

METALEX VENTURES LTD.

CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 31, 2008

(Unaudited – Prepared by Management)

METALEX VENTURES LTD.

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NINE MONTH PERIOD ENDED JANUARY 31, 2008

NOTICE TO READER

Management has compiled the unaudited consolidated financial statements of Metalex Ventures Ltd. for the nine month period ended January 31, 2008 (along with the comparative interim period in 2007). The Company's external auditors have not reviewed these statements.

METALEX VENTURES LTD.
CONSOLIDATED BALANCE SHEETS
(Unaudited – Prepared by Management)

	January 31, 2008	April 30, 2007
ASSETS		
Current		
Cash	\$ 3,623,196	\$ 1,712,144
Receivables	292,084	515,716
Prepaid expenses	<u>16,114</u>	<u>4,140</u>
	3,931,394	2,232,000
Mineral properties (Note 3)	48,779,658	41,997,441
Equipment (Note 4)	300,480	439,846
Exploration advances (Note 6)	<u>118,269</u>	<u>679,438</u>
	<u>\$ 53,129,801</u>	<u>\$ 45,348,725</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 9)	\$ 2,632,784	\$ 1,714,084
Current portion of capital lease obligation	149,537	149,537
Loan payable to related parties (Notes 6 and 9)	<u>1,019,052</u>	<u>1,019,052</u>
	3,801,373	2,882,673
Capital lease obligation due to related party (Note 6)	37,381	149,532
Future income taxes	<u>6,768,919</u>	<u>7,297,749</u>
Shareholders' equity		
Capital stock (Notes 5 and 9)	45,531,333	38,070,429
Contributed surplus (Note 5)	7,379,853	7,037,076
Deficit	<u>(10,389,058)</u>	<u>(10,088,734)</u>
	<u>42,522,128</u>	<u>35,018,771</u>
	<u>\$ 53,129,801</u>	<u>\$ 45,348,725</u>

Nature and continuance of operations (Note 1)

Subsequent events (Note 9)

On behalf of the Board:

"Chad Ulansky"

Director

"Michael Hitch"

Director

See accompanying notes to consolidated financial statements.

METALEX VENTURES LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
(Unaudited – Prepared by Management)

	Three Month Period Ended January 31, 2008	Three Month Period Ended January 31, 2007	Nine Month Period Ended January 31, 2008	Nine Month Period Ended January 31, 2007
Expenses				
Amortization	\$ 13,726	\$ 19,001	\$ 48,890	\$ 38,142
Consulting fees	-	69,995	45,145	297,955
Management fees	37,867	32,100	188,142	184,073
Office and administrative	80,070	111,542	237,646	308,610
Professional fees	18,763	15,959	99,782	133,470
Property investigation	-	-	22,191	10,000
Stock based compensation	42,479	273,237	59,785	273,237
Transfer agent and filing fees	8,810	2,971	24,224	25,220
Travel and promotion	24,307	20,187	202,418	53,187
Loss before other items	<u>(226,022)</u>	<u>(544,992)</u>	<u>(928,223)</u>	<u>(1,323,894)</u>
Other items				
Interest income and foreign exchange	60,927	87,484	99,069	268,338
Write-off of mineral properties	-	(306,835)	-	(306,835)
	<u>60,927</u>	<u>(219,351)</u>	<u>99,069</u>	<u>(38,497)</u>
Loss before income taxes	(165,095)	(764,343)	(829,154)	(1,362,391)
Future income tax recovery	<u>42,061</u>	<u>185,327</u>	<u>528,830</u>	<u>442,833</u>
Earnings (loss) for the period	(123,034)	(579,016)	(300,324)	(919,558)
Deficit, beginning of period	<u>(10,266,024)</u>	<u>(9,584,960)</u>	<u>(10,088,734)</u>	<u>(9,244,418)</u>
Deficit, end of period	<u>\$(10,389,058)</u>	<u>\$(10,163,976)</u>	<u>\$(10,389,058)</u>	<u>\$(10,163,976)</u>
Basic and diluted earnings (loss) per share	\$ 0.00	\$ (0.01)	\$ (0.00)	\$ (0.01)
Weighted average number of shares outstanding	85,838,373	68,792,286	77,245,825	67,627,907

See accompanying notes to consolidated financial statements.

METALEX VENTURES LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited – Prepared by Management)

	Three Month Period Ended January 31, 2008	Three Month Period Ended January 31, 2007	Nine Month Period Ended January 31, 2008	Nine Month Period Ended January 31, 2007
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period	\$ (123,034)	\$ (579,016)	\$ (300,324)	\$ (919,558)
Items not affecting cash:				
Amortization	13,726	19,001	48,890	38,142
Stock based compensation	42,479	273,237	59,785	273,237
Future income tax recovery	(42,061)	(185,327)	(528,830)	(442,833)
Write-off of mineral properties	-	306,835	-	306,835
Change in non-cash working capital items:				
Decrease (increase) in receivables	(3,777)	(77,040)	107,283	679,108
Decrease (increase) in prepaid expenses	6,901	8,970	(11,974)	(6,730)
Increase (decrease) in accounts payable and accrued liabilities	<u>24,076</u>	<u>(326,876)</u>	<u>235,522</u>	<u>(132,051)</u>
Net cash used in operating activities	<u>(81,690)</u>	<u>(560,216)</u>	<u>(389,648)</u>	<u>(203,850)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Mineral property expenditures	(1,358,261)	(3,745,845)	(5,880,596)	(11,004,503)
Mineral property cost recoveries	295,332	244,378	552,054	271,091
Acquisition of equipment	(2,503)	(2,040)	(2,503)	(288,796)
Payments on capital lease	(37,384)	-	(112,151)	-
Exploration advances	<u>-</u>	<u>22,174</u>	<u>-</u>	<u>(158,677)</u>
Net cash used in investing activities	<u>(1,102,816)</u>	<u>(3,481,333)</u>	<u>(5,443,196)</u>	<u>(11,180,885)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of capital stock	-	-	8,432,250	4,164,510
Share issue costs paid	-	-	(688,354)	(1,251,692)
Due to related party	-	-	-	(157,994)
Loan payable to related parties	<u>-</u>	<u>(169,843)</u>	<u>-</u>	<u>(1,057,274)</u>
Net cash provided by (used in) financing activities	<u>-</u>	<u>(169,843)</u>	<u>7,743,896</u>	<u>1,697,550</u>
Increase (decrease) in cash during the period	(1,184,506)	(4,211,392)	1,911,052	(9,687,185)
Cash, beginning of period	<u>4,807,702</u>	<u>8,916,770</u>	<u>1,712,144</u>	<u>14,392,563</u>
Cash, end of period	<u>\$ 3,623,196</u>	<u>\$ 4,705,378</u>	<u>\$ 3,623,196</u>	<u>\$ 4,705,378</u>

Supplemental disclosure with respect to cash flows (Note 8)

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. BASIS OF PRESENTATION

The interim period financial statements of Metalex Ventures Ltd., (the “Company” or “Metalex”), have been prepared by the Company in accordance with Canadian generally accepted accounting principles. All financial summaries included are presented on a comparative and consistent basis showing the figures for the corresponding period in the preceding year. The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of annual financial statements. Certain information and footnote disclosure normally included in financial statements prepared in accordance with Canadian generally accepted accounting principles has been condensed or omitted. These interim period statements should be read together with the audited financial statements and the accompanying notes included in the Company's latest annual filing. In the opinion of the Company, its unaudited interim financial statements contain all adjustments necessary in order to present a fair statement of the results of the interim periods presented.

Effective May 1, 2007 the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants (“CICA”) under CICA Handbook Section 1530 “Comprehensive Income” (“Section 1530”), Section 3251 “Equity”, Section 3855 “Financial Instruments – Recognition and Measurement” (“Section 3855”), Section 3861 “Financial Instruments – Disclosure and Presentation” and Section 3865 “Hedges”. These new sections, which apply to fiscal years beginning on or after October 1, 2006, provide requirements for the recognition and measurement of financial instruments and on the use of hedge accounting. Section 1530 establishes standards for reporting and presenting comprehensive income which is defined as the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that would not normally be included in the statement of operations such as unrealized gains or losses from available for sale securities which are not included in computing net income (loss) until realized. The Company does not currently have any assets or liabilities that are subject to this accounting treatment.

METALEX VENTURES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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2. BASIS OF PRESENTATION (con't...)

Under Section 3855, all financial instruments are classified into one of the following five categories: held-for-trading; held-to-maturity; loans and receivables; available-for-sale or other financial liabilities. All financial instruments, including derivatives, are measured at fair value, except for loans and receivables, held-to-maturity instruments and other financial liabilities, which are measured at amortized cost. Subsequent measurement and recognition of changes in fair value will depend on their initial classification. Gains and losses on held-for-trading financial instruments are included in net income in the period in which they arise.

The Company made the following classifications:

Cash and cash equivalents	Held-for-trading
Accounts receivable	Loans and receivables
Accounts payable and accrued liabilities	Other liabilities

The Company's financial statements have not been impacted by this policy to date.

METALEX VENTURES LTD.
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3. MINERAL PROPERTIES

Nine Months Ended January 31, 2007	Attawapiskat	James Bay, Quebec	Kyle Lake	James Bay, Ontario	Wawa	Mali	Angola	Morocco	Greenland	Total
Acquisition costs:										
Balance, beginning of period	\$ 395,335	\$ 80,000	\$ 117,220	\$ -	\$ 172,698	\$ 8,916	\$ 911,000	\$ -	\$ 22,729	\$ 1,707,898
Additions	-	-	3,264	510,284	51,642	-	-	-	-	565,190
Cost Recoveries	-	-	(277)	-	-	-	-	-	-	(277)
Balance, end of period	395,335	80,000	120,207	510,284	224,340	8,916	911,000	-	22,729	2,272,811
Exploration costs:										
Balance, beginning of period	8,494,962	809,212	18,677,367	-	581,153	72,023	6,107,839	2,344,512	3,202,475	40,289,543
Additions										
Airborne geophysical survey	-	-	-	-	-	-	416,172	-	-	416,172
Aircraft field transport	-	(5,323)	1,087,137	-	-	-	11,190	-	-	1,093,004
Camp and field supplies	-	-	292,176	-	7,512	350	388,319	-	-	688,357
Consulting fees	182	605	40,740	-	16,531	825	58,965	31,482	-	149,330
Drilling	-	-	738,015	-	-	-	34,530	-	-	772,545
Equipment rental and amortization	-	-	150,294	-	-	-	69,925	-	-	220,219
Fuel	-	-	261,170	-	-	-	97,391	-	-	358,561
Ground geophysical survey	-	-	-	-	2,882	-	-	-	-	2,882
Insurance, legal and licenses	-	1,293	5,023	-	-	-	41,671	7,716	-	55,703
Labour	-	-	887,290	-	2,530	-	582,147	-	-	1,471,967
Mapping	14	224	5,335	-	9,120	149	2,423	1,105	104	18,474
Rent	-	-	-	-	-	-	40,321	-	-	40,321
Sample laboratory analysis	-	219,730	255,768	-	165,653	-	19,984	149,138	-	810,273
Shipping and freight	-	-	83,581	-	3,015	-	65,478	-	-	152,074
Telephone and communications	-	-	33,044	-	2,553	-	33,663	-	-	69,326
Travel and accommodation	-	-	136,595	-	5,946	-	92,872	-	-	235,674
Total additions	196	216,529	3,976,168	-	215,740	1,324	1,955,051	189,768	104	6,554,880
Cost recoveries	-	-	(337,577)	-	-	-	-	-	-	(337,577)
Balance, end of period	8,495,158	1,025,741	22,315,958	-	796,893	73,347	8,062,890	2,534,280	3,202,579	46,506,846
Total costs, end of period	\$ 8,890,493	\$ 1,105,741	\$ 22,436,165	\$ 510,284	\$ 1,021,233	\$ 82,263	\$ 8,973,890	\$ 2,534,280	\$ 3,225,308	\$ 48,779,658

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

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4. EQUIPMENT

	Expected useful life	January 31, 2008			April 30, 2007
		Cost	Accumulated Amortization	Net Book Value	Net Book Value
Field equipment	3 years	\$ 371,816	\$ 154,960	\$ 216,856	\$ 309,835
Automobile	3 years	196,178	121,372	74,806	119,968
Computer equipment	3 years	33,302	27,578	5,724	6,157
Furniture and fixtures	5 years	<u>5,194</u>	<u>2,100</u>	<u>3,094</u>	<u>3,886</u>
		\$ 606,490	\$ 306,010	\$ 300,480	\$ 439,846

Field equipment at January 31, 2008 with a cost of \$371,816 (April 30, 2007 - \$371,816) and net book value of \$216,856 (April 30, 2007 - \$309,835) is held under capital lease. Amortization on this field equipment of \$92,979 (2007 - \$30,988) has been charged to mineral properties.

5. 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, 2007	68,793,373	\$ 38,070,429	\$ 7,037,076
Private placement	17,045,000	8,432,250	-
Share issue costs	-	(971,346)	282,992
Stock-based compensation	-	-	<u>59,785</u>
Balance as at January 31, 2008	85,838,373	\$ 45,531,333	\$ 7,379,853

Private placement

During the previous period, 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 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%.

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

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. The directors, at their discretion, can elect to receive either cash or shares for the deferred compensation. As of January 31, 2008, \$158,000 (April 30, 2007 - \$89,333) of deferred compensation has been accrued which equates to 343,133 (April 30, 2007 – 141,439) shares at a weighted average price of \$0.46 per share.

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.

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, 2007	3,910,000	\$ 0.72	711,550	\$ 0.88
Granted	100,000	0.70	10,127,000	0.71
Exercised	-	-	-	-
Expired/cancelled	(110,000)	(0.70)	(711,550)	(0.88)
Outstanding, January 31, 2008	3,900,000	\$ 0.72	10,127,000	\$ 0.71
Number currently exercisable	3,733,333	\$ 0.72	10,127,000	\$ 0.71

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

The following incentive stock options were outstanding at January 31, 2008:

	Number	Exercise Price	Expiry Date
Options	1,700,000	\$ 0.70	February 24, 2010
	500,000	0.88	July 13, 2011
	1,600,000	0.70	November 1, 2011
	<u>100,000</u>	0.70	September 17, 2012
	3,900,000		
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		

Stock-based compensation

During the nine month period ended January 31, 2008, the Company recognized stock-based compensation of \$59,785 (2007 - \$273,237) in the statement of operations as a result of the issuance of incentive stock options granted and vested. The weighted average fair value of options granted was valued at \$0.22 per option (2007 - \$0.18) using the Black-Scholes option pricing model with an expected volatility of 80%, a risk free interest rate of 4.23%, an expected life of 4.4 years and an expected dividend yield of 0%.

6. 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 \$454,314 (2007 - \$1,116,778) to a company controlled by a director; and a 10% administration fee of \$83,474 (2007 - \$105,409), consulting fees of \$119,648 (2007 - \$93,637) and drilling and equipment rental charges of \$99,888 (2007 - \$206,347) to another company controlled by a director.
- b) Paid or accrued management fees of \$119,426 (2007 - \$165,323) to two companies controlled by directors.
- c) Paid or accrued office expenses of \$500 (2007 - \$8,812) to a company controlled by a director.
- d) Paid or accrued a 10% administration fee of \$4,473 (2007 - \$5,152) and shared office and administrative costs of \$8,327 (2007 - \$22,762) to a company controlled by a director and to a company with common directors and management.
- e) Recorded recoveries, which were netted against various expenses, for shared office and administrative costs of \$23,344 (2007 - \$69,423) and for shared field expenditures of \$3,643 (2007 - \$79,665) from a company controlled by a director and from a company with common directors and management.

Included in exploration advances is \$10,614 (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 \$1,079,467 (April 30, 2007 - \$600,164) for laboratory and mineralogical costs, \$747,974 (April 30, 2007 - \$44,435) for project payroll and camp supplies costs, \$64,182 (April 30, 2007 - \$6,492) for management fees and \$54,082 (April 30, 2007 - \$11,713) for shared office and administrative costs owing to companies controlled by directors and a company with common directors and management (see Note 9).

Included in receivables is \$80,241 (April 30, 2007 - \$90,133) for shared equipment and camp supplies costs incurred in a joint exploration program in Greenland and \$25,544 (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.

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

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. The loan is non-interest bearing, matures on April 1, 2008, and is secured by a general security agreement on the Company's assets.

As at January 31, 2008, the loan has a balance remaining of \$1,019,052 (April 30, 2007 - \$1,019,052).

Lease 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:

	January 31, 2008	April 30, 2007
Total minimum lease payments	\$ 448,604	\$ 448,604
Less: payments to date indicated	<u>(261,686)</u>	<u>(149,535)</u>
Balance of obligation	186,918	299,069
Less: current portion	<u>(149,537)</u>	<u>(149,537)</u>
Non-current portion - due Fiscal 2009	<u>\$ 37,381</u>	<u>\$ 149,532</u>

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.

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7. SEGMENTED INFORMATION

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

	January 31, 2008	April 30, 2007
Mineral properties and equipment:		
Canada	\$ 34,189,591	\$29,655,573
Angola	9,048,696	7,131,058
Greenland	3,225,308	3,225,205
Morocco	2,534,280	2,344,512
Mali	82,263	80,939
	<u>\$ 49,080,138</u>	<u>\$42,437,287</u>

8. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash transactions for the nine month period ended January 31, 2008 included the Company:

- a) Incurring mineral property expenditures through exploration advances paid previously of \$561,169.
- b) Incurring mineral property expenditures of \$92,979 with respect to amortization of field equipment.
- c) Recognizing mineral property recoveries of \$116,349 through receivables.
- d) Incurring mineral property expenditures of \$683,178 through accounts payable.
- e) Issuing 1,604,500 agent's warrants with a total value of \$282,992 as finder's fees for a private placement.

Significant non-cash transactions for the nine month period ended January 31, 2007 included the Company:

- a) Incurring mineral property expenditures through exploration advances paid previously of \$546,882.
- 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 \$107,776 with respect to amortization of field equipment.
- e) Recognizing mineral property recoveries of \$52,875 through receivables.
- f) Incurring mineral property expenditures and recoveries of \$559,146 through accounts payable.

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

- g) Exchanging a portion of loan payable to related parties for exploration advances to related parties of \$412,824.
- h) Recognizing proceeds from the disposition of equipment of \$448,604 through receivables and the assumption of a capital lease obligation through accounts payable of \$112,151 and capital lease obligation of \$336,453, of which, \$149,537 is current.

9. SUBSEQUENT EVENTS

Subsequent to January 31, 2008, the Company:

- a) announced that it has agreed to settle indebtedness in the aggregate amount of \$2,190,283 by the issuance of 7,552,699 common shares of the Company at a deemed value of \$0.29 per share. The indebtedness settled includes 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.
- b) announced that, subject to regulatory approval, it has granted a total of 1,250,000 options to certain directors, officers and employees. The options have a five year term, an exercise price of \$0.45 per share and vest on the date of grant.