

METALEX VENTURES LTD.

CONSOLIDATED FINANCIAL STATEMENTS

APRIL 30, 2008

AUDITORS' REPORT

To the Shareholders of
Metalex Ventures Ltd.

We have audited the consolidated balance sheets of Metalex Ventures Ltd. as at April 30, 2008 and 2007 and the consolidated statements of operations 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 consolidated 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.

Davidson & Company LLP

Chartered Accountants

Vancouver, Canada

August 21, 2008



METALEX VENTURES LTD.
CONSOLIDATED BALANCE SHEETS
AS AT APRIL 30

	2008	2007
ASSETS		
Current		
Cash	\$ 1,477,634	\$ 1,712,144
Receivables	2,306,960	515,716
Prepaid expenses	<u>3,450</u>	<u>4,140</u>
	3,788,044	2,232,000
Mineral properties (Note 4)	44,792,674	41,997,441
Equipment (Note 5)	710,036	439,846
Exploration advances (Note 7)	<u>118,191</u>	<u>679,438</u>
	<u>\$ 49,408,945</u>	<u>\$ 45,348,725</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 3,081,850	\$ 1,714,084
Current portion of capital lease obligations (Note 7)	403,781	149,537
Loan payable to related parties (Note 7)	<u>-</u>	<u>1,019,052</u>
	3,485,631	2,882,673
Capital lease obligations due to related party (Note 7)	190,685	149,532
Future income taxes (Note 8)	<u>5,477,881</u>	<u>7,297,749</u>
	<u>9,154,197</u>	<u>10,329,954</u>
Shareholders' equity		
Capital stock (Note 6)	46,316,125	38,070,429
Contributed surplus (Note 6)	7,717,863	7,037,076
Deficit	<u>(13,779,240)</u>	<u>(10,088,734)</u>
	<u>40,254,748</u>	<u>35,018,771</u>
	<u>\$ 49,408,945</u>	<u>\$ 45,348,725</u>

Nature and continuance of operations (Note 1)

Subsequent event (Note 12)

On behalf of the Board:

"Lorie Waisberg"

Director

"Chad Ulansky"

Director

See accompanying notes to consolidated financial statements.

METALEX VENTURES LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
YEAR ENDED APRIL 30

	2008	2007
Expenses		
Amortization	\$ 62,598	\$ 56,544
Consulting fees	45,145	300,475
Management fees	229,092	252,206
Office and administrative	335,862	411,381
Professional fees	162,202	164,763
Property investigation	22,191	10,550
Stock based compensation (Note 6)	397,795	265,804
Transfer agent and filing fees	39,525	35,779
Travel and promotion	<u>268,652</u>	<u>74,030</u>
Loss before other items	<u>(1,563,062)</u>	<u>(1,571,532)</u>
Other items		
Administration fees	219,531	-
Interest income	157,136	319,026
Foreign exchange loss	(37,765)	(6,319)
Write-off of mineral properties (Note 4)	<u>(5,679,596)</u>	<u>(306,835)</u>
	<u>(5,340,694)</u>	<u>5,871</u>
Loss before income taxes	(6,903,756)	(1,565,661)
Future income tax recovery (Note 8)	<u>3,213,250</u>	<u>721,345</u>
Loss and comprehensive loss for the year	(3,690,506)	(844,316)
Deficit, beginning of year	<u>(10,088,734)</u>	<u>(9,244,418)</u>
Deficit, end of year	<u>\$ (13,779,240)</u>	<u>\$ (10,088,734)</u>
Basic and diluted loss per share	\$ (0.05)	\$ (0.01)
Weighted average number of shares outstanding	81,924,625	67,912,089

See accompanying notes to consolidated financial statements.

METALEX VENTURES LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEAR ENDED APRIL 30

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	\$ (3,690,506)	\$ (844,316)
Items not affecting cash:		
Amortization	62,598	56,544
Stock based compensation	397,795	265,804
Future income tax recovery	(3,213,250)	(721,345)
Write-off of mineral properties	5,679,596	306,835
Change in non-cash working capital items:		
Decrease (increase) in receivables	(36,235)	616,590
Decrease in prepaid expenses	690	2,962
Increase (decrease) in accounts payable and accrued liabilities	<u>303,025</u>	<u>(91,178)</u>
Net cash used in operating activities	<u>(496,287)</u>	<u>(408,104)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Mineral property expenditures	(7,830,405)	(13,692,530)
Mineral property cost recoveries	585,322	271,092
Acquisition of equipment	(11,832)	(288,796)
Proceeds on disposition of equipment	-	448,604
Payments on capital lease	(213,095)	(149,535)
Exploration advances	<u>-</u>	<u>(511,143)</u>
Net cash used in investing activities	<u>(7,470,010)</u>	<u>(13,922,308)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of capital stock	8,432,250	4,164,510
Share issue costs	(700,463)	(1,251,692)
Due to related party	-	(157,994)
Loan payable to related parties	<u>-</u>	<u>(1,104,831)</u>
Net cash provided by financing activities	<u>7,731,787</u>	<u>1,649,993</u>
Decrease in cash during the year	(234,510)	(12,680,419)
Cash, beginning of year	<u>1,712,144</u>	<u>14,392,563</u>
Cash, end of year	\$ 1,477,634	\$ 1,712,144
Cash paid for interest during the year	\$ 3,178	\$ -
Cash paid for income taxes during the year	\$ -	\$ -

Supplemental disclosure with respect to cash flows (Note 11)

See accompanying notes to consolidated financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company's principal business activity is the acquisition and exploration of mineral properties. To date, the Company has not generated significant revenues from operations and is considered to be in the exploration stage.

The Company has not yet determined whether its mineral properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties, including acquisition costs and related exploration costs, are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. Continued operations of the Company are dependent on its ability to develop its mineral properties, receive continued financial support, complete equity financings, or generate profitable operations in the future. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. CHANGE IN ACCOUNTING POLICIES

On May 1, 2007, the Company adopted Canadian Institute of Chartered Accountants ("CICA") Handbook Sections 3855 "Financial Instruments – Recognition and Measurement", 3861 "Financial Instruments – Disclosure and Presentation", 3865 "Hedges", 1530 "Comprehensive Income", and 3251 "Equity". These standards have been adopted on a prospective basis with no restatement to prior period financial statements.

Financial instruments - recognition and measurement

Section 3855 establishes standards for the recognition and measurement of all financial instruments, provides a characteristics-based definition of a derivative financial instrument, provides criteria to be used to determine when a financial instrument should be recognized, and provides criteria to be used when a financial instrument is to be extinguished. Under this standard, all financial instruments are required to be measured at fair value on initial recognition. Measurement in subsequent periods depends on whether the financial instrument has been classified as held-for-trading, held-to-maturity, available-for-sale, loans and receivables, or other financial liabilities. The Company has implemented the following classifications for its financial instruments:

- a) Cash has been classified as held-for-trading.
- b) Receivables have been classified as loans and receivables and measured at amortized cost.
- c) Accounts payable and accrued liabilities and loan payable to related parties have been classified as other financial liabilities and are measured at amortized cost.

Comprehensive income

Section 1530 establishes standards for reporting and displaying comprehensive income. Comprehensive income is defined as the change in equity (net assets) from transactions and other events from non-owner sources. Other comprehensive income is defined as revenues, expenses, gains and losses that, in accordance with primary sources of GAAP, are recognized in comprehensive income, but excluded from net income. This would include holding gains and losses from financial instruments classified as available-for-sale.

3. SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. The subsidiaries were incorporated under foreign jurisdiction, have no assets or liabilities and have been inactive since incorporation.

Use of estimates

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

Significant accounts that require estimates relate to the impairment of mineral properties, useful life of equipment, valuation allowances for future income taxes, valuation of stock-based compensation, shares issued for non-cash consideration and the valuation of warrants in private placements.

Equipment

Equipment is recorded at cost less accumulated amortization. Amortization is provided using the straight-line method and rates estimated to amortize the cost of the assets over their expected useful lives.

Mineral properties

Costs related to the acquisition and exploration of mineral properties are capitalized by property. If commercially profitable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. If, after management review, it is determined that the carrying amount of a mineral property is impaired, or a property is abandoned, that property is written down to its net realizable value. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. Mineral properties which are sold before that property reaches the production stage will have all revenues from the sale of the property credited against the cost of the property. Properties which have reached the production stage will have a gain or loss calculated based on the portion of that property sold.

The amounts shown for mineral properties do not necessarily represent present or future values. Recoverability of these amounts is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Asset retirement obligations

An asset retirement obligation is a legal obligation associated with the retirement of tangible long-lived assets that the Company is required to settle. The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability. The Company has determined that it has no significant asset retirement obligations as at April 30, 2008 and 2007.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Income taxes

Future income taxes are recorded using the asset and liability method whereby future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment or enactment occurs. To the extent that the Company does not consider it to be more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the net future tax assets.

Flow-through shares

Resource expenditure deductions for income tax purposes related to exploration activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian income tax legislation. The Company records a future income tax liability and a reduction in capital stock for the estimated tax benefits transferred to shareholders on renunciation. A portion of the Company's future income tax assets, if any, that were not recognized in previous years, due to a recording of a valuation allowance, will be applied against the future income tax liability resulting in a recovery of future income taxes in the statement of operations.

Loss per share

The Company uses the treasury stock method to compute the dilutive effect of options and warrants. Under this method the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options and warrants. It assumes that the proceeds would be used to purchase common shares of the Company at the average market price during the period. For the years presented, this calculation was not presented separately as the calculation proved to be anti-dilutive.

Basic loss per share is calculated using the weighted average number of shares outstanding during the year.

Stock-based compensation

The Company has a stock option plan which is described in Note 6. The Company uses the fair value method of accounting for stock options whereby the fair value of options granted is recorded in the financial statements as a compensation expense over the vesting period of the stock options. Any consideration paid by the option holders to purchase shares is credited to capital stock.

Recent accounting pronouncements

The CICA has issued new standards which may affect the financial disclosures and results of operations of the Company for interim and annual periods beginning May 1, 2008. The Company is currently considering the impact this will have on the Company's financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Recent accounting pronouncements (cont'd...)

Assessing Going Concern

The Canadian Accounting Standards Board (“AcSB”) amended CICA Handbook Section 1400, to include requirements for management to assess and disclose an entity’s ability to continue as a going concern.

Financial Instruments

The AcSB issued CICA Handbook Section 3862, Financial Instruments – Disclosures, which requires entities to provide disclosures in their financial statements that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks. The principles in this section complement the principles for recognizing, measuring and presenting financial assets and financial liabilities in Section 3855, Financial Instruments – Recognition and Measurement, Section 3863, Financial Instruments – Presentation, and Section 3865, Hedges.

The AcSB issued CICA Handbook Section 3863, Financial Instruments – Presentation, which is to enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows. This section establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset.

Capital Disclosures

The AcSB issued CICA Handbook Section 1535, which establishes standards for disclosing information about an entity's capital and how it is managed.

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 Canada’s own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ending 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.

METALEX VENTURES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2008

4. MINERAL PROPERTIES

2008	Attawapiskat, Ontario	James Bay, Quebec	Kyle Lake, Ontario	James Bay, Ontario	Wawa, Ontario	Mali	Angola	Morocco	Greenland	Total
Acquisition costs:										
Balance, beginning of year	\$ 395,335	\$ 80,000	\$ 117,220	\$ -	\$ 172,698	\$ 8,916	\$ 911,000	\$ -	\$ 22,729	\$ 1,707,898
Transfers	-	-	(120,207)	120,207	-	-	-	-	-	-
Additions	-	-	3,264	676,540	55,372	-	-	-	-	735,176
Cost recoveries	-	-	(277)	(796,747)	-	-	-	-	-	(797,024)
Written-off during year	-	-	-	-	-	-	(911,000)	-	-	(911,000)
Balance, end of year	<u>395,335</u>	<u>80,000</u>	<u>-</u>	<u>-</u>	<u>228,070</u>	<u>8,916</u>	<u>-</u>	<u>-</u>	<u>22,729</u>	<u>735,050</u>
Exploration costs:										
Balance, beginning of year	8,494,962	809,212	18,677,367	-	581,153	72,023	6,107,839	2,344,512	3,202,475	40,289,543
Transfers	-	-	(36,389)	36,389	-	-	-	-	-	-
Additions										
Airborne geophysical survey	-	-	-	896,684	2,882	-	416,172	-	-	1,315,738
Aircraft field transport	-	(5,323)	1,264,343	206,250	-	-	554,090	-	-	2,019,360
Camp and field supplies	-	-	325,248	25,814	7,526	351	559,965	2,635	-	921,539
Consulting fees	460	908	41,015	47,025	18,687	825	69,138	32,032	274	210,364
Drilling	-	-	745,623	48,378	-	-	182,041	-	-	976,042
Equipment rental and amortization	-	-	192,052	8,358	-	-	290,450	-	-	490,860
Fuel	-	-	397,061	61,656	-	-	105,194	-	-	563,911
Insurance, legal and licenses	-	1,293	20,611	-	-	-	44,688	7,716	-	74,308
Labour	-	-	1,009,582	48,764	3,069	-	937,683	-	-	1,999,098
Mapping	203	3,142	11,016	14,313	9,194	425	8,670	1,254	104	48,321
Rent	-	-	-	-	-	-	57,329	-	-	57,329
Sample laboratory analysis	-	219,730	255,768	89	405,116	-	31,625	149,138	-	1,061,466
Shipping and freight	-	-	96,297	266	3,013	-	62,191	-	-	161,767
Telephone and communications	-	-	51,385	125	2,553	-	40,098	74	-	94,235
Travel and accommodation	-	-	149,232	4,457	6,109	-	153,659	14,529	-	327,986
Total additions	663	219,750	4,559,233	1,362,179	458,149	1,601	3,512,993	207,378	378	10,322,324
Cost recoveries	-	-	(387,079)	(1,398,568)	-	-	-	-	-	(1,785,647)
Written-off during year	-	-	-	-	-	-	(2,216,706)	(2,551,890)	-	(4,768,596)
Total costs, end of year	\$ 8,890,960	\$ 1,108,962	\$ 22,813,132	\$ -	\$ 1,267,372	\$ 82,540	\$ 7,404,126	\$ -	\$ 3,225,582	\$ 44,792,674

METALEX VENTURES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2008

4. MINERAL PROPERTIES (cont'd...)

2007	Attawapiskat, Ontario	James Bay, Quebec	Kyle Lake, Ontario	New Liskeard, Ontario	Wawa, Ontario	Mali	Angola	Morocco	Greenland	Total 2007
Acquisition costs:										
Balance, beginning of year	\$ 389,936	\$ 80,000	\$ 90,179	\$ 160,000	\$ 121,890	\$ -	\$ 711,000	\$ -	\$ 7,085	\$ 1,560,090
Additions	5,399	-	29,550	1,101	50,808	8,916	200,000	-	15,644	311,418
Cost recoveries	-	-	(2,509)	-	-	-	-	-	-	(2,509)
	<u>395,335</u>	<u>80,000</u>	<u>117,220</u>	<u>161,101</u>	<u>172,698</u>	<u>8,916</u>	<u>911,000</u>	<u>-</u>	<u>22,729</u>	<u>1,868,999</u>
Exploration costs:										
Balance, beginning of year	8,460,447	349,925	9,930,950	69,567	119,643	-	3,886,841	1,440,847	2,747,884	27,006,104
Additions										
Airborne geophysical survey	-	-	521,876	-	39,854	-	158,543	5,500	-	725,773
Aircraft field transport	-	265,672	3,373,970	-	-	-	-	-	65,648	3,705,290
Camp and field supplies	-	19,356	736,279	-	99,775	-	761,507	33,615	162	1,650,694
Consulting fees	19,940	29,345	69,873	27,909	84,550	550	251,863	68,611	7,850	560,491
Drilling	-	-	1,617,675	48,258	125,042	-	-	-	-	1,790,975
Equipment rental and amortization	-	15,852	231,547	-	2,765	-	154,140	10,648	-	414,952
Transportation fuel	-	56,476	560,536	-	-	-	-	149	6,672	623,833
Ground geophysical survey	-	-	8,190	-	13,597	-	-	-	5,753	27,540
Insurance, legal and licenses	2,161	30	34,878	-	4,449	-	52,306	6,888	-	100,712
Labour	1,423	19,931	1,609,170	-	3,925	-	623,868	7,694	4,227	2,270,238
Mapping	5,452	11,961	14,055	-	18,450	16,505	3,840	32,634	2,987	105,884
Rent	-	-	-	-	-	-	77,181	-	-	77,181
Sample laboratory analysis	5,515	5,008	375,835	-	43,129	37,265	15,050	618,125	287,625	1,387,552
Shipping and freight	24	16,915	142,271	-	1,413	17,365	32,377	30,631	64,201	305,197
Telephone and communications	-	1,337	65,842	-	261	-	30,245	4,005	1,315	103,005
Travel and accommodation	-	44,117	197,808	-	24,300	338	60,078	85,165	8,151	419,957
Total additions	34,515	486,000	9,559,805	76,167	461,510	72,023	2,220,998	903,665	454,591	14,269,274
Cost recoveries	-	(26,713)	(813,388)	-	-	-	-	-	-	(840,101)
	<u>8,494,962</u>	<u>809,212</u>	<u>18,677,367</u>	<u>145,734</u>	<u>581,153</u>	<u>72,023</u>	<u>6,107,839</u>	<u>2,344,512</u>	<u>3,202,475</u>	<u>40,435,277</u>
Total costs before write-offs	8,890,297	889,212	18,794,587	306,835	753,851	80,939	7,018,839	2,344,512	3,225,204	42,304,276
Written-off during year	-	-	-	(306,835)	-	-	-	-	-	(306,835)
Total costs, end of year	\$ 8,890,297	\$ 889,212	\$ 18,794,587	\$ -	\$ 753,851	\$ 80,939	\$ 7,018,839	\$ 2,344,512	\$ 3,225,204	\$ 41,997,441

4. MINERAL PROPERTIES (cont'd...)

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 is in good standing.

Attawapiskat Property, Ontario

Big Red Diamond Joint Venture

During fiscal 2002, Kel-Ex Development Ltd. ("Kel-Ex") formed an exploration joint venture with Big Red Diamonds Ltd. ("Big Red"), (the Big Red Diamond Joint Venture) with respect to certain mineral claims in the Attawapiskat area of Ontario, with Kel-Ex having an 80% interest and Big Red, a 20% interest. Also during this period, the Company entered into an agreement with Kel-Ex to acquire Kel-Ex's 80% interest in these claims in consideration for \$300,000 and the issuance of 1,000,000 common shares of the Company valued at \$225,000. Kel-Ex is controlled by an individual who became a director of the Company subsequent to this agreement.

During fiscal 2003, the Company sold, to Arctic Star Diamond Corp. ("Arctic Star"), a 20% undivided interest in certain mineral claims for proceeds of \$300,000.

As at April 30, 2008 the Company has a 60% working interest in certain mineral claims. These claims are subject to a 7.5% carried interest in favour of Kel-Ex, and the Company is obligated to contribute to the costs of the development program in proportion to its working interest.

Dumont Joint Venture

Pursuant to an agreement between Kel-Ex and Dumont Nickel Inc. ("Dumont"), Kel-Ex and Dumont formed a joint venture to explore certain mineral claims located in the vicinity of the Attawapiskat property. Kel-Ex was granted an option to earn up to a 90% interest in certain mineral claims held by Dumont and a 100% interest in any new claims staked by the joint venture subject to Dumont's right to receive a 5% interest in the new claims once commercial production is achieved. Under this agreement, Kel-Ex earned a 50% interest by incurring expenditures totaling \$1,500,000. Kel-Ex can earn a further 25% by producing a feasibility study and a final 15% (20% on new claims) by bringing the property to commercial production.

The Company, along with Arctic Star and Oasis Diamond Corp. ("Oasis"), entered into an agreement dated October 23, 2003 with Kel-Ex, whereby the parties acquired Kel-Ex's interest in the Dumont joint venture in exchange for assuming Kel-Ex's obligations under the Dumont agreement and reimbursing Kel-Ex for its costs incurred. Under this agreement, the Company acquired 70% of Kel-Ex's interest in the Dumont joint venture with Arctic Star and Oasis acquiring 20% and 10% interests, respectively. Kel-Ex retains a 10% free carried interest of which the Company's share is 7.78%. Pursuant to an agreement dated September 21, 2004, Big Red was assigned a 20% working interest of the Kel-Ex interest from the Company in consideration for payment to the Company of \$909,747 comprised of a mineral property expense recovery of \$892,001 and interest of \$17,746. As a result, the Company's working interest was reduced to 50% of Kel-Ex's right to earn 90% (95% on new claims) in the Dumont joint venture. It remains to be negotiated between the parties as to which of the Company or Big Red shall be liable for payment of the proportionate share of the Kel-Ex free carried interest.

4. MINERAL PROPERTIES (cont'd...)

Wemindji James Bay Property, Quebec

During fiscal 2003, the Company acquired a 33.3% interest in various mineral claims located in the Wemindji James Bay region of Quebec, Canada from Kel-Ex in consideration for 200,000 common shares of the Company valued at \$80,000.

During fiscal 2007, the Company received notification from one joint venture party that they did not wish to participate in non-diamond related exploration on these claims. The Company is finalizing a joint venture agreement with the other party for the exploration of various base metals within the same claim area in the Wemindji James Bay region. The Company will hold a 50% interest in this joint venture while retaining its 33.3% share in the original project which will explore solely for diamonds.

Kyle Lake Project, Ontario

The Company acquired, by staking, a 100% interest in certain mineral claims located in the Kyle Lake area of Ontario, Canada. The Company then entered into an agreement effective June 30, 2004 with Arctic Star to sell a 20% contributing interest in the property to Arctic Star for proceeds of \$100,000, reimbursement of 20% of previous staking and exploration costs incurred on the property and an agreement to pay 20% of on-going exploration costs.

During fiscal 2005, Arctic Star advised the Company that it declined to contribute financially to exploration of the Kyle Lake project and the Company elected to increase its interest in the project by funding Arctic Star's contribution. At April 30, 2008, the working interest of the Company in the project was approximately 91.5%.

The property is subject to a 10% free carried interest in favour of Kel-Ex. This interest is financed on a pro-rata basis by the Company and Arctic Star and will be carried through to commercial production. Funds expended by the Company and Arctic Star in financing this interest will be repaid out of 90% of Kel-Ex's share of mine profits.

New Liskeard, Ontario

During fiscal 2005, the Company entered into an option agreement to acquire a 100% interest in certain mineral claims located in the New Liskeard area of Ontario, Canada for which the Company paid \$20,000 cash. Pursuant to the agreement, the Company also paid \$60,000 and issued 102,645 common shares valued at \$80,000 in fiscal 2006.

During fiscal 2007, the Company decided not to proceed with further exploration on this property and, accordingly, capitalized costs of \$306,835 were written off to operations.

James Bay Lowlands Property, Ontario

In March 2008, the Company and Arctic Star entered into a farm-in agreement whereby WSR Gold Inc. ("WSR") can earn up to a 50% interest in certain mineral claims (regulatory approval subsequently granted in May 2008). Certain of these claims were previously included as part of the Kyle Lake project. Under the terms of the agreement, WSR has the right to earn up to a 50% interest in the project by funding up to \$20,000,000 in expenditures on the property over a 4 year period. For each \$5,000,000 in expenditures, WSR will acquire a 12.5% interest in the property.

4. MINERAL PROPERTIES (cont'd...)

Wawa Project, Ontario

In July 2005, the Company executed an agreement with Mori Diamonds Inc (“Mori”) that allows the Company to earn a 60% interest in certain claim units by solely funding the first diamond deposit discovered in the claim units to bankable feasibility. The Company paid \$229,500 to Mori during fiscal 2006 and agreed to pay \$100,000 annually until it earns its interest or withdraws from the venture. The minimum spending requirement of \$400,000 to have been incurred by May 31, 2006 was met. The claim units are subject to a 2% net smelter royalty.

In August 2005 the Company assigned certain rights and obligations under the Mori agreement to Dianor Resources Inc. (“Dianor”). Under the agreement, Dianor will pay 50% of all of the Company’s costs pertaining to the Mori agreement and will receive 50% of the Company’s entitlements and obligations. Dianor will also allow the Company access to its technical data base covering certain claims at Wawa.

Mali Project

In May 2007, the Company was granted an exploration license covering 490 square kilometers. The license covers a period of three years and is renewable twice for a total of nine years.

The annual exploration commitment in CFA Francs (“CFA”), with Canadian Dollar equivalents using exchange rates at April 30, 2008 is as follows:

Fiscal		
2008	45,000,000 CFA	\$107,820
2009	121,000,000 CFA	\$289,916
2010	103,000,000 CFA	\$246,788

The 2008 exploration commitment has not been met, however a work program is planned for later in calendar 2008 which will satisfy the commitment.

Angola

Alluvial diamond exploration

The Company participated, as a member of a joint venture, in alluvial diamond exploration in Angola through its interest in Project Chitamba which owns an alluvial diamond license which comprised the project area. Pursuant to the agreement, the Company was required to contribute 100% of all costs incurred by the project up to the end of feasibility studies. These costs were to be repaid out of future profits and during the period the costs were to be repaid, the Company’s interest in the project would have been 51%. After the Company’s costs have been repaid, the Company’s interest in the project was to be 33%. Under the terms of the Chitamba alluvial license, the Company was committed to spend US\$3,000,000 by July 31, 2008. During the current fiscal year, The Company has decided not to proceed with further exploration on this license and, accordingly, capitalized costs of \$3,127,706 were written off to operations.

4. MINERAL PROPERTIES (cont'd...)

Angola (cont'd...)

Kimberlite diamond exploration

The Company also entered into an agreement for kimberlite diamond exploration in Angola pursuant to an agreement executed by the Angolan Council of Ministers in April 2005. Under the terms of the agreement, the Company contributes 100% of all costs incurred by the project up to the end of feasibility studies. These costs are repaid out of future profits and during the period the costs are being repaid, the Company's interest in the project is 55-60%. After the Company's costs have been repaid, the Company's interest in the project will be 25%. Under the terms of the kimberlite license, the Company was required to spend US\$10,000,000 by April 29, 2008. This commitment has not been met as of April 30, 2008. The license is twice renewable for a period of one year and the Company has applied to have the license extended to April 29, 2009. The Company's ability to meet this expenditure commitment will be dependent upon its success in raising additional financing.

Morocco

In May 2004, the Company entered into an agreement with the Office National de Hydrocarbures et des Mines ("ONHYM") to conduct preliminary exploration work in Southern Morocco in order to identify areas on which to undertake further exploration work. In May 2005, the Company added additional areas for exploration work on the same terms and conditions as the first agreement. The agreements were governed by the laws and regulations of the Kingdom of Morocco and were valid until November 2006. The Company is currently negotiating a new joint venture agreement with the ONHYM for further exploration of the claim areas. Although the Company has every intention of reaching an agreement with the ONHYM, due to the length of time elapsed during negotiations, capitalized costs of \$2,551,890 were written off to operations during the current year.

Greenland

In December 2003, the Company applied for an exploration license in the Umiiviit area of West Greenland. The license was granted in May 2004 and is effective to December 31, 2008.

In January 2005, the Company entered into an agreement with Cantex Mine Development Corp. ("Cantex"), whereby two exploration licenses held by Cantex in Greenland were transferred and assigned to the Company. In return, the Company will solely fund exploration of these licenses until January 20, 2008 and Cantex was granted an option to purchase a 25% interest in these licenses, and the Company's Umiiviit license, for \$120,000. Cantex declined to execute the option in January 2008, relinquishing all interests in the project. Cantex is related to the Company by virtue of directors in common.

The Company granted Kel-Ex a 10% free carried interest.

In December 2006, portions of the exploration licenses were relinquished and the remaining ground was amalgamated into a single license.

METALEX VENTURES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2008

4. MINERAL PROPERTIES (cont'd...)

Greenland (con'd...)

The annual exploration commitment in Danish Kroners ("DKK"), with Canadian Dollar equivalents using exchange rates at April 30, 2008 is as follows:

Calendar		
2008	7,082,460 DKK	\$1,491,578

The expenditure commitment is based on a fixed amount plus a sliding scale based on the surface area of the license. The commitment will be reduced if certain ground is relinquished. As confirmed by the Greenland Bureau of Minerals and Petroleum, the Company has already incurred 4,708,322 DKK in expenditures towards this commitment as at April 30, 2008.

Brazil

In May 2007, the Company announced that it has entered into a letter of intent with Kel-Ex Development Ltd. to acquire certain mineral claims located in the State of Mato Grosso, Brazil in consideration for the issuance of 10,000,000 common shares of the Company. The Company also announced that it had entered into an agreement with a third party under which the third party would have an option to acquire an interest in these claims by incurring certain exploration expenditures. These transactions received shareholder approval subject to regulatory approval. Kel-Ex was to retain a 10% NPI. Subsequent to such shareholder approval, the third party decided not to proceed with the agreement. The Company is currently negotiating a similar transaction with another third party and if an agreement is reached, will require regulatory approval before the agreement can be finalized.

5. EQUIPMENT

	Expected useful life	2008			2007		
		Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Field equipment	2-3 years	\$ 880,309	\$ 249,517	\$ 630,792	\$ 371,816	\$ 61,981	\$ 309,835
Automotive	3 years	196,178	133,843	62,335	196,178	76,210	119,968
Computer equipment	3 years	42,630	28,551	14,079	30,799	24,642	6,157
Furniture and fixtures	5 years	5,194	2,364	2,830	5,194	1,308	3,886
		\$ 1,124,311	\$ 414,275	\$ 710,036	\$ 603,987	\$ 164,141	\$ 439,846

Field equipment at April 30, 2008 with a cost of \$880,309 (2007 - \$371,816) and net book value of \$630,792 (2007 - \$309,835) is held under two capital leases (Note 7). Amortization on this field equipment of \$187,536 (2007 - \$61,981) has been charged to mineral properties.

METALEX VENTURES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2008

6. CAPITAL STOCK AND CONTRIBUTED SURPLUS

	Number of Shares	Amount	Contributed Surplus
Authorized			
Unlimited number of common shares without par value			
Issued			
Balance as at April 30, 2006	62,769,073	\$ 38,291,907	\$ 6,788,667
Private placement	5,974,300	4,182,010	-
Stock-based compensation – for services	50,000	22,000	-
Stock-based compensation – options granted	-	-	243,804
Agents' warrants	-	-	4,605
Share issue costs	-	(375,164)	-
Tax benefits renounced to flow through share subscribers	-	(4,050,324)	-
Balance as at April 30, 2007	68,793,373	38,070,429	7,037,076
Private placement	17,045,000	8,432,250	-
Shares for debt	7,552,700	2,190,283	-
Share issue costs	-	(983,455)	282,992
Stock-based compensation	-	-	397,795
Tax benefits renounced to flow through share subscribers	-	(1,393,382)	-
Balance as at April 30, 2008	93,391,073	\$ 46,316,125	\$ 7,717,863

Private placements

In May 2006, the Company completed a private placement consisting of 4,551,200 flow-through shares at \$0.70 per share for gross proceeds of \$3,185,840 and 1,423,100 non-flow-through units at \$0.70 per unit for gross proceeds of \$996,170. Each non-flow-through unit consists of one common share and one half of one share purchase warrant, each whole warrant exercisable for the purchase of one common share in the Company at a price of \$0.88 per share until June 19, 2007. Finder's fees of \$278,483 were paid in cash in connection with the private placement and the Company issued agent's warrants entitling the holders to acquire 22,400 common shares at \$0.88 per share until April 12, 2007. The agent's warrants were valued at \$4,605 using the Black-Scholes option pricing model with an expected volatility of 67%, a risk free interest rate of 3.8%, an expected life of 1 year and an expected dividend yield of 0%.

In August 2007, the Company completed a private placement consisting of 7,620,000 flow-through units at \$0.55 per unit for gross proceeds of \$4,191,000 and 9,425,000 non-flow-through units at \$0.45 per unit for gross proceeds of \$4,241,250. Each unit consists of one common share and one half of one share purchase warrant, each whole warrant exercisable for the purchase of one common share of the Company at a price of \$0.75 per share for a period of two years from the date of issuance. Finder's fees in the amount of \$656,580 were paid in connection with this private placement. In addition, 1,604,500 agent's warrants were issued as finder's fees in connection with this placement, 762,000 agent's warrants are exercisable for the purchase of common shares of the Company at a price of \$0.55 per share and 842,500 agent's warrants are exercisable at a price of \$0.45 per share for a period of two years from the date of issuance. The agents' warrants were valued at \$282,992 with a weighted average fair value of \$0.18 per warrant using the Black-Scholes option pricing model with an expected volatility of 76%, a risk free interest rate of 4.53%, an expected life of 2 years and an expected dividend yield of 0%.

6. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)

Shares for debt

In April 2008, the Company agreed to settle indebtedness in the aggregate amount of \$2,190,283 by the issuance of 7,552,700 common shares of the Company at a fair value of \$0.29 per share. The indebtedness settled included the loan payable to related parties in the amount of \$1,019,052 and accounts payable owing to related parties in the amount of \$1,171,231.

Deferred share unit plan

The Company has a deferred share unit plan whereby directors can receive compensation in the form of a deferred share unit. Upon termination from the Board, the directors, at their discretion, can elect to receive either cash or shares for the deferred compensation. As of April 30, 2008, \$180,250 (2007 - \$89,333) of deferred compensation has been accrued which equates to 432,133 shares (April 30, 2007 – 141,439) at a weighted average price of \$0.42 per share (April 30, 2007 – \$0.63 per share).

Stock-based compensation – for services

In November 2006, the Company issued 50,000 shares, at a value of \$22,000, to a former director as compensation for services.

Stock-based compensation – options granted

During fiscal 2008, the Company recognized stock-based compensation of \$397,795 (2007 - \$265,804) in the statement of operations as a result of the issuance of incentive stock options granted and vested (and, in 2007, shares issued for services). The weighted average fair value of options granted was \$0.26 per option (2007 - \$0.18).

The fair value of compensatory options granted is estimated on the grant date using the Black-Scholes option pricing model. The assumptions used in calculating fair value are as follows:

	2008	2007
Risk-free interest rate	3.2%	3.9%
Expected option life	5 years	5 years
Expected stock price volatility	90%	57%
Expected dividend yield	0%	0%

Stock options and warrants

The Company has a stock option plan in place under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of 5 years with vesting provisions determined by the Board of Directors.

METALEX VENTURES LTD.
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6. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)

Stock options and warrants (cont'd...)

Stock option and share purchase warrant transactions are summarized as follows:

	Stock Options		Warrants	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, April 30, 2006	2,910,000	\$ 0.75	7,193,802	\$ 0.88
Granted	1,700,000	0.70	733,950	0.88
Exercised	-	-	-	-
Expired/cancelled	<u>(700,000)</u>	(0.76)	<u>(7,216,202)</u>	(0.88)
Outstanding, April 30, 2007	3,910,000	0.72	711,550	0.88
Granted	1,350,000	0.47	10,127,000	0.71
Exercised	-	-	-	-
Expired/cancelled	<u>(110,000)</u>	(0.70)	<u>(711,550)</u>	(0.88)
Outstanding, April 30, 2008	5,150,000	\$ 0.66	10,127,000	\$ 0.71
Number currently exercisable	4,983,333	\$ 0.66	10,127,000	\$ 0.71

The following incentive stock options were outstanding at April 30, 2008:

	Number	Exercise Price	Expiry Date
Options	1,700,000	\$ 0.70	February 24, 2010
	500,000	0.88	January 13, 2011
	1,600,000	0.70	November 1, 2011
	100,000	0.70	September 17, 2012
	<u>1,250,000</u>	0.45	March 5, 2013
	5,150,000		
Warrants	3,810,000	\$ 0.75	August 3, 2009
	4,712,500	0.75	August 3, 2009
	762,000	0.55	August 3, 2009
	<u>842,500</u>	0.45	August 3, 2009
	10,127,000		

7. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties not disclosed elsewhere in these financial statements:

- a) Paid or accrued either, directly or indirectly, sampling, laboratory and mineralogical costs of \$533,525 (2007 - \$1,370,279) to a company controlled by a director; and a 10% administration fee of \$106,349 (2007 - \$160,262), geological consulting fees of \$185,755 (2007 - \$237,134) and drilling and equipment rental charges of \$273,030 (2007 - \$294,427) to another company controlled by a director.
- b) Paid or accrued management fees of \$138,570 (2007 - \$218,498) to two companies controlled by directors.
- c) Paid or accrued office expenses of \$500 (2007 - \$10,150) to a company controlled by a director.
- d) Paid or accrued a 10% administration fee of \$6,223 (2007 - \$6,157), interest on equipment leases of \$3,178 (2007 - Nil) and shared office and administrative costs of \$7,303 (2007 - \$2,543) to a company controlled by a director.
- e) Recorded recoveries, which were netted against various expenses, for shared office and administrative costs of \$28,305 (2007 - \$126,715) and for shared field expenditures of \$114,683 (2007 - \$104,375) from a company controlled by a director and from a company with common directors and management.

Included in exploration advances is \$Nil (April 30, 2007 - \$285,530) which represent funds advanced to Kel-Ex Development Ltd (“Kel-Ex”), a company controlled by a director of the Company, towards the exploration of certain mineral properties. Kel-Ex is the operator of these properties and is holding these funds on behalf of the Company towards future exploration work.

Included in accounts payable is \$231,664 (April 30, 2007 - \$600,164) for laboratory and mineralogical costs, \$874,327 (April 30, 2007 - \$44,435) for project payroll and camp supplies costs, \$25,121 (April 30, 2007 - \$6,492) for management fees, \$25,493 (April 30, 2007 - \$11,713) for shared office and administrative costs and \$39,305 (April 30, 2007 - Nil) for exploration work completed on certain properties owing to companies controlled by directors and a company with common directors and management.

Included in receivables is \$327 (April 30, 2007 - \$90,133) for shared equipment and camp supplies costs and \$14,269 (April 30, 2007 - \$17,483) for shared office and administrative costs due from a company controlled by a director and a company with common directors and management.

These transactions were in the normal course of operations and measured at the exchange value which represented the amount of consideration established and agreed to by the related parties.

Loan payable to related parties

A forbearance of indebtedness agreement was completed effective July 31, 2006 whereby accounts payable and advances of \$2,536,707 due to a director and companies controlled by a director were exchanged for the loan payable.

As at April 30, 2008, the loan has a balance remaining of \$Nil (April 30, 2007 - \$1,019,052) as the outstanding balance was exchanged for shares of the Company (Note 6).

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7. RELATED PARTY TRANSACTIONS (cont'd...)

Leases payable to related party

Effective November 2006, the Company completed a sale-leaseback transaction with a company controlled by a director involving field equipment with an original cost of \$448,604 and net book value of \$371,816. The field equipment was sold for proceeds of \$448,604 and then leased back under a capital lease obligation of \$448,604. The lease obligation is non-interest bearing and for a term of 30 months.

Future minimum lease payments under the capital lease are as follows:

	2008	2007
Total minimum lease payments	\$ 448,604	\$ 448,604
Less: payments made	(299,069)	(149,535)
Balance of obligation	149,535	299,069
Less: current portion (due fiscal 2009)	(149,535)	(149,537)
Non-current portion	\$ -	\$ 149,532

Since this transaction was a related party transaction, the resulting gain of \$76,788 (being the difference between the sales proceeds and net book value of the assets) has been credited to contributed surplus. On the subsequent leaseback, the difference between the lease obligation and original carrying value of the equipment of \$76,788 has been charged against contributed surplus. The net effect to contributed surplus is \$Nil.

Effective February 2008, the Company entered into another capital lease with a company controlled by a director involving field equipment with a cost of \$508,492. The lease obligation carries an imputed interest rate of 5% and a term of 24 months.

Future minimum lease payments under the capital lease are as follows:

	2008	2007
Total minimum lease payments	\$ 533,917	\$ -
Less: imputed interest	(25,425)	-
Less: payments made	(63,561)	-
Balance of obligation	444,931	-
Less: current portion (due fiscal 2009)	(254,246)	-
Non-current portion (due fiscal 2010)	\$ 190,685	\$ -

METALEX VENTURES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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8. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2008	2007
Loss before income taxes	\$ (6,903,756)	\$ (1,565,661)
Expected income tax recovery	\$ 2,295,292	\$ 555,074
Write-off of mineral properties	(1,888,295)	(108,782)
Other non-deductible items	(24,099)	(23,157)
Stock-based compensation	(132,255)	(94,235)
Tax deductible share issuance costs	254,756	249,376
Non-capital losses, financing costs and resource pool benefits	<u>2,707,851</u>	<u>143,069</u>
Income tax recovery - future	\$ 3,213,250	\$ 721,345

The significant components of the Company's future income tax assets and liabilities are as follows:

	2008	2007
Future income tax assets:		
Losses available for future periods	\$ 857,326	\$ 778,776
Other tax assets	<u>166,522</u>	<u>362,843</u>
	1,023,848	1,141,619
Future income tax liabilities:		
Mineral properties principally due to flow-through shares	<u>(6,501,729)</u>	<u>(8,439,368)</u>
Net future income tax liabilities	\$ (5,477,881)	\$ (7,297,749)

The Company has non-capital losses of approximately \$3,175,000 available to reduce future years' taxable income. These losses, if not utilized, will expire through to 2028. The Company also has, subject to certain restrictions, mineral property resource expenditures available to reduce future years' taxable income.

During 2008, the Company issued 7,620,000 (2007 - 4,551,200) common shares on a flow-through basis for gross proceeds of \$4,191,000 (2007 - \$3,185,840). The flow-through agreements require the Company to renounce certain tax deductions for Canadian exploration expenditures incurred on the Company's mineral properties to the flow-through participants. During fiscal 2008, the Company renounced exploration expenditures of approximately \$4,191,000 (2007 - \$11,424,000).

METALEX VENTURES LTD.
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9. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities, and capital lease obligations due to related party. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

The Company is exposed to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

10. SEGMENTED INFORMATION

The Company's one reportable operating segment is the acquisition and exploration of mineral properties. Geographic information is as follows:

	2008	2007
Mineral properties and equipment:		
Canada	\$ 34,283,199	\$29,655,573
Angola	7,911,389	7,131,058
Greenland	3,225,582	3,225,205
Morocco	-	2,344,512
Mali	82,540	80,939
	<hr/>	<hr/>
	\$ 45,502,710	\$42,437,287

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash transactions for the year ended April 30, 2008 included:

- a) Incurring mineral property expenditures through exploration advances paid previously of \$600,552.
- b) Incurring mineral property expenditures of \$187,536 with respect to amortization of field equipment.
- c) Recognizing mineral property recoveries of \$2,239,542 through receivables.
- d) Incurring mineral property expenditures of \$2,680,377 through accounts payable and accrued liabilities and \$227,811 paid by exploration joint venture partners and applied against related receivables.
- e) Issuing 1,604,500 agent's warrants with a total value of \$282,992 as finder's fees for a private placement.
- f) The purchase of equipment through the assumption of a capital lease obligation of \$508,492 (Note 7).

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS (cont'd...)

- g) Issuing 7,552,700 common shares in exchange for indebtedness of \$2,190,283 (Note 6), including accounts payable of \$1,033,915 incurred for mineral property expenditures.
- h) Renouncing flow through expenditures of approximately \$4,191,000 resulting in a charge to capital stock of \$1,393,382.

Significant non-cash transactions for the year ended April 30, 2007 included:

- a) Incurring mineral property expenditures through exploration advances paid previously of \$961,698.
- b) Issuing 22,400 agent's warrants at a value of \$4,605 as finder's fees for a private placement.
- c) Recording share capital of \$17,500 for subscriptions received in advance.
- d) Incurring mineral property expenditures of \$138,769 with respect to amortization of field equipment.
- e) Recognizing mineral property recoveries of \$256,722 through receivables and \$313,263 of recoveries from funds advanced from exploration partners in the prior fiscal year recorded in accounts payable.
- f) Incurring mineral property expenditures of \$1,517,625 through accounts payable.
- g) Exchanging a portion of loan payable to related parties for exploration advances to related parties of \$412,824.
- h) The purchase of equipment through the assumption of a capital lease obligation of \$448,604 (Note 7).
- i) Renouncing flow through expenditures of approximately \$11,424,000 resulting in a charge to capital stock of \$4,050,324.
- j) Issuing 50,000 common shares valued at \$22,000 for services rendered.

12. SUBSEQUENT EVENT

Subsequent to April 30, 2008, the Company granted 150,000 stock options to an officer. The options have a five year term, an exercise price of \$0.45 per share and vest on the date of grant.