foreign Currency Risk

The Company operates in Canada, Argentina and Peru and is therefore exposed to foreign exchange risk arising from transactions denominated in a foreign currency. The majority of these transactions are incurred in Peruvian soles, Argentinean pesos and United States dollars. Accordingly the Company is exposed to financial gain or loss as a result of foreign exchange movements against the Canadian dollar, and the Company's operating costs are affected by changes in foreign exchange rates in those currencies.

The Company has elected not to hedge its exposure to fluctuations in the United States dollar by buying fixed rate forward contracts in United States dollars. Certain corporate and administrative costs associated with the Company's head office in Canada are denominated in United States

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dollars. A 10% increase in the value of the United States dollar compared to the Canadian dollar could increase the Company's reported corporate and administrative costs by approximately \$50,000 annually.

It is management's opinion that the Company is not exposed to significant interest, currency or credit risk arising from its financial instruments except for US foreign currency risk with respect to cash and cash equivalents held in US dollars. As at January 31, 2009, the Company held approximately \$812,845 in US cash and equivalents. The Company has not entered into any foreign exchange contracts or other strategies to mitigate this risk.

c) Interest Rate Risk

The Company is exposed to interest rate risk as bank accounts earn interest income at variable rates. The risk that the Company will realize a loss as a result of a decline in the fair value of the short-term investments included in cash and cash equivalents is limited as these investments renew daily. The short-term investments included in cash and cash equivalents earn interest at prevailing rates.

d) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company's objective in managing liquidity risk is to maintain sufficient readily available cash reserves in order to meet its liquidity requirements at any point in time. The Company currently achieves this by maintaining sufficient cash and cash equivalents. As at January 31, 2009 the Company had cash and cash equivalents of \$16,957,583. Accounts payable and accrued liabilities are due within the current operating period, from February 1, 2009 to March 31, 2009.

e) Price Risk

The Company's financial assets and liabilities are not exposed to price risk with respect to commodity prices. The Company's exploration drill programs are exposed to price risk, over which the Company has no control.

10. Management of Capital

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its mineral properties and maximize shareholder returns. The Company satisfies its capital requirements through careful management of its cash resources and by utilizing equity issues, as necessary, based on prevalent economic conditions and risk characteristics associated with its underlying assets.

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11. Segmented Disclosure

The Company's head office is located in Waterdown, Ontario, Canada. The Company's exploration activities and resource properties are located in Argentina and Peru. The geographical origin of revenues, expenses, assets and liabilities is as shown.

	January 31, 2009				January 31, 2008			
	Canada	Argentina	Peru	Total	Canada	Argentina	Peru	Total
Interest Revenue	579,297	4,664	32	583,993	290,310	3,331	-	293,641
Stock based compensation	2,586,544	-	-	2,586,544	2,004,254	-	-	2,004,254
Amortization of capital assets	4,169	7,513	49,784	61,466	5,953	8,161	37,007	51,121
Write-down of resource properties	142,676	232,793	-	375,469	29,488	24,872	-	54,360
All other expenses	599,718	(23,036)	662,415	1,239,097	1,285,490	266,049	564,408	2,115,947
Total expense	3,333,107	217,270	712,199	4,262,576	3,325,185	299,082	601,415	4,225,682
Reported loss	2,753,810	212,606	712,167	3,678,583	3,034,875	295,751	601,415	3,932,041

	January 31, 2009				January 31, 2008			
	Canada	Argentina	Peru	Total	Canada	Argentina	Peru	Total
Working capital	16,420,362	2,358,852	34,671	18,813,885	26,094,266	2,578,198	162,301	28,834,765
Taxes recoverable	-	69,236	2,995,154	3,064,390	-	46,437	901,559	947,996
Property, plant and equipment	8,045	31,186	552,391	591,622	16,191	40,701	337,038	393,930
Resource assets	-	9,857,440	24,046,432	33,903,872	-	7,696,286	12,417,788	20,114,074
Net assets	16,428,407	12,316,714	27,628,648	56,373,769	26,110,457	10,361,622	13,818,686	50,290,765

12. Input Tax Credits

The Company is required to pay input taxes on certain expenditures relating to its work programs in Peru and Argentina and is entitled to claim reimbursement of a portion of these taxes from the respective tax authorities in both countries. The Company has been successful in recovering a portion of such taxes in Peru and continues to apply for reimbursement in accordance with the established rules and regulations. Due to recent changes in Argentina, the Company has determined that it is currently unlikely to recover the input taxes that have been paid in that country to date. Accordingly, these amounts are no longer included in Input taxes recoverable on the balance sheet and they have now been added to the book value of Resource Properties.

13. Comparative Figures

Certain comparative figures have been reclassified to conform to the current year presentation.

14. Subsequent Events

On May 13, 2009, the Company announced that it had agreed to a \$6 million private placement with International Finance Corporation ("IFC"), the member of the World Bank Group focused on private sector investments in developing countries. The private placement will consist of five million units at \$1.20 per unit, each unit consisting of one common share and three-quarters of a common share purchase warrant. Each whole common share purchase warrant will entitle IFC to acquire a common share at an exercise price of \$2.00 for a period of five years from closing. If at any time following two years from the closing date, the Company's common shares trade at \$2.75 or higher for 30 days on a volume weighted-average basis, the Company can give notice accelerating the expiry date of the warrants to 60 days following the date of such notice.

Closing of the financing is subject to certain conditions, including IFC due diligence, approval of IFC's Board of Executive Directors, approval of the TSX Venture Exchange and the negotiation and execution of definitive agreements. All securities issued pursuant to this financing will be subject to a four month hold period in accordance with Canadian securities law.