



# NEW NADINA EXPLORATIONS LIMITED

## INTERIM FINANCIAL STATEMENTS For the Nine Months Ended May 31, 2007 (Unaudited)

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### Responsibility for financial statements

The accompanying financial statements for New Nadina Explorations Limited (the "Company") have been prepared by management in accordance with Canadian generally accepted accounting principles consistently applied. These financial statements are expressed in Canadian funds and have not been reviewed by the auditor of New Nadina Explorations Limited. The most significant of these accounting principles have been set out in the August 31, 2006 audited financial statements. There have been no changes in accounting policies from the latest completed financial yearend. These statements are presented on the accrual basis of accounting. Accordingly, a precise determination of many assets and liabilities is dependent upon future events. Therefore, estimates and approximations have been made using careful judgment. Recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these financial statements have been fairly presented.

# New Nadina Explorations Limited

(An Exploration Stage Company)

## Balance Sheets

As at May 31, 2007 and August 31, 2006

Expressed in Canadian Funds

	<i>(unaudited)</i> <b>May 31, 2007</b>	<i>Restated – Note 6</i> <i>(audited)</i> <i>August 31, 2006</i>
<b>Assets</b>		
Current		
Cash	\$ 646,801	\$ 302,598
Receivables and prepaid	60,774	42,869
Due from Joint Venture partners	96,902	32,564
	<u>804,477</u>	<u>378,031</u>
Deposits	27,500	27,500
Mineral properties	56,648	56,648
	<u>\$ 888,625</u>	<u>\$ 462,179</u>
<b>Liabilities</b>		
Current		
Payables and accruals	\$ 293,745	\$ 174,355
Due to Kettle River Resources Ltd. (Note 2)	3,654	6,533
Due to directors and shareholders	240	597
	<u>297,639</u>	<u>181,485</u>
<b>Shareholders' Equity (Deficit)</b>		
Capital stock (Note 3)	7,812,076	6,805,826
Contributed surplus	626,822	311,872
Deficit	(7,847,912)	(6,837,004)
	<u>590,986</u>	<u>280,694</u>
	<u>\$ 888,625</u>	<u>\$ 462,179</u>

Operations and going concern (Note 1)

On behalf of the Board

*Signed*

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Ellen Clements, Director

*Signed*

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Larry Widmer, Director

The accompanying notes form an integral part of these financial statements

# New Nadina Explorations Limited

(An Exploration Stage Company)

## Statements of Operations and Deficit

For the Three and Nine month periods ended May 31, 2007 and May 31, 2006

(Unaudited)

	Three months ended		Nine months ended	
	May 31, 2007	May 31, 2006	May 31, 2007	May 31, 2006
<b>Exploration expenses *</b>				
Assaying, caustic fusion & analyses	\$ 13,044	\$ 41,338	\$ 76,545	\$ 41,338
Camp	212,636	-	212,636	-
Drilling	494,110	396,554	499,462	414,586
Geophysics	176,691	142,391	182,044	148,646
General Exploration	(65,535)	9,892	353	15,805
Property costs	7,665	5,804	8,164	5,886
Supplies and equipment maintenance	-	-	-	685
Till Sampling	-	24,880	752	24,880
Transportation, subsistence	1,563	-	2,443	35,720
	<u>840,174</u>	<u>620,859</u>	<u>982,399</u>	<u>687,546</u>
* Exploration expenses have been re-categorized for budget program management purposes				
Contribution from participants – Note 5	<u>(375,673)</u>	<u>(222,698)</u>	<u>(407,537)</u>	<u>(242,242)</u>
Net exploration expense (Schedule)	<u>464,501</u>	<u>398,161</u>	<u>574,862</u>	<u>445,304</u>
<b>Administration expenses</b>				
Insurance	413	444	1,238	1,410
Legal, audit and accounting	32,356	3,331	51,566	20,344
Licences, fees and other	11,236	5,085	18,227	7,537
Management	5,500	-	8,500	-
Office rent	1,800	1,800	5,400	5,400
Printing, stationery and office	7,214	6,547	21,721	18,406
Promotional services	6,135	-	11,260	-
Stock Compensation Costs	82,603	-	314,950	-
Telephone	632	594	2,233	2,214
Transfer agent fees	1,826	2,289	9,897	7,880
Travel and promotion	3,337	6,518	12,788	9,059
Less: Interest income	(1,237)	(23)	(1,357)	(57)
Less: Joint Venture reimbursements	(18,784)	-	(20,377)	(2,322)
	<u>133,031</u>	<u>26,585</u>	<u>436,046</u>	<u>69,871</u>
<b>Net Loss</b>	<u>597,532</u>	<u>424,746</u>	<u>\$ 1,010,908</u>	<u>515,175</u>
<b>Loss per share, basic and diluted</b>	<u>0.03</u>	<u>0.02</u>	<u>\$ 0.05</u>	<u>0.03</u>
Weighted average common shares outstanding	<u>23,896,532</u>	<u>18,896,560</u>	<u>22,605,065</u>	<u>16,687,239</u>
<b>Deficit, beginning of period (Restated – Note 6)</b>	<u>7,250,380</u>	<u>6,186,044</u>	<u>\$ 6,837,004</u>	<u>\$ 6,095,615</u>
<b>Net Loss</b>	<u>597,532</u>	<u>424,746</u>	<u>1,010,908</u>	<u>515,175</u>
<b>Deficit, end of period</b>	<u>7,847,912</u>	<u>6,610,790</u>	<u>\$ 7,847,912</u>	<u>\$ 6,610,790</u>

The accompanying notes form an integral part of these financial statements

# New Nadina Explorations Limited

(An Exploration Stage Company)

## Statements of Cash Flows

For the Three and Nine month periods ended May 31, 2007 and May 31, 2006

(Unaudited)

	Three months ended		Nine months ended	
	May 31, 2007	May 31, 2006	May 31, 2007	May 31, 2006
<b>Cash derived from (applied to)</b>				
<b>Operating</b>				
Net loss for the period	\$ (597,532)	\$ (424,746)	\$ (1,010,908)	\$ (515,175)
<b>Change in non-cash operating items</b>				
Receivables and prepaids	(47,401)	(64,503)	(17,905)	14,864
Due from Joint Venture partners	(63,445)	-	(64,338)	-
Payables and accruals	193,403	79,515	119,390	(57,362)
Received from (paid to)				
Kettle River Resources Ltd.	50	(569)	(2,879)	(5,109)
Stock Compensation	82,603	-	314,950	-
	<u>(432,322)</u>	<u>(410,303)</u>	<u>(661,690)</u>	<u>(562,782)</u>
<b>Financing Activities</b>				
Issue of shares	1,006,250	723,350	1,006,250	890,850
Due to directors and shareholders	(7,394)	(3,893)	(357)	(24,739)
	<u>998,856</u>	<u>719,457</u>	<u>1,005,893</u>	<u>866,111</u>
<b>Net increase (decrease) in cash</b>	<b>566,534</b>	<b>309,154</b>	<b>344,203</b>	<b>303,329</b>
<b>Cash, beginning of period</b>	<b>80,267</b>	<b>69,386</b>	<b>302,598</b>	<b>75,211</b>
<b>Cash, end of period</b>	<b>\$ 646,801</b>	<b>\$ 378,540</b>	<b>\$ 646,801</b>	<b>\$ 378,540</b>

The accompanying notes form an integral part of these financial statements

# New Nadina Explorations Limited

(An Exploration Stage Company)

## Notes to the Financial Statements

For the Nine month periods ended May 31, 2007

(Unaudited)

### 1. Basis of Presentation

These unaudited interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial information and they follow the same accounting policies and methods of application as the audited financial statements of New Nadina Explorations Limited (the "Company") for the year ended August 31, 2006. These unaudited interim financial statements do not include all the information and note disclosures required by generally accepted accounting principles for annual financial statements and therefore should be read in conjunction with the most recent annual audited financial statements and the notes below.

### 2. Due to Kettle River Resources Ltd.

From time to time, the company engages the services of Kettle River, a company with common directors, to manage exploration projects being carried out on the company's properties and perform office related duties. Amounts due to Kettle River do not bear interest, are unsecured and are due on demand.

Amount owing to Kettle River at May 31, 2007 was \$3,654 compared to \$6,533 at August 30, 2006 and \$6,850 at May 31, 2006.

### 3. Capital stock

a) **Authorized:** Unlimited

b) **Issued and fully paid:**

	No. of Shares	Value
<b>Balance at August 31, 2006</b>	<b>21,948,628</b>	<b>\$ 6,805,826</b>
Cash: Flow Through financing (April 25, 2007)	4,052,800	1. 963,250
Cash: Exercise of Warrants (May 25, 2007)	215,000	43,000
<b>Balance at May 31, 2007</b>	<b>26,216,428</b>	<b>\$ 7,812,076</b>

Note: Issued capital of 62,500 shares held in escrow subject to the order of the Superintendent of Brokers for British Columbia was finalized and released as of April 24, 2007.

1. On April 24, 2007, the Company completed a non-brokered Private Placement for \$1,000,000, a total of 4,000,000 Flow-Through shares at \$0.25. Finders' Fees of \$36,750 and 52,800 in shares were paid. 2,462,800 shares are subject to a August 15, 2007 hold and 1,590,000 until September 10, 2007.

### Shares issuable under share purchase warrants

Expiry	Exercise Price	Number of Shares Issuable at August 31, 2006	Issued	Expired	Number of Shares Issuable at May 31, 2007
May 25, 2007	\$0.20	740,000	215,000	525,000	0
March 20, 2008 (a)	\$0.35	2,195,000			2,195,000
March 20, 2007 (b)	\$0.35	66,400		66,400	0
		3,001,400	215,000	591,400	2,195,000

(a) On January 24th, the TSX Venture Exchange approved extending the expiry of 2,195,000 non-transferable warrants at 35 cents to March 20, 2008.

(b) Extension is not available on Finder Fee warrants

# NEW NADINA EXPLORATIONS LIMITED

(An Exploration Stage Company)

## Notes to the Financial Statements

For the Nine month periods ended May 31, 2007

(Unaudited)

### 3. Capital stock, continued

#### Shares issuable under stock options

<u>Expiry</u>	<u>Exercise Price</u>	<u>Number of Shares Issuable at August 31, 2006</u>	<u>Issued</u>	<u>Exercised</u>	<u>Expired and/or Cancelled</u>	<u>Number of Shares Issuable at May 31, 2007</u>
June 9, 2011	0.50	1,650,000			825,000 (a)	825,000
February 15, 2012	0.20		490,000 (b)			490,000
		<u>1,650,000</u>	<u>490,000</u>		<u>825,000</u>	<u>1,315,000</u>

The weighted average exercise price of shares issuable under options at May 31, 2007 is \$0.388 per share with gross potential proceeds of \$510,500.

a) 75,000 options to a consultant were cancelled. In addition unvested stock options granted to two former directors in the amount of 750,000 under the Company's Stock Option Plan became un-exercisable subsequent to their departure from the Board for 825,000.

b) On February 15, 2007, 490,000 incentive options were granted to two directors subject to the Stock Option Plan. The options are exercisable on or before February 15, 2012 at \$0.20 per share.

#### Share purchase options:

The Company has established a share purchase option plan whereby the board of directors may from time to time grant options to directors, officers, employees or consultants. Options granted must be exercised no later than ten years from date of grant or such lesser period as determined by the Company's board of directors. The exercise price of options is determined by the Board of Directors and shall not be lower than the allowable discounted closing market price of the shares on the business day immediately prior to the grant date.

The vesting schedules vary depending on the recipient. Director, officer and employee options vest as follows: 1/3 of the total number granted after six months, a further 1/3 after 1 year and the remaining 1/3 at eighteen months after the date of grant. As at May 31, 2007 there were a total of 825,000 options, granted at an exercise price of \$0.50 for a period of five years, to directors, employee and consultants. The closing market share price on the business day immediately prior to the grant date was \$0.50. In addition, there were 490,000 options granted at an exercise price of \$0.20 for a period of five years to two directors. The closing market price on the business day immediately prior to the grant date was \$0.19.

#### Stock based compensation

The fair value of options granted is estimated on the date of grant using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

FOR OPTIONS GRANTED ON:	February 15, 2007	June 9, 2006
Average risk free interest rate	4.04 %	4.04 %
Average expected option life	5 years	5 years
Stock volatility – based on trading history	121.55 %	125.55 %
Dividend payments during life of option	Nil	Nil

# NEW NADINA EXPLORATIONS LIMITED

(An Exploration Stage Company)

## Notes to the Financial Statements

For the Nine month periods ended May 31, 2007

(Unaudited)

### 3. Capital stock, continued

#### Stock based compensation - continued

The Black-Scholes Option Pricing Model was created for use in estimating the fair value of freely tradable, fully transferable options. The Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the highly subjective input assumptions can materially affect the calculated values, management believes that the accepted Black-Scholes model does not necessarily provide a reliable measure of the fair value of the Company's stock option awards.

Of the 1,650,000 options granted on June 9, 2006 to purchase up to 1,650,000 shares of the company at an exercise price of \$0.50 per share, 825,000 have since been cancelled or are otherwise no longer exercisable. The total value of the remaining 825,000 options is calculated to be \$584,064. Since the options were granted under a graded vesting schedule \$302,691 of the fair value has been recorded in the Company accounts during the period.

On February 15, 2007, the Company granted options to purchase up to 490,000 shares of the Company at an exercise price of \$0.20 per share. The total fair value of the options granted was calculated to be \$73,555, of which \$12,259 has been recorded in the Company accounts during the period.

### 4. Related party transactions

	Nine months ended May 31 <sup>th</sup>	2007	2006
To Kettle River for various office and secretarial services, project management, rent and supplies		59,507	21,773
To a director for office, administrative support and miscellaneous expenses incurred while conducting company business		17,023	600
To Foxy Creek Services Ltd. for office and administrative management services (100% owned by a director)		16,960	-
		<u>\$ 93,490</u>	<u>\$ 22,373</u>

### 5. Schedule of Exploration expenses by property,

For the Six months ended May 31, 2007	Silver Queen (Owen Lake) Property	Naket Property Nunavut	General Exploration (includes Saskatchewan)	Monument Diamond Property	Total
Assaying, caustic fusion and Analyses	\$ -	\$ -	\$ -	\$ 76,545	\$ 76,545
Camp	-	-	-	212,636	212,636
Drilling	-	-	-	499,462	499,462
Geophysics	-	-	-	182,044	182,044
General Exploration	-	353	-	-	353
Property costs	417	-	82	7,664	8,164
Till Sampling	-	-	-	752	752
Transport, subsistence	-	-	-	2,443	2,443
	<u>417</u>	<u>353</u>	<u>82</u>	<u>981,546</u>	<u>982,399</u>
Due or (paid) JV partner contributions	-	-	-	(407,537)	(407,537)
	<u>\$ 417</u>	<u>\$ 353</u>	<u>\$ 82</u>	<u>\$ 574,009</u>	<u>\$ 574,862</u>

# NEW NADINA EXPLORATIONS LIMITED

(An Exploration Stage Company)

## Notes to the Financial Statements

For the Nine month periods ended May 31, 2007

(Unaudited)

### 5. Schedule of Exploration expenses by property, continued

(a) Contributions due from Joint Venture partners on the Monument expenditures are yet to be determined.

For the Nine months ended May 31, 2006	Silver Queen (Owen Lake) Property	Naket Property Nunavut	General Exploration (includes Saskatchewan)	Monument Diamond Property	Total
Assaying	\$ -	\$ -	\$ -	\$ 41,338	\$ 41,338
Drilling and geophysics	-	-	-	-	-
Canada mining lease	-	-	-	-	-
Equipment rental	-	-	-	-	-
Filing fees	-	5,423	82	-	5,505
Geologist and engineering	-	-	-	-	-
Property taxes	381	-	-	-	381
Prospecting and exploration	1,002	-	-	602,916	603,918
Supplies	(30)	-	-	714	684
Technical reports	-	-	-	-	-
Transport, subsistence	-	-	-	35,720	35,720
	<u>1,353</u>	<u>5,423</u>	<u>82</u>	<u>680,688</u>	<u>687,546</u>
Due or (paid)					
JV partner contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>(242,242)</u>	<u>(242,242)</u>
	<u>\$ 1,353</u>	<u>\$ 5,423</u>	<u>\$ 82</u>	<u>\$ 438,446</u>	<u>\$ 445,304</u>

### 6. Restatement of Financial Statements

The Financial Statements of the Company for the year ended August 31, 2006 have been restated to include an accrued exploration expense of \$30,000 which was related to the completed 2006 Monument exploration program. As a result of this adjustment the following Balance Sheet items have been affected as indicated:

	August 31, 2006 (Original)	Adjustment	August 31, 2006 (Restated)
<b>Due from Joint Venture Partners</b>	<b>19,811</b>	<b>12,753</b>	<b>32,564</b>
<b>Payables and Accruals</b>	<b>144,355</b>	<b>30,000</b>	<b>174,355</b>
<b>Deficit</b>	<b>6,819,757</b>	<b>17,247</b>	<b>6,837,004</b>
<b>Total Assets</b>	<b>449,426</b>	<b>12,753</b>	<b>462,179</b>

### 7. Subsequent Events

On July 12, 2007 the Company received regulatory approval subject to disinterested shareholder approval and a four month hold from date of amendment, to reprice 825,000 director and employee options granted June 4, 2006 and expiring June 9, 2011 from \$0.50 to \$0.25.