ROMIOS GOLD RESOURCES INC.

Responsibility for Financial Statements

The accompanying consolidated financial statements for Romios Gold Resources Inc. have been prepared by management in accordance with Canadian generally accepted accounting principles consistently applied. The most significant of these accounting principles have been set out in the June 30, 2006 audited financial statements. Only changes in accounting information have been disclosed in these interim consolidated financial statements. These consolidated interim financial statements are presented on an accrual basis of accounting. Accordingly, a precise determination of many assets and liabilities is dependent upon future events. Therefore, estimates and approximations have been made using careful judgment. Recognizing that the Company is responsible for both the integrity and objectivity of the consolidated financial statements, management is satisfied that these interim financial statements have been fairly presented.

Auditor Involvement

The auditor of Romios Gold Resources Inc. has not performed a review of these interim unaudited consolidated financial statements for the six months ended December 31, 2006 and 2005.

ROMIOS GOLD RESOURCES INC.

CONSOLIDATED INTERIM BALANCE SHEETS
(Unaudited - Prepared by Management)
AS AT DECEMBER 31, 2006
(Comparative figures are for the year ended June 30, 2006)

	Dec. 31, 2006	June 30, 2006
ASSETS		
CURRENT		
Cash and cash equivalents	$ 275,325	$ 1,110,621
Accounts receivable	74,759	49,479
Prepaid expenses	183,561	163,161
	533,645	1,323,261
LONG-TERM		
Computer equipment, net	241	383
Interest in mining claims and properties	823,012	725,362
Deferred exploration expenditures	2,214,336	1,642,684
Cash held for future exploration *(Note 5)*	2,839,900	-
	5,877,489	2,368,429
	$ 6,411,134	$ 3,691,690
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	$ 199,632	$ 311,996
SHAREHOLDERS' EQUITY		
SHARE CAPITAL *(Note 6)*	7,921,607	4,893,676
CONTRIBUTED SURPLUS *(Note 10)*	341,142	341,142
DEFICIT	(2,051,247)	(1,855,124)
	6,211,502	3,379,694
	$ 6,411,134	$ 3,691,690

APPROVED ON BEHALF OF THE BOARD:

"Tom Drivas"
Anastasios (Tom) Drivas, Director

"Thomas Skimming"
Thomas Skimming, Director

See accompanying notes

ROMIOS GOLD RESOURCES INC.

CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS AND DEFICIT
(Unaudited - Prepared by Management)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2006

	Three Months to Dec. 31, 2006	Six Months to Dec. 31, 2006	Three Months to Dec. 31, 2005	Six Months to Dec. 31, 2005
Revenue				
Interest income	$ 2,203	$ 2,203	$ 1,265	$ 3,602
Operating expenses				
Depreciation	71	142	71	142
Management fees *(Note 8)*	18,750	37,500	9,750	19,500
Office and general	52,287	93,847	18,085	30,399
Professional fees *(Note 8)*	44,431	66,837	75,885	81,932
	115,539	198,326	103,791	131,973
Net loss for the period	(113,336)	(196,123)	(102,526)	(128,371)
Deficit, beginning of period	(1,937,911)	(1,855,124)	(1,571,289)	(1,545,444)
Deficit, end of period	$ (2,051,247)	$ (2,051,247)	$ (1,673,815)	$ (1,673,815)
Basic and diluted loss per share	$ (0.002)	$ (0.003)	$ (0.005)	$ (0.006)
Weighted average number of shares outstanding - Basic and diluted	63,161,633	63,161,633	20,515,144	20,515,144

See accompanying notes

ROMIOS GOLD RESOURCES INC.

CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited - Prepared by Management)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2006

	Three Months to Dec. 31, 2006	Six Months to Dec. 31, 2006	Three Months to Dec. 31, 2005	Six Months to Dec. 31, 2005
Cash Flows from Operating Activities				
Loss from operations	$ (113,336)	$ (196,123)	$ (102,526)	$ (128,371)
Adjustments for:				
Depreciation	71	142	71	142
Net change in non-cash working capital items	(50,891)	(158,045)	28,892	35,247
	(164,156)	(354,026)	(73,563)	(92,982)
Cash Flows from Financing Activities				
Shares issued for cash	(85,620)	155,382	-	-
Issuance of flow-through shares	2,839,900	2,839,900	-	-
	2,754,280	2,995,282	-	-
Cash Flows from Investing Activities				
Investments in mining claims and properties	(65,000)	(65,000)	(50,000)	(53,261)
Deferred exploration expenditures	(51,999)	(571,652)	(111,330)	(316,407)
Cash held for future exploration	(2,839,900)	(2,839,900)	111,051	323,410
	(2,956,899)	(3,476,552)	(50,279)	(46,258)
Net change in cash and cash equivalents	(366,775)	(835,296)	(123,842)	(139,240)
Cash and cash equivalents, beginning of period	642,100	1,110,621	122,188	137,586
Cash and cash equivalents, end of period	$ 275,325	$ 275,325	$ (1,654)	$ (1,654)
Supplemental Cash Flow Information				
Non-cash investing and financing activities				
Common shares issued for mining properties	$ -	$ -	$ 24,000	$ 24,000
Common shares issued for option agreement on mining property	32,650	32,650	-	-
Common shares issued for finders fee on private placement	111,000	111,000	-	-
Common shares issued for royalty	-	-	-	9,375
	$ 143,650	$ 143,650	$ 24,000	$ 33,375

See accompanying notes

ROMIOS GOLD RESOURCES INC.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited - Prepared by Management)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2006

1. Nature of Operations

Romios Gold Resources Inc. ("Company") has interests in resource properties and is in the process of determining whether or not its resource properties contain reserves that are economically recoverable.

The recoverability of expenditures on its resource properties and related deferred exploration expenditures is dependent upon the existence of economically recoverable reserves, confirmation of the Company's ownership of the claims, the ability of the Company to obtain necessary financing to complete the exploration and the development of the properties, and upon future profitable production or proceeds from disposition thereof.

As at December 31, 2006 the Company has working capital of $334,013 (June 30, 2006 - $1,011,265). As at December 31, 2006, the Company has no source of operating cash flows. The Company's ability to meet its obligations and continue as a going concern is dependent on the ability to identify and complete future financing. While the Company has been successful in raising financing to date, there can be no assurance that it will be able to do so in the future.

2. Summary of significant accounting policies

The consolidated interim financial statements of Romios Gold Resources Inc. [the "Company"] as at December 31, 2006 follow the same accounting policies and methods of their application as the most recently completed annual financial statements dated June 30, 2006. These interim financial statements should be read in conjunction with the year-end financial statements.

a) Basis of presentation

These consolidated interim financial statements, for the six months period ended December 31, 2006, include the accounts of the Company's wholly-owned subsidiary, Mclymont Mines Inc. All intercompany transactions and balances have been eliminated.

b) Mining claims and properties

Mining claims and properties are stated at cost.

c) Deferred exploration expenditures

Expenditures incurred in the acquisition and exploration of the Company's mining claims and properties have been deferred with the intention that the deferred expenditures and the cost of the mining claims and properties be amortized by charges against income from future mining operations. If the mining claims are allowed to lapse or the properties are abandoned, the cost of the mining claims and all associated exploration expenditures are written off.

d) Computer equipment

Computer equipment is carried at cost and is depreciated at the rate of 30% per annum on a declining balance basis.

e) Long-lived assets

The Company monitors the recoverability of long-lived assets, based on factors such as current market value, future asset utilization, business climate and future undiscounted cash flows expected to result from the use of the related assets. The Company's policy is to record an impairment loss in the period when it is determined that the carrying amount of the asset may not be recoverable. The impairment loss is calculated as the amount by which the carrying amount of the asset exceeds the undiscounted estimate of future cash flows from the asset.

2. Summary of significant accounting policies *(continued)*

f) Stock based compensation plan

The Company has a stock-based compensation plan that is described in Note 6. Effective July 1, 2004 the Company adopted the new recommendations of the Canadian Institute of Chartered Accountant ("CICA") Handbook Section 3870, "Stock-based compensation and other stock-based payments". As required by the Handbook Section, effective for fiscal periods beginning after January 1, 2004, entities will no longer have the option of disclosing pro-forma information for employee, officers and directors options, that is, all awards must be recorded in the financial statements at fair value. This change is reflected in the current Company's December 31, 2006 consolidated interim financial statements.

g) Earnings per share

The Company has adopted the recommendations of the CICA Handbook section 3500, Earning per Share ("EPS"). The revised section requires the presentation of both basic and diluted EPS on the face of the income statement regardless of the materiality of the difference between them. In addition, the new recommendations require the use of the treasury stock method to compute the dilutive effects of options, warrants and similar instruments as opposed to the previous method used which was the imputed earnings approach. The section also requires the disclosure of a reconciliation of the calculation of basic and diluted EPS be disclosed.

h) Income taxes

The Company has adopted the liability method of accounting for income taxes as outlined in the provisions of Section 3465 of the Handbook of the Canadian Institute of Chartered Accountants. Under this method, current income taxes are recognized for the estimated taxes payable for the current year. Future income tax assets and liabilities are recognized for temporary differences between the tax and accounting bases of assets and liabilities as well as for the benefit of losses available to be carried forward to future years for tax purposes that are likely to be realized.

i) Asset retirement obligations

Effective July 1, 2004, the Company adopted CICA 3110, “Asset Retirement Obligations” which requires that the estimated fair value of liabilities for asset retirement obligations be recognized in the period in which they are incurred. A corresponding increase to the carrying amount of the related asset is recorded and depreciated over the life of the asset. The estimates used in the valuations are based primarily on legal and regulatory requirements. It is possible that the Company’s estimates of its ultimate reclamation and closure liabilities could change as a result of changes in regulations, the extent of environmental remediation required, the means of reclamation or cost estimates. Changes in estimates are accounted for prospectively from the period the estimate is revised.

An obligation has not been recorded with respect to asset retirement obligations (i.e. environmental remediation) for the Company's exploration and development properties. This is based on the fact that the mining and processing activities that give rise to the legal obligation have not yet occurred and/or the environmental disturbance which has occurred is not yet significant.

j) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results may differ from those estimates.

2. Summary of significant accounting policies *(continued)*

k) Financial instruments

The Company's financial instruments recognized in the balance sheet consists of cash and cash equivalents, and current liabilities. The fair value of these financial instruments approximate their carrying value due to the short maturity or current market rate associated with these instruments.

3. Computer equipment

	Cost	Accumulated Amortization	Net 2005	Net 2006
Computer equipment	$ 5,464	$ 5,223	$ 241	$ 383

4. Mining claims and properties

(i) The Company acquired properties from a corporation controlled by an individual who is also an officer, director and shareholder of the Company, as follows:

(a) Akow Lake area, Province of Ontario

On October 2, 1995, the Company acquired unpatented mining claim blocks in the Akow Lake Area, Patricia Mining Division. Consideration paid for these claims was issuance of 1,350,000 common shares of the Company at the value of $0.01 per share for a total price of $13,500. During the 1997 fiscal year 130,000 of the issued common shares were returned to treasury for cancellation. As the assets acquired remained Company property, the donation of shares for cancellation resulted in capital stock being reduced by $1,300 and a corresponding amount was added to contributed surplus.

(b) Lundmark-Akow Lake Area, Province of Ontario

On January 26, 1996, the Company acquired unpatented mining claim blocks in the Lundmark-Akow Lake Area, Patricia Mining Division. The purchase price was $24,700, based on reimbursement of out-of-pocket costs, and was paid with the issuance of 98,800 common shares at $0.25 per share.

On June 27, 1996, under a separate agreement, the Company acquired further mining claim blocks in the Lundmark-Akow Lake Area, Patricia Mining Division. The purchase price was $20,000, based on reimbursement of out-of-pocket costs, and was paid with the issuance of 80,000 common shares at $0.25 per share. During the 1997 fiscal year the 80,000 common shares issued to acquire this property were returned to treasury for cancellation. This resulted in a reduction of capital stock by $20,000 and a corresponding amount was added to contributed surplus.

Currently the Company has 13 claims comprised of 170 units in the Akow Lake area.

During the prior year the Company wrote down its interest in these claims to $500,000 which is management's estimate of the recoverable amount of the claims.

(c) Net smelter returns royalty agreement

The former owner retains a 3% net smelter returns royalty in respect of each of the properties noted above. The Company has the right to re-purchase up to 2% of the royalty in respect of the entire block of claims as a whole in consideration for payment of $1,000,000 for each 1% royalty re-purchased.

4. Mining claims and properties *(continued)*

(ii) On July 14, 1998 the Company entered into an option to purchase agreement with Platoro West, LLC ("Platoro") for the acquisition of a 100% working interest in sixteen (16) unpatented mining lode claims in Pershing County, Nevada, USA. Consideration payable to Platoro in order to exercise the option includes; US$82,500 in cash (US$59,500 paid to date), payable in installments ranging from $3,000 to $25,000 and the issuance of 100,000 common shares of the Company (issued to date 100,000 common shares). Platoro retains a 2% Gross Proceeds Royalty ("GPR") on the claims with the Company having the right to purchase up to a 1% of the GPR from Platoro in consideration for the payment of US$725,000. The Company also issued 10,000 common shares at $0.40 per share as a finder's fee upon execution of the agreement.

During a prior year the Company acquired and staked further claims in Pershing County, Nevada, USA. The properties are subject to a 1% Gross Proceeds Royalty as well as Net Smelter Returns Royalties varying between 2.25% to 4.0%. In order to save working capital the Company also stretched out the cash payments required to acquire the Nevada claims so that the final payment will not be due until May 14, 2006. The Company also agreed to pay the optionor an additional $US 2,000 for the right to stretch out the payments. The option to purchase the 1% Gross Proceeds Royalty has been increased to $US 775,000 from $US 725,000. All other terms of the original agreement remain the same.

(iii) In prior years the Company had acquired, principally through staking, an interest in mineral claims located in southwestern Quebec in the vicinity of the mining community of Chibougamau. During the prior year the Company wrote off the balance of these claims.

(iv) The Company acquired by staking a total of 391 claims units in an area of approximately 15,640 acres west of the Sudbury Basin in the townships of McKinnon and Mongowin near the town of Espanola, Ontario. During the prior year 284 of the claim units lapsed leaving a balance of 107 claim units. The Company granted an individual a 10% interest in the property pursuant to agreement with him for his proprietary knowledge and technical data which led to the decision to acquire the property.

(v) The Company has entered into an agreement to acquire a 161 acre property located in the Hislop Township near Timmins, Ontario in consideration for issuance of 350,000 common shares priced at $0.225 per share and granting vendor a 2% NSR. During the prior year, the Company acquired the 2% NSR from the vendor by issuance of 125,000 common shares at a price of $0.075 per share.

(vi) On March 1, 2005, the Company acquired 100% interest in MMI by issuing 2.0 million common shares and 500,000 warrants. Each warrants entitles the holder to acquire one additional common share at a price of $0.20 per share in the first year and $0.25 per share in the second year from closing. MMI currently has a option to earn a 50% interest in the Newmont Lake property in British Columbia which consist of 23 mining claims totaling 282 claim units in the Liard Mining Division of British Columbia. Of the 2.0 million common shares, 1.0 million are held in escrow and will be released on the basis of one share for each $2.325 of work incurred on the Newmont Lake property following the completion of $1 million in expenditures. As part of the acquisition agreement the Company has also issued 250,000 common shares to Gulf International Minerals Inc. ("GIM") at a price of $0.15 per share in place of MMI issuing shares as part of the option agreement between MMI and GIM.

(vii) The Company also acquired from a director and shareholder a 100% interest in a further 71 mining claims totaling 1,500 claim units in the Laird Mining Division of British Columbia by payment in cash of $25,000.

4. Mining claims and properties *(continued)*

(viii) On May 17, 2005 the Company entered into an option agreement with Roca Mines Inc ("Roca") to acquire an option to earn 50% interest in 8 mining claims comprising 160 claim units in the Laird Mining Division of British Columbia in consideration for payment of $200,000 ($25,000 paid to date) and issuance of 600,000 common shares (150,000 common shares have been issued to date at a price of $0.16 per share). The balance of cash and shares are due in increments of $50,000 and 150,000 shares respectively on or before December 1 of each year for the next three years, with the exception that $75,000 cash is payable in the third year. The Company is also required to expend $1 million in exploration work on the property and issue 200,000 common shares to the holder of the 2.5% NSR upon commencement of commercial production and pay an annual advance royalty of $30,000 per annum on the earlier of one year from the date on which the Company earns its interest in the property and December 31, 2007. The Company also has the right to increase its interest to 75% by paying $2 million to Roca either in cash or in shares of the Company.

(ix) On April 20, 2006 the Company entered into option agreements with Galore Creek Staking Syndicate, 2003 to acquire a 100% interest in seven mining claims totaling approximately 4,013 hectares located in the Liard Mining Division in the province of British Columbia, known as Trek and Royce Properties, in consideration for total cash payments of $225,000 ($25,000 paid to date) and issuance of 1,000,000 common shares (150,000 common shares have been issued to date). The balance of cash and shares are due as follows, issuance of 100,000 shares on or before the first anniversary of closing, 200,000 shares on or before each of the second and third anniversaries of closing, cash of $200,000 and issuance of 400,000 shares on or before the forth anniversary of closing. The Company is also required to expend a total of $3 million in exploration expenditures over the next 4 years on these properties.

(x) On October 25, 2006, the Company obtained regulatory approval to complete an option agreement on the JW Property. The JW Property consists of one land tenure which encompasses approximately 613.8 hectares (1,516.7 acres) of land in the Liard Mining Division in northwestern British Columbia. The property is located in the Galore Creek area. The Company can earn a 100% interest in the JW Property, subject to a 2% Net Smelter Returns Royalty in favour of the optionors, by paying a total of $115,000 paid in cash option payments ($15,000 paid to date), issuing a total of 500,000 common shares (50,000 common shares have been issued to date) and expending an aggregate of $2,000,000 on the JW Property over four years. Romios is required to spend $150,000 in the first year on the JW Property.

5. Cash held for future exploration

During the period the Company completed flow-through private placements for 9,466,328 shares priced at $0.30 per share for gross proceeds of $2,839,900. These funds are committed to be expended on Canadian Exploration Expenditures ("CEE") and as such are not available for current working capital purposes. As of December 31, 2006 the Company has CEE balance to be spent of $2,839,900.

6. Capital stock

(a) The Company is authorized to issue an unlimited number of common shares.

During the period, the Company issued commons shares as follows:

	Number of shares	Value
Balance as at June 30, 2004	9,687,788	$ 2,264,989
Issued pursuant to flow-through private placements	3,903,331	533,960
Issued pursuant to private placement	2,516,667	343,140
Issued - commission on private placements	184,650	27,698
Issued for acquisition of MMI	1,000,000	150,000
Issued for finders fee on acquisition of MMI	100,000	15,000
Issuance of shares for mining claims	410,000	62,900
Shares issued for debt settlement with related parties	1,350,999	202,650
Less: Shares issue costs *(Note 6)*	-	(182,348)
Reduction re: future income tax liability - flow through shares	-	(24,000)
Balance as at June 30, 2005	19,153,435	3,393,989
Issued pursuant to private placements	11,500,000	1,430,000
Issued - commission on private placements	104,555	21,957
Exercise of stock options	118,000	17,700
Exercise of warrants	1,415,852	276,955
Issuance of shares for mining claims	375,000	67,875
Less: Shares issue costs	-	(104,800)
Reduction re: future income tax liability - flow through shares	-	(210,000)
Balance as at June 30, 2006	32,666,842	4,893,676
Issued pursuant to private placements	692,339	207,702
Issued pursuant to flow-through private placements	9,466,328	2,839,900
Issuance of shares for mining claims	200,000	32,650
Issued for finders fee on private placement	370,000	111,000
Exercise of warrants	302,500	36,300
Less: Shares issue costs *(Note 6)*	-	(199,621)
Balance as at December 31, 2006	43,698,009	$ 7,921,607

According to the records of the Company's transfer agent the Company presently has 44,698,009 common shares outstanding, a difference of 1,000,000 representing the shares contingently issuable on the acquisition of MMI which have not been recognized for accounting purposes.

6. Capital stock *(continued)*

(b) On December 21 and December 28, 2006 the Company completed flow-through private placements for 4,466,333 common shares priced at $0.30 per share. Each Unit consists of one common share priced at $0.30 per share and one share purchase warrant with each full warrant entitling the holder to acquire one additional share at $0.60 per share for a period of one year from date of closing and $0.90 if exercised in the second year following closing. The value attributable to the warrants, calculated using a Black-Scholes option pricing model, was nominal and therefore for financial statement presentation purposes the full amount of the net proceeds have been allocated to the common shares.

Finder's fee were paid with respect to these private placements by issuing a total 120,000 shares priced at $0.30 per share and 180,000 Agent Warrants with exercise price of $0.60 per share for a period of one year from date of closing and $0.90 if exercised in the second year following closing. The agent warrants issued on the financing are valued at $36,000 and are included in share issue costs.

(c) On November 27, 2006 the Company completed flow-through private placements for 4,999,995 common shares priced at $0.30 per share. Each Unit consists of one common share priced at $0.30 per share and one share purchase warrant with each full warrant entitling the holder to acquire one additional share at $0.60 per share for a period of one year from date of closing and $0.90 if exercised in the second year following closing. The value attributable to the warrants, calculated using a Black-Scholes option pricing model, was nominal and therefore for financial statement presentation purposes the full amount of the net proceeds have been allocated to the common shares.

Finder's fee were paid with respect to these private placements by issuing a total 250,000 shares priced at $0.30 per share and 500,000 Agent Warrants with exercise price of $0.60 per share for a period of one year from date of closing and $0.90 if exercised in the second year following closing. The agent warrants issued on the financing are valued at $75,000. In addition, the Company paid a cash due diligence fee of $75,000. Total costs related to these private placements are $150,000 and are included in share issue costs.

(d) On July 31, 2006 the Company entered into private placement agreements for 692,339 units ("Units") priced at $0.30 per Unit for gross proceeds of $207,702. Each Unit consists of one common share priced at $0.30 per share and one half share purchase warrant. Each full warrant entitles the holder to acquire one additional common share at a price of $0.50 per share for a period of one year from date of closing. The funds raised were for working capital purposes. Commissions were paid with respect to these private placements by cash payment of $12,250 which amounts are included under share issue costs.

(e) On March 31, 2006 the Company entered into private placement agreements for 4,000,000 units ("Units") priced at $0.17 per Unit for gross proceeds of $680,000. Each Unit consists of one common share priced at $0.17 per share and one share purchase warrant with each full warrant entitling the holder to acquire one additional share at $0.25 per share for a period of one year from date of closing. The funds raised were for working capital purposes. No commissions were paid with respect to these private placements. The value attributable to the warrants, calculated using a Black-Scholes option pricing model, was nominal and therefore for financial statement presentation purposes the full amount of the net proceeds have been allocated to the common shares.

6. Capital stock *(continued)*

(f) On February 8, 2006 the Company entered into private placement agreements for 7,500,000 units ("Units") priced at $0.10 per Unit for gross proceeds of $750,000. Each Unit consists of one common share priced at $0.10 per share and one-half of a share purchase warrant with each full warrant entitling the holder to acquire one additional share at $0.12 per share for a period of one year from date of closing. The funds raised were for working capital purposes. Commissions were paid with respect to these private placements by issuing a total 104,555 shares priced at $0.21 per share and cash payment of $38,844 which amounts are included under share issue costs. The value attributable to the warrants, calculated using a Black-Scholes option pricing model, was nominal and therefore for financial statement presentation purposes the full amount of the net proceeds have been allocated to the common shares.

(g) On March 1, 2005 the Company completed flow-through private placements for 3,903,331 common shares priced at $0.15 per share. The Company also entered into non flow-through private placement agreements for 2,516,667 units ("Units") priced at $0.15 per Unit. Each Unit consists of one common share priced at $0.15 per share and one half share purchase warrant. Each full warrant entitles the holder to acquire one additional common share at a price of $0.20 per share in the first year and $0.25 per share in the second year from closing. The value attributable to the warrants, calculated using a Black-Scholes option pricing model, was nominal and therefore for financial statement presentation purposes the full amount of the net proceeds have been allocated to the common shares.

Commission equal to $0.012 per Unit/FT share or 8% of the total gross proceeds raised was paid to Canaccord Capital Corporation related to these private placements. The Company also granted Canaccord 686,833 Agent Warrants with an exercise price of $0.20 per share for the next two years. In addition, a Corporate finance fee equal to 150,000 Corporate Finance fee units priced at $0.15 per unit was granted to Canaccord. Each Corporate Finance fee unit consists of one common share priced at $0.15 per share and one share purchase warrant with an exercise price of $0.20 per share over the next two years from closing.

The agent warrants issued on the financing are valued at $41,400 and are included in share issue costs. The warrants included with the private placement units have been valued at $85,900. The fair value of the warrants was estimated using the Black-Scholes option pricing model with the following weighted average assumptions used for grants as follows: dividend yield of 0%, expected volatility of 11%, risk-free interest rate of 4.5% and expected life of 9 months.

Total cash costs including legal and agents fees related to these private placements are $113,250 and are included in share issue costs.

(h) During the prior year the Company entered into private placement agreements for 371,000 units ("Units") priced at $0.25 per Unit. Each Unit consists of one common share priced at $0.25 per share and one share purchase warrant entitling the holder to acquire one additional share at $0.33 per share for a period of one year from date of closing. The funds raised were for working capital purposes. Commissions were paid with respect to these private placements by issuing a total 49,100 shares priced at $0.25 per share which amount is included under share issue costs.

7. Common shares subject to issuance

As at December 31, 2006 the Company has 20,874,513 common shares subject to issuance as follows:

Stock Options

The Company has created a stock option plan for the benefit of directors, officers, key employees and consultants. The total number of shares which may be reserved and set aside for issuance to eligible persons may not exceed 10% of the issued and outstanding common shares.

In determining the stock-based compensation expense for the current year and prior years, the fair value of the options were estimated using the Black-Scholes option pricing model with the following weighted average assumptions used for grants as follows: dividend yield of 0%, expected volatility of 11%, risk-free interest rate of 4.5% and expected life of 60 months.

A summary of the Company's options at December 31, 2006 and the changes for the years then ended is presented below:

	Options Outstanding	Weighted-Average Exercise Price
As at June 30, 2004	810,930	$ 0.28
Granted	471,000	$ 0.21
Exercised	(297,554)	$ 0.35
As at June 30, 2005	984,376	$ 0.33
Granted	1,407,000	$ 0.21
Exercised	(118,000)	$ 0.15
Expired	(385,500)	$ 0.21
As at June 30, 2006	1,887,876	$ 0.22
Granted	-	$ -
As at December 31, 2006	1,887,876	$ 0.22

The following table summarizes information about the options outstanding at December 31, 2006:

Exercise Price	Options outstanding and exercisable	Remaining contractual life
$ 0.12	457,000	3.95 years
$ 0.21	235,500	3.18 years
$ 0.25	840,376	2.61 years
$ 0.27	255,000	1.82 years
$ 0.34	100,000	1.25 years
	1,887,876	2.83 years

7. Common shares subject to issuance *(continued)*

Warrants

A summary of the Company's warrants at December 31, 2006 and the changes for the years then ended is presented below:

	Warrants Outstanding	Weighted-Average Exercise Price
As at June 29, 2004	971,000	$ 0.29
Issued	2,462,492	$ 0.20
Expired	(971,000)	$ 0.29
As at June 30, 2005	2,462,492	$ 0.20
Issued	7,750,000	$ 0.19
Exercised	(1,415,852)	$ 0.20
As at June 30, 2006	8,796,640	$ 0.19
Issued	10,492,497	$ 0.60
Exercised	(302,500)	$ 0.12
As at December 31, 2006	18,986,637	$ 0.42

The following table summarizes information about the warrants outstanding at December 31, 2006:

Exercise Price	Warrants outstanding and exercisable	Remaining contractual life
$ 0.12	2,925,000	0.11 year
$ 0.20	522,505	0.16 year
$ 0.25	5,046,635	0.21 year
$ 0.50	346,169	0.57 year
$ 0.60	10,146,328	1.96 years
	18,986,637	1.13 year

For Property Transactions

The Company has 1,850,000 common shares reserved for issuance under the terms of the property acquisition agreements disclosed in Notes 4 (viii) (ix) and (x).

8. Related party transactions

The total of $30,000 (December 31, 2005 - $9,000) charged for management fees by an individual who is an officer, director and shareholder of the Company. At December 31, 2006 $25,500 (December 31, 2005 - $2,640) of the amount charged is outstanding and is included under accounts payable and accrued liabilities.

The Company's solicitor, who is also a director of the Company, charged legal fees in the amount $34,200 (December 31, 2005 - $Nil) which is included under professional fees. Included in accounts payable is $12,775 (December 31, 2005 - $50,340) owing to the firm of this individual.

During the period the Company was charged $35,505 (December 31, 2005 - $6,091)by two individuals who are directors of the Company for geological and consulting work done on the Company's mining claims. This amount is included under deferred exploration expenditures.

8. Related party transactions *(continued)*

Include in the flow-through private placements described in Note 6(b) was 600,000 flow-through units for gross proceeds of $180,000 subscribed for by related parties in the current period.

Included in the private placements described in Note 6(f) was 527,520 working capital units for gross proceeds of $52,752 subscribed for by related parties in the prior year.

9. Income taxes

The Company has incurred tax losses of approximately $904,000 which may be used to reduce future taxable income. The potential benefit of these losses will expire in the fiscal years ended June 30, if unused, as follows:

2007	$ 77,000
2008	65,000
2009	114,000
2010	93,000
2014	120,000
2015	166,000
2016	269,000
	$ 904,000

10. Contributed surplus

Contributed surplus consists of the following:

Balance June 30, 2004	$ 21,300
Stock-based compensation - current year	22,050
Restatement relating to prior year's stock based-compensation	75,575
Value of warrant and agent's warrants issued in private placement	127,300
Value of warrants issued on acquisition of MMI	34,000
Balance June 30, 2005	341,142
Stock based compensation	60,917
Balance June 30, 2006	$ 682,284

11. Lease Commitment

The company has obligations under long-term leases for office facilities, annual lease payments are as follows:

2007	$ 9,418
2008	9,418
2009	5,495
	$ 24,331