ABERDEEN INTERNATIONAL INC.
(A Development Stage Company)

UNAUDITED INTERIM FINANCIAL STATEMENTS

For the three and six months ended July 31, 2007

ABERDEEN INTERNATIONAL INC.

(A Development Stage Company)

BALANCE SHEETS

As at:

		July 31,2007 (Unaudited)		January 31, 2007 (Audited)
ASSETS				
Current				
Cash and cash equivalents	**$**	**59,166,550**	$	2,536,637
Accounts receivable		**405,087**		221,662
Prepaid expenses		**81,438**		72,028
Deferred cost (Note 5)		-		178,000
Future income taxes		**800,600**		161,000
		60,453,675		3,169,327
Long-term				
Convertible royalty debenture (Note 3)		**44,565,443**		11,793,000
Equipment		**39,664**		2,127
Mineral properties (Note 4)		**1,456,033**		102,974
Future income taxes		**1,049,400**		101,000
	$	**107,564,215**	$	15,168,428
LIABILITIES				
Current				
Accounts payable and accrued liabilities	**$**	**1,742,149**	$	117,701
Deferred revenue (Note 3)		**106,570**		112,000
Income taxes payable		**224,377**		85,500
Loans (Note 5)		**2,916,000**		3,000,000
		4,989,096		3,315,201
Long-term				
Deferred revenue (Note 3)		**33,950**		102,464
Future income taxes		**11,798,080**		-
		16,821,126		3,417,665
Shareholders' Equity				
Common shares (Note 6)		**51,962,016**		12,275,229
Warrants (Note 7)		**20,340,986**		3,137,486
Contributed surplus (Note 8)		**1,221,965**		1,094,265
Retained earnings/(deficit)		**17,218,122**		(4,756,217)
		90,743,089		11,750,763
	$	**107,564,215**	$	15,168,428

Commitments and contingencies (Notes 1, 4 and 11)

Subsequent events (Notes 4, 5 and 7)

See accompanying notes to the Financial Statements

ABERDEEN INTERNATIONAL INC.

(A Development Stage Company)

STATEMENTS OF OPERATIONS, RETAINED EARNINGS AND DEFICIT

For the three and six months ended July 31, 2007 and July 31, 2006

(UNAUDITED)

	Three months ended July 31, **2007**	Three months ended July 31, 2006	Six month ended July 31, **2007**	Six month ended July 31, 2006
Revenue				
Royalties	**$ 831,394**	$ 923,119	**$ 1,681,732**	$ 1,587,443
Interest	**450,338**	76,516	**539,591**	146,214
Arrangement fee (Note 3)	**26,642**	27,975	**54,310**	55,982
	1,308,374	1,027,610	**2,275,633**	1,789,639
Expenses				
Consulting and management compensation	**127,460**	107,353	**359,106**	327,812
Professional fees	**34,349**	4,500	**42,611**	12,920
General and office expenses	**14,652**	13,547	**29,192**	27,909
Shareholder communications	**16,007**	17,592	**22,359**	52,717
Filing and transfer agent fees	**6,636**	6,755	**13,745**	13,017
Travel expenses	**12,968**	1,520	**34,190**	48,710
Amortization	**2,262**	381	**4,525**	651
	214,334	151,648	**505,728**	483,736
Income before the undernoted	**1,094,040**	875,962	**1,769,905**	1,305,903
Interest expenses on long-term loan	**(75,000)**	(75,000)	**(150,000)**	(150,000)
Debt arrangement expense (Note 5)	**(47,000)**	(47,000)	**(94,000)**	(94,000)
Unrealized loss on convertible royalty debenture (Note 3)	**(2,668,652)**	97,213	**(6,564,064)**	(145,313)
(Loss)/income before income taxes	**(1,696,612)**	851,175	**(5,038,159)**	916,590
Current income tax expense	**(330,333)**	(83,235)	**(563,970)**	(128,543)
Future income tax benefit	**965,047**	-	**2,363,077**	-
Net(loss)/income for the period	**(1,061,898)**	767,940	**(3,239,052)**	788,047
Retained earnings/(deficit), beginning of period (Note 2)	**18,280,020**	(7,214,873)	**20,457,174**	(7,234,980)
Retained earnings/(deficit), end of period	**$ 17,218,122**	$(6,446,933)	**$ 17,218,122**	$(6,446,933)
Basic (loss)/income per share	**$ (0.03)**	$ 0.03	**$ (0.11)**	$ 0.03
Diluted (loss)/income per share	**$ (0.03)**	$ 0.02	**$ (0.11)**	$ 0.02
Weighted average common shares outstanding				
- basic	**32,006,760**	27,930,673	**30,002,496**	27,930,673
- diluted	**32,006,760**	38,164,673	**30,002,496**	38,164,673

See accompanying notes to the Financial Statements

ABERDEEN INTERNATIONAL INC.

(A Development Stage Company)

STATEMENTS OF CASH FLOWS

For the three and six months ended July 31, 2007 and July 31, 2006

(UNAUDITED)

	Three months ended July 31,		Six month ended July 31,	
	2007	2006	**2007**	2006
CASH AND CASH EQUIVALENTS (USED IN) PROVIDED BY				
OPERATING ACTIVITIES:				
Net (loss)/income for the period	**$ (1,061,898)**	$ 767,940	**$ (3,239,052)**	$ 788,047
Charges not affecting cash and cash equivalents				
Amortization	**2,263**	381	**4,526**	651
Stock-based compensation (Note 8)	**-**	21,017	**127,700**	156,348
Debt arrangement expense (Note 5)	**47,000**	47,000	**94,000**	94,000
Arrangement fee income	**(26,642)**	(27,975)	**(54,310)**	(55,982)
Unrealized loss on convertible royalty debenture	**2,687,060**	(103,574)	**6,582,472**	122,018
Future income tax benefit	**(965,047)**	-	**(2,363,077)**	-
Net change in working capital	**305,374**	(433,047)	**305,496**	(454,636)
	988,110	271,742	**1,457,755**	650,446
FINANCING ACTIVITIES:				
Shares issued from exercise of warrants and options	-	-	-	8,500
Shares issued from private placement	**60,000,000**	-	**60,000,000**	-
Cost of issue	**(3,864,713)**	(9,500)	**(3,864,713)**	(9,500)
	56,135,287	(9,500)	**56,135,287**	(1,000)
INVESTING ACTIVITIES:				
Convertible royalty debenture	-	-	-	(9,133)
Change in working capital related to property exploration	**302,690**	-	**431,993**	-
Purchase of equipment	**-**	-	**(42,063)**	-
Interest in mineral properties	**(711,949)**	-	**(1,353,059)**	-
	(409,259)	-	**(963,129)**	(9,133)
CHANGE IN CASH AND CASH EQUIVALENTS	**56,714,138**	262,242	**56,629,913**	640,313
CASH AND CASH EQUIVALENTS, beginning of period	**2,452,412**	989,128	**2,536,637**	611,057
CASH AND CASH EQUIVALENTS, end of period	**$59,166,550**	$ 1,251,370	**$59,166,550**	$ 1,251,370
Cash and cash equivalents consist of :				
Cash	**$ 614,443**	$ 862,497	**$ 614,443**	$ 862,497
Cash equivalents	**58,552,107**	388,873	**58,552,107**	388,873
	$59,166,550	$ 1,251,370	**$59,166,550**	$ 1,251,370
SUPPLEMENTAL INFORMATION				
Interest paid on long-term debt	**$ 75,000**	$ 75,000	**$ 150,000**	$ 150,000
Income tax paid	**$ -**	$ 83,235	**$ -**	$ 128,543

See acccompanying notes to the Financial Statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Previously Aberdeen International Inc. (the "Company") operated as a Canadian Exploration and Royalty Company listed on the TSX Venture Exchange (the "TSVE"). In July 2007, the Company successfully completed a Change of Business and now operates as a publicly traded global resource investment and merchant banking company. The purpose of the Change of Business was to create a publicly traded global investment and merchant banking company focused on small capitalization companies in the resource sector. In connection with the Change of Business, Aberdeen will seek to acquire significant equity participation in pre-IPO and/or early stage public resource companies with undeveloped or undervalued high-quality resources. Aberdeen will focus on companies that: (i) are in need of managerial, technical and financial resources to realize their full potential; (ii) are undervalued in foreign capital markets; and, (iii) operate in jurisdictions with moderate local political risk.

These interim financial statements are unaudited and have not been reviewed by the Company's auditors.

The Company's management has prepared these unaudited interim financial statements for the six months ended July 31, 2007 in accordance with generally accepted accounting principles in Canada. These unaudited interim financial statements have incorporated several new accounting standards, the impact of which is summarized in Note 2. These financial statements should be read in conjunction with the audited financial statements for the year ended January 31, 2007.

The disclosures in these unaudited interim financial statements do not include the full disclosure required under generally accepted accounting principles in Canada for annual financial reporting.

In the opinion of management, all adjustments considered necessary for fair presentation have been included in these unaudited interim financial statements. Operating results for the six months ended July 31, 2007 are not indicative of the results that may be expected for the full year ending January 31, 2008.

These unaudited interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying unaudited interim financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

Except as disclosed below, these unaudited interim financial statements are prepared using the same accounting policies and methods of application as those disclosed in Note 2 to the Company's financial statements for the year ended January 31, 2007.

New accounting pronouncements
On February 1, 2007, the Company prospectively adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Sections 1530, *Comprehensive Income*; Section 3251, *Equity*; Section 3855, *Financial Instruments - Recognition and Measurement*; Section 3861, *Financial Instruments - Disclosure and Presentation*; and Section 3865, *Hedges*.

(i) Financial Instruments

Under the new standards, financial assets and liabilities, including derivative instruments, are initially recognized and subsequently measured based on their classification as "held-for-trading", "available-for-sale" financial assets, "held-to-maturity", "loans and receivables", or "other" financial liabilities. Held-for-trading financial instruments are measured at their fair value with changes in fair value recognized in net income for the period. Available-for-sale financial assets are measured at their fair value and changes in fair value are included in other comprehensive income until the asset is

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

removed from the balance sheet. Held-to-maturity investments, loans and receivables and other financial liabilities are measured at amortized cost using the effective interest rate method. Derivative instruments, including embedded derivatives, are measured at their fair value with changes in fair value recognized in net income for the period, unless the instrument is a cash flow hedge and hedge accounting applies, in which case changes in fair value are recognized in other comprehensive income.

(ii) Comprehensive Income

Section 1530 establishes standards for reporting and presenting comprehensive income. Comprehensive income, composed of net income and other comprehensive income, is defined as the change in shareholders' equity from transactions and other events from non-owner sources. Other comprehensive income for the Company includes unrealized gains and losses on available-for-sale securities and changes in the fair market value of derivatives designated as cash flow hedges, all net of related income taxes. The components of comprehensive income are disclosed in the statement of operations and comprehensive income. Cumulative changes in other comprehensive income are included in accumulated other comprehensive income ("AOCI") which is presented as a new category in shareholders' equity.

(iii) Hedging

Section 3865 specifies the circumstances under which hedge accounting is permissible and how hedge accounting may be performed. As at and during the six month period ended July 31, 2007, the Company had no hedges.

(iv) As at February 1, 2007, the effect on the Company's balance sheet of adopting these standards is summarized below. As prescribed by these standards, prior periods have not been restated.

	February 1, 2007			
	As reported	Adjusted on adoption of Financial Instruments standard		Restated opening balances
ASSETS				
Current assets	3,169,327	(178,000)	(a)	2,991,327
Convertible royalty debenture	11,793,000	39,374,548	(b)	51,167,548
Equipment	2,127	-		2,127
Mineral properties	102,974	-		102,974
Future income tax	101,000	-		101,000
	15,168,428	39,196,548		54,364,976
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities	315,201	-		315,201
Loans	3,000,000	(178,000)	(a)	2,822,000
Deferred revenue	102,464	-		102,464
Future tax liability	-	14,161,157	(c)	14,161,157
	3,417,665	13,983,157		17,400,822
Shareholders' equity				
Share capital	16,506,980	-		16,506,980
Retained earnings/(deficit)	(4,756,217)	25,213,391	(b) & (c)	20,457,174
	11,750,763	25,213,391		36,964,154
	15,168,428	39,196,548		54,364,976

Notes:
(a) Loan financing costs previously recorded as deferred costs are reclassified to loans.
(b) Convertible royalty debenture previously recorded at cost is designated as held for trading and measured at fair value.
(c) The tax effect of the above adjustments is recorded to future income tax liability.

3. CONVERTIBLE ROYALTY DEBENTURE

The Secured Gold Royalty Based Convertible Debenture (the "Convertible Royalty Debenture") was advanced in two tranches of US$5,000,000 in the fourth quarter of fiscal year 2006, has a three-year term, a 3% coupon at gold prices up to US$400/oz (2.5% at gold prices above US$400/oz) and a net smelter royalty ("NSR"), tied to the price of gold, ranging from a 0.5% NSR at US$300/oz to a 4.75% NSR at gold prices of US$750 or higher on a graduated scale. Repayment of the Convertible Royalty Debenture, including interest and royalty payments, is in US dollars.

The Company has an option to convert the Convertible Royalty Debenture to equity of Simmer and Jack Mines, Limited ("Simmers") at ZAR 0.80 per share at any time after the first year of the loan, subject to Simmers shareholders' approval. If the shareholder approval is not granted then the US$10,000,000 principal amount will be due on December 31, 2008 and a 1% NSR will incept for the life of the underlying assets.

At July 31, 2007, US$9,550,000 ($10,568,985) was advanced to Simmers. Interest income of US$43,587 ($48,238), owing to the Company at April 30, 2006 at a rate of 2.5% based on the price of gold, royalty income of US$106,413 ($117,767), owing to the Company at December 31, 2005 at a rate of 2.05% also based on the price of gold, and arrangement fees of US$300,000 ($332,010) were capitalized and applied against the remaining amounts to be advanced to Simmers. As a result, a total of US$10,000,000 ($11,067,000) has been recorded with respect to the Convertible Royalty Debenture.

The arrangement fees have been deferred and will be amortized over the term of the Convertible Royalty Debenture. At July 31, 2007, $191,490 had been recorded as revenue in the statement of operations, retained earnings and deficit and the balance of $140,520 has been presented as deferred revenue, with $106,570 being the current portion and $33,950 being the long-term portion.

Upon initial adoption of the new accounting standards which the Company adopted on February 1, 2007, the US$10,000,000 Convertible Royalty Debenture was classified as an asset "held for trading" and must be carried at fair value with changes in fair value recorded in the statement of operations. As a result, a net positive adjustment of $25,213,391 was recorded to the opening deficit on adoption of these new standards. The key assumptions used in determining the fair value of the Convertible Royalty Debenture included the following: 1) receipt of a graduated royalty until December 31, 2008; 2) repayment of the US$10,000,000 on December 31, 2008 and thereafter receipt for a 1% NSR for the life of the mines; 3) 5% discount rate; 4) US$650 gold price in fiscal 2008 and 2009, and US$600 thereafter; and 5) life of mines and gold production estimates as per Simmers and First Uranium Corporation.

During the six months ended July 31, 2007, the Company recorded a pre-tax unrealized loss of $6,564,064 on its Convertible Royalty Debenture ($4,200,987 after-tax). The strengthening of the Canadian dollar against the US dollar during the period accounted for $4,750,000 of this unrealized loss.

4. MINERAL PROPERTIES

2007		Ethiopia
Acquisition costs		
Balance, January 31, 2007	$	274
Acquisition and property costs		204,750
Balance, July 31, 2007		**205,024**
Exploration expenditure		
Balance, January 31, 2007		102,700
Geological: Map/Survey		173,367
Geology and geological consulting		443,899
Travel and transportation		49,782
Field and office support		481,261
Balance, July 31, 2007		**1,251,009**
TOTAL DEFERRED COSTS, July 31, 2007	**$**	**1,456,033**

Ethiopia

On January 31, 2007, the Company entered an agreement with Ethio-Gibe Canada Mining PLC ("Ethio-Gibe") to obtain 100% of the exclusive rights granted by the Ministry of Mineral Energy of Ethiopia to Ethio-Gibe on certain Gold–Copper–Zinc exploration concessions in Ethiopia, subject to a 2% net smelter return royalty ("NSR") to be held by Ethio-Gibe. The Company holds an option to purchase 50% of the NSR for $1,000,000 in cash or in shares of the Company. The Company will also assume any obligations of Ethio-Gibe.

Under the terms of the agreement, the Company is required to issue the following consideration to Ethio-Gibe:

- payment of $200,000 in cash (paid) and issuance of 500,000 shares of the Company on or before April 25, 2007 (note: not yet issued as of September 24, 2007);
- payment of $250,000 and issuance of 250,000 shares of the Company on or before each of December 31, 2007, December 31, 2008 and December 31, 2009;
- payment of $500,000 on each of December 31, 2010 and December 31, 2011, payable in cash or shares of the Company at the Company's option; and
- spend a minimum of $2,000,000 on property exploration.

5. LONG-TERM LOANS

On September 21, 2005, the Company entered into a loan agreement for $1,500,000. Interest is payable quarterly and compounded annually at a rate of 10% per annum. The loan is unsecured and repayable by the Company on or before September 21, 2007. The principal plus accrued interest was repaid on September 21, 2007.

5. LONG-TERM LOANS (continued)

On January 11, 2006, the Company entered into a further loan agreement for $1,500,000. Interest is payable quarterly and compounded annually at a rate of 10% per annum. The loan is unsecured and repayable by the Company on or before January 11, 2008. The principal plus accrued interest was repaid on September 21, 2007.

An arrangement fee of $150,000 and 500,000 options to purchase common shares of the Company at $0.80 per share until January 10, 2008 were paid with respect to these loans. The options were valued at $223,500 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 93%; risk-free-interest rate of 3.8%; and an expected average life of 2 years. These costs have been deferred and are being amortized over the term of the loans. At July 31, 2007, $94,000 (July 31, 2006 - $94,000) was charged to the statement of operations and deficit relating to the amortization of this deferred arrangement fee, and the balance of $84,000 (July 31, 2006 - $178,000) is shown net of the long-term loans.

6. COMMON SHARES

On June 7, 2007, the Company announced that it had closed its previously announced private placement financing (the “Offering”) of subscription receipts (the “Subscription Receipts”) in connection with its transition to a mining investment company. The total offering was for 75,000,000 Subscription Receipts at a price of $0.80 per Subscription Receipt for gross proceeds of $60,000,000. The Company intends to use the net proceeds from the Offering in connection with its new business as a publicly traded global resource investment vehicle and for general corporate purposes. The gross proceeds of the Offering will be held in escrow (the “Escrowed Proceeds”) and will be released upon satisfaction of the following conditions (together, the “Escrow Release Conditions”):

(a) (i) the TSX Venture Exchange (the “TSVE”) shall have approved the change of business focus proposed by the Company and the listing of the Company as a Tier 1 issuer; (ii) the Company shall have obtained the requisite shareholder approval for the change of business focus; and (iii) the TSVE shall have conditionally accepted the Offering;
(b) the Company shall have satisfied all of the conditions imposed by the TSVE other than the release of the Escrowed Proceeds; and
(c) the Company shall have complied with all of its covenants and/or obligations under the agency agreement entered into in respect of the Offering and the subscription receipt agreement pursuant to which the Subscription Receipts were issued, except those breaches or defaults that have been waived by the Agents.

On July 27, 2007, the Company announced that it had completed its change of business and began operating as a publicly traded global resource investment and merchant banking company. In connection with the change of business, each Subscription Receipt automatically converted into one unit (“Unit”), each Unit being comprised of one common share of the Company and one-half of one common share purchase warrant (“Warrant”). The gross proceeds of the private placement were allocated between common shares and warrants as follows: common share - $44,250,000; warrants - $15,750,000. The fair value of the warrants were estimated using the Black-Scholes option pricing model using the following assumptions: expected dividend yield 0%; expected volatility of 92%; risk free interest rate 4.5%; and an expected life of 5 years. Each Warrant is exercisable for one common share of the Company at a price of $1.00 per common share until June 6, 2012. A syndicate of agents led by Orion Securities Inc. and including GMP Securities L.P. (together, the “Agents”) acted as Agents in respect of the Offering on a “best efforts” basis. In connection with the Offering, the Agents received a cash commission of 6% of the gross proceeds of the Offering, paid to the Agents out of the Escrowed Proceeds upon release. The Agents were issued 4,500,000 compensation options (the “Compensation Options”), each Compensation Option entitling the Agents to acquire one Unit at a price of $0.80 per Unit until June 6, 2009. The Subscription Receipts and Compensation Options and all securities issuable upon their exercise are subject to a four-month hold period which expires October 7, 2007. The fair value of the Compensation Options of $1,453,500 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield 0%; expected volatility of 67%; risk free interest rate 4.5%; and an expected life of 2 years.

6. COMMON SHARES (continued)

Authorized

Unlimited common shares with no par value

Common shares issued

	Number of shares	Value
Balance, January 31, 2007	27,930,673	$ 12,275,229
Share issued of private placement	75,000,000	60,000,000
Private Placement- warrant valuation	-	(15,750,000)
Cost of issue	-	(4,563,213)
Balance, July 31, 2007	**102,930,673**	**$ 51,962,016**

7. WARRANTS

	July 31, 2007		January 31, 2007	
	Number of warrants	**Average price**	Number of warrants	Average price
Balance, beginning of period	**8,349,000**	**$0.93**	8,349,000	$0.93
Granted during the period	**42,000,000**	**$0.98**	-	-
Balance, end of period	**50,349,000**	**$0.97**	8,349,000	$0.93

The following is a summary of the outstanding warrants as of July 31, 2007:

Value ($)	Number of warrants	Exercise price ($)	Expiry date
$ 874,187	2,437,500	$ 1.00	September 21, 2007
$ 2,263,299	5,911,500	$ 0.90	January 23, 2008
$ 1,453,500	4,500,000*	$ 0.80	June 6, 2009
$ 15,750,000	37,500,000	$ 1.00	June 6, 2012
$ 20,340,986	50,349,000		

The 2,437,500 warrants with an expiry date of September 21, 2007 expired unexercised.

*Compensation Options exercisable into Units at a price of $0.80 per Unit consisting of one common share of the Company and one-half of one common share purchase warrant. See Note 6.

8. STOCK BASED COMPENSATION

The following are the stock option transactions during the period ended July 31, 2007 and the year ended January 31, 2007:

	July 31, 2007		January 31, 2007	
	Number of stock options	**Weighted average exercise price**	Number of stock options	Weighted average exercise price
Balance, beginning of period	**1,785,000**	**$ 0.80**	1,760,000	$ 0.80
Granted	**200,000**	**$ 0.88**	150,000	$ 0.82
Exercised	**-**	**-**	(25,000)	$ 0.34
Cancelled or expired	**-**	-	(100,000)	$ 0.85
Balance, end of period	**1,985,000**	**$ 0.81**	1,785,000	$ 0.80

As of July 31, 2007, the following stock options were outstanding:

Value ($)	Number of options outstanding	Number of options exercisable	Exercise price ($)	Expiry date
$ 223,500	500,000	500,000	$ 0.80	January 10, 2008
144,115	185,000	185,000	$ 1.00	September 13, 2010
232,050	350,000	350,000	$ 0.85	September 19, 2010
269,500	500,000	500,000	$ 0.69	October 25, 2010
62,500	100,000	100,000	$ 0.80	January 20, 2011
96,300	150,000	150,000	$ 0.82	February 28, 2011
62,000	100,000	100,000	$ 0.85	April 9, 2012
65,700	100,000	100,000	$ 0.90	April 30,2012
$ 1,155,665	1,985,000	1,985,000		

During the six months ended July 31, 2007, 200,000 stock options (2007 – 150,000) were granted to directors, officers and consultants of the Company. These options vest immediately and expire 5 years from the date of issue. The fair value of the options granted was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield 0% (2007 - 0%); expected volatility of 92% (2007 - 105%); risk free interest rate 4.5% (2007 – 4.5%); and an expected life of 5 years (2007 - 5 years). This generated an expense to consulting and management compensation of $127,700 (2007 –$135,331).

9. CONTRIBUTED SURPLUS

	July 31, 2007	January 31,2007
Balance, beginning of period	**$ 1,094,265**	$ 938,831
Stock options vested during the period:		
Consultant	**127,700**	165,355
Exercise of stock options, reallocation of valuation	**-**	(9,921)
Balance, end of period	**$ 1,221,965**	$ 1,094,265

10. RELATED PARTY TRANSACTIONS

The Company was charged $15,000 for the six months ended July 31, 2007 (six months ended July 31, 2006 - $15,000) by a company controlled by a director of the Company for administration services.

The Company shares its premises with other companies that have common directors and/or officers. The Company reimburses the related companies for their proportional share of expenses.

All of the related party transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

11. COMMITMENTS AND CONTINGENCY

The Company is party to certain management contracts. These contracts contain minimum commitments of approximately $79,000 and additional contingent payments of approximately $238,000 upon the occurrence of a change of control. As the likelihood of a change of control is not determinable, the contingent payments have not been reflected in these financial statements.

12. FINANCIAL INSTRUMENTS

Fair value:
Canadian generally accepted accounting principles require that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The carrying value of accounts receivable, accounts payable and accrued liabilities, notes payable reflected on the balance sheets approximate fair value because of the limited terms of these instruments. The Convertible Royalty Debenture is carried at its estimated fair value based on management's assumptions as discussed in Note 3. The carrying value of the long-term loan is a reasonable estimate of its fair value.

Foreign Currency Risk:
The Company undertakes transactions denominated in US dollars and as such is exposed to price risk due to fluctuations in foreign exchange rates. The Company does not use derivative instruments to reduce exposure to foreign exchange risk.

Commodity Price Risk:
Future revenues of the Company are directly related to the market price of gold.