STRONGBOW EXPLORATION INC.

CONSOLIDATED FINANCIAL STATEMENTS

APRIL 30, 2007

(Unaudited – Prepared by Management)

Reader's Note: These interim, consolidated financial statements for Strongbow Exploration Inc. ("Strongbow"), for the three months ended April 30, 2007 have been prepared by management and have not been subject to review by Strongbow's auditor.

STRONGBOW EXPLORATION INC.
INTERIM CONSOLIDATED BALANCE SHEET

	April 30, 2007 (Unaudited)	January 31, 2007 (Audited)
ASSETS		
Current		
Cash and equivalents	$ 7,421,864	$ 8,924,951
Marketable securities (Notes 2 and 3)	4,044,261	719,948
Receivables	543,062	277,724
Prepaid expenses	77,104	49,557
	12,086,291	9,972,180
Investments (Note 4)	400,000	400,000
Property and equipment (Note 5)	141,188	137,481
Mineral properties (Note 6)	9,112,350	7,529,320
	$ 21,739,829	$ 18,038,981
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 1,168,892	$ 379,739
Shareholders' equity		
Capital stock (Note 7)	19,538,581	19,849,581
Contributed surplus (Note 7)	1,822,477	1,688,606
Deficit	(2,714,434)	(3,878,945)
Accumulated other comprehensive income (Note 10)	1,924,313	-
	20,570,937	17,659,242
	$ 21,739,829	$ 18,038,981

Nature and continuance of operations (Note 1)
Commitments (Note 12)
Subsequent events (Note 14)

On behalf of the Board:

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

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

STRONGBOW EXPLORATION INC.
INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
FOR THE THREE MONTHS ENDED APRIL 30
(Unaudited – Prepared by Management)

	2007	2006
EXPENSES		
Advertising and promotion	$ 64,735	$ 28,379
Amortization	10,398	10,163
Consulting fees	-	6,030
Insurance	11,884	14,506
Office, miscellaneous and rent	39,904	38,494
Professional fees	20,275	10,870
Regulatory and filing fees	8,372	8,270
Salaries and benefits	72,836	56,971
Stock-based compensation (Note 7)	133,871	70,123
Loss before other items	(362,275)	(243,806)
OTHER ITEMS		
Interest income	81,299	9,646
Project administration fees	5,975	-
Cost recoveries	23,491	42,213
Gain on sale of subsidiary (Note 3)	-	600,000
Gain on sale of investments (Note 3)	-	1,360,000
Gain on sale of future mineral property rights (Note 3)	1,400,000	-
Arrangement expenses (Note 14a)	(259,667)	-
Write-off of mineral properties (Note 6)	(35,312)	(96,060)
	1,215,786	1,915,799
Income before income taxes	853,511	1,671,993
Future income tax recovery (Note 9)	311,000	713,000
Income for the period	1,164,511	2,384,993
Deficit, beginning of period	(3,878,945)	(11,236,210)
Deficit, end of period	$ (2,714,434)	$ (8,851,217)
Basic income per share	$ 0.02	$ 0.05
Diluted income per share	$ 0.02	$ 0.05
Weighted average number of shares outstanding	50,793,941	46,880,253

STRONGBOW EXPLORATION INC.
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE THREE MONTHS ENDED APRIL 30
(Unaudited – Prepared by Management)

	2007	2006
Net income for the period	$ 1,164,511	$ 2,384,993
Unrealized gains on available for sale financial assets arising during the period	193,321	-
Comprehensive income	$ 1,359,832	$ 2,384,993

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

STRONGBOW EXPLORATION INC.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED APRIL 30
(Unaudited – Prepared by Management)

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) for the period	$ 1,164,511	$ 2,384,993
Items not involving cash:		
Amortization	10,398	10,163
Stock-based compensation	133,871	70,123
Gain on sale of subsidiary	-	(600,000)
Gain on sale of future mineral property rights (Note 3)	(1,400,000)	-
Gain on sale of investments	-	(1,360,000)
Write-off of mineral properties	35,312	96,060
Future income tax recovery	(311,000)	(713,000)
Changes in non-cash working capital items:		
Increase in receivables	(193,728)	(60,240)
(Increase) decrease in prepaid expenses	(27,547)	9,223
Increase (decrease) in accounts payable and accrued liabilities	93,753	(21,941)
Net cash used in operating activities	(494,430)	(184,619)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of capital stock	-	687,791
Net cash provided by financing activities	-	687,791
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures on mineral properties	(994,552)	(650,860)
Acquisition of property and equipment	(14,105)	(18,106)
Proceeds from the sale of investments	-	1,650,000
Net cash provided by (used in) investing activities	(1,008,657)	981,034
Increase (decrease) in cash and equivalents during the period	(1,503,087)	1,484,206
Cash and equivalents, beginning of period	8,924,951	517,380
Cash and equivalents, end of period	$ 7,421,864	$ 2,001,586
Cash paid during the period for interest	$ -	$ -
Cash paid during the period for income taxes	$ -	$ -

Supplemental disclosure with respect to cash flows (Note 11)

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.

2. CHANGE IN ACCOUNTING POLICIES

Recent accounting pronouncements

Effective February 1, 2007, the Company prospectively adopted the Canadian Institute of Chartered Accountants ("CICA") recommendations pertaining to financial instruments (Section 3855), which establishes standards for the recognition, measurement, disclosure and presentation of financial assets, financial liabilities and non-financial derivatives. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Instruments classified as held for trading are measured at fair value with unrealized gains and losses recognized on the statement of operations and deficit. The Company has classified its short-term investments as held for trading and therefore carries its short-term investments at fair market value, with the unrealized gain or loss recorded in interest income. This change in accounting policy had no material effect on the Company's previous financial statements. The Company has classified its marketable securities as available-for-sale and therefore carries them at fair market value, with the unrealized gain or loss recorded in shareholders' equity as a component of other comprehensive income. These amounts will be reclassified from shareholders' equity to net income when they are sold. Previously, investments in public companies were carried at cost, less provisions for other than temporary declines in value. This change in accounting policy resulted in a $1,730,992 increase in the carrying value of marketable securities as at January 31, 2007, representing the aggregate cumulative unrealized gains at that time as disclosed in Note 10. The Company's investment is classified as held-to-maturity and is measured at its carrying value of $400,000.

Effective February 1, 2007, the Company prospectively adopted the CICA recommendations pertaining to hedges (Section 3855), which establish standards for the identification, designation, documentation and effectiveness of hedging relationships for the purpose of applying hedge accounting. The purpose of hedge accounting is to ensure that gains, losses, revenues and expenses from effective hedging relationships are recorded in earnings in the same period. This change in accounting policy had no effect on the consolidated financial statements for the three months ended April 30, 2007 as the Company has not designated any hedging relationships.

Effective February 1, 2007, the Company prospectively adopted the CICA recommendations regarding the reporting and disclosure of comprehensive income (Section 1530). Comprehensive income consists of changes in the equity of the Company from sources other than the Company's share owners, and includes earnings of the Company, the foreign currency translation adjustment relating to self-sustaining foreign operations and unrealized gains and losses on changes in fair values of available for sale assets and effective cash flow hedging instruments. Other comprehensive income comprises revenues, expenses and gains and losses that are recognized in comprehensive income but are excluded from earnings for the period. Comprehensive income is required to be disclosed in a separate statement in the consolidated financial statements.

Effective February 1, 2007, the Company prospectively adopted the CICA recommendations regarding the presentation of equity and changes in equity. These recommendations require separate presentation of the components of equity, including retained earnings, accumulated other comprehensive income, contributed surplus, share capital and reserves, and the changes therein.

3. MARKETABLE SECURITIES

Bayswater Uranium Corporation

In December 2005, the Company and Bayswater Ventures Corp. (subsequently changed to Bayswater Uranium Corporation) ("Bayswater") entered into a purchase and sale agreement whereby the Company agreed to sell its wholly-owned subsidiary, Jadebay, to Bayswater. The Company closed the sale of Jadebay in exchange for 1,500,000 common shares of Bayswater, received at a value of $600,000 in March 2006. As Jadebay had no assets or liabilities, its nominal carrying value resulted in a gain on sale of $600,000. The market value of these shares as at April 30, 2007 is $2,400,000 (January 31, 2007 - $2,295,000).

As part of the Jadebay sale agreement, the Company had the option to appoint a representative to Bayswater's Board of Directors. In February 2006, a director of the Company was appointed to the Board of Bayswater.

Tournigan Gold Corporation

In February 2004, the Company and Tournigan Gold Corporation ("Tournigan") entered into a purchase and sale agreement (the "Ulster Acquisition Agreement") whereby the Company agreed to sell its wholly-owned subsidiary, Ulster Minerals Ltd. ("Ulster"), to Tournigan in exchange for 10,000,000 common shares of Tournigan plus cash consideration based on Tournigan's future use of certain tax pools available in Ulster.

The sale closed in December 2004 and the Company received 5,000,000 shares of Tournigan at a value of $1,450,000. In fiscal 2006, the Company sold 1,000,000 common shares of Tournigan for proceeds of $504,890 resulting in a gain of $214,890. During the year ended January 31, 2007, the Company sold the remaining 4,000,000 shares for proceeds of $10,580,009 resulting in a gain of $9,420,009. As at January 31, 2007, the Company had sold all of its investment in Tournigan.

In February 2007, the Company and Tournigan agreed to terminate the remaining terms of the Ulster Acquisition Agreement, eliminating Tournigan's future cash and share issuance obligations to the Company. In consideration, Tournigan issued 500,000 common shares to the Company (received at a value of $1,400,000) with a fair market value of $1,500,000 at April 30, 2007. These common shares have been included with marketable securities and designated as available for sale.

Other

In addition, the Company holds common shares of several other publicly-traded Canadian listed companies. As at April 30, 2007, the total cost of these marketable securities is $119,948 (January 31, 2007 - $119,948) with a fair market value of $144,261 (January 31, 2007 - $155,940).

4. INVESTMENTS

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.

5. PROPERTY AND EQUIPMENT

	2007			2007		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Furniture and Equipment	$ 57,275	$ 35,834	$ 21,441	$ 57,275	$ 34,706	$ 22,569
Computer Equipment	169,150	103,453	65,697	155,045	98,698	56,347
Software	38,816	35,397	3,419	38,816	34,258	4,558
Leasehold Improvements	84,400	33,769	50,631	84,400	30,393	54,007
	$ 349,641	$ 208,453	$ 141,188	$ 335,536	$ 198,055	$ 137,481

6. MINERAL PROPERTIES

	January 31, 2007	Expended During The Period	Recoveries	Write-off of Costs	April 30, 2007
Gold and Base Metal Properties, British Columbia					
Exploration costs	$ 1,740,878	$ 16,434	$ (19,246)	$ -	$ 1,738,067
Acquisition costs	300,245	20,390	(10,031)	-	310,604
Geological and assays	297,674	701	(11,349)	-	287,026
Office and salaries	961,567	42,691	(24,609)	(1,652)	977,997
	3,300,364	80,215	(65,235)	(1,652)	3,313,694
Gold and Base Metal Properties, NWT and Nunavut					
Exploration costs	1,184,179	1,353,948	-	-	2,538,127
Acquisition costs	1,161,248	92,507	-	(27,549)	1,226,205
Geological and assays	264,792	6,560	-	-	271,353
Office and salaries	818,312	150,325	-	(4,800)	963,837
	3,428,531	1,603,341	-	(32,349)	4,999,522
Uranium Properties, Generative					
Exploration costs	-	-	-	-	-
Acquisition costs	45,495	(35,205)	-	-	10,290
Geological and assays	-	-	-	-	-
Office and salaries	7,100	303	-	-	7,403
	52,595	(34,902)	-	-	17,693
Diamond Properties, NWT and Nunavut					
Exploration costs	5,054	-	-	-	5,054
Acquisition costs	300,522	33,496	-	(1,016)	333,003
Geological and assays	204,812	481	-	-	205,294
Office and salaries	237,442	686	-	(36)	238,091
	747,830	34,663	-	(1,052)	781,442
Properties previously written-off	-	259	-	(259)	-
TOTAL	$ 7,529,320	$ 1,683,577	$ (65,235)	$ (35,312)	$ 9,112,350

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.

6. MINERAL PROPERTIES (cont'd…)

Gold and Base Metal Properties, British Columbia

Bitterroot Agreement

In June 2006, the Company concluded an option agreement with a prospector and Bitterroot Resources Ltd. ("Bitterroot") whereby Bitterroot may earn a 100% interest in certain claims known as the "Big Southeaster" property on Vancouver Island. Under the terms of this agreement, Bitterroot must make a cash payment of $10,000 (the Company's share is $3,300 (received)) and issue 150,000 common shares of Bitterroot over a three year period (the Company's share is 33.0% of the total common shares to be issued – 16,667 received at a value of $9,667). In addition, Bitterroot must issue $50,000 worth of common shares to the Company and the prospector, prior to the third anniversary of the agreement and Bitterroot must incur exploration expenditures totaling $50,000 before the second anniversary of the agreement. The Company will retain a 0.66% net smelter return royalty ("NSR") on the property, one-half of which (0.33%) may be purchased by Bitterroot for $330,000.

Subsequent to April 30, 2007, the Company received 16,333 common shares of Bitterroot.

Skoonka Creek

In June 2005, the Company concluded an option agreement with Almaden Minerals Ltd. ("Almaden") to earn up to a 60% interest in the Skoonka Creek gold property in southern British Columbia. To earn a 51% interest in the property, the Company must spend $2,000,000 on exploration over four years and issue 600,000 shares, in stages, over a four year period (including 150,000 issued at a value of $46,500 in June 2005 and 150,000 issued at a value of $63,000 in January 2006). The Company had a second option to earn an additional 9% interest. In September 2006, the Company notified Almaden that it was exercising its option to earn a 51% interest in the Skoonka Creek property, having incurred $2,000,000 on exploration; concurrently, the Company issued 300,000 common shares of the Company to Almaden at a value of $129,000, thereby completing its obligations under the first option. The Company elected not to proceed with the second option. The Company and Almaden have formed a joint venture under which future exploration will be funded 51% by the Company and 49% by Almaden.

Subsequent to April 30, 2007, Almaden elected not to contribute to the 2007 exploration program. The Company has elected to solely fund the 2007 exploration program and as a result, its interest in the property will increase proportionately based on a standard dilution formula.

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.

In December 2005, the Company entered into an agreement with a prospector whereby the Company may earn a 100% interest in five sets of claims in British Columbia. Under the terms of this property option agreement, the Company must incur $2,000,000 in exploration expenditures over a six-year period, make cash payments totalling $60,000 over three years ($20,000 paid) and issue 300,000 common shares between 2010 and 2012. At its option, the Company may elect to make a $100,000 cash payment per 100,000 common shares to be issued. The properties are subject to a 2% NSR, one-half of which (1%) may be purchased by the Company for $1,000,000.

In February 2006, the Company completed an option agreement with a prospector to earn a 100% interest in the Goldpan property in the Spences Bridge area of British Columbia. Under the terms of the agreement, the Company must incur $2,000,000 in exploration expenditures over a six-year period, make cash payments totalling $90,000 over four years ($30,000 paid) and issue 300,000 common shares between 2010 and 2012. The Company may elect to make a $150,000 cash payment for every 100,000 common shares to be issued. The properties are subject to a 2% NSR, one-half of which (1%) may be purchased by the Company for $1,000,000.

Write-offs

During the three months ended April 30, 2007, the Company wrote-off $1,652 relating to the Chu Chua Prospect which was sold during the year ended January 31, 2007.

6. MINERAL PROPERTIES (cont'd…)

Gold and Base Metal Properties, Northwest Territories and Nunavut

These properties include the Anialik, Canoe Lake, Regan Lake and Ulu South properties. In addition, the Company maintains interests in various other gold and base metal properties in the Northwest Territories and Nunavut. Subsequent to the quarter-end, certain of the Company's gold and base metal properties were transferred to North Arrow as part of the Plan of Arrangement (Note 14a). Mineral property write-offs of $32,349 during the three months ended April 30, 2007 relate to general exploration and the Ulu South property.

Nunavut Tunngavik Incorporated ("NTI") Properties, Nunavut

Under the terms of a March 2003 agreement with Nunavut Tunngavik Incorporated ("NTI"), the Company has earned a 100% interest in the NTI properties located in the West Kitikmeot region of Nunavut. In March 2007, a fifth year fee payment of $101,561 was made to NTI and landholdings remained at approximately 9% of the initial landholdings covered in the original agreement. During the year ended January 31, 2007, the Company wrote-off acquisition and exploration costs of $1,397,789. If a feasibility study is completed on any area within the NTI properties, NTI has the option of taking either a 20% participating interest or a 7.5% net profits royalty in the specific area subject to study.

Nickel King (Anki) Project, NWT

The Company holds a 100% interest in certain mineral claims in the southern Northwest Territories, subject to a 3% NSR on base and precious metals production and an additional 2% 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 is 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 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 NTI to allow the Company to explore certain IOLs in the Back River area, Nunavut. Under the terms of the MOU, the Company and NTI are in the process of concluding a formal option agreement. This option agreement will allow the Company to earn a 100% interest in the property by completing a first year work program (to be defined) 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.

In May 2007, as part of the Plan of Arrangement (Note 14a) 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.

Snowbird Nickel Project, Canada

In February 2007, the Company acquired several new mineral claims and permits in northern Saskatchewan and south-eastern Northwest Territories.

Hay Duck Property, 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 year ($10,000 paid May 31, 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.

6. MINERAL PROPERTIES (cont'd…)

Diamond Properties, Northwest Territories and Nunavut

These properties include the Bear and Jewel properties, as well as the Lac de Gras and Tenacity South properties in addition to interests in various other diamond properties in the Northwest Territories and Nunavut including the Blue Lake and Napatulik properties. Properties discussed below that are comprised, in whole or in part, of a portion of the NTI properties include the Tenacity South property. Subsequent to the quarter-end, all of the Company's remaining diamond properties were transferred to North Arrow as part of the Plan of Arrangement (Note 14a). Mineral property write-offs of $1,052 during the three months ended April 30, 2007 relate to the Blue Lake and Jewel properties.

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.

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 Yukon 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 properties were acquired under the terms of the CUJV generative exploration program and have been identified by the Company as Earn-in projects.

Bayswater and the Company are related by virtue of a common director.

7. CAPITAL STOCK AND CONTRIBUTED SURPLUS

	Number of Shares	Amount	Contributed Surplus
Authorized			
Unlimited common shares without par value			
Issued			
As at January 31, 2006	46,086,604	$ 18,376,855	$ 1,413,600
Private placements	2,000,000	1,000,000	-
Property option agreements	310,000	137,000	-
Share issue costs	-	(9,603)	-
Exercise of warrants	1,626,087	731,007	(66,404)
Exercise of options	771,250	327,322	(5,210)
Tax benefits renounced to flow-through share subscribers (Note 9)	-	(713,000)	-
Stock-based compensation	-	-	346,620
As at January 31, 2007	50,793,941	19,849,581	1,688,606
Tax benefits renounced to flow-through share subscribers (Note 9)	-	(311,000)	-
Stock-based compensation	-	-	133,871
As at April 30, 2007	50,793,941	$ 19,538,581	$ 1,822,477

7. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd…)

Share issuances

No common shares were issued during the three months ended April 30, 2007.

Stock options and warrants

The Company had a stock option plan (the "Plan") to grant options to directors, officers, employees and consultants. The maximum number of shares to be issued under the Plan was 6,800,000 shares. The exercise price of each option granted shall not 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. Options granted can have a term up to 10 years with vesting provisions determined by the directors in accordance with TSX Venture Exchange policies for Tier 2 Issuers, with a typical vesting period of 25% upon grant and 25% every six months thereafter.

In June 2007, the Company's shareholders approved the adoption of the 2007 Stock Option Plan, subject to regulatory approval, which replaces the Company's former stock option plan and establishes a rolling number of shares issuable under the new plan in the amount of 10% of the Company's shares at the date of grant.

As at April 30, 2007, the following stock options and warrants were outstanding:

	Number of Shares		Exercise Price	Number of Shares Vested	Expiry Date
Options	17,500	$	1.00	17,500	May 24, 2007 (subsequently expired)
	37,500		0.40	37,500	October 15, 2007
	30,000		0.40	30,000	December 10, 2007
	91,000		1.00	91,000	December 11, 2007
	62,500		0.58	62,500	January 31, 2008
	5,000		0.66	5,000	February 28, 2008
	3,500		1.00	3,500	February 28, 2008
	43,750		1.00	43,750	December 10, 2008
	150,000		0.98	150,000	June 2, 2009
	1,098,750		0.75	1,098,750	July 30, 2009
	615,000		0.345	465,000	February 2, 2010
	252,500		0.35	252,500	June 13, 2010
	10,000		0.35	10,000	September 23, 2010
	685,000		0.79	513,750	March 16, 2011
	720,000		0.44	360,000	September 15, 2011 (100,000 subsequently exercised)
	40,000		0.60	10,000	February 16, 2012
	1,015,000		0.78	253,750	March 29, 2012
Warrants	1,000,000		0.60	1,000,000	October 6, 2007

In May 2007, as part of the Plan of Arrangement with North Arrow Minerals Inc. (Note 14a), the exercise price of the options held by directors, officers and employees was adjusted to 84% of the pre-Arrangement exercise price.

In May 2007, a total of 232,500 common shares were issued upon the exercise of stock options, for gross proceeds to the Company of $86,948.

7. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd…)

Stock option transactions are summarized as follows:

	Number of Options		Weighted Average Exercise Price
Balance, January 31, 2007	4,027,000	$	0.70
Granted	1,055,000		0.77
Cancelled/expired	(205,000)		0.83
Balance, April 30, 2007	4,877,000	$	0.51
Number of options currently exercisable	3,404,500	$	0.65

The weighted average fair value of stock options granted during the current fiscal period was $0.34 (2006 - $0.54) per option.

As at April 30, 2007, the Company has 1,000,000 warrants outstanding with an exercise price of $0.60 and an expiry date of October 6, 2007.

Stock-based compensation

During the three months ended April 30, 2007, the Company granted 1,055,000 (January 31, 2007 – 1,560,000) stock options with a fair value of $449,041 (January 31, 2007 – $644,185) which is being recognized over the vesting periods of the options. Total stock-based compensation recognized during the period ended April 30, 2007 was $133,871 (2006 – $70,123).

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

	Period Ended April 30, 2007	Year Ended January 31, 2007
Risk-free interest rate	4.0%	4.0%
Expected life of options	3 years	5 years
Annualized volatility	80% ~ 82%	83% ~ 84%
Dividend rate	0.00%	0.00%

8. RELATED PARTY TRANSACTIONS

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

a. Charged rent of $19,524 (2006 - $19,524) to Stornoway, a company with a common director.

b. Charged rent of $3,096 (2006 - $3,096) to Helio Resources Corp., a company with a common director.

Included in receivables are amounts due from Stornoway totaling $224,464 (January 31, 2007 - $195,570) for exploration, administrative costs and rent paid by the Company on Stornoway's behalf.

Included in accounts payable and accrued liabilities is $7,560 (January 31, 2007 - $11,598) due 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.

9. INCOME TAXES

As at January 31, 2007, the Company does not have non-capital losses available for deduction against future taxable income.

Subject to certain regulations, the Company has approximately $8,000,000 of mineral property expenditures available to reduce taxable income of future years.

During the year ended January 31, 2007, the Company issued 2,000,000 common shares (2006 - 6,410,000 common shares) on a flow-through basis for gross proceeds of $1,000,000 (2006 - $2,301,700). 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 $1,000,000 (2006 - $2,301,700) which resulted in a future income tax recovery and a charge against capital stock of $311,000 (2006 - $713,000).

The significant components of the Company's future income tax assets are as follows:

10. ACCUMULATED OTHER COMPREHENSIVE INCOME

Balance, January 31, 2007	$	-
Adjustment for cumulative unrealized gains on available-for-sale investments at February 1, 2007 (Note 2)		1,730,992
Unrealized gains on available-for-sale investments		193,321
As at April 30, 2007		1,924,313

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash transactions for the three months ended April 30, 2007 were:

a) The Company receiving 500,000 common shares of Tournigan valued at $1,400,000 pursuant to the sale of future mineral property rights (Note 3).

b) The Company incurring mineral property expenditures of $922,338 that are included in accounts payable and accrued liabilities and the Company accruing a recovery of mineral property expenditures of $112,921 that is included in receivables.

The significant non-cash transactions for the period ended April 30, 2006 were:

c) The Company receiving 150,000 common shares of Tanqueray at a value of $31,500 pursuant to two property option agreements.

d) The Company receiving 1,500,000 common shares of Bayswater at a value of $600,000 pursuant to the sale of Jadebay Limited (Note 3).

e) The Company incurring mineral property expenditures of $368,836 that are included in accounts payable and accrued liabilities and the Company accruing a recovery of mineral property expenditures of $97,573 that is included in receivables.

At April 30, 2007, cash and equivalents of $7,421,864 (January 31, 2007 - $8,924,951) consisted of cash on deposit of $7,421,864 (January 31, 2007 - $830,996) and short-term investments of $Nil (January 31, 2007 - $8,093,955).

12. COMMITMENTS

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

Fiscal year ending January 31, 2008	$ 156,754
Fiscal year ending January 31, 2009	$ 156,754
Fiscal year ending January 31, 2010	$ 156,754
Fiscal year ending January 31, 2011	$ 156,754

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

13. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and equivalents, marketable securities, receivables, investments and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

14. SUBSEQUENT EVENTS

a) At a Special Meeting on April 30, 2007, shareholders of the Company approved the proposed plan of arrangement to reorganize the Company's exploration assets by transferring certain of the Company's mineral property interests and $800,000 cash to its recently incorporated subsidiary, North Arrow in exchange for 15,000,000 shares of North Arrow.

   On May 9, 2007, the Plan of Arrangement was completed. 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 reduction of capital. 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 continues to hold 4,829,740 common shares of North Arrow which commenced trading on the TSX Venture Exchange with the symbol "NAR" on May 10, 2007.

   Pursuant to the terms of the Plan of Arrangement with North Arrow, upon closing of the North Arrow arrangement May 9, 2007, the exercise price of the Company's stock options was adjusted to 84% of the original exercise price. As at May 25, 2007, the Company has 4,687,000 outstanding stock options with exercise prices that range from $0.2898 to $0.84 and 1,000,000 warrants that can be exercised at $0.60 per share prior to October 6, 2007.

b) In June 2007 the Company announced a brokered private placement for the sale of up to 4,710,000 flow through units of the Company at a price of $0.85 per flow through unit for gross proceeds of up to $4,003,500. A total of 2,355,000 of the flow through units will be "super flow through" units and will qualify for enhanced tax benefits available to purchasers in British Columbia only. Each flow through unit (a "FT Unit") will consist of one flow through share (a "FT Share") and one-half of one common share purchase warrant (each whole such purchase warrant being a "Warrant"). Each Warrant will be exercisable into one common share at a price of $1.10 for a period of eighteen months from Closing.

   The Company has agreed to pay the Agents, Haywood Securities Inc. and Canaccord Capital Corporation a fee of 7% of the gross proceeds from the sale of the FT Units, payable in cash or compensation units at the option of the Agent, with each compensation unit to be issued at $0.85 per unit and consisting of one common share of the Company and one half of one common share purchase warrant, with such warrants having the same terms as the Warrants.

   As additional compensation, the Agent will be issued compensation options entitling the Agent to subscribe for that number of common shares of the Company equal to 8% of the number of FT Units sold by the Company at $0.85 per common share exercisable for a period of eighteen (18) months from the date of the closing of the offering.

   The offering of the FT Units is subject to regulatory approval.

c) The Company issued 232,500 common shares for gross proceeds of $86,498 pursuant to the exercise of stock options.