STRONGBOW EXPLORATION INC.

CONSOLIDATED FINANCIAL STATEMENTS

JULY 31, 2008

(Unaudited – Prepared by Management)

Reader's Note: These interim, consolidated financial statements for Strongbow Exploration Inc. ("Strongbow"), for the six months ended July 31, 2008 have been prepared by management and have not been subject to review by Strongbow's auditor.

STRONGBOW EXPLORATION INC.
INTERIM CONSOLIDATED BALANCE SHEET

	July 31, 2008 (Unaudited)	January 31, 2008 (Audited)
ASSETS		
Current		
Cash and equivalents	$ 2,067,297	$ 3,402,291
Marketable securities (Note 4)	442,141	1,478,186
Receivables	452,788	455,231
Prepaid expenses	28,733	51,494
	2,990,959	5,387,202
Investments and advances to affiliates (Note 5)	1,858,768	1,815,849
Property and equipment (Note 6)	107,324	120,629
Mineral properties (Note 7)	11,705,291	10,772,589
	$ 16,662,342	$ 18,096,269
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 441,108	$ 213,265
Shareholders' equity		
Capital stock (Note 8)	22,447,792	20,223,336
Contributed surplus (Note 8)	3,023,732	2,722,202
Deficit	(8,670,478)	(4,499,074)
Accumulated other comprehensive loss (Note 11)	(579,812)	(563,460)
	16,221,234	17,883,004
	$ 16,662,342	$ 18,096,269

Nature and continuance of operations (Note 1)
Commitments (Note 13)

On behalf of the Board:

"D. Grenville Thomas" Director   *"Kenneth A. Armstrong"* Director

The accompanying notes are an integral part of these consolidated financial statements.

STRONGBOW EXPLORATION INC.
INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
(Unaudited – Prepared by Management)

	Three Months Ending		Six Months Ending	
	July 31, 2008	July 31, 2007	July 31, 2008	July 31, 2007
EXPENSES				
Advertising and promotion	$ 44,468	$ 51,746	$ 85,293	$ 116,481
Amortization	8,087	11,154	15,763	21,553
Insurance	19,950	12,002	33,295	23,886
Professional fees	17,171	23,316	54,669	43,591
Office, miscellaneous and rent	34,199	41,537	82,435	81,441
Regulatory and filing fees	5,988	5,512	14,591	13,884
Salaries and benefits	29,472	50,318	77,683	123,153
Stock-based compensation (Note 8)	124,941	182,204	261,560	316,075
Loss before other items	(284,276)	(377,789)	(625,289)	(740,064)
OTHER ITEMS				
Write-off of mineral properties	(4,279,558)	8,574	(4,319,409)	(26,738)
Interest income	10,197	48,486	27,760	129,785
Cost recoveries	-	-	-	23,491
Project administration fees	-	-	-	5,975
Arrangement expenses		(82,012)	-	(341,679)
Gain of sale of future minerals property rights (Note 4)	-	-	-	1,400,000
Equity income/(loss) of affiliated company (Note 5)	(119,602)	48,739	26,509	48,739
Loss on sale of investments (Note 4)	(503,468)	-	(502,042)	-
	(4,892,431)	23,787	(4,767,182)	1,239,573
Income (loss) before income taxes	(5,176,707)	(354,002)	(5,392,471)	499,509
Future income tax recovery (Note 9)	-	-	1,221,067	311,000
Net Income (loss) for the period	(5,176,707)	(354,002)	(4,171,404)	810,509
Deficit, beginning of period	(3,493,771)	(2,714,434)	(4,499,074)	(3,878,945)
Deficit, end of period	$ (8,670,478)	$ (3,068,436)	$ (8,670,478)	$ (3,068,436)
Basic and diluted income (loss) per share	$ (0.08)	$ (0.01)	$ (0.07)	$ 0.02
Weighted average number of shares outstanding	62,277,376	52,033,801	60,189,455	51,423,924

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS
(Unaudited – Prepared by Management)

	Three Months Ending		Six Months Ending	
	July 31, 2008	July 31, 2007	July 31, 2008	July 31, 2007
Net income (loss) for the period	$ (5,176,707)	$ (354,002)	$ (4,171,404)	$ 810,509
Unrealized gains (losses) on available for sale financial assets arising during the period	(331,459)	(156,868)	(331,459)	36,453
Comprehensive income (loss)	$ (5,508,166)	$ (510,870)	$ (4,502,863)	$ 846,962

The accompanying notes are an integral part of these consolidated financial statements.

STRONGBOW EXPLORATION INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited – Prepared by Management)

	Three Months Ending July 31, 2008	Three Months Ending July 31, 2007	Six Months Ending July 31, 2008	Six Months Ending July 31, 2007
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income (loss) for the period	$ (5,176,707)	$ (354,002)	$ (4,171,404)	$ 810,509
Items not involving cash:				
Amortization	8,087	11,154	15,763	21,553
Stock-based compensation	124,941	182,204	261,560	316,075
Write-off of mineral properties	4,279,558	(8,574)	4,319,409	26,738
Equity (income)/loss from an affiliate	119,602	(48,739)	(26,509)	(48,739)
Gain of sale of future minerals property rights	-	-	-	(1,400,000)
Loss on sale of investments	503,468	-	502,042	-
Future income tax recovery	-	-	(1,221,067)	(311,000)
Changes in non-cash working capital items:				
(Increase)/decrease in receivables	104,079	(222,450)	(4,292)	(46,178)
(Increase)/decrease in prepaid expenses	11,441	22,063	22,761	(5,484)
Increase/(decrease) in accounts payable and accrued liabilities	17,279	(51,238)	(3,249)	42,514
Net cash used in operating activities	(8,252)	(469,582)	(304,986)	(594,012)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of capital stock	3,851,001	4,380,280	3,859,155	4,380,280
Share issue costs	(370,508)	(401,264)	(373,662)	(401,264)
Net cash provided by financing activities	3,480,493	3,979,016	3,485,493	3,979,016
CASH FLOWS FROM INVESTING ACTIVITIES				
Expenditures on mineral properties, net	(3,335,241)	(2,047,019)	(5,196,906)	(3,411,570)
Recoveries on mineral properties	37,670	92,101	176,021	92,101
Acquisition of property and equipment	(2,459)	(11,589)	(2,458)	(25,695)
Investment and advances to affiliated company	22,674	(897,465)	(16,409)	(897,465)
Proceeds from the sale of investments	518,491	-	524,251	-
Net cash used in investing activities	(2,758,865)	(2,863,972)	(4,515,501)	(4,242,629)
Change in cash and equivalents during the period	713,376	645,462	(1,334,994)	(857,625)
Cash and equivalents, beginning of period	1,353,920	7,421,864	3,402,291	8,924,951
Cash and equivalents, end of period	$ 2,067,297	$ 8,067,326	$ 2,067,297	$ 8,067,326

Supplemental disclosure with respect to cash flows (Note 12)

The accompanying notes are an integral part of these consolidated financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company's principal business activity is the exploration of mineral properties. To date, the Company has not generated significant revenues from operations and is considered to be in the exploration stage.

The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties and related deferred costs is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the financing necessary to complete the development of its mineral properties and upon future profitable production.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. Continued operations of the Company are dependent on the Company's ability to complete equity financings or generate profitable operations in the future. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

	July 31, 2008	January 31, 2008
Deficit	**$ (8,670,478)**	$ (4,499,074)
Working capital	**$ 2,549,851**	$ 5,173,937

2. BASIS OF PRESENTATION

These unaudited interim consolidated financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles for interim financial information using the same accounting policies and methods of application as the audited consolidated financial statements of the Company for the year ended January 31, 2008, except as described below under "Changes in accounting policies". These unaudited interim consolidated financial statements do not include all of the information and note disclosures required by generally accepted accounting principles for annual financial statements of the Company and should therefore be read in conjunction with the audited financial statements of the Company as at January 31, 2008.

In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements.

Certain reclassifications have been made to the prior period financial statements to conform with the presentation in the current period.

Changes in accounting policies

Effective February 1, 2008, the Company adopted the following new accounting policies of the Canadian Institute of Chartered Accountants ("CICA") Handbook:

Assessing going concern

Section 1400 requires management to assess and disclose an entity's ability to continue as a going concern (Note 1).

Financial instruments

Section 3862, *Financial Instruments – Disclosures* requires entities to provide disclosures in their financial statements that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks. The principles in this section complement the principles for recognizing, measuring and presenting financial assets and financial liabilities in Section 3855 – *Financial Instruments – Recognition and Measurement,* Section 3863, *Financial Instruments – Presentation,* and Section 3865, *Hedges.*

2. BASIS OF PRESENTATION – *Cont'd…*

Section 3863, *Financial Instruments – Presentation* is required to enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows. This section establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset.

See Note 3 for additional details.

Capital disclosures

Section 1535 establishes standards for disclosing information about an entity's capital and how it is managed (Note 14).

Goodwill and intangible assets

Section 3064 replaces the current standard for goodwill and intangible assets and establishes revised standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The new standard also provides guidance for the treatment of pre-production and start-up costs and requires that these costs be expensed as incurred. The adoption of this section has not resulted in any changes to the Company's financial statements.

International financial reporting standards

In addition to the above accounting pronouncements the Canadian Accounting Standards Board ("AcSB") in 2006 published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with International Financial Reporting Standards ("IFRS") over an expected five-year transition period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company's transition date of February 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended January 31, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash and equivalents, marketable securities, receivables, investments and accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

The carrying value of cash, receivables, accounts payable and accrued liabilities approximates their fair values due to their immediate or short-term maturity. Marketable securities are recorded at fair value based on the quoted market prices at the balance sheet date with unrealized gains and losses recorded in accumulated other comprehensive income. The Company's investments are classified as held to maturity and are measured at amortized cost.

The Company is exposed to a variety of financial risks by virtue of its activities, including credit risk, interest rate risk, liquidity risk and equity market risk. The Company has limited exposure to foreign currency risk as the majority of its assets and liabilities are denominated in Canadian dollars. The Company's objective with respect to risk management is to minimize potential adverse effects on the Company's financial performance. The Board of Directors provides direction and guidance to management with respect to risk management. Management is responsible for establishing controls and procedures to ensure that financial risks are mitigated to acceptable levels.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT – *Cont'd…*

Credit risk

Credit risk is the risk of financial loss to the Company if a counter-party to a financial instrument fails to meet its contractual obligations. The Company manages credit risk by investing its excess cash in short-term investments with investment grade ratings, issued by a Canadian chartered bank. The Company's receivables consist primarily of sales tax receivables due from the federal government and receivables from companies with which the Company has exploration agreements or options. The maximum exposure to credit risk at the reporting date is the carrying value of the Company's receivables and cash and cash equivalents.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to interest rate risk with respect to its cash flow. The risk that the Company will realize a loss as a result of a decline in the fair value of any short-term investment included in cash and cash equivalents is limited because these investments, although readily convertible into cash, are generally held to maturity.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise the funds required through future equity financings, asset sales or exploration option agreements, or a combination thereof. The Company has no regular cash flow from its operating activities. The Company manages its liquidity risk by forecasting cash flow requirements for its planned exploration and corporate activities and anticipating investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of annual budgets and significant expenditures and commitments. Failure to realize additional funding, as required, could result in the delay or indefinite postponement of further exploration and development of the Company's properties.

Equity market risk

The Company is exposed to equity price risk arising from its marketable securities, which are classified as available for sale. The Company plans to sell its marketable securities as market conditions permit, or as is required to finance the Company's operations from time-to-time.

4. MARKETABLE SECURITIES

The Company holds common shares of several publicly-traded Canadian listed companies, representing less than a 5% interest in the respective companies. As at July 31, 2008, the total cost of these marketable securities was $1,109,892 (January 31, 2008 - $2,129,584) and the fair market value of these securities was $442,140 (January 31, 2008 - $1,478,186). During the six months ended July 31, 2008, the Company received gross proceeds of $524,251 from the sale of marketable securities and recognized a $502,042 loss from the sale. In addition, the Company had an unrealized loss of $331,459 recorded in accumulated other comprehensive income for the six months ended July 31, 2008 (July 31, 2007 - $36,453 unrealized gain).

5. INVESTMENTS AND ADVANCES TO AFFILIATES

The Company's investments and advances to affiliates consist of the following:

	July 31, 2008	January 31, 2008
Investment – Anglo Columbia Mines Inc.	$ 400,000	$ 400,000
Investment – North Arrow Minerals Inc.	1,430,314	1,403,805
Receivable from North Arrow Minerals Inc.	28,454	12,044
	$ 1,858,768	$ 1,815,849

5. INVESTMENTS AND ADVANCES TO AFFILIATES – *Cont'd…*

Anglo-Columbia Mines Inc.

In December 2006, the Company sold its interest in the Chu Chua mineral claims to Anglo-Columbia Mines Inc. ("Anglo-Columbia"), a private B.C. based company in exchange for 4,000,000 common shares of Anglo-Columbia, received at a value of $400,000 resulting in a gain on sale of mineral properties of $392,935 during the year ended January 31, 2007.

North Arrow Minerals Inc.

On May 9, 2007, the Company completed a Plan of Arrangement with North Arrow Minerals Inc. ("North Arrow") whereby the Company transferred to North Arrow certain of its mineral property interests at their carrying value of $3,561,246 and $800,000 cash in exchange for 15,000,000 shares of North Arrow. The Company then distributed 10,170,261 common shares of North Arrow received to the Company's shareholders of record as at May 9, 2007 through a legal reduction of capital of $3,390,000. Each shareholder of the Company received one North Arrow share for every five shares of the Company held, subject to reduction for small lot holders.

The Company accounts for its investment in North Arrow using the equity method. As at July 31, 2008, the Company's carrying value of its investment in North Arrow was $1,430,314 representing approximately a 22.1% ownership interest and consists of:

Cost of original investment in North Arrow Minerals Inc.	$	1,404,246
Accumulated equity loss		(83,515)
Accumulated dilution gain		111,993
Private sale of 8,283 common shares		(2,410)
	$	1,430,314

In addition, as at July 31, 2008 the Company had a receivable of $28,454 from North Arrow for exploration expenditures and shared administrative expenses. This receivable is non-interest bearing, unsecured and due upon demand.

6. PROPERTY AND EQUIPMENT

	As at July 31, 2008			As at January 31, 2008		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Furniture and Equipment	$ 57,275	$ 41,025	$ 16,250	$ 57,275	$ 39,220	$ 18,055
Computer Equipment	182,200	129,442	52,758	182,200	120,131	62,069
Software	41,274	39,226	2,048	38,816	38,816	-
Leasehold Improvements	84,400	48,132	36,268	84,400	43,895	40,505
	$ 365,149	$ 257,825	$ 107,324	$ 362,691	$ 242,062	$ 120,629

7. MINERAL PROPERTIES

	January 31, 2008	Expended During The Period	Write-off of Costs and Recoveries	July 31, 2008
Gold and Base Metal Properties, British Columbia				
Exploration costs	$ 3,209,696	$ 12,901	$ (2,510,459)	$ 712,138
Acquisition costs	256,137	34	(200,932)	55,239
Geological and assays	461,237	13,491	(366,062)	108,666
Office and salaries	1,514,637	(4,150)	(1,164,733)	345,754
	5,441,707	22,276	(4,242,186)	1,221,797
Gold and Base Metal Properties, NWT& NU				
Exploration costs	3,874,782	3,855,942	(34)	7,730,690
Acquisition costs	244,942	34,217	(128,175)	150,984
Geological and assays	78,113	113,093	-	191,206
Office and salaries	565,022	490,681	-	1,055,703
	4,762,859	4,493,933	(128,209)	9,128,583
Gold and Base Metal Properties, Saskatchewan				
Exploration costs	364,552	690,329	-	1,054,881
Acquisition costs	138,478	1,877	-	140,355
Geological and assays	-	1,138	-	1,138
Office and salaries	-	117,690	-	117,690
	503,030	811,034	-	1,314,064
Gold and Base Metal Properties, British Columbia, Generative				
Exploration costs	27,096	3,394	(27,096)	3,394
Acquisition costs	6,104	973	-	7,077
Geological and assays	-	2,035	-	2,035
Office and salaries	-	34,451	(3,812)	30,639
	33,200	40,853	(30,908)	43,145
Uranium Properties, Generative				
Exploration costs	-	-	-	-
Acquisition costs	10,290	-	(10,290)	-
Geological and assays	-	-	-	-
Office and salaries	7,404	-	(7,404)	-
	17,694	-	(17,694)	-
Other Exploration				
Exploration costs	14,099	52,676	(55,429)	11,346
Acquisition costs	-	5,188	(18,832)	(13,644)
Geological and assays	-	105	(105)	-
Office and salaries	-	2,067	(2,067)	-
	14,099	60,036	(76,433)	(2,298)
TOTAL	$ 10,772,589	$ 5,428,132	$ (4,495,430)	$ 11,705,291

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties is in good standing.

During the six months ended July 31, 2008, the Company wrote-off $4,319,409 relating to certain non-material properties and recorded recoveries of $176,021.

7. MINERAL PROPERTIES – *Cont'd…*

Gold and Base Metal Properties, British Columbia

Skoonka Creek

During the year ended January 31, 2007, the Company earned a 51% interest in the Skoonka Creek property from Almaden Minerals Ltd. ("Almaden") by incurring exploration expenditures of $2,000,000 and by issuing a total of 600,000 common shares to Almaden. During the year-ended January 31, 2008, Almaden elected not to contribute to the 2007 exploration program. The Company elected to solely fund the 2007 exploration program and as a result of a standard joint venture dilution formula, its interest in the property has increased to 65.74%. During the six months ended July 31, 2008, the Company wrote-off $4,191,982 related to the Skoonka Creek property as the Company has no exploration programs of significance planned for the foreseeable future. During the six months ended July 31, 2008, the Company received a $27,602 prepayment, which represents Almaden's share of the 2008 mandatory budget.

Spences Bridge Properties

In December 2005, the Company staked five mineral claims in the Spences Bridge area of British Columbia. The Company has a 100% interest in the claims, subject to a 1% NSR in favour of a prospector which may be purchased by the Company for $1,000,000 at any time. During the six months ended July 31, 2008, the Company wrote-off $16,002 related to one of the Company's 100% owned Spences Bridge properties.

Other Properties

The Company maintains a number of mineral claims and permits in British Columbia as part of the Company's ongoing generative exploration programs. Mineral property write-offs of $30,908 during six months ended July 31, 2008 relate to generative exploration. In addition, the Company received common shares with a value of $6,600 during the current fiscal period related to an option agreement on a non-material property.

Gold and Base Metal Properties, Northwest Territories and Nunavut

The Company maintains interests in various other gold and base metal properties in the Northwest Territories and Nunavut. During the year-ended January 31, 2008, certain of the Company's gold and base metal properties, including the Anialik, Canoe Lake, Regan Lake and Ulu South properties, were transferred to North Arrow as part of the Plan of Arrangement (Note 5).

Nickel King Project, NWT

The Company holds a 100% interest in a number of mineral claims in the southern Northwest Territories. Certain of these mineral claims are subject to a 3% NSR on base and precious metals production and an additional 2% gross overriding royalty ("GOR"). The Company may purchase the entire NSR at any time for $1,500,000 and the Company may purchase one-half (1%) of the GOR at any time for $2,500,000.

Silvertip Project, Nunavut

In November 2006, the Company acquired, by staking, a 100% interest in six mineral claims in Nunavut. A portion of these claims are subject to a 1% NSR that can be purchased by the Company at any time for $1,000,000. The Company has the option to earn a 100% interest in a seventh mineral claim known as the "Pale" claim. Under the terms of this option agreement, the Company may earn its interest in the Pale claim by making staged cash payments totalling $80,000 over four years and by incurring an aggregate of $317,500 in exploration expenditures over a four year period. Upon earning a 100% interest in the Pale claim, the claim will be subject to a 2% NSR, of which one-half (1%) may be purchased at any time for $1,000,000.

In February 2007, the Company concluded a Memorandum of Understanding ("MOU") with Nunavut Tunngavik Inc. ("NTI") to allow the Company to explore certain Inuit Owned Lands ("IOLs") in the Back River area, Nunavut. The MOU contemplates the execution of an option agreement allowing the Company to earn a 100% interest in the property by completing a first year work program and by making annual work commitments and rental payments on the property. In addition, the option agreement will include a potential election by NTI to back-in to a working interest in a proposed mine development.

7. MINERAL PROPERTIES – *Cont'd…*

Gold and Base Metal Properties, Northwest Territories and Nunavut – *Cont'd…*

Silvertip Project, Nunavut – Cont'd…

In May 2007, as part of the Plan of Arrangement (Note 5) with North Arrow, the Company granted an option to North Arrow, whereby North Arrow may earn a 60% interest in the Silvertip Project by spending $5,000,000 to explore the property prior to December 31, 2011 with a firm commitment to spend $300,000 prior to December 31, 2007 (completed). A portion of the area into which North Arrow is earning an interest from the Company is subject to the terms of the MOU and any subsequent option agreement between the Company and NTI.

Other Properties, NWT

In May 2007, the Company acquired an option to earn a 100% interest in certain mineral claims in the Northwest Territories. Under the terms of the option agreement, the Company must fund staking costs to acquire additional minerals claims and make staged payments totalling $500,000 over five years ($10,000 paid May 2007; $7,500 paid December 2007). The property is subject to a 2.5% NSR of which the Company may purchase 1% at anytime for $500,000. The Company may acquire an additional 1% of the royalty (bringing its interest to 2% of the NSR) at anytime for $2,000,000.

In May 2008, the Company and North Arrow entered into an option agreement whereby North Arrow may earn a 100% interest in the property by reimbursing certain expenditures incurred to-date by the Company and assuming the annual option payments due under the original option agreement. Upon North Arrow incurring $5,000,000 in exploration on the property, the Company may elect to back-in to 40% of North Arrow's interest in the property by funding the next $5,000,000 in exploration. In certain circumstances, the Company has the option to elect to acquire a 1% NSR in place of exercising the back-in right. North Arrow may purchase one-half (0.5%) of the NSR at any time for $500,000.

North Arrow and the Company are related by virtue of two common directors.

Gold and Base Metal Properties, Saskatchewan

The Company maintains a number of mineral claims and permits in northern Saskatchewan that form part of the Company's Snowbird nickel project.

Uranium Projects, Generative, Canada

In January 2006, the Company and Bayswater concluded an agreement to generate uranium exploration projects in Canada ("CUJV"). Under the terms of this agreement, Bayswater will contribute up to $500,000 over five years to fund the acquisition of uranium projects identified by the Company and, upon identification of such project(s), Bayswater will be required to incur a further $600,000 in exploration expenditures within two years on each of up to three uranium projects identified by the Company as "Earn-in projects", whereby Bayswater and the Company will each hold a 50% interest in the generative project, with Bayswater as the Operator. Bayswater and the Company are related by virtue of a common director.

In February 2006, the Company and Bayswater acquired ten prospecting permits in the northern part of the North Thelon Basin, Nunavut. In April 2006, the Company and Bayswater granted a 1% NSR on metals and a 1% GOR on diamonds to a third party in consideration for staking certain claims in the South Thelon area of the NWT. The Company and Bayswater retain the right to purchase one-half of the royalties (0.5%) at any time for $1,000,000. Both North Thelon and South Thelon properties were acquired under the terms of the CUJV generative exploration program and have been separately identified by the Company as Earn-in projects. One of the prospecting permits prospective for diamonds in the North Thelon area is subject to the terms of an option agreement between Bayswater and Stornoway.

7. MINERAL PROPERTIES – *Cont'd…*

Uranium Projects, Generative, Canada – *Cont'd…*

Mineral property write-offs of $17,693 during six months ended July 31, 2008 relate to generative exploration.

8. CAPITAL STOCK AND CONTRIBUTED SURPLUS

	Number of Shares	Amount	Contributed Surplus
Authorized			
Unlimited common shares without par value			
Issued			
As at January 31, 2008	56,245,963	$ 20,223,336	$2,722,202
Private placement	9,502,500	3,801,000	-
Compensation units	125,000	50,000	-
Share issue costs	-	(410,478)	39,970
Share issue cost recovery	-	5,001	-
Tax benefits renounced to flow-through share subscribers (Note 10)	-	(1,221,067)	-
Stock-based compensation	-	-	261,560
As at July 31, 2008	65,873,463	$ 22,447,792	$ 3,023,732

Share issuances

On May 16, 2008, the Company issued, by way of a non-brokered private placement, 750,000 flow-through units of the Company at $0.40 per flow-through unit for gross proceeds of $300,000. Each flow-through unit consists of one flow-through share and one half of one non-flow-through share purchase warrant. Each whole warrant entitles the holder to purchase one additional non-flow-through common share of the Company at a price of $0.45 per share until May 16, 2009. Each flow-through share issued under this non-brokered private placement is to be qualified as a "flow-through" share under the Income Tax Act (Canada). The flow-through shares, the warrants and the shares underlying the warrants are subject to a hold period that expired on September 15, 2008.

On June 5, 2008, the Company issued, by way of a brokered private placement through a syndicate led by Canaccord Capital Corporation and including Haywood Securities Inc. (collectively, the "Agents") a total of 8,752,500 flow through units of the Company at a price of $0.40 per flow through unit for gross proceeds of $3,501,000. Each flow through unit consisted of one flow through share and one-half of one common share purchase warrant (each whole such purchase warrant being a "Warrant"). Each Warrant is transferable and can be exercised into one common share of the Company at a price of $0.45 until June 5, 2009.

The Company paid the Agents a cash commission of $245,070 (7% of the gross proceeds from the sale of the flow-through units sold) and issued 612,675 Agents' warrants. Each Agent's warrant is exercisable to acquire one non-flow-through common share of the Company at $0.40 per share until June 5, 2009. As additional compensation, the Agents were paid a corporate finance fee of 125,000 units, with each unit consisting of one non-flow-through common share plus one half of a share purchase warrant (each whole such purchase warrant being a "Corporate Finance Warrant"). The Corporate Finance Warrants have the same terms as the Warrants. The fair value of the Agent warrants was estimated to be $39,970 using the Black-Scholes option pricing model (2.9% risk-free interest rate; one-year term, 65% volatility) with this amount being recorded in contributed surplus.

All of the flow-through shares and warrants and all common shares issuable on the exercise of the warrants are subject to a four month hold period that expires October 6, 2008.

8. CAPITAL STOCK AND CONTRIBUTED SURPLUS – *Cont'd…*

Stock options and warrants

In June 2008, the Company's shareholders approved the Company's 2007 Stock Option Plan (the "Plan"), which establishes a rolling number of shares issuable under the plan in the amount of 10% of the Company's issued shares at the date of grant.

Under the terms of the Plan, the exercise price of each option granted cannot be less than the market price at the date of grant, less a discount up to 25% in accordance with the policies of the TSX Venture Exchange ("TSX-V"). Options granted can have a term up to 10 years with vesting provisions determined by the directors in accordance with TSX-V policies for Tier 2 Issuers. Typically, the Company has granted stock options at or above the market price on the grant date, with a vesting period of 25% upon grant and 25% every six months thereafter.

As at July 31, 2008, the following stock options and warrants were outstanding:

	Number of Shares		Exercise Price	Number Vested	Expiry Date
Options	43,750	$	0.8400	43,750	December 10, 2008
	150,000		0.8232	150,000	June 2, 2009
	1,098,750		0.6300	1,098,750	July 30, 2009
	545,000		0.2898	545,000	February 2, 2010
	237,500		0.2940	237,500	June 13, 2010
	10,000		0.2940	10,000	September 23, 2010
	675,000		0.6636	675,000	March 16, 2011
	590,000		0.3696	590,000	September 15, 2011
	40,000		0.5040	30,000	February 16, 2012
	1,015,000		0.6552	761,250	March 29, 2012
	1,010,000		0.4600	505,000	December 21, 2012
	200,000		0.5400	50,000	March 3, 2013
Warrants	2,486,761	$	1.10	2,486,761	January 12, 2009
	376,800		0.85	376,800	January 12, 2009
	375,000		0.45	375,000	May 16, 2009
	4,438,750		0.45	4,438,750	June 5, 2009
	612,675		0.40	612,675	June 5, 2009

Stock option transactions are summarized as follows:

	Number of Options		Weighted Average Exercise Price
Balance, January 31, 2008	5,423,500	$	0.54
Granted	200,000		0.54
Expired	(8,500)		0.67
Balance, July 31, 2008	5,615,000	$	0.54
Number of options currently exercisable	4,696,250	$	0.54

The weighted average fair value of stock options granted during the current fiscal period was $0.18 (2007 - $0.34) per option.

8. CAPITAL STOCK AND CONTRIBUTED SURPLUS – *Cont'd…*

Stock options and warrants – *Cont'd…*

Warrant transactions are summarized as follows:

	Number of Warrants		Weighted Average Exercise Price
Balance, January 31, 2008	2,863,561	$	1.07
Granted	5,426,425		0.44
Balance, July 31, 2008	8,289,986	$	0.66

Stock-based compensation

During the six months ended July 31, 2008, the Company granted 200,000 (July 31, 2007 – 1,055,000) stock options with a fair value of $36,787 (July 31, 2007 – $449,041), which is being recognized over the vesting periods of the options. Total stock-based compensation recognized during the six months ended July 31, 2008 was $261,560 (July 31, 2007 – $316,075).

The following weighted average assumptions were used for the Black Scholes valuation of stock options granted:

	Six Months Ended July 31, 2008	Year Ended January 31, 2008
Risk-free interest rate	2.78%	3.85% ~ 4.04%
Expected life of options	3 years	3 years
Annualized volatility	67%	81% ~ 86%
Dividend rate	0.00%	0.00%

9. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties not disclosed elsewhere in these financial statements:

a. Charged rent of $12,000 (July 31, 2007 - $39,048) to Stornoway, a company with a common director.

b. Charged rent of $nil (July 31, 2007 - $3,096) to Helio Resources Corp., a company with a common director.

c. Charged rent of $6,000 (July 31, 2007 - $nil) to North Arrow, a company with two common directors.

Included in receivables are amounts due from Stornoway totaling $3,787 (January 31, 2008 - $71,099) for reimbursement of exploration, administrative costs and rent paid by the Company on Stornoway's behalf.

Included in accounts payable is $nil (January 31, 2008 –$16,052) payable to a company controlled by a director.

These transactions were in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed to by the related parties.

10. INCOME TAXES

As at July 31, 2008, the Company has no non-capital losses available for deduction against future year's taxable income.

Subject to certain restrictions, the Company has approximately $10,100,000 of mineral property expenditures and $278,000 in non-refundable tax credits available to reduce taxable income of future years.

During the year ended January 31, 2008, the Company issued 4,710,000 common shares (2007 – 2,000,000 common shares) on a flow-through basis for gross proceeds of $4,003,500 (2007 - $1,000,000). The flow-through agreements require the Company to renounce certain tax deductions for Canadian exploration expenses incurred on the Company's mineral properties to the flow-through participants. The Company has renounced exploration expenditures of $4,003,500 (2007 - $1,000,000), which resulted in a future income tax recovery and a charge against capital stock of $1,221,067 (2007 - $311,000).

11. ACCUMULATED OTHER COMPREHENSIVE LOSS

Balance, January 31, 2008	$ (563,460)
Realized losses on available-for sale investments	315,107
Unrealized losses on available-for-sale investments, net of future income taxes	(331,459)
As at July 31, 2008	$ (579,812)

12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

At July 31, 2008, cash and equivalents of $2,067,297 (January 31, 2008 - $3,402,291) consisted of cash on deposit of $1,977,547 (January 31, 2008 - $3,387,291) and short-term investments of $89,750 (January 31, 2008 - $15,000).

The significant non-cash transaction for the six months ended July 31, 2008 were:

a) The Company incurring mineral property expenditures of $292,651 that are included in accounts payable and accrued liabilities and the Company accruing a recovery of mineral property expenditures of $1,388 that is included in receivables.

b) The Company receiving 16,250 common shares of Bitterroot Resources Ltd. ("Bitterroot") valued at $6,600 pursuant to the sale of future mineral property rights.

The significant non-cash transaction for the six months ended July 31, 2007 was:

c) The Company receiving 500,000 common shares of Tournigan valued at $1,400,000 pursuant to the sale of future mineral property rights.

d) The Company incurring mineral property expenditures of $678,500 that are included in accounts payable and accrued liabilities and the Company accruing a recovery of mineral property expenditures of $1,400 that is included in receivables.

e) The Company receiving 16,333 common shares of Bitterroot valued at $9,637 pursuant to the sale of future mineral property rights.

13. COMMITMENTS

The Company is committed to minimum future lease payments for premises through to January 31, 2011 as follows:

Fiscal year ending January 31, 2009	$ 165,376
Fiscal year ending January 31, 2010	$ 165,376
Fiscal year ending January 31, 2011	$ 151,460

The Company's lease costs may be reduced due to recoveries through sub-leases.

In March 2008, the Company engaged Contact Financial Corporation ("Contact") to provide investor relations services for the Company. Under the terms of the agreement, the Company will pay a monthly fee of $8,000 to Contact. The agreement has a guaranteed period of three months, after which the agreement can be cancelled by either party on one month's notice.

14. CAPITAL MANAGEMENT

The capital of the Company consists of the items included in shareholder's equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company. The Company's objective for capital management is to plan for the capital required to support the Company's ongoing acquisition and exploration of its mineral properties and to provide sufficient funds for its corporate activities.

The Company's mineral properties are in the exploration stage. As an exploration stage company, the Company is currently unable to self-finance its operations. The Company has historically relied on equity financings and, more recently, asset sales or exploration option agreements, to finance its operations. In order to carry out the Company's planned exploration programs and to pay for administrative costs, the Company will spend its existing working capital and raise additional funds as required. To effectively manage the Company's capital requirements, the Company's management has in place a planning and budgeting process.