

**EASTFIELD RESOURCES LTD.**

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**INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED NOVEMBER 30, 2007**

**NOTICE OF NO AUDITOR REVIEW OR INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(1), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice 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 the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

**EASTFIELD RESOURCES LTD.**

Consolidated Statements of Loss and Deficit  
Unaudited – Prepared by Management

	<i>Three months ended</i>		<i>Nine months ended</i>	
	Nov 30, 2007	Nov 30, 2006	Nov 30, 2007	Nov 30, 2006
Consulting	\$ 2,500	\$ 4,583	\$ 7,500	\$ 9,633
Dues and licenses	293	27	2,023	630
Interest expense and bank charges	326	325	1,004	802
Investor relations	5,455	10,680	29,222	35,775
Legal and audit	-	24,388	5,174	24,835
Office	2,366	5,185	10,904	8,777
Rent	4,355	5,669	12,953	17,403
Salaries and benefits	4,063	7,839	14,126	21,373
Share-based compensation	-	44,000	-	44,000
Telephone	641	937	1,616	2,717
Transfer and filing fees	<u>3,228</u>	<u>2,408</u>	<u>8,706</u>	<u>7,108</u>
<b>Loss before the following</b>	<u>23,227</u>	<u>106,041</u>	<u>93,228</u>	<u>173,053</u>
Interest and other income	<u>35,381</u>	<u>(37,056)</u>	<u>77,304</u>	<u>(93,021)</u>
<b>Net gain (loss) for the period</b>	12,154	(68,985)	(15,924)	(80,032)
<b>Deficit, beginning of period</b>	<u>(4,370,384)</u>	<u>(4,129,602)</u>	<u>(4,342,306)</u>	<u>(4,118,555)</u>
<b>Deficit, end of period</b>	<u>(4,358,230)</u>	<u>\$ (4,198,587)</u>	<u>\$ (4,358,230)</u>	<u>\$ (4,198,587)</u>
<b>(Loss) per share</b>	<u>\$ 0.000</u>	<u>\$ (0.0015)</u>	<u>\$ 0.000</u>	<u>\$ (0.002)</u>

**EASTFIELD RESOURCES LTD.**

Consolidated Balance Sheets  
Unaudited – Prepared by Management

	Nov 30, 2007	Feb 28, 2007
<b>ASSETS</b>		
Current		
Cash and Cash Equivalents	\$ 833,387	\$ 482,364
B.C. Mineral Exploration Tax Credits Receivable	7,000	193,583
Goods and Services Taxes Recoverable	9,702	4,498
Accounts receivable	26,227	52,799
Marketable Securities	191,544	144,806
Company Reorganization	48,975	-
Prepaid Expenses	<u>13,131</u>	<u>6,527</u>
	1,129,965	884,577
Reclamation Deposit	19,500	24,500
Mineral Properties (Note 5)	3,478,884	3,341,106
Patented Claims Held for Resale	102,347	102,347
Option Proceeds	(336,015)	(245,629)
Equipment and Furniture	<u>12,865</u>	<u>12,690</u>
	<u>\$ 4,407,546</u>	<u>\$ 4,119,591</u>
<b>LIABILITIES</b>		
Current		
Accounts Payable	\$ 22,494	\$ 44,663
Future Income Tax Liability (Note 6)	90,190	90,190
Future Reclamation Costs	<u>24,500</u>	<u>24,500</u>
	137,184	159,353
<b>SHAREHOLDERS' EQUITY</b>		
Share Capital	7,953,868	7,627,820
Contributed Surplus	674,724	674,724
Deficit	<u>(4,358,230)</u>	<u>(4,342,306)</u>
	<u>\$ 4,407,546</u>	<u>\$ 4,119,591</u>

Approved by the Board

                  "D.D. Sharp"                   Director

                  "G.L. Garratt"                   Director

**EASTFIELD RESOURCES LTD.**

Consolidated Statements of Cash Flows  
Unaudited – Prepared by Management

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<b>Nov 30, 2007</b>	<b>Nov 30, 2006</b>	<b>Nov 30, 2007</b>	<b>Nov 30, 2006</b>
<b>Cash flows from (used in)</b>				
<b>Operating Activities</b>				
Operations				
Net loss	\$ 12,154	\$ (68,985)	\$ (15,924)	\$ (80,032)
Change in other operating items				
Term Deposit	5,000	-	5,000	-
Accounts Receivable	207,728	(8,894)	207,950	66,287
Prepaid Expenses	(9,359)	-	(9,359)	6,830
Accounts payable and accrued liabilities	(23,879)	736	(22,169)	(6,180)
Investments – short term	(51,136)	-	11,293	(17,039)
Revaluation gain – marketable securities	-	-	(58,030)	-
Cash used for operating activities	<u>140,508</u>	<u>(77,143)</u>	<u>118,761</u>	<u>(30,134)</u>
<b>Financing Activities</b>				
Share-based compensation	145,900	44,000	326,047	44,000
Issue of shares/ share subscriptions	-	-	-	44,550
Cash provided by financing activities	<u>145,900</u>	<u>44,000</u>	<u>326,047</u>	<u>88,550</u>
<b>Investing Activities</b>				
Mineral property acquisition costs	-	-	(30,000)	(28,750)
Property Option Sale Proceeds	51,136	-	90,386	69,600
Mineral exploration expenditures	<u>(87,096)</u>	<u>(10,779)</u>	<u>(107,776)</u>	<u>(27,042)</u>
	(35,960)	(10,779)	(47,390)	13,808
Purchase of Equipment & Furniture	-	-	-	(917)
Company Reorganization	(36,075)	-	(46,219)	(1,838)
Computer Software	<u>(32)</u>	<u>(59)</u>	<u>(176)</u>	<u>(139)</u>
Cash used for investing activities	<u>(36,107)</u>	<u>(59)</u>	<u>(46,395)</u>	<u>(2,894)</u>
<b>Increase (Decrease) in Cash and Short-term investments</b>	214,341	(43,981)	351,023	69,330
<b>Cash and Short term investments, Beginning of Period</b>	<u>619,046</u>	<u>530,365</u>	<u>482,364</u>	<u>417,054</u>
<b>Cash and Short term investments, End of Period</b>	<u>\$ 833,387</u>	<u>\$ 486,384</u>	<u>\$ 833,387</u>	<u>\$ 486,384</u>

**EASTFIELD RESOURCES LTD.**

Consolidated Statement of Mineral Property Expenditures  
Nine Months Ended November 30, 2007  
Unaudited – Prepared by Management

	<u>For the three months ended November 30, 2007</u>			<u>For the nine months ended November 30, 2007</u>		
	<u>Lorraine</u>	<u>Other*</u>	<u>Total</u>	<u>Lorraine</u>	<u>Other*</u>	<u>Total</u>
<b><u>Acquisition Costs</u></b>						
Balance, beginning of period	\$ 241,945	\$ 320,100	\$ 562,045	\$ 241,945	\$ 320,100	\$ 562,045
Incurred during period	-	30,000	30,000	-	30,000	30,000
Mineral properties abandoned	-	-	-	-	-	-
Balance, end of period	<u>241,945</u>	<u>350,100</u>	<u>592,045</u>	<u>241,945</u>	<u>350,100</u>	<u>592,045</u>
<b><u>Exploration Expenditures</u></b>						
Professional fees, field crews	3,400	46,912	50,312	8,577	63,152	71,729
Geological	84	1,621	1,705	371	4,271	4,642
Rental of Vehicles and equipment	-	1,502	1,502	-	1,502	1,502
Transportation and Fuel	-	22,910	22,910	-	22,916	22,916
Field Equipment	-	846	846	-	846	846
Communications	-	9	9	58	47	105
Food and Accommodation	-	4,504	4,504	-	4,504	4,504
Freight	-	-	-	-	-	-
Drilling	-	-	-	-	-	-
Assaying	-	1,772	1,772	-	3,442	3,442
Other	-	<u>3,536</u>	<u>3,536</u>	<u>(7,342)</u>	<u>5,433</u>	<u>(1,909)</u>
<b>Total Expenditures for the period</b>	<b>3,484</b>	<b>83,612</b>	<b>87,096</b>	<b>1,664</b>	<b>106,113</b>	<b>107,777</b>
Balance, beginning of the period	2,668,469	131,274	2,799,743	2,670,289	108,773	2,779,062
Written off during the period	-	-	-	-	-	-
Total Expenditures	<u>2,671,953</u>	<u>214,886</u>	<u>2,886,839</u>	<u>2,671,953</u>	<u>214,886</u>	<u>2,886,839</u>
<b><u>Option Proceeds</u></b>						
Balance, beginning of period	-	(284,879)	(284,879)	-	(245,629)	(245,629)
Additions	-	<u>(51,136)</u>	<u>(51,136)</u>	-	<u>(90,386)</u>	<u>(90,386)</u>
Balance, end of period	-	<u>(336,015)</u>	<u>(336,015)</u>	-	<u>(336,015)</u>	<u>(336,015)</u>
<b>Cumulative mineral property Costs</b>	<b><u>\$ 2,913,898</u></b>	<b><u>\$ 228,971</u></b>	<b><u>\$ 3,142,869</u></b>	<b><u>\$ 2,913,898</u></b>	<b><u>\$ 228,971</u></b>	<b><u>\$ 3,142,869</u></b>

\* other properties include Iron Lake, Indata, OK, Crowsnest, Zymo and Howell

**EASTFIELD RESOURCES LTD.**

Consolidated Statement of Mineral Property Expenditures  
Nine Months Ended November 30, 2007  
Unaudited – Prepared by Management

	<u>For the three months ended November 30, 2006</u>			<u>For the nine months ended November 30, 2006</u>		
	<u>Lorraine</u>	<u>Other*</u>	<u>Total</u>	<u>Lorraine</u>	<u>Other*</u>	<u>Total</u>
<b><u>Acquisition Costs</u></b>						
Balance, beginning of period	\$ 241,945	\$ 309,350	\$ 551,295	\$ 241,945	\$ 280,600	\$ 522,545
Incurred during period	-	-	-	-	28,750	28,750
Mineral properties abandoned	-	-	-	-	-	-
Balance, end of period	<u>241,945</u>	<u>309,350</u>	<u>551,295</u>	<u>241,945</u>	<u>309,350</u>	<u>551,295</u>
<b><u>Exploration Expenditures</u></b>						
Professional fees, field crews	7,500	-	7,500	13,458	6,215	19,673
Geological	396	-	396	1,229	228	1,457
Rental of Vehicles and equipment	-	-	-	-	-	-
Transportation and Fuel	525	-	525	525	-	525
Field Equipment	-	-	-	-	-	-
Communications	7	-	7	28	5	33
Food and Accommodation	-	-	-	-	-	-
Freight	-	-	-	-	-	-
Drilling	-	-	-	-	-	-
Assaying	2,351	-	2,351	2,640	-	2,640
Other	-	-	-	(963)	3,677	2,714
<b>Total Expenditures for the period</b>	<b>10,779</b>	<b>-</b>	<b>10,779</b>	<b>16,917</b>	<b>10,125</b>	<b>27,042</b>
Balance, beginning of the period	2,656,147	202,239	2,858,386	2,650,009	192,114	2,842,123
Written off during the period	-	-	-	-	-	-
Total Expenditures	<u>2,666,926</u>	<u>202,239</u>	<u>2,869,165</u>	<u>2,666,926</u>	<u>202,239</u>	<u>2,869,165</u>
<b><u>Option Proceeds</u></b>						
Balance, beginning of period	-	(242,319)	(242,319)	-	(172,719)	(172,719)
Additions	-	-	-	-	(69,600)	(69,600)
Balance, end of period	-	<u>(242,319)</u>	<u>(242,319)</u>	-	<u>(242,319)</u>	<u>(242,319)</u>
<b>Cumulative mineral property Costs</b>	<b><u>\$ 2,908,871</u></b>	<b><u>\$ 269,270</u></b>	<b><u>\$ 3,178,141</u></b>	<b><u>\$ 2,908,871</u></b>	<b><u>\$ 269,270</u></b>	<b><u>\$ 3,178,141</u></b>

\* other properties include Iron Lake, Indata, OK, Crowsnest and Howell

**EASTFIELD RESOURCES LTD.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

November 30, 2007

**1. NATURE OF OPERATIONS**

The Company is incorporated under the laws of the Province of British Columbia and its principal business activity is the acquisition and exploration of mineral properties located in British Columbia, Canada.

**2. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles, which include the following significant policies:

**a) Basis of Presentation**

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Eastfield Resources (U.S.A.) Inc., which conducts exploration of mineral properties located in the United States of America.

**b) Use of Estimates**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of the revenues and expenses during the year. Actual results could differ from those estimates.

**c) Loss per Share**

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. This calculation proved to be anti-dilutive for the years presented. Loss per share is calculated using the weighted average number of shares outstanding during the year.

**d) Mineral Properties**

The Company accounts for its mineral properties whereby costs relative to the acquisition, exploration and development of these properties are capitalized by property. All sales and option proceeds received are first credited against the cost of the related property with any excess credited to earnings. 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 of abandoned properties are charged to earnings. The recoverability of the amounts shown for mineral properties and related costs are 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.

**e) Income Taxes**

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

**f) 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 issues by crediting share capital for the full value of cash consideration received.

**g) Capital Assets**

Capital assets are recorded at cost. Amortization is recorded at rates sufficient to write off the cost of the assets over their estimated useful lives. Depreciation of equipment and furniture is recorded using the declining balance method at an annual rate of 20%.

**EASTFIELD RESOURCES LTD.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

November 30, 2007

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**h) Stock-based Compensation**

The Company issues options to purchase shares under the terms described in Note 3. When options to purchase shares are issued to employees or directors, the fair value of the options on the date of the grant are recognized as 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 and services, the fair value of the options issued are 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 share options is credited to share capital.

**3. SHARE CAPITAL**

Authorized: 100,000,000 common shares without par value  
Issued and fully paid Common shares:

	<u>November 30, 2007</u>		<u>February 28, 2007</u>	
	<b>Number of Shares</b>	<b>Amount</b>	<b>Number of Shares</b>	<b>Amount</b>
Balance, beginning of period	41,939,919	\$ 7,627,820	41,444,919	\$6,129,167
Issued for cash	750,000	138,148	-	-
Issued for mineral properties	135,000	27,000	25,000	3,750
Exercise of vested options	<u>1,460,000</u>	<u>160,900</u>	<u>470,000</u>	<u>120,600</u>
Balance, end of period	<u>44,284,919</u>	<u>\$ 7,953,868</u>	<u>41,939,919</u>	<u>\$ 7,627,820</u>

The Company issues share purchase 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 2,570,000 shares for the issue of share purchase options. Options will normally vest at the rate of 100% on the date of grant for directors and employees and 25% every three months from the date of grant 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).

The following options to purchase 2,570,000 common shares are outstanding at the date of these financial statements:

<b>Number of Shares</b>	<b>Price Per Share</b>	<b>Expiry Date</b>
880,000	\$0.15	July 31, 2011
485,000	\$0.12	December 19, 2010
200,000	\$0.30	December 18, 2008
230,000	\$0.20	February 14, 2012
775,000	\$0.185	November 9, 2009

The Company determines the fair value of the options granted during the year using a generally accepted option pricing model, such as the Black-Scholes model. There were no stock options granted during the period for which a compensation expense of \$nil has been recorded for the period.

**4. RELATED PARTY TRANSACTIONS**

During the quarter ended November 30, 2007, geological and exploration services on exploration projects totalling \$59,279 were provided by Mincord Exploration Consultants Ltd. ("Mincord"), a geological service company owned by two directors of the Company. 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 venture partners.

**5. MINERAL PROPERTY INTERESTS**

**A. Material Mineral Property**

**1. Lorraine/ Jajay property, Omineca Mining Division, British Columbia**

**EASTFIELD RESOURCES LTD.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

November 30, 2007

On October 7, 2000, the Company entered into an agreement with Lysander Minerals Corporation (“Lysander”), as amended on October 22, 2002, to earn a 65% interest in the Lorraine-Jajay claims, by completion of the following option payments and expenditures:

\$200,000 in cash or shares paid to date  
\$350,000 in cash or shares on or before December 31, 2005  
Cumulative expenditures on the property of \$3,000,000 by December 31, 2006 (completed)  
Cumulative expenditures on the property of \$4,000,000 by December 31, 2007

After earning a 65% interest in the property, the Company can increase its interest to 75% by developing a positive feasibility study of the property. A 2.5% net smelter royalty has been reserved for Lysander. Royalties for portions of the property not subject to pre-existing royalties may be reduced from 2.5% to 1.5% for a payment of \$2,000,000.

By agreement dated June 13, 2005, the Company and Lysander have combined their respective interests in the Lorraine property and have suspended the terms of the option agreement in order to enter into an option agreement with Teck Cominco Limited. Eastfield and Lysander are deemed to hold equal interests in the property, and Lysander’s royalty interest is terminated. Teck Cominco advanced \$1,500,000 to fund an exploration program in 2005. This amount was a loan (shared equally by the Company and Lysander) which would be repayable at Teck Cominco’s option if Teck Cominco elected, prior to March 31, 2006, not to continue with the exploration option. In January, 2006, Teck Cominco Limited elected to take up its option to earn a 51% interest in the Jajay-Lorraine property resulting in the cancellation of the loan and crediting the exploration expenditures towards its earn-in requirements. Since Teck Cominco has elected to continue with the option, it may now earn a 51% joint venture interest in the property by completing an additional \$7,500,000 of exploration by December 31, 2010 with a minimum expenditure rate of \$1,500,000 per year. Thereafter, Teck Cominco 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 Cominco agreement is terminated or expires unexercised, the Company has the option to continue in an equal joint venture with Lysander or to return to the original option agreement to earn a 65%/ 75% interest with all dates extended by the duration of the Teck Cominco option.

In January, 2006, Teck Cominco Limited (“TCL”) signed an option agreement with L. B. Warren and W. G. Grant which allows TCL to earn a 100% interest in the Tam/Misty property by making total cash payments to the vendors of \$525,000 and completing \$2,000,000 in exploration expenditures by December 31, 2011. The vendors will retain a 3% Net Smelter Returns Royalty (NSR) which may be reduced to 1% by TCL electing to pay the vendors \$2,000,000. After the earn-in, TCL will pay an advanced royalty of \$50,000 per year to a maximum total of \$500,000, which advanced royalty shall be recoverable by TCL from future royalty payments, or the buy-down of the NSR. TCL subsequently offered this property for inclusion into the Eastfield/ Lysander Option Agreement on the Jajay-Lorraine property under the terms of the Area of Influence clause. The Tam/Misty property option was accepted for inclusion and now forms a part of the Jajay-Lorraine property for the duration of the option agreements.

**B. Non-Material Mineral Properties**

**1. Crowsnest Project, Fort Steele Mining Division, British Columbia**

The Company has an option to purchase 100% of the 101 claims in the project area for \$50,100 (paid). The claims are subject to a 2% net smelter royalty. The Crowsnest property, in conjunction with the Howell property, described below, was optioned, to La Quinta Resources Corp. in August, 2004. La Quinta may earn a 60% interest in both properties by making staged payments of \$320,000 in cash, issuing 300,000 shares and expending \$1,700,000 in exploration by December 31, 2008.

**2. Howell Project, Fort Steele Mining Division, British Columbia**

On June 30, 1999 and as amended July 25, 2000, the Company entered into an agreement to acquire 100% interest in five mineral claims in the Fort Steele Mining Division, B.C., subject to completion of the following option payments and exploration expenditures:

. 500,000 shares issued to date  
. \$200,000 on or before August 31, 2008  
. Cumulative expenditures on the property of \$1,000,000 by August 31, 2008  
. Net smelter royalties of 3% payable upon commercial production

If the Company makes a production decision, a bonus cash payment of \$2,000,000 must be made within 120 days if the mineable resource exceeds 750,000 ounces, or \$400,000 if the mineable resource is less than 750,000 ounces. The Company has the option to purchase 1% of the net smelter royalty within 120 days of making a production decision, for a

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cash payment of \$2,000,000. In August, 2004, the Howell property was optioned to La Quinta Resources Corp. in conjunction with the Crowsnest property, as described above.

**3. Iron Lake, Clinton Mining Division, British Columbia**

On May 15, 2000 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.

On August 2, 2006, the Company entered into an amended option agreement under which Argent Resources Ltd. may earn a 55% interest in the Iron Lake property by making (in addition to previous cash payments, share issues and work expenditures) a cash payment of \$40,000 due on March 31, 2007 and completing exploration work totalling \$250,000 by July 31, 2007 and an additional \$450,000 by July 31, 2008.

**4. Indata, Omineca Mining Division, British Columbia**

On May 14, 2003 the Company purchased 100% of the interest in the Indata property held by Wildrose Resources Ltd., a company with common officers and directors. The purchase price for this interest was \$140,000. Another company owns a 12.4% interest in the Indata property, which interest will be reduced if that company fails to make its proportionate share of exploration and other payments on the property.

On May 2, 2006 the Company granted an option to Redzone Resources Ltd. to earn a 60% interest in the property by making cash or share payments totaling \$200,000 in value and incurring \$1,000,000 in exploration on the property on or before April, 2011.

**5. 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, in consideration of \$107,000 of cash payments to be made over a six-year period.

On March 8, 2006, the Company approved an assignment of the interest in the OK Property from Goldrush Resources Ltd. to Prophecy Resources Ltd. Prophecy now holds the right to earn a 60% interest in the property by making cash payments totalling \$120,000 and incurring \$1,000,000 in mineral exploration costs over a five-year period in addition to making cash payments to the underlying property owner. The Company retains the obligation to make share issues to the underlying property owner.

**6. Zymo Property, Skeena Mining Division, British Columbia**

On June 11, 2007, the Company acquired an option to earn a 100% interest in the property, subject to a 3% net smelter royalty, in consideration of making \$250,000 of cash payments and issuing 600,000 shares and incurring \$1,000,000 of exploration costs over a five-year period.

**6. INCOME TAXES**

At February 28, 2007, the Company had capital and non-capital losses available of \$996,171 (2006 - \$843,498) for deduction against future years' taxable incomes. Unused non-capital losses had begun expiring in the year ended February 29, 2004. The Company also has other deductions available for tax purposes of \$2,122,290 (2006 - \$2,121,415). The potential benefits arising from these deductions have not been recorded in these financial statements.

**7. FINANCIAL INSTRUMENTS**

The carrying values of cash, accounts receivable and accounts payable on the balance sheet approximate their fair values.

**8. ENVIRONMENTAL**

The Company's exploration activities are subject to various federal and provincial laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations. The ultimate amount of reclamation and other future site restoration costs to be incurred for existing mineral property interests is uncertain