

**INTERNATIONAL NORTHAIR
MINES LTD.**

(A Development Stage Company)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2007

(Unaudited – Prepared by Management)

Canadian Funds

Reader's Note:

These interim consolidated financial statements for the three and six months ended August 31, 2007 of International Northair Mines Ltd. ("Northair" or the "Company") have been prepared by management and have not been subject to review by the Company's auditor.

International Northair Mines Ltd.
(A Development Stage Company)

Interim Consolidated Balance Sheet

Canadian Funds – Unaudited – Prepared by Management

ASSETS	August 31, 2007	February 28, 2007
Current		
Cash and cash equivalents	\$ 930,090	\$ 780,469
Short-term deposits (Note 5)	78,184	673,167
Receivables	87,173	42,632
Due from related parties (Note 11)	227,020	95,992
Short-term investments (Note 6)	654,406	216,997
Prepaid expenses	21,071	880
	<u>1,997,944</u>	1,810,137
Property, plant and equipment (Note 7)	69,766	78,668
Resource property costs – Schedule (Note 8)	741,302	519,338
	<u>\$ 2,809,012</u>	<u>\$ 2,408,143</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 190,732	\$ 125,119
Capital lease obligation (Note 9)	4,111	8,813
	<u>194,843</u>	133,932
SHAREHOLDERS' EQUITY		
Share capital (Note 10)	22,435,677	22,435,777
Warrants	266,943	266,943
Contributed surplus	541,585	530,280
Accumulated other comprehensive income	437,626	-
Deficit	<u>(21,067,662)</u>	<u>(20,958,789)</u>
	<u>2,614,169</u>	2,274,211
	<u>\$ 2,809,012</u>	<u>\$ 2,408,143</u>

Commitments (Note 14)

ON BEHALF OF THE BOARD:

_____, Director
"F. G. Hewett"

_____, Director
"D. Bruce McLeod"

- See Accompanying Notes -

International Northair Mines Ltd.
(A Development Stage Company)

Interim Consolidated Statement of Income (Loss) and Deficit

Canadian Funds – Unaudited – Prepared by Management

	<u>Three Months Ended August 31</u>		<u>Six Months Ended August 31</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
General and Administrative Expenses				
Office, equipment rental and general Shareholder information and investor relations	\$ 110,858	\$ 60,843	\$ 169,462	\$ 113,031
Professional fees	18,257	13,494	37,122	26,710
Regulatory compliance and transfer agent fees	41,329	16,518	59,864	26,052
Stock-based compensation	18,336	12,386	20,162	15,003
Administrative recoveries	7,825	-	11,305	4,384
Loss before the Undernoted	(40,306)	(40,469)	(81,832)	(82,315)
Write-off exploration costs	(156,299)	(62,772)	(216,083)	(102,865)
Gain on sale of investments	(42,537)	(58,264)	(127,122)	(128,022)
Foreign exchange gain (loss)	12,822	-	154,662	412
Gain from resource property option agreement	(8,789)	1,596	1,575	(728)
Interest and sundry	-	(1,058)	50,776	41,076
Loss for the period	10,999	3,921	27,319	7,425
Deficit – Beginning of period	(183,804)	(116,577)	(108,873)	(182,702)
Deficit – End of the period	(20,883,858)	(20,483,563)	(20,958,789)	(20,417,438)
Loss per Share - Basic and Diluted	\$ (0.01)	\$ (0.02)	\$ (0.01)	\$ (0.01)
Weighted Average Number of Shares Outstanding	19,690,272	13,112,172	19,690,272	13,099,835

International Northair Mines Ltd.
(A Development Stage Company)

Consolidated Interim Statement of Comprehensive Income (Loss)

(Canadian Funds - Unaudited – Prepared by Management)

	<u>Three Months Ended August 31</u>		<u>Six Months Ended August 31</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Net loss for the period	\$ (183,804)	\$ (116,577)	\$ (108,873)	\$ (182,702)
Other comprehensive income (loss)				
Unrealized gain (loss) on available-for-sale investments, net of taxes	-	-	-	-
Less: Amounts reclassified to income upon realization, net of taxes	(232,294)	-	592,288	-
Other comprehensive income (loss)	(12,822)	-	(154,662)	-
Total comprehensive loss	(219,472)	-	437,626	-
Total comprehensive loss	\$ (403,276)	\$ (116,577)	\$ 328,753	\$ (182,702)

- See Accompanying Notes -

International Northair Mines Ltd.
(A Development Stage Company)

Interim Consolidated Statement of Cash Flows

Canadian Funds – Unaudited – Prepared by Management

	<u>Three Months Ended August 31</u>		<u>Six Months Ended August 31</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Cash Resources Provided By (Used In)				
Operating activities				
Loss for the period	\$ (183,804)	\$ (116,577)	\$ (108,873)	\$ (182,702)
Items not affecting cash				
Write-off exploration costs	42,537	58,264	127,122	128,022
Stock-based compensation	7,825	-	11,305	4,384
Amortization	5,297	7,580	10,594	15,117
Gain from resource property option agreement	-	1,058	(50,776)	(41,076)
Gain on sale of short-term investments	(12,822)	-	(154,662)	(412)
	<u>(140,967)</u>	<u>(49,675)</u>	<u>(165,290)</u>	<u>(76,667)</u>
Changes in non-cash working capital (Note 12)	(146,118)	84,049	444,824	(65,311)
	<u>(287,085)</u>	<u>34,374</u>	<u>279,534</u>	<u>(141,978)</u>
Investing activities				
Resource property costs	(164,463)	(73,603)	(304,798)	(185,955)
Proceeds from sale of short-term investments	22,516	-	181,379	6,872
Option payment received	-	-	-	20,000
Acquisition of short-term investments	-	-	-	(6,460)
Acquisition of property, plant and equipment	-	(4,839)	(1,692)	(6,766)
	<u>(141,947)</u>	<u>(78,442)</u>	<u>(125,111)</u>	<u>(172,309)</u>
Financing activities				
Reduction of obligation under capital lease	(2,421)	(2,135)	(4,702)	(6,278)
Share issue costs	-	-	(100)	-
Issuance of share capital	-	-	-	8,050
	<u>(2,421)</u>	<u>(2,135)</u>	<u>(4,802)</u>	<u>1,772</u>
Net Decrease in Cash and Cash Equivalents				
Cash Position - Beginning of period	1,361,543	416,095	780,469	682,407
Cash and Cash Equivalents - End of Period	\$ 930,090	\$ 369,892	\$ 930,090	\$ 369,892
Schedule of Non-Cash Investing and Financing Transactions				
Shares received pursuant to a property option agreement	\$ -	\$ -	\$ 26,500	\$ 26,000
Resource property costs included in accounts payable	\$ 20,012	\$ 29,344	\$ 20,012	\$ 29,344

- See Accompanying Notes -

International Northair Mines Ltd.
(A Development Stage Company)

Interim Consolidated Statement of Shareholders' Equity

Canadian Funds – Unaudited – Prepared by Management

	Share Capital (Number of Shares)	Share Capital (Amount)	Warrants	Contributed Surplus	Accumulated Other Compre- hensive Income	Deficit	Total
February 28, 2006	13,077,172	\$21,161,001	\$ -	\$ 461,897	\$ -	\$ (20,417,438)	\$ 1,205,460
Private placement units	6,060,000	1,515,000	-	-	-	-	1,515,000
Fair value of warrants issued with private placement units	-	(217,972)	217,972	-	-	-	-
Private placement finders fee units	408,100	102,025	-	-	-	-	102,025
Fair value of warrants issued private placement finders fee units	-	(14,679)	14,679	-	-	-	-
Private placement broker warrants			34,292				34,292
Exercise of options	145,000	27,350	-	-	-	-	27,350
Fair value of stock options exercised	-	8,479	-	(8,479)	-	-	-
Fair value of stock- based compensation	-	-	-	76,862	-	-	76,862
Share issue costs	-	(145,427)	-	-	-	-	(145,427)
Net loss	-	-	-	-	-	(541,351)	(541,351)
February 28, 2007	19,690,272	22,435,777	266,943	530,280	-	(20,958,789)	2,274,211
Stock based compensation	-	-	-	3,480	-	-	3,480
Share issue costs	-	(100)	-	-	-	-	(100)
Other comprehensive income	-	-	-	-	657,098	-	657,098
Net income	-	-	-	-	-	74,931	74,931
May 31, 2007	19,690,272	22,435,677	266,943	533,760	657,098	(20,883,858)	3,009,620
Stock based compensation	-	-	-	7,825	-	-	7,825
Other comprehensive loss	-	-	-	-	(219,472)	-	(219,472)
Net income	-	-	-	-	-	(183,804)	(183,804)
August 31, 2007	19,690,272	\$22,435,677	\$ 266,943	\$ 541,585	\$ 437,626	\$ (21,067,662)	\$ 2,614,169

- See Accompanying Notes -

International Northair Mines Ltd.
(A Development Stage Company)

Interim Consolidated Schedule of Resource Property Costs

Canadian Funds – Unaudited – Prepared by Management

	Acquisition Costs	Exploration Costs	Total as at August 31, 2007
Mexico			
El Reventon			
Opening balance – 28 February 2007	\$ 31,384	\$ 128,745	\$ 160,129
Camp and general	-	39,434	39,434
Field work and travel	-	61,333	61,333
Drilling	-	12,406	12,406
Salaries and consulting	-	73,306	73,306
Claim staking and acquisition	11,240	-	11,240
Ending balance – El Reventon	42,624	315,224	357,848
El Tesoro			
Opening balance – 28 February 2007	10,637	310,638	321,275
Concession lease payments received	-	-	-
Salaries and consulting	-	-	-
Taxes	-	-	-
Ending balance – El Tesoro	10,637	310,638	321,275
La India			
Opening balance – 28 February 2007	4,851	33,083	37,934
Field work and travel	-	11,407	11,407
Salaries and consulting	-	1,883	1,883
Taxes and option payments	10,955	-	10,955
Ending balance – La India	15,806	46,373	62,179
Sierra Rosario			
Opening balance – 28 February 2007	-	-	-
Field work and travel	-	724	724
Recoveries - Option payments (cash)	-	(25,000)	(25,000)
Recoveries - Option payments (shares)	-	(26,500)	(26,500)
Gain – property option agreement	-	50,776	50,776
Ending balance – Sierra Rosario	-	-	-
General exploration			
Opening balance – 28 February 2007	-	-	-
Assaying, camp and general	-	-	-
Field work and travel	-	41,717	41,717
Salaries and consulting	-	71,964	71,964
Write-offs	-	(113,681)	(113,681)
Ending balance – General Exploration	-	-	-
Canada			
General exploration			
Opening balance – 28 February 2007	-	-	-
Salaries and consulting	-	13,440	13,440
Write-offs	-	(13,440)	(13,440)
Ending balance – General Exploration	-	-	-
Balance – Resource Property Costs – August 31, 2007	\$ 69,067	\$ 672,235	\$ 741,302

- See Accompanying Notes -

International Northair Mines Ltd.

(A Development Stage Company)

Notes to the Interim Consolidated Financial Statements

Three and Six Months ended August 31, 2007

Canadian Funds – Unaudited – Prepared by Management

1. Nature of Operations

The Company is a development stage company which is engaged principally in the acquisition, exploration and development of mineral properties and in providing administration services to other companies.

2. Basis of Consolidation and Presentation

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the accounts of the Company and its wholly owned Mexican subsidiary, Grupo Northair de Mexico, S.A. de C.V. Inter-company balances have been eliminated upon consolidation. These interim financial statements follow the same accounting policies and methods of their application as the most recent annual financial statements. These interim financial statements should be read in conjunction with the audited financial statements of the Company as at February 28, 2007.

3. Change in Accounting Policies

Effective March 1, 2007, the Company prospectively adopted the Canadian Institute of Chartered Accountants (“CICA”) recommendations pertaining to financial instruments (Section 3855), which establish standards for the recognition, measurement, disclosure and presentation of financial assets, financial liabilities and non-financial derivatives. These recommendations require that fair value be used to measure financial assets that are held for trading or available for sale, financial liabilities that are held for trading and all derivative financial instruments. Other financial assets, such as loans and receivables and investments that are held to maturity and other financial liabilities are measured at their carrying value. The main impact on the Company’s financial statements was the recognition of the fair value of the short term investments which had been carried at the lower of cost or market.

Effective March 1, 2007, the Company prospectively adopted the CICA recommendations pertaining to hedges (Section 3855), which establish standards for the identification, designation, documentation and effectiveness of hedging relationships for the purpose of applying hedge accounting. The purpose of hedge accounting is to ensure that gains, losses, revenues and expenses from effective hedging relationships are recorded in earnings in the same period. This change in accounting policy had no effect on the consolidated financial statements for the six months ended August 31, 2007 as the Company.

Effective March 1, 2007, the Company prospectively adopted the CICA recommendations regarding the reporting and disclosure of comprehensive income (Section 1530). Comprehensive income consists of changes in the equity of the Company from sources other than the Corporation’s share owners, and includes earnings of the Company, the foreign currency translation adjustment relating to self-sustaining foreign operations and unrealized gains and losses on changes in fair values of available for sale assets and effective cash flow hedging instruments. Other comprehensive income comprises revenues, expenses and gains and losses that are recognized in comprehensive income but are excluded from earnings for the period. Comprehensive income is required to be disclosed in a separate statement in the consolidated financial statements.

Effective March 1, 2007, the Company prospectively adopted the CICA recommendations regarding the presentation of equity and changes in equity. These recommendations require separate presentation of the components of equity, including retained earnings, accumulated other comprehensive income, contributed surplus, share capital and reserves, and the changes therein.

International Northair Mines Ltd.*(A Development Stage Company)***Notes to the Interim Consolidated Financial Statements****Three and Six Months ended August 31, 2007***Canadian Funds – Unaudited – Prepared by Management***4. Fair Value of Financial Instruments**

The carrying value of cash and cash equivalents, short-term deposits, accounts receivable, amounts due from related parties, accounts payable and amounts due to related parties approximates their fair value due to their short-term maturity or capacity of prompt liquidation. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from the financial instruments.

5. Short-term Deposits

Included in short-term deposits of \$78,184 (February, 28 2007 - \$673,167) is \$7,000 held for reclamation costs (February, 28 2007 - \$5,000) and \$71,184 (February, 28 2007 - \$65,893) held as collateral for the corporate credit cards.

6. Short-term Investments

	August 31, 2007	February 28, 2007
Marketable Securities:		
Holdings in companies related by virtue of common directors/officers	\$ 564,181	\$ 209,397
<i>Available-for-sale (quoted market value: March 1, 2007 - \$562,490)</i>		
Holdings in unrelated companies	90,225	7,600
<i>Available-for-sale (quoted market value: March 1, 2007 - \$41,914)</i>		
	\$ 654,406	\$ 216,997

The Company prospectively adopted the CICA recommendations pertaining to financial instruments, which establish standards for the recognition, measurement, disclosure and presentation of financial assets, financial liabilities and non-financial derivatives. These recommendations require that fair value be used to measure financial assets that are held for trading or available for sale. In accordance with the new standards, as of March 1, 2007 the Company has classified its investments as available for sale. Accordingly, investments with a book value of \$216,997 were measured as of March 1, 2007 at a fair value of \$604,404 which resulted in a revaluation gain of \$387,406, net of tax. As of August 31, 2007, investments were measured at a fair value of \$654,406 and resulted in a revaluation loss of \$219,472, net of tax and amounts reclassified to income upon realization. The revaluation losses have been recognized in Accumulated Other Comprehensive Income.

7. Property, Plant and Equipment

Details are as follows:

	August 31, 2007			February 28, 2007		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Office furniture and equipment	\$ 124,692	\$ 79,695	\$ 44,997	\$ 122,994	\$ 72,516	\$ 50,478
Vehicle	36,760	26,518	10,242	36,760	24,711	12,049
Equipment under capital lease	25,221	10,694	14,527	25,221	9,080	16,141
	\$ 186,673	\$ 116,907	\$ 69,766	\$ 184,975	\$ 106,307	\$ 78,668

International Northair Mines Ltd.*(A Development Stage Company)***Notes to the Interim Consolidated Financial Statements****Three and Six Months ended August 31, 2007***Canadian Funds – Unaudited – Prepared by Management***8. Resource Property Costs**

The write-off of exploration costs consisted of:

	Six Months Ended August 31	
	2007	2006
Canada – General exploration	\$ 13,440	\$ -
Mexico – General exploration and property examinations	\$ 113,681	\$ 128,022

Sierra Rosario, Mexico

The Company acquired, by staking, a concession in the state of Sinaloa Mexico, known as Sierra Rosario (“Rosario”). The Company has granted Sparton Resources Inc. (“Sparton”) the option to acquire a 51% interest in the property by completing the following:

	Cash	Shares	Exploration Expenditures
Upon signing the agreement (received)	\$ 20,000	-	\$ -
On or before 11 March 2005 (received)	15,000	75,000	-
On or before 31 August 2005 (completed)	-	-	150,000
On or before 11 March 2006 (received/completed)	20,000	100,000	150,000
On or before 11 March 2007 (received/completed)	25,000	100,000	200,000
On or before 11 March 2008	50,000	-	300,000
	\$ 130,000	275,000	\$ 800,000

El Tesoro, Mexico

The Company has a large property position located in Pueblo Nuevo Municipality, State of Durango, Mexico, consisting of four mineral concessions known as La Lajita, Tesoro 1, Tesoro 2 and Tesoro 3, all of which were acquired by staking.

In 2005 the Company’s wholly-owned subsidiary, Grupo Northair de Mexico, S.A. de C.V. (“Grupo Northair”) entered into an agreement with Compania Minera San Valentin, S.A. de C.V. (“San Valentin”) whereby, for up to 15 years, San Valentin may purchase the G Zone for US\$200,000 and the remainder of the concessions for a further US\$300,000. During the option period San Valentin must pay to Grupo Northair US\$3,000 per month. Should San Valentin exercise the purchase option, Grupo Northair will retain a 49% back-in right for the G Zone. San Valentin has encountered mining dilution and ground control problems in their underground excavation on the Company’s and adjacent claims. In view of the circumstances, the scheduled dates and amounts of the monthly payments have been modified. As of October 2007, the Company has received a total of US\$25,350. It is not clear if San Valentin will be able to maintain their lease.

International Northair Mines Ltd.*(A Development Stage Company)***Notes to the Interim Consolidated Financial Statements****Three and Six Months ended August 31, 2007***Canadian Funds – Unaudited – Prepared by Management*

8. Resource Property Costs - Continued***El Reventon, Mexico***

In April 2006 the Company acquired the El Reventon project in Durango, Mexico by staking a 100% interest in certain claims and by concluding in July 2006 an option agreement for an additional concession. Under the terms of the option agreement, the Company may earn a 100% interest in the optioned concession by making payments totalling US\$151,000.

La India, Mexico

In August and September 2006 the Company acquired the La India project in Durango, Mexico by staking a 100% interest in certain claims and by concluding in February 2007 an option agreement for an additional concession. Under the terms of the option agreement, the Company may earn a 100% interest in the optioned concession by making payments totalling US\$171,000 over a four year period.

9. Capital Lease Obligation

The Company has equipment classified as a capital lease and the applicable cost is included in property, plant and equipment. The lease term expires in November 2007; leaving no future minimum lease payments in excess of one fiscal year.

2008	4,111
Total minimum lease payments	4,111
Less: Current portion	(4,111)
Long-term portion	\$ -

10. Share Capital***Authorized***

Unlimited number of common shares without par value

Stock Options

The Company has established a share purchase option plan whereby the board of directors may, from time to time, grant up to a total of 3,938,054 options to directors, officers, employees or consultants. The vesting period of options outstanding range from the grant date to one year and expire 5 years from the grant date.

International Northair Mines Ltd.*(A Development Stage Company)***Notes to the Interim Consolidated Financial Statements****Three and Six Months ended August 31, 2007***Canadian Funds – Unaudited – Prepared by Management***10. Share Capital - Continued**

A summary of the Company's options is as follows:

	Options Outstanding		Weighted Average Exercise Price
Balance – February 28, 2007	1,385,000	\$	0.43
Granted	180,000		0.30
Exercised	-		-
Cancelled	-		-
Balance – August 31, 2007	1,565,000	\$	0.42

As at August 31, 2007, the following stock options are outstanding:

Number	Price per Share	Expiry Date	Options Exercisable	
310,000	\$0.25	July 17, 2007	310,000	\$0.25
5,000	\$0.40	June 5, 2008	5,000	\$0.40
500,000	\$0.69	October 21, 2008	500,000	\$0.69
65,000	\$0.40	June 17, 2009	65,000	\$0.40
50,000	\$0.23	September 14, 2010	50,000	\$0.23
20,000	\$0.40	April 21, 2011	20,000	\$0.40
385,000	\$0.30	September 26, 2011	385,000	\$0.30
50,000	\$0.32	January 24, 2012	50,000	\$0.32
170,000	\$0.30	April 16, 2012	56,667	\$0.30
10,000	\$0.28	June 6, 2012	-	-
1,565,000	\$0.42		1,441,667	\$0.39

Warrants

As at August 31, 2007, the following warrants were outstanding:

Balance, February 28, 2006	Granted	Cancelled	Ending Balance August 31, 2007	Exercise Price	Expiry
3,642,150	-	-	3,642,150	\$0.40	November 24, 2007

*After November 24, 2007 the exercise price increases to \$0.50 per share and the expiry date is extended to November 24, 2008.

Stock-based Compensation

During the period ended August 31, 2007, the Company granted options to purchase up to 180,000 shares of the Company's stock to employees and non-employees of the Company at an exercise prices between \$0.30 and \$0.28.

A total estimated value of \$11,305 has been recorded in contributed surplus as stock-based compensation expense for the period ended August 31, 2007 (August 31, 2006 \$4,384).

International Northair Mines Ltd.*(A Development Stage Company)***Notes to the Interim Consolidated Financial Statements****Three and Six Months ended August 31, 2007***Canadian Funds – Unaudited – Prepared by Management***10. Share Capital - Continued**

The fair value of each option granted during the period has been estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions:

Expected dividend yield	Nil
Expected stock price volatility	65%
Risk free interest rate	4% ~ 4.5%
Expected life of options	5 years

Option pricing models require the input of highly subjective assumptions including the estimate of the share price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the company's stock options.

11. Related Party Transactions

Except as disclosed elsewhere in the financial statements, related party transactions are as follows:

As at August 31, 2007, \$227,020 (28 February 2007 - \$95,992) due from related parties was unsecured, non-interest bearing and has no specific repayment terms.

Administrative recoveries of \$81,832 (August 31, 2006 - \$82,315) are primarily recovered from various companies with certain directors in common. Total salaries of \$138,000 (August 31, 2006 - \$138,000) were paid to two directors of the Company. Based on time spent, the Company recovered \$135,465 (August 31, 2006 - \$136,908) from companies with certain directors in common.

These transactions are in the normal course of operations and are measured at the exchange amount of consideration established and agreed to by all the related parties.

12. Changes in Non-cash Working Capital

The change in non-cash working capital is comprised of:

	Three Months Ended		Six Months Ended	
	August 31		August 31	
	2007	2006	2007	2006
(Increase) decrease in:				
Short-term deposits	\$ -	\$ -	\$ 594,983	\$ -
Receivable	(45,321)	(15,491)	(44,541)	(18,230)
Due from related parties	(110,629)	103,770	(131,028)	65,154
Prepaid expenses	6,829	12,442	(20,191)	(3,217)
(Decrease) increase in:				
Accounts payable and accrued liabilities	3,003	(16,672)	45,601	(109,018)
	\$ (146,118)	\$ 84,049	\$ 444,824	\$ (65,311)

International Northair Mines Ltd.*(A Development Stage Company)***Notes to the Interim Consolidated Financial Statements****Three and Six Months ended August 31, 2007***Canadian Funds – Unaudited – Prepared by Management***13. Segmented Information**

The Company's business consists of mineral exploration and development. Details on geographic segments are as follows:

For the Six Months Ended:

	Canada		Mexico		Total	
	August 31, 2007	August 31, 2006	August 31, 2007	August 31, 2006	August 31, 2007	August 31, 2006
Assets	\$ 2,052,375	\$ 745,082	\$ 756,637	\$ 415,886	\$ 2,809,012	\$ 1,160,968
Capital Expenditures	\$ 13,440	\$ 9,128	\$ 255,620	\$ 182,091	\$ 269,060	\$ 191,219
Interest Income	\$ 27,319	\$ 7,425	\$ -	\$ -	\$ 27,319	\$ 7,425
Loss for the period	\$ (6,098)	\$ (97,967)	\$ (102,775)	\$ (84,735)	\$ (108,873)	\$ (182,702)

For the Three Months Ended:

	Canada		Mexico		Total	
	August 31, 2007	August 31, 2006	August 31, 2007	August 31, 2006	August 31, 2007	August 31, 2006
Capital Expenditures	\$ 13,440	\$ 9,128	\$ 128,498	\$ 74,477	\$ 141,938	\$ 83,605
Interest Income	\$ 10,999	\$ 3,921	\$ -	\$ -	\$ 10,999	\$ 3,921
Loss for the period	\$ (86,612)	\$ (52,116)	\$ (97,192)	\$ (64,461)	\$ (183,804)	\$ (116,577)

14. Commitments

The Company has a lease agreement for its office space. The minimum annual commitments for rental expenses are as follows:

2008	\$ 67,290
2009	142,851
2010	135,044
2011	123,790
Total	<u>\$ 468,975</u>

In addition to the basic monthly rent, the Company must also pay a proportionate share of the building's operating costs and property taxes. The Company has a sub-lease agreement with Strongbow Exploration Inc. The Company may recover approximately two-thirds of the minimum annual rent commitment pursuant to this sub-lease agreement.