



(a development stage company)

Third Quarter Report

for the nine months ended September 30, 2009

Crescent Resources Corp.
Nine months ended September 30, 2009
Management's Discussion and Analysis

Form 51-102F1

Date

The following discussion is management's assessment and analysis of the results of operations and financial conditions ("MD&A") of Crescent Resources Corp. (the "Company" or "Crescent") and should be read in conjunction with the accompanying unaudited interim consolidated financial statements and related notes thereto for the nine months ended September 30, 2009 and the most recent audited consolidated annual financial statements for the year ended December 31, 2008 which are also available at the SEDAR website at www.sedar.com.

The financial information in this MD&A is derived from the Company's consolidated financial statements prepared in accordance with Canadian generally accepted accounting principles and all dollar amounts are expressed in Canadian dollars unless otherwise indicated.

The MD&A contains information to November 24, 2009.

Overview

Crescent is mineral exploration company. The Company's stock trades on Tier 2 of the TSX Venture Exchange under the trading symbol "CRC".

Rattlesnake Hills area properties

On September 16, 2009, the Company executed a binding letter agreement with John Glasscock ("Glasscock") and his company Cowboy Exploration & Development LLC ("Cowboy") to acquire up to a 100% interest in certain mineral claims covering approximately 4,000 acres located in the Rattlesnake Hills area, Natrona County, Wyoming, USA (the "Properties"). The Properties are adjacent to and within approximately five (5) kilometres of Evolving Gold's Rattlesnake Hills property where recent drilling results suggest the possibility of a new large gold deposit. There appear to be many similar geological features between the Properties and Evolving Gold's Rattlesnake Hills property.

Since acquiring the initial properties on July 21, 2009, Crescent has staked an additional 257 claims that cover approximately 5,140 acres and now holds approximately 9,180 acres in the Rattlesnake Hills area. The new claims targeted areas where gold mineralization would be expected to occur based on Evolving Gold's exploration results and the findings from Crescent's recent ground exploration work as well as the geology of other known similar gold occurrences. Crescent now holds mineral rights in 13 separate blocks covering 20 Tertiary-age intrusives mapped in the Eocene - age Rattlesnake Hills volcanic field.

Work by Crescent to date has included reconnaissance geology and rock sampling and stream sediment, soil and ground magnetic surveys. The program has been successful in identifying several targets. Full results from all field work will be released when the program is complete and all assays have been received by Crescent.

The acquisition terms

On October 16, 2009, upon receipt of regulatory approval, the Company paid to Cowboy US\$85,000 as reimbursement of previously paid property costs and the Company also issued 2,500,000 shares to Glasscock, at a deemed value of \$0.10 to complete the first tranche of the consideration payable for the

acquisition. To maintain the option the Company will be required to issue a further 2,500,000 shares by April 15, 2011.

The Company has the option to purchase the remaining 20% of the Properties from Cowboy at a price based on the value established by a bankable feasibility study completed by a third-party engineering company.

Cowboy will retain a 2% net smelter return royalty on the Properties. This royalty can be reduced to 1% by Crescent paying Cowboy US\$1,000,000.

Part and parcel equity financing

On October 15, 2009 the Company closed tranche 1 of a non-brokered private placement through the issuance of 3,600,000 units at a price of \$0.10 per unit (the "Unit") for total cash proceeds of \$360,000. Each Unit consists of one common share and one common share purchase warrant, with each warrant entitling the subscriber to purchase one additional common share in the capital of the Company at a price of \$0.20 until October 15, 2011. On October 22, 2009 the Company closed tranche 2 of the private placement by the issuance of 1,400,000 Units for total cash proceeds of \$140,000. The warrants in this Unit expire October 22, 2011.

Qualified Person

The Qualified Person responsible for the technical content in this MD&A is Michael Hopley, President and Chief Executive Officer of Crescent Resources Corp.

Management change

On October 16, 2009 the Board of Directors accepted the resignation of Ross McDonald as a director and member of the audit committee of Crescent with regrets. The board of directors extended their warmest thanks to Mr. McDonald for his contribution to Crescent during his term.

Crescent is pleased to welcome Eric Edwards as his replacement on the board. Mr. Edwards brings many years of experience in the mining exploration industry and he qualifies as a financial expert. He has been appointed to the Audit Committee, and will serve as its Chairman.

Eric Edwards is President and Chief Executive Officer of Ventura Gold Corp. He is also Chief Financial Officer and a Vice President of International Minerals Corporation. Over the past 12 years, Mr. Edwards has served as Chief Financial Officer for a number of publicly traded mining companies. He is a proven and prudent fiscal manager, having successfully completed acquisitions, divestitures, several equity placements and project and corporate debt facilities. Mr. Edwards holds a Masters of Business Administration degree from the University of Utah and a Bachelor of Science (Honors) degree in Geology from Utah State University. Mr. Edwards is also a director of the Northwest Mining Association.

Results of Operations

Results of Operations for the nine months ended September 30, 2009 and 2008

The Company incurred a loss for the nine months ended September 30, 2009 of \$356,392 (2008: \$6,864,743) after reflecting interest income in both periods. Total expenses for the nine months ended September 30, 2009 amounted to \$356,691 (2008: \$480,101).

As expected, the majority of the categories of general expenses were reduced to the comparative period as the Company has just begun work on the Rattlesnake Hills property for the nine months ended September 30, 2009. The most significant differences in comparing the two periods include:

Crescent Resources Corp.
Nine months ended September 30, 2009
Management's Discussion and Analysis

Form 51-102F1

Consulting fees: \$132,087 (2008: \$292,461) decrease of \$160,374
 Consulting fees for the nine month period ending September 30, 2009 are lower as a result of decreased fees paid or payable to the Company's executives. This reflects the reduced magnitude of the workload for the current year.

Stock-based compensation: \$92,762 (2008: \$14,661) increase of \$78,101
 There were 470,000 stock options were granted in the nine months ended September 30, 2009 compared with 200,000 for the same period in 2008. In 2008, the stock-based compensation was split: \$14,661 was recognized in the statement of operations and \$19,547 was included in exploration expenditures.

Summary of Quarterly Results

	Sept 30 2009	June 30 2009	Mar 31 2009	Dec 31 2008	Sept 30 2008	June 30 2008	Mar 31 2008	Dec 31 2007
	\$	\$	\$	\$	\$	\$	\$	\$
Total revenues	-	-	-	-	-	-	-	-
Loss for period	(218,792)	(76,162)	(61,438)	(94,728)	(1,802,454)	(4,937,999)	(124,290)	(697,211)
Basic and diluted loss per share	(0.01)	(0.00)	(0.00)	(0.00)	(0.06)	(0.16)	(0.00)	(0.03)

The Company is an exploration company. At this time, any issues of seasonality or market fluctuations have no impact on the financial results of the Company. The Company currently defers its mineral interest acquisition and exploration costs. The Company expenses its project investigation and general and administration costs and these amounts are included in the loss for each quarter.

Liquidity

Historically the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. There can be no assurance of continued access to any equity funding.

The Company began the 2009 fiscal year with cash of \$270,008. Cash expended on operations in the period, net of working capital changes was \$169,319. Cash expended on mineral interests was \$112,266. Cash received from share purchase subscriptions was \$70,000 leaving the Company with \$58,423 for the period ended September 30, 2009.

See the earlier discussion regarding the part and parcel equity financing and mineral property acquisition.

There can be no assurance, however, that such financing will be available to the Company or, if it is, that it will be available on terms acceptable to the Company and will be sufficient to fund cash needs until the Company acquires an operating business or achieves positive cash flow. If the Company is unable to obtain the financing necessary to support its operations, it may be unable to continue as a going concern. The Company currently has no commitments for any credit facilities such as revolving credit agreements or lines of credit that could provide additional working capital. The Company has no long term debt, capital lease obligations, operating leases or any other long term obligations.

Capital Resources

The Company has outstanding share purchase warrants and stock options that, if exercised, would provide additional cash. None of the share purchase warrants or stock options are "in-the-money" at the date of this MD&A.

As at the date of this MD&A, other than as described herein and in the Financial Statements, the Company has no other arrangements for sources of financing.

Transactions with Related Parties

	For the nine months ended	
	September 30, 2009	September 30, 2008
	\$	\$
i) consulting fees to an officer and director	22,500	72,000
ii) consulting fees for public relations to an officer and director	22,500	72,000
iii) consulting fees for corporate and financial compliance services to a company controlled by an officer	49,500	48,000
iv) shared salary and office costs to a company managed by common directors and officers	47,497	45,050

Included in accounts payable and accrued liabilities are amounts owed to related parties at September 30, 2009 of \$66,261 (September 30, 2008: \$10,782), the majority of which have not been settled.

All of the above noted 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.

Financial Instruments

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

The financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash. The Company places its cash with high quality financial institutions, thereby minimizing exposure for deposits in excess of federally insured amounts. The Company believes that credit risk associated with cash is remote.

In conducting business, the principal risks and uncertainties faced by the Company center on exploration and development, resource and commodity prices and market sentiment.

The prices of resource and commodity markets fluctuate wildly and are affected by many factors outside of the Company's control. The relative prices of metals and minerals and future expectations for such prices have a significant impact on the market sentiment for investment in mining and resource exploration companies. The Company relies on equity financing for its working capital requirements and to fund its exploration programs. There is no assurance that such financing will be available to the Company, or that it will be available on acceptable terms.

Disclosure of Outstanding Share Data

The Company's has unlimited authorized common shares and the issued and outstanding share capital at the date of this MD&A is:

	Common Shares Issued and Outstanding	Common Share Purchase Warrants	Common Share Purchase Options
Balance September 30, 2009	30,666,097	1,905,250	3,065,000
Issue of shares and sarrants pursuant to a private placement	5,000,000	5,000,000	-
Grant of share purchase options	-	-	100,000
Issue of shares pursuant to a mineral property acquisition	2,500,000	-	-
Issue of shares pusurant to a finders' fee	333,900	-	-
Balance November 24, 2009	38,499,997	6,905,250	3,165,000

Changes in Accounting Policy and Presentation

Effective January 1, 2009, the Company adopted the following accounting standards issued by the CICA:

In February 2008, the CICA issued Section 3064, *Goodwill and Intangible Assets*, which replaces Section 3062, *Goodwill and Other Intangible Assets*. This new standard provides guidance on the recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the adoption of this standard, EIC 27, *Revenue and Expenditures in the Pre-operating Period*, will be withdrawn. The adoption of this standard did not have any impact in our financial statements.

On January 1, 2009, the Company adopted EIC-173, *Credit Risk and the Fair Value of Financial Assets and Financial Liabilities*, which provides guidance on how to take into account an entity's own credit risk and the credit risk of the counter party in determining the fair value of financial assets and financial liabilities, including derivative instruments, for presentation and disclosure purposes. The application of this EIC did not have a material impact on the Company's financial statements.

On January 1, 2009, the Company adopted EIC-174, *Mining Exploration Costs*, which provides guidance on the accounting and the impairment review of exploration costs. The application of this EIC did not have an effect on the Company's financial statements.

Future accounting pronouncements

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December

31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

The CICA has issued the following standards which may affect the financial disclosures and results of operations of the Company for interim and annual periods beginning on or after January 1, 2011:

In January 2009, the CICA adopted sections 1582, *Business Combinations*, 1601, *Consolidated Financial Statements*, and 1602, *Non-Controlling Interests*, which superseded current sections 1581, *Business Combinations* and 1600, *Consolidated Financial Statements*. These sections will be applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Earlier adoption is permitted. If an entity applies these sections before January 1, 2011, it is required to disclose that fact and apply each of the new sections concurrently. These new sections were created to converge Canadian GAAP to IFRS.

In May 2009, the CICA amended Section 3862, *Financial Instruments – Disclosures*, to include additional disclosure requirements about fair value measurement for financial instruments and liquidity risk disclosures. These amendments require a three level hierarchy that reflects the significance of the inputs used in making the fair value measurements. Fair values of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly. Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measurement. The amendments to Section 3862 apply for annual financial statements relating to fiscal years ending after September 30, 2009. The Company is assessing the impact of these amendments on its consolidated financial statements.

Forward-Looking Statements

This discussion includes certain statements that may be deemed “forward-looking statements”. All statements in this discussion, other than statements of historical facts, that address future exploration activities and events or developments that the Company expects are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploration successes, and continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and that actual result or developments may differ materially from those projected in the forward-looking statements.

Risks

Mineral exploration is subject to a high degree of risk, which a combination of experience, knowledge, and careful evaluation may fail to overcome. Exploration activities seldom result in the discovery of a commercially viable mineral resource. Exploration activities are also expensive. The Company will therefore require additional financing to carry on its business and such financing may not be available when it is needed.

Other Information

Additional information relating to the Company is available for viewing on SEDAR at www.sedar.com and at the Company's web site www.crescentresourcescorp.com.



Interim Consolidated Financial Statements
(Unaudited and prepared by Management)

September 30, 2009

Notice to Reader

These interim financial statements of Crescent Resources Corp. have been prepared by management and approved by the Audit Committee on behalf of the Board of Directors of the Company. In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed these interim financial statements, notes to financial statements and the related quarterly Management Discussion and Analysis.

CRESCENT RESOURCES CORP.
Interim Consolidated Balance Sheets

	September 30, 2009	December 31, 2008
	(unaudited)	
ASSETS		
Current assets		
Cash	\$ 58,423	\$ 270,008
Amounts receivable	7,476	23,943
Prepaid expenses	1,250	-
	67,149	293,951
Equipment (note 4)	3,983	6,270
Mineral interests (note 5)	298,168	-
	\$ 369,300	\$ 300,221

LIABILITIES

Current liabilities

Accounts payable and accrued liabilities	\$ 330,302	\$ 67,593
--	------------	-----------

SHAREHOLDERS' EQUITY

Share capital (note 6)	17,290,600	17,290,600
Contributed surplus (note 6)	899,467	806,705
Share subscriptions	70,000	-
Deficit	(18,221,069)	(17,864,677)
	38,998	232,628
	\$ 369,300	\$ 300,221

Nature and continuance of operations (note 1)
 Commitment (note 9)
 Contingency (note 10)
 Subsequent events (note 12)

Approved by the Board of Directors:

“Michael Hopley”

“Eric Edwards”

Michael Hopley, Director

Eric Edwards, Director

The accompanying notes form an integral part of these interim consolidated financial statements

CRESCENT RESOURCES CORP.
Interim Consolidated Statements of Operations, Comprehensive Loss and Deficit
(unaudited)

	<u>Three months ended September 30</u>		<u>Nine months ended September 30</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
General expenses				
Amortization	\$ 762	\$ 762	\$ 2,287	\$ 2,287
Bank charges	703	954	2,223	2,893
Consulting fees	41,881	97,459	132,087	292,461
Director fees	2,250	2,250	6,750	7,500
Foreign exchange (gain) loss	1,320	(6,102)	1,931	(11,784)
Legal and audit fees	50,010	58,772	53,551	103,525
Office and general	2,389	2,716	5,796	8,182
Property investigation	1,425	-	1,425	-
Regulatory and filing fees	7,110	4,010	14,378	14,228
Rent	11,880	10,829	35,234	32,486
Shareholder relations	2,535	3,016	4,502	12,303
Stock-based compensation	92,762	4,887	92,762	14,661
Travel	3,765	164	3,765	1,359
Loss before other items	218,792	179,717	356,691	480,101
Other items				
Interest income	-	1,374	299	8,714
Exploration expense	-	(515,965)	-	(603,017)
Write-down of equipment	-	(903)	-	(903)
Write-down of mineral interests	-	(1,107,243)	-	(5,789,436)
Loss and comprehensive loss for the period	(218,792)	(1,802,454)	(356,392)	(6,864,743)
Deficit, beginning of period	(18,002,277)	(15,967,495)	(17,864,677)	(10,905,206)
Deficit, end of period	\$ (18,221,069)	\$ (17,769,949)	\$ (18,221,069)	\$ (17,769,949)
Basic and diluted loss per share	\$ (0.01)	\$ (0.06)	\$ (0.01)	\$ (0.23)
Weighted average number of shares outstanding	30,666,097	30,666,097	30,666,097	30,234,982

The accompanying notes form an integral part of these interim consolidated financial statements

CRESCENT RESOURCES CORP.
Interim Consolidated Statements of Cash Flows
(unaudited)

	<u>Three months ended September 30</u>		<u>Nine months ended September 30</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Cash provided by (used for)				
Operating activities				
Loss for the period	\$ (218,792)	\$ (1,802,454)	\$ (356,392)	\$ (6,864,743)
Items not involving cash:				
Amortization - equipment	762	762	2,287	2,287
Amortization - mineral property exploration	-	105	-	283
Stock-based compensation - administration	92,762	4,887	92,762	14,661
Stock-based compensation - mineral property exploration	-	-	-	19,547
Advances to contractors	-	-	-	302,346
Write-down of equipment	-	903	-	903
Write-down of mineral interests	-	1,107,243	-	5,789,436
	(125,268)	(688,554)	(261,343)	(735,280)
Changes in non-cash working capital balances:				
Amounts receivable	(4,270)	(10,085)	16,467	3,267
Prepaid expenses	1,250	1,389	(1,250)	9,866
Accounts payable and accrued liabilities	75,511	33,098	76,807	(39,742)
	(52,777)	(664,152)	(169,319)	(761,889)
Investing activities				
Advances to contractors	-	-	-	-
Mineral interests	(112,266)	438,006	(112,266)	-
	(112,266)	438,006	(112,266)	-
Financing activity				
Shares issued	-	-	-	262,500
Obligation to issue shares	70,000	-	70,000	-
Share issue costs	-	-	-	(29,835)
	70,000	-	70,000	232,665
Decrease in cash	(95,043)	(226,146)	(211,585)	(529,224)
Cash, beginning of period	153,466	574,912	270,008	877,990
Cash, end of period	\$ 58,423	\$ 348,766	\$ 58,423	\$ 348,766
Supplementary cash flow:				
Accounts payable and accrued liabilities included in mineral interests	\$ 185,902	\$ -	\$ 185,902	\$ -
Fair value of units issued for finders' fee	-	-	-	13,125

The accompanying notes form an integral part of these interim consolidated financial statements

CRESCENT RESOURCES CORP.
Notes to the Interim Consolidated Financial Statements
For the nine months ended September 30, 2009
(unaudited)

1. Nature and Continuance of Operations

Crescent Resources Corp. (the “Company”) is in the business of acquiring and exploring mineral properties.

Going concern uncertainty

These consolidated financial statements have been prepared on the basis that the Company is a going concern, which contemplates the realization of its assets and the settlement of its liabilities in the normal course of operations. The ability of the Company to continue as a going concern is uncertain and dependent upon obtaining the financing necessary to meet its financial commitments and to acquire and explore mineral property interests. The continuation of the Company as a going concern is dependent upon the continued financial support from its shareholders and the ability of the Company to obtain necessary equity financing to continue operations. As at September 30, 2009, the Company had cash of \$58,423, a working capital deficit of \$263,153 and has accumulated losses of \$18,221,069 since inception.

Management anticipates that the minimum cash requirements to fund property investigation, acquisition and subsequent exploration programs and to fund continued corporate operations will exceed the amount of cash on hand at September 30, 2009. Accordingly, the Company does not have sufficient funds to meet planned expenditures over the next twelve months, and will need to seek additional equity financing to meet its planned expenditures. There is no assurance that the Company will be able to raise sufficient cash to fund its future exploration programs and operational expenditures. Management has curtailed expenditures and has reduced and deferred payment of salaries and consulting fees so that the Company is able to fund its minimum corporate obligations. However, these factors raise substantial doubt regarding the Company’s ability to continue as a going concern. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

See subsequent event note 10 for an announced acquisition and concurrent private placement.

2. Significant Accounting Policies

These interim consolidated financial statements for the Company have been prepared in accordance with generally accepted accounting principles in Canada. They do not include all of the information and disclosures required by Canadian GAAP for annual financial statements. In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements. The interim consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements including the notes thereto for the year ended December 31, 2008 which may be found on www.sedar.com.

Recent Accounting Pronouncements

In February 2008, the CICA issued Section 3064, *Goodwill and Intangible Assets*, which replaces Section 3062, *Goodwill and Other Intangible Assets*. This new standard provides guidance on the recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the adoption of this standard, EIC 27, *Revenue and Expenditures in the Pre-operating Period*, will be withdrawn. The adoption of this standard did not have any impact in our financial statements.

On January 1, 2009, the Company adopted EIC-173, *Credit Risk and the Fair Value of Financial Assets and Financial Liabilities*, which provides guidance on how to take into account an entity’s own credit risk and the credit risk of the counter party in determining the fair value of financial assets and financial liabilities, including derivative instruments, for presentation and disclosure purposes. The application of this EIC did not have a material impact on the Company’s financial statements.

CRESCENT RESOURCES CORP.
Notes to the Interim Consolidated Financial Statements
For the nine months ended September 30, 2009
(unaudited)

2. Significant Accounting Policies (continued)

On January 1, 2009, the Company adopted EIC-174, *Mining Exploration Costs*, which provides guidance on the accounting and the impairment review of exploration costs. The application of this EIC did not have an effect on the Company's financial statements.

Future accounting pronouncements

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

The CICA has issued the following standards which may affect the financial disclosures and results of operations of the Company for interim and annual periods beginning on or after January 1, 2011:

In January 2009, the CICA adopted sections 1582, *Business Combinations*, 1601, *Consolidated Financial Statements*, and 1602, *Non-Controlling Interests*, which superseded current sections 1581, *Business Combinations* and 1600, *Consolidated Financial Statements*. These sections will be applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Earlier adoption is permitted. If an entity applies these sections before January 1, 2011, it is required to disclose that fact and apply each of the new sections concurrently. These new sections were created to converge Canadian GAAP to IFRS.

In May 2009, the CICA amended Section 3862, *Financial Instruments – Disclosures*, to include additional disclosure requirements about fair value measurement for financial instruments and liquidity risk disclosures. These amendments require a three level hierarchy that reflects the significance of the inputs used in making the fair value measurements. Fair values of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly. Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measurement. The amendments to Section 3862 apply for annual financial statements relating to fiscal years ending after September 30, 2009. The Company is assessing the impact of these amendments on its consolidated financial statements.

3. Financial Instruments

All financial instruments are recorded initially at estimated fair value on the balance sheet and classified into one of five categories: held for trading, held to maturity, available for sale, loans and receivables and other liabilities

Financial Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash, amounts receivable, and accounts payable.

CRESCENT RESOURCES CORP.
Notes to the Interim Consolidated Financial Statements
For the nine months ended September 30, 2009
(unaudited)

The Company has classified cash as held-for-trading. Amounts receivable are classified as loans and receivables, and accounts payable as other liabilities, all of which are measured at amortized cost.

3. Financial Instruments (continued)

The fair values of cash, amounts receivable and accounts payable approximate their book values because of the short-term nature of these instruments.

Financial Instrument Risk Exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

Credit Risk

The Company's only exposure to credit risk is on its bank accounts. Bank accounts are with high credit quality financial institutions. The Company holds no investments and has no risk exposure to asset backed commercial paper or auction rate securities.

Liquidity Risk

The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in business accounts which are available on demand. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure maintenance of liquidity.

Market Risk

The only significant market risk exposure to which the Company is exposed is interest rate risk. The Company's bank account earns interest income at variable rates. The fair value of its portfolio is relatively unaffected by changes in short-term interest rates. The Company's future interest income is exposed to short-term rates.

Exchange Risk

As at September 30, 2009 the majority of the Company's cash was held in Canada in Canadian dollars and has minimal exposure to foreign exchange currency risk.

Price risk

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

4. Equipment

	September 30, 2009			December 31, 2008
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and equipment	\$ 4,846	\$ 2,423	\$ 2,423	\$ 3,150
Field equipment	10,400	8,840	1,560	3,120
	<u>\$ 15,246</u>	<u>\$ 11,263</u>	<u>\$ 3,983</u>	<u>\$ 6,270</u>

CRESCENT RESOURCES CORP.
Notes to the Interim Consolidated Financial Statements
For the nine months ended September 30, 2009
(unaudited)

5. Mineral Interests

	Acquisition costs	Exploration costs	For the nine months ended September 30, 2009
<u>United States</u>			
Rattlesnake Hills Project			
Claim and holding costs	\$ 11,582	\$ 107,558	\$ 119,140
Data management and imaging	-	28,483	28,483
Geological consulting	-	119,555	119,555
Travel and accommodation	-	30,990	30,990
	11,582	286,586	298,168
Balance, beginning of period	-	-	-
Write-down of mineral interests	-	-	-
Balance, end of period	\$ 11,582	\$ 286,586	\$ 298,168

Rattlesnake Hills Project, Wyoming, USA

On September 16, 2009 the Company executed a binding letter agreement (“Agreement”) between the Company, Crescent Resources USA Inc., a newly incorporated wholly owned subsidiary, John Glasscock (“Glasscock”) and Cowboy Exploration & Development, LLC (“Cowboy”). Under the terms of the Agreement, the Company has the right to acquire up to a 100% direct and indirect interest (the “Acquisition”), in mineral licenses known as the Rattlesnake Hills North properties in Wyoming, USA (the “Properties”).

On October 15, 2009, upon receipt of regulatory approval, the Acquisition closed and the Company will have the option to acquire an initial 80% interest in the Properties by completing the following:

- paying the owners US\$85,000 as reimbursement of previously paid property costs;
- issuing to Glasscock 2,500,000 common shares and to maintain the option the Company will be required to issue the remaining 2,500,000 common shares by April 15, 2011 being the 18 month anniversary of the receipt of TSX Venture Exchange approval;
- paid a finder’s fee of \$33,390, by way of the issue of 333,900 common shares of the Company, in connection with the Acquisition. Should the Company issue Glasscock the second tranche of shares then the remaining finders’ fee of \$18,750 will become payable by the issue of 187,500 common shares of the Company.

The Company can purchase the remaining 20% of the Properties from Glasscock at a price based on the value established by a bankable feasibility study completed by a third-party engineering company.

Glasscock will retain a 2% net smelter return royalty on the Properties that can be reduced to 1% by the Company paying Glasscock US\$1,000,000.

On July 21, 2009, a service agreement between the Company and Cowboy took effect. Cowboy will perform work programs of not less than US\$21,000 per month, as directed by the Company, on the Properties for a period of eighteen months.

CRESCENT RESOURCES CORP.
Notes to the Interim Consolidated Financial Statements
For the nine months ended September 30, 2009
(unaudited)

6. Share Capital

Authorized: An unlimited number of common shares without par value.

a) Issued and outstanding:

	Number of shares	Share capital	Contributed Surplus
Balance, December 31, 2008	30,666,097	\$ 17,290,600	\$ 806,705
Grant of Options, September 11, 2009	-	-	92,762
Balance, September 30, 2009	30,666,097	\$ 17,290,600	\$ 899,467

b) Share purchase warrants:

The continuity for share purchase warrants is as follows:

Expiry date	Exercise price	Balance, December 31, 2008	Issued	Exercised	Expired	Balance, September 30, 2009
January 13, 2010	\$ 0.35	1,905,250	-	-	-	1,905,250
		1,905,250	-	-	-	1,905,250
Weighted average exercise price		\$ 0.35	\$ -	\$ -	\$ -	\$ 0.35

c) Stock options

The Company has a shareholder approved “rolling” stock option plan (the “Plan”) in compliance with the TSX Venture Exchange’s policies. Under the Plan the maximum number of shares reserved for issuance may not exceed 10% of the total number of issued and outstanding common shares at the time of granting. The exercise price of each stock option shall not be less than the market price of the Company’s stock at the date of grant. Vesting terms are at the discretion of the directors.

The continuity for stock options is as follows:

Expiry date	Exercise price	Balance, December 31, 2008	Granted	Exercised	Expired or Cancelled	Balance, September 30, 2009
August 9, 2010	\$ 0.39	805,000	-	-	-	805,000
September 28, 2010	\$ 0.55	650,000	-	-	-	650,000
May 23, 2011	\$ 0.55	15,000	-	-	-	15,000
February 21, 2012	\$ 0.55	825,000	-	-	-	825,000
September 12, 2012	\$ 0.42	200,000	-	-	-	200,000
January 2, 2013	\$ 0.28	100,000	-	-	-	100,000
September 11, 2009	\$ 0.25	-	470,000	-	-	470,000
		2,595,000	470,000	-	-	3,065,000
Weighted average exercise price		\$ 0.48	\$ 0.25	\$ -	\$ -	\$ 0.44

CRESCENT RESOURCES CORP.
Notes to the Interim Consolidated Financial Statements
For the nine months ended September 30, 2009
(unaudited)

6. Share Capital (continued)

Of the 470,000 stock options granted on September 11, 2009, 413,750 vest immediately with the remaining 56,250 vesting in the next three fiscal quarters at a rate of 18,750 per quarter.

d) Stock based compensation

During the nine month period ended September 30, 2009, the Company granted 470,000 stock options and based on the estimated fair value at the grant dates, recorded stock-based compensation for the vesting portion of the stock options of \$92,762 with the offsetting credit to contributed surplus.

The \$0.2242 fair value of each option granted on September 11, 2009 was calculated using the Black-Scholes option pricing model with the following assumptions: expected life of 5 years, annualized volatility of 143%, expected dividend yield of zero, and a risk free interest rate of 2.36%.

During the nine month period ended September 30, 2008, the Company granted 200,000 stock options and based on the estimated fair value at the grant dates, recorded stock-based compensation for the vesting portion of the stock options of \$34,208 of which \$14,661 was recognized in the statement of operations and \$19,547 was included in exploration expenses with the offsetting credit to contributed surplus.

7. Related Parties

Unless disclosed elsewhere, related party transactions are as follows:

	For the nine months ended	
	September 30, 2009	September 30, 2008
	\$	\$
i) consulting fees to an officer and director	22,500	72,000
ii) consulting fees for public relations to an officer and director	22,500	72,000
iii) consulting fees for corporate and financial compliance services to a company controlled by an officer	49,500	48,000
iv) shared salary and office costs to a company managed by common directors and officers	47,497	45,050

Included in accounts payable and accrued liabilities are amounts owed to related parties at September 30, 2009 of \$66,261 (September 30, 2008: \$10,782), the majority of which have not been settled.

All of the above noted 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.

8. Management of Capital

The Company manages its common shares, stock options and warrants as capital (see Note 6). The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. The Company does not have any externally imposed capital requirements to which it is subject.

CRESCENT RESOURCES CORP.
Notes to the Interim Consolidated Financial Statements
For the nine months ended September 30, 2009
(unaudited)

8. Management of Capital (continued)

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash treasury on deposit in an interest bearing Canadian chartered bank account.

9. Commitments

During 2004, for consideration of US\$5,000, the Company entered into a finder's fee agreement with an individual to assist the Company in acquiring certain mineral claims in Utah, USA. If successful, the Company will issue 250,000 common shares over a period of 3 years from the date of acquisition.

10. Contingencies

As described in Note 5 to the annual consolidated financial statements for the year ended December 31, 2008, the Company is party to the Option Agreement Coronel which sets out the terms of an agreement whereby the Company has an option to earn up to a 70% interest in the Oviedo Property in Paraguay.

The Company and Coronel are in a dispute as to whether the Option Agreement has been terminated and whether the Company has outstanding liabilities under the agreement. Coronel's position is that the Option Agreement was terminated in May 2008, but that it was not terminated with the appropriate notice period and therefore the Company is obligated to pay the US\$250,000 cash payment and issue the 1.2 million common shares of the Company that were due on May 16, 2008 and furthermore is obligated to fund a concession payment for the Property due to the Government of Paraguay in the amount of US\$504,000. The Company's position is that the Option Agreement has not been terminated in accordance with its terms and that the US\$504,000 concession payment was not the company's responsibility under the Option Agreement and furthermore that Coronel's only remedy for non-payment of cash and share payments under the Option Agreement is termination of the agreement. It is not determinable whether legal proceedings will commence. In the year ended December 31, 2008 the Company took an impairment on the Property to reduce its value to nil.

11. Segmented Disclosure

The Company operates in a single segment, being mineral resource exploration and development. All interest revenue for the nine month period ended September 30, 2009 and 2008 was derived in Canada. Capital expenditures made during the nine month period ended September 30, 2009 and 2008 are disclosed in Notes 4 and 5.

CRESCENT RESOURCES CORP.
Notes to the Interim Consolidated Financial Statements
For the nine months ended September 30, 2009
(unaudited)

12. Subsequent Events

- a) On October 15, 2009 the Company closed tranche 1 of a non-brokered private placement through the issuance of 3,600,000 units at a price of \$0.10 per unit (the "Unit") for total cash proceeds of \$360,000. Each Unit consists of one common share and one common share purchase warrant, with each warrant entitling the subscriber to purchase one additional common share in the capital of the Company at a price of \$0.20 until October 15, 2011. On October 22, 2009 the Company closed tranche 2 of the private placement by the issuance of 1,400,000 Units for total cash proceeds of \$140,000. The warrants in this Unit expire October 22, 2011.

- b) On October 16, 2009, the Company accepted the resignation of Ross McDonald as a director and member of the audit committee of Crescent and appointed Eric Edwards as his replacement on the board and on the audit committee. Mr. Edwards was granted 100,000 stock options pursuant to the Plan for a five year term and an exercise price of \$0.25 which exceeds the closing price of the Company's stock on the date prior to the date of grant.