

EASTFIELD RESOURCES LTD.

(An Exploration Stage Company)

Consolidated Financial Statements
February 29, 2008 and February 28, 2007

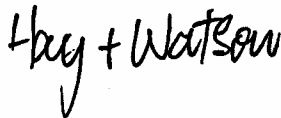
AUDITORS' REPORT

To the Shareholders of
Eastfield Resources Ltd.

We have audited the consolidated balance sheets of Eastfield Resources Ltd. as at February 29, 2008 and February 28, 2007 and the consolidated statements of loss and comprehensive loss, deficit and accumulated other comprehensive loss, cash flows and mineral property expenditures for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at February 29, 2008 and February 28, 2007 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants
Vancouver, British Columbia
June 19, 2008

EASTFIELD RESOURCES LTD.

Consolidated Balance Sheets

February 29, 2008 and February 28, 2007

	2008	2007
ASSETS		
Current		
Cash (Note 12)	\$ 731,605	\$ 482,364
Accounts receivable	13,950	198,081
Receivable from related parties (Note 7)	75,275	52,799
Investments (Note 2)	146,678	144,806
Prepaid expenses	68,978	6,527
	1,036,486	884,577
Project Deposits (Note 3)	19,500	24,500
Mineral Property Interests (Notes 6 and 12)	3,262,856	3,095,477
Patented Claims Held For Resale (Note 6)	102,347	102,347
Equipment (Note 5)	10,205	12,690
	\$ 4,431,394	\$ 4,119,591
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 7)	\$ 61,777	\$ 44,663
Future Reclamation Costs (Note 4)	19,500	24,500
Future Income Tax Liabilities (Note 9)	137,440	90,190
	218,717	159,353
SHAREHOLDERS' EQUITY		
Share Capital (Notes 8 and 12)	8,019,761	7,627,820
Contributed Surplus (Notes 8 and 12)	584,723	674,724
Deficit	(4,359,794)	(4,342,306)
Other Comprehensive Loss	(32,013)	-
	4,212,677	3,960,238
	\$ 4,431,394	\$ 4,119,591

APPROVED BY THE BOARD

<u>“J.W. Morton”</u>	Director
<u>“Donald D. Sharp”</u>	Director

EASTFIELD RESOURCES LTD.

Consolidated Statements of Loss and Comprehensive Loss
Years Ended February 29, 2008 and February 28, 2007

	2008	2007
EXPENSES		
Amortization	\$ 2,727	\$ 3,158
Consulting	5,845	15,037
Dues and licenses	2,029	1,542
Bank charges	1,135	990
Investor relations	39,570	62,579
Legal and audit	35,469	37,587
Office	15,664	11,009
Rent	16,328	21,757
Salaries and benefits	18,053	26,699
Share-based compensation	-	123,754
Telephone	2,084	3,748
Transfer and filing fees	15,416	14,240
Write-off of accounts receivable	4,891	-
Loss before the following	159,211	322,100
OTHER (INCOME) EXPENSE		
Interest income	(52,216)	(18,571)
Other (income) expense	326	(2,574)
Mineral property option proceeds	(65,686)	(32,440)
Reclamation recovery	(5,000)	-
Gain on sale of investments	(19,147)	(44,764)
NET LOSS	17,488	223,751
OTHER COMPREHENSIVE LOSS		
Unrealized loss on investments	64,460	-
COMPREHENSIVE LOSS	\$ 81,948	\$ -
BASIC AND FULLY DILUTED LOSS PER SHARE	\$ 0.01	\$ 0.01
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	42,956,463	41,758,371

EASTFIELD RESOURCES LTD.

Consolidated Statements of Deficit and Accumulated Other Comprehensive Loss
Years Ended February 29, 2008 and February 28, 2007

	2008	2007
DEFICIT, BEGINNING OF YEAR	\$ 4,342,306	\$ 4,118,555
Net loss	17,488	223,751
DEFICIT, END OF YEAR	\$ 4,359,794	\$ 4,342,306
ACCUMULATED OTHER COMPREHENSIVE LOSS, BEGINNING OF YEAR	\$ -	\$ -
Unrealized gain on investments – previous years	32,447	-
Change in unrealized loss on investments	(64,460)	-
ACCUMULATED OTHER COMPREHENSIVE LOSS, END OF YEAR	\$ (32,013)	\$ -

EASTFIELD RESOURCES LTD.

Consolidated Statements of Cash Flows

Years Ended February 29, 2008 and February 28, 2007

	2008	2007
Cash provided by (used in)		
Operating activities		
Net loss	\$ 17,488	\$ (223,751)
Items not affecting cash		
Amortization	2,727	3,158
Reclamation recovery	(5,000)	-
Mineral property option proceeds	-	(32,440)
Gain on sale of investments	(19,147)	(44,764)
Write-off of accounts receivable	4,892	-
Share-based compensation	-	123,754
	(34,016)	(174,043)
Changes in non-cash working capital components		
Accounts receivable	179,239	13,223
Receivable from related parties	(22,476)	(38,811)
Prepaid expenses	(62,451)	5,467
Accounts payable and accrued liabilities	17,114	17,946
	77,410	(176,218)
Investing activities		
Purchase of equipment	(242)	(1,088)
Mineral property acquisition costs	(3,000)	(41,749)
Mineral property option proceeds	24,701	83,000
Mineral property exploration expenditures	(156,705)	(39,286)
Mineral property receivables	-	87,242
Project deposits	5,000	-
Proceeds from sale of investments	(14,738)	89,359
	(144,984)	177,478
Financing Activities		
Issue of shares, net of share issue costs	316,815	64,050
INCREASE IN CASH	249,241	65,310
CASH, BEGINNING OF YEAR	482,364	417,054
CASH, END OF YEAR	\$ 731,605	\$ 482,364
Supplemental disclosure of non-cash transactions		
Shares issued for mineral property interests	\$ 32,375	\$ 3,750
Shares received as mineral property option proceeds	-	24,600

EASTFIELD RESOURCES LTD.

Consolidated Statements of Mineral Properties Expenditures Years Ended February 29, 2008 and February 28, 2007

	2008			2007		
	JAJAY- LORRAINE (Note 12)	OTHER	TOTAL	JAJAY- LORRAINE (Note 12)	OTHER	TOTAL
ACQUISITION COSTS						
Incurring during the year	\$ -	\$ 35,375	\$ 35,375	\$ -	\$ 41,749	\$ 41,749
Balance, beginning of year	241,945	320,100	562,045	241,945	278,350	520,295
Balance, end of year	241,945	355,475	597,420	241,945	320,099	562,044
EXPLORATION EXPENDITURES						
Expenditures during the year						
Professional fees, field crews	8,988	75,861	84,849	19,599	13,722	33,321
Fees/Permits/Ass	-	10,537	10,537	-	228	228
Geological	443	14,906	15,349	4,742	-	4,742
Rental of vehicles and equipment	-	1,502	1,502	-	-	-
Transportation and fuel	-	23,181	23,181	525	-	525
Field equipment	-	998	998	-	-	-
Communications	76	62	138	160	7	167
Food and accommodation	-	5,003	5,003	-	-	-
Freight	-	3,452	3,452	-	-	-
Other	-	-	-	(5,070)	(4,444)	(9,514)
Assaying	-	19,447	19,447	324	8,441	8,765
Balance, beginning of year	9,506	154,951	164,458	20,280	17,954	38,234
Mineral Exploration Tax Credit	2,670,289	108,773	2,779,062	2,650,009	90,819	2,740,828
Written off during the year	(7,754)	-	(7,754)	-	-	-
Balance, end of year	2,672,041	263,724	2,935,766	2,670,289	108,773	2,779,062
OPTION PROCEEDS						
Proceeds received during the year	-	(24,701)	(24,701)	-	(75,160)	(75,160)
Balance, beginning of year	-	(245,629)	(245,629)	-	(170,469)	(170,469)
Balance, end of year	-	(270,330)	(270,330)	-	(245,629)	(245,629)
	\$ 2,913,986	\$ 348,869	\$ 3,262,856	\$ 2,912,234	\$ 183,243	\$ 3,095,477

EASTFIELD RESOURCES LTD.

Notes to the Consolidated Financial Statements

February 29, 2008

1. NATURE OF OPERATIONS

Eastfield Resources Ltd. (the "Company") is incorporated in the Province of British Columbia. Its principal business activities are the acquisition and exploration of gold, copper and other precious and base metal properties in Canada and, through its wholly-owned subsidiary, the United States.

The Company entered into a plan of arrangement with Lorraine Copper Corp. ("Lorraine") on October 23, 2007, which was completed on April 16, 2008 (Note 12).

These consolidated financial statements have been prepared on the basis that the Company is a going concern, which presumes that the Company will continue operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The ability of the Company to continue as a going concern is dependent on obtaining additional financing through the issue of treasury shares and from other financings, and on meeting the requirements, from time to time, of any lenders. These consolidated financial statements do not reflect any adjustments or reclassifications which would be necessary if the Company was unable to continue operations.

2. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following significant policies:

Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Eastfield Resources (U.S.A.) Inc., (collectively, the "Company"). All significant inter-company transactions and balances have been eliminated upon consolidation.

Financial Assets and Liabilities

The Company adopted the new accounting recommendations of the Canadian Institute of Chartered Accountants for the recognition, measurement and disclosure of financial instruments, hedges and comprehensive income during the fiscal year ended February 29, 2008. The fair value of the Company's investments, which are classified as available-for-sale, was \$177,253 at February 28, 2007. Since this is the first year in which this policy has been applied, the other comprehensive income for the year includes the difference of \$32,447 between cost and fair value for marketable securities at the end of the previous fiscal year. The transitional provisions of these recommendations do not require restatement of previous financial statements.

The Company's financial assets and financial liabilities are classified as follows:

- Accounts receivable and receivables from related parties or affiliates are classified as "loans and receivables" and are measured at amortized cost. At February 29, 2008 the recorded amounts approximate fair value.
- Investments are classified as "available for sale". Available for sale assets and liabilities are measured at fair value with unrealized gains and losses recorded in other comprehensive income until the instrument is either sold or suffers an impairment that is other than temporary. Fair values of investments which are traded on a recognized exchange are reported at the bid prices on the last day they were traded.
- Accounts payable and accrued liabilities are classified as "other financial liabilities" and are measured at amortized cost. At February 29, 2008 the recorded amount approximates fair value.

EASTFIELD RESOURCES LTD.

Notes to the Consolidated Financial Statements

February 29, 2008

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Assets and Liabilities (continued)

Transaction costs directly attributable to the acquisition or issue of a financial asset or financial liability are added to the carrying amount of the financial asset or financial liability, and are amortized to operations using the effective interest rate method.

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash. To reduce credit risk, cash is on deposit at major financial institutions.

The Company incurs certain expenses in United States currency. As such, the Company is subject to foreign exchange risk as a result of fluctuations in exchange rates.

The Company's financial instruments include investments which are publicly traded and therefore are subject to the market risks that affect all publicly traded securities. Some of these investments are thinly traded which could result in lower quoted market values.

The Company's financial instruments may include bankers' acceptances, treasury bills, and bonds. These instruments may bear a fixed rate of interest and a fixed maturity date. If the Company is required to liquidate them prior to the maturity date, there is a risk that interest rates will have increased such that the market value of the instrument is less than the expected value.

Comprehensive Income

Comprehensive income is composed of the Company's excess of revenue over expenses and other comprehensive income. Other comprehensive income represents changes in net assets during a period arising from non-owner sources and, for the Company, would principally include unrealized gains and losses on available for sale financial assets. The Company's comprehensive income, components of other comprehensive income, and accumulated other comprehensive income are presented in the statements of comprehensive income.

Foreign currencies

The Company's reporting currency is Canadian dollars, and its foreign subsidiaries are considered integrated foreign operations. Monetary assets and liabilities denominated in foreign currencies have been translated into Canadian dollars at the exchange rate in effect at the balance sheet date and non-monetary assets and liabilities at the exchange rates in effect at the time of acquisition or issue. Revenues and expenses denominated in foreign currencies have been translated at rates approximating exchange rates in effect at the time of the transactions.

Equipment

Equipment is recorded at cost. Amortization is recorded using the declining balance method at the following annual rates:

Technical equipment	20%
Office equipment	20%
Computer equipment	30%
Furniture and fixtures	20%

EASTFIELD RESOURCES LTD.

Notes to the Consolidated Financial Statements

February 29, 2008

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Mineral Property Interests

The Company is currently in the exploration stage and accounts for its mineral properties, whereby costs relative to the acquisition of, exploration for and development of these properties are capitalized by property. All sales and option proceeds received are first credited against the costs of the related property, with any excess credited to income. No gains or losses are recognized on the partial sale or dispositions of properties except in circumstances which result in significant disposition of reserves. Once commercial production has commenced, these net costs are charged to future operations using the unit-of-production method based on estimated recoverable reserves by property. The net costs related to abandoned properties are charged to operations.

The Company reviews the carrying values of its mineral properties whenever events or changes in circumstances indicate that their carrying values may exceed their estimated net recoverable amounts determined by reference to estimated future operating results and undiscounted net cash flows. An impairment loss is recognized when the carrying value of those assets is not recoverable.

The amounts shown for mineral properties and related costs represent acquisition, holding and exploration costs and do not necessarily represent present or future recoverable values. The recoverability of these amounts is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain the necessary financing to successfully complete their development and to meet the requirements, from time to time, of lenders who are providing this financing and upon future profitable production.

Future Reclamation Costs

The Company recognizes liabilities for statutory, contractual or legal obligations associated with the reclamation of mineral property interests, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for an asset retirement obligation is recognized at its fair value in the period in which it is incurred. Upon initial recognition of the liability, the corresponding asset retirement cost is added to the carrying amount of the related asset and amortized as an expense over the economic life of the asset using either the unit-of-production method or the straight-line method, as appropriate. Following the initial recognition of the asset retirement obligation, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the amount or timing of the underlying cash flows needed to settle the obligation.

Share-based Compensation

The Company grants options to purchase shares under the terms described in Note 8.

When options to purchase shares are granted to directors, officers and employees, the fair value of the options on the date of the grant is recognized as a compensation expense, with a corresponding increase in contributed surplus, over the period during which the related options vest. When options to purchase shares are granted to non-employees in return for goods or services, the fair value of the options is recognized as an expense, with a corresponding increase in contributed surplus, in the period in which the goods or services are received or are expected to be received.

The consideration received on the exercise of options is credited to share capital and the previously recorded compensation related to the options is transferred from contributed surplus to share capital to fully reflect the consideration for the shares issued.

EASTFIELD RESOURCES LTD.

Notes to the Consolidated Financial Statements

February 29, 2008

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Flow-through Shares

The Company has issued flow-through shares to finance some of its exploration activities. These shares were issued for cash in exchange for the Company giving up the tax benefits arising from the exploration expenditures, in accordance with tax legislation. The Company records these share issuances by crediting share capital for the full value of cash consideration received and recognizing the related future income tax liability as a share issue cost when the tax benefits are renounced to the investors.

Exploration Tax Credits

The Company may receive refundable exploration tax credits and grants from provincial jurisdictions in Canada equal to a specified rate of qualifying exploration expenditures incurred on properties located within that jurisdiction. The Company records these exploration tax credits or grants as it incurs the related exploration expenditures.

Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Using this method, future income tax assets and liabilities are recognized for the estimated tax consequences attributable to differences between the amounts reported in the financial statements of the Company and their respective tax bases, using enacted or substantially enacted income tax rates. The effect of a change in income tax rates on future tax assets and liabilities is recognized in operations in the period in which the change occurs. A future income tax asset is recognized when the probability of realization of the asset is more likely than not.

Loss per Share

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the year. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding share purchase options and warrants, in the weighted average number of common shares outstanding during the year, if dilutive. For this purpose, the "treasury stock method" is used for the assumed proceeds upon the exercise of share purchase options and warrants that are used to purchase common shares at the average market price during the year.

Income Recognition

Interest from cash and investments is recorded on an accrual basis when collection is reasonably assured.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions about future events that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Significant estimates used in these financial statements include, amongst others, the recoverability of accounts receivable and investments, and the estimated future operating results and net cash flows from mineral properties and other capital assets.

EASTFIELD RESOURCES LTD.

Notes to the Consolidated Financial Statements

February 29, 2008

3. PROJECT DEPOSITS

The project deposits represent term deposits in favour of regulatory authorities held as site restoration deposits. These deposits will be released to the Company on satisfactory reclamation of the properties.

4. FUTURE RECLAMATION COSTS

The Company's exploration activities are subject to various federal and provincial laws and regulations governing the protection of the environment and it believes its operations are materially in compliance with all applicable laws and regulations. The Company has accrued the estimated reclamation costs associated with exploration activities on its mineral property interests. The timing of these obligations is not currently known. The eventual amounts and timing of the reclamation costs will depend on a number of factors, including exploration success and future development and mining of the resource.

5. EQUIPMENT

	2008		2007	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Technical equipment	\$ 8,936	\$ 5,818	\$ 3,118	\$ 3,897
Office equipment	47,592	42,276	5,316	6,645
Computer equipment	7,229	7,108	121	86
Furniture and fixtures	19,654	18,004	1,650	2,062
	\$ 83,411	\$ 73,206	\$ 10,205	\$ 12,690

6. MINERAL PROPERTY INTERESTS

Jajay-Lorraine Project, Omineca Mining Division, British Columbia (Note 12)

The Company and Lysander Minerals Corporation ("Lysander") currently each have a 50% in the Lorraine-Jajay claims.

The Company and Lysander have entered into an option agreement with Teck Cominco Limited ("Teck"). Teck may earn a 51% joint venture interest in the property by completing an additional \$9,000,000 of exploration expenditures by December 31, 2010 (minimum expenditure rate of \$1,500,000 annually). Teck may increase its interest to 60% by completing a feasibility study on the property and may further increase its interest to 65% by arranging or providing production financing on behalf of the Company and Lysander. If the Teck agreement is terminated or expires unexercised, the Company has the option to continue in an equal joint venture with Lysander or to return to an original option agreement to earn a 65% interest with all dates extended by the duration of the Teck option.

On April 16, 2008, the Company transferred the Jajay-Lorraine project, at its carrying value of \$2,913,986, to Lorraine Copper Corporation ("Lorraine") through an exchange for reorganization shares of the Company (Note 12).

EASTFIELD RESOURCES LTD.

Notes to the Consolidated Financial Statements

February 29, 2008

6. MINERAL PROPERTY INTERESTS (continued)

Crowsnest Property, Fort Steele Mining Division, British Columbia

On August 20, 2006, the Company made the final option payment and completed the purchase of the 101 claims in the project area. The claims are subject to a 2.0% net smelter royalty.

Howell Property, Fort Steele Mining Division, British Columbia

The Company has entered into an agreement to acquire a 100% interest in five mineral claims in the Fort Steele Mining Division, B.C., subject to the issue of 500,000 common shares (issued), payment of \$200,000 on or before August 31, 2008 and cumulative expenditures on the property of \$1,000,000 by August 31, 2008. The Company's payments will increase if it makes a production decision on the property, based on the mineable resource.

Net smelter royalties of 3.0% are payable upon commercial production. The Company has the option to purchase 1.0% of the net smelter royalties within 120 days of making a production decision, for a cash payment of \$2,000,000.

On July 25, 2007 Goldcorp Inc and Tech Cominco agreed to an extension of the previously amended agreement. The extension requires the Company to complete \$1,000,000 in exploration on the Howell Property by August 31, 2010. To date, the Company has completed \$576,241 in exploration, with the most recent work being performed in 2006.

Iron Lake Property, Clinton Mining Division, British Columbia

The Company acquired 100% of the Iron Lake property from Canevex Resources Ltd., and a director of the Company. Canevex Resources Ltd. is owned by two other directors of the Company. The Company has reserved a 1.5% net smelter royalty for the vendors.

The Company has also entered into an option agreement under which Avion Resources Ltd. ("Avion") may earn a 55% interest in the Iron Lake property by making staged share issuances totalling 300,000 shares (now issued), option payments totalling \$105,000 (\$65,000 now paid) and completing exploration work totalling \$1,000,000 (approximately \$600,000 now completed) over a five-year term. Avion can earn an additional 15% interest by spending an additional \$1,000,000 within the five-year term of the agreement.

On February 26, 2008 the Company terminated its agreement with Avion Resources.

EASTFIELD RESOURCES LTD.

Notes to the Consolidated Financial Statements

February 29, 2008

6. MINERAL PROPERTY INTERESTS (continued)

Indata Property, Omineca Mining Division, British Columbia

The Company has a 87.6% interest in the Indata property. Another company owns a 12.4% interest in the Indata property, and this interest will be reduced if that company fails to make its proportionate share of exploration and other payments on the property.

OK Property, Vancouver Mining Division, British Columbia

On March 6, 2003, the Company acquired an option to earn a 100% interest in the property, subject to a 2.5% net smelter royalty, for cash payments of \$88,000 and the issue of 125,000 shares over a six year period.

On March 8, 2004, as amended on March 2, 2005, the Company granted Goldrush Resources Ltd. ("Goldrush") an option to earn a 70% interest in the property by making cash or share payments totalling \$120,000 (\$25,000 received), cash payments of \$81,500 to the underlying vendor of the property and incurring \$1,000,000 in mineral exploration expenditures (approximately \$94,000 now completed) prior to April 2008. On March 8, 2006, Goldrush assigned its option interest in the OK Property to Prophecy Resources Ltd. ("Prophecy"), a company with two directors in common with the Company. Pursuant to this assignment Prophecy may earn a 60% interest in the property by incurring an additional \$1,000,000 in mineral exploration costs by March 8, 2010 and making \$110,000 in cash or share option payments (\$15,000 paid to date).

Zymo Property, Vancouver Mining Division, British Columbia

On June 5, 2007 the Company entered into an agreement with 811537 Alberta Ltd. to acquire a 100% interest in the Zymo property by issuing 600,000 shares, paying \$250,000 in cash and incurring expenditures of \$1,000,000 by June 5, 2012.

Tonopah Project, Nevada Patented Claims Held For Resale

The Company holds a 100% interest in 25 patented claims in the Tonopah district, Nevada, U.S.A., subject to certain royalty interests. The property has not been actively explored in the past five years. Patented claims entitle the Company to ownership of the land for any use and the Company may sell the land for purposes other than mineral exploration.

EASTFIELD RESOURCES LTD.

Notes to the Consolidated Financial Statements

February 29, 2008

7. RELATED PARTY TRANSACTIONS

During the year, geological services at a total cost of \$97,620 (2007 - \$35,372) were provided to the Company by Mincord Exploration Consultants Ltd. ("Mincord"), a geological services company owned by two directors of the Company. Mincord's relationship with the Company is non-exclusive and without retainer and is used on a project by project basis. Services provided include the hiring of field and professional personnel, rental of vehicular, camp and technical equipment, transportation and mobilization costs. The amounts for geological and exploration services also include payments for services on properties managed by the Company on behalf of joint venturers. Accounts payable and accrued liabilities at February 29, 2008 include \$7,820 (2007 - \$2,897) payable to Mincord.

In the normal course of business, the Company enters into transactions with related companies for the use of equipment, services and rental of office space. The Company is related to Wildrose Resources Ltd. ("Wildrose"), Cariboo Rose Resources Ltd. ("Cariboo Rose"), and Lorraine through directors in common. During the year, recoveries of rent, salaries, telephone, office, consulting, convention and travel from Wildrose amounted to \$67,804 (2007 - \$81,058), from Cariboo Rose \$75,531 (2007 - \$24,481), and from Lorraine \$15,435 (2007 - \$nil).

During the year, payments of \$14,847 (2007 - \$20,185) were also made for accounting and administration services to a partnership of which a director of the Company is a member.

These transactions were measured at the exchange amounts agreed to by the parties.

8. SHARE CAPITAL (Note 12)

Authorized

100,000,000 common shares without par value

Issued and fully paid	Number of Shares	Amount
Balance, February 28, 2006	41,444,919	\$ 7,503,470
Issued for mineral properties	25,000	3,750
Issued on exercise of options	470,000	60,300
Transfer from contributed surplus on the exercise of options	-	60,300
Balance, February 28, 2007	41,939,919	7,627,820
Issued for mineral properties	160,000	32,375
Issued on exercise of options	1,520,000	168,100
Transfer from contributed surplus on the exercise of options	-	147,170
Issued for cash on private placement	750,000	150,000
Fair value assigned to warrants issued on private placement	-	(57,169)
Share issue costs	-	(48,535)
Balance, February, 29, 2008	44,369,919	\$ 8,019,761

EASTFIELD RESOURCES LTD.

Notes to the Consolidated Financial Statements

February 29, 2008

8. SHARE CAPITAL (continued)

Share Purchase Options

The Company issues options to directors, officers, and employees of the Company and persons who provide ongoing services to the Company under an incentive stock option plan. Under the plan, the Company has reserved 4,150,000 shares for the issue of options. Options will normally vest at the date of grant for directors, officers, and employees, and at the rate of 25% on the date of the grant and 25% every three months thereafter for consultants. Options will expire no later than five years from the grant date, except that they will expire within thirty days when the holder is no longer qualified to hold the option (other than for cause, when the option will expire immediately). Details of outstanding common share purchase options are as follows:

	2008		2007	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Balance, beginning of year	4,150,000	\$0.15	4,120,000	\$0.15
Granted	-	-	1,110,000	0.16
Exercised	(1,520,000)	0.11	(470,000)	0.13
Expired	(120,000)	0.19	(610,000)	0.16
Balance, end of year	2,510,000	\$0.17	4,150,000	\$0.15
Options exercisable, end of year	2,510,000	\$0.17	4,150,000	\$0.15

The following options are outstanding at February 29, 2008:

Expiry Date	Options Outstanding			Options Exercisable	
	Number of shares	Exercise price	Weighted Average Remaining Life	Number of shares	Exercise price
18-Dec-08	200,000	0.30	0.80	200,000	0.30
09-Nov-09	775,000	0.19	1.70	775,000	0.19
19-Dec-10	425,000	0.12	2.81	425,000	0.12
31-July-11	880,000	0.15	3.42	880,000	0.15
13-Feb-12	230,000	0.20	3.96	230,000	0.20
	2,510,000		2.62	2,510,000	

The contractual weighted average remaining life of the outstanding options at February 29, 2008 was 2.62 years (2007 – 3.27 years).

Warrants (Note 12)

Details of outstanding warrants are as follows:

	2008		2007	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding, beginning of year	-	\$ -	1,125,500	\$0.75
Issued	750,000	0.22	-	-
Exercised	-	-	-	-
Expired	-	-	(1,125,500)	0.75
Outstanding, end of year	750,000	\$0.22	-	\$ -

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8. SHARE CAPITAL (continued)

The following warrants are outstanding at February 29, 2008:

	Number of Shares	Issue Price Per Share	Expiry Date
Common share purchase warrant	750,000	\$0.22	31-Jul-08

The Company determines the fair value of the options granted and warrants issued during the year using the Black-Scholes model. The weighted average fair value of options granted during the year was \$0.22 (2006 - \$0.16) using the following assumptions:

	2008	2007
Average risk-free interest rate	4.65%	4.1%
Expected share price volatility	104%	113%
Expected average period until exercise	1 year	3 years
Expected dividend yield	-	-

Contributed Surplus (Note 12)

The total compensation expense and contributed surplus included in these financial statements for director and employee options which have vested and warrants issued is:

Balance, February 28, 2006	\$	611,270
Share-based compensation expense		123,754
Transfer to share capital on the exercise of options		(60,300)
Balance, February 28, 2007		674,724
Fair value assigned to warrants issued on private placement		57,169
Transfer to share capital on the exercise of options		(147,170)
Balance, February 29, 2008	\$	584,723

9. INCOME TAXES

The Company's future income tax assets and liabilities are composed of the following items:

	2008	2007
Future income tax assets arising from:		
Losses deductible against future taxable income	\$ 370,367	\$ 330,214
Investments	5,214	-
Equipment	97,037	-
Valuation allowance	(472,618)	(330,214)
Net future income tax assets	\$ -	\$ -
Future income tax liabilities arising from:		
Expenses renounced on flow-through share subscriptions	\$ 166,050	\$ 118,800
Amounts deductible for tax purposes in excess of accounting deductions	(28,610)	(28,610)
Net future income tax liabilities	\$ 137,440	\$ 90,190

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9. INCOME TAXES (continued)

The reconciliation of the provision for income taxes is:

	Years Ended February 29	
	2008	2007
Loss before income taxes	\$ 17,488	\$ 223,751
Statutory federal and provincial income tax rates	31.5%	34.12%
Recovery of income taxes based on statutory income tax rates	\$ 5,509	\$ 76,344
Increase (decrease):		
Effect of current period losses not recognized	(7,769)	(51,750)
Net effect of non-deductible and non-taxable items	2,260	(24,594)
Provision for income taxes	\$ -	\$ -

As at February 29, 2008, the Company has available losses of approximately \$1,025,000 for deduction against future years' taxable income. If unused, these losses will expire in varying amounts over the next ten years.

The future benefits which may arise from these deductions have not been recorded in these financial statements.

10. SEGMENTED DISCLOSURES

The Company operates principally in one industry segment within two geographical areas, Canada and United States. The assets attributable to each geographical area as at February 29, 2008 and February 28, 2007 are:

	Canada		United States		2008 Total	2007 Total
	2008	2007	2008	2007		
Cash	\$731,594	\$481,990	\$ 11	\$ 374	\$ 731,605	\$ 482,364
Accounts receivable	13,950	198,081	-	-	13,950	198,081
Receivable from related parties	75,275	52,799	-	-	75,275	52,799
Investments	146,678	144,806	-	-	146,678	144,806
Prepaid expenses	68,978	6,527	-	-	68,978	6,527
Project deposits	19,500	24,500	-	-	19,500	24,500
Equipment	10,205	12,690	-	-	10,205	12,690
Mineral property interests	3,262,856	3,095,477	-	-	3,262,856	3,095,477
Patented claims held for resale	-	-	102,347	102,347	102,347	102,347

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11. RENTAL LEASE COMMITMENT

The Company is committed, until June 30, 2008, to monthly rentals of \$4,965 for its office premises inclusive of estimated operating costs. The Company has an option to extend the term of the lease for a further term of three years. These costs are shared with related companies, Wildrose and Cariboo Rose, on an equal basis.

12. SUBSEQUENT EVENT

On April 16, 2008, the Company completed a plan of arrangement with Lorraine, which it had entered into on October 23, 2007. At that time:

- The Company increased its authorized share capital by an unlimited number of new common shares and an unlimited number of reorganization shares
- each issued and outstanding common share of the Company was exchanged for one new common share and one reorganization share of the Company
- the reorganization shares were exchanged by the Company's shareholders for 20,000,000 common shares of Lorraine
- the Company redeemed all of the reorganization shares held by Lorraine in exchange for \$150,000 in cash and the Jajay-Lorraine project, at its carrying value of \$2,913,986, and cancelled the reorganization shares

As a result of this transaction, the Company's cash balance decreased by \$132,500, receivables from related parties decreased by \$17,500, mineral property interests decreased by \$2,913,986, share capital decreased by \$3,041,118, and contributed surplus decreased by \$22,868.

Holders of common shares of the Company now hold common shares in both the Company and Lorraine.

In addition, when share purchase warrants issued by the Company prior to October 23, 2007 are exercised, Lorraine will receive 40 per cent of the proceeds and issue an equal number of shares as the Company to the warrant holders.