CARAT EXPLORATION INC.

CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

FEBRUARY 29, 2008 AND FEBRUARY 28, 2007

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

These financial statements have been prepared by management of the Company and have not been reviewed by the Company's independent auditor.

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

CARAT EXPLORATION INC.
Consolidated Balance Sheets
(Unaudited)

	February 29 2008	August 31 2007
ASSETS		
CURRENT		
Cash	$ 110,369	$ 332,907
Short-term investments	260,000	550,000
Receivable and advances	10,733	-
GST receivable	21,370	7,501
Accrued interest receivable	6,480	2,995
Due from related party (Note 6)	2,212	4,452
Tax credit receivable	291,270	290,630
Prepaid expenses and deposit	12,877	9,614
	715,311	1,198,099
MINERAL PROPERTIES (Note 4)	125,902	125,902
DEFERRED EXPLORATION COSTS (Note 4)	2,701,203	2,341,477
	$ 3,542,416	$ 3,665,478
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	$ 76,120	$ 96,352
	76,120	96,352
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 5)	4,040,914	4,040,914
CONTRIBUTED SURPLUS (Note 5)	4,056,568	1,941,403
DEFICIT	(4,631,186)	(2,413,191)
	3,466,296	3,569,126
	$ 3,542,416	$ 3,665,478

Commitment (Note 8)

APPROVED BY THE DIRECTORS:

"Harry Katevatis"
Harry Katevatis, Director

"Jim Heras"
Jim Heras, Director

The accompanying notes are an integral part of these financial statements

CARAT EXPLORATION INC.
Consolidated Statements of Loss and Deficit
(Unaudited)

	Three Months Ended February 29, 2008	Three Months Ended February 28, 2007	Six Months Ended February 29, 2008	Six Months Ended February 28, 2007
EXPENSES				
Insurance	1,138	-	1,886	-
Investor relations	10,000	15,049	22,575	35,725
Management and administration fees	12,000	12,000	24,000	24,000
Office and others	8,044	3,765	9,783	8,346
Professional fees	12,852	17,479	17,954	23,951
Rent	2,038	12	3,935	4,833
Salaries and benefits	21,446	-	21,446	-
Stock-based compensation	1,116,077	83,448	2,115,165	182,136
Stock exchange and filing fees	9,483	13,518	10,018	13,518
Transfer agent fees	3,963	2,592	5,082	3,899
Travel and promotion	1,559	14,173	2,342	15,993
	1,198,600	162,036	2,234,186	312,401
Interest income	(1,120)	(11,254)	(9,391)	(26,516)
Interest expense	9	-	9	-
Foreign exchange	1,977	102	(6,809)	102
NET LOSS FOR THE PERIOD	(1,199,466)	(150,884)	(2,217,995)	(285,987)
DEFICIT, BEGINNING OF PERIOD	(3,431,720)	(739,567)	(2,413,191)	(604,464)
DEFICIT, END OF PERIOD	$ (4,631,186)	$ (890,451)	$ (4,631,186)	$ (890,451)
BASIC LOSS PER SHARE	$ (0.03)	$ (0.00)	$ (0.06)	$ (0.01)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	37,263,404	36,000,149	37,263,404	35,911,847

The accompanying notes are an integral part of these financial statements

CARAT EXPLORATION INC.
Consolidated Statements of Cash Flows
(Unaudited)

	Three Months Ended February 29, 2008	Three Months Ended February 28, 2007	Six Months Ended February 29, 2008	Six Months Ended February 28, 2007
OPERATING ACTIVITIES				
Net loss for the period	$ (1,199,466)	$ (150,882)	$ (2,217,995)	$ (285,987)
Add items not affecting cash:				
Stock-based compensation	1,116,077	68,448	2,115,165	167,136
Unrealized foreign exchange gain/loss	-	-	-	-
Net changes in non-cash working capital items				
Short-term investment	190,000	-	290,000	-
Receivable and advances	55,566	-	(10,733)	-
GST receivable	(8,705)	(9,731)	(13,869)	(29,186)
Accrued interest receivable	2,731	8,879	(3,485)	(4,314)
Tax credit receivable	(640)	(115,738)	(640)	(172,538)
Prepaid and deposit	(9,362)	2,740	(3,263)	10,622
Accounts payable and accrued liabilities	31,346	(259,467)	(20,232)	(98,997)
	177,547	(455,751)	134,948	(413,264)
FINANCING ACTIVITIES				
Amounts due to related parties	4,466	(5,255)	2,240	(4,452)
Shares issued for cash, net of share issuance costs	-	228,000	-	292,100
	4,466	222,745	2,240	287,648
INVESTING ACTIVITIES				
Deferred exploration costs	(108,697)	(486,946)	(359,726)	(714,154)
	(108,697)	(486,946)	(359,726)	(714,154)
INCREASE (DECREASE) IN CASH DURING THE PERIOD	73,316	(719,952)	(222,538)	(839,770)
CASH, BEGINNING OF PERIOD	37,053	1,503,830	332,907	1,623,648
CASH, END OF PERIOD	$ 110,369	$ 783,878	$ 110,369	$ 783,878
Supplemental Cash Flow Information:				
Cash paid for income tax	$ -	$ -	$ -	$ -
Interest paid	$ 9	$ -	$ 9	$ -

The accompanying notes are an integral part of these financial statements

1. NATURE OF OPERATIONS

The Company was incorporated under the laws of the Province of British Columbia on October 16, 2003. The Company listed its common shares for trading on the TSX Venture Exchange as a junior mineral exploration company on March 14, 2005. The Company is in the development stage and is in the process of acquiring and exploring its mineral properties and has not yet determined whether these properties contain mineral reserves that are economically recoverable. The continued operations of the Company and the recoverability of the amounts shown for mineral property and related deferred exploration costs is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and upon future profitable production or proceeds from the disposition thereof. There is no assurance that the Company will be successful in recovering the amounts shown for mineral property and related exploration costs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its subsidiary Acarat (Chile) S.A.

b) Use of Estimates

The preparation of 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of impairment of mineral properties and deferred exploration costs. Actual results could differ from those reported.

c) Mineral Properties and Exploration Costs

The Company defers the cost of acquiring, maintaining its interest, exploring and developing mineral properties until the properties to which they relate are placed into production, sold or abandoned. These costs will be amortized on the unit of production basis over the proven reserves of the related property following commencement of production. Proceeds received, as a result of the sale of a mineral property, will be applied first against the carrying value of the property, and any excess will be set off against deferred exploration costs. Write-downs due to impairment in value are charged to operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

d) Mineral Properties and Exploration Costs - continued

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

d) General and Administrative Expenses

The Company charges all general and administrative expenses not directly related to exploration activities to operations as incurred.

e) Fair Market Value of Financial Instruments

The carrying values of cash, short-term investments, GST receivable, interest receivable, due from related party, provincial tax credit receivable, prepaid expenses and advances, accounts payable and accrued liabilities, approximate their fair market value because of the short maturity of these instruments. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

f) Basic and Diluted Loss Per Share

Basic loss per share is calculated by dividing the loss for the year by the weighted average number of common shares outstanding during the year.

The Company uses the treasury stock method to compute the dilutive effect of the 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. For the years presented, this calculation proved to be anti-dilutive. Therefore, there is no difference in the calculation of basic and diluted loss per share.

g) Stock-based Compensation

The Company has a stock-based compensation plan which is described in Note 5(c). The Company accounts for all stock-based payments and awards under the fair value based method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

g) Stock-based Compensation - continued

Under the fair value based method, stock-based payments to non-employees are measured at the fair value of the consideration received, or the fair value of the equity instruments issued, or liabilities incurred, whichever is more reliably measurable. The fair value of stock-based payments to non-employees is periodically re-measured until counterparty performance is complete, and any change therein is recognized over the vesting period of the award and in the same manner as if the Company had paid cash instead of paying with or using equity instruments. The cost of stock-based payments to non-employees that are fully vested and non-forfeitable at the grant date is measured and recognized at that date.

Compensation cost attributable to awards to employees is measured at fair value at the grant date and recognized over the vesting period. Compensation cost attributable to awards to employees that call for settlement in cash or other assets is measured at intrinsic value and recognized over the vesting period. Changes in intrinsic value between the grant date and the measurement date result in a change in the measure of compensation cost. Compensation cost is generally recognized on a straight line basis over the vesting period.

h) Future Income Taxes

The Company accounts for income taxes using the asset and liability method. Under this method, future income taxes are recorded for the temporary differences between the financial reporting basis and tax basis of the Company's assets and liabilities. These future taxes are measured by the provisions of currently enacted tax laws. Management believes that it is not sufficiently likely that the Company will generate sufficient taxable income to allow the realization of future income assets and therefore the Company has fully provided against these assets.

i) Cash and cash equivalents

Cash equivalents include money market instruments which are readily convertible into cash or have maturities at the date of purchase of less than ninety days.

j) Asset Retirement Obligation

The Company has adopted the recommendations of CICA Handbook Section 3110, Asset Retirement Obligations. The new section requires recognition of a legal liability for obligations relating to retirement of property, plant and equipment, and arising from the acquisition, development or normal operation of those assets. Such asset retirement cost must be recognized at fair value when a reasonable estimate of fair value can be estimated, in the period in which it is incurred, added to the carrying value of the asset, and amortized to operations on a systematic basis over its useful life. There is no material impact on the financial statements resulting from the adoption of Section 3110 in the current period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

k) Foreign Currency Translation

The functional currency of the Company and its subsidiary is the Canadian dollar. Monetary assets and liabilities denominated in foreign currency are translated into Canadian dollars at the rate of exchange prevailing at the balance sheet date. Non-monetary items are translated at rates of exchange in effect when the amounts were acquired or obligations incurred. Revenue and expenses are translated at rates in effect at the time of the transaction. Foreign exchange gains and losses are recognized in the determination of net loss in the year in which they arise.

l) Changes in accounting policies

The CICA issued the following sections that were adopted by the Company on September 1, 2007. In Accordance with the transitional provisions, these standards have been applied retrospectively without restatement of prior periods.

(i) Section 3855, Financial Instruments – Recognition and Measurement

Section 3855 prescribes when a financial asset, financial liability or derivative is to be recognized on the balance sheet and at what amount, requiring fair value or cost-based measures under different circumstances. Under Section 3855, financial instruments must be classified into one of five categories: held- or-trading, held-to-maturity, loans and receivables, available-for-sale, or other financial liabilities. All financial instruments, including derivatives, are initially measured on the balance sheet at fair value. Subsequent measurement depends on the classification as follows: held-for-trading - measured at fair value with changes in fair value recognized in net earnings; held-to-maturity, loans and receivables, and other financial liabilities - recorded at amortized cost with gains and losses recognized in net earnings in the period that the asset is derecognized or impaired; and available-for-sale - measured at fair value with changes in fair value recorded in other comprehensive income, until the instrument is derecognized or impaired, when the amounts are then recorded in net earnings.

In accordance with these new standards, the Company has classified its financial instruments as follows:

Asset/Liability	Classification	Measurement
Cash	Held-for-trading	Fair value
Short-term investments	Held-for-trading	Fair value
Receivable and advances	Loans and receivable	Amortized cost
GST receivable	Loans and receivable	Amortized cost
Accrued interest receivable	Loans and receivable	Amortized cost
Due from related parties	Loans and receivable	Amortized cost
Tax credit receivable	Loans and receivable	Amortized cost
Prepaid expenses	Loans and receivable	Amortized cost
Payables and accruals	Other financial liabilities	Amortized cost

2. SUMMARY OF SIGINIFICANT ACCOUNTING POLICIES - continued

l). Changes in accounting policies - continued

(i) Section 3855, Financial Instruments – Recognition and Measurement - continued

Transaction costs other than those related to financial instruments classified as held-for-trading, which are expensed as incurred, are added to the fair value of the financial asset or financial liability on initial recognition and amortized using the effective interest rate method. Fair values are based on quoted market prices where available from active markets, otherwise fair values are estimated using a variety of valuation techniques and models. All derivative instruments, including embedded derivatives, are recorded on the balance sheet at fair value unless exempted from derivative treatment as a normal purchase and sale. All changes in fair value are recorded in earnings unless cash flow hedge accounting is used, in which case changes in fair value are recorded in other comprehensive income. The impact of the change in accounting policy related to financial instruments was not material.

(ii) Section 3865, Hedges

Section 3865, Hedges replaced Accounting Guideline 13, Hedging Relationships. The requirements for the identification, designation, documentation and assessment of effectiveness of hedging relationships remain substantially unchanged from AcG-13. However, Section 3865 addresses the accounting treatment of qualifying hedging relationships and the necessary disclosures, and also requires all derivatives in hedging relationships to be recorded at fair value. The adoption of this standard had no impact on the Company, as there are no hedging relationships in place.

(iii) Section 1530, Comprehensive Income

Section 1530, Comprehensive Income introduces a statement of comprehensive income, which is comprised of net earnings and other comprehensive income. Other comprehensive income represents the change in shareholders' equity from transactions and other events from non-owner sources, and includes unrealized gains and losses on financial assets that are classified as available-for-sale and changes in the fair value of the effective portion of cash flow hedging instruments.

(iv) Section 3861, Financial Instruments – Disclosure and Presentation

Section 3861, Financial Instruments – Disclosure and Presentation replaces Section 3860 of the same title, and establishes the standards for presentation of financial instruments and non-financial derivatives, and identifies the information that should be disclosed about them.

2. SUMMARY OF SIGINIFICANT ACCOUNTING POLICIES (continued)

m) Recent accounting pronouncements

The following is an overview of recent accounting pronouncements that the Company will be required to adopt in future years:

i) Section 3862, Financial Instruments – Disclosures and Section 3863, Financial Instruments – Presentation

Effective January 1, 2008, the Company will be required to comply with Section 3862, Financial Instruments - Disclosures, and Section 3863, Financial Instruments – Presentation. These sections will replace existing Section 3861, Financial Instruments – Disclosure and Presentation. The presentation standards are carried forward unchanged. The disclosure standards are enhanced and expanded to complement the changes required by Section 3855, Financial Instruments – Recognition and Measurement.

ii) Section 1535, Capital Disclosures

Effective January 1, 2008, the Company will be required to comply with Section 1535, Capital Disclosures. This section establishes standards for disclosing information that enables users of financial statements to valuate the entity's objectives, policies and processes for managing capital. The new requirements are related to disclosure only and will not impact the financial results of the Company.

iii) Section 3064, Goodwill and Intangible Assets

In January 2008, the CICA issued Section 3064, Goodwill and Intangible Assets, which replaces existing Section 3062, Goodwill and Other Intangible Assets. This new section establishes standards for the recognition of internally developed intangible assets. The standards for the recognition and impairment testing of goodwill are carried forward unchanged. This section is applicable to the Company commencing January 1, 2009.

iv) International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan which outlines the convergence of Canadian generally accepted accounting principles ("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 years ended December 31, 2010 and earlier where applicable. 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.

3. TAX CREDIT

The Company is qualified for the B.C. Mining Exploration Tax Credit ("BCMETC"). The BCMETC is a B.C. income tax credit which is equal to 20% of qualified mining exploration costs incurred by the Company, and is refundable to the extent it exceeds the Company's income tax payable.

4. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS

Seneca Property

Pursuant to an option agreement dated June 21, 2004, the Company was granted an option to acquire a 100% undivided interest in 6 mineral claims situated in the New Westminster Mining Division, B.C. As consideration for the property, the Company paid $20,000. The claims are subject to net Smelter Return Royalty of 1%. Under the terms of the agreement the Company has also the option to purchase the net Smelter Returns Royalty for $250,000 at any time before the property is put into commercial production.

During the years ended August 31, 2004 and 2005 the Company staked 28 additional mineral claims at the cost of $38,958.

By another opinion agreement dated July 22, 2005, the Company was granted an option to acquire a 100% undivided interest in 2 mineral claims also situated in the New Westminster Mining Division, B.C. As consideration, the Company paid $40,000 and agreed to expend $20,000 on exploration expenditure on or before March 20, 2006. The claims are subject to a 2% Net Smelter Royalty, which can be purchased by the Company for $1.25 million at any time. Included in the cost of acquisition is $26,944 paid for assessment fees.

Combarbala Property

Pursuant to an option agreement dated July 14, 2006, the Company was granted an option to acquire a 50% undivided interest in 29 mineral claims located in the IV Region of Chile. To earn its interest the Company is required to spend US$250,000 by July 14, 2007 and an additional US$1,000,000 by July 14, 2009. Upon completing the expenditures the Company may elect to be vested with an undivided 50% interest in the property and form a Joint Venture with the optioner (BHP Billiton) for the continued exploration and development of the property. BHP Billiton may elect to acquire up to a 70% interest in the joint venture, within 180 days of formation, by repaying the historical expenditures incurred by the Company and funding additional expenditures on the property up to an aggregate of $12,000,000 or a Pre-Feasibility Study, whichever occurs earlier.

4. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS - continued

Mineral Properties

	February 29, 2008	August 31, 2007
Seneca Property	$ 125,902	$ 125,902
Combarbala Property	-	-
	$ 125,902	$ 125,902

Deferred Exploration Costs

The Company has incurred the following deferred exploration costs:

	Six Months Ended February 29, 2008	Year Ended August 31, 2007
Seneca Property, B. C.		
Balance, beginning of period	$ 1,875,289	$ 1,140,507
Additions during the period:		
Analytical fees	1,300	49,439
Drilling	-	254,689
Geological surveys, consulting and reports	173	267,745
Sampling and prospecting	1,729	-
Travel, supplies and field expenses	-	330,865
Mobilization and demobilization	-	15,740
	3,202	918,478
Mining tax credit	-	(183,696)
	3,202	734,782
Balance, end of period	1,878,491	1,875,289
Combarbala Property, Chile		
Balance, beginning of period	466,188	-
Additions during the period:		
Analytical fees	19,705	88,409
Drilling	83,467	127,182
Geological surveys, consulting and reports	115,395	208,006
Sampling and prospecting	85,363	-
Travel, supplies and field expenses	53,234	39,496
Mobilization and demobilization	-	3,095
	357,164	466,188
Balance, end of period	823,352	466,188
Total deferred exploration costs	$ 2,701,843	$ 2,341,477

5. SHARE CAPITAL

a) Authorized

400,000,000 common shares without par value.

b) Issued and fully paid

	Number of Shares	Share Capital	Contributed Surplus
Balance, August 31, 2006	35,983,404	$ 3,197,551	$ 412,754
Exercise of options	200,000	30,000	(15,000)
Exercise of warrants	330,000	264,920	-
Private placement	750,000	599,985	-
Share issuance costs	-	(51,542)	-
Stock-based compensation	-	-	1,543,649
Balance, August 31, 2007	37,263,404	4,040,914	1,941,403
Stock-based compensation	-	-	2,115,165
Balance, February 29, 2008	37,263,404	$ 4,040,914	$ 4,056,568

c) Stock Options

The Company has granted share purchase options to directors and officers of the Company to purchase common shares of the Company. These options are granted with an exercise price equal to the market price of the Company's stock at the date of grant. A summary of the stock options activities during the six months ended February 29, 2008 and for the year ended August 31, 2007 is as follows:

	Number	Weighted Average Price
Balance, August 31, 2006	5,125,000	$ 0.407
Granted	4,575,000	0.920
Expired	(3,075,000)	0.100
Exercised	(200,000)	0.075
Balance, August 31, 2007	6,425,000	0.930
Granted	1,200,000	0.420
Expired	(1,600,000)	0.900
Balance, February 29, 2008	6,025,000	$ 0.083

5. SHARE CAPITAL - continued

c) Stock Options - continued

Stock options outstanding at February 29, 2008 are as follows:

Number of Shares	Exercise Price		Expiring Date
75,000	$	1.18	June 1, 2008
250,000	$	1.17	April 15, 2009
4,500,000	$	0.92	April 30, 2012
100,000	$	0.40	October 22, 2008
100,000	$	0.60	October 22, 2008
1,000,000	$	0.40	January 2, 2013
6,025,000			

During the six months ended November February 29, 2008, under the fair value based method $2,115,165 (2007 - $182,136) in stock-based compensation expense was recorded in the statement of loss and deficit for the stock options granted and vested to directors, officers and consultants of the Company.

The fair value of the share options used to calculate compensation expense has been estimated using the Black-Scholes Option Pricing Model with the following assumptions:

	Six Months Ended February 29, 2008	Year Ended February 28, 2007
Risk-free interest rate	4.32% to 3.76%	3.58% to 4.38%
Expected dividend yield	0.0%	0.0%
Expected stock price volatility	82% to 89.30%	78% to 338%
Expected life of options	1 - 5 year	1 - 3 years
Weighted average fair value of options granted	$0.42	$0.96

d) Escrow Shares

As at February 29, 2008 a total of 2,385,001 (August 31, 2007 – 4,770,002) common shares of the Company are subject to escrow agreements, and may be released in accordance with regulatory policies as follows:

- 10% upon listing on TSX (listed March 14, 2005);
- 15% every six months thereafter for 36 months.

5. SHARE CAPITAL - continued

e) Warrants

Warrants outstanding at February 29, 2008 are as follows:

Number of Warrants	Exercise Price	Expiring Date
375,000	$1.20	July 9, 2008

6. RELATED PARTY TRANSACTIONS

a) During the six months ended February 29, 2008, the Company paid $24,000 (2007 - $24,000) for management fees and administration expenses to a company controlled by a director.

b) During the six months ended February 29, 2008, $7,141 (2007 - $14,874) was paid to a firm controlled by an officer of the Company for legal fees and disbursements.

c) During the six months ended February 29, 2008, $4,200 (2007 - $9,646) was recorded as reimbursement for rent from a company related through common directors. As of February 29, 2008, a balance of $2,212 (August 31, 2007 - $2,226) was due from this company. The amount is non-interest bearing and unsecured, with no fixed terms of repayment.

7. PRIOR PERIOD RESTATEMENT AND COMPARATIVE FIGURES

Comparative figures at August 31, 2007 have been restated. Share capital and deficit were decreased by $124,567 to adjust for future income tax recovery from renunciation of flow-through tax benefits. Further, certain comparative figures have been reclassified to conform to the current year's presentation.

8. COMMITMENT

The Company has minimum rental obligation of $8,848 under an operating lease for office premises which expires on January 31, 2009.

9. SUBSEQUENT EVENT

Subsequent to the period end, the Company entered into an Option and Joint Venture agreement with Brasilca Mining Corporation to earn a 70% interest in the Tucuma project in Brasil subject to regulatory approval. The Company has agreed to pay $100,000 at the successful conclusion of the due diligence, an additional $100,000 on or before March 13, 2009, and incur an aggregate of $2,000,000 in exploration expenditures over 3 years with a minimum of $400,000 in the first year.