DIAMCOR MINING INC.

CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2007

(Unaudited – See Notice to Reader)

Notice to Reader

The accompanying interim consolidated statements for Diamcor Mining Inc. have been prepared by management in accordance with Canadian generally accepted accounting principles consistently applied. The most significant of these accounting principles have been set out in the March 31, 2007 audited financial statements. Only changes in accounting information have been disclosed in these interim financial statements. These statements are presented on the accrual basis of accounting. Accordingly, a precise determination of many assets and liabilities is dependent upon future events. Therefore, estimates and approximations have been made using careful judgment. Recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these financial statements have been fairly presented.

DIAMCOR MINING INC.
CONSOLIDATED BALANCE SHEETS

		September 30 2007		March 31 2007 Audited
ASSETS				
CURRENT				
Cash	$	415,252	$	396,461
Accounts Receivable		7,663		32,946
Inventory				
Prepaid Expense				1,002
		422,915		430,409
REHABILITATION TRUST FUND (Note 3)		38,915		42,513
PROPERTY, PLANT AND EQUIPMENT (Note 4)		196,802		172,140
	$	658,632	$	645,062
LIABILITIES				
CURRENT				
Accounts payable	$	90,848	$	120,379
Taxes payable		20,674		22,575
		111,522		142,954
FUTURE TAXES (Note 10)		20,959		22,885
ASSET RETIREMENT OBLIGATION (Note 6)		294,130		289,782
		426,611		455,621
SHAREHOLDERS' EQUITY				
Share capital (Note 7)		7,286,223		6,774,973
Contributed surplus (Note 8)		1,460,357		1,275,907
Deficit		(8,514,559)		(7,861,439)
		232,021		189,441
	$	658,632	$	645,062

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)
COMMITMENTS (Note 16)
SUBSEQUENT EVENTS (Note 17)

On behalf of the board

"Dean Taylor" Director

"Sheldon Nelson" Director

DIAMCOR MINING INC
CONSOLIDATE STATEMENTS OF INCOME (LOSS) AND DEFICIT

	For the Three Months Ended September 30 2007	For the Three Months Ended September 30 2006	For the Six Months Ended September 30 2007	For the Six Months Ended September 30 2006
SALES	$ -	$ 164,217		$ 573,517
COST OF SALES	24,972	223,120	45,763	555,087
GROSS PROFIT	(24,972)	(58,903)	(45,763)	18,430
EXPENSES				
accretion and amortization	19,275	55,998	33,069	121,938
Consulting fees	57,927	73,824	120,094	81,248
Insurance	8,310	2,667	13,412	4,311
Interest and bank charges	1,660	377	2,150	741
Management fees	13,257	31,332	27,198	65,742
Office	53,843	9,895	76,117	25,579
Professional fees	37,367	9,595	46,559	13,927
Promotion and investor relations	6,394	2,285	14,005	11,289
Salaries and wages	63,107	378	79,596	4,124
Stock based compensation	184,450	-	184,450	108,000
Transfer agent and regulatory fees	10,696	6,778	12,806	7,957
Travel	34,301	2,885	38,030	18,194
	490,587	196,014	647,486	463,050
LOSS FROM OPERATIONS	$ (515,559)	$ (254,917)	$ (693,249)	$ (444,620)
OTHER INCOME AND EXPESNES				
Interest and other	27,822	7,526	52,015	8,362
Foreign exchange gain (loss)	(7,856)	(8,494)	(11,886)	(4,432)
	19,966	(968)	40,129	3,930
Income (Loss) before income tax	(495,593)	(255,885)	(653,120)	(440,690)
Provision for income tax				
Current	-	-	-	-
Future (recovery)	-	-	-	-
	-	-	-	-
Net income (loss)	$ (495,593)	$ (255,885)	$ (653,120)	$ (440,690)
Deficit, beginning of period	(8,018,966)	(7,073,957)	(7,861,439)	(6,889,152)
Deficit, end of period	$ (8,514,559)	$ (7,329,842)	$ (8,514,559)	$ (7,329,842)
Earnings (loss) per share - basic	$ (0.06)	$ (0.10)	$ (0.09)	$ (0.10)

Fully diluted (loss) earnings per share are not disclosed as the results are anti-dilutive. Basic earnings per share for the year ended September 30, 2007 have been restated to reflect the reverse share split as disclosed in Note 7 to these consolidated financial statements.

DIAMCOR MINING INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Three Months Ended September 30 2007	For the Three Months Ended September 30 2006	For the Six Months Ended September 30 2007	For the Six Months Ended September 30 2006
CASH FLOWS FROM OPERATING ACTIVITIES				
Net Income (loss)	$ (495,593)	$ (255,885)	$ (653,120)	$ (440,690)
items not affecting cash				
accretion and amortization	19,275	55,998	33,069	121,938
stock based compensation	184,450	-	184,450	108,000
foreign exchange	15,916	17,550	11,886	30,685
	219,641	73,548	229,405	260,623
	(275,952)	(182,337)	(423,715)	(180,067)
Changes in non-cash working capital				
accounts receivable	20,669	35,109	25,283	11,469
inventory		3,802		(10,706)
accounts payable	18,403	91,523	(27,937)	83,549
taxes payable		(7,238)	1,002	(14,751)
prepaid expenses		-		456
	39,072	123,196	(1,652)	70,017
Cash flow from (used by) operating activities	(236,880)	(59,141)	(425,367)	(110,050)
CASH FLOWS FROM INVESTING ACTIVITIES				
purchase of property, plant and equipment	(4,395)	(1,623)	(53,384)	(1,623)
CASH FLOWS FROM FINANCING ACTIVITIES				
advances from (to) related parties		-		(36,084)
issuance (purchase) of share capital	500,000	20,000	511,250	53,760
	500,000	20,000	511,250	17,676
Effect of change in exchange rate for cash	(18,549)		(13,708)	-
increase (decrease) in cash flow	240,176	(40,764)	18,791	(93,997)
cash- beginning of period	175,076	91,466	396,461	144,699
cash- end of period	$ 415,252	$ 50,702	$ 415,252	$ 50,702

SUPPLEMENTARY CASH FLOW INFORMATION (Note 15)

SIGNIFICANT NON CASH TRANSACTIONS ARE DISCLOSED IN NOTES 7,9 AND 11

1. NATURE OF OPERATIONS AND GOING CONCERN

Diamcor Mining Inc. (the "Company") was incorporated under the Company Act of British Columbia. Its principal business activity is the production of diamonds in South Africa through its subsidiaries So Ver Mine (Pty) Ltd. ("So Ver"), Ongoza Mining and Exploration (Pty) Ltd. and BlueDust 25 (Pty) Ltd.

On April 8th 2005, the Company reached a final settlement agreement with the minority shareholder wherein both parties agreed to resolve all claims among themselves in exchange for the Company paying $85,000 to the minority shareholder for the remaining shares in So Ver, assignment of So Ver indebtedness to the minority shareholder and $65,000 to relinquish all other claims by the minority shareholder against the Company, So Ver and various other parties. As a result of this transaction the Company obtained 100% of So Ver.

On February 8th 2007, the Company completed a non-brokered private placement financing of $500,000. The private placement consisted of the subscription for 2,777,778 units at a price of $0.18 per unit. Each unit will consist of one common share and one common share purchase warrant. Each warrant will entitle the holder thereof to acquire one additional common share at an exercise price of $0.27 for a period of two years following the closing date.

On February 27th 2007, the Company reached a share for debt settlement with various creditors of the Company to convert $226,499 of accounts payable for 1,258,329 shares of the Company. As a result of the settlement the Company recorded $108,128 of debt settlement gains in the statements of income (loss) for the year ended March 31, 2007.

On August 30, 2007, the Company completed a non-brokered private placement financing of $500,000.00. The private placement will consist of the sale of up to 1,000,000 units at a price of $0.50 per unit. Each unit will consist of one common share and one common share purchase warrant. Each warrant will entitle the holder thereof to acquire one additional common share at an exercise price of $0.75 for a period of two years following the closing date.

During the year ended March 31, 2007 the Company ceased its production activities at So Ver and accordingly recorded the remaining depletion in respect of its mineral rights on properties in South Africa.

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

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

	September 30 2007	March 31 2007
Deficit	$ (8,514,559)	$ (7,861,439)
Working capital	$ 311,393	$ 287,455

2. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles using the following significant accounting policies:

Principles of consolidation

These consolidated financial statements include the accounts of the Company, its 74% owned subsidiary Ongoza Mining & Exploration (Pty) Ltd. (formerly Zelpy 1623 (Pty) Ltd.), BlueDust 25 (Pty) Ltd. and So Ver Mine (Pty) Ltd. All significant inter-company balances and transactions have been eliminated. The non-controlling interest has not been adjusted for due to the deficit in Ongoza Mining & Exploration (Pty) Ltd.

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less.

Inventory

Inventory, which includes rough diamond consumables, are stated at the lower of cost, cost of production or estimated net realizable value. Cost is determined according to the first in first out method. Net realizable value is the estimated selling price in the ordinary course of business less completion and selling expenses.

Property, plant and equipment

Property, plant and equipment are recorded at cost and are amortized either using the straight-line method over the estimated useful lives of the individual assets (Property, plant and equipment) or on a declining basis (Office equipment) at the following annual rates:

Office equipment	20 - 45%
Property, plant and equipment	15.0%

Long-lived assets

Management tests the recoverability of long-lived assets whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is measured as the amount by which the carrying amount of a long-lived asset exceeds its fair value. Once an impairment loss is recognized, the adjusted carrying amount becomes the new cost basis. An impairment loss recognized by the Company is not reversed if the fair value subsequently increases. Management estimates future cash flows in order to test the recoverability of a long-lived assets held by the Company including only the future cash flows that are directly associated with, and that are expected to arise as a direct result of, its use and eventual disposition.

Mineral properties

The Company records its interests in mineral properties and areas of geological interest at cost. All direct and indirect costs relating to the acquisition of these interests are capitalized on the basis of specific claim blocks or areas of geological interest until the properties to which they relate are placed into production, sold or where management has determined there to be an impairment. These costs will be amortized on the basis of units produced in relation to the proven reserves available on the related property following commencement of production. Mineral properties which are sold before that property reaches the production stage will have all revenues from the sale of the property credited against the cost of the property. Properties which have reached the production stage will have a gain or loss calculated based on the portion of that property sold. The recorded cost of mineral property interests is based on cash paid and the assigned value of share consideration costs incurred. The recorded amount may not reflect recoverable value as this will be dependent on the development program, the nature of the mineral deposit, commodity prices, adequate funding and the ability of the Company to bring its projects into production.

2. SIGNIFICANT ACCOUNTING POLICIES (continued from previous page)

Cost of maintaining mineral properties

The Company does not accrue the estimated future costs of maintaining its mineral properties in good standing.

Revenue Recognition

Sales are recognized upon delivery of products (primarily rough cut diamonds) and customer acceptance. Sales are shown net of sales taxes and trade discounts.

Foreign currency translation

The Company's subsidiaries are integrated foreign operations and are translated into Canadian dollar equivalents using the temporal method. Monetary items are translated at the exchange rate in effect at the balance sheet date; non-monetary items are translated at historical exchange rates. Income and expense items are translated at the average exchange rate for the period. Exchange gains or losses arising on translation of foreign currency items are included in operating results.

Stock-based compensation

The Company uses the fair value method of accounting for all stock-based compensation, including options granted under the Company's incentive stock option plan. Compensation expense for options granted is determined based on the estimated fair values of the stock options at the time of grant, the cost of which is recognized over the vesting periods of the respective options. Stock-based compensation expense is recorded as a charge to operations with a corresponding credit to contributed surplus. Consideration paid for shares on the exercise of options is credited to share capital. In the event that vested options expire, previously recognized compensation expense associated with such stock options is not reversed. In the event that unvested options are cancelled, previously recognized compensation expense associated with such stock options is reversed.

Future income taxes

Future income taxes are calculated using the asset and liability method whereby future tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment or enactment occurs. To the extent that the Company does not consider it to be more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

Earnings (loss) per share

The earnings (loss) per share figures are calculated using the weighted monthly average number of shares outstanding during the respective years. The calculation of diluted earnings per share figures under the Treasury Stock Method considers the potential exercise of outstanding share purchase options and warrants to the extent each option, warrant or contingent issuance was dilutive. Fully diluted earnings per share are not disclosed where the effect of options and warrants is anti-dilutive.

Asset Retirement Obligation

The Company recognizes the fair value of its asset retirement obligation ("ARO") in the period in which it is incurred and when a reasonable estimate of fair value can be made. The fair value of the estimated ARO is recorded as a long-term liability, with a corresponding increase in the carrying amount of the related asset. The capitalized amount is amortized at a reasonable rate based on the useful life of property and equipment. 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. Revision to the estimated timing of cash flows or to the original estimated undiscounted cost would also result in an increase or decrease to the ARO. Actual costs incurred upon settlement of the ARO are charged against the ARO to the extent of the liability recorded. Any difference between the actual costs incurred upon settlement of the ARO and recorded liability is recognized as a gain or loss in the Company's earnings in the period in which the settlement occurs.

2. SIGNIFICANT ACCOUNTING POLICIES (continued from previous page)

Measurement Uncertainty

The preparation of financial statements in conformity 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 reporting period. Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. The amounts recorded for inventory, depreciation of property and equipment, assessment of impairment of long-lived assets and the provisions for asset retirement obligation are based on estimates. By their nature, these estimates are subject to measurement uncertainty and the impact on the financial statements of future periods could be material if actual results differ from these estimates. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the periods in which they become known.

Recent Accounting Pronouncements

In January 2005, the Canadian Institute of Chartered Accountants issued new recommendations for the recognition and measurement of financial instruments, and amendments to the existing presentation and disclosure standards, effective for interim and annual financial statements with fiscal years beginning on or after October 1, 2006. Section 3855 Financial Instruments – Recognition and Measurement establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. Section 3861 Financial Instruments – Disclosure and Presentation discusses the presentation and disclosure of these items. The application of hedge accounting is covered in Section 3865 Hedges. Section 1530 Comprehensive Income establishes standards for reporting and displaying certain gains and losses, such as unrealized gains and losses related to hedges or other derivative instruments, outside of net income, in a statement of comprehensive income. Section 3251 Equity establishes standards for the presentation of equity and changes in equity, including changes arising from those items recorded in comprehensive income. There have also been numerous consequential amendments made to other Sections.

In December 2006, the Canadian Institute of Chartered Accountants issued Section 3862 Financial Instruments – Disclosures and Section 3863 Financial Instruments – Presentation to replace Section 3861 Financial Instruments – Disclosure and Presentation. These new Sections are effective for interim and annual financial statements with fiscal years beginning on or after October 1, 2007, but may be adopted in place of Section 3861, before that date.

The Company does not expect any material changes as a result of the adoption of these new standards.

3. REHABILITATION TRUST FUND

	September 30 2007	March 31 2007
Deposit at Department of Minerals and Energy in South Africa for Rehabilitation Costs	$ 38,915	$ 42,513

4. PROPERTY, PLANT AND EQUIPMENT

	September 30 2007			March 31 2007		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Property, plant and equipment	521,542	324,740	196,802	468,158	296,018	172,140
	$521,542	$324,740	$196,802	$468,158	$296,018	$172,140

As disclosed in Note 1, during the year ended March 31, 2007, the Company ceased operations at So Ver and accordingly fully amortized the balance of the amounts capitalized to plant, property and equipment in respect of the asset retirement obligation. These properties are encumbered with a bond in favor of ABSA bank of South Africa to an amount of $26,842 for the purpose of ABSA providing guarantees to the electricity supplier.

5. MINERAL PROPERTIES

Title to mineral properties

Title to mining properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mining properties. The Company has diligently investigated rights of ownership of all of the mineral concessions in which it has an interest and, to the best of its knowledge, all agreements relating to such ownership rights are in good standing. However, this should not be construed as a guarantee to title. The concessions may be subject to prior claims, agreements or transfers and rights of ownership may be affected by undetected defects.

	September 30 2007	March 31 2007
Balance, beginning of year	$ -	$ 172,748
Amortization	-	172,748
Balance, end of year	$ -	$ -

As discussed in Note 1, on April 8th 2005, the Company obtained 100% ownership of the So Ver tailings re-treatment diamond mine located in the Kimberley area of South Africa. In addition, during the year ended March 31, 2007, the Company ceased operations at So Ver and accordingly fully depleted its existing mineral rights with respect to this area.

6. ASSET RETIREMENT OBLIGATION

The total future asset retirement obligation was estimated based on the Company's net ownership interest in all mines and facilities, estimated costs to reclaim and abandon the mines and facilities and estimate timing of the costs to be incurred in future periods. The Company has estimated the net present value of its total asset retirement obligation to be $171,299 beginning in 2004 based on a future liability of $301,901. The majority of these costs are expected to be incurred on 2008. The Company's credit adjusted risk free rate of 12.0% and an inflation rate of 3.0% were used to calculate the net present value of the asset retirement obligation.

In accordance with the accounting policies of the Company the asset retirement obligation is adjusted first for any changes in the timing of the obligation and secondly for any changes in the estimated cash flows required to settle the obligation. Due to the cessation of its operations at So Ver (see Note 1) the Company revised its estimate of the timing of the obligation and increased the accretion in the current year. In accordance with the recommendations of Section 3110 – Asset Retirement Obligations any upward revision due to revisions in the amount of undiscounted estimated cash flows are discounted using the current credit-adjusted risk-free rate. This change is accounted for as a change in estimate in accordance with the standard and accordingly the increase in accretion is recognized prospectively.

As disclosed in Note 3, an amount equivalent to $40,604 ($ 42,513 at March 31 2007) has been deposited with the Department of Minerals and Energy in South Africa in respect of rehabilitation costs expected to be incurred by the Company.

The following table reconciles the Company's total asset retirement obligation:

	September 30 2007	March 31 2007
Balance, beginning of year	$ 289,782	$ 240,662
Accretion	4,347	28,892
Change in estimate (Note 14)	-	20,228
Balance, end of year	$ 294,129	$ 289,782

7. SHARE CAPITAL

On November 27, 2006 the Company completed a reverse split of 1 share for 10.

Authorized:

Unlimited common voting shares, no par value

	Number of Shares restated	Amount
Issued:		
Balance, March 31, 2006	2,934,281	$ 5,978,333
Issued during 2007:		
Private placement (c)	2,777,778	500,000
Settlement of debt (b)	1,258,329	226,500
Exercise of warrants (a)	20,000	20,000
Exercise of options (a)	23,400	50,140
Balance, March 31, 2007	7,013,788	6,774,973
Issued during 2008:		
Exercise of warrants	41,667	11,250
Private placement (d)	1,000,000	500,000
Balance, September 30, 2007	8,055,455	$ 7,286,223

Included in issued capital stock are 1,668 common shares held in escrow as required by the regulatory authorities.

(a) Warrants and options that were exercised by a director of the Company.

(b) 1,258,329 shares for settlement of $63,974 for payables to directors, $6,974 for settlement of legal fees and $155,552 for consulting fees to a related party

(c) Completed on February 8, 2007 as further disclosed in Note 1 to these consolidated financial statements.

(d) Completed on August 30, 2007 as further disclosed in Note 1 to these consolidated financial statements.

7. SHARE CAPITAL (continued from previous page)

Warrants

The following table summarizes the activity with respect to warrants granted and exercised during the year.

	September 30 2007		March 31 2007	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants (restated)	Weighted Average Exercise Price
Outstanding, beginning of year	3,734,198	$ 0.28	371,000	$ 1.09
Warrants Granted	1,000,000	$0.75	3,680,698	$ .27
Warrants Expired	(53,500)	$1.30	297,500	-
Warrants Exercised	(41,667)	$ 0.27	20,000	$ 1.00
Outstanding, end of period	4,639,031	$ 0.37	3,734,198	$ 0.28
Warrants exercisable, end of period	4,639,031	$ 0.37	3,734,198	$ 0.28

The following warrants were outstanding at September 30, 2007:

Number of Shares	Exercise Price	Expiry Date
2,736,111	$0.27	February 8, 2009
902,920	$0.27	February 27, 2009
1,000,000	$0.75	August 30, 2009

7. SHARE CAPITAL (continued from previous page)

Stock options

The Company adopted a formal stock option plan in December 2003 and follows the TSX Venture Exchange (the "Exchange") policy under which it is authorized to grant options to directors and employees to acquire up to 10% of its issued and outstanding common stock. Under the policy, the exercise price of each option equals the market price of the Company's stock, less applicable discounts permitted by the Exchange, as calculated on the date of grant. The options can be granted for a maximum term of 5 years.

The following table summarizes the activity with respect to options granted and exercised during the year. The activity for the prior year has been restated for the reverse share split as described above.

	September 30 2007		March 31 2007	
	Number of Options	Weighted Average Exercise Price	Number of Options (restated)	Weighted Average Exercise Price
Outstanding, beginning of year	636,465	$ 0.77	189,865	$ 1.40
Options Granted	297,500	$0.50	470,000	$ 0.52
Options Exercised	-	-	23,400	$ 1.40
Options Expired	166,465	-	-	
Outstanding, end of year	767,500	$ 0.51	636,465	$ 0.77
Options exercisable, end of year	767,500	$ 0.51	636,465	$ 0.77

The following stock options were outstanding at September 30, 2007:

Number of options outstanding and exercisable	Exercise Price	Weighted average remaining life	Expiry date
90,000	$ 1.20	3.5	April 6, 2011
380,000	$ 0.36	4.5	March 1, 2012
297,500	$0.50	5.0	September 17, 2012

7. SHARE CAPITAL (continued from previous page)

Stock-based compensation

The Company has recognized $ 184,450 in stock based compensation in the current period ($283,900 in fiscal year 2007).

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

	September 30 2007	March 31 2007
Risk-free interest rate	4.27%	3.99%
Expected life of options	5 years	5 years
Annualized volatility	244%	219%
Dividend	0%	0%

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimated, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

8. CONTRIBUTED SURPLUS

	September 30 2007	March 31 2007
Balance, beginning of year	$ 1,275,907	$ 1,008,387
Stock-based compensation	184,450	283,900
Exercise of options	-	(16,380)
Balance, end of period	$ 1,460,357	$ 1,275,907

9. RELATED PARTY TRANSACTIONS

The Company paid or accrued the following to directors, former directors and to companies controlled by directors and former directors of the Company:

	September 30 2007	March 31 2007
Salaries and consulting	$ 103,217	$ 228,398
Office	$ -	$ 17,185

These transactions were in the normal course of operations and were measured at the exchange amounts, which is the amount of consideration established and agreed to by the related parties. As at September 30, 2007, the Company owed $ 40,810 ($63,153 at March 31 2007) to directors of the Company and its subsidiaries, companies controlled by a director, an individual related to a director and to former directors. The fair value of amounts due to or from related parties cannot be determined as there are no specific terms of repayment and no interest is charged. A portion of the related party amount owing was settled during 2007 was forgiven to the Company resulting in a debt settlement gain of $108,128 (Note 11).

Additional related party transactions are disclosed in Note 7 to these consolidated financial statements.

10. INCOME TAXES

A reconciliation of income taxes (recovery) at statutory rates with the reported income taxes (recovery) is as follows:

	March 31 2007	March 31 2006
Net income (loss) for year before taxes	$ (919,528)	$ 455,478
Computed taxes paid (recovered) at statutory rates	$ (312,056)	$ 155,409
Difference in foreign tax rates	27	(1,470)
Non-taxable items	120,620	94,971
Under (over) provision previous years	(221)	9,933
Change in valuation allowance *	239,689	(228,615)
Income tax	$ 48,059	$ 30,228

* including changes in accumulated losses in the foreign subsidiaries

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

	March 31 2007	March 31 2006
Property, plant and equipment	$(22,885)	$ 1,927
Mineral property expenditures	15,959	23,186
Non-capital losses carry forward	915,279	763,499
	908,353	788,612
Less: valuation allowance	(931,238)	(786,884)
	$ (22,885)	$ 1,728

The above analysis does not include accumulated losses in the foreign subsidiaries.

10. INCOME TAXES (continued from previous page)

The Company had the following estimated tax pool balances at March 31, 2007:

	2007	2006
Canadian Exploration Expense	$ 4,605	$ 4,605
Canadian Development Expense	45,080	64,400
Undepreciated Capital Cost	3,495	3,174
Non-capital loss carry-forward	$ 2,848,422	$ 2,636,334

The Company has available for deduction against future taxable income non-capital losses of approximately $2,848,422 at March 31, 2007 ($2,636,334 in 2006). These losses, if not utilized, will expire commencing 2008. Subject to certain restrictions, the Company also has resource expenditures available to reduce taxable income in future years. Future tax benefits which may arise as a result of these non-capital losses and resource deductions have not been recognized in these financial statements due to the uncertainty of their ability to be realized.

In assessing the ability of future tax assets to be realized, management considers whether it is more likely than not that some portion or all of the future tax assets will not be realized. The ultimate realization of future tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of future tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The amount of the future tax asset considered realizable could change materially in the near term based on future taxable income during the carry forward period. A valuation allowance has been provided against all net future tax assets, as realization of such net assets is uncertain.

11. DEBT SETTLEMENT GAINS

	September 30 2007	March 31 2007
Settlement of debt from minority share purchase (Note 1)	$ -	$ -
Settlement of accounts payable	-	63,000
Cash gifted to Company from related party (Note 9)	-	-
Settlement of payables to related party	-	45,128
	$ -	$ 108,128

12. SEGMENTED INFORMATION

Details of identifiable assets by geographic segments are as follows:

	Total Assets	Property, Plant and Equipment	Mineral Properties	Cash and Equivalents	Other Assets
September 30, 2007					
Canada	$ 273,741	$ 48,788	$ -	$ 218,570	$ 6,383
South Africa	384,891	148,014	-	196,682	40,195
	$ 658,632	$ 196,802	$ -	$ 415,252	$ 46,578
March 31, 2007					
Canada	$ 332,139	$ 3,102	$ -	$ 315,914	$ 13,123
South Africa	312,923	169,038	-	80,547	63,338
	$ 645,062	$ 172,140	$ -	$ 396,461	$ 76,461

Details of earnings (loss) from operations by geographic segments are as follows:

	Canada	South Africa	Total
Sales	-	$ -	$ -
Operating costs	-	(45,763)	(45,763)
Amortization	(12,045)	(21,024)	(33,069)
Other items	(559,017)	(15,271)	(574,288)
Loss for six month period ended September 30, 2007	$ (571,062)	$ (82,058)	$ (653,120)
Earnings for period ended March 31, 2007	$ (584,708)	$ (382,879)	$ (967,587)

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by management, in deciding how to allocate resources and in assessing performance. All of the Company's operations are within the mining sector. Due to the geographic and political diversity, the Company's mining operations are decentralized whereby mining managers are responsible for business results and regional corporate offices provide support to the mining programs in addressing local and regional issues. The Company's operations are therefore segmented on a geographical basis. The Company's mining properties are all located in South Africa.

13. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, accounts receivable, accounts payable and amounts due to related parties. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values due to the short term maturities of these items, except for the amounts due to related parties which are disclosed in Note 9.

The Company is exposed to credit risk only with respect to uncertainties as to timing and collectability of receivables. The Company mitigates credit risk through standard credit and reference checks. The Company is exposed to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

The Company's subsidiaries in South Africa operate using principally the US Dollar and the South African Rand and as such may be negatively affected by fluctuations in foreign exchange rates when translating from the currency of measurement of the Company's subsidiary to the Company's reporting currency.

14. CHANGE IN ESTIMATE

During the year ended March 31, 2006, the useful life of the property, plant and equipment located at So Ver, was revised and calculated based on the expected remaining life of the mine being 2 years. In the current year, due to the cessation of the operations at So Ver the estimates for the carrying value of property, plant and equipment, mineral rights and the asset retirement obligation have been revised as further discussed in Notes 4, 5 and 6 to these consolidated financial statements. These changes have been applied prospectively to the consolidated financial statements in accordance with the relevant standards. The effects of the changes in estimates have been to increase accretion, amortization and depletion by a total amount of $194,306. In addition the balance sheet totals for the following were also affected: accumulated amortization of property, plant and equipment increased by an amount of $87,704, depletion of mineral properties increased by an amount of $86,374 and the accretion of the asset retirement obligation increased by an amount of $20,228.

15. SUPPLEMENTARY CASH FLOW INFORMATION

	September 30 2007	March 31 2007
Interest paid	**$ -**	$ -
Income taxes paid (recovered)	**$ -**	$19,813

Cash and cash equivalents are comprised of cash at bank with various financial institutions.

16. COMMITMENTS

The Company has a commitment to lease office space at a rate of $2,765 per month. The lease expires in May, 2012. The minimum lease payments under this lease are $33,180 per year.

17. SUBSEQUENT EVENTS

On November 5, 2007 the company settled certain payables with directors of the company by the issuance for common shares. 68,017 shares were issued that settle $40,810 in payables.

On November 6, 2007 the company announced its intention to complete the acquisition of 24% of Nerikets Properties (Pty) Ltd.