

NAVASOTA RESOURCES LTD.
(An Exploration Stage Company)

FINANCIAL STATEMENTS

APRIL 30, 2008

(Expressed in Canadian dollars)

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying financial statements of Navasota Resources Ltd. (An Exploration Stage Company) have been prepared by management in accordance with Canadian generally accepted accounting principles. The financial information, contained elsewhere in this report, has been reviewed to ensure consistency with the financial statements.

Management maintains systems of internal control designed to provide reasonable assurance that the assets are safeguarded. All transactions are authorized and duly recorded, and financial records are properly maintained to facilitate financial statements in a timely manner. The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee.

The Audit Committee of the Board of Directors has reviewed the financial statements with management and the external auditors. Beauchamp & Company, Chartered Accountants, an independent firm of chartered accountants, appointed as external auditors by the shareholders, have audited the financial statements and their report is included herein.

“Christopher J. Wild” (signed)

Christopher J. Wild
President and Chief Executive Officer

Kamloops, British Columbia
August 8, 2008

“James T. Gillis” (signed)

James T. Gillis
Chief Financial Officer

BEAUCHAMP & COMPANY
CHARTERED ACCOUNTANTS
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AUDITORS' REPORT

To the Shareholders of Navasota Resources Ltd.
(An Exploration Stage Company)

We have audited the balance sheets of Navasota Resources Ltd. (An Exploration Stage Company) as at April 30, 2008 and 2007 and the statements of operations, comprehensive loss and deficit, cash flows, mineral property interests, and deferred exploration 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 financial statements present fairly, in all material respects, the financial position of the company as at April 30, 2008 and 2007 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Vancouver, B.C.
August 8, 2008

"Beauchamp & Company"
Chartered Accountants

NAVASOTA RESOURCES LTD.
(An Exploration Stage Company)
BALANCE SHEETS
AS AT APRIL 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
ASSETS		
Current Assets		
Cash and cash equivalents (Note 2a)	\$ 321,279	\$ 1,071,529
Amounts receivable	3,813	3,230
Prepaid expenses	21,680	3,597
Reclamation bonds	-	5,000
	346,772	1,083,356
Equipment (Note 5)	54,326	8,299
Advances On Share Option (Note 6a))	197,268	181,896
Mineral Property Interests (Statement) (Note 6)	1	1
Deferred Exploration Expenditures (Statement)	2,250,847	376,275
Deferred Financing Costs	-	24,448
	\$ 2,849,214	\$ 1,674,275

LIABILITIES

Current Liabilities		
Accounts payable and accrued liabilities	\$ 460,112	\$ 227,753

SHAREHOLDERS' EQUITY

Share Capital (Note 7b))	17,315,586	14,649,010
Share Subscriptions	-	885,500
Contributed Surplus (Note 8)	275,296	269,823
Deficit	(15,201,780)	(14,357,811)
	2,389,102	1,446,522
	\$ 2,849,214	\$ 1,674,275

Going Concern (Note 1)

Commitments (Note 11)

Approved By The Directors:

"Christopher J. Wild" **Director**
Christopher J. Wild

"James T. Gillis" **Director**
James T. Gillis

See accompanying notes.

NAVASOTA RESOURCES LTD.
(An Exploration Stage Company)
STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT
FOR THE YEARS ENDED APRIL 30, 2008 AND 2007

	<u>2008</u>	(Note 13) <u>2007</u>
Administrative Expenses		
Amortization	\$ 10,216	\$ 2,289
Advertising and corporate development (Note 9a))	29,374	15,014
Consulting fees (Note 9a))	7,279	7,404
Conferences	45,097	2,117
Interest, bank charges and foreign exchange	38,280	2,464
Investor relations		
- Cash	53,096	24,188
- Stock-based compensation (Note 8b) & d))	16,799	2,109
Management fees (Note 9a))	54,000	41,000
Office and sundry	5,647	8,207
Professional fees	48,784	110,425
Rent (Note 9a))	7,916	7,268
Stock-based compensation (Note 8d))	-	61,219
Transfer agent and regulatory fees	17,227	15,649
Travel and promotion	28,279	1,800
Wages and benefits	43,403	52,446
Net Loss Before Undernoted Items	(405,397)	(353,599)
Other Income (Expense)		
Legal settlement	-	(46,069)
Loss on abandonment of mineral property interests (Note 6c))	(384,278)	-
Write-down of mineral property interests (Note 6b))	-	(191,919)
Loss on disposal of marketable securities	-	(29,998)
Interest income	27,276	10,214
Net Loss And Comprehensive Loss	(762,399)	(611,371)
Deficit, Beginning Of Year	(14,357,811)	(13,722,062)
Share Issuance Costs	(81,570)	(24,378)
Deficit, End Of Year	\$ (15,201,780)	\$ (14,357,811)
Basic And Diluted Loss Per Common Share (Note 2k))	\$ (0.02)	\$ (0.02)
Weighted Average Number Of Common Shares Outstanding	39,358,239	29,275,680

See accompanying notes.

NAVASOTA RESOURCES LTD.
(An Exploration Stage Company)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED APRIL 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Cash Provided By (Used For):		
Operating Activities		
Net loss	\$ (762,399)	\$ (611,371)
Items not requiring cash:		
Amortization	10,216	2,289
Stock-based compensation	16,799	63,328
Loss on abandonment of mineral property interests	384,278	-
Write-down of mineral property interests	-	191,919
Loss on disposal of marketable securities	-	29,998
Net change in non-cash working capital items	(82,865)	(62,457)
Cash used for operating activities	(433,971)	(386,294)
Investing Activities		
Proceeds from return of reclamation bonds	5,000	-
Proceeds from sale of marketable securities	-	159,002
Acquisition of equipment	(56,243)	-
Advances on share option	(130,496)	(66,772)
Deferred exploration expenditures paid	(1,829,388)	(78,501)
Cash (used for) provided by investing activities	(2,011,127)	13,729
Financing Activities		
Deferred financing costs paid	-	(6,668)
Payment to related parties	-	(81,646)
Issuance of common shares for cash	1,750,725	1,193,250
Share issuance costs paid	(55,877)	(17,955)
Cash provided by financing activities	1,694,848	1,086,981
(Decrease) Increase In Cash And Cash Equivalents	(750,250)	714,416
Cash And Cash Equivalents, Beginning Of Year	1,071,529	357,113
Cash And Cash Equivalents, End Of Year	\$ 321,279	\$ 1,071,529
Supplemental Information		
Interest paid included in net loss	\$ -	\$ 7,593
Income taxes paid included in net loss	\$ -	\$ -

Supplemental Disclosure of Non-Cash Investing And Financing Activities:

During the year ended April 30, 2008, the Company issued 40,000 share purchase warrants in payment of finder's fees in respect of a financing which closed during the year. The finder's fees are disclosed as share issuance costs in the amount of \$3,025 using the Black-Scholes pricing model.

During the year ended April 30, 2007, the Company issued 100,000 share purchase warrants in payment of finder's fees in respect of a financing which closed during the year. The finder's fees are disclosed as share issuance costs in the amount of \$6,423 using the Black-Scholes pricing model.

See accompanying notes.

NAVASOTA RESOURCES LTD.
(An Exploration Stage Company)
STATEMENTS OF MINERAL PROPERTY INTERESTS
FOR THE YEARS ENDED APRIL 30, 2008 AND 2007

	<u>2007</u>	<u>Additions</u>	<u>Valuation</u>	<u>For</u>	<u>2008</u>	
				Write Down		
				For		
				2007		
Gold Creek						
Kamloops Mining Division of B.C.						
100% interest	\$	1	\$	-	\$	-
					\$	1

	<u>2006</u>	<u>Additions</u>	<u>Valuation</u>	<u>For</u>	<u>2007</u>	
				Write Down		
				For		
				2006		
Gold Creek						
Kamloops Mining Division of B.C.						
100% interest	\$	5,076	\$	-	\$	(5,075)
					\$	1

See accompanying notes.

NAVASOTA RESOURCES LTD.
(An Exploration Stage Company)
STATEMENTS OF DEFERRED
EXPLORATION EXPENDITURES
FOR THE YEARS ENDED APRIL 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Koba (formerly disclosed as AMIG)		
Balance, beginning of year	\$ -	\$ -
Assays and geochemical	376,004	-
Camp	113,743	-
Consulting (Note 9a))	314,824	-
Corporate administration costs	19,467	-
Drilling	652,065	-
Field supplies	360,572	-
Fuel	190,499	-
Geological	23,437	-
Technical and field staff	47,095	-
Travel and accommodations	76,245	-
Vehicle	76,896	-
Balance, end of year	2,250,847	-
Gold Creek		
Balance, beginning of year	-	186,845
Write-off on abandonment	-	(186,845)
Balance, end of year	-	-
Missamana		
Balance, beginning of year	376,275	342,616
Camp	52	144
Consulting (Note 9a))	-	6,015
Technical and field staff	6,472	21,026
Travel and accommodations	-	3,604
Vehicle	1,479	2,870
Write-off on abandonment	(384,278)	-
Balance, end of year	-	376,275
Total Deferred Exploration Expenditures	\$ 2,250,847	\$ 376,275

See accompanying notes.

NAVASOTA RESOURCES LTD.
(An Exploration Stage Company)
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2008

1. Nature Of Operations And Going Concern

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. To date, the Company has not earned significant revenues and is considered to be in the exploration stage. The recoverability of amounts shown for mineral property interests and their related 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. The Company has incurred significant losses and as at April 30, 2008 the Company had a deficit of \$15,201,780 and working capital deficiency of \$113,340. 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.

2. Significant Accounting Policies

The financial statements of the Company have been prepared by management in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") as prescribed by The Canadian Institute of Chartered Accountants ("CICA") and reflect the following significant policies:

a) Cash And Cash Equivalents

Cash equivalents consist of temporary investments in commercial paper that are highly liquid and readily convertible to known amounts of cash and generally have maturities of ninety days or less at the time of acquisition. All cash equivalents are carried at their current market values, with any adjustments from cost recorded as interest income in the Company's statements of operations. Amounts receivable are inclusive of accrued interest as receipt of these amounts is also considered to be certain and measurable. As at April 30, 2008, cash and equivalents of \$16,663US (2007 - \$20,457US) are held in US dollars and are disclosed in these financial statements at their Canadian dollar equivalent.

	<u>2008</u>	<u>2007</u>
Cash	\$ 40,378	\$ 39,826
Money market funds	<u>280,901</u>	<u>1,031,703</u>
	<u>\$ 321,279</u>	<u>\$ 1,071,529</u>

NAVASOTA RESOURCES LTD.
(An Exploration Stage Company)
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2008

2. Significant Accounting Policies (Cont'd)

b) Use Of Estimates

The preparation of financial statements in conformity with Canadian GAAP 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. Actual results could differ from these estimates.

The Company's current items involving substantial measurement uncertainty are the carrying costs of its mineral property interests and their related deferred exploration expenditures, the provision for future site restoration and abandonment costs, the determination of stock-based compensation and the future income tax asset valuation allowance. 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.

c) Foreign Currency Translation

The Company's reporting currency is the Canadian dollar and the Company uses the temporal method of foreign currency translation for US dollars. Transactions are translated into Canadian dollars 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.

d) Mineral Property Interests And Deferred Exploration Expenditures

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 statements of operations.

NAVASOTA RESOURCES LTD.
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NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2008

2. Significant Accounting Policies (Cont'd)

d) Mineral Property Interests And Deferred Exploration Expenditures (Cont'd)

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.

e) Long-Lived Assets

Long-lived assets of the Company are reviewed when changes in circumstances suggest their carrying value has become impaired. Management considers assets to be impaired if the carrying value exceeds the future projected cash flows from related operations (undiscounted and without interest charges). If impairment is deemed to exist, the assets will be written down to fair value.

f) Future 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 year 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.

NAVASOTA RESOURCES LTD.
(An Exploration Stage Company)
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2008

2. Significant Accounting Policies (Cont'd)

g) 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 year-to-year 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. As at April 30, 2008 and 2007, the Company did not have any asset retirement obligations.

h) 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.

i) Share Capital Issued For Other Than Cash

Share capital issued for other than cash is valued at the price at which the Company's common shares traded on the TSXV at the time the related agreement to issue common shares is made or, if such issuance is at the option of the Company, at the time the Company determines to issue such common shares.

j) Stock-Based Compensation

All stock-based awards made to employees and non-employees are measured and recognized using a fair value method. For employees, the fair value of the options is measured at the date of the grant. For non-employees, the fair value of the options is measured on the earlier of the date at which the counterparty performance is complete or the date the performance commitment is reached or the date at which the equity instruments are granted if they are fully vested and non-forfeitable. For employees and non-employees, the fair value of the options is accrued and charged to operations over the vesting period, with the offsetting credit to contributed surplus. If and when the stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital.

NAVASOTA RESOURCES LTD.
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NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2008

2. Significant Accounting Policies (Cont'd)

k) 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 loss per common 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 year. Diluted loss per common share has not been presented separately as this calculation proved to be anti-dilutive. Basic and diluted loss per common share is calculated using the weighted average number of shares outstanding during the year.

l) Variable Interest Entities

The Canadian Accounting Standards Board ("AcSB") issued Accounting Guideline AcG 15 "Consolidation of Variable Interest Entities", to harmonize the Guideline with the equivalent FASB Interpretation No. 46R, "Consolidation of Variable Interest Entities" ("VIE"). The Guideline provides criteria for identifying VIEs and further criteria for determining what entity, if any, should consolidate them. The adoption of this Guideline does not materially impact the Company's results of operations and financial position.

3. Adoption Of New Accounting Policies

Current Changes In Accounting Policies

Effective May 1, 2007, the Company adopted the following new accounting standards issued by the CICA:

a) Comprehensive Income And Financial Instruments

Effective May 1, 2007, the Company adopted CICA Handbook Section 1530, Comprehensive Income, Section 3251, Equity, Section 3855, Financial Instruments - Recognition and Measurement, Section 3861, Financial Instruments - Disclosure and Presentation, and Section 3865, Hedges. Under these new accounting standards, which apply to fiscal years beginning on or after October 1, 2006, provide comprehensive requirements for the recognition and measurement of financial instruments, as well as standards on when and how hedge accounting may be applied. Section 1530 establishes standards for reporting and presenting comprehensive income or loss, which is defined as the change in equity from transactions and other events from sources other than the Company's shareholders. Other comprehensive income or loss refers to items recognized in comprehensive income or loss that are excluded from net income calculated in accordance with Canadian GAAP such as unrealized gains or losses on available-for-sale investments. Amounts initially recorded to other comprehensive income or loss are reclassified to net income when the financial instrument is derecognized or impaired.

NAVASOTA RESOURCES LTD.
(An Exploration Stage Company)
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2008

3. Adoption Of New Accounting Policies (Cont'd)

Current Changes In Accounting Policies (Cont'd)

a) Comprehensive Income And Financial Instruments (Cont'd)

Under these new standards, financial instruments are classified as one of the following: loans and receivables, held-to-maturity, held-for-trading, available-for-sale and other financial liabilities. Financial instruments are measured on the balance sheet at amortized cost or fair value depending on the classification. Loans and receivables, held-to-maturity and other financial liabilities are accounted for at amortized cost. Held-for-trading and available-for-sale financial instruments are recorded at fair value on the balance sheet. Changes in fair value of held-for-trading financial instruments are recognized in net income while changes in fair value of available-for sale financial instruments are initially recorded in other comprehensive income or loss. Transaction costs are included in the acquisition cost of individual marketable securities and recognized as part of the realized gains or losses when they are sold or written down. Direct investment expenses such as external custodial and management fees, as well as internal investment management expenses, are netted against investment income.

Effective May 1, 2007, the Company classified its accounts payable and accrued liabilities as other financial liabilities and accounted for them at amortized cost.

b) Accounting Changes

Effective May 1, 2007, the Company adopted the new CICA Handbook Section 1506 Accounting Changes. Under these new accounting standards, voluntary changes in accounting policies are permitted only when they result in the financial statements providing reliable and more relevant information. This section requires changes in accounting policies to be applied retroactively unless doing so is impracticable, requires prior period errors to be corrected retroactively and requires enhanced disclosures about the effects of changes in accounting policies, estimates and errors on the financial statements. These accounting standards also require the disclosure of new primary sources of Canadian GAAP that have been issued but are not yet effective. The impact that the adoption of this section will have on the Company's financial statements will depend on the nature of future accounting changes and the required additional disclosure of Recent Accounting Pronouncements.

Future Changes In Accounting Policies

a) Section 1535 – Capital Disclosures

This standard requires disclosure of an entity's objectives, policies and processes for managing capital, quantitative data about what the entity regards as capital and whether the entity has complied with any capital requirements and, if it has not complied, the consequences of such noncompliance. This standard is effective for the Company for interim and annual periods relating to fiscal years beginning on or after May 1, 2008. The Company is currently evaluating the effects of adopting this standard.

NAVASOTA RESOURCES LTD.
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NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2008

3. Adoption Of New Accounting Policies (Cont'd)

Future Changes In Accounting Policies (Cont'd)

b) Financial Instruments – Disclosure (Section 3862) And Presentation (Section 3863)

These standards will replace CICA 3861, Financial Instruments – Disclosure and Presentation. They increase the disclosures currently required, which will enable users to evaluate the significance of financial instruments for an entity's financial position and performance, including disclosures about fair value. In addition, disclosure is required of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk, currency risk, interest rate risk, and market risk. The quantitative disclosures must provide information about the extent to which the entity is exposed to risk, based on information provided internally to the entity's key management personnel. This standard is effective for the Company for interim and annual periods relating to fiscal years beginning on or after May 1, 2008. The Company anticipates that its disclosures will be expanded to incorporate these additional requirements.

c) Amendments To Section 1400 – Going Concern

CICA Handbook Section 1400, General Standards of Financial Statement Presentation, was amended to include requirements to assess and disclose an entity's ability to continue as a going concern. This standard is effective for the Company for interim and annual periods relating to fiscal years beginning on or after May 1, 2008. The Company is currently evaluating the effects of adopting this standard.

d) Goodwill And Intangible Assets

CICA Handbook Section 3064 replaces CICA Handbook Section 3062, "Goodwill and Intangible Assets" and establishes revised standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The new standard also provides guidance for the treatment of pre-production and start-up costs and requires that these costs be expensed as incurred. Concurrent with the introduction of this standard, the CICA withdrew EIC27, Revenues and Expenses during the pre-operating period. This standard is effective for the Company for interim and annual periods relating to fiscal years beginning on or after October 1, 2008. The Company is currently evaluating the effects of adopting this standard.

e) International Financial Reporting Standards ("IFRS")

In 2006, the AcSB published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February, 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canadian GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The

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3. Adoption Of New Accounting Policies (Cont'd)

Future Changes In Accounting Policies (Cont'd)

e) International Financial Reporting Standards ("IFRS") (Cont'd)

transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended April 30, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

4. Fair Value Of 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 the financial instruments. The fair values of these financial instruments approximate their carrying values due to their short-term maturity or repayment or capacity for prompt liquidation.

5. Equipment

		2008		2007	
	Rate	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Automotive	30%	\$ 56,243	\$ 8,437	\$ 47,806	\$ -
Computer equipment	30%	12,695	11,857	838	1,197
Office equipment	20%	25,791	20,109	5,682	7,102
		\$ 94,729	\$ 40,403	\$ 54,326	\$ 8,299

Equipment is recorded at cost and amortized using the declining balance method at the rates disclosed above. In the year of acquisition, one half of the normal rate is applied, and in the year of disposal no amortization is claimed.

6. Mineral Property Interests

a) Koba (formerly disclosed as 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 Télemélé and Gaoual (the Project), for the exploration of bauxite. The exploration permit is valid for three years to May 9, 2009, and is renewable for a further two terms of two years each under conditions of Article 30 of the mining code of the Republic of Guinea.

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6. Mineral Property Interests (Cont'd)

a) Koba (formerly disclosed as AMIG) (Cont'd)

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 (incurred) and by paying US\$350,000 (US\$110,000 paid) to the AMIG shareholders, within a period of three years.

Once the Company has exercised such option 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. The Company notified AMIG shareholders on June 26, 2008 of its decision to exercise the second option.

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.

Costs incurred to April 30, 2008 and disclosed on the balance sheet as advances on share option are comprised of:

Deposit on share option (US\$100,000)	\$	111,010
TSXV filing fees		23,800
Legal		11,886
Consulting and other		35,200
		181,896
Balance, April 30, 2007		181,896
Deposit on share option (US\$10,000)		10,000
Legal		5,372
		197,268
Balance, April 30, 2008	\$	197,268

Subsequent to April 30, 2008, the Company paid US\$240,000 to exercise its first option and acquired 45% of the issued share capital 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.

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6. Mineral Property Interests (Cont'd)

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 were valid for a period of two years and were re-issued July 11, 2006 and were 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 year ended April 30, 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.

7. Share Capital

a) Authorized

Unlimited common shares without par value

b) Common Shares Issued

	Number Of Shares	Amount
Balance, April 30, 2006	23,925,454	\$ 13,991,510
Issued during the year:		
Private placement (Note 7c))	5,697,500	569,750
Exercise of share purchase warrants	585,000	87,750
Balance, April 30, 2007	30,207,954	14,649,010
Issued during the year:		
Private placements (Note 7c))	12,421,333	2,167,600
Issued for finder's fee	80,000	16,000
Exercise of stock options	75,000	10,500
Exercise of share purchase warrants	3,087,500	458,125
Contributed surplus allocated on option exercise	-	7,928
Contributed surplus allocated on warrant exercise	-	6,423
Balance, April 30, 2008	45,871,787	\$ 17,315,586

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7. Share Capital (Cont'd)

c) Private Placement Financings

For the following private placement financings, the Company applied the residual approach and allocated total gross proceeds received to the common shares and \$Nil to the attached share purchase warrants.

During the year ended April 30, 2008, the Company completed a non-brokered 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 units (on the same terms as the units comprising the offering) as a finder's fee, and incurred legal costs and filing fees of \$23,926.

During the year ended April 30, 2008, the Company completed 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 one non-transferable share purchase warrant exercisable for a common share at \$0.25 per share to February 4, 2009. In connection with this private placement, the Company incurred legal costs and filing fees of \$16,799.

During the year ended April 30, 2007, the Company completed a non-brokered private placement of 5,697,500 units at a price of \$0.10 per unit for gross proceeds of \$569,750. 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 12, 2008. In conjunction with this private placement, the Company paid cash of \$7,000, issued 100,000 warrants to purchase 100,000 common shares at \$0.10 per share to May 12, 2008 as a finder's fee, and incurred legal costs and filing fees of \$10,955.

d) 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 TSXV, 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 TSXV, 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

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7. Share Capital (Cont'd)

d) Stock Options (Cont'd)

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.

	Number Of Shares	Weighted Average Exercise Price	Weighted Average Remaining Life (Years)
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		3.03
Granted	200,000	\$0.20	
Exercised	(75,000)	(\$0.14)	
Expired/Cancelled	(75,000)	(\$0.12)	
Options outstanding, April 30, 2008	2,650,000		1.96
Options exercisable, April 30, 2008	2,600,000		

As at April 30, 2008, the Company has the following stock options outstanding:

Exercise Price Per Share	Expiry Date	2007	Granted	Exercised	Expired/ Cancelled	2008
\$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

Subsequent to the year ended April 30, 2008, the Company granted to a director and consultants, 2,400,000 stock options at exercise prices between \$0.35 - \$0.70 per share, expiring from May 13 - July 10, 2013.

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7. Share Capital (Cont'd)

e) Share Purchase Warrants

As at April 30, 2008, the Company has the following share purchase warrants outstanding:

Exercise Price Per Share	Expiry Date	2007	Issued	Exercised	Expired/ Cancelled	2008
\$0.15	May 25, 2007	970,000	-	(955,000)	(15,000)	-
\$0.15	Dec. 2, 2007	560,000	-	(502,500)	(57,500)	-
\$0.30 ⁽¹⁾	May 7, 2008	-	3,084,000	-	-	3,084,000
\$0.15	May 12, 2008	5,647,500	-	(1,530,000)	-	4,117,500
\$0.10	May 12, 2008	100,000	-	(100,000)	-	-
\$0.25 ⁽²⁾	Feb. 4, 2009	-	6,333,333	-	-	6,333,333
		7,277,500	9,417,333	(3,087,500)	(72,500)	13,534,833

⁽¹⁾ All these share purchase warrants expired subsequent to April 30, 2008.

⁽²⁾ The Company may shorten the exercise period to 30 days if its shares trade on the TSXV at a price of \$0.50 or more for 20 consecutive trading days.

f) Subsequent Issuances

Subsequent to April 30, 2008, the Company closed a brokered and non-brokered private placement of 5,500,000 units at a price of \$0.50 per unit, for proceeds totalling \$2,750,000. Each unit is comprised of one common share and one-half of one warrant, each whole warrant entitles the holder to purchase one additional common share at an exercise price of \$0.75 during a period of 18 months. The Company may shorten the exercise price to 30 days if its shares trade on the TSXV at a price of \$1.50 or more for 20 consecutive trading days. In conjunction with this private placement, the Company paid cash of \$220,000 (8% of gross proceeds) and issued 120,000 warrants which are exercisable at a price of \$0.50 per share as commission and finders' fees. 80,000 of these warrants expire on December 31, 2009 and the remaining 40,000 expire on January 4, 2010.

The Company received cash proceeds of \$729,125 upon the exercise of 4,547,500 share purchase warrants and \$6,900 upon the exercise of 30,000 stock options.

As at August 8, 2008, the issued and outstanding common shares are 55,949,287.

8. Contributed Surplus

	<u>2008</u>	<u>2007</u>
Balance, beginning of year	\$ 269,823	\$ 200,072
Stock-based compensation	-	61,219
Investor relations	16,799	2,109
Reclassified to share capital on exercise of stock options	(7,928)	-
Compensation warrants issued as finder's fees	3,025	6,423
Reclassified to share capital on exercise of compensation warrants	(6,423)	-
Balance, end of year	\$ 275,296	\$ 269,823

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8. Contributed Surplus (Cont'd)

During the year ended April 30, 2008 and 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:

- a) During the year ended April 30, 2008, the Company assigned a value of \$3,025 to the warrants issued to the agent as part of a private placement financing.
- b) During the year ended April 30, 2008, the Company recorded an investor relations expense of \$16,799 for the grant of 200,000 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.
- c) 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.
- d) During the year ended April 30, 2007, the Company recorded an investor relations expense of \$2,109 and stock-based compensation expense of \$61,219 for the grant of 849,000 vested stock options. The options were granted to consultants, employees, officers, and directors of the Company.

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:

	<u>2008</u>	<u>2007</u>
Expected dividend yield (%)	NIL	NIL
Risk-free interest rate (%)	3.40-4.58	4.01-4.11
Expected life (years)	1	1-5
Expected volatility	76.73-84.23	74.91-85.95

9. Related Party Transactions

- a) The following related party transactions occurred during the years ended April 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Corporate development fees paid to a company controlled by a director of the Company	\$ 12,000	\$ 11,000
Consulting and exploration fees paid to a director of the Company	\$ 28,173	\$ 15,425
Management fees paid to a company controlled by a director of the Company	\$ 54,000	\$ 41,000
Rent paid to a company with common management	\$ 6,716	\$ 5,968

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9. Related Party Transactions (Cont'd)

- b) The following common shares were issued to related parties during the years ended April 30, 2008 and 2007:
- 45,000 common shares of the \$0.15 warrants which were exercised during the year ended April 30, 2008 were issued to a director of the Company.
 - 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.

10. 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 \$1,903,344 (2007 - \$1,758,546) which expire in various years to 2028 as follows:

2009	\$	180,251
2010		227,176
2011		237,345
2015		185,945
2016		354,030
2027		338,420
2028		380,177
		\$ 1,903,344

As at April 30, 2008, the Company has undeducted resource related expenses of approximately \$9,363,000 (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 \$66,856 (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.

	<u>2008</u>	<u>2007</u>
Net loss before income taxes	\$ (762,399)	\$ (611,371)
Tax rate	31.12%	31.12%
Calculated income tax recovery	(237,259)	(190,259)
Increase in valuation allowance	237,259	190,259
Income tax expense	\$ -	\$ -

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10. Income Taxes (Cont'd)

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

	<u>2008</u>	<u>2007</u>
Future income tax assets		
Temporary differences in assets	\$ 2,240,707	\$ 2,103,443
Non-capital loss carry forwards	592,320	545,149
Net-capital loss carry forwards	178,282	178,282
	3,011,309	2,826,874
Valuation allowance for future income tax assets	(3,011,309)	(2,826,874)
	\$ -	\$ -

11. 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 and the granting of 200,000 stock options subject to regulatory acceptance, which acceptance was subsequently received.

Effective February 1, 2008, the Company entered into a consulting agreement with a consultant from Conakry, Guinea requiring payments of \$1,800US per month.

Effective March 1, 2008, the Company entered into a consulting agreement with a B.C. private company requiring payments of \$2,000 per month.

12. 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.

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12. Segmented Information (Cont'd)

Details of identifiable assets by geographic segments are as follows:

	2008	2007
Canada	\$ 336,534	\$1,116,105
Africa	2,512,680	558,170
	<u>\$ 2,849,214</u>	<u>\$1,674,275</u>

13. Comparative Figures

Certain of the comparative figures in the statement of operations have been reclassified to conform with the financial presentation adopted for in the current year. These changes have no effect on the net loss for the prior year disclosed.