

Consolidated Financial Statements of



*For the three months and nine months ended
September 30, 2007 and 2006*

CORNERSTONE CAPITAL RESOURCES INC.

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CORNERSTONE CAPITAL RESOURCES INC.**Consolidated Statements of Loss and Deficit****(Unaudited)**

	For the three months ended September 30, 2007	For the three months ended September 30, 2006	For the nine months ended September 30, 2007	For the nine months ended September 30, 2006
	\$	\$	\$	\$
REVENUE				
Investment income	24,256	86,784	103,300	107,745
Other income	17,125	17,520	52,105	53,191
	41,381	104,304	155,405	160,936
EXPENSES				
General and administrative	461,902	359,933	1,386,828	1,082,207
Stock-based compensation	249,778	191,529	1,000,505	751,707
Mineral properties abandoned	825,808	-	825,808	-
Foreign exchange loss (gain)	71,291	(328)	158,532	15,142
Amortization	49,632	8,811	73,788	21,078
Interest and bank charges	1,876	1,982	4,969	6,491
	1,660,287	561,927	3,450,430	1,876,625
NET LOSS FOR THE PERIOD	(1,618,906)	(457,623)	(3,295,025)	(1,715,689)
DEFICIT, BEGINNING OF PERIOD	(9,790,596)	(6,124,180)	(8,114,477)	(4,866,114)
DEFICIT, END OF PERIOD	(11,409,502)	(6,581,803)	(11,409,502)	(6,581,803)
LOSS PER SHARE - BASIC AND DILUTED	(0.03)	(0.01)	(0.07)	(0.04)
WEIGHTED-AVERAGE NUMBER OF SHARES OUTSTANDING - BASIC AND DILUTED	50,760,535	49,437,039	50,554,064	41,284,184

See accompanying notes to the consolidated financial statements

CORNERSTONE CAPITAL RESOURCES INC.

Consolidated Balance Sheets

(Unaudited)

	As at September 30, 2007	As at December 31, 2006
	\$	\$
ASSETS		
CURRENT		
Cash and cash equivalents	2,017,565	5,793,498
Marketable securities, at market value	394,380	710,554
Accounts receivable	1,586,953	1,802,845
Refundable staking deposits	144,354	36,750
Prepaid expenses	70,411	69,116
	4,213,663	8,412,763
MINERAL PROPERTIES (Note 4)	7,310,145	5,867,591
PROPERTY AND EQUIPMENT	443,152	228,411
	11,966,960	14,508,765
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	1,274,453	1,461,629
Demand bank loan	9,690	11,985
	1,284,143	1,473,614
DEFERRED OPTION PAYMENTS (Note 5)	1,570,803	1,527,295
	2,854,946	3,000,909
SHAREHOLDERS' EQUITY		
Share capital (Note 6)	16,967,188	16,412,851
Warrants (Note 6)	1,093,750	1,093,750
Contributed surplus (Note 6)	2,926,248	2,115,732
Deficit	(11,409,502)	(8,114,477)
Accumulated other comprehensive loss (Note 2)	(465,670)	-
	9,112,014	11,507,856
	11,966,960	14,508,765

BASIS OF PRESENTATION (Note 1)

APPROVED BY THE BOARD OF DIRECTORS:

"Glen H. McKay" Director

"John Fleming" Director

See accompanying notes to the consolidated financial statements

CORNERSTONE CAPITAL RESOURCES INC.
Consolidated Statements of Cash Flows
(Unaudited)

	For the three months ended September 30, 2007	For the three months ended September 30, 2006	For the nine months ended September 30, 2007	For the nine months ended September 30, 2006
	\$	\$	\$	\$
OPERATING ACTIVITIES				
Net loss	(1,618,906)	(457,623)	(3,295,025)	(1,715,689)
Items not affecting cash:				
Amortization of property and equipment	49,632	8,811	73,788	21,078
Mineral property abandoned	825,808	-	825,808	-
Fair value of stock-based compensation	249,778	191,529	1,000,505	751,707
Changes in non-cash operating working capital	(14,471)	134,150	(288,983)	(1,028,303)
	(508,159)	(123,133)	(1,683,907)	(1,971,207)
INVESTING ACTIVITIES				
Mineral properties expenditures - net	(1,191,287)	(451,855)	(2,158,222)	(995,961)
Purchase of property and equipment	(111,946)	(26,393)	(288,529)	(47,821)
	(1,303,233)	(478,248)	(2,446,751)	(1,043,782)
FINANCING ACTIVITIES				
Repayments of demand bank loan	(765)	-	(2,295)	-
Proceeds from deferred option payments	26,587	203,081	176,586	943,885
Proceeds from issuance of warrants - net	-	-	-	904,290
Proceeds from issuance of share capital - net	56,773	295,521	180,434	6,294,562
	82,595	498,602	354,725	8,142,737
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,728,797)	(102,779)	(3,775,933)	5,127,748
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	3,746,362	6,826,657	5,793,498	1,596,130
CASH AND CASH EQUIVALENTS, END OF PERIOD	2,017,565	6,723,878	2,017,565	6,723,878
COMPRISED OF : Bank deposits and cash on hand	352,401	728,771	352,401	728,771
Bank guaranteed investment certificates	1,665,164	5,995,107	1,665,164	5,995,107
	2,017,565	6,723,878	2,017,565	6,723,878

SUPPLEMENTAL CASH FLOW INFORMATION (NOTE 8)

See accompanying notes to the consolidated financial statements

CORNERSTONE CAPITAL RESOURCES INC.
Consolidated Statements of Comprehensive Loss
(Unaudited)

	For the three months ended September 30, 2007	For the three months ended September 30, 2006	For the nine months ended September 30, 2007	For the nine months ended September 30, 2006
	\$	\$	\$	\$
NET LOSS	(1,618,906)	(457,623)	(3,295,025)	(1,715,689)
OTHER COMPREHENSIVE LOSS				
Loss in fair value of marketable securities	(20,353)	-	(465,670)	-
COMPREHENSIVE LOSS	(1,639,259)	(457,623)	(3,760,695)	(1,715,689)

CORNERSTONE CAPITAL RESOURCES INC.
Consolidated Statements of Accumulated Other Comprehensive Loss
(Unaudited)

	As at September 30, 2007	As at December 31, 2006
	\$	\$
ACCUMULATED OTHER COMPREHENSIVE LOSS, BEGINNING OF PERIOD	-	-
OTHER COMPREHENSIVE LOSS	(465,670)	-
ACCUMULATED OTHER COMPREHENSIVE LOSS, END OF PERIOD	(465,670)	-

See accompanying notes to the consolidated financial statements

CORNERSTONE CAPITAL RESOURCES INC.
Notes to the Consolidated Financial Statements
For the three months and nine months ended September 30, 2007 and 2006
(Unaudited)

1. BASIS OF PRESENTATION

The interim consolidated financial statements (the “financial statements”) of Cornerstone Capital Resources Inc. (the “Company”) have been prepared in accordance with the accounting principles and methods of application disclosed in the consolidated financial statements for the year ended December 31, 2006, except as disclosed in Note 2.

These financial statements include all adjustments that are, in the opinion of management, necessary for a fair presentation. These financial statements do not include all disclosures required by Canadian generally accepted accounting principles for annual financial statements, and accordingly the financial statements should be read in conjunction with the Company’s consolidated financial statements and notes thereto for the year ended December 31, 2006.

Management has estimated that the Company will have adequate funds from existing working capital to meet its corporate administrative and property obligations for the coming year. The financial statements were prepared using accounting principles applicable to a going concern, which assumes the Company will continue in operation for a reasonable period of time and will be able to realize its assets and discharge its liabilities in the normal course of operation.

The recoverability of the amounts shown for mineral properties and related deferred costs is dependent upon the existence of economically recoverable mineral reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain necessary financing to complete the development, and upon future profitable production. The amounts shown as mineral properties represent net costs to date and do not necessarily represent present or future values.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to unregistered prior agreements or transfers and may be affected by undetected defects.

2. CHANGE IN ACCOUNTING POLICY

In January 2007, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants (CICA):

Section 1530, *Comprehensive Income*, introduces a new financial statement which shows the change in equity of an enterprise from transactions and other events and circumstances from non-owner sources.

Section 3855, *Financial Instruments – Recognition and Measurement*, establishes standards for recognizing and measuring financial instruments, namely financial assets, financial liabilities and derivatives.

CORNERSTONE CAPITAL RESOURCES INC.
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2. CHANGE IN ACCOUNTING POLICY (CONTINUED)

The new standard lays out how financial instruments are to be recognized depending on their classification. Depending on financial instruments' classification, changes in subsequent measurements are recognized in net income or comprehensive income.

The Company has implemented the following classifications:

Cash and cash equivalents are classified as "Financial Assets Held for Trading". These financial assets are marked-to-market through net income at each period end.

Marketable Securities are classified as "Available-for-Sale" Securities". These financial assets are marked-to-market through comprehensive income at each period end. As all the marketable securities are shares of publicly traded companies, the market value is equivalent to the share price on the Toronto Stock (Venture) Exchange at the balance sheet date.

Accounts receivable and refundable staking deposits are classified as "Loans and Receivables". After their initial fair value measurement, they are measured at amortized cost using the effective interest rate method. For the Company, the measured amount generally corresponds to cost.

Accounts payable, bank loan and deferred option payments are classified as "Other Financial Liabilities". After their initial fair value measurement, they are measured at amortized cost using the effective interest rate method. For the Company, the measured amount generally corresponds to cost.

These new standards have to be applied without restatement of prior period amounts. Upon initial application, all adjustments to the carrying amount of financial assets and liabilities shall be recognized as an adjustment to the opening balance of retained earnings or accumulated other comprehensive income, depending on the classification of existing assets or liabilities.

3. BASIS OF CONSOLIDATION

These consolidated financial statements reflect the financial position, results of operations and cash flows of the Company and its wholly owned subsidiaries, Cornerstone Resources Inc., Cornerstone International Inc., Cornerstone Ecuador S.A., La Plata Minerales S.A., Cornerstone Capital Resources Mauritius Inc., Newfoundland Exploration Private Limited, CCRI Exploration Private Limited and Land Minerals Exploration Private Limited. All inter-company transactions and balances have been eliminated upon consolidation.

4. MINERAL PROPERTIES

As at September 30, 2007, the Company has been issued 78 (2006 - 56) licenses by the Government of Newfoundland and Labrador which consist of 5,900 (2006 - 4,350) mineral exploration claims covering various areas of Newfoundland and Labrador. The Government of New Brunswick has

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4. MINERAL PROPERTIES (CONTINUED)

issued 3 licenses to the Company which cover 384 (2006 – 0) claims in the Dorchester area of New Brunswick. The Company also holds 27 (2006 – 3) mineral exploration claims in Ecuador. A summary of mineral properties is as follows:

Geographical Area	Number of Claims	Balance, Beginning of Period	Additions	JV Recoveries and Government Grants	Properties Abandoned	Balance, End of Period	December 31, 2006
		\$	\$	\$	\$	\$	\$
Island of							
Newfoundland	4,191	2,198,979	890,976	(160,460)	-	2,929,495	2,198,979
Labrador	1,709	1,090,801	444,225	(2,996.00)	-	1,532,030	1,090,801
New Brunswick	384	15,173	195,971	(143,134)	-	68,010	15,173
Ecuador	27	2,318,480	4,809,359	(4,347,229)	-	2,780,610	2,318,480
India	-	244,158	581,650	-	(825,808)	-	244,158
	6,311	5,867,591	6,922,181	(4,653,819)	(825,808)	7,310,145	5,867,591

In January 2007, Cornerstone Capital Resources Mauritius Inc. was incorporated in the Republic of Mauritius. In addition, three companies, all subsidiaries of Cornerstone Capital Resources Mauritius Inc., were incorporated in India in January 2007, for possible future exploration activities:

Newfound Exploration Private Limited
CCRI Exploration Private Limited
Land Minerals Exploration Private Limited

During the third quarter, the Company decided to write off all costs incurred to date for the India project, given the uncertainties of future exploration activities in that country. The above companies will remain incorporated, but all are currently inactive.

On April 17, 2007, the Company announced it had signed a definitive joint venture agreement with Cash Minerals Ltd. ("Cash Minerals") on the Company's Aillik uranium property in the Central Mineral Belt (CMB), Labrador, comprising 162 claims (40.5 km²). The joint venture agreement will give Cash Minerals the right to earn a 51% interest in the Aillik property by spending \$3 million on exploration and paying the Company a total of \$300,000 cash and issuing 300,000 stock warrants to the Company over a four-year period. Cash Minerals will be the operator during the earn-in period.

On February 26, 2007, the Company signed a Letter of Agreement with Mountain Lake Resources Inc. ("Mountain Lake") to conclude a joint venture agreement for exploration of the Company's 100% owned Bobby's Pond property in Central Newfoundland, which comprises 62 claims (15.5 sq km). The joint venture agreement will grant Mountain Lake the right to earn a 51% interest in the property by spending \$2.75 million on exploration over five years. The first year's \$150,000

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4. MINERAL PROPERTIES (CONTINUED)

expenditure is a firm commitment and includes completion of a diamond drilling program. The agreement also calls for Mountain Lake to issue 200,000 common shares to the Company over five years, including 25,000 to be issued on signing of the Letter of Agreement. Mountain Lake will be operator of the joint venture during the earn-in period. On Mountain Lake earning a 51% interest, a joint venture will be formed whereby both parties will have the right to maintain their respective interests by funding their respective share of exploration costs. Under certain conditions Mountain Lake may increase its interest by up to 75%. Either party may dilute its interest, based on exploration expenditures. If either party's interest falls to 10% or less, its interest will convert to a 2% net smelter royalty.

On May 1, 2007, the Company and Thundermin Resources Inc. ("Thundermin") (collectively, the "LDJV") have signed a Letter of Intent ("LOI") with Weyburn Investments Ltd. ("Weyburn") which gives the LDJV an option to acquire a 100% interest in the past-producing Little Deer copper deposit and adjacent property (the "Weyburn Property") located 10 km north of Springdale in north-central Newfoundland. Under the terms of the LOI with Weyburn, the LDJV has an option to acquire a 100% interest in the Weyburn Property by making the following option payments in cash and/or shares of equal value in each of Thundermin and the Company, at each of Thundermin's and the Company's respective election: CDN \$170,000 upon the execution and delivery of the Agreement (the "First Payment"); \$115,000 on or before the 2nd anniversary of the Agreement (the "Second Payment"); \$200,000 on or before the 3rd anniversary of the Agreement (the "Third Payment") (should the LDJV make the second payment, then the third Payment becomes a commitment of the LDJV); and an amount on or before the 4th anniversary of the Agreement (the "Buyout Amount") depending on the size of the mineral resource defined on the Weyburn Property (the "Buyout Mineral Resource"). The Buyout Amount will commence at \$1,500,000 for a deposit of < 4,500,000 tonnes ("t") and range up to \$5,000,000 for a deposit of 10,000,000 t. The LDJV will pay to Weyburn an additional \$250,000 for each additional 500,000 t of Buyout Mineral Resource in excess of 10,000,000 t. All tonnes not paid for as at the date the Buyout Amount is determined will be paid for on the basis of tonnes mined and milled in the future. The LDJV has agreed to spend a minimum of \$850,000 on the Weyburn Property on or before the second anniversary of the Agreement, a minimum of \$500,000 of which shall be spent on or before the first anniversary of the Agreement. The LDJV will be responsible for the payment of a 2% net smelter returns royalty ("NSR") payable to a third party on the Little Deer License, 50% of which can be repurchased for \$1,000,000, and the payment of a 3% NSR to third parties on the Duck Pond License. Should the LDJV place into production an orebody discovered on Mineral Licenses 11043M, 11184M, 11187M or 11237M, the LDJV is to pay a 1.5% NSR to Weyburn, 50% of which can be repurchased by the LDJV for \$1,000,000. By unilaterally electing to bear the cost of a future feasibility study, Thundermin will earn an additional 15% undivided interest in the LDJV. Thundermin shall have the further right to increase its undivided interest in the LDJV by an additional 10% by arranging 100% of the necessary bank financing required to place the mineral resource that was the subject of the feasibility study into commercial production.

On August 29, 2007, the Company announced a Joint Venture/Earn-in Agreement with Phelps Dodge Corporation of Canada, Limited ("Phelps Dodge"), a wholly owned subsidiary of Freeport-McMoRan Copper & Gold Inc., to explore for sediment-hosted, stratiform copper (SSC) deposits in the Maritimes Sedimentary Basin of southeastern New Brunswick. The Earn-in Agreement will be structured in two phases during the 4 year earn-in period. During Phase I (Year 1), the work will

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4. MINERAL PROPERTIES (CONTINUED)

consist of mapping and prospecting focused on defining drill targets. In this first phase, Phelps Dodge will make cash payments to the Company of US\$25,000 and the two companies will jointly fund a US\$175,000 exploration program to which Phelps Dodge will contribute US\$100,000 (57%) and the Company US\$75,000 (43%). On completion of Phase I, Phelps Dodge may elect to enter into Phase II, whereby it can earn a 51% interest in the property by spending US\$3 million on exploration and making cash payments to the Company totaling US\$225,000 over three years. Upon earn-in, the Company may elect to participate at 49% or give Phelps Dodge the option, under certain conditions, to increase its interest to 75%.

5. DEFERRED OPTION PAYMENTS

Various option payments have been received by the Company from joint venture partners, in cash or in shares. The deferred option payments balances and the respective properties are as follows:

	September 30,	December 31,
	2007	2006
	\$	\$
Noel Paul's Brook	-	35,000
Cape Ray	-	38,775
Ecuador Projects	1,317,966	1,393,520
Long Lake	10,000	10,000
Garland	150,000	50,000
Mountain Lake	16,250	-
Cash Minerals	50,000	-
Dorchester	26,587	-
Balance, end of period	1,570,803	1,527,295

6. SHARE CAPITAL

Authorized

An unlimited number of common shares with no par value.

An unlimited number of first preferred and second preferred shares with no par value.

CORNERSTONE CAPITAL RESOURCES INC.
Notes to the Consolidated Financial Statements
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(Unaudited)

6. SHARE CAPITAL (CONTINUED)

Issued and outstanding

	September 30, 2007		December 31, 2006	
	Number of Shares	Amount \$	Number of Shares	Amount \$
Common shares	50,898,253	16,967,188	50,009,236	16,412,851

Common shares issued during the period were as follows:

	For the three months ended September 30, 2007		For the nine months ended September 30, 2007	
	Number of common shares	Stated Value \$	Number of common shares	Stated Value \$
Balance, beginning of period	50,686,586	16,837,338	50,009,236	16,412,851
Mineral property acquisitions	-	-	218,350	183,915
Stock options exercised	211,667	73,066	570,667	211,366
Fair value of stock options exercised	-	73,077	-	189,988
Other share issuance	-	-	100,000	-
Share issuance costs	-	(16,293)	-	(30,932)
Balance, end of period	50,898,253	16,967,188	50,898,253	16,967,188

CORNERSTONE CAPITAL RESOURCES INC.
Notes to the Consolidated Financial Statements
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6. SHARE CAPITAL (CONTINUED)

Preferred shares

The first and second preferred shares which have been authorized may be issued in one or more series and the directors are authorized to fix the number of shares in each series and to determine the designation, rights, privileges, restrictions and conditions attached to the shares of each series. No first or second preferred shares have been issued.

Stock options

The Company has a stock option plan under which options to purchase common shares in the Company may be granted to directors, officers, key employees and consultants of the Company. Details of the activity of the stock option plan are as follows:

	For the three months ended September 30, 2007		For the nine months ended September 30, 2007	
	Number	Weighted- Average Exercise Price	Number	Weighted- Average Exercise Price
Balance, beginning of period	9,411,334	0.53	5,700,334	0.44
Issued during the period				
To company consultants	-	-	625,000	0.64
To employees, officers and directors	50,000	0.77	3,595,000	0.64
Forfeited during the period	(65,000)	0.52	(165,000)	0.49
Exercised during the period	(211,667)	0.35	(570,667)	0.37
Balance, end of period	9,184,667	0.54	9,184,667	0.54
Exercisable, end of period	5,394,411	0.49	5,394,411	0.49

CORNERSTONE CAPITAL RESOURCES INC.
Notes to the Consolidated Financial Statements
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6. SHARE CAPITAL (CONTINUED)

Warrants

Warrants have been issued by the Company in the course of issuing shares. No activity with respect to warrants has occurred during the nine months ended September 30, 2007. Outstanding warrants at September 30, 2007 are as follows:

	Number	\$	Weighted- Average Price
Balance, end of period	4,375,000	1,093,750	1.10

These warrants were issued in connection with a May 25, 2006 financing and had an exercise price of \$0.80 for one year following closing and are still exercisable at \$1.10 until May 25, 2008. Each warrant was valued at \$0.25 using the Black-Scholes option pricing model. See subsequent events (Note 10) for details of new warrants issued.

Contributed surplus

Contributed surplus consists of the following amounts:

	For the three months ended September 30, 2007	For the nine months ended September 30, 2007
	\$	\$
Balance, beginning of period	2,749,547	2,115,732
Fair value of options expensed as stock-based compensation	249,778	1,000,504
Fair value of options exercised	(73,077)	(189,988)
Balance, end of period	2,926,248	2,926,248

CORNERSTONE CAPITAL RESOURCES INC.

Notes to the Consolidated Financial Statements

For the three months and nine months ended September 30, 2007 and 2006

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7. RELATED PARTY TRANSACTIONS

The following represents a summary of transactions with parties under common influence and shareholders for the three months and nine months ended September 30, 2007 and September 30, 2006, and are recorded at the agreed upon amounts:

	Three months ended September 30, 2007			Three months ended September 30, 2006
	Expensed during the period	Capitalized in mineral properties	Total	
	\$	\$	\$	\$
Professional and administrative fees	85,344	250	85,594	96,955
Office and warehouse rent	14,126	-	14,126	12,345
	99,470	250	99,720	109,300

	Nine months ended September 30, 2007			Nine months ended September 30, 2006
	Expensed during the period	Capitalized in mineral properties	Total	
	\$	\$	\$	\$
Professional and administrative fees	318,917	27,175	346,092	299,667
Office and warehouse rent	42,381	-	42,381	37,035
	361,298	27,175	388,473	336,702

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8. SUPPLEMENTAL CASH FLOW INFORMATION

	For the three months ended September 30, 2007	For the three months ended September 30, 2006	For the nine months ended September 30, 2007	For the nine months ended September 30, 2006
	\$	\$	\$	\$
Operating activities				
Receipt of marketable securities in settlement of accounts receivable	-	-	(208,799)	-
Non-cash investing activities				
Issue of stock options as consideration for interest in mineral properties	-	-	-	(4,908)
Reduction of mineral properties due to forfeiture of deferred option payments	-	-	73,775	-
	-	-	73,775	(4,908)
Non-cash financing activities				
Shares issued for acquisition of mineral property	-	-	(183,915)	-
Fair value of options exercised	73,077	-	189,988	363,760
Fair value of warrants exercised	-	-	-	196,466
Receipt of marketable securities as consideration for deferred option payments	-	-	59,303	-
	73,077	-	65,376	560,226
Taxes paid	434	446	1,213	893

9. FINANCIAL INSTRUMENTS

Fair value

The carrying values of the Company's monetary assets and liabilities approximate fair value due to the short terms to maturity of those instruments.

Foreign exchange risk

The Company undertakes certain transactions in foreign currencies and as such is subject to risk due to fluctuations in exchange rates. The Company does not use derivative instruments or hedges to reduce the exposure to foreign exchange risk.

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9. FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk

The Company has credit risk associated with the accounts receivable for the option agreements with joint venture partners. This risk is mitigated however by the fact that the joint venture partners cannot earn in until all the required payments have been made to the Company.

10. SUBSEQUENT EVENTS

On October 15, 2007 the Company was advised by Coastport Capital Inc. ("Coastport") that it had decided not to exercise its option to earn up to a 70% interest in the La Plata project in Ecuador. Coastport funded a Phase 1 and 2 drilling program for a total cost of approximately US\$3 million. The Company is currently considering whether or not to exercise its option to earn up to a 70% interest in this project from its Ecuadorian partner, Sultana del Condor SA.

On October 17, 2007, the Company completed a private placement with total proceeds of \$3,025,000. The financing consisted of a non-brokered private placement of 5,500,000 units. Each unit was priced at \$0.55 per unit and consisted of one common share and one common share purchase warrant entitling the holder to purchase one additional common share at a price of \$0.80 for two years following the closing. A finder's fee of 6.5% was payable in units to dealers who assisted in the placement. All shares issued pursuant to the placement will bear a legend restricting transfer until February 18, 2008. The proceeds of the issuance will be used to advance existing properties, to generate and acquire new exploration properties and to provide working capital to the Company.

On October 19, 2007, the Company announced that it has agreed on non-binding commercial terms with respect to the formation of a regional exploration alliance ("Alliance") with Newmont Ventures Limited ("Newmont") to explore for a variety of gold deposit types in southern Ecuador. The Alliance will cover an area of approximately 1800 km² in Loja Province, Southern Ecuador. The Company controls 600 km² of concessions in the Alliance Area of Influence. Alliance funding will include a private placement in the Company by Newmont. Up to \$4 million in exploration expenditures are anticipated to be made in two stages over 6 years, if Newmont elects to earn-in. Earn-in/Joint Venture commercial terms have been pre-established. The Company will be operator during the initial phase of the program.

11. COMPARATIVE INFORMATION

The 2006 consolidated statement of loss and deficit has been reclassified to conform with the new condensed version used in the current period.