CNNC INTERNATIONAL LIMITED

中核國際有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2302)

RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2009 BY WESTERN PROSPECTOR GROUP LTD

This announcement is made pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The full text of the following results announcement for the six months ended 30 June 2009 was published by Western Prospector Group Ltd., a company incorporated in Canada having its issued shares listed on the TSX Venture Exchange, and an indirect wholly-owned subsidiary of CNNC International Limited, on the System for Electronic Document Analysis and Retrieval at www.sedar.com on 25 August 2009 (Toronto time). Please refer to the attached announcement on the next page.

By Order of the board of Directors
CNNC International Limited
中核國際有限公司*
Li Philip Sau Yan
Company Secretary

Hong Kong, 27 August 2009

As of the date of this announcement, the Board comprises independent non-executive director and chairman, namely Mr. Qiu Jiangang, executive directors, namely, Mr. Han Ruiping and Mr. Xu Hongchao, non-executive director, namely, Mr. Huang Mingang and independent non-executive directors, namely, Mr. Cheong Ying Chew Henry, Mr. Cui Liguo and Mr. Zhang Lei.

* *For identification purpose only*

WESTERN PROSPECTOR GROUP LTD.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE QUARTER ENDED JUNE 30, 2009
AS AT AUGUST 25, 2009

This report includes certain forward-looking statements. Please read cautionary note at the end of the report.

OVERVIEW

Western Prospector Group Ltd. and its subsidiaries ("Western" or the "Company") are in the business of acquiring, exploring and developing mineral properties. All of the Company's mineral property interests, consisting of various uranium and coal properties, are located in Mongolia. The Company is a reporting issuer in British Columbia, Alberta and Ontario and trades on the TSX-Venture Exchange ("TSX-V") under the symbol WNP.

Western's management team is focused primarily on the Saddle Hills uranium project. Located in northeastern Mongolia, in a region of established infrastructure, the Saddle Hills project is unique in that one of its uranium deposits, Gurvanbulag Central, was previously readied for production by former Russian operators prior to 1991. In addition to a mine development program at Gurvanbulag Central, we are conducting an exploration program designed to expand our resources in known open-ended uranium deposits and to drill for targets which hold potential for additional uranium.

This management discussion and analysis ("MD&A") of our financial position and operating results for the six months ended June 30, 2009 and 2008 should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2008 and the related notes thereto, which have been prepared in accordance with Canadian generally accepted accounting principles. All dollar amounts referred to in this MD&A are expressed in Canadian dollars except where indicated otherwise. Additional information related to us is available free of charge on our website at www.westernprospector.com and on the Canadian Securities' Administrators' (CSA) website at www.sedar.com.

OWNERSHIP CHANGE, AMALGAMATION AND PRIVATIZATION

On June 29, 2009, CNNC International Limited ("CNNC Intl"), through its wholly-owned subsidiary First Development Holdings Corporation ("FDHC"), acquired approximately 69% of our common shares for $0.56 per share in cash. Under the terms of the agreement between us and FDHC, FDHC was entitled to commence a second step transaction to acquire all of the remaining common shares outstanding.

Accordingly, on August 14, 2009, the Company was amalgamated with 0856656 B.C. Ltd., a wholly-owned subsidiary of FDHC, resulting in FDHC owning 100% of the common shares of the amalgamated Company as of that date. The amalgamated Company will continue operating under the name Western Prospector Group Ltd.

Shortly after the amalgamation, we applied to the TSX Venture Exchange and appropriate provincial regulatory authorities to delist our shares and become a private company. Upon receipt of all necessary approvals, we will become a private company and will not be filing future public disclosure documents.

SADDLE HILLS PROPERTY

The Saddle Hills project consists of various mineral exploration licenses covering approximately 178,000 hectares in northeastern Mongolia. Key to the project is the Gurvanbulag Central uranium deposit, which includes three shafts and about 17 kilometers of underground tunnels down to the 260 meter level, constructed in the 1980s.

Since acquiring the Saddle Hills property in 2004, we have made significant progress in advancing the Gurvanbulag Central deposit toward production. We have constructed a 200-person camp that can be expanded to hold more than 500 workers. With our joint venture partner, XinXin Mining, we have built a 20 megawatt transmission line from the nearest power plant in Choibalsan, approximately 120 km distant. We dewatered the pre-existing underground workings, verified geology and mineralization and collected material for metallurgical testing. We have conducted an extensive drilling and exploration program in the surrounding area.

During 2008, we conducted a variety of exploration activities on the Saddle Hills property in an effort to enable completion of an independent Defined Feasibility Study, which was announced on January 9, 2009. The associated Technical Report was announced on February 23, 2009 and is available at www.sedar.com. P&E Mining Consultants Inc., in conjunction with Aker Metals, a division of Aker Solutions Canada Inc., was the author of the report, entitled "TECHNICAL REPORT AND FEASIBILITY STUDY ON THE GURVANBULAG URANIUM DEPOSIT SADDLE HILLS PROPERTY DORNOD PROVINCE, MONGOLIA." The Qualified Persons for this work were:

- Ms. Tracy Armstrong, P.Geo.
- Mr. Eugene Puritch, P.Eng.
- Mr. Antoine Yassa, P.Geo.
- Dr. Wayne Ewert, P.Geo.
- Mr. Malcolm Buck P.Eng.
- Ms. Kirstine Malloch, AusIMM
- Mr. Charles Steed, P.Eng.
- Mr. Leon Botham, P.Eng.
- Mr. John Rogers, P.Eng.
- Mr. Bruce Fielder, P.Eng.

Reserves reported in the study using a cut-off grade of 0.08% U_3O_8 are listed in the table below:

Gurvanbulag Mineral Reserves			
	Tonnes	Grade	U_3O_8
Category	t	% U_3O_8	million lbs
Proven Reserves	914,500	0.198	4.0
Probable Reserves	4,128,500	0.153	13.9
Total Reserves	5,043,000	0.161	17.9

A radiometric sorting plant is projected to remove 620,000 tonnes of low grade rock and feed a nominal 500,000 tonnes per year to the process plant with a head grade of 0.179% U_3O_8. With an average process recovery of 94.2%, the study indicates that the deposit can produce a yearly average of 1.85 million pounds of U_3O_8, as calcined yellowcake, for a nine year production life. The study further indicates economic viability, with an estimated pretax internal rate of return ("IRR") of 9.2% based on a constant selling price of US$65.00 per pound. The IRR translates to 1.3% on an after-tax basis, incorporating all taxes currently in effect in Mongolia, which are projected to amount to more than US$162.2 million.

The pre-production capital cost estimate, based on currency exchange rates prevailing during the second quarter of 2008, is US$280.2 million with a further US$137.5 million for sustaining capital costs during mine life. The site operating cost per tonne mined is US$94.62, which results in an operating cost per pound of yellowcake of US$29.00. The study estimates production could start by January 2012, assuming all Mongolian Government permits are in hand by the end of May 2009. During construction, a comprehensive training program would be instituted to ensure that, by start up of production, the project is employing the maximum number of Mongolian nationals. This training program would complement and extend the scholarship and professional training program already under way. The means of project financing is yet to be determined.

On February 14, 2008, we announced results from our geophysical logging program of historic Russian underground drill holes at Gurvanbulag. This program returned results from over 300 holes, with values as high as 1.3% eU_3O_8 over 9.0 metres in hole 170 and 1.0% eU_3O_8 over 29.14 metres in hole 186 ("eU_3O_8" is the term used to indicate that results are from gamma logging and assume radioactive equilibrium between uranium and its gamma emitting daughters which validation was undertaken for the Russian core data).

On June 3, 2008, we announced that we designed a simplified method for processing the uranium ore from our Gurvanbulag deposit. Our Preliminary Economic Assessment envisioned use of a traditional process called "solvent extraction" to recover the uranium oxide from the bulk extraction system. Recent test work allowed us to change this process to the Resin-in-Pulp process, which can perform the same function, but with lower capital and operating costs. The Defined Feasibility Study incorporated this design change in its model.

On June 5, 2008, we announced the full operation of our joint venture power line, allowing us to significantly reduce future fuel costs during the winter months.

On July 3, 2008, we announced that we had filed an independent resource report with the Mineral Resources and Petroleum Authority of Mongolia ("MRPAM") for our Gurvanbulag uranium deposit. The Mongolian-format resource report is the last document required for approval before we make our formal application for conversion of the Gurvanbulag Exploration Licenses to a Mining License. We intend to make our formal application for a mining license following receipt of the resource approval. However, this approval has been withheld by MRPAM pending further laws and regulations related to uranium mining.

On December 9, 2008, we announced that we had filed an Environmental Impact Assessment (EIA) for our Gurvanbulag project with the Mongolian Ministry of Nature and the Environment. The EIA concluded that the project can proceed if we implement all required measures, including those contained in the environmental protection plan, the environmental monitoring plan, and the mine closure and rehabilitation plan. The EIA was prepared by environmental consultants EcoTrade LLC, an environmental consulting firm based in Ulaanbaatar, Mongolia. The report responds to the Terms of Reference issued by the Ministry of Nature and Environment in December 2007, and describes the Gurvanbulag mine project as contemplated in Western's Feasibility Study. It reviews the impacts, mitigation measures, operating and closure plans of the mine project, and outlines "best practice" procedures.

On April 14, 2009, we announced that we had received notice from the Mineral Resources Authority of Mongolia ("MRAM") stating that our exploration licenses 7685X and 4969X, which are the primary licenses for the Gurvanbulag deposit, had been suspended for three months due to violations cited by inspectors from Mongolia's Atomic Energy Agency. On July 9, 2009, we received notification that these suspensions had been lifted. However, on July 10, 2009, we received a separate notice of suspension for all of our uranium exploration licenses in Mongolia. On that date, the State Specialized Inspection Authority of the Regulatory Agency of the Government of Mongolia ("SSIA") recommended suspension of all the Licenses for a period of three months because we were alleged to be in breach of Article 45.1 of Mongolia's Law on Subsoil (''Law on Subsoil''), and Articles 5.4 and 5.6 of Mongolia's Minerals Law (''Minerals Law'') due to:

(1) Our alleged failure to discuss the results of our exploration work with the Minerals Professional Council of the State Minerals Reserve Committee of the Mongolian government;
(2) Our alleged failure to register reserves of minerals with the state unified registry of the Mongolian government;
(3) Our alleged use of the deposit without execution of an investment agreement;
(4) Our issuance of a reserve estimate report based on NI 43-101 standards in accordance with the requirements of an international stock exchange, and issuance of 50 million shares through the initial public offering of Western Prospector Group Ltd.; and,
(5) the partial transfer of mineral exploration license 4974X to another company.

Based on the advice from our Mongolia legal advisers, we are of the view that the above allegations are not applicable to us, as a holder of exploration licenses. With respect to the alleged breach of Article 45.1 of the Law on Subsoil contained in allegations (1) to (3), we submitted the reserve estimate report, which was prepared in accordance with Mongolian standards, to the Geology Office of the Mineral Resources Authority of Mongolia ("MRAM") in June 2008. Since that time, we have been waiting for MRAM to present the reserve estimate report for discussion and approval. Without having the reserve estimate report approved by the Minerals Professional Council, no registration of any reserve of minerals can be made with the state unified registry of the Mongolian government, nor can any investment agreement be concluded in relation to mining the deposit. Further, to date, we have not used the deposit other than for exploration purposes.

In general, with regard to the allegation of breaches of Articles 5.4 and 5.6 of the Minerals Law, our legal advisers indicate that Articles 5.4 and 5.6 are only applicable for mining of minerals deposits that have been explored with government funds. In particular, allegation (4) and the grounds cited by SSIA are not applicable. Although Article 5.6 of the Minerals Law requires that no less than 10 per cent of the shares of a company with a strategic deposit be listed on the Mongolian stock exchange, Article 5.6 only applies to holders of a mining license. As we currently hold only exploration licenses, Article 5.6 of the Minerals Law does not apply.

Further, again as advised by our Mongolian legal advisers, issuance and offering of shares on any stock exchange is subject to the rules of that particular stock exchange. Currently, Mongolian law does not prohibit this method of fund raising in international jurisdictions for mining activities in Mongolia.

With regard to allegation (5), pursuant to the Minerals Law, a valid holder of exploration licenses has the right to transfer the exploration license in its entirety, or partially, to another entity. In 2007, we transferred a portion of the area covered by one of its exploration licenses to another entity. The transferred area has already been registered by the government with a new license number under the name of the new license holder. As advised by our Mongolian legal advisers, this partial transfer was in accordance with the Minerals Law and has been duly registered with MRAM.

Based on the aforementioned reasons, we made an application to MRAM in late July 2009 to reinstate all of the licenses currently under suspension and we await a decision from the government authorities with regard to this matter.

See **CONTINGENCIES** for additional information.

OTHER MONGOLIAN PROPERTIES

In addition to the Gurvanbulag Central classified resources, we hold additional exploration licenses in the Dornod region and elsewhere in Mongolia. We believe some of these license areas contain additional uranium resources, based upon previous studies conducted by the Russians. However, these studies were not conducted using 43-101 standards and we have no intention to convert the information into a 43-101 compliant report. Rather, we intend to prepare reports using Mongolian regulatory standards and to use those reports for compliance under Mongolian law. Information on ownership of these resources is presented herein.

In addition to the licenses described above, we believe we have a 70% interest in one exploration license in the Dornod region held by Adamas Mining. This license was to be turned over to a joint venture between the Company and Adamas. However, the joint venture with Adamas Mining has yet to be formed, and currently is the subject of litigation in the Mongolian courts. All uranium exploration licenses listed below, as well as the Adamas Mining exploration license, have been suspended by the Mongolian government as described above. See **CONTINGENCIES** for additional information.

Deposit	Classification	Ownership
Gurvanbulag Intermediate	Historic C_2	100%
Gurvanbulag Southwest	Historic C_2	100%
Mardaigol	Historic C_1	(1)
	Historic C_2	(1)
Nemer	Historic C_2	(1)
Dornod area	Historic C_2	(2)

(1) Western holds a 70% interest in these deposits, in a joint venture with Adamas Mining.

(2) The Dornod area comprises portions of 11 deposits, some in the joint venture with Adamas, and some that lie on property boundaries. As such, the grade and tonnage attributable to Western is difficult to calculate at this time.

In addition, we hold six exploration licenses with coal potential in Mongolia.

Our Mongolian properties require annual exploration license payments of approximately $450,000 ($300,000 through 2008) and minimum exploration expenditures of approximately $450,000 ($300,000 through 2008) annually.

MONGOLIAN MINERALS LAW AND REGULATORY ENVIRONMENT

In 2006, Mongolia adopted a new minerals law. Within the 2006 law, the national government is permitted, under certain conditions, to share or own mineral property interests up to 34% for properties developed using private funds, and up to 50% for properties either developed using state funds or classified as a "mineral deposit of strategic importance" or both. Our properties have been classified as "mineral deposits of strategic importance."

Effective August 15, 2009, a new Mongolian Nuclear Energy Law became effective. Its provisions contain, among other things, the following:

- For deposits where government funds were used in exploration, the state shall directly possess, free of charge, no less than 51% of the shares of the company holding the special licenses;
- For deposits where no government funds were used in exploration, the state shall directly possess, free of charge, no less than 34% of the shares of the company holding the special licenses;
- A Nuclear Energy Commission is created to regulate and coordinate activities on exploration of radioactive minerals and nuclear energy, chaired by the Prime Minister;
- The Nuclear Energy Commission must approve transfers or sales of more than 5% of the shares of companies holding the special licenses;
- Sales, transfers or collateralization of exploration and mining licenses are prohibited;
- The Nuclear Energy Commission must approve any merger, split, integration or restructure of companies holding the special licenses;
- A state administrative authority ("SAA") responsible for administering the law is granted additional authority to grant, suspend or revoke special licenses;

- The SAA shall classify as confidential any exploration report or feasibility study associated with conducting prospecting or exploration for radioactive minerals;
- Holders of special licenses must have the financial wherewithal to conduct exploration of radioactive minerals, have the financial capability to fund any necessary reclamation, and have sufficient experience in responsible mining of radioactive minerals;
- Holders of special licenses wishing to exploit a radioactive mineral deposit also must have the capacity to sell radioactive minerals, have a sustainable and leading position in the world markets for processing and sales of radioactive minerals, have sufficient finances to conduct extraction of radioactive minerals, have many years of experience in extracting and processing such minerals and have leading technology to fully exploit radioactive reserves;
- Holders of special licenses wishing to exploit a radioactive mineral deposit must pay an upfront fee equal to no less than 10% of the reserves noted in the state reserves register, computed using the average rate in the international market for the mineral over the previous six months;
- Exploration licenses will be issued for periods up to 3 years; mining licenses will be issued for periods up to 20 years, both of which may be renewed;
- Specific procedures for negotiating an investment agreement with license holders.

As this law recently took effect, it is unclear how the laws and regulations will be administered in the future.

FINANCIAL SUMMARY FOR THE SECOND QUARTER OF 2009

- We recorded a loss for the year of \$5.6 million or \$0.10 per share, which included an impairment write off of \$2.0 million against our Mongolian properties; \$1.2 million for compensation and general overhead expenses; costs associated with the various takeover offers of \$0.8 million; and, non-cash stock based compensation expense of \$0.9 million.
- We incurred \$2.0 million of exploration and mineral property expenditures, primarily on the Saddle Hills project.

FINANCIAL REVIEW

For the six months ended June 30, 2009, we incurred a net loss of \$5.6 million, or \$0.10 per share, compared to a net loss of \$3.7 million, or \$0.07 per share in 2008. A discussion of the major variations between the years follows:

	2009	2008	Variance	% Change
Directors' fees	72,049	191,340	(119,291)	-62%
Legal and audit	64,680	548,000	(483,320)	-88%
Management and administrative services	675,410	898,913	(223,503)	-25%
Office operations and facilities	610,594	468,722	141,872	30%
Stock-based compensation	918,399	1,175,622	(257,223)	-22%
Interest income	(23,450)	(433,319)	409,869	-95%
Foreign exchange loss (gain)	201,146	29,754	171,392	576%
Write-off of mineral property and deferred exploration expenditures	2,048,528	-	2,048,528	-

The above table presents the major expenses incurred in the first halves of 2009 and 2008, and the variance between the years. Costs associated with the various takeover offers ($0.8 million in 2009; $0.6 million in 2008) have been deducted from the amounts presented in order to provide better comparability.

Directors' fees were lower in 2009 compared to the same period in 2008 due to reductions in fees paid for special committee work associated with the various takeover offers.

Legal fees were lower in 2009 compared to the same period in 2008 due to the elimination of litigation costs associated with defending the Company against the lawsuit by Maximum Ventures, Inc. This lawsuit was discontinued at the request of the plaintiff, Maximum, in March 2008.

Management and administrative services were lower in 2009 due to reduced fees charged by strategic and financial advisors as compared to the same period in 2008.

Office operations and facilities expense increased due to the addition of our portion of overhead costs to operate the joint venture power line in Mongolia as well as increased insurance costs for purchase of run-off directors' and officers' coverage.

Stock-based compensation decreased due to the lower average common share price, and the lower number of issued options, in 2009 as compared to the same period in 2008.

Interest income decreased due to declining cash balances as well as the reduction in available rates on low-risk investments.

Foreign exchange loss increased in 2009 due to unfavorable fluctuations in the value of the Canadian dollar as compared to the US dollar.

For the three months ended June 30, 2009, we incurred a net loss of $2.9 million, or $0.05 per share, compared to a net loss of $1.9 million, or $0.04 per share in 2008. A discussion of the major variations between the years follows:

	2009	2008	Variance	% Change
Directors' fees	39,000	141,151	(102,151)	-72%
Management and administrative services	354,809	481,957	(127,148)	-26%
Office operations and facilities	355,551	122,332	233,218	191%
Interest income	(4,464)	(227,135)	222,671	-98%
Foreign exchange loss (gain)	146,909	17	146,892	872872%
Write-off of mineral property and deferred exploration expenditures	845,237	-	845,237	-

The above table presents the major expenses incurred in the second quarters of 2009 and 2008, and the variance between the years. Costs associated with the various takeover offers (nil in 2009; $0.6 million in 2008) have been deducted from the amounts presented in order to provide better comparability.

Directors' fees were lower in 2009 compared to the same period in 2008 due to reductions in fees paid for special committee work associated with the various takeover offers.

Management and administrative services were lower in 2009 due to reduced fees charged by financial advisors as compared to the same period in 2008

Office operations and facilities expense increased due to the addition of our portion of overhead costs to operate the joint venture power line in Mongolia as well as increased insurance costs for purchase of run-off directors' and officers' coverage.
Interest income decreased due to declining cash balances as well as the reduction in available rates on low-risk investments.

Foreign exchange loss increased in 2009 due to unfavorable fluctuations in the value of the Canadian dollar as compared to the US dollar.

Summary of Quarterly Results

The following table sets forth selected quarterly financial information for each of our last eight quarters:

Quarter ending (unaudited)	Total revenues	Loss ($000s)	Loss per share ($)
June 30, 2009	nil	2,918	0.05
March 31, 2009	nil	2,700	0.05
December 31, 2008	nil	61,069	1.13
September 30, 2008	nil	7,515	0.14
June 30, 2008	nil	1,918	0.04
March 31, 2008	nil	1,818	0.03
December 31, 2007	nil	1,490	0.03
September 30, 2007	nil	863	0.02

Variations in quarterly losses and losses per share are affected mostly by the write off of mineral property carrying costs. Results for the quarters ended June 30, 2009, March 31, 2009, December 31, 2008 and September 30, 2008 primarily were impacted by such write-offs. Results for the quarter ended June 30, 2007 were primarily impacted by the acceleration of stock option vesting upon the deemed change of control in June 2007.

FINANCIAL POSITION AND LIQUIDITY

Operating Activities

Cash flow used in operations totaled $2.9 million in the first half of 2009, compared to $2.4 million in the same period of 2008. This change primarily consisted of approximately $0.5 million in changes to working capital balances.

Financing Activities

A total of 200,000 shares were issued on the exercise of stock options for total proceeds received of $84,000 in the first half of 2009. No stock options were exercised in the same period of 2008.

Investing Activities

Substantially all investment-related expenditures were incurred on the Mongolian properties. Total cash flow used in investing activities was $2.4 million in the first half of 2009, compared to $7.1 million in the same period of 2008. The following table, derived from the Consolidated Statements of Deferred Exploration and Mineral Property Expenditures, provides a summary of cash and non-cash expenditures on the properties.

	Period ended June 30,			
	2009	**2008**	**Change**	**% Change**
Accommodation	303,528	442,241	(138,713)	-31.4%
Assays and geological analysis	10,023	58,520	(48,497)	-82.9%
Consulting	17,220	274,466	(257,246)	-93.7%
Depreciation	467,585	488,466	(20,881)	-4.3%
Drilling	-	167,097	(167,097)	-100.0%
Engineering and metallurgical	101,434	1,386,637	(1,285,203)	-92.7%
Environmental and permitting	28,714	111,489	(82,774)	-74.2%
Expediting	31,677	36,576	(4,898)	-13.4%
Field supplies	233,164	(207,077)	440,241	-212.6%
Fuel	322,559	1,176,119	(853,560)	-72.6%
Maps, drafting and prints	313	3,519	(3,206)	-91.1%
Property acquisition and maintenance cos	158,394	200,673	(42,279)	-21.1%
Salaries and wages	235,447	179,027	56,421	31.5%
Stock option compensation	12,736	(48)	12,784	26418.9%
Surveys	(620)	72,703	(73,323)	-100.9%
Transportation	47,416	157,272	(109,855)	-69.9%
Underground development	78,938	2,020,368	(1,941,429)	-96.1%
	2,048,528	6,568,045	(4,519,517)	-68.8%

By December 2008, nearly all of the work associated with the Defined Feasibility Study was complete. This allowed us to discontinue our dewatering program as well. As a result, spending was reduced significantly in nearly every area. Field supplies for 2008 were reduced due to a reclassification of vehicles and other leased equipment from this category to property, plant and equipment. Salaries and wages increased due to Mongolian salary increases, which are aligned with the inflation rate in that country.

Liquidity and Cash

At June 30, 2009, we had working capital of $3.8 million and cash of $4.3 million, compared to $7.7 million and cash of $9.6 million, respectively, at December 31, 2008. Based on our project plans, we believe this provides us with sufficient resources to continue operations until sometime in the fourth quarter of 2009 without further infusions of capital. Significant additional capital will be necessary to move the Saddle Hills project to the full development and production phases.

The Company typically invests its excess cash in bankers' acceptances and other low risk, short term investments. We have not invested in asset-backed commercial paper or other assets with "sub-prime" investment risk. Also, we do not purchase foreign currency hedge or forward contracts, as we reduce currency risk by minimizing balances in currencies other than the Canadian dollar. We do this by funding our foreign operations on an "as-needed" basis for projected expenditures over the subsequent 2-8 weeks. Invested cash is classified as "cash and cash equivalents" on our consolidated balance sheets. Income associated with these investments is classified as "interest income" on our statements of loss and deficit.

Marketable Securities

We held no marketable securities at June 30, 2009 as we sold all remaining investments during the quarter.

CONTINGENCIES

Uranium Exploration Licenses

As described above (see SADDLE HILLS PROPERTY), all of our Mongolian uranium exploration licenses are suspended. While we believe the allegations cited for the suspension are without merit, we cannot be certain that our response will be deemed sufficient to remove the suspensions, and MRAM could move to revoke these licenses in that event.

Adamas Action

On December 7, 2004, we entered into an agreement with Adamas Mining, LLC, a Mongolian company, which provided the possibility to earn rights to 70% of a Mongolian exploration license held by Adamas. The provisions of this agreement required us to make cash payments to Adamas totaling US$790,000 through December 31, 2007. Additionally, we were obligated to make minimum exploration expenditures on the property of at least US$1,350,000 before the end of 2007. We have complied with both of these provisions, having spent approximately $3.9 million in total through December 31, 2007 on the property, and therefore believe we have earned the right to the 70% joint venture interest.

After numerous attempts to form the joint venture with Adamas, we chose to file suit in the Bayanzurkh District Court of Mongolia to compel Adamas to form the joint venture. In January 2008, the Court ruled in favor of Adamas. We then appealed this judgment twice, both of which were denied in April and July 2008. Adamas then filed suit to have the license released from possession of the escrow agent. Therefore, on May 26, 2009, the Company filed suit in Bayanzurkh District Court alleging a breach of contract by Adamas and requesting damages of 5.3 billion Tugrigs. No hearing date has been set on this action.

However, due to the uncertainty associated with this action, we have written off all historical expenditures associated with this license.

OFF-BALANCE SHEET ARRANGEMENTS

We have not entered into any off-balance sheet financing arrangements.

RELATED PARTY TRANSACTIONS

From January 1 to June 30, 2009, the Company was charged $32,586 for geological and office services provided by Gamah International Ltd., a company owned by a former senior officer of the Company. At June 30, 2009 the Company owed $421 (December 31, 2008 - $26) to Gamah International Ltd.

CRITICAL ACCOUNTING ESTIMATES

Resource assets

We record our interests in mineral properties and areas of geological interest at cost less option payments received and other recoveries. Exploration and development costs and royalties relating to these interests and projects are capitalized on the basis of specific claim blocks or areas of geological interest until the properties to which they relate are placed into production, sold or allowed to lapse. We expense all administration costs incurred during the year.

We perform impairment tests on property, plant and equipment and resource assets when events or circumstances occur that indicate the asset may not be recoverable. Where conditions suggest impairment, estimated future cash flows for a development project are calculated using estimated future prices, mineral resources, and operating and capital costs on an undiscounted basis. When estimated future cash flows are less than the carrying value, the project is considered impaired. Reductions in the carrying value of an asset are recorded to the extent the net book value exceeds the discounted estimated future cash flows. Where estimates of future net cash flows are not available and where other conditions suggest impairment, management assesses whether the carrying value can be recovered.

Significant amounts associated with the Mongolian properties were written-off in the current year, and in 2008. Changes in market conditions, reserve estimates and other assumptions used in these estimates may result in future write-offs.

Stock-based compensation

We apply the fair value method of accounting for stock options granted to directors, officers and employees. The fair value of stock options granted is expensed or capitalized to resource assets over the vesting period. The fair value is determined using an option pricing model that takes into account, as of the grant date, the exercise price, the expected life of the option, the current price of the underlying stock and its expected volatility and the risk free rate over the expected life of the option. Actual results may differ materially from those estimates based on these assumptions.

Income taxes

The determination of our future tax assets and liabilities involves significant management estimation and judgment involving a number of assumptions. In determining these amounts we interpret tax legislation in a variety of jurisdictions and make estimates of the expected timing of the reversal of future tax assets and liabilities. We also make estimates of the future earnings which affect the extent to which potential future tax benefits may be used. We are subject to assessment by various taxation authorities, which may interpret tax legislation in a manner different from our view. These differences may affect the final amount or the timing of the payment of taxes. When such differences arise, we make provision for such items based on our estimate of the final outcome of these matters.

CHANGES IN ACCOUNTING POLICIES

Effective January 1, 2009, we adopted the following Canadian Institute of Chartered Accountants ("CICA") Handbook Sections:

Goodwill and Intangible Assets – Section 3064

Section 3064, Goodwill and intangible assets, is effective for the Company commencing January 1, 2009 and establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the introduction of this standard, the CICA withdrew EIC 27, Revenues and expenses, during the pre-operating period. The adoption of this statement did not have an impact on the consolidated financial statements as at June 30, 2009.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Business Combinations – Section 1582

In January 2009, the CICA issued Handbook Section 1582, "Business Combinations" ("CICA 1582"). CICA 1582 requires that all assets and liabilities of an acquired business will be recorded at fair value at acquisition. Obligations for contingent considerations and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date. The Section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period on or after January 1, 2011. This pronouncement will have no material impact on the Company's consolidated financial statements going forward.

Consolidations and Non-controlling interest – Sections 1601 and 1602

In January 2009, the CICA issued Handbook Section 1601, "Consolidations" ("CICA 1601"), and Section 1602, "Non-controlling Interests" ("CICA 1602"). CICA 1601 establishes standards for the preparation of consolidated financial statements. CICA 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. These standards apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. This pronouncement will have no material impact on the Company's consolidated financial statements going forward.

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities – EIC Abstract 173

In January 2009, the CICA issued EIC Abstract 173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities". The EIC requires the Company to take into account the Company's own credit risk and the credit risk of the counterparty in determining the fair value of financial assets and financial liabilities, including derivative instruments.

OUTSTANDING SHARE DATA

The authorized capital consists of unlimited common shares without par value. As of the date of this report, the following common shares, options and share purchase warrants were outstanding:

	Number of Shares	Exercise Price ($)	Remaining Life (years)
Capital stock	54,752,943	-	-
Stock options	-	-	-
Fully diluted	54,752,943	-	-

RISK AND UNCERTAINTIES

All of our operations involve mineral exploration and development and there is no guarantee that any such activity will result in commercial production of deposits. Mineral exploration and development involves substantial expenses and a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to adequately mitigate. Examples of these risks include, but are not limited to:

Mineral Exploration and Development

There is no assurance that our Gurvanbulag property, for which we have complete a Defined Feasibility Study indicating the project is economically viable, will be brought into commercial production. Further, there is no assurance that commercial quantities of ore will be discovered on any of our other exploration properties, or even if commercial quantities of ore will be discovered,

The marketability of any minerals acquired or discovered may be affected by numerous factors which are beyond our control and which cannot be predicted, such as commodity market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment.

Uranium Prices

Changes in the market price of uranium, which in the past has fluctuated wildly, could affect our operations. Should we begin commercial production, our profitability and long-term viability will depend in large part on the price of uranium. The market price is affected by numerous factors beyond our control. Depending on the price of minerals produced, we may determine that it is impractical to commence or continue commercial production.

Political Risk

Our business in Mongolia may be harmed if the country fails to complete its transition from state socialism and a centrally planned economy to political democracy and a free market economy. Laws may be applied in an inconsistent, arbitrary and unfair manner. Legal remedies may be uncertain, delayed or unavailable, due to an undeveloped court system. Future amendments to Mongolian laws could weaken, shorten or curtail our mineral exploration rights or adversely impact development economics.

Governmental Regulation

Our operations may be affected by government regulations, including those with respect to restrictions on production, price controls, export controls, income taxes, and expropriation of property, employment, land use, water use, environmental legislation and mine safety. Changes in such regulations could result in additional expenses and capital expenditures; limits on availability of capital; reserve uncertainty; potential conflicts of interest; title risks; dilution of interests held; and, restrictions and delays in operations. The extent of these results cannot be reasonably predicted.

Mongolian law requires a minimum annual license payment and minimum exploration expenditures for each individual exploration license. If payments are not made, late, or marked as late by the government, or if minimum exploration expenditures are deemed insufficient at a later date, title to the exploration licenses may be at risk.

Lack of Infrastructure

Mongolia is infrastructure-poor. This affects mining businesses generally, and our projects in particular.

Lack of Qualified Staff

Although we believe that we will be successful in attracting and retaining qualified personnel as our business activity grows, there can be no assurance of such success.

Availability of Financing

In order to continue exploring our mineral properties and acquire additional properties, we may be required to pursue additional sources of financing. There is no assurance that additional funding will be available to allow us to carry out our exploration and development objectives. Failure to obtain additional financing eventually could result in the possible, partial or total loss of our interest in certain properties. We may, in the future, be unable to meet our share of costs incurred under agreements to which we are a party and we may consequently have our interest in the properties reduced. Furthermore, if other parties to such agreements do not meet their share of such costs, the Company may be unable to finance the cost required to complete recommended programs.

Operating Hazards and Risks

We have no history of developing or operating a mining project and there can be no assurance of our ability to operate such mining projects profitably. Further, mineral exploration involves many risks as well. The operations in which we have an interest are subject to a variety of hazards and risks, including, but not limited to: work stoppages or disruptions; damage to persons or property; harm to the environment; fires; power outages; flooding; explosions; cave-ins; landslides; and, the inability to obtain suitable or adequate machinery and equipment.

We could incur significant legal liability for any such damages, which could have a material adverse effect on our financial condition. Although we secure liability insurance for certain risks, the nature of these risks is such that liabilities might exceed policy limits, and certain coverages either are not available for Mongolian projects or are prohibitively expensive.

Environmental Risks

Environmental legislation in Mongolia allows for the temporary disturbance of sites, with a view to restoration of properties to their original state upon cessation of activities on the property. Land which is proposed to be used for major projects is subject to preparation of an environmental impact assessment report prior to commencement of any operations. Violation of environmental legislation is subject to fines and penalties. We have adopted environmental practices designed to ensure that we comply with or exceed all environmental regulations currently applicable to us and believe that all of our activities are in compliance in all material respects with applicable environmental legislation.

Environmental hazards may exist on the Company's properties, which have been caused by previous or existing owners or operators of the properties. The Company is not aware of any environmental hazards on any of the properties held by the Company but, in the future, could conceivably be held liable for damage caused by previous owners or operators.

Title

Although we have exercised customary due diligence with respect to title to properties in which we have a material interest, there is no guarantee that title will not be challenged. Our mineral property interests may be subject to prior unregistered agreements or transfers, historical land claims, government expropriation or other undetected defects. In addition, for our interest in the proposed joint venture with Adamas, the mining claim is recorded in the name of Adamas, albeit held under escrow.

Mongolian land, other than land owned by citizens of Mongolia, is owned by the State. Land may be transferred by the State to businesses and citizens for possession and use based on leases. Also, we were previously defendants in an action brought by Maximum. There is no assurance that our mineral title rights in Mongolia will not be subject to dispute in the future.

Competition

We compete with other mining companies for the acquisition of mineral claims and other mining interests, as well as for recruitment and retention of qualified employees and contractors. There is significant and increasing competition for a limited number of resource acquisition opportunities and, as a result, we may be unable to acquire attractive mining properties on terms we consider acceptable. We compete with many other companies that have substantially greater financial resources than us.

Management and Directors

We are dependent on a relatively small number of key directors and officers. Loss of any one of those persons could have an adverse affect on us. We do not maintain “key-man” insurance in respect of any of our directors or officers.

Conflicts of Interest

Certain of our directors and officers are also, in their personal capacities, or as directors or officers of other companies, engaged in mineral exploration and development. Accordingly, exploration opportunities or prospects of which they become aware may not necessarily be made available to the Company.

Price Fluctuations: Share Price Volatility

In recent years, the international securities markets and the securities of many mineral exploration companies have experienced a high level of price and volume volatility, which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that the continual fluctuations in price will not occur.

Legal Proceedings and License Suspensions

See CONTINGENCIES.

Currency Risk

Some of our activities are/will be carried on outside of Canada. Such activities are subject to risks associated with fluctuations in the rate of exchange of the Canadian dollar and foreign currencies.

Critical Accounting Estimates

Critical accounting estimates used in the preparation of the financial statements include our estimate of recoverable value on our mineral properties as well as the value of stock-based compensation. Both of these estimates involve considerable judgment and are, or could be, affected by significant factors that are out of our control. The factors affecting stock-based compensation include estimates of when stock options might be exercised and the stock price volatility. The timing for exercise of options is out of our control and will depend, among other things, upon a variety of factors including the market value of our shares and financial objectives of the holders of the options. We have used historical data to determine volatility in accordance with Black-Scholes modeling, however the future volatility is inherently uncertain and the model has its limitations. While these estimates can have a material impact on the stock-based compensation and hence results of operations, there is no impact on our financial condition.

The recorded values of our mineral properties are based on historical costs that are expected to be recovered in the future. Our recoverability evaluation is based on market conditions for minerals, underlying mineral resources associated with the properties and future costs that may be required for ultimate realization through mining operations or by sale. We are in an industry that is exposed to a number of risks and uncertainties, including exploration risk, development risk, commodity price risk, operating risk, ownership and political risk, funding and currency risk, as well as environmental risk. Bearing these risks in mind, we have assumed recent world commodity prices will be achievable, as will costs used in studies for potential construction and mining operations. Accordingly, there is always the potential for a material adjustment to the value assigned to mineral properties.

Other Risk Factors

We do not list our shares on United States exchanges, nor do we register our securities with the Securities and Exchange Commission. We do not intend to do so in the future.

This document uses the various mining terms to describe our resources. Although these terms are recognized and required by Canadian securities regulations (under National Instrument 43-101 "Standards of Disclosure for Mineral Projects"), the United States Securities and Exchange Commission does not recognize some of these terms. Readers are cautioned not to assume that any part or all of the mineral deposits in these categories will ever be converted into reserves, other than those specifically reported as such. In addition, "inferred resources" have a great amount of uncertainty as to their existence, and economic and legal feasibility. It cannot be assumed that all or any part of an Inferred Mineral Resource will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Mineral Resources may not form the basis of feasibility or pre-feasibility studies, or economic studies except for a Preliminary Assessment as defined under NI 43-101. Readers are cautioned not to assume that part or all of an inferred resource exists, or is economically or legally mineable.

FORWARD-LOOKING STATEMENTS

The above contains forward looking statements that are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in our forward looking statements. Shareholders and prospective investors should not place undue reliance on forward-looking information and should bear in mind the risks and uncertainties outlined above under RISKS AND UNCERTAINTIES.

Western Prospector Group Ltd.

Consolidated Financial Statements
For Six Months Ended June 30, 2009 and 2008
(Unaudited)

WESTERN PROSPECTOR GROUP LTD.

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Vancouver, BC V5Z 4C2 CANADA
Telephone: +1 604.675.6985 | Fax: +1 604.608.3413

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Western Prospector Group Ltd.

Consolidated Balance Sheets

As at, June 30, 2009 and December 31, 2008

(Unaudited)

	June 30, 2009 $	December 31, 2008 $
Assets		
Current assets		
Cash and cash equivalents	4,289,078	9,561,372
Accounts receivable and prepaids	477,788	626,656
	4,766,865	10,188,028
Investments (note 3)	-	191,500
Resource assets (note 4)	17,757,678	17,757,678
Property, plant and equipment (note 5)	6,588,275	7,070,739
	29,112,819	35,207,945
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	981,433	2,499,153
Due to related party (note 8)	-	26
Income tax payable	-	14,313
	981,433	2,513,492
Shareholders' equity		
Capital stock (note 7)		
Authorized		
Unlimited common shares without par value		
Issued		
54,752,943 (2008 - 54,256,062) common shares	110,963,400	110,655,138
Contributed surplus (note 7)	14,492,148	13,785,276
Accumulated other comprehensive loss (note 7)	-	(39,500)
Deficit	(97,324,162)	(91,706,461)
	28,131,386	32,694,453
	29,112,819	35,207,945

Going concern (note 1)
Contingencies (note 9)
Change of control (note 10)
Subsequent events (note 11)

Approved by the Board of Directors

(signed) Dr. Sheng Zhan Director

(signed) Bobby E. Cooper Director

Western Prospector Group Ltd.

Consolidated Statements of Loss and Deficit

For six months ended June 30, 2009 and 2008

(Unaudited)

	6 MONTHS ENDED		3 MONTHS ENDED	
	JUNE 30, 2009	JUNE 30, 2008	JUNE 30, 2009	JUNE 30, 2008
	$	$	$	$
Administration expenses				
Conventions	3,491	8,838	3,491	1,895
Depreciation	14,880	60,587	7,131	55,029
Directors' fees	125,049	251,340	54,400	201,151
Bonuses	-	76,005	-	30,670
Legal and audit	252,817	657,357	90,528	207,616
Management and administrative services	1,210,568	1,187,416	789,966	770,459
Office operations and facilities	610,594	468,722	355,551	122,332
Shareholder communication	17,321	157,583	3,564	152,571
Transfer agent and regulatory fees	15,154	43,057	6,826	30,132
Travel	104,615	52,980	13,864	(18,495)
Allowance for uncollectible VAT credits	34,616	-	25,030	-
Stock-based compensation (note 7)	918,399	1,175,622	577,188	591,275
	3,307,503	4,139,506	1,927,539	2,144,636
Other expenses (income)				
Interest income	(23,451)	(433,319)	(4,464)	(227,135)
Foreign exchange loss (gain)	201,146	29,754	146,909	17
Loss on sale of investments	78,138	-	-	-
Write-off of mineral property and deferred exploration expenditures (note 4)	2,048,528	-	845,237	-
	2,304,362	(403,565)	987,681	(227,118)
Loss before taxes	5,611,865	3,735,941	2,915,221	1,917,518
Current income tax expense	5,837	-	2,771	-
Loss for the period	5,617,702	3,735,941	2,917,991	1,917,518
Deficit - beginning of period	91,706,461	19,386,585	-	21,205,008
Deficit - end of period	97,324,162	23,122,526	2,917,991	23,122,526
Basic and diluted loss per common share	0.10	0.07	0.05	0.04
Weighted average number of common shares	54,438,876	54,089,395	54,555,022	54,172,729

Western Prospector Group Ltd.

Consolidated Statements of Comprehensive Loss

For six months ended June 30, 2009 and 2008

(Unaudited)

	6 MONTHS ENDED		3 MONTHS ENDED	
	JUNE 30, 2009	JUNE 30, 2008	JUNE 30, 2009	JUNE 30, 2008
	$	$	$	$
Net loss	(5,617,702)	(3,735,941)	(2,917,991)	(1,917,518)
Other comprehensive loss				
Unrealized holding loss on available-for-sale securities arising during the period	(38,638)	(166,500)	-	(35,500)
Reclassification to net loss on realization of loss on disposal of investments	78,138	-	-	-
Total other comprehensive income (loss) (note 7)	39,500	(166,500)	-	(35,500)
Total comprehensive loss	(5,578,202)	(3,902,441)	(2,917,991)	(1,953,018)

Western Prospector Group Ltd.

Consolidated Statements of Deferred Exploration and Mineral Property Expenditures

For six months ended June 30, 2009 and 2008

(Unaudited)

	6 MONTHS ENDED		3 MONTHS ENDED	
	JUNE 30, 2009	JUNE 30, 2008	JUNE 30, 2009	JUNE 30, 2008
	$	$	$	$
Deferred exploration and mineral property expenditures				
Accommodation	303,528	442,241	143,610	208,276
Assays and geological analysis	10,023	58,519	3,544	14,258
Consulting	17,220	274,466	4,968	97,900
Depreciation	467,585	488,466	236,923	389,350
Drilling	-	167,096	-	65,658
Engineering and metallurgical	101,434	1,386,637	17,417	1,162,327
Environmental and permitting	28,714	111,489	28,714	89,599
Expediting	31,677	36,576	11,750	20,206
Field supplies	233,164	(207,077)	107,091	(432,875)
Fuel and electricity	322,560	1,176,119	126,679	393,969
Maps, drafting and prints	313	3,519	222	3,455
Property acquisition and maintenance costs	158,393	200,673	14,854	70,477
Salaries and wages	235,448	179,027	115,809	75,281
Stock option compensation	12,735	(48)	8,191	(35,727)
Surveys	(620)	72,703	-	1,739
Transportation	47,416	157,272	18,502	58,186
Underground development	78,938	2,020,368	6,963	942,561
	2,048,528	6,568,046	845,237	3,124,637
Balance - beginning of period	17,757,678	67,759,021	17,757,678	71,202,429
Less:				
Write-off of mineral property and deferred exploration expenditures (note 4)	2,048,528	-	845,237	-
	2,048,528	-	845,237	-
Balance - end of period (note 4)	17,757,678	74,327,067	17,757,678	74,327,066

Western Prospector Group Ltd.

Consolidated Statements of Cash Flows

For six months ended June 30, 2009 and 2008

(Unaudited)

	6 MONTHS ENDED		3 MONTHS ENDED	
	JUNE 30, 2009	JUNE 30, 2008	JUNE 30, 2009	JUNE 30, 2008
	$	$	$	$
Cash flows from operating activities				
Loss for the period	(5,617,702)	(3,735,941)	(2,917,991)	(1,917,518)
Items not affecting cash				
Depreciation	14,880	60,587	7,131	55,029
Gain on sale of investment	78,138	-	-	-
Write-off of mineral property and deferred exploration expenditures (note 4)	2,048,528	-	845,237	-
Stock-based compensation	918,399	1,175,622	577,188	591,275
	(2,557,757)	(2,499,732)	(1,488,435)	(1,271,215)
Changes in non-cash working capital items				
Accounts receivable and prepaids	148,868	54,770	7,812	(54,093)
Accounts payable and accruals	(540,996)	32,714	(86,087)	231,266
	(2,949,885)	(2,412,249)	(1,566,710)	(1,094,042)
Cash flows from investing activities				
Acquisition of property, plant and equipment	-	(1,496,649)	-	(1,384,304)
Mineral property expenditures	(158,393)	(200,673)	(14,854)	(70,477)
Deferred exploration expenditures	(2,400,878)	(5,373,654)	(602,484)	(2,103,901)
Proceeds on disposal of investments	152,862	-	-	-
	(2,406,410)	(7,070,975)	(617,338)	(3,558,682)
Cash flows from financing activities				
Share issue	84,000	25,000	-	25,000
	84,000	25,000	-	25,000
(Decrease) Increase in cash and cash equivalents	(5,272,295)	(9,458,224)	(2,184,048)	(4,627,724)
Cash and cash equivalents-beginning of period	9,561,372	29,081,075	6,473,126	24,250,575
Cash and cash equivalents-end of period	4,289,078	19,622,851	4,289,078	19,622,851

1 Nature of operations and going concern

Western Prospector Group Ltd. (the Company) is in the business of acquiring, exploring and developing mineral properties in Mongolia. The Company completed a Definitive Feasibility Study for its Gurvanbulag project, located in the Dornod district of Mongolia and the results were announced January 9, 2009. This study indicated that the project contains economically viable reserves. The Company has not yet determined whether its other properties contain reserves that are economically recoverable. The recoverability of the amounts shown for resource assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties, and upon future profitable production or proceeds from the disposition of the properties.

These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its commitments, continue operations and realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred losses since inception, has an accumulated deficit of $97,324,162 at June 30, 2009, and will need additional financing to fund ongoing exploration and administrative expenses. These conditions cast substantial doubt on the validity of the going concern assumption.

On June 29, 2009, CNNC International Limited ("CNNC Intl"), through its wholly-owned subsidiary First Development Holdings Corporation ("FDHC"), acquired approximately 69% of our common shares for $0.56 per share in cash. Under the terms of the agreement between us and FDHC, FDHC was entitled to commence a second step transaction to acquire all of the remaining common shares outstanding.

These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate. Such adjustments could be material.

2 Significant accounting policies

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its fully integrated foreign subsidiaries incorporated in Malaysia, the United States and Mongolia. Interests in joint ventures are accounted for by the proportionate consolidation method. Under this method, the Company includes in its accounts its proportionate share of the assets, liabilities, revenues and expenses of the joint venture. All material intercompany transactions and balances have been eliminated.

These statements follow the same accounting policies as our most recent audited financial statements except changes relating to goodwill and intangible assets (please see “Adoption of New Accounting Policies” below). These changes became effective January 1, 2009.

Adoption of new accounting policies

Goodwill and Intangible Assets – Section 3064
Section 3064, Goodwill and intangible assets, is effective for the Company commencing January 1, 2009 and establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the introduction of this standard, the CICA withdrew EIC 27, Revenues and expenses, during the pre-operating period. The adoption of this statement did not have an impact on the consolidated financial statements as at June 30, 2009.

3 Investments

During the first quarter of 2009, the Company sold all its investments. Investments had a fair market value of $191,500 at December 31, 2008.

4 Resource assets

	Cumulative to December 31, 2008	Additions to June 30, 2009	Write-downs in 2009	Recovery of property costs in 2009	Cumulative to June 30, 2009
	$	$	$	$	$
Mongolia					
Gurvanbulag central	17,757,678	2,033,506	(2,033,506)	-	17,757,678
Joint venture property	-	1,311	(1,311)	-	-
Coal properties	-	13,711	(13,711)	-	-
Total resource assets	17,757,678	2,048,528	(2,048,528)	-	17,757,678

	Cumulative to December 31, 2007	Additions to December 31, 2008	Write-downs in 2008	Recovery of property costs in 2008	Cumulative to December 31, 2008
	$	$	$	$	$
Mongolia					
Gurvanbulag central	62,851,476	12,862,412	(57,956,210)	-	17,757,678
Joint venture property	3,855,571	167,798	(4,023,369)	-	-
Coal properties	1,051,974	91,816	(1,143,790)	-	-
Total resource assets	67,759,021	13,122,026	(63,123,369)	-	17,757,678

Mongolian properties

The Company has been exploring for mineral deposits in Mongolia since 2004. At June 30, 2009, the Company held 17 exploration licenses and 1 mining license giving the Company exploration rights to approximately 178,000 hectares throughout Mongolia. The Company believes it holds good title to all of the properties; however, certain Mongolian licenses were previously the subject of a litigated dispute with Maximum Ventures, Inc. In addition, some of the exploration licenses have been suspended by agencies of the Mongolian government. *(See Note 9 – Contingencies and Note 11- Subsequent events)* .

a) Gurvanbulag Central

As at June 30, 2009 the Gurvanbulag central property is comprised of 11 mineral exploration licenses in north eastern Mongolia. A preliminary economic assessment study was completed in relation to this property in 2007 and a Definitive Feasibility Study was received on January 9, 2009. Write downs of $57,956,210 in capitalized costs associated with this property were recorded as at December 31, 2008 and additional write downs of $2,033,506 were recorded as at June 30, 2009. (*See Note 6 - Asset impairment charges and Note 11 - Subsequent events).*

b) Joint Venture Property

On December 7, 2004, the Company entered into an agreement with Adamas Mining, LLC, a Mongolian company, which provided the possibility to earn rights to 70% of a Mongolian exploration license held by Adamas. The provisions of this agreement required the Company to make cash payments to Adamas totaling US$790,000 through December 31, 2007. Additionally, the Company was obligated to make minimum exploration expenditures on the property of at least US$1,350,000 before the end of 2007. The Company has complied with both of these provisions, having spent approximately $3.9 million in total through December 31, 2007 on the property, and therefore believes it has earned the right to the 70% joint venture interest.

After numerous attempts to form the joint venture with Adamas, the Company chose to file suit in the Bayanzurkh District Court of Mongolia to compel Adamas to form the joint venture. In January 2008, the Court ruled in favor of Adamas. The company appealed this judgment twice, both of which were denied in April and July 2008. Adamas then filed suit to have the license released from possession of the escrow agent. After numerous appeals, Adamas received a favorable ruling on this request. Therefore, on May 26, 2009, the Company filed suit in Bayanzurkh District Court alleging a breach of contract by Adamas and requesting damages of 5.3 billion Tugrigs. No hearing date has been set on this action.

Write downs of $4,023,369 in capitalized costs associated with this property were recorded as at December 31, 2008 and additional write downs of $1,311 were recorded as at June 30, 2009. (*See Note 6 - Asset impairment charges).*

c) *Coal Properties*

As at December 31, 2008 the Company held 6 coal exploration licenses and 1 mining license in three different regions of Mongolia. Write downs of $1,143,790 in capitalized costs associated with these properties were recorded as at December 31, 2008 and additional write downs of $13,711 were recorded as at June 30, 2009. *(See Note 6 - Asset impairment charges).*

Mongolian government laws and regulations

The Mongolian Minerals Act of 2006 provides that the government is entitled to an ownership interest of up to 34% of mining properties generally, and up to 50% of properties defined as “strategic” under the law. Most of the Company’s licenses are exploration licenses which have to be converted to mining licenses before development can take place. The preponderance of expenditures historically have been on exploration assets deemed “strategic” under the law.

On August 15, 2009, a new Nuclear Energy Law took effect. This law contains various provisions affecting the exploration license rights of our Mongolian subsidiaries and include: a government entitlement to ownership of

51% of our subsidiaries' equity; limitations on sales, transfers or mergers of our subsidiaries and their licenses; additional fees to obtain rights to mine radioactive deposits; and, provisions related to investment agreements. As the law is recent, the Company is unclear as to how the law will be administered. Based on information currently available, the Company has determined that its mineral properties are not further impaired as a result of the legal environment. The Company will continue to monitor legal and regulatory developments in Mongolia.

5 Property, plant and equipment

	June 30, 2009			December 31, 2008		
	Cost $	Accumulated depreciation $	Net $	Cost $	Accumulated depreciation $	Net $
Building	967,972	271,918	696,054	967,972	223,917	744,055
Vehicles	528,106	347,436	180,670	528,106	295,059	233,047
Computer	164,109	126,043	38,066	164,109	115,434	48,675
Furniture	306,999	188,085	118,915	306,999	159,070	147,929
Equipment	1,673,943	985,411	688,532	1,673,943	818,829	855,114
Internal powerline and substation	451,272	35,099	416,173	451,272	20,057	431,215
Joint venture powerline and substations	4,825,155	375,290	4,449,865	4,825,155	214,451	4,610,704
	8,917,556	2,329,282	6,588,275	8,917,556	1,846,817	7,070,739

The powerline and substations primarily consist of assets owned by the joint venture. However, the Company owns 100% of the electrical grid equipment from the connection point at the joint venture substation through the internal workings of the project site. All of these electrical assets became operational in May 2008.

Depreciation charged on the Company's property, plant and equipment related to mineral properties is capitalized and charged to deferred exploration costs.

6 Asset impairment charges

On March 25, 2009, the Company announced the execution of a definitive agreement with FDHC to acquire all the outstanding common shares of the Company for $0.56 per share in cash, valuing its net assets at approximately $31 million *(See Note 10 – Change of Control)*. Based on the above market valuation, this offer suggested an impairment to the Company's assets, and specifically its Mongolian properties. The process of determining the fair value of the Company's resource assets requires management to exercise a significant amount of judgment. As such the amounts ultimately realized in connection with the properties may differ materially from management's estimates. As a result of management's analysis, after evaluating the carrying values of all of its assets, the Company recorded a write-off of $59,100,000 against its resource assets as at

December 31, 2008. Additions to the second quarter of 2009 to these assets totaling $2,047,217 were written off as at June 30, 2009.

On December 31, 2008, as a result of the uncertainty of the litigation with Adamas Mining, LLC described above (*Joint Venture Property*), the Company wrote off $4,023,369. Additions to the second quarter of 2009 to the joint venture asset totaling $1,311 were written off as at June 30, 2009.

7 Capital stock

Authorized
Unlimited common shares without par value

Issued

	Share Capital		
	Number of shares	Amount	Contributed surplus
Balance - December 31, 2007	54,006,062	110,607,845	11,817,813
Issued during 2008			
For cash on exercise of stock options	250,000	25,000	-
Value of stock options and warrants exercised	-	22,293	(22,293)
Stock based compensation expense	-	-	1,989,756
Balance - December 31, 2008	54,256,062	110,655,138	13,785,276
Issued during 2009			
For cash on exercise of stock options	200,000	84,000	-
For exchange of tendered shares	296,881	-	
Value of stock options and warrants exercised	-	224,262	(224,262)
Stock based compensation expense	-	-	931,134
Balance - June 30, 2009	54,752,943	110,963,400	14,492,148

Stock options

In 2002, the Company adopted a stock option plan, as amended (the Plan), authorizing the granting of stock options to qualified optionees to purchase a total of up to 10% of the then issued and outstanding common shares of the Company. Under the terms of the Plan, the term of stock options granted may not exceed five years following the date of grant. On June 29, 2009 FDHC acquired approximately 69% of the Company's outstanding common shares for C$0.56 per share in cash leading to an effective Change of Control as defined in the Plan and resulting in all stock options then outstanding becoming immediately fully vested.

The Company applies the fair value method of accounting for stock options. During the period, stock-based compensation of $918,399 was included in the consolidated statements of loss and deficit and $12,735 was included in the consolidated statements of deferred exploration and mineral property expenditures.

Common shares under option are as follows:

	Number of shares	Weighted average price $
Outstanding at December 31, 2008	3,815,500	3.02
Granted during the period	665,000	0.31
Exercised during the period	(496,881)	0.34
Expired / Forfeited during the period	(3,983,619)	3.16
Outstanding at June 30, 2009	-	-

There were no stock options outstanding and exercisable at June 30, 2009.

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

	2009	2008
Expected dividend yield	nil	nil
Average risk-free interest rate	1.75%	3.25% to 4.25%
Expected life	3 years	5 years
Expected volatility	130%	117% to 120%

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the company's stock options.

Accumulated other comprehensive income (loss)

	2008
	$
Opening balance – beginning of year	(890,500)
Other comprehensive income during the year	851,000
Accumulated other comprehensive loss	(39,500)

	2009
	$
Opening balance – beginning of year	(39,500)
Other comprehensive income during the year	39,500
Accumulated other comprehensive loss	-

8 Related party transactions

From January 1 to June 30, 2009, the Company was charged $32,586 for geological and office services provided by Gamah International Ltd., a company owned by a former senior officer of the Company. At June 30, 2009 the Company owed $421 (December 31, 2008 - $26) to Gamah International Ltd.

9 Contingencies

Maximum Action

On March 2, 2006, Maximum Ventures Inc. (Maximum) commenced an action (the Action) in the Supreme Court of British Columbia naming the Company, Kenneth de Graaf, and companies controlled by Mr. de Graaf as Defendants. Maximum is a British Columbia company listed on the TSX Venture Exchange's NEX Board. Mr. de Graaf was formerly a director of the Company. In the Action, Maximum sought a declaration that the Company held all Mongolian Properties acquired from Mr. de Graaf or his companies, as well as the Mardaigol property, in trust for Maximum, as well as unspecified damages, compensation, interest and costs. The trust declaration claimed by Maximum against the Company related to certain of the Company's material Mongolian properties, including licenses comprising a portion of the Company's Saddle Hills uranium interests. This Action was discontinued on March 3, 2008.

In various communications between counsel for Maximum and counsel for the Company, Maximum has threatened to commence a new action against the Defendants. Should this occur, the Company will take all steps necessary to defend itself and to protect its interests.

Maximum placed into trust approximately $242,000 for legal costs of the Defendants. On December 1, 2008 the Company received $122,000 reimbursement of its share of the trust fund. The Company is not expected to receive any additional reimbursement.

10 Change of control

a) On March 25, 2009, the Company announced the execution of a definitive agreement whereby FDHC will offer to acquire all the outstanding common shares of the Company for C$0.56 per share in cash, valuing the Company at approximately C$31 million. Formal documentation relating to the takeover bid is expected to be mailed by FDHC by April 15, 2009. The Offer will be open for acceptance for a period of not less than 35 days. In addition, FDHC agreed to subscribe to 5,371,350 common shares at $0.56 per share should their purchase offer succeed.

b) On May 21, 2009 the Company together with FDHC announced that FDHC has extended its offer to acquire all of the outstanding common shares of the Company. The notice of extension sent to the Company's shareholders amends the offer dated April 15, 2009 to extend the expiry date from 5:00 p.m (Toronto time) on May 21, 2009 to 5:00 p.m. (Toronto time) on June 29, 2009.

c) On June 29, 2009 FDHC acquired 69% of the Company's outstanding common shares.

d) On July 20, 2009 FDHC filed The Notice of Special Meeting of Shareholders to be held on August 14, 2009 and the Management Information Circular as part of the second step transaction to acquire all of the Company's remaining common shares.

11 Subsequent events

a) On April 14, 2009, the Company announced that it received notice from the Mineral Resources Authority of Mongolia ("MRAM") stating that the exploration licenses 7685X and 4969X, which are the primary licenses for the Gurvanbulag deposit, had been suspended for three months due to violations cited by inspectors from Mongolia's Atomic Energy Agency. On July 9, 2009, the Company received notification that these suspensions had been lifted. However, on July 10, 2009, the Company received a separate notice of suspension for all of our uranium exploration licenses in Mongolia. The Company believes the allegations cited in the suspension notice are without merit and intends to file its request to remove the suspension in the near future

b) On August 14, 2009, the Company completed a going-private transaction by way of an amalgamation between the Company and 0856656 B.C. Ltd., a wholly-owned subsidiary of FDHC, pursuant to the terms of an amalgamation agreement dated July 16, 2009. The amalgamation agreement was approved by shareholders of the Company at a special meeting held on Aug. 14, 2009. The amalgamated entity will continue to carry on business under the name "Western Prospector Group Ltd.". FDHC now holds 100% of the common shares of the new Western Prospector Group Ltd as of that date.

c) Effective at the close of business on August 18, 2009, the common shares of the Company was delisted from the TSX Venture Exchange.