

CONTINENT RESOURCES INC.

(A Development Stage Company)

Interim Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the Three Months Ended March 31, 2009

NOTICE TO READER

CONTINENT RESOURCES INC.

(A Development Stage Company)

The accompanying unaudited interim consolidated financial statements of Continent Resources Inc. (the "Company") for the three months ended March 31, 2009 have been prepared by management and approved by the Board of Directors of the Company. These statements have not been reviewed by the auditors of the Company.

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

CONTINENT RESOURCES INC.

(A Development Stage Company)

Consolidated Balance Sheets

(Expressed in Canadian dollars)

	March 31, 2009 \$	December 31, 2008 \$
Assets		
Current Assets		
Cash and cash equivalents	598,686	929,861
Amounts receivable	13,787	10,289
Deferred charges	4,000	--
Prepaid expenses	--	62,318
	616,473	1,002,468
Mineral property costs (Note 3)	1,374,726	1,092,172
	1,991,199	2,094,640
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	37,115	50,208
Due to related parties (Note 8)	15,419	23,060
	52,534	73,268
Shareholders' Equity		
Share capital (Note 4)	2,536,246	2,536,246
Contributed surplus (Note 7)	1,264,148	1,025,188
Deficit	(1,861,729)	(1,540,062)
	1,938,665	2,021,372
	1,991,199	2,094,640

**Nature of Operations and Continuance of Business (Note 1)
Subsequent Events (Note 11)**

Approved on behalf of the Board:

"Paul Cowley"

Paul Cowley, Director

"Herrick Lau"

Herrick Lau, Director

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

CONTINENT RESOURCES INC.

(A Development Stage Company)

Consolidated Statements of Loss, Comprehensive Loss, and Deficit

(Expressed in Canadian dollars)

	Three Months Ended March 31,	
	2009	2008
	\$	\$
Expenses		
Bank charges	284	76
Consulting	46,170	9,000
Filing fees and transfer agent	5,996	4,465
Foreign exchange gain	(6,207)	--
General and administrative	8,937	281
Insurance	26,774	--
Professional fees	3,343	13,120
Stock-based compensation (Note 6)	238,960	25,993
Travel and promotion	2,743	2,638
	327,000	55,573
Loss before other income	(327,000)	(55,573)
Other income		
Interest income	5,333	2,017
Net loss and comprehensive loss for the period	(321,667)	(53,556)
Deficit, beginning of year	(1,540,062)	(273,938)
Deficit, end of period	(1,861,729)	(327,494)
Net loss per share, basic and diluted	(0.016)	(0.005)
Weighted average shares outstanding	20,613,901	12,215,901

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

CONTINENT RESOURCES INC.

(A Development Stage Company)

Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

	Three Months Ended March 31,	
	2009	2008
	\$	\$
Cash provided by (used in):		
Operating activities		
Net loss for the period	(321,667)	(53,556)
Items not involving cash:		
Stock-based compensation	238,960	25,993
Changes in non-cash operating working capital:		
Amounts receivable	(3,498)	(1,410)
Deferred charges	(4,000)	--
Prepaid expenses	62,318	--
Accounts payable and accrued liabilities	(38,982)	12,761
Due to related parties	(15,118)	--
	(81,987)	(16,212)
Investing activities		
Mineral property expenditures	(249,188)	(16,000)
	(249,188)	(16,000)
Financing activities		
Share issuance costs	--	3,130
	--	3,130
Net change in cash and cash equivalents	(331,175)	(29,082)
Cash and cash equivalents, beginning of period	929,861	349,929
Cash and cash equivalents, end of period	598,686	320,847

Non-cash investing and financing activities:

Shares issued for mineral properties -- 10,500

At March 31, 2009, the Company's cash and cash equivalents consisted of \$36,186 in cash (2008 – \$320,847) and \$563,000 in cash equivalents (2008 - \$nil).

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

CONTINENT RESOURCES INC.

(A Development Stage Company) Notes to the Consolidated Financial Statements

Periods ended March 31, 2009

(Expressed in Canadian dollars)

1. Nature of Operations and Continuance of Business

Continent Resources Inc. (the "Company") was incorporated on November 8, 2005 pursuant to the British Columbia Business Corporations Act (British Columbia) and continued under the Alberta Business Corporations Act (Alberta) on January 12, 2006. On August 18, 2008, the Company continued under the British Columbia Business Corporations Act. The Company is a development stage company and is in the business of acquiring, exploring and dealing in mineral properties in Ontario and the southwestern United States. On June 20, 2008, the Company incorporated its subsidiary, Continent Resources (USA) Inc., under the laws of the state of Nevada. The Company is currently listed on the Canadian National Stock Exchange ("CNSX") under the symbol "CTT".

The Company is a development stage company and is engaged in the acquisition, exploration, and development of mineral resource properties located in Ontario and southwestern United States. The recoverability of valuations assigned to mineral properties is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the properties, the ability to obtain necessary financing to complete development, and future profitable production or proceeds from disposition. There has been no determination whether properties held contain economically recoverable mineral reserves.

These consolidated financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As March 31, 2009, the Company has not recognized any revenues from operations and has an accumulated deficit of \$1,866,745. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing to support its exploration costs. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Significant Accounting Policies

(a) Basis of Presentation and Consolidation

The consolidated financial statements of the Company are prepared in accordance with Canadian generally accepted accounting principles. The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Continent Resources (USA) Inc., and all significant intercompany balances and transactions have been eliminated on consolidated. The Company's year-end is December 31.

(b) Use of Estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires the Company's management to make estimates and assumptions that affect the amounts reported in the financial statements and the related notes to the financial statements. Significant financial statement items which involve the use of estimates include the recoverability of mineral property costs, asset retirement obligations, stock-based compensation, and future income tax asset valuation allowances. Actual results could differ from those estimates.

CONTINENT RESOURCES INC.

(A Development Stage Company) Notes to the Consolidated Financial Statements

Periods ended March 31, 2009

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(c) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance to be cash equivalents.

(d) Mineral Properties

All costs related to the acquisition, exploration and development of mineral properties are capitalized. Upon commencement of commercial production, the related accumulated costs are amortized against future income of the project using the unit of production method over estimated recoverable ore reserves. Management periodically assesses carrying values of non-producing properties and if management determines that the carrying values cannot be recovered or the carrying values are related to properties that are allowed to lapse, the unrecoverable amounts are charged to operations.

The recoverability of the carried amounts of mineral properties is dependent on the existence of economically recoverable ore reserves and the ability to obtain the necessary financing to complete the development of such ore reserves and the success of future operations. The Company has not yet determined whether any of its mineral properties contain economically recoverable reserves. Amounts capitalized as mineral properties represent costs incurred to date, less write-downs, option proceeds and recoveries, and do not necessarily reflect present or future values.

When options are granted on mineral properties, or properties are sold, proceeds are credited to the cost of the property. If no future capital expenditure is required and proceeds exceed carrying value of that particular claim group, the excess proceeds are reported as a gain.

Impairment may occur in the carrying value of mineral interests when one of the following conditions exists:

- (i) the Company's work program on a property has significantly changed, so that previously identified resource targets or work programs are no longer being pursued;
- (ii) exploration results are not promising and no more work is being planned in the foreseeable future; or
- (iii) the remaining lease term is insufficient to conduct necessary studies or exploration work.

Once impairment has been determined, carrying value is written down to net realizable value.

(e) Asset Retirement Obligations

The Company follows CICA Handbook Section 3110, "Asset Retirement Obligations", which established standards for asset retirement obligations and the associated retirement costs related to site reclamation and abandonment. The fair value of the liability for an asset retirement obligation is recorded when it is incurred and the corresponding increase to the asset is depreciated over the life of the asset. The liability is increased over time to reflect an accretion element considered in the initial measurement at fair value. As at the end of the current period, the Company has not incurred any asset retirement obligations related to the exploration and development of its mineral properties.

CONTINENT RESOURCES INC.

(A Development Stage Company) Notes to the Consolidated Financial Statements

Periods ended March 31, 2009

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(f) Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Future income tax assets and liabilities are determined based on temporary differences between the accounting and tax bases of existing assets and liabilities, and are measured using the tax rates expected to apply when these differences reverse. A valuation allowance is recorded against any future tax asset if it is more likely than not that the asset will not be realized.

(g) Loss Per Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share. Stock options and warrants are dilutive when the average market price of the common shares during the period exceeds the exercise price of the options and warrants.

As the Company has recorded a loss in each of the periods presented, basic and diluted loss per share are the same since the exercise of warrants or options would reduce the loss per share.

(h) Comprehensive Income

CICA Handbook Section 1530 establishes standards for the reporting and display of comprehensive income. The Company did not have items that affected comprehensive income.

(i) Foreign Currency Translation

Monetary assets and liabilities of integrated operations and other monetary assets and liabilities expressed in foreign currencies are translated to Canadian dollars at exchange rates in effect at the balance sheet date. Non-monetary assets and liabilities have been translated at exchange rates in effect at the transaction date. Revenues and expenses are translated at the average exchange rate for the period. Foreign exchange gains and losses are included in the statement of operations and deficit.

(j) Stock-based Compensation

The Company has a stock option plan, which is described in Note 6. The Company recognizes stock-based compensation expense in accordance with CICA Handbook Section 3870, "Stock-Based Compensation and Other Stock-Based Payments". When stock or stock options are issued to employees, compensation expense is recognized based on the fair value of the stock or stock options issued on the date of grant, over the vesting period of the stock or stock options. Stock-based payments to non-employees are measured at the fair value of the consideration received, or the fair value of the equity instruments issued, or liabilities incurred, whichever is more reliably measurable. The fair value of stock-based payments to non-employees is periodically re-measured until counterparty performance is complete, and any change therein is recognized over the period and in the same manner as if the Company had paid cash instead of paying with or using equity instruments. The cost of stock-based payments to non-employees that are fully vested and non-forfeitable at the grant date is measured and recognized at that date. On the exercise of stock options, share capital is credited for consideration received and for fair value amounts previously credited to contributed surplus.

CONTINENT RESOURCES INC.

(A Development Stage Company) Notes to the Consolidated Financial Statements

Periods ended March 31, 2009

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(k) Reclassifications

Certain of the figures presented for comparative purposes have been reclassified to conform to the presentation adopted in the current period.

(l) Financial instruments

The AcSB issued CICA Handbook Section 3862, Financial Instruments - Disclosures, which requires an increased emphasis on disclosing the nature and the extent of risk arising from financial statements and how the entity manages those risks. This section, together with Section 3863, "*Financial Instruments – Presentation*", replaced Section 3861, "*Financial Instruments – Disclosure and Presentation*". Section 3863, *Financial Instruments - Presentation* establishes standards for presentation of financial instruments and non-financial derivatives. Other than the additional disclosure in Note 9, the adoption of these Sections has had no significant impact on the Company's financial statements.

(m) Capital disclosures

The AcSB issued CICA Handbook Section 1535, Capital Disclosures, which establishes 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 10, the adoption of this section has had no significant impact on the Company's financial statements.

(n) Adoption of New Accounting Policies

The Company adopted the following new accounting policies effective January 1, 2009:

In February 2008, the AcSB issued CICA Handbook Section 3064, "Goodwill and Intangible Assets", which replaces Section 3062, "Goodwill and Intangible Assets", and Section 3450, "Research and Development Costs". Section 3064 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 adoption of this standard has had no impact on the Company's financial statements.

(o) Recent Accounting Pronouncements

In January 2009, the Accounting Standards Board ("AcSB") issued CICA Handbook Sections 1582, "Business Combinations", 1601, "Consolidated Financial Statements" and 1602, "Non-controlling Interests" which replace CICA Handbook Sections 1581, "Business Combinations" and 1600, "Consolidated Financial Statements". Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under IFRS. Section 1582 is applicable for the Company's business combinations with acquisition dates on or after January 1, 2011. Early adoption of this section is permitted. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. Section 1601 is applicable for the Company's interim and annual consolidated financial statements for its fiscal year beginning January 1, 2011. Early adoption of this section is permitted and all three sections must be adopted concurrently.

CONTINENT RESOURCES INC.

(A Development Stage Company) Notes to the Consolidated Financial Statements

Periods ended March 31, 2009

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(o) Recent Accounting Pronouncements (continued)

In February 2008, the AcSB confirmed that public companies will be required to prepare interim and annual financial statements under International Financial Reporting Standards ("IFRS") for 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 December 31, 2010. Management is currently assessing the impact of adopting IFRS and it has not yet determined its effect on the Company's financial statements.

3. Mineral Property Costs

	Sol D'Or \$	Lone Mountain \$	Mimbres \$	Teague Springs \$	Twin Peaks \$	West Jerome \$	West Safford \$	Total \$
Balance, December 31, 2008	62,688	442,431	117,741	117,433	119,199	105,250	127,430	1,092,172
Acquisition costs	20,000	59,440	—	—	—	—	—	79,440
Exploration costs								
Assays and reports	—	—	—	—	—	—	—	—
Drilling	—	93,710	—	—	—	—	—	93,710
Environmental	—	—	—	—	—	—	—	—
Field expenses	—	—	—	—	—	—	—	—
General administrative	—	1,415	—	—	—	—	—	1,415
Geochemistry	—	10,845	—	—	—	—	—	10,845
Geological consulting	—	66,147	65	—	138	1,290	1,907	69,547
Geologic mapping	—	3,510	—	—	—	—	—	3,510
Geophysical studies	—	7,500	—	—	—	1,978	1,979	11,457
Staking and recording	—	1,112	—	1,263	626	724	1,582	5,307
Travel and accommodation	—	6,368	—	—	33	597	325	7,323
	—	190,607	65	1,263	797	4,589	5,793	203,114
Balance, March 31, 2009	82,688	692,478	117,806	118,696	119,996	109,839	133,223	1,374,726

(a) Sol D'Or Property

On January 10, 2006, the Company entered into a Mineral Property Option Agreement (the "Agreement") to acquire an undivided 100% interest in a mining property located in northwestern Ontario known as the Sol D'Or Property ("Sol D'Or"). Under the terms of the Agreement, the Company has been granted an exclusive option to acquire a 100% undivided interest in Sol D'Or in exchange for \$96,000 and issuance of 100,000 common shares of the Company over a four-year period from the date of acquisition. To ensure that the Agreement is held in good standing, the Company is committed to the following payment terms:

Date	Cash	Common Shares
January 10, 2006	\$ 8,000 (paid)	—
January 10, 2007	\$12,000 (paid)	60,000 (issued)
January 10, 2008	\$16,000 (paid)	40,000 (issued)
January 10, 2009	\$20,000*	—
January 10, 2010	\$40,000	—

*Included in accounts payable

CONTINENT RESOURCES INC.

(A Development Stage Company) Notes to the Consolidated Financial Statements
Periods ended March 31, 2009
(Expressed in Canadian dollars)

3. Mineral Property Costs (continued)

(b) Southwest Exploration Group ("SEG") Properties

On August 12, 2008, the Company signed an agreement of purchase and sale (the "SEG Agreement") with Southwest Exploration Group LLC ("SEG") to acquire an undivided 100% interest in six properties in Arizona and New Mexico – comprised of Lone Mountain and Mimbres Properties in Grant County, New Mexico, West Safford and Teague Properties in Graham County, Arizona, Twin Peaks Property in Maricopa County, Arizona, and West Jerome Property in Yavapi County, Arizona – in exchange for US\$450,000, comprised of US\$150,000 on August 12, 2008 (paid), US\$150,000 on completion of the private placement offering (paid on September 19, 2008), and US\$150,000 on August 12, 2009.

SEG is entitled to a royalty equal to 2% of the net smelter returns ("NSR"). The Company has the option to purchase an additional 0.5% of the NSR from SEG for each of the individual properties in exchange for \$1,000,000 for each property.

4. Share Capital

Preferred Shares

Authorized: unlimited, without par value

Issued and outstanding: nil preferred shares

Common Shares

Authorized: unlimited, without par value

	Number of Shares	\$
Balance, December 31, 2007	12,215,901	611,141
Issuance of shares pursuant to mineral property agreement	40,000	12,000
Issuance of shares pursuant to private placement	8,358,000	2,089,500
Share issuance costs	–	(176,395)
Balance, December 31, 2008	20,613,901	2,536,246
Balance, March 31, 2009	20,613,901	2,536,246

In September 2008, the Company completed a non-brokered private placement of 8,358,000 units at \$0.25 per unit resulting in gross proceeds of \$2,089,500. Each unit is comprised of one common share of the Company and one share purchase warrant. Each share purchase warrant entitles the warrant holder to purchase one common share of the Company at an exercise price of \$0.35 per common share until September 19, 2010. The Company has applied the residual approach and allocated the full value of the private placement to the common shares. In connection with this private placement, the Company paid aggregate finders' fees of \$176,395.

In January 2008, the Company issued 40,000 common shares with a fair value of \$12,000 as part of the acquisition of the Sol D'Or Property, as disclosed in Note 3(a).

CONTINENT RESOURCES INC.

(A Development Stage Company) Notes to the Consolidated Financial Statements

Periods ended March 31, 2009

(Expressed in Canadian dollars)

4. Share Capital (continued)

On July 11, 2007, the Company completed a non-brokered private placement of 2,875,000 common shares of the Company at \$0.20 per common share for gross proceeds of \$575,000. In connection with this private placement, the Company paid aggregate finders' fees of \$125,280.

In February 2007, the Company issued 187,500 common shares at \$0.20 per common shares for gross proceeds of \$37,760.

On February 21, 2007, the Company accepted a total of 3,750,000 common shares surrendered by way of a gift. The common shares were cancelled and returned to Treasury.

In January 2007, the Company issued 60,000 common shares with a fair value of \$10,500 as part of the commitment for the Sol D'Or Property.

As of March 31, 2009, 3,666,373 common shares of the Company are being held in escrow.

5. Share Purchase Warrants

The following table summarizes the continuity of share purchase warrants:

	Number of Warrants	Weighted Average Exercise Price \$
Balance, December 31, 2008	8,358,000	0.35
Granted	—	—
Balance, March 31, 2009	8,358,000	0.35

For the three months ended March 31, 2009, the Company did not issue any share purchase warrants. The outstanding share purchase warrants expire on September 19, 2010.

6. Stock Options

The Company has adopted a Stock Option Plan (the "Plan") pursuant to which options may be granted to directors, officers, employees and consultants of the Company. Under the terms of the Plan, the Company can issue a maximum of 10% of the issued and outstanding common shares at the time of the grant, and the exercise price of each option is equal to or above the market price of the common shares on the grant date. Options granted under the Plan are determined by, and at the discretion of, the Board of Directors.

CONTINENT RESOURCES INC.

(A Development Stage Company) Notes to the Consolidated Financial Statements
 Periods ended March 31, 2009
 (Expressed in Canadian dollars)

6. Stock Options (continued)

The following table summarizes the continuity of the Company's stock options:

	Number of options	Weighted average exercise price \$
Outstanding, December 31, 2008	10,462,500	0.26
Granted	735,000	0.25
Expired	—	—
Cancelled	—	—
Outstanding, March 31, 2009	11,197,500	0.26

On January 8, 2009, the Company granted 735,000 incentive stock options to certain directors, officers and a consultant at an exercise price of \$0.25 per share. The options were fully vested upon grant and will expire on January 8, 2014. These options were assigned a fair value of \$124,819 and had been recorded as stock based compensation.

Additional information regarding stock options outstanding as at March 31, 2009 is as follows:

Range of exercise prices \$	Number of options	Outstanding		Exercisable	
		Weighted average remaining contractual life (years)	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
0.20	387,500	1.05	0.20	387,500	0.20
0.25	9,735,000	9.02	0.25	4,205,070	0.25
0.34	150,000	3.92	0.34	150,000	0.34
0.35	925,000	4.18	0.35	925,000	0.35
	11,197,500	8.28	0.26	5,667,570	0.27

During the three months ended March 31, 2009 the Company recognized \$238,960 (2008 – \$25,993) of stock-based compensation expense. The fair values for stock options granted or modified have been estimated using the Black-Scholes option pricing model assuming no expected dividends and the following weighted average assumptions:

	2009	2008
Risk-free Interest rate	2.03%	3.68%
Expected life (in years)	5.00	5.00
Expected volatility	131%	84%

CONTINENT RESOURCES INC.

(A Development Stage Company) Notes to the Consolidated Financial Statements

Periods ended March 31, 2009

(Expressed in Canadian dollars)

7. Contributed Surplus

	\$
Balance, December 31, 2007	52,556
Fair value of stock options vested	972,632
Balance, December 31, 2008	1,025,188
Fair value of stock options vested	238,960
Balance, March 31, 2009	1,264,148

8. Related Party Transactions

- (a) As at March 31, 2009, the Company owed \$15,419 (2008 - \$nil) to directors, officers, and management of the Company. This amount is unsecured, non-interest bearing, and due on demand.
- (b) During the period ended March 31, 2009, the Company paid consulting fees of \$11,175 (2008 - \$nil) to three directors of the Company with respect to consulting services on the acquisition and exploration of the Company's mineral properties.
- (c) On September 9, 2008, the Company signed a geological consulting agreement (the "Consulting Agreement") with the President and Vice-President of Exploration of Continent Resources (USA) Inc., a wholly-owned subsidiary of the Company. As at March 31, 2009, the Company paid \$51,441 (2008 - \$nil) of consulting fees relating to the Consulting Agreement.
- (d) During the period ended March 31, 2009, the Company paid \$44,537 (2008 - \$9,000) of consulting and management fees and expenses reimbursement with respect to management and administrative services, including the services of the Chief Financial Officer of the Company, as per the advisory agreement signed on February 28, 2008 and amended on July 1, 2008.

All of the above transactions have been in the normal course of operations and, in management's opinion, undertaken with the same terms and conditions as transactions with unrelated parties.

9. Financial Instruments

(a) Classification of Financial Instruments

The Company has classified its financial instruments as follows:

	March 31, 2009 \$	December 31, 2008 \$
Financial assets:		
Held for trading, measured at fair value:		
Cash	593,874	929,861
Loans and receivables, measured at amortized cost:		
Amounts receivable	13,787	10,289

CONTINENT RESOURCES INC.

(A Development Stage Company) Notes to the Consolidated Financial Statements

Periods ended March 31, 2009

(Expressed in Canadian dollars)

9. Financial Instruments (continued)

Financial liabilities, measured at amortized cost:

Accounts payable and accrued liabilities	37,115	50,208
Due to related parties	15,419	23,060
	<hr/>	<hr/>

(b) Fair Values

The fair values of financial instruments, which include cash and cash equivalents, amounts receivable, and accounts payable and accrued liabilities, approximate their carrying values due to the relatively short-term maturity of these instruments.

(c) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

(d) Foreign Exchange Rate and Interest Rate Risk

The Company is not exposed to any significant foreign exchange rate or interest rate risk.

(e) Liquidity

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

10. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash, marketable securities, and equity comprised of issued capital, contributed surplus and deficit.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended December 31, 2007.

11. Subsequent Events

On May 11, 2009, the company has negotiated, subject to regulatory approval, a private placement of up to 7,000,000 units at a price of \$0.11 per unit (the "Unit"), for gross proceeds of up to \$770,000. Each Unit will consist of one common share of the Company (the "Shares") and one Share purchase warrant (the "Warrants"). Each Warrant will entitle the holder thereof to purchase one additional Share (a "Warrant Share") of the Company at a price of \$0.20 per Warrant Share for a period of two

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years from the date of issuance. A finder's fee will be payable in connection with the private placement.

The securities issued in this private placement will be subject to a four-month hold period commencing from the date of issuance.

Proceeds from the private placement will be used to carry out geological, geochemical and geophysical studies on the properties in Arizona and New Mexico, USA and for general working capital.

Mr. Robert Bick, CEO and a director of the Company, resigned effective May 11, 2009 in order to pursue other opportunities. Michael Pawlowski, P.Geo has been appointed as CEO and will also retain his positions as President and a director of the Company.