

**MAESTRO VENTURES LTD.**

**REPORT AND FINANCIAL STATEMENTS**

July 31, 2007 and 2006

**AUDITORS' REPORT**

To the Shareholders,  
Maestro Ventures Ltd.

We have audited the balance sheets of Maestro Ventures Ltd. as at July 31, 2007 and 2006 and the statements of loss and deficit and cash flows 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 financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2007 and 2006 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Vancouver, Canada  
November 1, 2007

**“AMISANO HANSON”**  
Chartered Accountants

**MAESTRO VENTURES LTD.**  
**BALANCE SHEETS**  
July 31, 2007 and 2006

	<u>ASSETS</u>	<u>2007</u>	<u>2006</u>
Current			
Cash and cash equivalents		\$ 184,939	\$ 267,482
GST receivable		35,499	22,928
Prepaid expenses and deposits – Note 5		<u>2,385</u>	<u>6,750</u>
		222,823	297,160
Equipment – Note 4		1,086	1,551
Reclamation bond – Note 3		33,329	-
Mineral properties – Notes 3, 5 and Schedule 1		<u>1,836,753</u>	<u>318,475</u>
		<u>\$ 2,093,991</u>	<u>\$ 617,186</u>

**LIABILITIES**

Current			
Accounts payable and accrued liabilities		\$ 20,765	\$ 158,048
Management fees payable – Note 5		-	73,000
Due to related parties – Note 5		<u>13,765</u>	<u>19,745</u>
		<u>34,530</u>	<u>250,793</u>

**SHAREHOLDERS' EQUITY**

Share capital – Note 6	3,535,465	1,447,932
Share subscriptions received	-	80,000
Contributed surplus – Note 6	450,920	270,000
Deficit	<u>(1,926,924)</u>	<u>(1,431,539)</u>
	<u>2,059,461</u>	<u>366,393</u>
	<u>\$ 2,093,991</u>	<u>\$ 617,186</u>

Nature and Continuance of Operations – Note 1  
 Commitments – Notes 3 and 6

APPROVED BY THE DIRECTORS:

<u>“Allan Williams”</u> Allan Williams	Director	<u>“Hamish Greig”</u> Hamish Greig	Director
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SEE ACCOMPANYING NOTES

**MAESTRO VENTURES LTD.**  
**STATEMENTS OF LOSS AND DEFICIT**  
for the years ended July 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Expenses		
Amortization	\$ 465	\$ 345
Consulting fees – Note 5	28,748	-
Foreign exchange loss (gain)	2,378	(314)
Interest on loan payable	453	311
Legal fees – Note 5	39,843	21,166
Management fees – Note 5	82,750	60,000
Office and sundry	12,777	6,428
Professional fees – Note 5	22,467	18,948
Promotion and entertainment	55,993	13,889
Regulatory and filing fees	35,295	32,353
Rent and occupancy costs – Note 5	13,460	7,250
Stock-based compensation – Note 6	170,000	270,000
Travel and auto – Note 5	<u>51,482</u>	<u>23,925</u>
Loss before other items	(516,111)	(454,301)
Other items:		
Write-off of mineral properties – Note 3	-	(186,852)
Interest income	<u>20,726</u>	<u>7,451</u>
Net loss for the year	(495,385)	(633,702)
Deficit, beginning of the year	<u>(1,431,539)</u>	<u>(797,837)</u>
Deficit, end of the year	<u>\$ (1,926,924)</u>	<u>\$ (1,431,539)</u>
Basic and diluted loss per share	<u>\$ (0.03)</u>	<u>\$ (0.07)</u>
Weighted average number of shares outstanding	<u>14,456,154</u>	<u>9,120,709</u>

SEE ACCOMPANYING NOTES

**MAESTRO VENTURES LTD.**  
**STATEMENTS OF CASH FLOWS**  
for the years ended July 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Operating Activities		
Net loss for the year	\$ (495,385)	\$ (633,702)
Add items not affecting cash:		
Amortization	465	345
Stock-based compensation	170,000	270,000
Write-off of mineral properties	<u>-</u>	<u>186,852</u>
	(324,920)	(176,505)
Changes in non-cash working capital items:		
GST receivable	(12,571)	(10,146)
Accounts receivable	-	29
Prepaid expenses and deposits	4,365	(6,750)
Accounts payable and accrued liabilities	(137,283)	124,383
Management fees payable	<u>(73,000)</u>	<u>(30,000)</u>
	<u>(543,409)</u>	<u>(98,989)</u>
Financing Activities		
Due to related parties	(5,980)	1,791
Shares issued for cash	1,495,453	128,759
Share subscriptions received	-	80,000
Discontinued operations	<u>-</u>	<u>(12,387)</u>
	<u>1,489,473</u>	<u>198,163</u>
Investing Activities		
Equipment purchased	-	(1,486)
Reclamation bond	(33,329)	-
Mineral property expenditures	<u>(995,278)</u>	<u>(423,554)</u>
	<u>(1,028,607)</u>	<u>(425,040)</u>
Decrease in cash and cash equivalents during the year	(82,543)	(325,866)
Cash and cash equivalents, beginning of the year	<u>267,482</u>	<u>593,348</u>
Cash and cash equivalents, end of the year	<u>\$184,939</u>	<u>\$267,482</u>
Cash and cash equivalents consist of:		
Cash	\$ 34,939	\$ 16,217
Term deposit	<u>150,000</u>	<u>251,265</u>
	<u>\$ 184,939</u>	<u>\$ 267,482</u>
Supplemental disclosure of cash flow information:		
Cash paid for:		
Interest	<u>\$ -</u>	<u>\$ -</u>
Income taxes	<u>\$ -</u>	<u>\$ -</u>

Non-cash Transactions – Note 8

SEE ACCOMPANYING NOTES

**MAESTRO VENTURES LTD.**  
**SCHEDULE OF MINERAL PROPERTIES**  
for the years ended July 31, 2007 and 2006

Schedule 1

	<u>Canada</u>	<u>USA</u>	
	<u>Porcupine</u>	<u>Nevada/ Utah</u>	<u>Total</u>
Balance, July 31, 2005	\$ 81,773	\$ -	\$ 81,773
Deferred exploration costs			
Assays	-	26,200	26,200
Drilling program	12,974	203,113	216,087
Environmental	-	8,949	8,949
Geological	83,195	42,295	125,490
Lease payments	-	34,030	34,030
Legal	-	3,888	3,888
Staking costs	<u>8,910</u>	<u>-</u>	<u>8,910</u>
	186,852	318,475	505,327
Less: write-off of mineral properties	<u>(186,852)</u>	<u>-</u>	<u>(186,852)</u>
Balance, July 31, 2006	<u>-</u>	<u>318,475</u>	<u>318,475</u>
Acquisition costs			
Cash	-	80,200	80,200
Shares	<u>-</u>	<u>523,000</u>	<u>523,000</u>
	<u>-</u>	<u>603,200</u>	<u>603,200</u>
Deferred exploration costs			
Assays	-	144,131	144,131
Drilling	-	499,826	499,826
Geological	-	157,737	157,737
Lease payments	-	87,553	87,553
Legal	-	5,676	5,676
Other	<u>-</u>	<u>20,155</u>	<u>20,155</u>
	<u>-</u>	<u>915,078</u>	<u>915,078</u>
Balance July 31, 2007	<u>\$ -</u>	<u>\$ 1,836,753</u>	<u>\$ 1,836,753</u>

SEE ACCOMPANYING NOTES

**MAESTRO VENTURES LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
July 31, 2007 and 2006

Note 1 Nature and Continuance of Operations

Maestro Ventures Ltd. was incorporated under the laws of the Province of British Columbia on December 20, 1996. The Company's principal business activity is the exploration and development of its mineral properties. The Company's shares are listed for trading on the TSX Venture Exchange.

The Company is in the exploration stage and is in the process of exploring its resource properties and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of amounts shown for resource properties and deferred exploration costs is dependent upon the discovery of economically recoverable reserves and confirmation of the Company's interest in the underlying resource properties, the ability of the Company to obtain necessary financing to complete the development of the properties and upon future profitable production or proceeds from the disposition thereof.

These financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. At July 31, 2007, the Company had not yet achieved profitable operations, had working capital of \$188,293 which may not be sufficient to sustain operations over the next twelve months and expects to incur further losses in the development of its business, all of which casts substantial doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due.

Note 2 Significant Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles in Canada and are stated in Canadian dollars. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates that have been made using careful judgement. Actual results may differ from these estimates.

The financial statements have, in management's opinion been properly prepared within the framework of the significant accounting policies summarized below:

Note 2     Significant Accounting Policies – (cont'd)

a) Cash and Cash Equivalents

Cash equivalents include short-term deposits with a maturity of three months or less when purchased or which can readily be converted to cash at any time.

b) Equipment and Amortization

Computer equipment is recorded at cost. Amortization is provided on a straight-line basis over three years.

c) Basic and Diluted Loss Per Share

Basic loss per share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year. Diluted loss per share reflects the potential dilution that could occur if potentially dilutive securities were exercised or converted to common stock. The dilutive effect of options and warrants and their equivalent is computed by application of the treasury stock method and the effect of convertible securities by the “if converted” method. Fully diluted amounts are not presented when the effect of the computations are anti-dilutive due to the losses incurred. Accordingly, there is no difference in the amounts presented for basic and diluted loss per share.

d) Stock-based Compensation Plan

The Company has approved a share purchase option plan whereby the Company may grant share purchase options at market prices pursuant to the policies of the TSX Venture Exchange. The fair value of all share purchase options granted is expensed over their vesting period with a corresponding increase to contributed surplus. Upon exercise of share purchase options, the consideration paid by the option holder, together with the amount previously recognized in contributed surplus, is recorded as an increase to share capital.

The Company uses the Black-Scholes option valuation model to calculate the fair value of share purchase options at the date of grant. Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate and, therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's share purchase options.

e) Financial Instruments

The carrying values of cash and cash equivalents, accounts payable and accrued liabilities, management fees payable and due to related parties approximate fair value because of the short maturity of those instruments. 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.

Note 2      Significant Accounting Policies – (cont'd)

f) Income Taxes

The Company follows the liability method of accounting for income taxes. Under this method, current income taxes are recognized for the estimated income taxes payable for the current year. Future income tax assets and liabilities are determined based on differences between the tax and accounting basis of assets and liabilities. The future tax assets or liabilities are calculated using the tax rates for the periods in which the differences are expected to be settled. Future tax assets are recognized to the extent that they are considered more likely than not to be realized.

g) Mineral Properties

The Company defers the cost of acquiring, maintaining its interest, exploring and developing mineral properties until such time as the properties are placed into production, abandoned, sold or considered to be impaired in value. Costs of producing properties will be amortized on a unit of production basis and costs of abandoned properties are written-off. Proceeds received on the sale of interests in mineral properties are credited to the carrying value of the mineral properties, with any excess included in operations. Write-downs due to impairment in value are charged to operations.

The Company is in the process of exploring and developing its mineral properties and has not yet determined the amount of reserves available. Management reviews the carrying value of mineral properties on a periodic basis and will recognize impairment in value based upon current exploration results, the prospect of further work being carried out by the Company, the assessment of future probability of profitable revenues from the property or from the sale of the property. Amounts shown for properties represent costs incurred net of write-downs and recoveries, and are not intended to represent present or future values.

h) Environmental Costs

Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations and which do not contribute to current or future revenue generation, are expensed. Liabilities are recorded when environmental assessments and/or remedial efforts are probable, and the costs can be reasonably estimated. Generally, the timing of these accruals coincides with the earlier of completion of a feasibility study or the Company's commitment to a plan of action based on the then known facts.

Note 2      Significant Accounting Policies – (cont'd)

i) Asset Retirement Obligations

The fair value of obligations associated with the retirement of tangible long-lived assets are recorded in the period in which it is incurred and a reasonable estimate of the fair value can be made, with a corresponding increase to the carrying amount of the related asset. The obligations recognized are statutory, contractual or legal obligations. The liability is accreted over time for changes in the fair value of the liability through charges to accretion, which is included in depletion, depreciation and accretion expense. The costs capitalized to the related assets are amortized in a manner consistent with the depletion and depreciation of the related asset. As at July 31, 2007, the Company did not have any asset retirement obligations.

j) Impairment of Long-Lived Assets

Canadian generally accepted accounting principles require that long-lived assets and intangibles to be held and used by the Company be reviewed for possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If changes in circumstances indicate that the carrying amount of an asset that an entity expects to hold and use may not be recoverable, future cash flows expected to result from the use of the asset and its disposition must be estimated. If the undiscounted value of the future cash flows is less than the carrying amount of the asset, impairment is recognized. Management believes there has been no impairment of the Company's long-lived assets as at July 31, 2007.

Note 3      Mineral Properties

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing.

Porcupine

By an option agreement dated February 3, 2004 and amended on June 22, 2004 and November 11, 2004, the Company had the option to acquire a 50% interest in 128 mineral claims located in the Porcupine Mining Division, Ontario, Canada in consideration for expenditures of \$2,500,000 on exploration and development within five years.

During the year ended July 31, 2006, the Company decided not to continue with the agreement and wrote off expenditures incurred totalling \$186,852 with respect to these claims.

Note 3 Mineral Properties – (cont'd)

Nevada/Utah

- a) By an agreement dated May 9, 2006, with a public company having directors in common, the Company was granted an option to acquire a 75% interest in six claim groups located in Nevada and Utah, USA. Consideration payable was the issue of 1,300,000 common shares (issued), exploration expenditures of US\$5,000,000 over five years, of which US\$1,200,000 is to be incurred prior to December 31, 2006 and the assumption of an underlying lease agreement. The underlying lease agreement requires advance minimum royalty payments as follows:

May 15, 2006	US\$15,000 (paid)
May 15, 2007	US\$25,000 (paid)
May 15, 2008 and thereafter	Payments shall increase by 10% annually

The claims are subject to a net smelter return royalty (“NSR”) of 2% and 1% NSR on encumbered property to the optionor and a 2% NSR (1% if gold is below US\$350 per ounce) to the underlying lessor. The NSR to the underlying lessor can be reduced by 1% upon payment of US\$1,000,000.

The Company has posted a reclamation bond of \$33,299 (US\$28,100) with the State of Utah in connection with this property.

- b) By an agreement dated December 6, 2006, the Company was granted an option to acquire a 100% interest in certain mineral claims located in Utah, USA. Consideration is US\$1,050,000 and the issue of 500,000 shares payable as follows:
- i) Date of regulatory approval – 50,000 common shares and US\$50,000 (issued and paid).
  - ii) 75,000 common shares on the first anniversary of the agreement and on each anniversary thereafter for the following six years.
  - iii) US\$1,000,000 or equivalent value in common shares of the Company by the date that is the earlier of the seventh year anniversary of the agreement or the commencement of commercial production of the claims.

The claims are subject to a royalty of 4% of all refined gold and silver and 4% of the net smelter returns for other metals and minerals.

- c) By an agreement dated April 10, 2007, the Company was granted an option to acquire a 100% interest in four mineral properties located in Nevada, USA. Consideration is US\$200,000 and up to 4,000,000 common shares payable as follows:
- i) Date of regulatory approval – 50,000 common shares and US\$5,000 per property (issued and paid).
  - ii) April 10, 2008 – 75,000 common shares and US \$5,000 per property retained.

Note 3 Mineral Properties – (cont'd)

Nevada/Utah – (cont'd)

c) – (cont'd)

iii) April 10, 2009 – 100,000 common shares and US \$5,000 per property retained.

iv) April 10, 2010 – 150,000 common shares and US \$5,000 per property retained.

v) April 10, 2011 – 150,000 common shares and US \$5,000 per property retained.

vi) April 10, 2012 – 150,000 common shares and US \$25,000 per property retained.

The Company has also agreed to incur expenditures of \$10,000 for each property retained per year.

In connection with the option agreement, the Company is required to enter into a consulting agreement with the optionor whereby the optionor will provide geologic consulting services for a minimum of 200 days per year when more than one property is subject to this agreement or a minimum of 100 days per year when only one property is subject to this agreement at a rate of \$550 per day for the calendar year 2007. For the year ended July 31, 2007, \$11,368 in geological consulting expenses were incurred with the optionor, however, a formal consulting agreement has not been completed.

Note 4 Equipment

	2007		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>
Computer equipment	\$ 1,967	\$ 881	\$ 1,086
	2006		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>
Computer equipment	\$ 1,967	\$ 416	\$ 1,551

Note 5 Related Party Transactions

The Company was charged the following amounts by a company with a common director and by a director of the Company:

	Years ended July 31,	
	<u>2007</u>	<u>2006</u>
Consulting fees	\$ 20,000	\$ -
Management fees	82,750	60,000
Professional fees	20,559	-
Rent and occupancy costs	7,750	7,250
Travel and auto	<u>1,000</u>	<u>4,000</u>
	<u>\$ 132,059</u>	<u>\$ 71,250</u>

These charges were measured by the exchange amount which is the amount agreed upon by the transacting parties.

Due to related parties includes amounts due to directors of the Company for expenses incurred on behalf of the Company. These amounts are unsecured, non-interest bearing and have no specific terms for repayment.

As at July 31, 2007, prepaid expenses include \$Nil (2006: \$4,750) advanced to a private company controlled by a director with respect to rent and auto allowance.

As at July 31, 2007, management fees payable include \$Nil (2006: \$73,000) owing to a company with a common director.

During the year ended July 31, 2006, the Company entered into an option agreement regarding a mineral property with a public company having directors in common (Note 3). In connection with the acquisition, the Company assumed and expensed \$7,074 in legal fees of the vendor.

Note 6 Share Capital

a) Authorized:

100,000,000 common shares without par value

Note 6 Share Capital – (cont'd)

b) Issued:

	<u>Number</u>	<u>Amount</u>
Balance, July 31, 2005	8,651,579	\$ 1,319,173
Issued for cash:		
Pursuant to exercise of share purchase warrants		
– at \$0.15	495,000	74,250
– at \$0.30	179,500	53,850
– at \$0.23	10,000	2,300
Less: share issue costs	<u>          -</u>	<u>(1,641)</u>
Balance, July 31, 2006	9,336,079	1,447,932
Issued for cash:		
Pursuant to private placement	– at \$0.40	4,000,000
Less: share issue costs		273,000
Pursuant to the exercise of share purchase warrants		
– at \$0.40	6,000	2,400
– at \$0.23	365,000	83,950
Issued for mineral property acquisition	– at \$0.32	1,300,000
	– at \$0.45	200,000
	– at \$0.34	<u>50,000</u>
		<u>17,000</u>
Balance, July 31, 2007	<u>15,530,079</u>	<u>\$ 3,535,465</u>

c) Share Purchase Options:

Stock-based Compensation Plan

The Company has a stock option plan for officers, directors, employees and consultants whereby options are granted with an exercise price determined by the Board of Directors, which may not be less than the market price of the Company's stock on the date of the grant. The vesting provisions are determined by the Board of Directors and, unless otherwise stated, fully vest when granted.

Note 6 Share Capital – (cont'd)

c) Share Purchase Options – (cont'd)

Stock-based Compensation Plan – (cont'd)

Details of stock option activity are as follows:

	Years ended July 31,		2006	
	2007	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
	<u>Number</u>	<u>Price</u>	<u>Number</u>	<u>Price</u>
Outstanding and exercisable, beginning of the year	900,000	\$0.30	-	\$ -
Granted	<u>500,000</u>	<u>\$0.40</u>	<u>900,000</u>	<u>\$0.30</u>
Outstanding and exercisable, end of the year	<u>1,400,000</u>	<u>\$0.34</u>	<u>900,000</u>	<u>\$0.30</u>

The following stock options granted to directors, employees and consultants were outstanding at July 31, 2007:

<u>Number</u>	<u>Exercise Price Per Share</u>	<u>Expiry Date</u>	<u>Weighted Average Expiry Life (Years)</u>
600,000	\$0.25	October 20, 2010	3.22
300,000	\$0.40	May 23, 2011	3.81
<u>500,000</u>	<u>\$0.40</u>	<u>September 14, 2011</u>	<u>4.14</u>
<u>1,400,000</u>			<u>3.67</u>

Stock-based compensation expense of \$170,000 (2006: \$270,000) was recorded using the Black-Scholes option pricing model with the following assumptions:

	<u>2007</u>	<u>2006</u>
Risk-free interest rate	4.40%	4.04–4.26%
Dividend yield	Nil	Nil
Expected stock price volatility	118%	143–223%
Weighted average expected stock option life	5 years	5 years

Note 6 Share Capital – (cont'd)

d) Share Purchase Warrants:

Details of warrant activity are as follows:

	<u>Number</u>	<u>Weighted Average Exercise Price</u>
Balance, July 31, 2005	4,944,675	\$0.25
Expired	(1,143,425)	\$0.15
Exercised	<u>(684,500)</u>	<u>\$0.19</u>
Balance, July 31, 2006	3,116,750	\$0.30
Expired	(2,745,750)	\$0.30
Issued	2,136,500	\$.65
Exercised	<u>(371,000)</u>	<u>\$0.23</u>
Balance, July 31, 2007	<u>2,136,500</u>	<u>\$0.65</u>

At July 31, 2007, there were 2,136,500 share purchase warrants outstanding. Each warrant is exercisable into one common share as follows:

<u>Number</u>	<u>Exercise Price Per Share</u>	<u>Expiry Date</u>
<u>2,136,500</u>	\$0.65	September 5, 2008

Brokers Warrants

Share issue costs of \$10,920 with respect to 136,500 brokers warrants issued during the year ended July 31, 2007 and included in the share purchase warrants outstanding above, were estimated using the Black-Scholes option pricing model with the following assumptions:

	<u>2007</u>
Risk-free interest rate	4.06%
Dividend yield	0%
Expected stock price volatility	57%
Weighted average expected stock option life	2 years

Note 7 Income Taxes

The provision for income taxes differs from the amount computed by applying the Canadian basic statutory rates to the loss before income taxes as follows:

	<u>2007</u>	<u>2006</u>
Basic statutory and provincial income tax rate	<u>34.12%</u>	<u>35.60%</u>
Expected tax recovery on net loss, before income tax	\$ 169,025	\$ 225,598
Differences due to recognition of items for tax purposes:		
Amortization	(159)	(123)
Stock-based compensation	(58,004)	(96,120)
Miscellaneous	-	(66,519)
Other	(5,363)	(2,084)
Share issue costs	15,866	17,652
Losses for which no tax benefit has been recognized	<u>(121,365)</u>	<u>(78,404)</u>
Actual income tax recovery	<u>\$ -</u>	<u>\$ -</u>

At July 31, 2007, the Company has accumulated \$2,023,605 in Canadian and foreign exploration and development expenses and has accumulated non-capital losses of \$1,038,391 which can be carried forward and applied against future taxable income. The non-capital losses expire as follows:

2009	\$ 24,958
2010	84,245
2014	198,278
2015	154,975
2026	220,234
2027	<u>355,700</u>
	<u>\$ 1,038,390</u>

Significant components of the Company's future income tax assets are as follows:

	<u>2007</u>	<u>2006</u>
Non-capital losses carried forward	\$ 354,300	\$ 236,000
Exploration and development expenditures	63,750	61,000
Share issue costs	46,500	20,000
Less: valuation allowance	<u>(464,550)</u>	<u>(317,000)</u>
	<u>\$ -</u>	<u>\$ -</u>

The Company has recorded a valuation allowance against its future income tax assets based on the extent to which it is more-likely-than-not that sufficient taxable income will be realized during the carry-forward periods to utilize all the future tax assets.

Note 8      Non-Cash Transactions

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows.

During the year ended July 31, 2007, the following transactions were excluded from the statement of cash flows:

- a) the Company issued 1,550,000 common shares valued at \$523,000 pursuant to mineral property option agreements.
- b) the Company issued 136,500 brokers warrants with a fair value of \$10,920 pursuant to a private placement.