

NAVASOTA RESOURCES LTD.
INTERIM FINANCIAL STATEMENTS
JANUARY 31, 2008
(UNAUDITED)

**MANAGEMENT'S COMMENTS ON
UNAUDITED INTERIM FINANCIAL STATEMENTS**

The accompanying unaudited interim financial statements of Navasota Resources Ltd. as at January 31, 2008 for the nine months ended January 31, 2008 and 2007 have been prepared by and are the responsibility of the Company's management. These statements have not been reviewed by the Company's external auditors.

NAVASOTA RESOURCES LTD.
INTERIM BALANCE SHEETS
AS AT JANUARY 31, 2008 AND APRIL 30, 2007
(UNAUDITED)

	January 31, <u>2008</u>	(Note 12) April 30, <u>2007</u>
ASSETS		
Current Assets		
Cash and cash equivalents (Note 3)	\$ 911,068	\$ 1,071,529
Amounts receivable	2,462	3,230
Prepaid expenses	38,094	3,597
Reclamation bonds	-	5,000
	951,624	1,083,356
Equipment (Note 4)	56,880	8,299
Advances On Share Option	-	181,896
Mineral Property Interests (Statement) (Note 5)	195,041	1
Deferred Exploration Expenditures (Statement)	1,177,730	376,275
Deferred Financing Costs	-	24,448
	\$ 2,381,275	\$ 1,674,275
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 160,850	\$ 227,753
SHAREHOLDERS' EQUITY		
Share Capital (Note 6 (b))	16,207,413	14,649,010
Share Subscriptions	821,000	885,500
Contributed Surplus (Note 7)	276,816	269,823
Deficit	(15,084,804)	(14,357,811)
	(2,220,425)	1,446,522
	\$ 2,381,275	\$ 1,674,275

Commitments (Note 10)

Approved By The Directors:

Christopher J. Wild Director
Christopher J. Wild

James T. Gillis Director
James T. Gillis

NAVASOTA RESOURCES LTD.
INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS AND DEFICIT
FOR THE THREE AND NINE MONTHS ENDED JANUARY 31, 2008 AND 2007
(UNAUDITED)

	Three Months Ended January 31, <u>2008</u>	Three Months Ended January 31, <u>2007</u>	Nine Months Ended January 31, <u>2008</u>	Nine Months Ended January 31, <u>2007</u>
Administrative Expenses				
Amortization	\$ 2,554	\$ 572	\$ 7,662	\$ 2,150
Advertising and corporate development	11,235	4,194	22,015	10,015
Consulting fees (Note 9(a))	-	2,000	3,279	7,600
Conferences	40,535	715	40,716	715
Interest, bank charges and foreign exchange	(13,948)	3,165	38,586	3,766
Investor relations	18,775	-	52,992	-
Management fees (Note 9(a))	13,500	10,500	40,500	27,000
Office	457	876	2,769	6,848
Professional fees	5,788	8,048	18,462	107,272
Property Investigation	-	6,505	-	55
Rent (Note 9(a))	2,137	1,938	6,229	9,384
Stock – based compensation	-	-	-	9,500
Telephone and utilities	829	839	2,431	3,217
Transfer agent and regulatory fees	9,073	5,107	18,766	14,879
Travel (Note 9(a))	10,961	-	13,334	8,314
Wages and benefits	9,049	13,567	32,806	37,869
Net Loss Before Undernoted Items	(110,945)	(58,026)	(300,547)	(248,584)
Other Income (Expense)				
Loss on disposal of marketable securities	-	(29,998)	-	-
Loss on abandonment of mineral property interest	-	-	(384,278)	(426,968)
Interest income	3,818	2,229	22,604	357
Net Loss and Comprehensive Loss	(107,127)	(85,795)	(662,221)	(657,195)
Deficit, Beginning Of Period	(14,977,677)	(13,918,759)	(14,357,812)	(12,870,381)
Share Issuance Costs	-	-	(64,771)	-
Deficit, End Of Period	\$(15,084,804)	\$(14,004,554)	\$(15,084,804)	\$(13,545,576)
Basic And Diluted Loss Per Common Share (Note 1)	\$(0.00)	\$(0.00)	\$(0.02)	\$(0.03)
Weighted Average Common Shares Outstanding	38,372,639	29,622,954	37,652,401	22,662,715

NAVASOTA RESOURCES LTD.
INTERIM STATEMENTS OF CASH FLOWS
FOR THE THREE AND NINE MONTHS ENDED JANUARY 31, 2008 AND 2007
(UNAUDITED)

	Three Months Ended January 31, 2008	Three Months Ended January 31, 2007	Nine Months Ended January 31, 2008	Nine Months Ended January 31, 2007
Cash Provided By (Used For):				
Operating Activities				
Net loss	\$ (107,127)	\$ (85,795)	\$ (662,221)	\$ (258,140)
Items not requiring (providing) cash:				
Amortization	2,554	572	7,662	1,716
Investor relations	3,198	-	11,897	-
Loss on abandonment of mineral property interest	(634)	-	383,644	-
Stock-based compensation	-	-	-	50,134
Net change in non-cash working capital items	98,247	(97,116)	(95,634)	(281,507)
Cash used for operating activities	(3,762)	(182,339)	(354,652)	(487,797)
Investing Activities				
Acquisition of equipment	-	-	(56,243)	-
Disposition of marketable securities	-	189,000	-	189,000
Mineral property interest costs paid	-	-	(13,144)	-
Deferred exploration expenditures paid	(560,232)	(6,921)	(1,185,099)	(29,958)
Cash used for investing activities	(560,232)	182,079	(1,254,486)	159,042
Financing Activities				
Receipt of share subscriptions	821,000	-	821,000	-
Shares issued for cash	70,875	-	648,975	220,000
Share issuance costs paid	-	-	(21,298)	(17,929)
Cash provided by financing activities	891,875	-	1,448,677	202,071
Increase (Decrease) In Cash	327,881	(260)	(160,461)	(126,684)
Cash, And Cash Equivalents, Beginning Of Period	583,187	230,689	1,071,529	357,113
Cash, And Cash Equivalents, End Of Period	\$ 911,068	\$ 230,429	\$ 911,068	\$ 230,429

NAVASOTA RESOURCES LTD.
INTERIM STATEMENTS OF MINERAL PROPERTY INTERESTS
AS AT JANUARY 31, 2008 AND APRIL 30, 2007
(UNAUDITED)

	(Note 12) April 30, <u>2007</u>	<u>Additions</u>	January 31, <u>2008</u>
Koba (formerly called AMIG), Guinea, West Africa 45% option interest	\$ -	\$ 195,040	\$195,040
Gold Creek, Kamloops Mining Division of BC 100% interest	1	-	1
	<u>\$ 1</u>	<u>\$ 195,040</u>	<u>\$ 195,041</u>

	April 30, <u>2006</u>	Write Down For <u>Valuation</u>	(Note 12) April 30, <u>2007</u>
Gold Creek, Kamloops Mining Division of BC 100% interest	\$ 5,076	\$ (5,075)	\$ 1
	<u>\$ 5,076</u>	<u>\$ (5,075)</u>	<u>\$ 1</u>

**INTERIM STATEMENTS OF DEFERRED
EXPLORATION EXPENDITURES
FOR THE NINE MONTHS ENDED JANUARY 31, 2008 AND 2007
(UNAUDITED)**

	<u>2008</u>	<u>2007</u>
Koba (formerly called, AMIG)		
Balance, beginning of period	\$ -	\$ -
Assays and geochemical	210,984	-
Camp	75,486	-
Consulting and wages (Note 9 (a))	189,925	-
Corporate administration	2,699	-
Drilling	301,371	-
Field supplies	138,837	-
Fuel	151,679	-
Geological	15,765	-
Local administration costs	6,623	-
Technical and field staff	17,147	-
Travel and accommodations	29,561	-
Vehicle	37,653	-
Balance, end of period	<u>1,177,730</u>	-
Gold Creek		
Balance, beginning of period	-	186,845
Balance, end of period	-	<u>186,845</u>
Missamana		
Balance, beginning of period	376,275	342,616
Camp	-	144
Consulting and wages (Note 9 (a))	-	6,015
Local administrative costs	52	-
Technical and field staff	5,838	17,523
Travel and accommodations	-	3,406
Vehicle	1,479	2,870
Write-off on abandonment	(383,644)	-
Balance, end of period	-	<u>372,574</u>
Totals	<u>\$1,177,730</u>	<u>\$ 559,419</u>

NAVASOTA RESOURCES LTD.
NOTES TO THE INTERIM FINANCIAL STATEMENTS
JANUARY 31, 2008
(UNAUDITED)

1. Nature Of Operations And Significant Accounting Policies

The Company was incorporated under the Company Act (British Columbia) on March 7, 1980 as Nirvana Oil & Gas Ltd., and on October 6, 1986 changed its name to Nirvana Industries Ltd. On February 22, 1989 the Company changed its name from Nirvana Industries Ltd. to Consolidated Nirvana Industries Ltd. On June 2, 1995 the Company then changed its name to Navasota Resources Ltd. The common shares of the Company are listed for trading on the TSX Venture Exchange (“TSXV”).

The Company’s major activities are the acquisition and exploration of mineral property interests and the production therefrom. The recoverability of amounts shown for mineral property interests and deferred exploration expenditures is dependent upon the discovery of economically recoverable reserves. The Company does not generate sufficient cash flow from operations to adequately fund its exploration activities and has therefore relied principally upon the issuance of securities for financing. The Company intends to continue relying upon the issuance of securities to finance its operations and exploration activities to the extent such instruments are issuable under terms acceptable to the Company. Accordingly, the Company’s financial statements are presented on a going concern basis, which assume that the Company will continue to realize its assets and discharge its liabilities in the normal course of operations. If future financing is unavailable, the Company may not be able to meet its ongoing obligations, in which case the realizable value of its assets may decline materially from current estimates.

Use Of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of any contingent assets and liabilities as at the date of the financial statements, as well as the reported amounts of revenues earned and expenses incurred during the years.

Items involving substantial measurement uncertainty are the carrying costs of mineral property interest and their related deferred exploration expenditures and the provision for legal claims and future site restoration and abandonment costs and the determination of stock-based compensation. By their nature, these estimates are subject to measurement uncertainty, and the impact on the financial statements of future changes in such estimates could be material.

Foreign Currency Translation

Accounts in United States currency have been translated into Canadian currency as follows:

- monetary items are translated at the rate of exchange prevailing at the balance sheet date;
- non-monetary items are translated at the rates of exchange prevailing at the dates the assets were acquired or liabilities were incurred;
- revenues and expenses are translated at the exchange rate in effect on the dates they occur.

The resulting foreign exchange gains and/or losses are included in the Company’s statements of operations.

The cost of mineral property interests and their related direct exploration expenditures are deferred until the property interests are placed into production, sold or abandoned. These deferred expenditures will be amortized on a unit-of-production basis over the estimated useful life of the mineral property interests following the commencement of production, or written-off if the property interests are sold, allowed to lapse or abandoned. Mineral property interest option payments are recorded when receivable and are charged against the related mineral property interests' costs. Option payments received in excess of costs incurred are disclosed as revenue in the Company's statement of operations.

Cost includes the cash consideration and the fair market value of common shares issued on the acquisition of mineral property interests. The recorded costs of mineral property interests and related deferred exploration expenditures represent costs incurred, and are not intended to reflect present or future values. The Company does not accrue the estimated future costs of maintaining its mineral property interests in good standing.

The Company reviews capitalized costs on its mineral property interests on a periodic basis, or annually, and will recognize an impairment in value based upon current exploration or production results, if any, and upon management's assessment of the future profitability or profitable revenues from the interests or from sale of the interests. Management's assessment of the interest's estimated current fair market value is also based upon its review of other mineral property interest transactions in the same geographic area.

Although the Company had taken steps to verify title to mineral property interests in which it has an interest in accordance with industry standards for the current stage of exploration of such property interests, these procedures do not guarantee the Company's title. Property interest title may be subject to unregistered prior agreements or transfers and may be affected by undetected defects and non-compliance with regulatory requirements.

Asset Retirement Obligations

The Company recognizes the fair value of liabilities for asset retirement obligations in the period in which they occur and/or in which a reasonable estimate of such costs can be made. The asset retirement obligation is recorded as a liability with a corresponding increase to the carrying amount of the related long-lived asset. Subsequently, the asset retirement cost is allocated to expenditures using a systematic and rational method and is also adjusted to reflect period-to-period changes in the liability resulting from passage of time and revisions to either timing or the amount of the original estimate of the undiscounted cash flow. The Company has not recorded any asset retirement obligations as at January 31, 2008.

Flow-Through Common Shares

The Company applies the accounting pronouncement of CICA Handbook EIC 146 in respect of its accounting for all flow-through renunciations. Canadian Income Tax Legislation permits an enterprise to issue securities referred to as flow-through shares whereby the investor may claim the tax deductions arising from the related resources expenditures. When resource expenditures are renounced to the investors, and the Company has reasonable assurance that the expenditures will be completed, future income tax liabilities are recognized (renounced expenditures multiplied by the effective corporate tax rate) thereby reducing share capital. The Company records the initial share issuances by crediting share capital for the full value of the cash consideration received.

Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method of tax allocation, future income tax assets and liabilities are determined based on differences between the financial statements carrying values and their respective income tax basis (temporary differences) and on unclaimed losses carry forward. Future income tax assets and liabilities are measured using the substantially enacted tax rates expected to be in effect when the temporary differences are likely to reverse or when losses are expected to be utilized. The effect on future income tax assets and liabilities of a change in tax rates is included in operations in the period in which the change is enacted or substantially assured. The amount of future income tax assets recognized is limited to the amount of the benefit that is likely to be realized.

Loss Per Share

Loss per share data is computed by dividing loss for the period by the weighted average number of common shares and common share equivalents outstanding during the period. Shares issuable upon the exercise of share purchase warrants and stock options were excluded from the computation of loss per share because their effect would be anti-dilutive. The Company calculates loss per share using the treasury stock method. Under the treasury stock method only instruments with exercise amounts less than market prices impact the diluted calculations.

Stock-Based Compensation

The Company applies the fair value method of accounting for stock options awards granted to employees and directors, as recommended by CICA Handbook Section 3870 on stock-based compensation and other stock-based payments.

The fair value of stock options and share purchase warrants are determined by the Black-Scholes Option Pricing Model with assumptions for risk-free interest rates, dividend yields, volatility factors of the expected market price of the Company's common shares and an expected life of the options. The fair value of direct awards of share capital is determined by the quoted market price of the Company's common shares.

Comprehensive Income

Effective May 1, 2007, the Company adopted the provisions of CICA Handbook Section 1530, Comprehensive Income; Section 3855, Financial Instruments – Recognition and Measurement; Section 3861, Financial Instruments – Disclosure and Presentation; Section 3251, Equity. These sections provide standards for recognition, measurement, disclosure and presentation of financial assets, financial liabilities and non-financial derivatives. Handbook Section 1530 represents the change in equity, from transactions and other events and circumstances from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income that are excluded from net income calculated in accordance with Canadian GAAP. The adoption of these standards did not have an impact on the Company.

2. Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, amounts receivable and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency, or credit risks arising from these financial instruments. The carrying values of the financial instruments approximate their fair values, due to the relatively short period to maturity of the majority of these instruments.

3. Cash And Cash Equivalents

Cash equivalents consist of temporary investments in commercial papers that are highly liquid and readily convertible to known amounts of cash within 90 days. All cash equivalents are carried at their current market values, with any adjustments from cost recorded as interest income in the Company's statement of operations. Amounts receivable are inclusive of accrued interest as receipt of these amounts is also considered to be certain and measurable.

4. Equipment

	<u>January 31, 2008</u>			<u>(Note 12)</u> <u>April 30,</u> <u>2007</u>	
	<u>Rate</u>	<u>Cost</u>	<u>Accumulated</u> <u>Amortization</u>	<u>Net Book</u> <u>Value</u>	<u>Net Book</u> <u>Value</u>
Automotive	30%	\$ 56,243	\$ 6,327	\$ 49,916	\$ -
Computer equipment	30%	12,695	11,768	927	1,197
Office equipment	20%	25,791	19,754	6,037	7,102
		<u>\$ 94,729</u>	<u>\$ 37,849</u>	<u>\$ 56,880</u>	<u>\$ 8,299</u>

Equipment is recorded at cost and amortized using the declining balance method at the rates disclosed above. In the year of disposal no amortization is claimed.

5. Mineral Property Interests

(a) Koba (formerly called AMIG)

During the year ended April 30, 2007, the Company entered into an Option Agreement with Société AMIG Mining International S.A.R.L. ("AMIG") and its shareholders to earn and acquire up to 100% of the issued share capital of AMIG. AMIG is a Guinean corporation and its shareholders are residents of Conakry, Guinea, West Africa.

AMIG is the legal and recorded holder of one mineral exploration permit for two mining research licenses granted by the Ministry of Mines and Geology of the Republic of Guinea on May 10, 2006; covering two contiguous areas aggregating 1,064 kilometres, located in the prefectures of Télémele and Gaoual (the Project), for the exploration of bauxite. The exploration permit is valid for three years to May 10, 2009.

Under the terms of the Option Agreement, the Company has been granted an option to acquire an initial 45% of the issued share capital of AMIG by incurring a minimum aggregate US\$2,000,000 in exploration expenditures on the Project and by paying US\$350,000 (US\$100,000 paid) to the AMIG shareholders, within a period of three years.

Once the Company has exercised such options and thereby acquired 45% of the issued share capital of AMIG, the Company has the further option to elect to earn and acquire an additional 6% of the issued share capital of AMIG. To exercise such further option, the Company must incur all exploration and development expenditures necessary to complete and deliver to AMIG a bankable feasibility study in respect of the Project and must issue 1,000,000 of its common shares to the shareholders of AMIG.

Additionally, at any time after it has acquired 45% of the issued share capital of AMIG, the Company may elect to acquire all remaining issued shares of AMIG by paying US\$15,000,000 and issuing 15,000,000 of its common shares to the shareholders of AMIG.

(b) **Gold Creek**

During the year ended April 30, 2003, the Company acquired a 100% interest by staking what is now a 58 unit property interest known as Gold Creek. The property interest is road accessible, and is located approximately 20 kilometres northeast of Barriere, B.C.

During the year ended April 30, 2005, the Company concluded a Letter Agreement (the "Agreement"), subsequently amended, with Goldrange Resources, Inc. ("Goldrange") whereby Goldrange had the option to earn a 100% interest in the Gold Creek property interest, subject to a 2% NSR to be retained by the Company. Goldrange provided notice of its intention to terminate its Agreement with the Company on February 1, 2007. Management decided to write down this mineral property interest to a nominal value and therefore recorded this charge in its statement of operations for the year ended April 30, 2007.

(c) **Missamana And Gueliban Licenses**

During the year ended April 30, 2005, the Company entered into a Letter of Agreement with Mano River Resources Inc. ("Mano") to acquire up to a 60% interest in the Missamana and Gueliban exploration licenses (the "licences") covering 498 square kilometres located in Guinea, West Africa. The Licences were issued September 28, 2004 and are valid for a period of two years. These licenses were re-issued July 11, 2006 and are again valid for a period of two years. Starting from this date, the titleholder is required to undertake in conformance with the mining regulations in force, its programs of work with an approved budget of US\$810,000 per licence.

During the period ended January 31, 2008 the Company announced that it has terminated its interest in the Missamana and Gueliban exploration licences and wrote off all of its costs in its statement of operations.

6. Share Capital

(a) **Authorized**

Unlimited common shares without par value.

(b) **Issued**

<u>Consideration</u>	<u>Type Of Issue</u>	<u>Price Per Share</u>	<u>Number Of Shares</u>	<u>Amount</u>
Balance, April 30, 2006			23,925,454	\$ 13,991,510
Cash	Private Placement	\$0.10	5,697,500	569,750
Cash	Warrants Exercised	\$0.15	585,000	87,750
Balance, April 30, 2007 (Note 12)			30,207,954	14,649,010
Value	Finder's Fee	\$0.20	80,000	16,000
Cash	Private Placement	\$0.50	6,088,000	1,217,600
Cash	Options exercised	\$0.14	75,000	18,428
Cash	Warrants Exercised	\$0.15	1,921,685	306,375
Balance, January 31, 2008			38,372,639	\$ 16,207,413

During the period ended January 31, 2008, the Company completed a private placement of 6,088,000 units at a price of \$0.20 per unit for gross proceeds of \$1,217,600. Each unit is comprised of one common share and one-half of one non-transferable share purchase warrant; each whole warrant exercisable for a common share at \$0.30 per share to May 7, 2008. In conjunction with this private placement, the Company paid cash of \$21,820 and issued 80,000 shares (on the same terms as the units comprising the offering) as a finder's fee.

During the year ended April 30, 2007, the Company completed a private placement of 5,697,500 units at a price of \$0.10 per unit for gross proceeds of \$567,750. Each unit consists of one common share of the Company and one non-transferable share purchase warrant exercisable for a

common share at \$0.15 per share to May 13, 2008. In conjunction with this private placement, the Company paid cash of \$7,000 and issued 100,000 warrants to purchase 100,000 common shares at \$0.10 per share to May 12, 2008 as a finder's fee.

(c) **Stock Options**

The Company has a stock option plan whereby a maximum of 10% of the issued and outstanding common shares of the Company may be reserved for issuance pursuant to the exercise of stock options. The term of stock options granted are fixed by the board of directors and are not to exceed five years. The exercise prices of the stock options are determined by the board of directors, but shall not be less than the closing price of the Company's common shares on the day preceding the day on which the directors grant the stock options, less any discount permitted by the TSVX, but shall not be less than \$0.10 per share. The stock options vest immediately on the date of grant unless otherwise required by the TSVX, however, a four month hold period applies to all shares issued under each stock option, commencing on the date of grant. Other terms and conditions are as follows: all stock options are non-transferable; no more than 5% of the issued shares may be granted to any one individual in any 12 month period; no more than 2% of the issued shares may be granted to a consultant, or an employee performing investor relations activities, in any 12 month period; disinterested shareholder approval must be obtained for (i) any reduction in the exercise price of an outstanding option, if the holder is an insider, (ii) any grant of stock options to insiders, within a 12 month period, exceeding 5% of the Company's issued shares; and stock options will be reclassified in the event of any consolidation, subdivision, conversion or exchange of the Company's common shares. Options granted shall expire within thirty days after the optionee ceases to be director, officer, consultant, or employee of the Company.

	<u>Number Of Shares</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Remaining Life (Years)</u>
Options outstanding, April 30, 2006	1,821,000	\$0.16	3.29
Granted	924,000	\$0.12	
Expired\ Cancelled	(145,000)	(\$0.15)	
Options outstanding, April 30, 2007	2,600,000		2.77
Granted	200,000	\$0.20	
Exercised	(75,000)	(\$0.14)	
Expired\ Cancelled	(75,000)	(\$0.12)	
Options outstanding, January 31, 2008	2,650,000		2.20
Options exercisable, January 31, 2008	2,550,000		

As at January 31, 2008, the Company has the following stock options outstanding:

<u>Exercise Price Per Share</u>	<u>Expiry Date</u>	<u>(Note 12) April 30, 2007</u>	<u>Granted</u>	<u>Exercised</u>	<u>Cancelled/ Expired</u>	<u>January 31, 2008</u>
\$0.10	Aug. 16, 2007	50,000	-	-	50,000	-
\$0.14	Aug. 5, 2007	100,000	-	75,000	25,000	-
\$0.20	Sept. 7, 2008	-	200,000	-	-	200,000
\$0.20	Dec. 3, 2008	720,000	-	-	-	720,000
\$0.15	Apr. 5, 2010	756,000	-	-	-	756,000
\$0.10	Apr. 19, 2011	200,000	-	-	-	200,000
\$0.12	Sept. 7, 2011	714,000	-	-	-	714,000
\$0.23	Apr. 11, 2012	60,000	-	-	-	60,000
		2,600,000	200,000	75,000	75,000	2,650,000

(d) Share Purchase Warrants

As at January 31, 2008, the Company has the following share purchase warrants outstanding:

Exercise Price Per Share	Expiry Date	(Note 12) April 30, 2007	Issued	Exercised	Expired/Cancelled	January 31, 2008
\$0.15	May 25, 2007	970,000	-	(955,000)	(15,000)	-
\$0.15	December 2, 2007	560,000	-	(502,500)	(57,500)	-
\$0.30	May 7, 2008	-	3,084,000	-	-	3,084,000
\$0.15	May 12, 2008	5,747,500	-	(685,000)	-	5,062,500
		<u>7,277,500</u>	<u>3,084,000</u>	<u>(2,142,500)</u>	<u>(72,500)</u>	<u>8,146,500</u>

7. Contributed Surplus

During the period ended January 31, 2008 and the year ended April 30, 2007, the Company executed a number of transactions involving share purchase options granted to consultants and key personnel along with agents' warrants issued during the private placement financings. The Company recorded contributed surplus arising from these transactions as follows:

Balance, April 30, 2006		\$ 200,072
Value assigned to agents' warrants	a)	6,423
Stock-based compensation	b)	63,328
Balance, April 30, 2007		<u>269,823</u>
Value assigned to agent's warrants	c)	3,025
Stock-based compensation	d)	3,968
Balance, January 31, 2008		<u>\$ 276,816</u>

- (a) During the year ended April 30, 2007, the Company assigned a value of \$ 6,423 to the warrants issued to the agent as part of a private placement financing.
- (b) During the year ended April 30, 2007, the Company recorded stock-based compensation expense of \$ 63,328 for the grant of 849,000 vested stock options. The options were granted to consultants, employees, officers, and directors of the Company.
- (c) During the period ended January 31, 2008, the Company assigned a value of \$3,025 to the warrants issued to the agent as part of a private placement financing.
- (d) During the period ended January 31, 2008, the Company recorded an investor relations expense of \$11,896 for the grant of 150,000 vested stock options. The options were granted to consultants of the Company. Also a contractor exercised 75,000 stock options with a charge to contributed surplus of \$7,928.

Option pricing methods require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options. The Company determined the fair value of the granted stock options on the date of the grant using the Black-Scholes option pricing model; using the following weighted-average assumptions:

	January 31, 2008	(Note 12) April 30, 2007
Expected dividend yield (%)	NIL	NIL
Risk-free interest rate (%)	3.83 – 4.58	4.01 - 4.11
Expected life (years)	1	1 - 5
Expected volatility	78.79 – 92.92	74.91 – 85.95

8. Income Taxes

No provision for recovery of income taxes was made in 2008 and 2007 because of the uncertainty as to the utilization of the losses for income tax purposes. The Company has accumulated losses for tax purposes of approximately \$2,053,405 (April 30, 2007 - \$1,758,546) which expire in various years to 2028 as follows:

2008	\$ 235,379
2009	180,251
2010	227,176
2011	237,345
2015	185,945
2016	354,030
2027	338,420
2028	294,859

As at January 31, 2008, the Company has undeducted resource related expenses of approximately \$8,490,139 (April 30, 2007 - \$7,110,000) available for deduction against future Canadian taxable income. These expenses have no expiration date. In addition, the Company has undeducted share issuance costs and undeducted eligible capital expenditures totalling \$94,578 (April 30, 2007 - \$46,637) which are also available for deduction against future Canadian taxable income. Future income tax assets and liabilities are recognized for temporary differences between the carrying amount of the balance sheet items and their corresponding tax values as well as for the benefit of losses available to be carried forward to future years for tax purposes that are likely to be realized.

	January 31, 2008	January 31, 2007
Net loss before income taxes	\$(662,221)	\$ (657,195)
Tax rate	34.12%	34.12%
Calculated income tax recovery	(225,950)	(224,235)
Increase in valuation allowance	225,950	224,235
Income tax expense	\$ -	\$ -

Significant components of the Company's future tax assets and liabilities, after applying enacted corporate income tax rates, are as follows:

	January 31, 2008	(Note 12) April 30, 2007
Future income tax assets		
Temporary differences in assets	\$ 2,428,446	\$ 2,103,443
Non-capital loss carry forwards	700,622	545,149
Net-capital loss carry forwards	178,282	178,282
	3,307,350	2,826,874
Valuation allowance for future income tax assets	(3,307,550)	(2,826,874)
	\$ -	\$ -

9. Related Party Transactions

- (a) The following related party transactions occurred during the nine months ended January 31, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Consulting and exploration fees paid to a director of the Company	\$ 25,215	\$ 6,015
Management fees paid to a company controlled by a director of the Company	\$ 40,500	\$ 20,000
Rent paid to a company with common management	\$ 5,329	\$ 2,627

- (b) The following common shares were issued to related parties during the nine months ended January 31, 2008 and the year ended April 30, 2007:

- 60,000 common shares of the \$0.15 warrants which were exercised during the year ended April 30, 2007 were issued to a company controlled by a director of the Company.
- 45,000 common shares of the \$0.15 warrants which were exercised during the period ended January 31, 2008 were issued to a director of the Company.

10. Commitments

The Company has a management services agreement with a company controlled by a director of the Company requiring payments of \$4,500 per month plus taxes. The agreement is in effect until April 30, 2012 unless sooner terminated in accordance with the provisions of the agreement.

Effective September 1, 2007, the Company entered into a one year investor relations agreement requiring payments of \$4,000 per month plus granting of 200,000 stock options subject to regulatory approval.

11. Segmented Information

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by management, in deciding how to allocate resources, and in assessing performance. All of the Company's operations are within the mining sector. Due to the geographic and political diversity, the Company's mining operations are decentralized whereby mining managers are responsible for business results and regional corporate offices provide support to the mining programs in addressing local and regional issues. The Company's operations are therefore segmented on a geographic basis. The Company's mineral property interests are all located in Canada and Africa.

Details of identifiable assets by geographic segments are as follows:

	<u>Total Assets</u>	<u>Deferred Exploration Expenditures</u>	<u>Mineral Property Interests</u>	<u>Other Assets</u>
January 31, 2008				
Canada	\$ 939,152	\$ -	\$ 1	\$ 939,151
Africa	1,442,123	1,177,730	195,040	69,353
	<u>\$ 2,381,275</u>	<u>\$ 1,177,730</u>	<u>\$ 195,041</u>	<u>\$ 1,008,504</u>
April 30, 2007				
Canada	\$1,116,105	\$ -	\$ 1	\$1,116,104
Africa	558,170	376,275	-	181,895
	<u>\$1,674,275</u>	<u>\$ 376,275</u>	<u>\$ 1</u>	<u>\$1,297,999</u>

12. Comparative Figures

The comparative figures disclosed as at April 30, 2007 in these interim financial statements were subject to an audit engagement.

13. Supplemental Cash Flow Information

The Company incurred non-cash financing activities during the period ended January 31, 2008 and 2007 as follows:

	<u>2008</u>	<u>2007</u>
Financing Activities		
Common shares issue costs	\$ 3,025	\$ 6,423
Common shares issued for finder's fees	16,000	-
	<u>\$ 19,025</u>	<u>\$ 6,423</u>

14. Subsequent Event

The Company closed a non-brokered private placement of 6,333,333 units at a price of \$0.15 per unit, for proceeds of \$950,000. Each unit is comprised of one common share and a warrant which will entitle the holder to purchase one additional common share at an exercise price of \$0.25 until February 4, 2009. If at any time after the first four months of the term of the warrants, the closing price for the Company's common shares is equal to or greater than \$0.50 per share for a period of twenty consecutive trading days, the Company may deliver a notice to the holders of the warrants notifying them that they must exercise their warrants within thirty days from the date of such notice as otherwise the warrants expire thereafter.