Starcore International Ventures Ltd.

Interim Consolidated Financial Statements

January 31, 2007

(Unaudited)

Starcore International Ventures Ltd.

Interim Consolidated Balance Sheet (unaudited)

		January 31, 2007		July 31, 2006
Assets				
Current				
Cash and cash equivalents (notes 3 and 8)	**$**	**1,512,869**	$	628,663
Marketable securities (note 4)		**5,000**		5,000
Prepaid expenses (note 9)		**27,266**		25,125
Amounts receivable and deposits		**50,942**		25,830
		1,596,077		684,618
Reclamation bond		**14,758**		14,758
Rent deposits		**16,375**		16,375
Restricted cash (notes 3, 8 and 12)		**19,700,000**		6,892,000
Equipment and leaseholds (note 5)		**48,424**		52,011
Deferred acquisition costs (notes 9 and 12)		**247,240**		90,448
Deferred share issue costs (notes 9 and 12)		**89,026**		10,943
Deferred financing costs (notes 9 and 12)		**134,158**		-
Mineral properties and deferred exploration costs (notes 6 and 9)		**746,675**		939,210
	$	**22,592,733**	$	8,700,363
Liabilities				
Current				
Accounts payable and accrued liabilities (note 9)	**$**	**253,038**	$	50,546
Due to related parties (note 9)		**-**		29,668
		253,038		80,214
Deferred lease inducement (note 10)		**10,021**		13,542
		263,059		93,756
Shareholders' Equity				
Share capital (notes 7 and 12)		**16,689,691**		14,960,320
Shares subscribed not issued (note 12)		**19,700,000**		6,892,000
Contributed surplus (note 7)		**536,629**		465,326
Deficit		**(14,596,646)**		(13,711,039)
		22,329,674		8,606,607
	$	**22,592,733**	$	8,700,363

Commitments (notes 6, 10 and 12)
Subsequent event (Note 12)

Approved by the Directors:

"Robert Eadie" Director

"Gary Arca" Director

Starcore International Ventures Ltd.

Interim Consolidated Statements of Loss (unaudited)

	For the three months ended January 31, 2007	2006	For the six months ended January 31, 2007	2006
Administrative Expenses				
Amortization	**$ 3,180**	$ 2,810	**$ 6,396**	$ 5,620
Consulting fees (note 9)	**10,675**	32,215	**26,269**	55,831
Legal, audit and accounting (note 9)	**8,034**	(950)	**9,304**	18,486
Management fees and salary (note 9)	**22,655**	8,250	**30,905**	16,500
Office and miscellaneous	**40,582**	11,505	**73,492**	26,164
Property investigation	**-**	4,886	**-**	7,630
Shareholders' information	**155,329**	18,452	**238,844**	36,346
Stock-based compensation (note 7)	**181,580**	60,950	**234,675**	161,450
Transfer agent and regulatory fees	**74,477**	7,266	**75,758**	8,737
Travel, accommodation, meetings	**14,712**	19,526	**23,075**	34,145
	511,224	164,910	**718,718**	370,909
Loss before other items	**(511,224)**	(164,910)	**(718,718)**	(370,909)
Other items:				
Foreign exchange	**(109,949)**	-	**(110,723)**	(255)
Investment and interest income	**81,573**	905	**183,211**	1,033
Write-off of Mineral property (note 6)	**(239,377)**	-	**(239,377)**	(1)
	(267,753)	905	**(166,889)**	777
Loss for the period	**$ (778,977)**	$ (164,005)	**$ (885,607)**	$ (370,132)
Basic and diluted loss per share	**$ (0.06)**	$ (0.01)	**$ (0.07)**	**$** (0.03)
Weighted average number of shares outstanding	**13,775,208**	12,074,111	**13,246,604**	12,074,111

Starcore International Ventures Ltd.

Interim Consolidated Statements of Cash Flows (unaudited)

	For the three months ended January 31,		For the six months ended January 31,	
	2007	2006	**2007**	2006
Cash provided by (used in)				
Operating activities				
Loss for the period	**$ (778,977)**	$ (164,005)	**$ (885,607)**	$ (370,132)
Items not involving cash				
Amortization	**3,180**	2,810	**6,396**	5,620
Stock-based compensation	**181,580**	60,950	**234,675**	161,450
Deferred lease inducement recognized	**(1,151)**	(677)	**(3,521)**	(677)
Write-off of mineral property	**239,377**	-	**239,377**	1
	(355,991)	(100,922)	**(408,680)**	(203,738)
Change in non-cash working capital items				
Amounts receivable	**(26,217)**	9,200	**(25,112)**	8,106
Due from/to related parties	**-**	5,119	**(29,668)**	1,877
Prepaid expenses	**(19,766)**	5,170	**(2,141)**	4,163
Accounts payable	**44,905**	(2,307)	**16,748**	(1,196)
	(357,069)	(83,740)	**(448,853)**	(190,788)
Financing activities				
Issue of share capital	**1,565,999**	-	**1,565,999**	-
Deferred share issue costs	**(49,312)**	-	**(49,312)**	-
Subscriptions received (net of refunds)	**12,058,000**	-	**12,808,000**	-
Restricted cash	**(12,058,000)**	-	**(12,808,000)**	-
Deferred financing costs	**(42,226)**	-	**(42,226)**	-
	1,474,461	-	**1,474,461**	-
Investing activities				
Purchase of equipment and leaseholds	**(1,934)**	(3,388)	**(2,809)**	(5,454)
Mineral properties and deferred exploration costs	**(28,712)**	-	**(46,842)**	(45,046)
Deferred acquisition costs	**(67,370)**	-	**(91,751)**	(5,424)
	(98,016)	28,332	**(141,402)**	(55,924)
Net increase (decrease) in cash and cash equivalents	**1,019,376**	(112,072)	**884,206**	(246,712)
Cash and cash equivalents, beginning of period	**493,493**	1,070,584	**628,663**	1,205,224
Cash and cash equivalents, end of period	**$ 1,512,869**	$ 958,512	**$ 1,512,869**	$ 958,512
Supplementary disclosure of cash flow information				
Cash paid for:				
Interest	**-**	-	**-**	-
Income taxes	**-**	-	**-**	-

Non-cash transactions- Notes 6 and 7

Starcore International Ventures Ltd.

Consolidated Statement of Shareholders' Equity for the period ended January 31, 2007 (unaudited)

	Shares	Amount	Shares Subscribed Not Issued	Contributed Surplus	Deficit	Total
Balance, July 31, 2004	5,814,225	$ 12,695,308	$ -	$ -	$ (12,141,757)	$ 553,551
Issued for cash						
Exercise of special warrants at $0.15	1,051,666	157,750	-	-	-	157,750
Exercise of warrants at $0.20	1,807,666	361,533	-	-	-	361,533
Exercise of warrants at $0.30	191,000	57,300	-	-	-	57,300
Private placement at $0.45	3,134,554	1,410,549	-	-	-	1,410,549
Agent's commission, fees and legal fees	-	(125,347)	-	-	-	(125,347)
Issued for resource property at $0.35	25,000	8,750	-	-	-	8,750
Issued for resource property at $0.50	50,000	25,000	-	-	-	25,000
Stock based compensation	-	-	-	184,310	-	184,310
Net loss for the year	-	-	-	-	(679,294)	(679,294)
Balance July 31, 2005	12,074,111	14,590,843	-	184,310	(12,821,051)	1,954,102
Issued for cash						
Exercise of warrants at $0.60	507,222	304,334	-	-	-	304,334
Exercise of options at $0.40	136,666	65,143	-	(10,477)	-	54,666
Stock based compensation	-	-	-	291,493	-	291,493
Share subscriptions received (net)	-	-	6,892,000	-	-	6,892,000
Net loss for the year	-	-	-	-	(889,988)	(889,988)
Balance July 31, 2006	12,717,999	14,960,320	6,892,000	465,326	(13,711,039)	8,606,607
Issued for cash						
Exercise of warrants at $0.60	2,145,332	1,287,199	-	-	-	1,287,199
Exercise of options at $0.40	612,000	381,246	-	(136,446)	-	244,800
Exercise of options at $0.68	50,000	60,926	-	(26,926)	-	34,000
Stock based compensation	-	-	-	234,675	-	234,675
Share subscriptions received (net)	-	-	12,808,000	-	-	12,808,000
Net loss for the period	-	-	-	-	(885,607)	(885,607)
Balance January 31, 2007	**15,525,331**	**$ 16,689,691**	**$ 19,700,000**	**$ 536,629**	**$ (14,596,646)**	**$ 22,329,674**

Starcore International Ventures Ltd.

Interim Consolidated Statements of Mineral Properties and Deferred Exploration Costs (unaudited)

	Six months ended January 31, 2007	Year ended July 31, 2006
Cerro de Dolores		
Balance, beginning of period	**$ 718,781**	$ 666,185
Assays and sampling	**1,084**	5,531
Consulting	**-**	6,639
Field work & supplies	**-**	1,055
General & administration	**16,500**	33,000
Site visits	**-**	6,371
Travel and transportation	**10,310**	-
Current period expenditures	**27,894**	52,596
Balance, end of period	**$ 746,675**	$ 718,781
Black Silver		
Balance, beginning of period	**$ 220,429**	$ 44,380
Acquisition of land	**-**	5,424
Assays and sampling	**3,167**	14,367
Consulting	**320**	37,986
Drilling	**-**	114,620
License fees	**5,028**	-
Site visits	**123**	3,652
Travel and transportation	**10,310**	-
Current period expenditures	**18,948**	176,049
Write-off of mineral property	**(239,377)**	-
Balance, end of period	**$ -**	$ 220,429
Total Mineral Properties Deferred Acquisition Exploration Expenses	**$ 746,675**	$ 939,210

1. Nature of Operations

Starcore International Ventures Ltd. (the "Company") is in the business of owning, acquiring, exploiting, exploring and evaluating mineral properties, and either joint venturing or developing these properties further or disposing of them when the evaluation is completed. The Company is in the exploration stage and has interests in properties located in Mexico.

The economic recoverability of the properties' reserves has yet to be determined. The recoverability of amounts from the properties will be dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying properties, the ability of the Company to obtain necessary financing to satisfy the expenditure requirements under the property agreement and to complete the development of the properties and upon future profitable production or proceeds from the sale thereof. The outcome of these matters cannot be predicted with any certainty at this time.

Subsequent to January 31, 2007, the Company completed the acquisition of Compañia Minera Pena de Bernal, S.A. de C.V. ("Bernal"), which owns the San Martin mine in Queretaro, Mexico from Luismin S.A. de C.V. ("Luismin") which results in a change in the Company's business to an active gold and silver producer (Note 12).

2. Interim Reporting

While the information presented in the accompanying financial statements is unaudited, it includes all adjustments which are, in the opinion of management, necessary to present fairly the financial position, results of operations and cash flows for the interim period in accordance with Canadian generally accepted accounting principles, and all such adjustments are of a normal recurring nature, it is suggested that these interim unaudited financial statements be read in conjunction with the company's audited financial statements for the year ended July 31, 2006.

These unaudited interim consolidated financial statements follow the same accounting policies and methods as the Company's most recent annual audited consolidated financial statements, except that, effective August 1, 2006 the Company adopted the provisions of Section 1530 *comprehensive income,* Section 3831 *non-monetary transactions,* Section 3855 *financial instruments –recognition and measurement,* and Section 3865 *hedges*. Adopting these provisions had no material affect on the accounts.

Operating results for the six months ended January 31, 2007 are not necessarily indicative of the results that can be expected for the year ending July 31, 2007.

3. Cash and Cash Equivalents

Cash equivalents and restricted cash include guaranteed Investment Certificates and/or Government of Canada Treasury bills with a market value of $3,041,000 (July 31, 2006 - $517,659) earning interest income at approximately 3% per annum.

4. Marketable Securities

The Company holds 20,000 common shares in another public company with a historical cost of $5,000 and quoted market value of $26,600 (July 31, 2006 - $17,400).

5. Equipment and Leaseholds

						January 31, 2007
		Cost		**Accumulated amortization**		**Net book value**
Furniture and fixtures	$	27,807	$	11,440	**$**	**16,367**
Office equipment		27,285		10,973		**16,312**
Leasehold improvements		29,211		13,466		**15,745**
	$	84,303	$	35,879	**$**	**48,424**

						July 31, 2006
		Cost		**Accumulated amortization**		**Net book value**
Furniture and fixtures	$	27,807	$	9,621	$	18,186
Office equipment		24,476		9,317		15,159
Leasehold improvements		29,211		10,545		18,666
	$	81,494	$	29,483	$	52,011

6. Mineral Properties and Deferred Exploration Costs

a) Cerro de Dolores, Mexico

The Company entered into an option agreement effective December 15, 2003, with Wheaton River Minerals Ltd. and two of Wheaton's subsidiaries, Luismin and Compañia Minera Astumex, S.A. de C.V. (collectively, "Goldcorp") for the acquisition of up to an 80% interest in the Cerro de Dolores property (the "Agreement") subject to a 3% net smelter return royalty.

In order to exercise an initial option and acquire a 51% interest in the property, the Company must issue a total of 250,000 post consolidation common shares and incur US $1.4 million in exploration expenditures on the property over a four year period as follows:

- 100,000 common shares upon TSX Venture Exchange (the "Exchange") acceptance of the Agreement on June 23, 2004 (issued at $0.50);
- an additional 50,000 common shares (issued at $0.50) and US $300,000 in exploration expenditures on or before June 23, 2005 (incurred);
- an additional 50,000 common shares and US $300,000 in exploration expenditures on or before June 23, 2006;
- an additional 50,000 common shares and US $300,000 in exploration expenditures on or before June 23, 2007; and
- the final US $500,000 in exploration expenditures on or before June 23, 2008.

6. Mineral Properties and Deferred Exploration Costs – (cont'd)

a) Cerro de Dolores, Mexico – (cont'd)

The Company is in default of the requirements under the agreement for the period ended June 23, 2006, and is currently renegotiating with Goldcorp.

Upon issuing the shares and completing the expenditures set out above, the Company will have earned a 51% interest in the Cerro de Dolores property. The Company can earn an additional 29% interest in the property by placing the property into commercial production. If the Company earns its initial 51% interest but does not place the property into commercial production, Goldcorp will have the option to re-acquire an 11% interest in the property from the Company for a cash purchase price of US $300,000 or 11/80 of the exploration expenditures incurred by the Company.

The Company paid a finders fee of 100,000 common shares in connection with the Agreement.

On November 25, 2004, the Company announced the acquisition, through staking, of additional exploration ground contiguous to its 697 hectare Cerro de Dolores property in the Guerro/Puebla States in Mexico. The newly acquired land (2,344 hectares) extends north-easterly from the boundary of the existing land position and covers the known extension (about 15 km) of the structural corridor hosting silver-lead-zinc mineralization in the target area. The zones have not been subjected to modern exploration techniques and represent targets for resource expansion for the Company.

b) Black Silver, Arizona

In January, 2005, as amended January 10, 2006, the Company entered into an option agreement to acquire a 100% interest in the Black Silver Property located in southern Arizona. In order to exercise the option, the Company was to pay US $120,000 (US$10,000 paid), issue 250,000 shares (25,000 issued) and incur US $500,000 exploration expenditures.

During the period ended January 31, 2007, the Company has decided to abandon this option and recognize a loss of $229,066 on the write-off of the mineral property and related deferred exploration costs.

7. Share Capital

a) Authorized Unlimited common shares with no par value

b) Options and Warrants Outstanding

A summary of the Company's outstanding stock options as of January 31, 2007 and July 31, 2006 and the changes during the periods then ended is presented below:

	Number of options	Weighted average exercise price
Outstanding at July 31, 2005	1,850,000	$0.40
Options exercised	(136,666)	$0.40
Options granted	914,000	$0.45
Options cancelled/ expired	(333,334)	$0.40
Outstanding at July 31, 2006	2,294,000	$0.42
Option exercised	(662,000)	$0.42
Options granted	5,955,822	$1.02
Options cancelled/expired	(355,000)	$0.48
Outstanding at January 31, 2007	**7,232,822**	**$0.91**
Exercisable at January 31, 2007	**1,104,667**	**$0.40**

At January 31, 2007, there were 7,232,822 stock options outstanding entitling the holders thereof the right to purchase one common share for each option held as follows:

Number of Shares	Number exercisable	Exercise Price	Expiry Date
800,000	800,000	$0.40	March 23, 2010
437,000	291,334	$0.40	January 26, 2011
40,000	13,333	$0.40	March 2, 2011
525,822	-	$0.60	December 20, 2011
5,430,000	-	$1.06	January 22, 2012
7,232,822	**1,104,667**		

A summary of the Company's outstanding share purchase warrants at January 31, 2007 and July 31, 2006 and the changes during the periods then ended is presented below:

	Number of warrants	Weighted average Exercise price
Outstanding and exercisable at July 31, 2005	4,504,554	$0.61
Warrants expired	(1,100,000)	$0.64
Warrants exercised	(507,222)	$0.60
Outstanding and exercisable at July 31, 2006	2,897,332	$0.60
Warrants expired	(752,000)	$0.60
Warrants exercised	(2,145,332)	$0.60
Outstanding and exercisable at January 31, 2007	**-**	**-**

7. Share Capital – (cont'd)

c) Stock Based Compensation

The Company, in accordance with the policies of the Exchange, is authorized to grant options to directors, officers, and employees to acquire up to 7,232,822 shares of common stock outstanding. Options may be granted for a maximum term of 5 years. Optioned shares will vest and may be exercised in accordance with the vesting provisions set out as follows:

(a) 1/3 of the options granted will vest six months after the grant date;
(b) a further 1/3 of the options granted will vest twelve months after the grant date;
(c) the remaining 1/3 of the options granted will vest eighteen months after the grant date.

The fair value, $4,155,171, of the 5,955,822 options granted on December 20, 2006 and January 22, 2007 was estimated using the Black-Scholes option-pricing model with the following weighted average assumptions:

Dividend rate	0.00	%	Expected annual volatility	79-84	%
Risk-free interest rate	3.91-4.04	%	Strike price	$1.06	
Expected life	5	Years	Spot price	$1.06	

The fair value, $191,623, of the 914,000 options granted on January 26, 2006, March 2, 2006, and May 17, 2006 was estimated using the Black-Scholes option-pricing model with the following weighted average assumptions:

Dividend rate	0.00	%	Expected annual volatility	86	%
Risk-free interest rate	4.09	%	Strike price	$0.45	
Expected life	5	years	Spot price	$0.28 – 0.35	

The fair value, $425,500, of the 1,850,000 options granted on March 23, 2005 was estimated using the Black-Scholes option-pricing model with the following assumptions:

Dividend rate	0.00	%	Expected annual volatility	79	%
Risk-free interest rate	3.88	%	Strike price	$0.40	
Expected life	5	years	Spot price	$0.37	

Based on the above, the fair value of the stock options vested during the period ended January 31, 2007 was $234,675, which has been recorded in the statement of operations and credited to contributed surplus. During the period ended January 31, 2007, $136,446 and $26,926 was transferred from contributed surplus to share capital pursuant to the exercise of 612,000 and 50,000 options, respectively, exercised at prices of $0.40 and $0.68 per share. These amounts have been excluded from the statement of cash flows.

8. Financial Instruments

Currency risk is the risk to the Company's earnings that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. At January 31, 2007 the company had the following financial assets and liabilities:

		US Dollars
Cash and equivalents	$	13,962,189

At January 31, 2007 US dollar amounts were converted at a rate of $1.1765 Canadian dollars to $1.00 US dollar.

9. Related Party Transactions

The following transactions with directors or companies controlled by directors or in which a director is a partner have been valued in these financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related parties:

		Period ended January 31,	
		2007	2006
Legal		**$ 5,956**	$ -
Consulting		**22,000**	-
Management fees and salary		**29,000**	16,500
Deferred fees	- acquisition costs	**83,285**	-
	- administration costs	**16,500**	10,500
	- financing costs	**96,429**	-
	- geological costs	**-**	8,500
	- share issue costs	**12,673**	-
		$ 265,843	$ 35,500

Amounts due to or from related parties are unsecured, are non-interest bearing and are classified as a current asset or liability due to their nature and expected time of repayment, accordingly the fair value can not be readily determined. Included in prepaid expenses are $7,500 (July 31, 2006; $5,500) and included in accounts payable and accrued liabilities are $179,321 (July 31, 2006; $36,331) owing to these related parties. During the period ended January 31, 2007, the Company issued 500,000 shares to directors pursuant to the exercise of options for gross proceeds of $200,000. During the year ended July 31, 2006, the Company issued 272,222 shares to a director pursuant to the exercise of options and warrants for gross proceeds of $153,333.

10. Commitments

As at July 31, 2006, the Company has shared lease commitments for office space expiring in February 2010. Minimum lease payments including estimated taxes and excluding operating costs for each of the next five years are as follows:

July 31, 2007	$ 16,042
2008	$ 16,042
2009	$ 16,042
2010	$ 9,359

As an inducement to enter into the new office space lease the landlord funded $65,000 of leasehold improvements on behalf of the 4 tenants. The Company's share of these improvements has been capitalized and the resulting deferred leasehold inducement will be recognized as a reduction of rent expense over the term of the lease.

11. Segmented Information

The Company operates in one operating segment, being the exploration and evaluation of mineral properties for development in the United States and Mexico. Assets by geographic segment, at cost, are as follows:

	January 31, 2007	July 31, 2006
Canada	**$ 21,846,058**	$ **7,761,153**
United States	**-**	**220,429**
Mexico	**746,675**	**718,781**
	$ 22,592,733	$ **8,700,363**

12. Subsequent Events

(i) **Acquisition of Compañia Minera Pena de Bernal, S.A. de C.V. ("Bernal")**

The Company completed the acquisition of Bernal, the owner of the San Martin Mine in Queretaro, Mexico, from Luismin, a wholly owned subsidiary of Goldcorp, Inc. (the "Acquisition"). Pursuant to the Acquisition the Company paid US$24 million and issued 4,729,600 common shares to Luismin. The shares are subject to a hold period expiring June 1, 2007. Bernal became a subsidiary of the Company's subsidiary, Starcore Mexicana, S.A. de C.V., effective February 1, 2007. The acquisition will be accounted for using the purchase method of accounting. Under this method, the acquisition will be valued at the fair value of the consideration paid, including shares issued to Luismin, determined at February 1, 2007. This consideration will be allocated to the accounts of Bernal based on the fair value of the assets and liabilities of Bernal at February 1, 2007, which has not yet been determined.

The Company became a gold and silver producer as a result of the acquisition and has graduated to Tier 1 of the TSX Venture Exchange as a public reporting issuer. Pursuant to the Acquisition agreement, Luismin will operate the mine on behalf of the Company for up to one year. Also, the Company has agreed to grant Goldcorp a security interest over the Bernal mining properties as collateral to ensure that Bernal maintains an agreement to sell all silver produced from the mine to Goldcorp until October, 2029, at the prevailing spot market rate at the time of sale.

In order to finance the Acquisition, the Company issued 37,400,000 units at a price of $0.50 per unit for gross proceeds of $18,700,000 (the "Offering"). Each unit consists of one common share and one-half of one warrant. Each full warrant is exercisable into one additional common share for three years at an exercise price of $0.80 per share. The warrants include an early expiry feature which may be triggered should the common shares close above $2.50 over a minimum period of forty-five calendar days. The shares and warrants were issued concurrently with the closing of the Acquisition.

Pursuant to the Offering, the Company incurred cash commissions of $833,412, issued 447,144 common shares subject to a four month hold period expiring June 1, 2007 and granted 879,840 agents warrants entitling the holder to acquire one share at $0.80 for one year with the same early expiry provisions as the warrants issued in the Offering.

12. Subsequent Events - (cont'd)

(ii) **Loan Financing**

Pursuant to the Acquisition of Bernal, the Company arranged a US$13,000,000 bank financing (the "Loan") which matures on January 31, 2013 and bears interest at LIBOR plus 3%. In connection with the Loan, the Company issued 19,236,000 detachable warrants exercisable to acquire common shares of the Company. Of these warrants, 12,442,000 warrants are exercisable at a price of Cdn$0.76 (or US$0.643) per share until January 31, 2011, and 6,794,000 warrants are exercisable until January 31, 2012, at a price of Cdn$0.87 (or US$0.736), and for a further period of one year if any of the Loan remains outstanding at a price equal to the greater of Cdn$0.87 (or US$0.736) and 160% of the volume weighted average trading price of the Company's common shares for the five business days before January 31, 2012. These detachable warrants will be valued at fair value and recorded in the accounts, as appropriate, in the period of issuance. The Loan and any shares issued upon exercise of the warrants are subject to a four-month hold period expiring June 1, 2007.

The Loan agreement required that the Company enter into a forward sales agreement for the sale of 81,876 ounces of gold at a price of US$731 per ounce. The sales of approximately 1,135 ounces per month will occur over the period of the Loan from February 28, 2007, to January 31, 2013. The Company paid a financing fee of US$390,000 and commissions of US$260,000 in respect of the Loan.

(iii) **Non-Brokered Private Placement**

On February 7, 2007, the Company issued 1,785,714 units at a price of $0.56 per unit, for proceeds of $1,000,000. Each unit is comprised of one common share and one-half of one non-transferable share purchase warrant. Each warrant is exercisable into one additional common share for three years at a price of $0.80. The warrants include an early expiry feature, which the Company may trigger should the common shares close above $2.50 over a minimum period of forty-five calendar days. The Company paid a cash commission of $60,000 pursuant to the private placement. All securities issued by the Company pursuant to this private placement are subject to a four month hold period expiring on June 7, 2007.

(iv) **Consulting Agreement**

The Company entered into an agreement with a company to conduct institutionally-oriented investor relations programs on behalf of the Company. In consideration, the Company has agreed to pay a monthly retainer of US$7,000 for a period on one-year, with a right of termination after the first five months, and to grant incentive stock options in an aggregate amount of 600,000 shares at an exercise price of $1.06 per share. This agreement is subject to regulatory approval.

(v) **Exercise of Options and Warrants**

Subsequent to January 31, 2007, the Company issued 313,000 shares at $0.40 for proceeds of $125,200 pursuant to the exercise of share purchase options, and 390,000 shares at $0.80 for proceeds of $312,000 pursuant to the exercise of warrants.