PACIFIC BOOKER MINERALS INC.

FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

YEAR ENDED JANUARY 31, 2007

DAVIDSON & COMPANY LLP Chartered Accountants A Partnership of Incorporated Professionals

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Pacific Booker Minerals Inc.

We have audited the balance sheets of Pacific Booker Minerals Inc. as at January 31, 2007 and 2006 and the statements of operations, shareholders' equity and cash flows for the years ended January 31, 2007, 2006 and 2005. 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 and with the standards of the Public Company Accounting Oversight Board (United States). 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 January 31, 2007 and 2006 and the results of its operations and cash flows for the years ended January 31, 2007, 2006 and 2005 in accordance with Canadian generally accepted accounting principles.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada — Chartered Accountants

April 9, 2007

COMMENTS BY AUDITORS FOR U.S. READERS ON CANADA – U.S. REPORTING DIFFERENCE

In the United States, reporting standards for auditors require the addition of an explanatory paragraph (following the opinion paragraph) when the financial statements are affected by conditions and events that cast substantial doubt on the Company's ability to continue as a going concern, such as those described in Note 1 to the financial statements. Our report to the shareholders dated April 9, 2007 is expressed in accordance with Canadian reporting standards which do not permit a reference to such events and conditions in the auditors' report when these are adequately disclosed in the financial statements.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada — Chartered Accountants

April 9, 2007

A Member of ***SC*** *INTERNATIONAL*

1200 - 609 Granville Street, P.O. Box 10372, Pacific Centre, Vancouver, BC, Canada, V7Y 1G6
Telephone (604) 687-0947 Fax (604) 687-6172

PACIFIC BOOKER MINERALS INC.
BALANCE SHEETS
(Expressed in Canadian Dollars)
AS AT JANUARY 31

	2007	2006
ASSETS		
Current		
Cash	$ 3,960,047	$ 384,746
Receivables	136,690	38,196
Exploration advances	-	89,013
Prepaids and deposits	134,154	20,359
Total current assets	4,230,891	532,314
Mineral property interests (Note 3)	4,832,500	4,832,500
Deferred exploration costs (Note 4)	9,445,857	7,137,683
Property and equipment (Note 5)	49,643	54,564
Reclamation deposits	118,600	118,600
Total assets	$18,677,491	$12,675,661

- Continued -

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

PACIFIC BOOKER MINERALS INC.
BALANCE SHEETS
(Expressed in Canadian Dollars)
AS AT JANUARY 31

	2007	2006
Continued…		
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 440,415	$ 485,562
Amounts owing to related parties (Note 6)	42,451	35,513
Total current liabilities	482,866	521,075
Long term liabilities (Note 7)	-	1,500,000
Total liabilities	482,866	2,021,075
Shareholders' equity		
Capital stock (Note 8)		
Authorized:		
100,000,000 common shares without par value		
Issued and outstanding		
8,810,939 common shares (2006 – 6,802,239)	32,080,329	23,482,104
Share subscriptions received in advance	-	280,000
Contributed surplus (Note 8)	1,218,149	630,671
Deficit	(15,103,853)	(13,738,189)
Total shareholders' equity	18,194,625	10,654,586
Total liabilities and shareholders' equity	$18,677,491	$12,675,661

Nature and continuance of operations (Note 1)
Commitment (Note 13)
Contingency (Note 15)
Subsequent event (Note 16)

On behalf of the Board:

"Gregory R. Anderson"	*"Ruth Swan"*
Gregory R. Anderson, CEO	Ruth Swan, CFO

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

PACIFIC BOOKER MINERALS INC.
STATEMENTS OF OPERATIONS
(Expressed in Canadian Dollars)
AS AT JANUARY 31

	2007	2006	2005
GENERAL AND ADMINISTRATIVE EXPENSES			
Amortization	$ 15,928	$ 8,759	$ 3,869
Consulting fees	6,469	16,170	6,030
Consulting fees – related party (Note 9)	23,000	55,531	45,200
Directors fees	14,000	-	-
Filing and transfer agent fees	62,261	30,131	43,188
Foreign exchange loss (gain)	34,823	27,027	(50,026)
Gain on settlement of debt (Note 7)	(50,000)	-	-
Investor relations fees	73,140	43,658	34,823
Investor relations – related party (Note 9)	246,124	119,279	78,000
Loss on sale of equipment	3,786	-	-
Office and miscellaneous	77,615	61,850	37,110
Office rent	67,930	58,848	57,458
Professional fees (Note 9)	151,792	104,044	117,506
Shareholder information and promotion	117,964	44,249	21,137
Stock-based compensation (Note 8)	587,478	417,757	212,914
Telephone	15,994	15,280	12,269
Travel	50,414	42,780	50,526
Wages and benefits	6,082	-	-
Write-off of accounts payable	-	-	(31,322)
Write-off of exploration advances	-	-	20,044
Loss before other items	(1,504,800)	(1,045,363)	(658,726)
OTHER ITEMS			
Interest income	139,136	13,378	5,967
Write-off of mineral property interests and deferred exploration costs	-	(7,851,288)	(250,000)
Total other items	139,136	(7,837,910)	(244,033)
Loss for the year	$ (1,365,664)	$ (8,883,273)	$ (902,759)
Basic and diluted loss per common share	$ (0.17)	$ (1.41)	$ (0.16)
Weighted average number of common shares outstanding	8,142,907	6,320,955	5,714,090

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

PACIFIC BOOKER MINERALS INC.
STATEMENT OF SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)

	Number of Shares	Price	Amount	Share Subscriptions Received In Advance	Contributed Surplus	Deficit	Total
Balance, January 31, 2004	5,144,259		$ 16,866,929	$ 275,400	$ -	$ (3,952,157)	$ 13,190,172
Private placements	597,530	3.94	2,356,675	(275,400)	-	-	2,081,275
Exercise of stock options	15,000	2.00	30,000	-	-	-	30,000
Exercise of warrants	2,000	4.00	8,000	-	-	-	8,000
Mineral property interests	250,000	4.05	1,012,500	-	-	-	1,012,500
Share subscriptions received	-		-	574,775	-	-	574,775
Stock-based compensation	-		-	-	212,914	-	212,914
Loss for the year	-		-	-	-	(902,759)	(902,759)
Balance, January 31, 2005	6,008,789		20,274,104	574,775	212,914	(4,854,916)	16,206,877
Private placements	748,450	4.05	3,028,000	(574,775)	-	-	2,453,225
Mineral property interests	45,000	4.00	180,000	-	-	-	180,000
Share subscriptions received	-		-	280,000	-	-	280,000
Stock-based compensation	-		-	-	417,757	-	417,757
Loss for the year	-		-	-	-	(8,883,273)	(8,883,273)
Balance, January 31, 2006	6,802,239		23,482,104	280,000	630,671	(13,738,189)	10,654,586
Private placements	1,470,200	4.34	6,380,800	(280,000)	-	-	6,100,800
Exercise of stock options	12,000	5.00	60,000	-	-	-	60,000
Exercise of warrants	526,500	4.10	2,157,425	-	-	-	2,157,425
Stock-based compensation	-		-	-	587,478	-	587,478
Loss for the year	-		-	-	-	(1,365,664)	(1,365,664)
Balance, January 31, 2007	8,810,939		$ 32,080,329	$ -	$ 1,218,149	$ (15,103,853)	$ 18,194,625

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

PACIFIC BOOKER MINERALS INC.
STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
YEAR ENDED JANUARY 31

	2007	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the year	$ (1,365,664)	$ (8,883,273)	$ (902,759)
Items not affecting cash:			
Amortization	15,928	8,759	3,869
Loss on asset disposal	3,786	-	-
Stock-based compensation	587,478	417,757	212,914
Gain on settlement of debt	(50,000)	-	-
Write-off of accounts payable	-	-	(31,322)
Write-off of exploration advances	-	-	20,044
Write-off of mineral property interests and deferred exploration costs	-	7,851,288	250,000
Changes in non-cash working capital items:			
(Increase) decrease in receivables	(98,494)	69,535	180,377
(Increase) decrease in prepaids and deposits	(113,795)	(14,816)	21,531
Increase (decrease) in accounts payable and accrued liabilities	9,781	(77,678)	(172,487)
Increase (decrease) in amounts owing to related parties	18,353	6,210	(80,481)
Net cash provided by (used in) operating activities	(992,627)	(622,218)	(498,314)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of capital stock	8,318,225	2,453,225	2,119,275
Share subscriptions received in advance	-	280,000	574,775
Due to related parties	-	-	(36,700)
Obligations under capital leases	-	-	(588)
Repayment of long term debt	(1,450,000)	(1,000,000)	-
Net cash provided by financing activities	6,868,225	1,733,225	2,656,762
CASH FLOWS FROM INVESTING ACTIVITIES			
Mineral property interests and deferred exploration costs (net of recovery)	(2,282,049)	(1,018,559)	(1,760,122)
Exploration advances	-	(56,250)	25,000
Reclamation deposits	-	(46,100)	-
Proceeds from sale of equipment	467	-	-
Purchase of property and equipment	(18,715)	(49,106)	-
Net cash used in investing activities	(2,300,297)	(1,170,015)	(1,735,122)
Change in cash during the year	3,575,301	(59,008)	423,326
Cash, beginning of year	384,746	443,754	20,428
Cash, end of year	$ 3,960,047	$ 384,746	$ 443,754
Cash paid for income taxes	$ -	$ -	$ -
Cash paid for interest	-	-	618

Supplemental disclosure with respect to cash flows (Note 10)

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company was incorporated under the Company Act of British Columbia and its principal business activity is the exploration of its mineral property interests, with its principal mineral property interests located in Canada.

The ability of the Company to realize the costs it has incurred to date on its mineral property interests is dependent upon the Company being able to identify a commercial ore body, to finance its exploration costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the mineral property interest. To date, the Company has not earned significant revenues and is considered to be in the exploration stage.

These financial statements have been prepared on a going concern basis, which assumes the Company will be able to realize assets and discharge liabilities in the normal course of business for the foreseeable future. These financial statements do not include the adjustments that would be necessary should the Company be unable to continue as a going concern.

The Company has incurred losses since inception and the ability of the Company to continue as a going-concern depends upon its ability to develop profitable operations and to continue to raise adequate financing. Management is actively targeting sources of additional financing through alliances with financial, exploration and mining entities, or other business and financial transactions which would assure continuation of the Company's operations and exploration programs. In order for the Company to meet its liabilities as they come due and to continue its operations, the Company is solely dependent upon its ability to generate such financing.

There can be no assurance that the Company will be able to continue to raise funds in which case the Company may be unable to meet its obligations. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the balance sheets.

	2007	2006
Working capital	$ 3,748,025	$ 11,239
Deficit	(15,103,853)	(13,738,189)

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The significant accounting policies adopted by the Company are as follows:

Estimates

The preparation of financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts 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 year. Actual results could differ from these estimates.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Foreign currency translation

The monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the balance sheet date and non-monetary items are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statement of operations.

Allowance for receivables

The Company establishes an allowance for receivables on a specific account basis. No allowance for receivables was recorded by the Company as at January 31, 2007 and 2006.

Mineral property interests and deferred exploration costs

All costs related to the acquisition, exploration and development of mineral properties are capitalized by property. If economically recoverable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. When a property is abandoned, all related costs are written off to operations. If, after management review, it is determined that the carrying amount of a mineral property is impaired, that property is written down to its estimated net realizable value. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

The recorded cost of mineral property interests and deferred exploration costs is based on cash paid and the value of share consideration issued for mineral property interest acquisitions and exploration costs incurred. The recorded amount may not reflect recoverable value as this will be dependent on future development programs, the nature of the mineral deposit, commodity prices, adequate funding and the ability of the Company to bring its projects into production.

Cost recoveries consist of mining tax credits from the Province of British Columbia. Claims for tax credits are accrued upon the Company attaining reasonable assurance of collection from Canada Revenue Agency and from the Province of British Columbia. As at January 31, 2007 and 2006, cost recoveries related solely to the Morrison claims and are recorded as a cost recovery of deferred exploration costs.

Asset retirement obligation

The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability.

Changes in the liability for an asset retirement obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in the statement of operations. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset.

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Property and equipment

Property and equipment are recorded at cost. The Company provides for amortization annually as follows:

Automobile	30% declining balance
Computer equipment	30% to 45% declining balance
Office furniture and equipment	20% declining balance
Trailers	30% declining balance

Stock-based compensation

The fair value of stock options granted is determined using the Black-Scholes option pricing model and recorded as stock-based compensation expense over the vesting period of the stock options.

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 year. The weighted average number of common shares outstanding for the year ended January 31, 2007 do not include the 2,212,650 (2006 – 1,595,980; 2005 – 974,716) warrants outstanding and the 1,471,500 (2006 – 1,113,000; 2005 – 1,135,000) stock options outstanding.

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

Future income taxes

Future income taxes are recorded using the asset and liability method. Under the asset and liability method, 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.

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Flow-through common shares

Resource expenditure deductions for income tax purposes related to exploration activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian income tax legislation. To the extent that the future tax liabilities created by the renunciation exceed the future tax assets available, the Company records a reduction in capital stock for the estimated tax benefits transferred to shareholders. When the Company renounces flow-through expenditures, a portion of the Company's future income tax assets that were not recognized in previous years, due to the recording of a valuation allowance, will be recognized as a recovery of future income taxes in the statement of operations.

3. MINERAL PROPERTY INTERESTS

Title to mineral property interests 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 claims. The Company has investigated title to all of its mineral property interests and, to the best of its knowledge, title to all of its interests are in good standing. The mineral property interests in which the Company has committed to earn an interest are located in Canada.

2007	Hearne Hill claims, Canada	Morrison claims, Canada	Copper claims, Canada	CUB claims, Canada	Total
Balance, beginning and end of year	$ -	$4,832,500	$ -	$ -	$4,832,500

2006	Hearne Hill claims, Canada	Morrison claims, Canada	Copper claims, Canada	CUB claims, Canada	Total
Balance, beginning of year	$ 1,046,000	$4,652,500	$ -	$ -	$5,698,500
Additions					
Payments	100,000	-	-	-	100,000
Capital stock issued	-	180,000	-	-	180,000
	100,000	180,000	-	-	280,000
Write-offs	(1,146,000)	-	-	-	(1,146,000)
Balance, end of year	$ -	$4,832,500	$ -	$ -	$4,832,500

3. MINERAL PROPERTY INTERESTS (cont'd…)

Hearne Hill claims

The Company holds a 100% interest in the Hearne Hill claims located in the Omineca District of the Province of British Columbia ("B.C."). The Company earned its 100% interest through an option agreement and is required to pay advance royalty payments of $100,000 per annum. The royalty payments may offset any net smelter royalty obligations. The optionor retains a 4% net smelter returns ("NSR") royalty which may be acquired by the Company for a cash payment of $2,000,000. During the year ended January 31, 2006, management decided to write off the property to operations. The Hearne Hill claims are currently subject to a legal claim (Note 15).

Morrison claims

On April 19, 2004, the Company and Falconbridge Limited ("Falconbridge") signed an agreement whereby Falconbridge agreed to sell its remaining 50% interest to the Company such that the Company would have a 100% interest in the Morrison claims. In order to obtain the remaining 50% interest, the Company agreed to:

i) on or before June 19, 2004, pay $1,000,000 to Falconbridge (paid), issue 250,000 common shares to Falconbridge (issued) and issue 250,000 share purchase warrants to Falconbridge exercisable at $4.05 per share until June 5, 2006 (issued);

ii) pay $1,000,000 to Falconbridge on or before October 19, 2005 (paid);

iii) pay $1,500,000 to Falconbridge on or before April 19, 2007 (paid); and

iv) issue to Falconbridge 250,000 common shares on or before commencement of commercial production.

In the event the trading price of the Company's common shares is below $4.00 per share, the Company is obligated to pay, in cash, the difference between $1,000,000 and the average trading price which is less than $4.00 per share multiplied by 250,000 common shares.

The Company agreed to execute a re-transfer of its 100% interest to Falconbridge if the Company fails to comply with the terms of the agreement. This re-transfer is held by a mutually acceptable third party until the final issue of shares has been made.

The Company has also acquired a 100% interest in certain mineral claims adjacent to the Morrison claims, subject to 1.5% NSR royalty.

On January 7, 2005, the Company signed an agreement to acquire an option for a 100% interest in additional claims in the Omineca District of B.C. As consideration, the Company issued 45,000 common shares at a value of $180,000.

3. MINERAL PROPERTY INTERESTS (cont'd...)

Copper claims

The Company holds a 100% interest in certain mineral claims located in the Granisle area of B.C., subject to a 3% NSR royalty. These claims are located near the Morrison claims.

The Company has met its requirements to maintain its recorded interest in the mineral claims with the Province of B.C. until 2016 and there are no other payments required until that year. During the year ended January 31, 2005, management decided not to continue with these claims and therefore, the amounts were written-off to operations.

CUB claims

The Company holds a 100% interest in certain mineral claims located in the Granisle area of B.C., subject to a 3% NSR royalty. These claims are located near the Morrison claims.

The Company has met its requirements to maintain its recorded interest in the mineral claims with the Province of B.C. until 2016 and there are no other payments required until that year. During the year ended January 31, 2005, management decided not to continue with these claims and therefore, the amounts were written-off to operations.

(Expressed in Canadian Dollars)

4. DEFERRED EXPLORATION COSTS

2007	Hearne Hill claims, Canada	Morrison claims, Canada	Total
Balance, beginning of year	$ -	$ 7,137,683	$ 7,137,683
Deferred exploration costs			
Additions			
Amortization	-	3,455	3,455
Assays	-	1,400	1,400
Geological and geophysical	-	2,472	2,472
Staking	-	49,678	49,678
Supplies and camp	-	18,000	18,000
Travel	-	38	38
Community consultation			
Geological and geophysical	-	254	254
Promotion and education	-	12,013	12,013
Sub-contracts and labour	-	14,063	14,063
Travel	-	7,616	7,616
Environmental			
Assays	-	42,954	42,954
Geological and geophysical	-	132,284	132,284
Sub-contracts and labour	-	58,549	58,549
Supplies and general	-	43,360	43,360
Travel	-	2,194	2,194
Geotechnical and hydrological			
Geological and geophysical	-	155,943	155,943
Supplies and general	-	385	385
Marketing Factors			
Sub-contracts and labour	-	1,500	1,500
Metallurgical			
Assays	-	6,895	6,895
Geological and geophysical	-	172,328	172,328
Supplies and general	-	2,832	2,832
Scoping/Feasibility study			
Assays	-	57,926	57,926
Drilling	-	404,416	404,416
Geological and geophysical	-	709,620	709,620
Sub-contracts and labour	-	161,721	161,721
Sub-contracts and labour-related parties	-	96,654	96,654
Supplies and general	-	126,608	126,608
Travel	-	23,016	23,016
Total deferred exploration costs for the year	-	2,308,174	2,308,174
Balance, end of year	$ -	$ 9,445,857	$ 9,445,857

(Expressed in Canadian Dollars)

4. DEFERRED EXPLORATION COSTS (cont'd…)

2006	Hearne Hill claims, Canada	Morrison claims, Canada	Total
Balance, beginning of year	$ 6,703,221	$ 5,670,607	$ 12,373,828
Deferred exploration costs			
Additions			
Amortization	258	3,748	4,006
Assays	750	222	972
Geological and geophysical	-	11,735	11,735
Staking	1,059	1,011	2,070
Sub-contracts and labour	-	55,164	55,164
Sub-contracts and labour-related parties	-	3,085	3,085
Supplies and camp	-	92,615	92,615
Travel	-	15,764	15,764
Community consultation			
Geological and geophysical	-	246	246
Promotion and education	-	80	80
Sub-contracts and labour	-	18,601	18,601
Sub-contracts and labour-related parties	-	5,115	5,115
Supplies and general	-	133	133
Travel	-	172	172
Environmental			
Assays	-	14,144	14,144
Geological and geophysical	-	38,870	38,870
Sub-contracts and labour	-	38,442	38,442
Sub-contracts and labour-related parties	-	8,375	8,375
Supplies and general	-	4,884	4,884
Travel	-	1,451	1,451
Geotechnical and hydrological			
Assays	-	2,179	2,179
Geological and geophysical	-	36,270	36,270
Sub-contracts and labour	-	5,548	5,548
Supplies and general	-	2,728	2,728
Travel	-	53	53
Metallurgical			
Geological and geophysical	-	133,623	133,623
Sub-contracts and labour	-	188	188
Scoping/Feasibility study			
Assays	-	6,503	6,503
Drilling	-	355,509	355,509
Geological and geophysical	-	214,451	214,451
Sub-contracts and labour	-	155,576	155,576
Sub-contracts and labour-related parties	-	46,575	46,575
Supplies and general	-	186,877	186,877
Travel	-	14,827	14,827
	2,067	1,474,764	1,476,831
Costs recovered	-	(7,688)	(7,688)
Total deferred exploration costs for the year	2,067	1,467,076	1,469,143
Deferred exploration costs written off	(6,705,288)	-	(6,705,288)
Balance, end of year	$ -	$ 7,137,683	$ 7,137,683

(Expressed in Canadian Dollars)

5. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	Net Book Value
January 31, 2007			
Trailers	$ 25,000	$ 24,580	$ 420
Automobile	12,840	5,200	7,640
Office furniture and equipment	50,528	34,125	16,403
Computer equipment	58,527	33,347	25,180
	$ 146,895	$ 97,252	$ 49,643

	Cost	Accumulated Amortization	Net Book Value
January 31, 2006			
Trailers	$ 25,000	$ 24,400	$ 600
Automobile	37,521	22,354	15,167
Office furniture and equipment	50,528	30,024	20,504
Computer equipment	39,812	21,519	18,293
	$ 152,861	$ 98,297	$ 54,564

6. AMOUNTS OWING TO RELATED PARTIES

Amounts owing to directors, a former director, an officer and a spouse of a director consist of services rendered of $42,451 (2006 - $35,513). These amounts are non-interest bearing, unsecured and have no fixed terms of repayment.

7. LONG TERM LIABILITIES

	2007	2006
Due to Falconbridge (Note 3), non-interest bearing. The balance was due by April 19, 2007 and was settled early by paying $1,450,000 resulting in an early payment discount of $50,000	$ -	$ 1,500,000

(Expressed in Canadian Dollars)

8. CAPITAL STOCK AND CONTRIBUTED SURPLUS

Stock options

During the fiscal year ended January 31, 2004, the Company adopted a fixed stock option plan whereby the Company can reserve approximately 20% of its outstanding shares for issuance to officers and directors, employees and consultants. Under the plan, the exercise price of each option equals the market price of the Company's stock as calculated on the date of grant. These options can be granted for a maximum term of 5 years, and are subject to a vesting provision whereby 12.5% are exercisable on the date of the grant and 12.5% become exercisable every three months thereafter. All options will be vested after twenty one months.

Stock option transactions are summarized as follows:

	2007		2006		2005	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	1,113,000	$ 4.24	1,135,000	$ 4.33	474,000	$ 4.91
Granted	421,000	5.90	635,000	4.00	676,000	3.87
Cancelled	(50,500)	4.43	(657,000)	4.17	-	-
Exercised	(12,000)	5.00	-	-	(15,000)	2.00
Outstanding, end of year	1,471,500	$ 4.70	1,113,000	$ 4.24	1,135,000	$ 4.33
Options exercisable, end of year	1,080,250	$ 4.46	648,250	$ 4.42	628,000	$ 4.69
Weighted average fair value per option granted		$ 2.29		$ 0.78		$ 1.26

The following stock options were outstanding at January 31, 2007:

Number of Options Outstanding	Number Currently Exercisable	Exercise Price	Expiry Date
288,000	288,000	$ 5.00	July 2, 2007 (20,000 exercised subsequently)
287,500	287,500	3.87	October 13, 2009
485,000	363,750	4.00	October 4, 2010
95,000	47,500	6.20	April 20, 2011
216,000	81,000	5.25	June 27, 2011
100,000	12,500	7.00	November 29, 2011

(Expressed in Canadian Dollars)

8. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)

Stock-based compensation

The fair value of stock options granted during the year ended January 31, 2007 was $965,615 (2006 – $492,722; 2005 – $851,657) which will be recognized as stock-based compensation over their vesting periods.

Total stock-based compensation recognized during the year ended January 31, 2007 was $587,478 (2006 – $417,757; 2005 – $212,914) which has been recorded in the statements of operations as stock-based compensation with corresponding contributed surplus recorded in shareholders' equity.

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

	2007	2006	2005
Risk-free interest rate	4.30%	3.34%	3.21%
Expected life of options	3 years	2 years	2 years
Annualized volatility	50.39%	31.02%	40.21%
Dividends	0.00%	0.00%	0.00%

Warrants

Warrant transactions are summarized as follows:

	2007		2006		2005	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	1,595,980	$ 4.12	974,716	$ 4.16	447,686	$ 4.36
Issued	1,470,200	5.01	748,450	4.05	847,530	4.18
Exercised	(526,500)	4.10	-	-	(2,000)	4.00
Expired	(327,030)	4.31	(127,186)	4.00	(318,500)	4.51
Outstanding, end of year	2,212,650	$ 4.69	1,595,980	$ 4.12	974,716	$ 4.16

(Expressed in Canadian Dollars)

8. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)

Warrants (cont'd...)

The following share purchase warrants were outstanding and exercisable at January 31, 2007:

Number of Warrants	Exercise Price	Expiry Date
222,000	$ 4.15	March 11, 2007 (exercised subsequently)
520,450	4.00	December 2, 2007 (12,000 exercised subsequently)
970,200	4.50	April 11, 2008 (7,500 exercised subsequently)
500,000	6.00	July 28, 2008

9. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

a) Paid or accrued $125,624 (2006 - $41,279; 2005 - $Nil) to a director for investor relations activities.

b) Paid or accrued $120,500 (2006 - $78,000; 2005 - $78,000) to a director for investor relations activities.

c) Paid or accrued $77,050 (2006 - $41,750; 2005 - $Nil) to a director for project management services which have been capitalized to subcontracts on the Morrison claims. In addition, the Company paid or accrued $Nil (2006 - $1,375; 2005 - $Nil) to this director for general consulting services in relation to activities not related to exploration.

d) Paid or accrued $19,604 (2006 - $ Nil; 2005 - $Nil) to the spouse of a director for administrative assistant services which have been capitalized to subcontracts on the Morrison claims.

e) Paid or accrued $29,205 (2006 - $Nil; 2005 - $Nil) to an officer of the Company for accounting and management services.

f) Paid or accrued $Nil (2006 - $2,400; 2005 - $Nil) to a former director for consulting services which have been capitalized to subcontracts on the Morrison claims. In addition, the Company paid or accrued $23,000 (2006 - $24,156; 2005 - $Nil) to this former director for general consulting services in relation to activities not related to exploration.

.

g) Paid or accrued $Nil (2006 - $13,000; 2005 - $42,600) to a company controlled by a former common director for engineering consulting which was capitalized to subcontracts on the Morrison and Hearne Hill claims. In addition, the Company paid or accrued $Nil (2006 - $12,800; 2005 - $15,200) to this company controlled by a former common director for general consulting services in relation to activities not related to exploration.

9. RELATED PARTY TRANSACTIONS (cont'd…)

h) Paid or accrued $Nil (2006 - $6,000; 2005 - $48,800) to a former director for consulting services which have been capitalized to subcontracts on the Morrison claims. In addition, the Company paid or accrued $Nil (2006 - $17,200; 2005 - $30,000) to this former director for general consulting services in relation to activities not related to exploration.

i) Paid $Nil (2006 - $3,800; 2005 - $22,050) to an accounting firm in which a partner was a former director of the Company for professional fees.

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 unless otherwise noted.

10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash transactions for the year ended January 31, 2007 were as follows:

a) The Company completed a private placement of 970,200 units for total proceeds of $3,880,800, of which $280,000 was received prior to January 31, 2006.

b) The Company recorded $186,063 of deferred exploration expense as accounts payable and $1,935 of deferred exploration expense as owing to related parties.

c) The Company expended exploration advances of $89,013 to deferred exploration costs.

d) The Company recorded $3,455 of amortization expense on property and equipment as deferred exploration costs.

The significant non-cash transactions for the year ended January 31, 2006 were as follows:

a) The Company issued 45,000 common shares, in respect of acquisition costs of mineral property interests, at a value of $180,000.

b) The Company recorded $100,000 of royalty payments as mineral property interests with a corresponding amount recorded as accounts payable.

c) The Company recorded $4,006 of amortization expense on property and equipment as deferred exploration costs.

d) The Company recorded $240,991 of deferred exploration expense as accounts payable and $13,350 of deferred exploration expense as owing to related parties.

e) The Company expended exploration advances of $192,237 to deferred exploration costs.

(Expressed in Canadian Dollars)

10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS (cont'd...)

The significant non-cash transactions for the year ended January 31, 2005 were as follows:

a) The Company issued 250,000 common shares, in respect of the Company's Morrison property agreement, at a value of $1,012,500.

b) The Company recorded $2,500,000 of acquisition costs as mineral property interests with a corresponding amount recorded as long term liabilities.

c) The Company recorded $100,000 of royalty payments as mineral property interests with a corresponding amount recorded as accounts payable.

d) The Company expended exploration advances of $21,000 to deferred exploration costs.

e) The Company recorded $2,971 of amortization expense on property and equipment as deferred exploration costs.

11. INCOME TAXES

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

	2007	2006	2005
Loss for the year	$ (1,365,664)	$ (8,883,273)	$ (902,759)
Expected income tax (recovery)	$ (465,691)	$ (3,426,989)	$ (321,382)
Amortization	5,431	3,379	1,377
Non-deductible items	183,280	3,246,033	160,782
Unrecognized benefit of non-capital losses and temporary differences	276,980	177,577	159,223
Total income tax recovery	$ -	$ -	$ -

(Expressed in Canadian Dollars)

11. INCOME TAXES (cont'd...)

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

	2007	2006
Future income tax assets:		
Property and equipment	$ 37,000	$ 34,000
Mineral property interests and deferred exploration costs	2,172,000	3,150,000
Non-capital losses carried forward	913,000	706,000
	3,122,000	3,890,000
	3,122,000	3,890,000
Valuation allowance	(3,122,000)	(3,890,000)
Net future income tax assets	$ -	$ -

The Company has non-capital losses of approximately $2,900,000 available for deduction against future taxable income. These losses, if not utilized will expire up to 2027. Future tax benefits which may arise as a result of these non-capital losses and other tax assets have not been recognized in these financial statements and have been offset by a valuation allowance.

12. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, receivables, reclamation deposits, accounts payable and accrued liabilities and amounts owing to related parties. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from its financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

The Company has its cash in primarily one commercial bank with a high credit standing in Vancouver, British Columbia, Canada.

The Company's reclamation deposit consists of a term deposit with its primary bank and interest is paid on an annual basis to the Company.

(Expressed in Canadian Dollars)

13. COMMITMENT

The Company has entered into an operating lease agreement for office premises. The annual lease commitment under the lease is as follows:

2008	61,300
2009	62,774
2010	15,816
Total	$ 139,890

14. SEGMENT INFORMATION

All of the Company's operations are within the mining sector. The Company's mining operations are centralized whereby the Company's head office is responsible for the exploration results and to provide support in addressing local and regional issues. As at January 31, 2007 and 2006, the Company's assets are all located in Canada (Notes 3 and 4).

15. CONTINGENCY

During the current fiscal year, an optionor of the Hearne Hill property (Note 3) which adjoins the Company's Morrison property had filed a Writ of Summons and Statement of Claim against the Company in respect to the option agreement on the Hearne Hill property, which it alleges is of no further force and effect and seeks the return of the Hearne Hill property and the area of interest around the Hearne Hill claims. The Writ of Summons and Statement of Claim also includes a claim for the return of the Morrison property. The Company is of the view that the optionor has no right whatsoever to the Morrison property. Management of the Company is vigorously defending the action and has filed a Statement of Defense and a Counterclaim against the optionor for damages in the amount of $55,356 for breach of a contract. The Company has made an application to dismiss the claim on a number of grounds and this matter has been heard by the BC Supreme Court, but no decision has been handed down as of the date of these financial statements. The ultimate liability, if any, arising from this claim is not presently determinable and will be recorded at the time of that determination.

16. SUBSEQUENT EVENT

Subsequent to year end, the Company issued 241,500 common shares on exercise of warrants for total proceeds of $1,003,050 and issued 20,000 common shares on exercise of options for total proceeds of $100,000. The Company has not issued any other stock or announced any private placements.

(Expressed in Canadian Dollars)

17. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

These financial statements have been prepared in accordance with Canadian GAAP. Material variations in the accounting principles, practices and methods used in preparing these financial statements from principles, practices and methods accepted in the United States ("United States GAAP") are described and quantified below.

Balance sheets

The impact of the differences between Canadian GAAP and United States GAAP on the balance sheets would be as follows:

	2007			2006		
	Balance, Canadian GAAP	Adjustments	Balance, United States GAAP	Balance, Canadian GAAP	Adjustments	Balance, United States GAAP
Current assets	$ 4,230,891	$ -	$ 4,230,891	$ 532,314	$ -	$ 532,314
Mineral property interests	4,832,500	(140,000)	4,692,500	4,832,500	(140,000)	4,692,500
Deferred exploration costs	9,445,857	(9,445,857)	-	7,137,683	(7,137,683)	-
Property and equipment	49,643	-	49,643	54,564	-	54,564
Reclamation deposits	118,600	-	118,600	118,600	-	118,600
	$ 18,677,491	$ (9,585,857)	$ 9,091,634	$12,675,661	$ (7,277,683)	$ 5,397,978
Current liabilities	$ 482,866	$ -	$ 482,866	$ 521,075	$ -	$ 521,075
Long term liabilities	-	-	-	1,500,000	-	1,500,000
Shareholders' equity	18,194,625	(9,585,857)	8,608,768	10,654,586	(7,277,683)	3,376,903
	$ 18,677,491	$ (9,585,857)	$ 9,091,634	$12,675,661	$ (7,277,683)	$ 5,397,978

(Expressed in Canadian Dollars)

17. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (cont'd...)

Statements of operations

The impact of the differences between Canadian GAAP and United States GAAP on the statements of operations would be as follows:

	2007	2006	2005
Loss for the year, Canadian GAAP	$ (1,365,664)	$ (8,883,273)	$ (902,759)
Adjustments:			
Write-off of mineral property interests	-	1,146,000	250,000
Write-off of deferred exploration costs	-	6,705,288	-
Mineral property interests	-	(100,000)	(100,000)
Deferred exploration costs	(2,308,174)	(1,469,143)	(784,093)
Contributed executive services	(39,000)	(39,000)	(38,500)
Loss for the year, United States GAAP	$ (3,712,838)	$ (2,640,128)	$ (1,575,352)
Basic and diluted loss per common share, United States GAAP	$ (0.46)	$ (0.42)	$ (0.28)
Weighted average number of common shares outstanding, United States GAAP	8,142,907	6,320,955	5,714,090

Statements of cash flows

The impact of the differences between Canadian GAAP and United States GAAP on the statements of cash flows would be as follows:

	2007	2006	2005
Net cash used in operating activities,			
Canadian GAAP	$ (992,627)	$ (622,218)	$ (498,314)
Amortization	3,455	4,006	2,971
Mineral property interests and deferred exploration costs (net of recovery)	(2,374,517)	(1,271,052)	(784,093)
Exploration advances	89,013	192,237	46,000
Net cash used in operating activities, Unites States GAAP	(3,274,676)	(1,697,027)	(1,233,436)
Net cash provided by financing activities, Canadian GAAP and Unites States GAAP	6,868,225	1,733,225	2,656,762

- Continued -

(Expressed in Canadian Dollars)

17. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (cont'd...)

Statements of cash flows (cont'd...)

	2007	2006	2005
Continued...			
Net cash used in investing activities, Canadian GAAP	(2,300,297)	(1,170,015)	(1,735,122)
Mineral property interests and deferred exploration costs (net of recovery)	2,282,049	1,018,559	760,122
Exploration advances	-	56,250	(25,000)
Net cash used in investing activities, Unites States GAAP	(18,248)	(95,206)	(1,000,000)
Change in cash during the year	3,575,301	(59,008)	423,326
Cash, beginning of year	384,746	443,754	20,428
Cash, end of year	$ 3,960,047	$ 384,746	$ 443,754

Mineral property interests and deferred exploration costs

Under Canadian GAAP, mineral property interests and deferred exploration costs, including acquisition and exploration costs, are carried at cost and written down if the properties are abandoned, sold or if management determines there to be an impairment in value. Under United States GAAP, mineral property interests and deferred exploration costs are expensed as incurred. The Company also considers the provisions of EITF 04-02 "Whether Mineral Rights are Tangible or Intangible Assets" which concluded that mineral rights are tangible assets. Accordingly, the Company capitalizes certain costs related to the acquisition of mineral rights. Once a final feasibility study has been completed, additional costs incurred to bring the mine into production are capitalized as development costs. Costs incurred to access ore bodies identified in the current mining plan after production has commenced are considered production costs and are expensed as incurred. Costs incurred to extend production beyond those areas identified in the mining plan where additional reserves have been established are deferred as development costs until the incremental reserves are produced. Capitalized costs are amortized using the unit-of-production method over the estimated life of the ore body based on proven and probable reserves.

17. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (cont'd...)

Flow-through shares

Under Canadian GAAP, flow-through shares are accounted for as part of the issuance of capital stock at the price paid for the shares, net of any future income tax liability. Under United States GAAP, any difference between the market price of the Company's stock and the fair value of the flow-through shares must be recorded as a liability, if a premium is paid by investors, or as an asset if investors are purchasing the shares at a discount. The asset or liability is charged to income as the flow-through share proceeds are expended on qualifying expenditures.

During the year ended January 31, 2007, the Company issued flow-through shares for total proceeds of $Nil (2006 - $Nil; 2005 - $25,024). As the market price of the Company's stock was not significantly different from the fair value of the flow-through shares issued during fiscal 2005, no asset or liability was recorded.

Stock-based compensation

Under United States GAAP, effective February 1, 2006, the Company adopted SFAS No. 123 (revised), "Share-Based Payment" ("SFAS 123(R)") utilizing the modified prospective approach. The impact of adoption of the standard did not materially affect the Company's financial position, results of operations, or cash flows because the Company adopted the fair value method of accounting for stock options prescribed by SFAS 123, "Accounting for Stock-Based Compensation" on February 1, 2003. The Company's results for the year ended January 31, 2007 were not significantly affected as a result of adopting SFAS 123(R) on February 1, 2006.

Under Canadian GAAP, the Company accounts for stock-based compensation using the fair value method as disclosed in Note 2. Accordingly, there is no difference between Canadian GAAP and United States GAAP in the accounting for stock-based compensation for the years ended January 31, 2007, 2006 and 2005.

Contributed executive services

Pursuant to SAB Topic 1:B(1) and the last paragraph of SAB 5:T, the Company is required to report all costs of conducting its business. Accordingly, the Company has recorded the fair value of contributed executive services provided to the Company at no cost as compensation expense, with a corresponding increase to contributed surplus, in the amount of $39,000, $39,000, and $38,500 for the years ended January 31, 2007, 2006 and 2005, respectively.

17. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (cont'd…)

New accounting pronouncements

In July 2006, FASB issued Financial Instrument No. 48, "Accounting for Uncertainty in Income Taxes--an interpretation of FASB Statement No. 109" ("FIN 48"), which is a change in accounting for income taxes. FIN 48 specifies how tax benefits for uncertain tax positions are to he recognized, measured, and derecognized in financial statements; requires certain disclosures of uncertain tax matters; specifies how reserves for uncertain tax positions should be classified on the balance sheet; and provides transition and interim period guidance, among other provisions. FIN 48 is effective for fiscal years beginning after December 15, 2006.

In September 2006, FASB issued SFAS No. 157 ("SFAS 157"), "Fair Value Measurements." Among other requirements, SFAS 157 defines fair value and establishes a framework for measuring fair value and also expands disclosure about the use of fair value to measure assets and liabilities. SFAS 157 is effective for fiscal years beginning after November 15, 2007.

The adoption of these new pronouncements are not expected to have a material effect on the Company's financial position or results of operations.

Canadian pronouncements

In January 2005, the CICA issued the following new accounting standards, for fiscal years beginning on or after October 1, 2006:

CICA Handbook Section 1530: “Comprehensive Income” establishes standards for reporting comprehensive income, defined as a change in value of net assets that is not due to owner activities, by introducing a new requirement to temporarily present certain gains and losses outside of net income. The adoption of this new standard by the Company is not expected to have a material impact.

CICA Handbook Section 3251: “Equity” establishes standards for the presentation of equity and changes in equity during the reporting period. The adoption of this new standard by the Company is not expected to have a material impact.

CICA Handbook Section 3855: “Financial Instruments - Recognition and Measurement” establishes standards for the recognition, classification and measurement of financial instruments including the presentation of any resulting gains and losses. Assets classified as available-for-sale securities will have revaluation gains and losses included in other comprehensive income until these assets are no longer included on the balance sheet. The adoption of this new standard by the Company is not expected to have a material impact.

The following accounting standard is effective for fiscal years beginning on or after January 1, 2007:

CICA Handbook Section 1506: “Accounting Changes” states that an entity shall change an accounting policy only if the change is required by a primary source of GAAP or results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance or cash flows. The adoption of this new standard by the Company is not expected to have a material impact.