

**ROCKHAVEN RESOURCES LTD.**

**FINANCIAL STATEMENTS**

**OCTOBER 31, 2007**

## AUDITORS' REPORT

To the Shareholders of  
Rockhaven Resources Ltd.

We have audited the balance sheets of Rockhaven Resources Ltd. as at October 31, 2007 and 2006 and the statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at October 31, 2007 and 2006 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

**“DAVIDSON & COMPANY LLP”**

Vancouver, Canada

Chartered Accountants

December 19, 2007

A Member of SC INTERNATIONAL

**ROCKHAVEN RESOURCES LTD.**  
**BALANCE SHEETS**  
**AS AT OCTOBER 31**

	2007	2006
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 295,382	\$ 373,481
GST and other receivables	4,683	9,211
Prepaid expenses	<u>5,250</u>	<u>5,250</u>
	305,315	387,942
Mineral property (Note 4)	<u>7,500</u>	<u>-</u>
	<u>\$ 312,815</u>	<u>\$ 387,942</u>

**LIABILITIES AND SHAREHOLDERS' EQUITY**

<b>Current</b>		
Accounts payable and accrued liabilities	\$ <u>19,134</u>	\$ <u>19,402</u>
<b>Shareholders' equity</b>		
Capital stock (Note 5)	450,867	450,867
Contributed surplus (Note 5)	59,240	59,240
Deficit	<u>(216,426)</u>	<u>(141,567)</u>
	<u>293,681</u>	<u>368,540</u>
	<u>\$ 312,815</u>	<u>\$ 387,942</u>

**Continuance of operations** (Note 2)

**Subsequent event** (Note 10)

**On behalf of the Board:**

Signed: "Brian E. Bayley" Director    Signed: "Richard A. Graham" Director

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

**ROCKHAVEN RESOURCES LTD.**  
**STATEMENTS OF OPERATIONS AND DEFICIT**  
**FOR THE YEARS ENDED OCTOBER 31, 2007 AND 2006**

	2007	2006
<b>EXPENSES</b>		
Consulting fees	\$ 3,000	\$ 11,500
Listing and filing fees	11,440	20,416
Office and miscellaneous	414	1,222
Office facilities and administrative services	48,000	42,745
Professional fees	21,195	22,022
Shareholder information	693	551
Stock-based compensation	<u>-</u>	<u>43,290</u>
	<u>(84,742)</u>	<u>(141,746)</u>
<b>OTHER ITEM</b>		
Interest income	12,483	10,985
Property investigation costs	<u>(2,600)</u>	<u>-</u>
	<u>9,883</u>	<u>10,985</u>
<b>Loss and comprehensive loss for the year</b>	(74,859)	(130,761)
<b>Deficit, beginning of year</b>	<u>(141,567)</u>	<u>(10,806)</u>
<b>Deficit, end of year</b>	<u>\$ (216,426)</u>	<u>\$ (141,567)</u>
<b>Basic and diluted loss per common share</b>	\$ (0.03)	\$ (0.06)
<b>Weighted average number of common shares outstanding</b>	2,600,100	2,127,492

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

**ROCKHAVEN RESOURCES LTD.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED OCTOBER 31, 2007 AND 2006**

	2007	2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the year	\$ (74,859)	\$ (130,761)
Items not affecting cash:		
Stock-based compensation	-	43,290
Changes in non-cash working capital items:		
(Increase) decrease in GST and other receivables	4,528	(9,211)
Increase in prepaid expenses	-	(435)
Increase (decrease) in accounts payable and accrued liabilities	<u>(268)</u>	<u>11,852</u>
Net cash used in operating activities	<u>(70,599)</u>	<u>(85,265)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Capital stock issued for cash	<u>-</u>	<u>266,717</u>
Net cash provided by financing activities	<u>-</u>	<u>266,717</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Mineral property	<u>(7,500)</u>	<u>-</u>
Net cash used in investing activities	<u>(7,500)</u>	<u>-</u>
<b>Change in cash for the year</b>	(78,099)	181,452
<b>Cash, beginning of year</b>	<u>373,481</u>	<u>192,029</u>
<b>Cash, end of year</b>	<u>\$ 295,382</u>	<u>\$ 373,481</u>
<b>Cash paid during the period for interest</b>	<u>\$ -</u>	<u>\$ -</u>
<b>Cash paid during the period for income taxes</b>	<u>\$ -</u>	<u>\$ -</u>

There were no significant non-cash financing or investing activities during the years presented.

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

**1. INCORPORATION**

The Company was incorporated under the Business Corporations Act (Alberta) on July 20, 2005 and its principal business activities include the acquisition and exploration of mineral properties.

**2. CONTINUANCE OF OPERATIONS**

These 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.

The Company's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition of, a participation in or an interest in properties, assets or businesses. Such an acquisition will be subject to shareholder and regulatory approval.

**3. SIGNIFICANT ACCOUNTING POLICIES**

**Financial Instruments - Change in Accounting Policies**

Effective November 1, 2006, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants (CICA) relating to financial instruments. These new standards have been adopted on a prospective basis with no restatement to prior period financial statements.

*Financial Instruments-Recognition and Measurement (Section 3855)*

These standards set out criteria for the recognition and measurement of financial instruments for fiscal years beginning on or after October 1, 2006. This standard requires all financial instruments within its scope, including derivatives, to be included on a Company's balance sheet and measured either at fair value or, in certain circumstances when fair value may not be considered most relevant, at cost or amortized cost. Changes in fair value are to be recognized in the statements of operations and comprehensive income.

All financial assets and liabilities are recognized when the entity becomes a party to the contract creating the item. As such, any of the Company's outstanding financial assets and liabilities at the effective date of adoption are recognized and measured in accordance with the new requirements as if these requirements had always been in effect. Any changes to the fair values of assets and liabilities prior to November 1, 2006, are recognized by adjusting opening deficit or opening accumulated other comprehensive income.

All financial instruments are classified into one of the following five categories: held for trading, held-to-maturity, loans and receivables, available-for-sale financial assets, or other financial liabilities. Initial and subsequent measurement and recognition of changes in the value of financial instruments depend on their initial classification:

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

- Held for trading financial instruments are measured at fair value. All gains and losses are included in net earnings in the period in which they arise.
- Held-to-maturity investments, loans and receivables, and other financial liabilities are initially measured at fair value and subsequently measured at amortized cost. Amortization of premiums or discounts and losses due to impairment are included in current period net earnings.
- Available-for-sale financial assets are measured at fair value. Revaluation gains and losses are included in other comprehensive income until the asset is removed from the balance sheet.
- All derivative financial instruments are classified as held for trading financial instruments and are measured at fair value, even when they are part of a hedging relationship. All gains and losses are included in net earnings in the period in which they arise.

In accordance with this new standard, the Company has classified its financial instruments as follows:

Cash is classified as held-for-trading; receivables are classified as loans and accounts payable are classified as other financial liabilities. All are measured at fair value and gains and losses are included in net earnings in the period in which they arise. Cash is exposed to credit risk and these amounts are placed with major Canadian banks. The Company is not exposed to interest rate risk due to the short term maturity of the financial instruments.

*Hedging (Section 3865)*

This new standard specifies the circumstances under which hedge accounting is permissible and how hedge accounting may be performed. The Company currently does not have any hedges.

*Comprehensive Income (Section 1530)*

Comprehensive income is the change in shareholders' equity during a period from transactions and other events from non-owner sources. This standard requires certain gains and losses that would otherwise be recorded as part of net earnings to be presented in other "comprehensive income" until it is considered appropriate to recognize into net earnings. This standard requires the presentation of comprehensive income, and its components in a separate financial statement that is displayed with the same prominence as the other financial statements.

There was no effect on opening equity as of November 1, 2006 or for the year ended October 31, 2007, as a result of applying these new standards.

*Accounting Changes (Section 1506)*

This standard allows for voluntary changes in accounting policy only when such changes enhance the relevance and reliability of the financial statements, and the comparability of those financial statements over time and with the financial statements of other entities. The standard requires changes in accounting policy to be applied retrospectively unless doing so is impracticable, requires prior period errors to be corrected retrospectively and calls for enhanced disclosures about the effects of changes in accounting policies, estimates and errors on the financial statements.

Any impact that the adoption of Section 1506 will have on the Company's results of operations and financial condition will depend on the nature of future accounting changes. Its adoption has had no impact on these financial statements.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Use of estimates**

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

**Mineral properties and exploration expenditures**

All exploration expenditures are expensed as incurred. Significant property acquisition payments for active exploration properties are capitalized. If no mineable ore body is discovered, previously capitalized costs are expensed in the period the property is abandoned. Expenditures for the development of new mines, to define further mineralization in existing ore bodies, and to expand the capacity of operating mines, are capitalized and amortized on a unit of production basis over the estimated recoverable reserves.

A mineral property acquired under an option agreement where payments are made at the sole discretion of the Company, is capitalized at the time of payment. 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 transfer and may be affected by undetected defects.

**Future income taxes**

Future income taxes are recorded using the asset and liability method whereby future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment or enactment occurs. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

**Loss per share**

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period.

Basic loss per share is calculated using the weighted-average number of shares outstanding during the period.

**Stock-based compensation**

The Company uses the fair value based method for measuring compensation costs.

#### **4. MINERAL PROPERTIES**

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 are in good standing.

##### **North Abitibi Property**

The Company holds an option to acquire a 100% interest in claims in the Larder Lake Mining Division in Ontario. In order to exercise the option, the Company must issue 1,000,000 common shares or at the option of the Company, issue a number of common shares equal to a value of \$1,000,000 at the date of issuance on or before January 27, 2009 and incur the following expenditures on the property:

- a) \$50,000 before January 27, 2007 (incurred); and
- b) an additional \$300,000 before January 27, 2009.

During the current year, the Company entered into an Agreement with Tri Origin Exploration Ltd. ("Tri Origin") allowing Tri Origin the right to earn a 70% interest in the North Abitibi Property by making a cash payment to the Company of \$500,000 on or before January 15, 2009 and spending \$750,000 on exploration as follows:

- a) \$150,000 by January 15, 2007 (incurred);
- b) an additional \$250,000 by January 15, 2008; and
- c) an additional \$350,000 by January 15, 2009.

Discussions with Tri-Origin are underway to extend the January 15, 2008 deadline for the additional expenditure of \$250,000 on exploration. During the year, Tri-Origin entered into an option agreement to acquire a 100% interest in 9 claims adjacent to the North Abitibi property. The Company entered into an agreement with Tri-Origin to include these claims in the Tri-Origin North Abitibi option agreement by incurring acquisition costs of \$40,000 to be paid as follows:

- a) \$7,500 on signing agreement (paid);
- b) an additional \$5,000 by March 27, 2008 and 2009;
- c) an additional \$22,500 by March 27, 2010.

**ROCKHAVEN RESOURCES LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**OCTOBER 31, 2007**

**5. CAPITAL STOCK AND CONTRIBUTED SURPLUS**

	Number of Shares	Capital Stock Amount	Contributed Surplus
Authorized			
Unlimited common shares, without par value			
Unlimited preferred shares without par value			
Common shares issued			
As at October 31, 2005	1,100,100	\$ 200,100	\$ -
Common shares issued			
Shares issued for cash	1,500,000	375,000	-
Share issue costs	-	(124,233)	15,950
Stock-based compensation	-	-	43,290
As at October 31, 2006 and 2007	2,600,100	\$ 450,867	\$ 59,240

At October 31, 2007, 270,045 common shares were held in escrow and will be released to the shareholders in equal tranches of 90,015 shares every six months. These escrow shares may not be transferred, assigned or otherwise dealt with without the consent of regulatory authorities.

During the year ended October 31, 2006, the Company completed its initial public offering of 1,500,000 common shares at \$0.25 per share for gross proceeds of \$375,000. The Agent received a cash commission of 7.5% of gross proceeds, a corporate finance fee of \$7,500 and 100,000 agents warrants with an exercise price of \$0.25. The fair value (\$15,950) of the agents' warrants is included in share issuance costs.

**Stock options**

The Company has adopted an incentive stock option plan (the "Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with CNQ requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares. Such options will be exercisable for a period of up to 5 years from the date of grant. Vesting terms are determined by the Board of directors at the time of grant.

As at October 31, 2007, the following incentive stock options are outstanding:

	Number of Options	Exercise Price	Expiry Date
Stock options	250,000	\$0.25	February 23, 2011

**ROCKHAVEN RESOURCES LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**OCTOBER 31, 2007**

**5. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)**

Stock option transactions and the number of stock options outstanding are summarized as follows:

	Number Of Options	Weighted Average Exercise Price
Balance, October 31, 2005	-	\$ -
Options granted	<u>250,000</u>	<u>0.25</u>
Balance, October 31, 2006 and 2007	<u>250,000</u>	<u>\$ 0.25</u>
Number of options currently exercisable	<u>250,000</u>	<u>\$ 0.25</u>

During the year ended October 31, 2006, the Company granted 250,000 stock options to directors and 100,000 agent's warrants. The options have a fair value of \$43,290 which has been recognized as a stock-based compensation expense and the agent's warrants have a fair value of \$15,950 which has been included in share issuance costs. The weighted average fair value of options granted is \$0.17.

**Warrants**

At October 31, 2007, warrants were outstanding enabling holders to acquire shares as follows:

Number of Warrants	Exercise Price	Expiry Date
100,000	\$0.25	February 23, 2008

**6. FINANCIAL INSTRUMENTS**

The Company's financial instruments consist of cash, receivables 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 value, unless otherwise noted.

**ROCKHAVEN RESOURCES LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**OCTOBER 31, 2007**

**7. INCOME TAXES**

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	Year Ended October 31, 2007	Year Ended October 31, 2006
Loss for the year	\$ (74,859)	\$ (130,761)
Expected income tax-recovery	\$ (25,791)	\$ (47,666)
Non-deductible expenses	-	15,780
Deductible expenses	(8,561)	(9,057)
Unrecognized benefit of non-capital losses	<u>34,352</u>	<u>40,943</u>
Total income tax recovery	\$ -	\$ -

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

	2007	2006
Future income tax assets:		
Non-capital loss carryforwards	\$ 61,375	\$ 33,532
Share issuance costs	23,107	33,911
Valuation allowance	<u>(84,482)</u>	<u>(67,443)</u>
Net future income tax assets	\$ -	\$ -

The Company has available for deduction against future taxable income non-capital losses of approximately \$197,983. These losses, if not utilized, will expire commencing in 2015. Future tax benefits which may arise as a result of these non-capital losses have not been recognized in these financial statements and have been offset by a valuation allowance due to the uncertainty of their realization.

**8. RELATED PARTY TRANSACTIONS**

During the year ended October 31, 2007, the Company entered into the following transactions with related parties:

- a) Paid or accrued office facilities and administrative services fees of \$48,000 (2006 - \$42,745) to a company with a common director.
- b) Paid or accrued consulting fees of \$3,000 (2006 - \$11,500) to a company with a common director.

Included in accounts payable at October 31, 2007 is \$4,242 (2006 - \$12,208) due to a company with a common director.

Included in prepaid expenses is a retainer of \$5,250 paid to a company with a director in common.

The fair value of the amounts due to related parties is not determinable as they have no fixed terms of repayment.

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

**9. SEGMENTED INFORMATION**

The Company operates in Canada in one reportable segment, the exploration and development of resource properties.

**10. SUBSEQUENT EVENT**

On November 1, 2007 the Company entered into a letter of intent ("LOI") with Strategic Metals Ltd. ("Strategic") to acquire certain mineral exploration properties located in the Yukon Territory. The consideration for the acquisition will be the issuance of 8,000,000 common shares of the Company at a deemed price of \$0.375 per share for total consideration of \$3,000,000. Pursuant to the terms of the LOI, the Company completed a non-brokered private placement for gross proceeds of \$4,800,000 on December 13, 2007. The Company will issue 5,500,000 flow-through units at \$0.60 per unit; and 3,000,000 non-flow-through units at \$0.50 per unit. Each unit consists of one common share and one-half warrant, with each whole warrant entitling the holder to purchase an additional common share at \$0.80 per share for a period of two years from the closing of the private placement.