

UNIVERSAL URANIUM LTD.
INTERIM CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007

**NOTICE OF NO AUDITOR REVIEW OF
INTERIM FINANCIAL STATEMENTS**

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

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

/s/ *Ronald Atlas*
Ronald Atlas, Director
Vancouver, BC Canada
February 26, 2008

/s/ *Steve Chan*
Steve Chan, Director
Vancouver, BC Canada
February 26, 2008

**UNIVERSAL URANIUM LTD.
INTERIM CONSOLIDATED BALANCE SHEETS**

| | December, 2007 \$ | September, 2007 \$ |
|------------------------------------|-------------------------|--------------------------|
| A S S E T S | | |
| Current assets | | |
| Cash and deposits | 1,431,045 | 795,252 |
| Funds in trust | - | 505,558 |
| Amounts receivable | 149,082 | 165,406 |
| Security deposits | 46,915 | 46,915 |
| Prepaid expense | 5,904 | 5,904 |
| | 1,632,946 | 1,519,035 |
| Reclamation bond (Note 5) | 114,455 | 114,455 |
| Equipment (Note 3) | 44,777 | 47,441 |
| Other Asset (Note 4) | 904,118 | 904,118 |
| Mineral properties (Note 5) | 13,819,547 | 12,024,319 |
| | 16,515,843 | 14,609,368 |

LIABILITIES & SHAREHOLDERS' EQUITY

| | | |
|--|-------------|-------------|
| Current liabilities | | |
| Accounts payable and accrued liabilities | 1,989,599 | 1,834,416 |
| Shareholders' Equity | | |
| Share capital (Note 6) | 20,897,083 | 19,083,898 |
| Contributed surplus (Note 6) | 2,850,236 | 2,553,719 |
| Deficit | (9,221,075) | (8,862,665) |
| | 14,526,244 | 12,774,952 |
| | 16,515,843 | 14,069,368 |
| Continuing operations (Note 1) | | |

Approved on behalf of the Board of Directors:

“Ronald Atlas”, Director

“Steven Chan”, Director

UNIVERSAL URANIUM LTD.
INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
For the Three Months Ended December 31,

| | 2007 | 2006 |
|--|---------------------------|---------------------------|
| | \$ | \$ |
| Expenses: | | |
| Bank charges | 270 | 209 |
| Consulting fees | 13,000 | 21,000 |
| Corporate and administration fees | 3,375 | 4,710 |
| Directors' fees | - | - |
| Filing and transfer agent fees | 3,699 | 16,015 |
| Legal & accounting fees | 9,229 | 10,159 |
| Management fees | 15,283 | 31,266 |
| Office rent, services and supplies | 16,899 | 18,196 |
| Property investigation | - | - |
| Salaries and benefits | 23,375 | 26,178 |
| Shareholders' communication & promotion | 17,735 | 67,682 |
| Travel, meals & entertainment | 13,990 | 10,812 |
| Interest Income | (7,175) | (21,116) |
| | <u>(109,680)</u> | <u>(185,111)</u> |
| Other expenses: | | |
| Amortization | (2,880) | (3,154) |
| Stock-based compensation | (245,850) | (70,000) |
| Write-off of other assets | - | - |
| Write-off of mineral properties | - | - |
| Write-off of uncollectible GST receivable | - | - |
| Net loss for the period | <u>(358,410)</u> | <u>(258,265)</u> |
| Deficit - beginning of the period | <u>(8,862,665)</u> | <u>(6,705,117)</u> |
| Deficit - end of the period | <u><u>(9,221,075)</u></u> | <u><u>(6,963,382)</u></u> |
| Loss per share | <u>(0.01)</u> | <u>(0.01)</u> |
| Weighted average number of common shares outstanding | <u>41,148,403</u> | <u>32,986,232</u> |

See notes to interim consolidated financial statements

UNIVERSAL URANIUM LTD.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Three Months Ended December 31,

| | 2007 | 2006 |
|--|--------------------|--------------------|
| | \$ | \$ |
| Cash provided by (used for): | | |
| Operating Activities | | |
| Net loss for the period | (358,410) | (258,265) |
| Adjustment which do not affect cash: | | |
| Amortization | 2,880 | 3,154 |
| Stock-based compensation | 245,850 | 70,000 |
| Future income tax recovery | | - |
| Write-off of mineral properties | | - |
| Write-off of other assets | | - |
| Write-off of uncollectible prior years' GST | - | - |
| | <u>(109,680)</u> | <u>(185,111)</u> |
| Net changes in non-cash working capital items: | | |
| Trust funds | 505,558 | - |
| Amounts receivable | 16,324 | (12,501) |
| Prepays | | 3,660 |
| Accounts payable | 155,183 | 271,127 |
| | <u>677,065</u> | <u>262,286</u> |
| Financing Activities | | |
| Issue of share capital | 2,000,000 | 2,045,000 |
| Share issue costs | (136,148) | (164,630) |
| Repayment of related party loan | - | - |
| | <u>1,863,852</u> | <u>1,880,370</u> |
| Investing Activities | | |
| Mineral property costs | (1,795,228) | (1,415,963) |
| Reclamation bonding | | |
| Equipment purchased | (216) | (3,214) |
| Security deposits | - | (134,197) |
| Other asset (Note4) | - | - |
| | <u>(1,795,444)</u> | <u>(1,553,374)</u> |
| Increase (decrease) in cash | 635,793 | 404,171 |
| Cash - beginning of period | 795,252 | 3,447,508 |
| Cash - end of period | <u>1,431,045</u> | <u>3,851,679</u> |
| Supplementary disclosures: | | |
| Interest income received | 7,175 | 21,116 |
| Investment income received | | |

Refer also to Notes 5 and 6 for disclosure of common shares issued mineral properties and for share issue costs.

UNIVERSAL URANIUM LTD.
Interim Consolidated Schedule of Deferred Mineral Property Costs
For the Period Ended December 31, 2007

| | Balance September 30, 2006 \$ | Additions \$ | Write-off \$ | Balance December 31, 2007 \$ |
|--------------------------------------|--|-------------------------|-------------------------|---|
| Lisbon Valley | | | | |
| Acquisition costs | 1,995,847 | - | - | 1,995,847 |
| Exploration costs | | | | |
| Accommodations | 13,631 | 5,111 | - | 18,742 |
| Assays and sampling | 3,433 | - | - | 3,433 |
| Claims and staking maintenance | 244,218 | - | - | 244,218 |
| Consultants | 168,249 | - | - | 168,249 |
| Drilling | 1,685,217 | (2,117) | - | 1,683,100 |
| Field work | 98,918 | - | - | 98,918 |
| Field office and administration | 33,480 | 263 | - | 33,743 |
| Geophysical | 65,886 | - | - | 65,886 |
| Legal | 60,903 | 425 | - | 61,328 |
| Maps and reports | 10,956 | - | - | 10,956 |
| Reclamation costs | 57,427 | - | - | 57,427 |
| Site visits | 34,641 | - | - | 34,641 |
| Vehicle rental | 39,200 | - | - | 39,200 |
| | <u>4,512,006</u> | <u>3,682</u> | <u>-</u> | <u>4,515,688</u> |
| Silver Spruce (Labrador) | | | | |
| Acquisition costs | 45,000 | - | - | 45,000 |
| Exploration costs | | | | |
| Airbourne | 30,437 | 23,640 | - | 54,077 |
| Claims staking and maintenance | 20,260 | 1,615 | - | 21,875 |
| Consulting – Geology & Geochemistry | 654,330 | 113,943 | - | 768,273 |
| Contract magnetics | 284,906 | - | - | 284,906 |
| Drafting and mapping | 20,312 | 11,943 | - | 32,255 |
| Drilling | 1,770,603 | 544,209 | - | 2,314,812 |
| Field work and supplies | 664,241 | 380,190 | - | 1,044,431 |
| Field administration | 72,216 | 12,209 | - | 84,425 |
| Geophysics | 149,104 | 1,110 | - | 150,214 |
| Legal | 12,644 | 16,100 | - | 28,744 |
| Linecutting | 33,311 | 634 | - | 33,945 |
| SSR – management fees | 337,377 | 95,822 | - | 433,199 |
| Radiometrics | 364,164 | 31,988 | - | 396,152 |
| Transport (mobilization) | 13,509 | - | - | 13,509 |
| | <u>4,472,414</u> | <u>1,233,403</u> | <u>-</u> | <u>5,705,817</u> |
| Artillery (Mohave) | | | | |
| Acquisition costs | 1,645,580 | - | - | 1,645,580 |
| Exploration costs | | | | |
| Claims staking and recording | 42,420 | 346 | - | 42,766 |
| Consultants – Geology & Geotechnical | 114,553 | 36,365 | - | 150,918 |
| Drilling | 11,255 | 442,766 | - | 454,021 |
| Field work, supplies & equipment | 36,468 | 15,932 | - | 52,400 |
| Field administration | 39,028 | 1,985 | - | 41,013 |
| Legal | 42,883 | 6,540 | - | 49,423 |
| Road construction | 24,618 | 52,296 | - | 76,914 |
| Site visits | 9,739 | 1,893 | - | 11,632 |
| | <u>1,966,544</u> | <u>558,123</u> | <u>-</u> | <u>2,524,667</u> |

See notes to interim consolidated financial statements

UNIVERSAL URANIUM LTD.
Interim Consolidated Schedule of Deferred Mineral Property Costs
For the Period Ended December 31, 2007

| | Balance September 30, 2006 | Additions | Write-off | Balance December 31, 2007 |
|-----------------------------------|---|-------------------------|------------------|--|
| | \$ | \$ | \$ | \$ |
| Tripple Uranium properties | | | | |
| Acquisition costs | 652,500 | - | - | 652,500 |
| Exploration costs | | | | |
| Advances | 56,111 | - | - | 56,111 |
| Air Charters | 42,532 | - | - | 42,532 |
| Claims and maintenance | 98,172 | - | - | 98,172 |
| Consultants | 81,113 | - | - | 81,113 |
| Equipments and tools | 14,151 | - | - | 14,151 |
| Field administration | 17,622 | - | - | 17,622 |
| Field work and supplies | 25,034 | - | - | 25,034 |
| Site visits | 23,831 | - | - | 23,831 |
| Sub-contracts | 31,179 | - | - | 31,179 |
| Wages and labour | 31,110 | - | - | 31,110 |
| | <u>1,073,355</u> | <u>-</u> | <u>-</u> | <u>1,073,355</u> |
| TOTAL | <u>12,024,339</u> | <u>1,795,208</u> | <u>-</u> | <u>13,819,547</u> |

UNIVERSAL URANIUM LTD.
Notes to Interim Consolidated Financial Statements
December 31, 2007 and 2006

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company is incorporated in the Province of British Columbia and its principal business activity is the acquisition and exploration of resource properties. The Company is currently in the exploration stage of developing its mineral properties and has not yet determined whether these properties contain mineral reserves that are economically recoverable.

These interim consolidated financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since inception and has an accumulated operating deficit of \$9,221,075 at December 31, 2007. The ability of the Company to continue as a going-concern depends upon its capacity in the near-term to raise additional equity financing and ultimately to develop profitable commercial operations.

There can be no assurance that the company will be able to continue to raise funds in the future in which case the Company may be unable to meet its obligations. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the balance sheet.

2. FINANCIAL STATEMENT PRESENTATION

These interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles on a consolidated basis and include the accounts of the Company and its wholly-owned American subsidiary, Universal Uranium USA Corporation. All significant inter-company balances and transactions have been eliminated upon consolidation. These interim financial statements do not include all the information and footnotes required by generally accepted accounting principles for annual financial statements. Therefore readers are advised to refer to the Company's annual audited financial statements for the year ended September 30, 2007.

3. EQUIPMENT

| | Period ended December 31, 2007 | | |
|------------------------|--------------------------------|-----------------------------|--------|
| | Cost | Accumulated Amortization | Net |
| | \$ | \$ | \$ |
| Computer equipment | 35,278 | 19,242 | 16,036 |
| Office equipment | 48,050 | 20,052 | 27,998 |
| Leasehold improvements | 2,114 | 1,265 | 743 |
| | 85,442 | 40,065 | 44,777 |

| | Year ended September 30, 2007 | | |
|------------------------|-------------------------------|-----------------------------|--------|
| | Cost | Accumulated Amortization | Net |
| | \$ | \$ | \$ |
| Computer equipment | 35,278 | 17,942 | 17,336 |
| Office equipment | 47,834 | 18,578 | 29,256 |
| Leasehold improvements | 2,114 | 1,265 | 849 |
| | 85,226 | 37,785 | 47,441 |

4. OTHER ASSET

During the previous year the Company invested \$1,390,951 in a collateralized short term debt obligation (the "Note"), issued by Coventree Inc. and commonly known as "Asset Backed Commercial Paper" ("ABCP"). The redemption of the Note is dependent on the cash generated by the ABCP's underlying assets and the ability of the trust that issued the note to refinance it in the ABCP market.

The Note was due and repayable to the Company on September 1, 2007, however the market for ABCP has ceased to function and the Company's Note was not redeemed upon maturity.

The Company was unable to determine if or when it may obtain the funds due under its Note, or whether the full amount invested will be recoverable. Accordingly, it reclassified the Note as a non-current asset, and revalued it to \$904,118.

The Company made an assessment of the estimated recoverable amount of its investment based on the impact on related, but still functioning, markets for comparable financial instruments, and also with reference to the charges recently taken by other companies holding ABCP. The resultant allowance for 35% of the investment balance is only an estimate and the ultimate recovery, assuming that it eventually occurs in some manner, could be materially greater or less than the adjusted balance of the investment.

5. **MINERAL PROPERTIES**

Lisbon Valley San Juan County, Utah, USA

The Company has an option to acquire a 100% interest in two mining lease agreements comprising 302 unpatented lode mining claims, which was acquired by the reimbursement of \$156,735 in previous acquisition costs (paid), the issue of 3,500,000 shares (issued) and the payment of US\$400,000 (\$300,000 paid) prior to production and the requirement to pay a minimum of US\$100,000 per year once production is attained, which is to be credited against sliding scale royalty based upon the value of uranium recovered. Annual fees of approximately US\$40,000 are also due to government agencies.

A reclamation bond of \$99,948 (US\$84,000) has been posted with the State of Utah.

Silver Spruce Properties, Labrador, Canada

On January 18, 2006, the Company optioned from Silver Spruce Resources (SSE) the right to earn a majority interest in a 4,963 claim property (approximately 124,000 hectares / 300,000 acres), located in the Central Mineral Belt (CMB) of Labrador, Canada. Under the terms of the agreement, Universal can earn a 60-per-cent interest by spending \$2-million on exploration over a three year period (completed). During the earn-in period SSE will be the operator. The Company paid the funds in trust to SSE subsequent to year end on account of exploration expenditures.

The Company paid a \$45,000 finder's fee to an arms-length third party.

On April 3, 2007, the Company completed its 60% earn-in on the Silver Spruce Properties and as a result now owns 60% of the Joint Venture. A formal joint venture agreement still has to be finalized.

Artillery Peak Mohave County, Arizona, USA

On February 14, 2006, the Company had acquired an option to purchase a 100% interest in 36 unpatented lode mining claims, under the following terms:

5. **MINERAL PROPERTIES (continued)**

| Date | Cash \$ | Shares | Exploration Commitment \$ |
|-------------------|------------------|------------------|------------------------------|
| Execution | 100,000 (paid) | 150,000 (issued) | |
| April 18, 2006 | 150,000 (paid) | 500,000 (issued) | |
| February 20, 2007 | 200,000 (paid) | 500,000 (issued) | 250,000 (completed) |
| February 20, 2008 | 250,000 | 850,000 | 750,000 |
| February 20, 2009 | 600,000 | 1,000,000 | 1,750,000 |
| February 20, 2010 | | | 3,000,000 |
| | <u>1,300,000</u> | <u>3,000,000</u> | <u>5,750,000</u> |

The Company is also to issue 1,000,000 non-transferable share purchase warrants to purchase 1,000,000 common shares at \$0.88 per share prior to February 20, 2009 (issued) and to pay a royalty of 3% on production. The Company retains an option to reacquire 1/3 of the royalty (1%) for \$1,500,000. The Company has also subsequently staked an additional 36 contiguous claims comprising 1,647 acres.

A reclamation bond of \$14,507 (US\$12,400) has been posted with the State of Arizona.

Tripple Uranium properties, Central Mineral Belt Labrador, Canada

On September 13, 2006, the Company acquired an option to earn a 60% interest in 2,727 claims (comprising approximately 165,000 acres) by initially reimbursing 60% of staking costs incurred of \$98,172 (paid), issuing 250,000 common shares (issued), and spending a total of \$1,050,000 on exploration over a three year period as follows: \$200,000 the first year (incurred), \$350,000 the second year and \$500,000 in the third year. In connection with this agreement the Company must also issue an additional 350,000 shares within ten days after the company's shares trade above \$0.75 for twenty consecutive trading days (issued).

6. SHARE CAPITAL

- a) Authorized: Unlimited number of common shares
- b) Issued and outstanding:

| | 31-Dec-07 | | 30-Sep-07 | |
|---|---------------------|-------------------|---------------------|-------------------|
| | Number of Shares | \$ | Number of Shares | \$ |
| Balance - beginning of year | 39,148,403 | 19,083,898 | 32,174,493 | 14,396,515 |
| Issued for cash: | | | | |
| Private placements (flow-through) | 2,666,666 | 2,000,000 | 2,700,000 | 2,025,000 |
| Options exercised | - | - | 1,285,000 | 464,250 |
| Warrants & agents' options exercised | - | - | 1,796,910 | 1,639,442 |
| Issued for mineral properties | - | - | 1,167,000 | 934,970 |
| Financing issue costs | | | | |
| Agents' commissions | - | (80,000) | - | (151,874) |
| Broker warrants | - | - | - | (51,300) |
| Finders' fees | - | (40,000) | - | - |
| Finance fees | - | - | 25,000 | (18,750) |
| Legal fees & other costs | - | (16,148) | - | (70,689) |
| Tax benefit from renunciation of flow-through | - | - | - | (690,525) |
| Fair value – Warrants granted | | (50,667) | | |
| Fair value – Options exercised | | - | | 437,800 |
| Fair value – Warrants exercised | | - | | 169,059 |
| Balance -end of period | 41,815,069 | 20,897,083 | 39,148,403 | 19,083,898 |

6. **SHARE CAPITAL (continued)**

b) Issued and outstanding:

On October 24, 2007, the Company closed a non-brokered private placement with the MineralFields Group consisting of 2,666,666 flow-through units ("FT Units") at a price of \$0.75 per FT Unit for gross proceeds of \$2,000,000. Each FT Unit consists of one flow-through common share and one-half of a share purchase warrant. Each full warrant will entitle the holder to purchase one additional common share of the Company at \$1.25 in the first year and \$2.00 in the second year. The warrants will be subject to a 30 day early expiration upon formal notification by the Company of a closing price, for 30 consecutive trading days, of \$1.50 or greater in the first year and \$2.25 or greater in the second year.

The Company paid a cash commission equal to 6% of the gross proceeds. In addition, the Company issued finder's options entitling the holder to purchase up to 266,666 non flow-through units of the Company, at a price of \$0.75 per unit, for a period of 24 months.

c) Stock options:

The continuity of share purchase options is as follows:

| Expiry Date | Exercise Price | Sept. 30, 2006 | Granted | Exercised | Expired / Cancelled | Sept. 30, 2007 |
|--|----------------|----------------|-----------|-------------|---------------------|----------------|
| 12/29/2009 | 0.20 | 950,000 | - | (720,000) | - | 230,000 |
| 9/10/2010 | 0.52 | 3,500 | - | - | (3,500) | - |
| 6/21/2011 | 0.52 | 725,000 | - | (200,000) | - | 525,000 |
| 1/16/2011 | 0.71 | 190,000 | - | (30,000) | (10,000) | 150,000 |
| 5/08/2011 | 0.67 | 260,000 | - | (135,000) | - | 125,000 |
| 6/13/2011 | 0.67 | 640,000 | - | (50,000) | (150,000) | 440,000 |
| 7/21/2011 | 0.48 | 100,000 | - | - | - | 100,000 |
| 11/13/2011 | 0.46 | - | 200,000 | (50,000) | - | 150,000 |
| 2/04/2012 | 0.48 | - | 100,000 | (100,000) | - | - |
| 3/19/2012 | 1.77 | - | 835,000 | - | (15,000) | 820,000 |
| 5/24/2012 | 1.11 | - | 25,000 | - | - | 25,000 |
| | | 2,868,500 | 1,160,000 | (1,285,000) | (178,500) | 2,565,000 |
| Weighted average exercise price | | 0.47 | 1.42 | 0.36 | 0.76 | 0.94 |

| Expiry Date | Exercise Price | Sept. 30, 2007 | Granted | Exercised | Expired / Cancelled | Dec. 31, 2007 |
|--|----------------|----------------|---------|-----------|---------------------|---------------|
| 12/29/2009 | 0.20 | 230,000 | - | - | - | 230,000 |
| 6/21/2011 | 0.52 | 525,000 | - | - | - | 525,000 |
| 1/16/2011 | 0.71 | 150,000 | - | - | (65,000) | 85,000 |
| 5/08/2011 | 0.67 | 125,000 | - | - | - | 125,000 |
| 6/13/2011 | 0.67 | 440,000 | - | - | (240,000) | 200,000 |
| 7/21/2011 | 0.48 | 100,000 | - | - | - | 100,000 |
| 11/13/2011 | 0.46 | 150,000 | - | - | - | 150,000 |
| 3/19/2012 | 0.55 ** | 820,000 | - | - | (100,000) | 720,000 |
| 5/24/2012 | 1.11 | 25,000 | - | - | - | 25,000 |
| 12/01/07 | 0.60 | - | 745,000 | - | - | 745,000 |
| | | 2,565,000 | 745,000 | - | (405,000) | 2,905,000 |
| Weighted average exercise price | | 0.55 | 0.60 | - | 0.65 | 0.55 |

** On December 1, 2007, the Company re-priced the exercise price of 720,000 share purchase options from \$1.77 to \$0.55.

6. **SHARE CAPITAL (continued)**

c) Stock options:

During the period, the Company granted 745,000 stock options to directors and consultants of the company with an exercise price of \$0.60. The fair value of each option granted is estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions and resulting values:

The weighted average assumptions used to estimate the fair value of options granted during the period were:

| | 1-Dec-07 | 24-May-07 | 19-Mar-07 | 05-Feb-07 | 15-Nov-06 |
|-------------------------|----------|-----------|-----------|-----------|-----------|
| Risk-free interest rate | 3.75 | 4.5 | 4.5 | 4.5 | 4.5 |
| Expected life | 5 | 5 | 5 | 5 | 5 |
| Vesting period | - | - | - | - | - |
| Expected volatility | 89.45% | 153.74% | 149.29% | 99.37% | 91.6 % |
| Expected dividend yield | - | - | - | - | - |

During the period ended December 31, 2007, the Company recorded stock-based compensation expense of \$245,850.

d) Contributed Surplus

| | |
|--|-----------|
| Contributed surplus, September 30, 2006 | 1,606,078 |
| Changes during 2006 | |
| Non-cash stock-based compensation | 1,484,450 |
| Fair value of broker shares and warrants issued for private placements | 70,050 |
| Fair value of stock options exercised | (437,800) |
| Fair value of broker warrants exercised | (169,059) |
| Contributed surplus, September 30, 2007 | 2,553,719 |
| Changes during period ended December 31, 2007 | |
| Non-cash stock-based compensation | 245,850 |
| Fair value of broker shares and warrants issued for private placements | 50,667 |
| Contributed surplus, December 31, 2007 | 2,850,236 |

e) Share purchase warrants

The continuity of share purchase warrants is as follows:

| Expiry Date | Exercise Price | Sept. 30, 2006 | Granted | Exercised | Expired / Cancelled | Sept. 30, 2007 |
|--|----------------|----------------|---------|-------------|---------------------|----------------|
| 10/18/2006 | 0.55 | 1,078,758 | - | - | (1,078,758) | - |
| 3/01/2008 | 0.88 | 1,000,000 | - | (49,432) | - | 950,568 |
| 3/06/2008 | 1.00 | 3,067,832 | - | (603,500) | - | 2,464,332 |
| 3/06/2008 | 1.00 | 25,000 | - | - | - | 25,000 |
| *3/06/2008 | 0.75 | 613,566 | - | (300,533) | - | 313,033 |
| 4/28/2008 | 1.00 | 1,313,417 | - | (366,167) | - | 947,250 |
| *4/28/2008 | 0.75 | 262,683 | - | (227,740) | - | 34,943 |
| *12/14/2007 | 0.75 | - | 270,000 | (77,870) | - | 192,130 |
| | | 7,361,256 | 270,000 | (1,625,242) | (1,078,758) | 4,927,256 |
| Weighted average exercise price | | 0.98 | 0.75 | 0.90 | 0.55 | 0.95 |

* Units granted to agents contain one share and half a warrant upon exercise.

6. SHARE CAPITAL (continued)

e) Share purchase warrants

| Expiry Date | Exercise Price | Sept. 30, 2007 | Granted | Exercised | Expired / Cancelled | Dec. 31, 2007 |
|--|-----------------------|-----------------------|----------------|------------------|----------------------------|----------------------|
| 3/01/2008 | 0.88 | 950,568 | - | - | - | 950,568 |
| 3/06/2008 | 1.00 | 2,464,332 | - | - | - | 2,464,332 |
| 3/06/2008 | 1.00 | 25,000 | - | - | - | 25,000 |
| *3/06/2008 | 0.75 | 313,033 | - | - | - | 313,033 |
| 4/28/2008 | 1.00 | 947,250 | - | - | - | 947,250 |
| *4/28/2008 | 0.75 | 34,943 | - | - | - | 34,943 |
| *12/14/2007 | 0.75 | 192,130 | - | - | - | 192,130 |
| 10/23/09 | 1.25 | | 1,333,332 | - | - | 1,333,332 |
| *10/23/09 | 0.75 | | 266,666 | - | - | 266,666 |
| | | 4,927,256 | 1,599,998 | - | - | 6,527,254 |
| Weighted average exercise price | | 0.95 | 1.25 | - | - | 1.00 |

* Units granted to agents contain one share and half a warrant upon exercise.

7. SUBSEQUENT EVENTS

The following events occurred after the quarter ended December 31, 2007:

- On February 20, 2008, the Company announced the appointment of Richard Walters to the Board of Directors. Mr. Walters is a Certified Professional geologist by the American Institute of Professional Geologists and is licensed to practice as a geologist in the states of Alaska and Washington. He is an economic geologist, holds a degree in geology from Washington State University, and has 40 years of mining experience with a global technical and business background in mineral exploration and development projects.
- On February 27, 2008, the Company announced a non-brokered private placement of up to 2.3 million units ("Units") at a price of \$0.35 per Unit for gross proceeds of \$805,000. Each Unit will consist of one common share and one-half of a share purchase warrant. Each full warrant will entitle the holder to purchase one additional common share of the Company at a price of \$0.40 in the first year and \$0.45 in the second year.

The private placement is subject to TSX Venture Exchange acceptance and required regulatory approvals. All of the securities issued pursuant to this offering will have a hold period expiring four months after the closing date. The net proceeds of the private placement will be added to working capital.