

# **PUGET VENTURES INC.**

## FINANCIAL STATEMENTS

FOR THE PERIODS ENDED APRIL 30, 2008 AND APRIL 30, 2007

<b><u>Index</u></b>	<b><u>Page</u></b>
<b>Auditors' Report to the Shareholders</b>	1
<b>Financial Statements</b>	
Balance Sheets	2
Statements of Operations and Deficit	3
Statements of Cash Flows	4
Notes to Financial Statements	5 - 14

## AUDITORS' REPORT

### TO THE SHAREHOLDERS OF PUGET VENTURES INC.

We have audited the balance sheets of Puget Ventures Inc. as at April 30, 2008 and 2007 and the statements of operations and deficit and cash flows for the year ended April 30, 2008 and the initial 52-day period ended April 30, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2008 and 2007 and the results of its operations and its cash flows for the year ended April 30, 2008 and the initial 52-day period ended April 30, 2007 in accordance with Canadian generally accepted accounting principles.

*"Smythe Ratcliffe LLP" (signed)*

Chartered Accountants

Vancouver, British Columbia  
July 15, 2008

**PUGET VENTURES INC.**  
BALANCE SHEETS AS AT APRIL 30

	2008	2007
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 82,293	\$ 103,689
Term deposit	101,560	0
GST receivable	9,227	0
Prepaid expenses	19,260	5,197
	212,340	108,886
Mineral property (Note 4)	10,000	0
Incorporation costs	0	1,267
	\$ 222,340	\$ 110,153

**LIABILITIES AND SHAREHOLDERS' EQUITY**

<b>Current</b>		
Accounts payable and accrued liabilities (Note 7)	\$ 63,325	\$ 11,790
<b>Shareholders' equity</b>		
Capital stock (Note 5)	301,242	112,000
Contributed surplus (Note 5)	45,995	0
Deficit	(188,222)	(13,637)
	159,015	98,363
	\$ 222,340	\$ 110,153

Going-Concern (Note 2)

Subsequent Events (Note 9)

Approved on behalf of the Board:

<u>“Erin Airton”</u>	Director	<u>“Raymond Castelli”</u>	Director
Erin Airton		Raymond Castelli	

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

**PUGET VENTURES INC.**  
**STATEMENTS OF OPERATIONS AND DEFICIT**

	Year Ended April 30, 2008	Initial 52-Day Period Ended April 30, 2007
<b>Expenses</b>		
Professional fees (Note 7)	\$ 74,063	\$ 11,513
Stock-based compensation	32,470	0
Office overhead	25,734	1,148
Filing and registration fees	20,569	0
Rent	12,450	976
Travel	6,246	0
Consulting fees	5,250	0
	176,782	13,637
<b>Other Items</b>		
Interest income	(3,464)	0
Write-off of incorporation costs	1,267	0
	(2,197)	0
<b>Net loss and comprehensive loss for the period</b>	174,585	13,637
<b>Deficit, beginning of period</b>	13,637	0
<b>Deficit, end of period</b>	\$ 188,222	\$ 13,637
<b>Loss per share</b>	\$ 0.15	\$ 0.00
<b>Weighted average number of common shares outstanding</b>	1,183,497	0

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

**PUGET VENTURES INC.**  
STATEMENTS OF CASH FLOWS

	Year Ended April 30, 2008	Initial 52-Day Period Ended April 30, 2007
<b>Cash flows from operating activities</b>		
Net loss for the period	\$ (174,585)	\$ (13,637)
Items not involving cash		
Stock-based compensation	32,470	0
Write-off of incorporation costs	1,267	0
Changes in non-cash working capital items		
GST receivable	(9,227)	0
Prepaid expenses	(14,063)	(5,197)
Accounts payable and accrued liabilities	51,535	11,790
	(112,603)	(7,044)
<b>Cash flows from investing activities</b>		
Purchase of term deposit	(101,560)	0
Mineral property acquisition	(10,000)	0
Incorporation costs	0	(1,267)
	(111,560)	(1,267)
<b>Cash flows from financing activity</b>		
Capital stock issued for cash, net of share issue costs	202,767	112,000
<b>Increase (decrease) in cash and cash equivalents</b>	(21,396)	103,689
<b>Cash and cash equivalents, beginning of period</b>	103,689	0
<b>Cash and cash equivalents, end of period</b>	\$ 82,293	\$ 103,689
<b>Cash and cash equivalents are comprised of:</b>		
Cash	\$ 25,728	\$ 103,689
Short-term deposit	56,565	0
	\$ 82,293	\$ 103,689
<b>Supplemental information</b>		
Share issue cost	\$ 13,525	\$ 0
Income taxes paid	\$ 0	\$ 0

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

# PUGET VENTURES INC.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED APRIL 30, 2008 AND  
THE INITIAL 52-DAY PERIOD ENDED APRIL 30, 2007

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## 1. NATURE OF OPERATIONS

The Company was incorporated under the *Business Corporations Act* (British Columbia) on March 9, 2007 and is an exploration stage company engaged principally in the acquisition, exploration and development of mineral properties. The Company began trading on the TSX Venture Exchange ("TSX-V") as a capital pool corporation on October 31, 2007 and completed its qualifying transaction on May 15, 2008 (trading symbol PVS-V).

## 2. GOING-CONCERN

These financial statements have been prepared on a going-concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business. As at April 30, 2008, the Company has working capital of \$149,015 (2007 - \$97,096), which will not be sufficient to achieve the Company's currently planned business objectives for 2009. The Company's ability to continue as a going-concern is dependent on the Company being able to raise equity financing and the attainment of profitable operations.

These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary, should the Company be unable to continue as a going-concern.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### Cash and cash equivalents

Cash and cash equivalents include a term deposit with a maturity date of less than 90 days from the date of purchase. Interest income is recorded as earned at the stated rate of interest of the term deposit over the term to maturity.

### Term deposit

The term deposit matures within one year and bears interest at an annual variable rate of approximately 3.25%. Interest income is recorded as earned at the stated rate of interest of the term deposit over the term to maturity.

### Mineral properties

The Company capitalizes all costs related to investments in mineral property interests on a property-by-property basis. Such costs include mineral property acquisition costs and exploration and development expenditures, net of any recoveries. Costs are deferred until such time as the extent of mineralization has been determined and mineral property interests are either developed, the property is sold, the Company's mineral rights are allowed to lapse or by determination of the Company that no further exploration will be done.

All capitalized costs are reviewed, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment. When the carrying value of a property exceeds its net recoverable amount (as estimated by quantifiable evidence of an economic geological resource or reserve or by reference to option) or when, in the Company's assessment, it will be unable to sell the property for an amount greater than the deferred costs, the property is written down for the impairment in value.

# **PUGET VENTURES INC.**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED APRIL 30, 2008 AND  
THE INITIAL 52-DAY PERIOD ENDED APRIL 30, 2007

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

### **Mineral properties (cont'd...)**

From time to time, the Company may acquire or dispose of a mineral property interest pursuant to the terms of an option agreement. As such options are exercisable entirely at the discretion of the optionee the amounts payable or receivable are not recorded at the time of the agreement. Option payments are recorded as property costs or recoveries when the payments are made or received.

### **Use of estimates**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Areas requiring the use of estimates include the recoverability of mineral property interests, the fair value of financial instruments, balances of accrued liabilities, the assumptions used in the determination of the fair value of stock-based compensation and the agents' warrants, and the determination of the valuation allowance for future income tax assets. Management believes the estimates are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows.

### **Comprehensive income (loss)**

Effective October 31, 2007, the Company adopted the Canadian Institute of Chartered Accountants' ("CICA") Handbook Section 1530, "Comprehensive Income", which establishes standards for presentation and disclosure of a statement of comprehensive income (loss). Comprehensive income (loss) is the overall change in the net assets of the Company for a period, other than changes attributable to transactions with shareholders. It is made up of net income (loss) and other comprehensive income (loss). Other comprehensive income (loss) consists of gains and losses affecting shareholders' equity that, under generally accepted accounting principles, are excluded from net income (loss).

The Company has no items of other comprehensive income (loss) in any period presented. Therefore, net loss as presented in the Company's statement of operations and deficit equals comprehensive loss.

### **Income taxes**

Income taxes are recorded using the asset and liability method whereby future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. 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 enactment or substantive 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.

### **Stock-based compensation**

The Company accounts for stock-based compensation using the fair value based method with respect to all stock-based payments to directors, employees and non-employees, including awards that are direct awards of stock and call for settlement in cash or other assets, or stock appreciation rights that call for settlement by the issuance of equity instruments. Under this standard, stock-based payments are recorded as an expense over the vesting period or when the awards or rights are granted, with a corresponding increase to contributed surplus. When stock options are exercised, the corresponding fair value is transferred from contributed surplus to capital stock.

# **PUGET VENTURES INC.**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED APRIL 30, 2008 AND  
THE INITIAL 52-DAY PERIOD ENDED APRIL 30, 2007

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

### **Asset retirement obligation**

The Company recognizes an estimate of the liability associated with an asset retirement obligation ("ARO") in the financial statements at the time the liability is incurred. The estimated fair value of the ARO is recorded as a long-term liability, with a corresponding increase in the carrying amount of the related asset. The capitalized amount is depleted on a unit-of-production basis over the life of the proved reserves. The liability amount is increased each reporting period due to the passage of time and the amount of accretion is charged to earnings in the period. The ARO can also increase or decrease due to changes in the estimates of timing of cash flows or changes in the original estimated undiscounted cost. Actual costs incurred upon settlement of the ARO are charged against the ARO to the extent of the liability recorded.

### **Flow-through shares**

The Company may from time to time issue flow-through common shares to finance its resource exploration activities. Canadian income tax law permits the Company to renounce to the flow-through shareholder the income tax attributes of resource exploration costs financed by such shares. The effect of such renouncement is to reduce future income tax deductions, which is considered to be a share issue cost that is recorded as a reduction to capital stock and a corresponding increase in future income tax liability.

### **Loss per share**

Basic loss per share is calculated using the weighted average number of common shares outstanding during the year. The Company uses the treasury stock method for calculating diluted loss per share. Under this method the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period.

However, diluted loss per share is not presented where the effects of various conversions and exercise of options and warrants would be anti-dilutive. Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

### **Financial Instruments**

Effective October 31, 2007, the Company adopted the CICA Handbook Section 3855, "Financial Instruments - Recognition and Measurement", which establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. The standard requires the Company to account for certain financial assets and liabilities at fair value at each balance sheet date. Financial instruments must be classified into one of these five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments are measured in the balance sheet at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities, which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification as follows: held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is no longer recognized or impaired, at which time the amounts would be recorded in net income.

The adoption of this section did not impact the Company's financial statements.

# PUGET VENTURES INC.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED APRIL 30, 2008 AND  
THE INITIAL 52-DAY PERIOD ENDED APRIL 30, 2007

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

### Future accounting changes

#### (i) Capital Disclosures

In February 2007, the CICA issued Handbook Section 1535, "Capital Disclosures", which requires the disclosure of both qualitative and quantitative information that provides users of financial statements with information to evaluate the entity's objectives, policies and procedures for managing capital. The new section is effective for years beginning on or after October 1, 2007. The Company is in the process of assessing the impact of this new section on its financial statements.

#### (ii) Financial Instruments

In February 2007, the CICA issued two new standards, Section 3862, "Financial Instruments Disclosures", and Section 3863, "Financial Instruments Presentation". These sections will replace the existing Section 3861, "Financial Instruments Disclosure and Presentation". Section 3862 provides users with information to evaluate the significance of the financial instruments for the entity's financial position and performance, nature and extent of risks arising from financial instruments, and how the entity manages those risks. Section 3863 deals with the classification of financial instruments, related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. The new sections are effective for years beginning on or after October 1, 2007. The Company is in the process of assessing the impact of these new sections on its financial statements.

#### (iii) 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 generally accepted accounting principles 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 generally accepted accounting principles. 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.

#### (iv) Going-concern

In June 2007, the CICA amended Handbook Section 1400, "General Standards of Financial Statement Presentation", which requires management to make an assessment of a company's ability to continue as a going-concern. When financial statements are not prepared on a going-concern basis, that fact shall be disclosed together with the basis on which the financial statements are prepared and the reason why the company is not considered a going-concern. This new section is effective for years beginning on or after January 1, 2008. The Company is in the process of assessing the impact of this new section on its financial statements.

# PUGET VENTURES INC.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED APRIL 30, 2008 AND  
THE INITIAL 52-DAY PERIOD ENDED APRIL 30, 2007

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## 4. MINERAL PROPERTY

### (a) Trout Bay Property

On December 18, 2007, the Company entered into agreements with Goldcorp Inc. ("Goldcorp") and West Timmins Mining Inc. ("West Timmins") to acquire the option to earn an undivided 60% interest in the mineral properties known as the Trout Bay property located in Red Lake, Ontario, in exchange for:

- (i) \$10,000 payable to Goldcorp for transfer of the option (paid);
- (ii) \$145,500 payable to West Timmins for reimbursement of expenditures (note 9(a)); and
- (iii) 285,000 common shares of the Company issuable to West Timmins (note 9(a)).

Upon acquisition of the option, the Company shall be entitled to earn a 60% undivided ownership interest in the Trout Bay property from Goldcorp by completing aggregate exploration expenditures of \$4,854,499, on or before November 30, 2012 as follows:

- (i) Approximately \$604,499 on or before November 30, 2008;
- (ii) An additional \$750,000 on or before November 30, 2009;
- (iii) An additional \$1,000,000 on or before November 30, 2010;
- (iv) An additional \$1,000,000 on or before November 30, 2011; and
- (v) An additional \$1,500,000 on or before November 30, 2012.

The Company will be the operator of the properties during the option period.

### (b) Title to mineral property interests

Although the Company has taken steps to verify the title to the mineral property in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by an undetected defect.

### (c) Realization of assets

Realization of the Company's investment in the mineral property is dependent upon the establishment of legal ownership, the attainment of successful production from the property or from the proceeds of its disposal.

Mineral exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore.

The amount shown for mineral property represents the costs incurred to date and does not necessarily reflect present or future values. These costs will be depleted over the useful life of the property upon commencement of commercial production or written off if the property is abandoned or the claims allowed to lapse.

# PUGET VENTURES INC.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED APRIL 30, 2008 AND  
THE INITIAL 52-DAY PERIOD ENDED APRIL 30, 2007

## 4. MINERAL PROPERTY (cont'd...)

### (d) Environmental

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions.

If the restrictions adversely affect the scope of exploration and development on the mineral property, the potential for production on the property may be diminished or negated.

The Company is subject to the laws and regulations relating to environmental matters in the jurisdiction in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its property. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to its property that may result in material liability to the Company.

## 5. CAPITAL STOCK

Authorized  
Unlimited common shares without par value

	Number of Shares	Amount	Contributed Surplus
Issuance of common shares for cash	2,240,000	\$ 112,000	\$ 0
Balance at April 30, 2007	2,240,000	112,000	0
Issuance of common shares from private placement	990,000	49,500	0
Issuance of common shares from IPO	2,500,000	250,000	0
Share issuance costs		(110,258)	13,525
Stock-based compensation	0	0	32,470
Balance at April 30, 2008	5,730,000	\$ 301,242	\$ 45,995

During October 2007, the Company completed an initial public offering ("IPO") for 2,500,000 common shares at a price of \$0.10 per common share for gross proceeds of \$250,000. Share issue costs of \$110,258 were incurred, including \$13,525 for the fair value of 250,000 agent's warrants (note 5(b)). Of the 2,500,000 common shares issued, 120,000 are held in escrow (note 5(d)).

During August 2007, the Company completed a private placement for 990,000 common shares at a price of \$0.05 per common share for total proceeds of \$49,500. The 990,000 common shares issued are held in escrow (note 5(d)).

During the period ended April 30, 2007, the Company issued 2,240,000 common shares pursuant to a private placement, at a price of \$0.05 per common share for total proceeds of \$112,000. The 2,240,000 common shares issued are held in escrow (note 5(d)).

# PUGET VENTURES INC.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED APRIL 30, 2008 AND  
THE INITIAL 52-DAY PERIOD ENDED APRIL 30, 2007

## 5. CAPITAL STOCK (cont'd...)

### (a) Stock options

The Company adopted a stock option plan whereby it can grant options to directors, officers, employees and technical consultants of the Company. The maximum number of shares may not exceed 573,000, which is limited to 10% of the issued common shares of the Company prior to completion of a qualifying transaction and after the closing of the Company's IPO. Vesting will be determined by the board of directors.

As at April 30, 2008, the Company has 425,000 stock options outstanding and exercisable with a weighted average exercise price of \$0.10 per share. All were granted to directors and officers during the year, expire on October 31, 2012 and are exercisable at \$0.10 per share.

### (b) Agent's warrants

During October 2007, 250,000 agent's warrants were granted as commission on the IPO at an exercise price of \$0.10 per share. As at April 30, 2008, 250,000 agent's warrants are outstanding with a weighted average exercise price of \$0.10 per share. The fair value of \$13,525 has been included in share issue costs for the agent's warrants issued.

### (c) Stock-based compensation

During the year ended April 30, 2008, stock-based compensation expense related to options granted was \$32,470 (2007 - \$nil) and was included in the determination of net loss for the period.

The fair value of stock options and agent's warrants is estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	Year Ended April 30, 2008
Expected life (years)	5
Interest rate	4.23%
Volatility	100.00%
Dividend yield	0.00%

### (d) Escrow shares

A total of 3,350,000 common shares comprised of the 3,230,000 common shares issued in private placements and 120,000 common shares issued in the IPO will be held in escrow and will be released pro-rata to the shareholders commencing on the date of final acceptance of the qualifying transaction by the TSX-V (note 9(a)) as follows:

(i)	May 15, 2008	335,000 common shares;
(ii)	November 15, 2008	502,500 common shares;
(iii)	May 15, 2009	502,500 common shares;
(iv)	November 15, 2009	502,500 common shares;
(v)	May 15, 2010	502,500 common shares;
(vi)	November 15, 2010	502,500 common shares; and
(vii)	May 15, 2011	502,500 common shares.

## **PUGET VENTURES INC.**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED APRIL 30, 2008 AND  
THE INITIAL 52-DAY PERIOD ENDED APRIL 30, 2007

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### **6. FINANCIAL INSTRUMENTS**

The Company has designated its cash and cash equivalents and term deposit as held-for-trading and accounts payable and accrued liabilities as other liabilities.

(a) **Fair value**

The carrying values of cash and cash equivalents, term deposit, and accounts payable and accrued liabilities approximate their fair values because of the short-term maturity of these financial instruments.

(b) **Interest rate risk**

Interest rate risk consists of two components:

- (i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- (ii) To the extent that changes in prevailing market interest rates differ from the interest rates in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities.

(c) **Credit risk**

The Company is exposed to credit risk with respect to its cash and cash equivalents and term deposit. Cash and cash equivalents and term deposit are placed with a major Canadian financial institution.

### **7. RELATED PARTY TRANSACTIONS**

During the year, the Company paid professional fees in the amount of \$3,979 (2007 - \$nil) to an officer's company. At year-end, \$2,500 of this amount (2007 - \$nil) remained in accounts payable and accrued liabilities.

The transactions were 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.

## PUGET VENTURES INC.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED APRIL 30, 2008 AND  
THE INITIAL 52-DAY PERIOD ENDED APRIL 30, 2007

### 8. INCOME TAXES

The reconciliation of income tax attributable to continuing operations at the statutory tax rates to income tax expense is:

	Year Ended April 30, 2008	Initial 52-Day Period Ended April 30, 2007
Income tax benefit computed at Canadian statutory rates	\$ 57,753	\$ 4,637
Non-deductible stock-based compensation	(10,741)	0
Share issuance costs	6,400	0
Other	(843)	0
Tax rate variation	(11,251)	0
Unrecognized tax losses	(41,318)	(4,637)
	\$ 0	\$ 0

The Company has non-capital losses of approximately \$173,000 available that may be carried forward to apply against future income for Canadian tax purposes. The losses expire as follows:

2027	\$ 14,000
2028	159,000
	\$ 173,000

The potential benefit of these loss carry-forwards has not been recorded in these financial statements.

Future income tax assets reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The applicable tax rate to be expected is 26%. Significant components of the Company's future tax assets are as follows:

	Year Ended April 30, 2008	Initial 52-Day Period Ended April 30, 2007
Future income tax assets		
Temporary differences in assets	\$ 228	\$ 0
Tax value over book value of share issuance costs	20,120	0
Non-capital loss carry-forwards	44,863	4,637
	65,211	4,637
Valuation allowance	(65,211)	(4,637)
Net future income tax assets	\$ 0	\$ 0

The valuation allowance reflects management's belief that it is more likely than not that the future tax asset will not be realized.

# PUGET VENTURES INC.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED APRIL 30, 2008 AND  
THE INITIAL 52-DAY PERIOD ENDED APRIL 30, 2007

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## 9. SUBSEQUENT EVENTS

- (a) On May 15, 2008, the Company completed its acquisition of an option to acquire a 60% interest in the Trout Bay property located in Red Lake, Ontario, through payment of \$145,500 and issuance of 285,000 common shares of the Company (note 4(a)). The TSX-V approved the acquisition as the qualifying transaction (note 5(d)).
- (b) On May 15, 2008, the Company completed a brokered private placement of 1,500,000 flow-through shares at a price of \$0.50 per flow-through share and 1,500,000 units at a price of \$0.50 per unit for gross proceeds of \$1,500,000. Each unit consists of one non-flow-through common share and one-half of one common share purchase warrant. Each whole warrant is exercisable at a price of \$0.75 per share for a period of 18 months from the date of issuance. Agents were paid a commission of 50,000 units having the same composition and terms as the units issued in the private placement, 120,000 warrants having the same terms as the warrants attached to the units, and \$120,000 in cash. The shares, warrants and agent's warrants are subject to a hold period expiring September 15, 2008.
- (c) Effective June 1, 2008, a company was retained for investor relations and will receive \$8,000 per month. They also were granted 150,000 stock options at an exercise price of \$0.75 per share.
- (d) On July 8, 2008, the Company entered into an arm's-length and binding letter of intent with the privately held companies 1592129 Ontario Inc., Commerce Capital Inc. and other shareholders of 1592129 Ontario Inc. to acquire a 100% interest in the Werner Lake Mineral Belt Properties in the Kenora Mining Division through the acquisition of the shares of 1592129 Ontario Inc. The conditions of the letter of intent are subject to due diligence to be completed on or before August 8, 2008 and the execution of a definitive agreement on or before August 12, 2008. Concurrently, the Company will require financing of at least \$2,000,000 and all necessary approvals including at least 50.1% of the disinterested shareholders and acceptance for filing by the TSX-V.

The consideration to the shareholders of 1592129 Ontario Inc. will be an aggregate payment of:

- (i) \$3,000,000 in cash consisting of \$35,000 (paid) on or before July 17, 2008 as a deposit, \$965,000 paid on closing and \$1,000,000 on each of the next two anniversary dates of closing;
- (ii) 8,000,000 common shares of the Company issued in two equal instalments over one year;
- (iii) 4,000,000 transferrable share purchase warrants at an exercise price of \$1.50 per share, for a period of two years from closing; and
- (iv) 4,000,000 transferable share purchase warrants to be issued on the first anniversary of closing at an exercise price of \$2 per share for the first 2,000,000 warrants and \$4 per share for the remaining 2,000,000 warrants.

Commerce Capital Inc. will also be entitled to a 1% smelter return on all ores, minerals or concentrates produced from the Werner Lake Mineral Belt Properties, except on the Harper and Rives options.

The Werner Lake properties consist of approximately 1,700 hectares in the Kenora Mining District in the western part of Ontario.