

PUGET VENTURES INC.

INTERIM FINANCIAL STATEMENTS
(Unaudited) – Prepared By Management

FOR THE THREE MONTH PERIODS ENDED JULY 31, 2008 and 2007

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PUGET VENTURES INC.
STATEMENTS OF OPERATION AND DEFICIT
UNAUDITED (*Prepared by Management*)

	Three-Month Period ended July 31, 2008 (Unaudited)	Three-Month Period ended July 31, 2007 (Unaudited)	Year ended April 30, 2008 (Audited)
Interest revenue	\$ 855	\$ 339	\$ 3,464
Expenses			
Consulting fees	45,000	-	5,250
Professional fees	29,770	1,137	74,063
Shareholder relations	24,077	-	-
Stock-based compensation	17,325	-	32,470
Office overhead	13,373	3,871	25,734
Travel	11,608	824	6,246
Filing and registration fees	9,743	-	20,569
Rent	4,350	3,600	12,450
Write off incorporation costs	-	-	1,267
	155,246	9,432	178,049
Net loss for the period	154,391	9,093	174,585
Deficit, opening	188,222	-	13,637
Deficit, ending	342,613	9,093	188,222
Basic loss per common share	\$ 0.02	\$ 0.00	\$ 0.15
Weighted average number of common shares outstanding	8,376,803	-	1,183,497

PUGET VENTURES INC.
STATEMENTS OF CASH FLOW
UNAUDITED (Prepared by Management)

	Three-Month Period ended July 31, 2008 (Unaudited)	Three-Month Period ended July 31, 2007 (Unaudited)	Year ended April 30, 2007 (Audited)
Cash flows from operating activities			
Loss for the period	\$ (154,391)	\$ (9,093)	\$(174,585)
Items not involving cash			
Stock-based compensation	17,325	-	32,470
Write off of incorporation costs	-	-	1,267
Changes in non-cash working capital items:			
Prepaid expenses	(35,315)	(1,488)	(14,063)
GST recoverable	(29,322)	(687)	(9,227)
Accounts payable and accrued liabilities	211,973	(6,698)	51,535
	10,270	(17,966)	(112,603)
Cash flows from investing activities			
Purchase of term deposit	(498,440)	-	(101,560)
Mineral properties purchase and development	(731,602)	-	(10,000)
	(1,230,042)	-	(111,560)
Cash flows from financing activities			
Capital stock issued for cash, net of share issuance costs	1,351,584	10,850	202,767
	1,351,584	10,850	202,767
Increase (decrease) in cash	131,812	(7,455)	(21,396)
Cash, beginning of Period	82,293	103,689	103,689
Cash, end of period	\$ 214,105	\$ 96,234	\$ 82,293
Cash paid during the period for interest	\$ -	\$ -	\$ -
Cash paid during the period for income taxes	\$ -	\$ -	\$ -
Supplementary Disclosures Shares Issued for Mineral Properties	\$ 173,850	\$ -	\$ -

PUGET VENTURES INC.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED JULY 31, 2008
and July 31, 2007
UNAUDITED – PREPARED BY MANAGEMENT

1. INCORPORATION

The Company was incorporated under the *Business Corporations Act* (British Columbia) on March 9, 2007 and is classified as a capital pool corporation (“CPC”) defined in the TSX Venture Exchange (“TSX-V”) Policy 2.4. The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities.

The Company successfully completed its initial public offering (“IPO”) and began trading on the TSX-V on October 31, 2007 under the symbol PVS.P.

2. NATURE OF OPERATIONS

The Company's has started drilling on the Trout Bay property and has yet to determine if the properties contain resources that are economically viable. Additional funding will be required to fulfill its exploration commitments per agreements on the property with Goldcorp Inc. and West Timmins Mining Inc. As at July 31, 2008, the Company has working capital of \$631,931 (April 30, 2008 - \$149,015), which will not be sufficient to achieve the Company's currently planned business objectives for remainder of 2009 fiscal year. With the consent of the TSX-V, the Company will raise additional funds in order to finance operating and property acquisition requirements.

3. SIGNIFICANT ACCOUNTING POLICIES

The accompanying interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the assets, liabilities and operations of the Company. These interim financial statements do not contain all the information required by generally accepted accounting principles for annual financial statements and, therefore, should be read in conjunction with the annual financial statements of the Company for the year ended April 30, 2008. The accounting policies and methods used in the preparation of these interim unaudited financial statements are consistent with those used in the Company's more recent audited financial statements.

4. MINERAL PROPERTIES

- (a) The Company completed the acquisition of an option to acquire a 60% interest in the Trout Bay Property located in Red Lake, Ontario, from Red Lake Gold Mines/Goldcorp Inc. The consideration comprised of \$155,500 (paid) and 285,000 common shares (issued). The acquisition constitutes the Company's qualifying transaction (the ‘Qualifying Transaction’) pursuant to the policies of the TSX Venture Exchange. The Qualifying Transaction was completed on May 15, 2008. During the period the Company incurred \$572,347 in exploration costs on the property.

Further Details of the Qualifying Transaction

Pursuant to the Qualifying Transaction, the Company issued 285,000 common shares to West Timmins Mining Inc., which are subject to a hold period expiring September 15, 2008

The Company has paid \$155,500 and issued 285,000 common shares related to the acquisition costs and incurred \$572,347 in exploration work on the Trout Bay property.

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4. MINERAL PROPERTIES (cont'd)

- (b) The Company entered into a Letter of Intent with 1592129 Ontario Inc. ("1592129"), Commerce Capital Inc. ("Commerce") and other shareholders of 1592129 to acquire an undivided 100% interest in the Werner Lake Mineral Belt Properties in the Kenora Mining Division of the Province of Ontario, through the acquisition of the securities of 1592129 (the "Transaction").

1592129 is the owner of the mineral interests known as the "Werner Laker Mineral Belt Properties", which comprise of 79 claims and 69 licenses of occupation. The mineral interests also include two options to acquire additional claims, including the patent claim known as the Norpax Property and two unpatented claims known as the Harper Option and the Roves Option.

This Transaction will constitute a Reverse Take Over (RTO) under the policies of the TSX Venture Exchange the ("Exchange") and will require, amount other things, approval from the disinterested shareholders of the Company.

Coincident with the Qualifying Transaction, the Company completed a financing for \$1.5 million.

The consideration for the transactions are as follows:

- i) In connection with the Transaction, the Company will acquire all of the issued and outstanding securities on the capital of 1592129 for payment of the following: an aggregate total of \$3,000,000, payable to Commerce or as Commerce may direct (on behalf of itself and on behalf of the shareholders of 1592129) in instalments, with \$35,000 to be paid within 10 days of July 7, 2008 as a deposit, \$965,000 to be paid on closing and \$1,000,000 on each of the next two anniversary dates of closing;
- ii) An aggregate total of 8,000,000 common shares in the capital of Puget, issued pro-rata to the shareholders of 1592129 in two equal instalments over one year;
- iii) An aggregate total of 4,000,000 transferable share purchase warrants, each warrant entitling the holder to purchase one additional share at an exercise price of \$1.50 per share, for a period of two years from closing;
- iv) An additional aggregate total of 4,000,000 transferable share purchase warrants (the "Upside Warrants") to be issued on the first anniversary of closing, each entitling the holder to purchase one additional share for a period of two years from the date of issue, as follows:
 - a) 2,000,000 Upside Warrants shall have an exercise price at #2.00 per share; and
 - b) The remaining 2,000,000 Upside Warrants shall have an exercise price at \$4.00 per share.

The Company has spent to-date \$13,755 on due diligence costs related to the 100% acquisition of 1592129 Ontario Inc. which holds certain mineral claims in the Werner Lake Minerals Property belt located in the Kenora mining district of Ontario.

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5. CAPITAL STOCK

	Number of Shares	Amount	Contributed Surplus
Authorized Unlimited common shares without par value			
Issued			
Balance at April 30, 2007	2,240,000	\$ 112,000	\$ -
Issuance of common shares from private placement	990,000	49,500	-
Issuance of common shares from IPO	2,500,000	250,000	-
Share issuance costs		(110,258)	13,525
Stock-based compensation	-	-	32,470
Balance at April 30, 2008	5,730,000	301,242	45,995
Issuance of common shares from private placement	1,500,000	750,000	-
Issuance of flow-through shares from private placement	1,500,000	750,000	-
Issuance of common shares for payment on mineral properties	285,000	173,850	-
Share issuance costs	50,000	(179,016)	30,600
Stock-based compensation	-	-	17,325
Balance at July 31, 2008	9,065,000	\$ 1,796,076	\$ 93,920

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5. CAPITAL STOCK (cont'd)

During the period ended July 31, 2008, the Company completed a private placement for 1,500,000 units for \$0.50 each and 1,500,000 flow-through shares for \$0.50 each for gross proceeds of \$1,500,000. Each unit consists of one common share and one-half share purchase warrant. Each full share purchase warrant is exercisable for \$0.75 each expiring October 31, 2009. Share issue costs of \$179,016, including \$30,600 for the fair value of agent's warrants, were incurred for the private placement.

During the period ended July 31, 2008, the Company issued 285,000 shares pursuant to the terms of the Trout Bay property option agreement.

Stock Options

During the period ended July 31, 2008, 150,000 options were granted at an exercise price of \$0.75 each, expiring on June 1, 2013. As of July 31, 2008, 575,000 stock options are outstanding with a weighted average exercise price of \$0.27.

Agent's warrants

During the period ended July 31, 2008, 120,000 agent's warrants were granted at an exercise price of \$0.75 each, expiring on October 31, 2009. The fair value of \$30,600 has been included in share issue costs for the agent's warrants issued. As of July 31, 2008, 370,000 agent's warrants are outstanding with a weighted average exercise price of \$0.31.

Warrants

During the period ended July 31, 2008, 800,000 warrants were granted at an exercise price of \$0.75 each, expiring on October 31, 2009. As of July 31, 2008, 800,000 warrants are outstanding with a weighted average exercise price of \$0.75.

Stock-based compensation

The Company uses the fair value method for determining stock-based compensation for all options granted during the fiscal periods. The fair value was determined using the Black-Scholes option pricing model based on the following assumptions:

	Three Months ended July 31, 2008
Expected life (years)	5
Interest rate	3.14%
Volatility	100.00%
Dividend yield	0.00%

During the period ended July 31, 2008, stock-based compensation related to options granted was \$17,325 (2007 - \$nil).

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6. RELATED PARTY TRANSACTIONS

During the period, the Company incurred professional and consulting fees that were paid to Shareholder's and officer's companies.

	July 31, 2008	July 31, 2007
Professional fees	\$ 6,000	\$ nil
Consulting fees	51,000	nil

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.

7. INCOME TAXES

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

	Three-Month Period ended July 31, 2008	Three-Month Period ended July 31, 2007
Income tax benefit computed at Canadian statutory rates	\$ 47,861	\$ 3,103
Non-deductible stock-based compensation	(5,371)	-
Share issuance costs	3,359	-
Meal and entertainment expenses	-	-
Other	5	-
Tax rate variation	(7,396)	-
Unrecognized tax losses	(38,458)	(3,103)
	\$ -	\$ -

The Company has non-capital losses available that may be carried forward to apply against future income for Canadian tax purposes. The losses start to expire as follows:

2027	\$ 14,000
2028	159,000
2029	148,000
	\$ 321,000

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

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7. INCOME TAXES (cont'd)

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:

	As at July 31, 2008 (Unaudited)	As at April 30, 2007 (Audited)
Future income tax assets		
Tax value over book value of share issuance costs	\$ 223	\$ 228
Non-capital loss carry-forwards	83,460	44,863
Temporary differences in assets	42,263	20,120
	125,946	65,211
Valuation allowance	(125,946)	(65,211)
Net future income tax assets	\$ -	\$ -

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

8. COMMITMENTS

The Company has retained Contact Financial Corporation to provide investor relations services to the Company, effective June 1, 2008. Contact will be paid \$8,000 per month and will also receive 150,000 incentive stock options at an exercise price of \$0.75 per share. The options are valid for five years and will vest quarterly over a period of 12 months, pursuant to Puget's stock option plan and the rules of the TSX Venture Exchange.

9. SUBSEQUENT EVENTS

- (a) On August 14, 2008, the Company entered into a letter of intent ("LOI") with Benton Resources Corp ("Benton") to acquire an option to earn an initial 50% interest and further 10% interest in Benton's interest in eight claims in the Werner Lake-Rex Lake area in North Western Ontario. Benton has the right to earn a 100% interest in the eight claims from the underlying owner, subject to a 2% net smelter royalty, 50% of which can be purchased for \$1,000,000.

Pursuant to the terms of the LOI, upon receipt of the applicable regulatory approvals, the Company will issue to Benton common shares valued at \$50,000 at a deemed price equal to the then prevailing market price of the Company's shares. The Company will also reimburse Benton for payment obligations of Benton in an underlying agreement regarding the claim package which include three payments totaling \$40,000 over three years and issuance of the Company's common shares equal to the market value of 30,000 Benton shares to be issued to the underlying owner over three years, the value of the shares will be based on a 20 day rolling average.

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9. SUBSEQUENT EVENTS (cont'd)

The Company will earn a 50% interest in Benton's interest on the eight claims by incurring \$1,500,000 in expenditures as follows:

- (i) a minimum of \$250,000 by the end of year one;
- (ii) a minimum of an additional \$350,000 by the end of year two;
- (iii) a minimum of an additional \$450,000 by the end of year three;
- (iv) a minimum of an additional \$450,000 by the end of year four.

The Company can earn an additional 10% interest in the claims by incurring an additional \$750,000 in expenditures within two years of earning the initial 50% interest.

- (b) The Company has arranged a brokered private placement consisting of 1,875,000 units at a price of \$0.80 each and 3,530,000 flow-through shares at a price of \$0.85 each for total proceeds of \$4,500,500. The Company has also granted an option to sell additional units and flow-through shares to raise additional gross proceeds of up to \$2,000,000. Each unit consists of one common share and one-half of a common share purchase warrant. Each whole warrant is exercisable at a price of \$1.00 per share for a period of 18 months from the date of issuance. Agents will be paid a commission in units having the same composition and terms as the units issued in the private placement, warrants equal to 8% of the units sold, and cash equal to 8% of gross proceeds raised. Financing is subject to the applicable regulatory approvals.