BLUE SKY URANIUM CORP.

(formerly Mulligan Capital Corp.)
(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2007 AND 2006

(Expressed in Canadian Dollars)

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of the Company have been prepared by management in accordance with accounting principles generally accepted in Canada, and contain estimates based on management's judgment. Management maintains an appropriate system of internal controls to provide reasonable assurance that transactions are authorized, assets safeguarded, and proper records maintained.

The Audit Committee of the Board of Directors has met with the Company's independent auditors to review the scope and results of the annual audit, and to review the financial statements and related financial reporting matters prior to submitting the financial statements to the Board for approval.

The Company's independent auditors, D&H Group LLP, are appointed by the shareholders to conduct an audit in accordance with generally accepted auditing standards in Canada and their report follows.

"Sean Hurd"	*"Art Lang"*
Sean Hurd President	Art Lang Chief Financial Officer

April 4, 2008

AUDITORS' REPORT

To the Shareholders of
Blue Sky Uranium Corp.

We have audited the balance sheets of Blue Sky Uranium Corp. as at December 31, 2007 and 2006 and the statements of loss, comprehensive loss and deficit, cash flows and changes in shareholders' equity for the years ended December 31, 2007 and 2006. 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 audit.

We conducted our audit 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 December 31, 2007 and 2006 and the results of its operations and cash flows for the years ended December 31, 2007 and 2006 in accordance with Canadian generally accepted accounting principles.

"D+H Group LLP"

Vancouver, B.C.
April 4, 2008

Chartered Accountants

BLUE SKY URANIUM CORP.

(formerly Mulligan Capital Corp.)
(An Exploration Stage Company)

BALANCE SHEETS

AS AT DECEMBER 31, 2007 and 2006

(Expressed in Canadian Dollars)

	2007 $	2006 $
A S S E T S		
CURRENT ASSETS		
Cash	171,056	997,773
Short-term investments (Note 3)	1,541,655	500,000
Amounts receivable	19,173	19,962
Prepaid expenses	94,585	19,525
	1,826,469	1,537,260
MINERAL PROPERTY AND DEFERRED COSTS (Note 4)	1,626,639	224,949
EQUIPMENT (Note 5)	30,692	16,225
	3,483,800	1,778,434
L I A B I L I T I E S		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	177,896	81,709
S H A R E H O L D E R S' E Q U I T Y		
SHARE CAPITAL (Note 6)	4,399,896	1,785,456
WARRANTS (Note 6)	439,340	-
CONTRIBUTED SURPLUS (Note 7)	515,232	91,130
DEFICIT	(2,048,564)	(179,861)
	3,305,904	1,696,725
	3,483,800	1,778,434

NATURE OF OPERATIONS (Note 1)

COMMITMENTS (Note 4)

SUBSEQUENT EVENTS (Note 13)

APPROVED BY THE DIRECTORS

"Sean Hurd", Director

"Nikolaos Cacos", Director

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

BLUE SKY URANIUM CORP.

(formerly Mulligan Capital Corp.)
(An Exploration Stage Company)

STATEMENTS OF LOSS, COMPREHENSIVE LOSS AND DEFICIT

FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

(Expressed in Canadian Dollars)

	2007 $	2006 $
EXPENSES		
Accounting and administration (Note 8)	56,165	18,350
Amortization	8,389	945
Corporate development and investor relations	429,189	24,161
General exploration	412,490	-
Office (Note 8)	189,703	3,806
Professional fees	89,638	34,778
Rent, parking and storage (Note 8)	51,617	-
Salaries and employee benefits (Note 8)	265,422	-
Stock-based compensation (Note 6(c))	298,665	80,000
Transfer agent and regulatory fees	33,854	17,746
Travel and accommodation	138,677	14,399
	1,973,809	194,185
LOSS BEFORE OTHER ITEMS	(1,973,809)	(194,185)
OTHER INCOME		
Foreign exchange gain	9,111	-
Interest income	95,995	20,617
	105,106	20,617
LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	(1,868,703)	(173,568)
DEFICIT - BEGINNING OF YEAR	(179,861)	(6,293)
DEFICIT - END OF YEAR	(2,048,564)	(179,861)
LOSS PER SHARE - BASIC AND DILUTED	$(0.12)	$(0.02)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC AND DILUTED	16,242,331	8,872,336

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

BLUE SKY URANIUM CORP.

(formerly Mulligan Capital Corp.)
(An Exploration Stage Company)

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

(Expressed in Canadian Dollars)

	2007 $	2006 $
CASH PROVIDED FROM (USED FOR)		
OPERATING ACTIVITIES		
Net loss for the period	(1,868,703)	(173,568)
Items not affecting cash		
Amortization	8,389	945
Stock-based compensation	298,665	80,000
	(1,561,649)	(92,623)
Changes in non-cash working capital balances	(16,026)	10,629
	(1,577,675)	(81,994)
FINANCING ACTIVITIES		
Issuance of common shares	3,304,272	1,729,450
Share issuance costs	(402,055)	(120,773)
	2,902,217	1,608,677
INVESTING ACTIVITIES		
Purchase of equipment	(22,855)	(17,170)
Expenditures on mineral properties and deferred costs	(1,086,749)	(205,463)
Increase in short-term investments	(1,041,655)	(500,000)
	(2,151,259)	(722,633)
INCREASE (DECREASE) IN CASH DURING THE YEAR	(826,717)	804,050
CASH - BEGINNING OF YEAR	997,773	193,723
CASH - END OF YEAR	171,056	997,773

SUPPLEMENTARY CASH FLOW INFORMATION (Note 11)		
Interest paid	-	-
Income taxes paid	-	-

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

BLUE SKY URANIUM CORP.

(formerly Mulligan Capital Corp.)
(An Exploration Stage Company)

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

(Expressed in Canadian Dollars)

	2007 $	2006 $
SHARE CAPITAL		
Balance at beginning of year	1,785,456	199,404
Private placements	3,300,000	1,723,000
Warrant valuation	(535,000)	-
Shares issued as corporate finance fee	60,000	47,800
Shares issued for mineral property interest	277,000	-
Exercise of agent's options	4,272	6,450
Contributed surplus reallocated on the exercise of agent's options	2,563	3,870
Share issue costs	(494,395)	(195,068)
Balance at end of year	4,399,896	1,785,456
WARRANTS		
Balance at beginning of year	-	-
Warrant valuation from private placement warrants granted	535,000	-
Warrant issue costs	(95,660)	-
Balance at end of year	439,340	-
CONTRIBUTED SURPLUS		
Balance at beginning of year	91,130	-
Contributed surplus as a result of stock options granted	298,665	80,000
Contributed surplus as a result of agent's options granted	128,000	15,000
Contributed surplus reallocated on the exercise of agent's options	(2,563)	(3,870)
Balance at end of year	515,232	91,130
DEFICIT		
Balance at beginning of year	(179,861)	(6,293)
Loss for the year	(1,868,703)	(173,568)
Balance at end of year	(2,048,564)	(179,861)
TOTAL SHAREHOLDERS' EQUITY	3,305,904	1,696,725

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

BLUE SKY URANIUM CORP.

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CONSOLIDATED SCHEDULE OF MINERAL PROPERTY AND DEFERRED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2007

(Expressed in Canadian Dollars)

	Canada		Argentina	Colombia	
	Eagle Lake $	Karin Lake $	Santa Barbara $	Santander & Norte de Santander $	Total $
BALANCE - BEGINNING OF YEAR	224,949	-	-	-	224,949
EXPENDITURES DURING THE YEAR					
EXPLORATION COSTS					
Geophysics	49,275	204,818	94,633	-	348,726
Other	161	5,355	-	-	5,516
Salaries and contractors	128,179	172,786	68,173	53,022	422,160
Supplies and equipment	10,828	14,826	-	-	25,654
Transportation	20,206	17,454	-	-	37,660
	208,649	415,239	162,806	53,022	839,716
ACQUISITION COSTS					
Option payments	221,000	31,000	60,000	11,608	323,608
Land holding fees	73,779	101,914	-	62,673	238,366
	294,779	132,914	60,000	74,281	561,974
BALANCE - END OF YEAR	728,377	548,153	222,806	127,303	1,626,639

CONSOLIDATED SCHEDULE OF MINERAL PROPERTY AND DEFERRED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2006

	Eagle Lake $
BALANCE - BEGINNING OF YEAR	-
EXPENDITURES DURING THE YEAR	
EXPLORATION COSTS	
Geophysics	144,892
Other	25,682
Supplies and equipment	7,003
Transportation	1,716
	179,293
ACQUISITION COSTS	
Legal	19,486
Staking	26,170
	45,656
BALANCE - END OF YEAR	224,949

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

1. NATURE OF OPERATIONS

The Company was incorporated under the Business Corporation Act of British Columbia on November 30, 2005 as Mulligan Capital Corp. On May 18, 2006, the Company received final receipts for a prospectus and became a reporting issuer in British Columbia and Alberta. On June 27, 2006 the Company completed its initial public offering (the "Offering") and on June 28, 2006 the Company listed its common shares on the TSX Venture Exchange (the "TSXV") as a capital pool company. On February 7, 2007, the Company completed its qualifying transaction (the "QT") and was upgraded to Tier II status on the TSXV. The Company also changed its name to Blue Sky Uranium Corp. to reflect its business as a junior uranium exploration company.

As of December 31, 2007, the Company is in the process of exploring mineral properties in Canada, Argentina and Colombia. On the basis of information to date it has not yet determined whether these properties contain economically recoverable ore reserves. The underlying value of the mineral properties and related deferred costs is entirely dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete development and upon future profitable production. Mineral property interests represent costs incurred to date, less amounts amortized and/or written-off and do not necessarily represent present or future values.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements of the Company have been prepared by management in accordance with Canadian generally accepted accounting principles ("Canadian GAAP").

Use of Estimates

The preparation of financial statements in conformity with Canadian GAAP 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. Significant areas requiring the use of management estimates include assessment of carrying values of mineral properties and deferred costs for impairment. Actual results may differ from these estimates.

Principles of Consolidation

These consolidated financial statements include the accounts of the Company and all of its subsidiaries. The principal subsidiaries are Blue Sky BVI Uranium Corp. (100%), Blue Sky BVI Uranium Corp. (Colombia) (100%). All inter-company transactions and balances have been eliminated.

Short-term Investments

Short-term investments include money market investments maturing between 3 and 12 months from the date of initial investment

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Mineral Properties and Deferred Costs

Direct costs related to the acquisition and exploration of mineral properties held or controlled by the Company, are deferred on an individual property basis until the viability of a property is determined. Administration costs and general exploration costs are expensed as incurred. When a property is placed in commercial production, deferred costs will be depleted using the units-of-production method. Management periodically reviews the recoverability of the capitalized mineral properties. Management takes into consideration various information including, but not limited to, results of exploration activities conducted to date, estimated future metal prices, and reports and opinions of outside geologists, mine engineers and consultants. When it is determined that a project or property will be abandoned then the costs are written-off, or if its carrying value has been impaired, then the costs are written down to fair value.

Mineral property acquisition costs include cash costs and the fair market value of common shares, based on the trading price of the shares issued for mineral property interests, pursuant to the terms of the related property agreements. Payments relating to a property acquired under an option or joint venture agreement are made at the sole discretion of the Company, and are recorded as mineral property acquisition costs upon payment.

The Company accounts for foreign value added taxes paid as part of mineral properties and deferred costs. The recovery of these taxes will commence on the beginning of foreign commercial operations. Should these amounts be recovered they would be treated as a reduction in carrying costs of mineral properties and deferred costs.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company’s title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

From time to time, the Company acquires or disposes of properties pursuant to the terms of option agreements. Options are exercisable entirely at the discretion of the optionee and, accordingly, are recorded as mineral property costs or recoveries when the payments are made or received.

Equipment

Equipment is recorded at cost and amortized as follows:

Geological Equipment	4 years straight-line
Computer Equipment	2 years straight-line

Asset Retirement Obligations

Asset retirement obligations are recognized when a legal or constructive obligation arises. This liability is recognized at the fair value of the asset retirement obligation. When the liability is initially recorded the Company capitalizes the cost by increasing the carrying amount of the related long-lived assets. Over time the liability is accreted to its present value each period, and the capitalized cost is amortized over the useful life of the related asset. Upon settlement of the liability, the Company may incur a gain or loss. As at December 31, 2007 the Company does not have any asset retirement obligations.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment when changes in circumstances suggest their carrying value has become impaired. Management considers assets to be impaired if the carrying value exceeds the estimated undiscounted future projected cash flows to result from the use of the asset and its eventual disposition. If impairment is deemed to exist, the assets will be written down to fair value. Fair value is generally determined using a discounted cash flow analysis.

Translation of Foreign Currencies

The Company's foreign operations are integrated and are translated using the temporal method. Under this method, the Company translates monetary assets and liabilities denominated in foreign currencies at period-end rates. Non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at average rates in effect during the period except for depreciation which is translated at historical rates. The resulting gains or losses are reflected in the operating results in the period of translation.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash and cash equivalents, short-term investments and other receivables. The Company limits its exposure to credit loss by placing its cash and cash-equivalents with major financial institutions.

Fair Values of Financial Instruments

The fair value of the Company's financial instruments consisting of short-term investments, other receivables and accounts payable and accrued liabilities approximate their carrying values due to the short-term nature of those instruments.

Income Taxes

The Company uses the liability method of accounting for future income taxes. Under this method of tax allocation, future income tax liabilities and assets are recognized for the estimated tax consequences attributable to differences between the amounts reported in the consolidated financial statements and their respective tax bases, using substantively enacted tax rates and laws that are expected to be in effect in the periods in which the future income tax assets or liabilities are expected to be settled or realized. The effect of a change in income tax rates on future income tax liabilities and assets is recognized in income in the period that the change occurs. The amount of future income tax assets recognized is limited to the amount that is more likely than not to be realized.

Loss Per Share

Loss per share is calculated based on the weighted average number of common shares issued and outstanding during the year. In years when a loss is incurred, the effect of potential issuances of shares under options and warrants would be anti-dilutive and therefore basic and diluted losses per share are the same. Information regarding securities that could potentially dilute basic earnings per share in the future is presented in Note 6.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Stock-based Compensation

Stock-based compensation is accounted for at fair value as determined by the Black-Scholes option pricing model using amounts that are believed to approximate the volatility of the trading price of the Company's stock, the expected lives of awards of stock-based compensation, the fair value of the Company's stock and the risk-free interest rate. The estimated fair value of awards of stock-based compensation is charged to expense over the vesting period, with offsetting amounts recognized as contributed surplus.

New Accounting Policies

Effective January 1, 2007, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA").

(a) Section 3855, *Financial Instruments – Recognition and Measurement* and Section 3861, *Financial Instruments – Disclosure and Presentation*, prescribe the criteria for recognition and presentation of financial instruments on the balance sheet and the measurement of financial instruments according to prescribed classifications. These sections also address how financial instruments are measured subsequent to initial recognition and how the gains and losses are recognized.

The Company is required to designate its financial instruments into one of the following five categories: held for trading; available-for-sale; held to maturity; loans and receivables; and other financial liabilities. All financial instruments are to be initially measured at fair value. Financial instruments classified as held for trading or available-for-sale are subsequently measured at fair value with any change in fair value recorded in net earnings and other comprehensive income, respectively. All other financial instruments are subsequently measured at amortized cost.

The Company has designated its financial instruments as follows:

(i) Cash and short-term investments are classified as *"Available-for-sale"*. Due to their short-term nature, their carrying value is equal to their fair value.

(ii) Amounts receivable, and prepaids are classified as *"Loans and Receivables"*. These financial assets are recorded at values that approximate their amortized cost using the effective interest method.

(iii) Accounts payable and accrued liabilities are classified as *"Other Financial Liabilities"*. These financial liabilities are recorded at values that approximate their amortized cost using the effective interest method.

As a result of adopting Section 3855, effective January 1, 2007 interest accrued on short-term investments in the amount of $2,250 was reclassified from amounts receivable to short-term investments.

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Section 1530, *Comprehensive Income,* introduces a new financial statement "Statement of Comprehensive Income" and provides guidance for the reporting and display of other comprehensive income. Comprehensive income represents the change in equity of an enterprise during a period from transactions and other events arising from non-owner sources including gains and losses arising on translation of self-sustaining foreign operations, gains and losses from changes in fair value of available-for-sale financial assets and changes in the fair value of the effective portion of cash flow hedging instruments. The Company has not recognized any adjustments through other comprehensive income for the year ended December 31, 2007.

(c) Section 3865, *Hedges* specifies the criteria under which hedge accounting may be applied, how hedge accounting should be performed under permitted hedging strategies and the required disclosures. This standard did not have an impact on the Company for the year ended December 31, 2007.

International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

Comparative Figures

Certain of the prior period comparative figures have been reclassified to conform to the current period's presentation.

3. SHORT-TERM INVESTMENTS

As at December 31, 2007 and 2006, the Company held short-term investments comprised of the following:

	December 31, 2007	
	Maturity	**Fair Value $**
12 month term deposit - 4.2% annual interest rate ($1,500,000 principal)	April 28, 2008	1,541,655

(Expressed in Canadian Dollars)

3. SHORT-TERM INVESTMENTS (continued)

	December 31, 2006	
	Maturity	Principal $
12 month term deposit - Prime minus 2.35% annual interest rate	November 15, 2007	500,000

All term deposits are fully redeemable in full or portion at the Company's option without penalty. Interest is paid on amounts redeemed subsequent to 30 days from the date of investment. The principal and interest are unconditionally guaranteed by the Bank of Montreal.

4. MINERAL PROPERTY INTERESTS

	December 31, 2007			December 31, 2006		
	Acquisition Costs $	Exploration Expenditures $	Total $	Acquisition Costs $	Exploration Expenditures $	Total $
Canada						
Eagle Lake	340,435	387,942	728,377	45,656	179,293	224,949
Karin Lake	132,914	415,239	548,153	-	-	-
Argentina						
Santa Barbara	60,000	162,806	222,806	-	-	-
Colombia						
Santander & Norte de Santander	74,281	53,022	127,303	-	-	-
	607,630	1,019,009	1,626,639	45,656	179,293	224,949

a) Eagle Lake Property

On December 14, 2006, the Company and Eagle Plains Resources Ltd. ("Eagle Plains"), a public company trading on the TSXV, entered into an option agreement (the "Agreement") under which Eagle Plains granted an option to the Company to earn a 60% undivided interest in Eagle Plains' undivided 100% interest in the Eagle Lake group of mineral claims (the "Eagle Lake Property"), covering 8,165 hectares in the La Ronge area of north-central Saskatchewan, Canada. The Company may maintain the option and acquire the 60% interest by issuing a total of one million shares, make total cash payments of $35,000 and incur a minimum of $5 million of exploration expenditures on the Eagle Lake Property as follows:

(Expressed in Canadian Dollars)

4. MINERAL PROPERTY INTERESTS (continued)

Date	Expenditures $	Shares #	Option Payments $
February 7, 2007 (i) (paid / issued)	-	200,000	35,000
March 9, 2007 (incurred)	200,000	-	-
February 7, 2008 (ii) (incurred)	300,000	200,000	-
February 7, 2009	500,000	200,000	-
February 7, 2010	1,500,000	200,000	-
February 7, 2011	2,500,000	200,000	-
	5,000,000	1,000,000	35,000

(i) The Agreement required

(a) the issue of 50,000 common shares and a cash payment of $10,000 on or before the date which was the later of the date of delivery of a NI43-101 technical report (the “Report”) and the date of receipt of TSXV approval of the QT (the “Final Exchange Bulletin”).

(b) the issue of a further 50,000 common shares and a cash payment of $25,000 on or before the later of the date of execution of the Agreement and the Final Exchange Bulletin

(c) the issue of 100,000 common shares on or before the later of December 31, 2006 and the Final Exchange Bulletin.

The later of the two dates in (a), (b) and (c) above was February 7, 2007, which was the effective date the Agreement was accepted by the TSXV as the Company’s QT.

(ii) Issued 200,000 shares on January 10, 2008 at a price of $0.48 per share.

In addition to the above requirements, the Company must maintain the Eagle Lake Property in good standing in accordance with applicable mining laws and make any and all governmental payments required by such law including, but not limited to, annual sustaining mineral claims.

The Eagle Lake Property is subject to a 1% net smelter royalty to a third-party, which may be purchased at any time for $1 million. (See Note 13)

b) Karin Lake Property

On February 14, 2007, the Company entered into a letter of intent with Eagle Plains (the “Karin Lake LOI”) under which the Company proposed to acquire the option to earn a 60% interest in mineral claims (the “Karin Lake Property’) located in the La Ronge area of north-central Saskatchewan, Canada, by issuing 50,000 common shares and paying $107,795 cash. The Company may maintain the option by incurring a total of $2.5 million in expenditures and issuing a total of 1,200,000 common shares, as follows:

Date	Expenditures $	Shares #	Option Payments $
July 27, 2007 (paid and issued)	-	50,000	107,795
December 31, 2007 (i) (incurred and issued)	100,000	100,000	-
March 31, 2008 (ii)	-	500,000	-
December 31, 2008 (incurred)	150,000	100,000	-
December 31, 2009	250,000	200,000	-
December 31, 2010	1,000,000	100,000	-
December 31, 2011	1,000,000	150,000	-
	2,500,000	1,200,000	107,795

(i) *Issued 100,000 shares on January 10, 2008 at a price of $0.48 per share.*

(ii) *Issued 500,000 shares on March 31, 2008 at a price of $0.46 per share*

(Expressed in Canadian Dollars)

4. MINERAL PROPERTY INTERESTS (continued)

Subsequent to earning its 60% interest, the Company and Eagle Plains shall form a joint venture for further exploration of the property, in which each party provides funding in proportion to its interest. Either party's interest will be diluted if it does not contribute the appropriate proportion of funding to the joint venture. Any party diluting below 10% equity interest in the joint venture will receive a 5% net profits royalty interest in lieu of such equity interest. On May 29, 2007 the Company signed an option agreement that received approval from the TSX-V on July 3, 2007. (See Note 13).

c) Santander and Norte de Santander Projects, Colombia

During the year ended December 31, 2007, the Company entered into two option agreements to acquire 100% interests in two uranium properties in Colombia. One property, covering 5,499 hectares, is located in the department of Santander, (the "Santander Project"). The other property, covering 9,592 hectares, is located in the department of Norte de Santander (the "Norte de Santander Project"). Under the terms of the letter agreements the Company must make staged cash payments to the vendor over four years totalling US $414,080 on each project, as follows:

Date	**Santander Project US $**	**Norte de Santander Project US $**
April 12, 2007 (paid)	-	5,000
April 17, 2007 (paid)	5,000	-
March 12, 2008	15,000	15,000
March 12, 2009	20,000	20,000
March 12, 2010	50,000	50,000
March 12, 2011	324,080	324,080
	414,080	414,080

The Company may terminate either of the agreements at any time. During the term of the agreements, the Company will be responsible for government taxes totalling 218,165,607 Colombian pesos (approximately $115,000) per annum.

Each project is also subject to a 3% yellow cake royalty to a maximum of US $1.1 million.

d) Santa Barbara Property

Effective May 8, 2007 the Company entered into a letter of intent with Argentina Uranium Corp. ("Argentina Uranium") to earn a 75% interest in the 60,000 hectare Santa Barbara uranium property in the Province of Rio Negro, located in the northern Patagonia region of Argentina. In order to earn a 75% undivided interest in the Santa Barbara property the Company must maintain the property in good standing, complete CDN $3.0 million in exploration expenditures over 4 years, issue a total of 400,000 (100,000 issued) shares to Argentina Uranium as follows:

(Expressed in Canadian Dollars)

4. MINERAL PROPERTY INTERESTS (continued)

Date	Expenditures $	Shares #
On TSX Venture Exchange approval (issued)	-	100,000
May 8, 2008	200,000	70,000
May 8, 2009	400,000	70,000
May 8, 2010	800,000	70,000
May 8, 2011	1,600,000	90,000
	3,000,000	400,000

After completing the expenditure and share commitments, the parties will form a 75/25 joint venture. If Argentina Uranium fails to contribute its share to development of the project it would be diluted down to a 2% yellowcake royalty. (See Note 13).

5. EQUIPMENT

	December 31, 2007		
	Cost $	Accumulated Amortization $	Net Carrying Amount $
Geological equipment	37,000	8,955	28,045
Computer equipment	3,025	378	2,647
	40,025	9,333	30,692

	December 31, 2006		
	Cost $	Accumulated Amortization $	Net Carrying Amount $
Geological equipment	17,170	945	16,225
Computer equipment	-	-	-
	17,170	945	16,225

(Expressed in Canadian Dollars)

6. SHARE CAPITAL

Authorized: unlimited common shares without par value
unlimited preferred shares without par value

Issued common shares:	December 31, 2007		December 31, 2006	
	Shares	**$**	**Shares**	**$**
Balance, beginning of year	13,377,500	1,785,456	4,000,000	199,404
Issued during the year:				
For cash				
Private placements	3,300,000	3,300,000	6,733,334	1,473,000
Less warrants valuation	-	(535,000)	-	-
Initial public offering	-	-	2,500,000	250,000
Agent’s options exercised	42,715	4,272	64,500	6,450
For agent’s commission	60,000	60,000	79,666	47,800
Reallocation of contributed surplus on exercise of agent’s options	-	2,563	-	3,870
For mineral property interests	350,000	277,000	-	-
Less share issue costs	-	(494,395)	-	(195,068)
Balance, end of year	17,130,215	4,399,896	13,377,500	1,785,456

a) During the year ended December 31, 2007, the Company:

(i) Completed a brokered private placement in which it issued a total of 2,000,000 units at $1.00 per unit for aggregate gross proceeds of $2,000,000. Each unit consisted of one common share of the Company and one half of one transferable common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share at an exercise price of $1.30 per common share until March 23, 2009.

The underwriters received a cash commission equal to 8% of the gross proceeds of the sale of units under the placement and agent's option warrants (each an “Agent’s Option”) entitling them to subscribe for 200,000 units (each an "Agent's Unit") at an exercise price of $1.00 per Agent's Unit until March 23, 2009. Each Agent's Unit will consist of one common share and one half of one non-transferable common share purchase warrant (an "Agent's Warrant"), each whole Agent's Warrant entitling the Agent to acquire one additional common share until March 23, 2009 at an exercise price of $1.30 per common share. In addition, the underwriter received a corporate finance fee of 60,000 common shares and an administration fee of $5,000.

The fair value assigned to warrants and Agent’s Options was as follows:

i) value assigned to 1,000,000 warrants was $279,206, net of share issue costs of $60,794.
ii) value assigned to 200,000 Agent’s Options was $85,000.

The Black-Scholes Pricing Model was used to value the warrants and Agent’s Options. The warrants and Agent’s Options were valued at $0.34 and $0.42 respectively, based on the following assumptions: dividend yield 0%, risk-free rate 4.0%, expected volatility 95% and expected life of 12 months.

6. SHARE CAPITAL (continued)

(ii) Completed a private placement in which it issued a total of 1,300,000 units at $1.00 per unit for aggregate gross proceeds of $1,300,000. The placement included a brokered portion of 1,270,000 units and a non-brokered portion of 30,000 units. Each unit consisted of one common share in the capital of the Company and one half of one transferable common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share at an exercise price of $1.30 per common share until March 23, 2009.

In addition, the underwriters received a cash commission equal to 8% of the gross proceeds of the sale of units under the brokered portion of the placement and agent's option warrant (each an “Agent’s Option”) entitling the Agent to subscribe for 127,000 units (each an "Agent's Unit") at an exercise price of $1.00 per Agent's Unit until March 23, 2009. Each Agent's Unit will consist of one common share and one half of one non-transferable common share purchase warrant (an "Agent's Warrant"), each whole Agent's Warrant entitling the Agent to acquire one additional common share until March 23, 2009 at an exercise price of $1.30 per common share.

The fair value assigned to warrants and Agent’s Options was as follows:

i) value assigned to 650,000 warrants was $160,133, net of share issue costs of $34,867.
ii) value assigned to 127,000 Agent’s Options was $43,000.

The Black-Scholes Pricing Model was used to value the warrants and Agent’s Options. The warrants and Agent’s Options were valued at $0.30 and $0.34 respectively, based on the following assumptions: dividend yield 0%, risk-free rate 4.0%, expected volatility 95% and expected life of 12 months.

b) During the year ended December 31, 2006, the Company:

(i) Completed a private placement of 3,500,000 common shares, at $0.10 per share, for gross proceeds of $350,000.

(ii) Completed the offering of 2,500,000 common shares, at $0.10 per share, for gross proceeds of $250,000. The Company paid an agent a $250,000 commission, a $10,000 administration fee and granted a non-transferable option to the agent to purchase 250,000 common shares of the Company, at $0.10 per share, on or before June 28, 2008. The fair value of the agent option has been estimated using the Black-Scholes option pricing model. The assumptions used were: dividend yield rate of 0%; expected volatility of 111%; a risk-free rate of 4.43%; and an expected life of two years. The value assigned to the agent option was $15,000.

During fiscal 2007, 40,915 (2006 - 64,500) common shares were exercised under the agent option.

The Company has also incurred a total of $45,414 for legal and other costs relating to the Offering.

(Expressed in Canadian Dollars)

6. SHARE CAPITAL (continued)

(iii) Completed a private placement of 1,900,000 common shares, at $0.17 per share, for gross proceeds of $323,000. The Company incurred $2,115 of costs relating to the private placement;

(iv) Completed a private placement of 1,333,334 common shares, at $0.60 per share, for gross proceeds of $800,000. The Company paid the agent a cash commission of $45,000 and issued 79,666 common shares, at an ascribed value of $47,800, for commission and administration fees. The Company also incurred a further $4,739 of costs relating to the private placement.

c) Stock options and stock-based compensation

The Company has established a rolling stock option plan (the "Plan"), in which the maximum number of common shares which can be reserved under the Plan is 10% of the issued and outstanding common shares of the Company. The exercise price of the options is set at the Company's closing shares price on the day before the grant date, less allowable discounts in accordance with the policies of the TSXV.

A summary of the changes in the number of stock options outstanding for the years ended December 31, 2007 and 2006 is as follows:

	Number	Weighted Average Exercise Price $
Balance, December 31, 2005	-	-
Granted	1,000,000	0.10
Balance, December 31, 2006	1,000,000	0.10
Granted	670,000	0.95
Cancelled/Forfeited	(30,000)	0.95
Balance, December 31, 2007	1,640,000	0.43

During the year ended December 31, 3007 the Company granted 670,000 stock options (2006 – 1,000,000) and recorded stock-based compensation expense of $298,665 (2006 - $80,000) with a corresponding increase to contributed surplus. The fair value of stock options granted is estimated on the dates of grants using the Black-Scholes Option Pricing Model with the following assumptions used for the grants made during the period:

Risk-free interest rate	4%
Estimated volatility	89%
Expected life	1.5 - 2.5 years
Expected dividend yield	0%

(Expressed in Canadian Dollars)

6. SHARE CAPITAL (continued)

Stock options outstanding and exercisable at December 31, 2007, are as follows:

Number	Exercise Price	Expiry Date
1,000,000	$0.10	June 28, 2011
335,000	$0.90	January 31, 2010
305,000	$1.00	June 1, 2012
1,640,000		

The weighted average fair value per share of stock options granted during the year, calculated using the Black-Scholes Option Pricing Model, was $0.44 per share (2006 - $0.08). Option pricing models require the use of estimates and assumptions including the expected volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide reliable measure of the fair value of the Company's stock options.

d) Warrants and Agent's Options

A summary of the changes in outstanding warrants and Agent's Options for the years ended December 31, 2007 and 2006 is as follows:

	Warrants #	Agents Options #
Balance, December 31, 2005	-	-
Issued	-	250,000
Exercised	-	(64,500)
Balance, December 31, 2006	-	185,500
Issued	1,650,000	327,000
Exercised	-	(42,715)
Balance, end of year	1,650,000	469,285

Common shares reserved pursuant to warrants outstanding at December 31, 2007 are as follows:

Number	Exercise Price $	Expiry Date
142,785	0.10	June 28, 2008
200,000	1.00	March 23, 2009
127,000	1.00	March 30, 2009
1,650,000	1.30	March 23, 2009
2,119,785		

(Expressed in Canadian Dollars)

6. SHARE CAPITAL (continued)

A summary of the changes in the Company's warrant equity for the year ended December 31, 2007 is as follows:

	Value $
Balance, December 31, 2006 and 2005	-
Warrants issued	535,000
Less warrant issue costs	(95,660)
Balance, end of year	439,340

e) As at December 31, 2007 3,024,375 common shares are held in escrow in accordance with the rules of the TSXV and are released every six months ending February 6, 2010.

7. CONTRIBUTED SURPLUS

A continuity summary of contributed surplus is presented below:

	$
Balance, December 31, 2005	-
Contributed surplus as a result of stock options granted	80,000
Contributed surplus as a result of agent's options granted	15,000
Reallocation of contributed surplus on the exercise of agent's options	(3,870)
Balance, December 31, 2006	91,130
Contributed surplus as a result of stock options granted	298,665
Contributed surplus as a result of agent's options granted	107,100
Reallocation of contributed surplus on the exercise of options	(2,563)
Balance, December 31, 2007	494,332

8. RELATED PARTY TRANSACTIONS

a) During the year ended December 31, 2007, the Company incurred $19,048 (2006 - $18,350) for accounting and administration services provided by a private corporation owned by a former director of the Company.

8. RELATED PARTY TRANSACTIONS (continued)

b) Effective March 1, 2007 the Company engaged Grosso Group Management Ltd. ("Grosso Group") to provide services and facilities to the Company. The Grosso Group is a private company owned by the Company, IMA Exploration Inc., Golden Arrow Resources Corporation, Amera Resources Corporation, Astral Mining Corporation, and Gold Point Energy Corp., each of which owns one share. The Grosso Group provides its shareholder companies with geological, corporate development, administrative and management services. The shareholder companies pay monthly fees based upon a pro-rating of the Grosso Group's costs including its staff and overhead costs among each shareholder company with regard to the mutually agreed average annual level of services provided to each shareholder company. The Company became a shareholder of the Grosso Group effective March 1, 2007. During the year ended December 31, 2007, the Company incurred fees of $377,718 from the Grosso Group: $344,360 was paid in monthly installments and $33,358 is included in accounts payable and accrued liabilities as a result of a review of the allocation of the Grosso Group costs to the member companies for the period. Prior to becoming a shareholder, the Company retained the Grosso Group's services from October 1, 2006 to February 28, 2007, for a monthly fee of $4,000. Accordingly, during the year ended December 31, 2007, the Company incurred additional fees of $8,000 from the Grosso Group.

   As at December 31, 2007, included in prepaid expenses is a $50,000 deposit to the Grosso Group for operating working capital.

c) During the year ended December 31, 2007, the Company incurred $65,780 (2006 - $Nil) for geological consulting services, including travel expenses, provided by a private corporation owned by a director of the Company. Of these costs $62,580 were recorded in mineral properties and deferred costs and $3,200 were expensed during the year.

d) During the year ended December 31, 2007, the Company incurred fees of $20,583 for consulting and management services provided by a director of the Company.

e) Effective May 1, 2007, the Company entered into an agreement with IMA Exploration Inc. to pay a monthly fee for the services provided IMA's Chief Executive Officer. The agreement may be terminated at any time by the Company upon 30 days written notice. For the year ended December 31, 2007, the Company paid $13,333 to IMA for the services.

All of the related party transactions and balances in these consolidated financial statements arose in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

(Expressed in Canadian Dollars)

9. INCOME TAXES

The recovery of income taxes shown in the consolidated statements of operations and deficit differs from the amounts obtained by applying statutory rates to the loss before provision for income taxes due to the following:

	2007	2006
Statutory tax rate	34.12%	33.94%
	$	$
Loss before income taxes	(1,868,703)	(173,568)
Provision for (recovery of) income taxes based on statutory Canadian combined federal and provincial income tax rates	(637,601)	(58,900)
Non-deductible differences	103,859	27,100
Other	-	(13,200)
Losses for which an income tax benefit has not been recognized	481	45,000
Change in valuation allowance	533,261	-
	-	-

Future incomes taxes reflect the net tax effects of differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's future tax assets and liabilities are as follows:

	2007 $	2006 $
Future income tax assets		
Resource deductions	(35,162)	-
Financing costs	173,733	53,100
Operating loss carryforwards	503,049	46,800
Capital assets	2,520	300
	644,140	100,200
Valuation allowance for future income tax assets	(644,140)	(100,200)
	-	-

As at December 31, 2007, the Company has non-capital loss carryforwards of $1,863,145 that may be available for tax purposes. The Company's capital losses do not expire and may be carried forward indefinitely. The Company's non-capital losses expire as follows:

Expiry Date	$
2015	6,293
2026	131,664
2027	1,725,188
	1,863,145

(Expressed in Canadian Dollars)

10. SEGMENTED INFORMATION

The Company is primarily involved in mineral exploration activities in Canada, Argentina and Colombia. The Company is in the exploration stage and, accordingly, has no reportable segment revenues or operating revenues for the year ended December 31, 2007. The Company's total assets are segmented as follows:

	December 31, 2007			
	Canada $	Argentina $	Colombia $	Total $
Current assets	1,726,414	-	100,055	1,826,469
Mineral properties and deferred costs	1,276,530	222,806	127,303	1,626,639
Capital assets	30,692	-	-	30,692
	3,033,636	222,806	227,358	3,483,800

	December 31, 2006			
	Canada $	Argentina $	Colombia $	Total $
Current assets	1,537,260	-	-	1,537,260
Mineral properties and deferred costs	224,949	-	-	224,949
Capital assets	16,225	-	-	16,225
	1,778,434	-	-	1,778,434

11. SUPPLEMENTARY CASH FLOW INFORMATION

Non-cash investing and financing activities were conducted by the Company as follows:

	Year Ended December 31,	
	2007 $	2006 $
Investing activities		
Accounts payable for mineral properties and deferred costs	37,941	
Expenditures on mineral property interests	(314,941)	-
Common shares issued for mineral property interests	277,000	-
	-	-
Financing activities		
Common shares issued for non-cash consideration	60,000	47,800
Agent's options and warrants issued for non-cash consideration	128,000	15,000
Share issue costs	(157,521)	(62,800)
Warrant issue costs	(30,479)	-
	-	-

12. FINANCIAL INSTRUMENTS

The Company's financial instruments are comprised of cash, short-term investments, amounts receivable, prepaid expenses, and accounts payable and accrued liabilities.

The fair values of cash, short-term investments, amounts receivable, prepaid expenses and accounts payable and accrued liabilities approximate their carrying values due to the short-term nature of these instruments.

13. SUBSEQUENT EVENTS

The incorporation and registration of the Company's Argentinean subsidiary, Minera Cielo Azul S.A. was completed in January 2008.

On January 10, 2008 the Company entered into an option agreement on the Anit properties in Argentina with Argentina Uranium. In order to earn a 75% undivided interest in the property the Company must complete $2,000,000 of exploration expenditures over a four year period. During year one the Company must complete $100,000 of exploration expenditures. After the completing the expenditure and share commitments the parties will form a 75/25 joint venture.

On February 27, 2008 the Company announced it had signed a Letter of Intent ("LOI") with Argentina Uranium to acquire all of the issued and outstanding shares of Argentina Uranium or all of its mineral property interests in Argentina. The Company will issue 8.295 million shares. The LOI is subject to TSX-V approval and due diligence review.

The Company announced that it has entered into an agreement with Canaccord Capital Corporation ("Canaccord") whereby Canaccord will complete a brokered private placement of up to 4,545,454 units to raise up to $2,000,000 at $0.44 per unit. Each unit consisted of one common share in the capital of the Company and one half of one transferable common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share at an exercise price of $0.60 per common share for a period of 18 months from closing. In addition, the underwriters will receive a cash commission equal to 8% of the gross proceeds of the sale of units under the brokered portion of the placement and a corporate finance fee of $25,000 payable in cash or units at the option of Canaccord. In addition Canaccord will receive Agent's warrants equal to 8% of the units sold under the private placement. Each Agent warrant will be exercisable for one Agent's unit for a period of 18 months from closing at $0.44 per share. Each Agent's Unit will consist of one common share and one half of one common share purchase warrant. The Company has also agreed to pay Canaccord an administration fee of $10,000.

The Company announced the amendment of the option agreements that were entered into on the Eagle Lake and Karin Lake projects dated December 14, 2006, and May 29, 2007. The parties have agreed to a $477,000 budget for an upcoming drilling program that commenced in March 2008. The Company will issue an additional 500,000 shares to cover 50% of the cost of the drill program and will pay no more than $239,000 for the remaining 50% of the drill program. The additional shares to be issued will be released at a rate of 100,000 per month beginning July 1, 2008 and ending on November 1, 2008.