

METAL CREEK RESOURCES CORP.
(formerly The Endurance Fund Corporation)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2007

AUDITORS' REPORT

To the Shareholders of
Metals Creek Resources Corp.
(formerly The Endurance Fund Corporation):

We have audited the consolidated balance sheet of Metals Creek Resources Corp. as at December 31, 2007 and 2006 and the statements of loss and comprehensive loss, deficit and cash flows for the year ended December 31, 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 audit.

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

Markham, Ontario
April 23, 2008

Wasserman Ramsay

Chartered Accountants
Licensed Public Accountants

METAL CREEK RESOURCES CORP.

CONSOLIDATED BALANCE SHEETS- DECEMBER 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 226,618	\$ 34,383
Short term investments	300,000	709,059
Cash - flow through funds	1,585,000	-
Accrued interest receivable	28,893	10,604
G.S.T. receivable	48,104	2,281
	<u>2,188,615</u>	<u>756,327</u>
Property and equipment <i>(Note 4)</i>	8,875	-
Staking security deposits <i>(Note 11)</i>	196,650	-
Mineral properties and deferred exploration expenditures <i>(Note 5 & 8)</i>	<u>647,004</u>	<u>-</u>
	<u>\$ 3,041,144</u>	<u>\$ 756,327</u>
LIABILITIES		
Current:		
Accounts payable and accrued liabilities <i>(Note 8)</i>	\$ <u>375,543</u>	\$ <u>26,577</u>
Future income taxes <i>(Note 10)</i>	<u>680,862</u>	<u>-</u>
SHAREHOLDERS' EQUITY		
Common shares <i>(Note 6)</i>	1,675,710	936,989
Warrants <i>(Note 7)</i>	545,887	-
Contributed surplus	-	102,000
Deficit	<u>(236,858)</u>	<u>(309,239)</u>
	<u>1,984,739</u>	<u>729,750</u>
	<u>\$ 3,041,144</u>	<u>\$ 756,327</u>

History, Nature of Operations and Going Concern - Note 1

Approved on behalf of the Board:

"Mick Stares"
Mick Stares, Director

"Wayne Reid"
Wayne Reid, Director

The accompanying notes form an integral part of these consolidated financial statements

METAL CREEK RESOURCES CORP.

CONSOLIDATED STATEMENT OF LOSS AND COMPREHENSIVE LOSS

FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>2007</u>
Expenses:	
Business development	3,043
Depreciation	8,219
Office and general	10,988
Professional fees (<i>Note 8</i>)	97,615
Consulting	8,086
Adjustment on acquisition of mineral properties	<u>20,000</u>
	<u>147,951</u>
Net loss for the year before undernoted item	(147,951)
Administrative fees on mineral properties	<u>1,326</u>
Net loss and comprehensive loss for the period	\$ <u>(146,625)</u>
Net loss per share - basic and diluted	\$ <u>(0.015)</u>
Weighted average number of shares outstanding - basic and diluted	<u>9,930,426</u>

CONSOLIDATED STATEMENT OF DEFICIT

FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>2007</u>
Deficit, beginning of period	\$ -
Adjustment, reverse takeover accounting	(90,233)
Net loss for the period	<u>(146,625)</u>
Deficit, end of year	\$ <u>(236,858)</u>

The accompanying notes form an integral part of these consolidated financial statements

METAL CREEK RESOURCES CORP.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>2007</u>
Cash was provided by (used in) the following activities:	
Operating activities:	
Net loss for the period	\$ (146,625)
Depreciation	8,219
Net change in non-cash working capital balances:	
Accrued interest receivable	(28,893)
G.S.T receivable	(48,104)
Accounts payable and accrued liabilities	<u>375,543</u>
	<u>160,140</u>
Financing activities:	
Issuance of capital stock for cash	<u>2,174,342</u>
Investing activities:	
Cash - flow through funds	(1,585,000)
Staking security costs	(196,650)
Expenditures on mineral properties	(610,831)
Cash received on Reverse Takeover transaction	301,711
Acquisition of property, plant and equipment	<u>(17,094)</u>
	<u>(2,107,864)</u>
Net change in cash and cash equivalents and cash and cash equivalents, end of year	<u>\$ 226,618</u>

The accompanying notes form an integral part of these consolidated financial statements

METALS CREEK RESOURCES CORP.

Consolidated Notes to Financial Statements

December 31, 2007

1. HISTORY, NATURE OF OPERATIONS AND GOING CONCERN

Metals Creek Resources Corp. (formerly “The Endurance Fund Corporation”) (“Endurance” or the “Company”) was incorporated on June 21, 2004 under the Business Corporations Act (Ontario). Prior to completion of the Reverse Takeover with North American Uranium Corp. (“NAUC”), (the “Acquisition”) as discussed below, the Company was classified as a capital pool company pursuant to the policies of the TSX Venture Exchange (“Exchange”). The Company was a non-operating public enterprise and did not meet the definition of a business under the CIBCA Handbook EIC - 124; therefore, the Acquisition did not constitute a business combination under the provision of EIC-10. Accordingly, the Acquisition has been accounted for as a capital transaction rather than a business combination. The net assets acquired at fair value was \$587,647.

Under the provisions of EIC-10 the Company is considered to be a continuation of NAUC and, as such, the figures shown for comparative purposes would normally be those of NAUC. However, as NAUC was incorporated in 2007 no such comparative numbers exist. The comparative figures shown on the consolidated balance sheet are those of Endurance.

REVERSE TAKEOVER

On December 21, 2007, the Company completed its Qualifying Transaction, as defined under the policies of the Exchange, with NAUC pursuant to which the Company acquired all of the issued and outstanding common shares and common share purchase warrants of NAUC (the “Acquisition”) Pursuant to the Acquisition, the Company issued 9,859,286 common shares at a deemed price of \$1 per share, and warrants to acquire 357,143 common shares at an exercise price of \$0.50. The Exchange issued a Final Exchange Bulletin on January 25, 2008 approving the Acquisition.

The Company changed its name to Metals Creek Resources Corp. on February 20, 2008, and the Exchange issued its Exchange Bulletin for this change on March 13, 2008. The Company is an exploration stage company, and is in the process of exploring its resource properties and has not yet determined whether these properties contain ore reserves that are economically recoverable.

GOING CONCERN

The accompanying financial statements have been prepared on the basis of Canadian generally accepted accounting principals (“GAAP”) applicable to a going concern. The appropriateness of using the going concern basis is dependent upon, among other things, future profitable operations, and the ability of the Company to raise additional capital. Specifically, the recovery of the Company’s investment in resource properties and related deferred expenditures is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to develop the properties and establish future profitable production from the properties, or from the proceeds of their disposition. The Company has not earned any revenues to date and is considered to be in the exploration stage.

These 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 on its ability to develop profitable operations and to continue to raise adequate financing.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally GAAP. Outlined below are those policies considered particularly significant.

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Mineral Properties and Deferred exploration Expenditures

Mineral property acquisition, exploration and development expenditures are deferred until the properties are placed into production, sold or abandoned. These deferred costs will be amortized over the estimated useful life of the properties following commencement of production or written down if the properties are allowed to lapse or are abandoned.

Costs include the cash consideration and the fair market value of the shares/other securities issued for the acquisition of mineral properties. The carrying value is reduced by option proceeds received until such time as the property cost and deferred expenditures are reduced to nominal amounts. Properties acquired under option agreements or by joint ventures, whereby payments are made at the sole discretion of the Company, are recorded in the accounts at the time of payments.

Land Reclamation Costs

During the course of acquiring and exploring potential mining properties, the Company must comply with government regulated environment evaluation, updating and reclamation requirements. The costs of complying with these requirements are capitalized as incurred, as deferred costs until such time as the properties are put into commercial production, at which time the costs incurred will be charged to operations on a unit-of-production basis over the estimated mine life. Upon abandonment or sale of a property all deferred costs relating to the property will be expensed in the year of such abandonment or sale. The cost and extent of future site cleanup, reclamation or remediation cannot be determined at this time, and no amount has been recorded in these financial statements.

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principals 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 related reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of impairment of assets, resource property values, expected tax rates for future income tax recoveries and useful lives of amortization of long-lived assets. Actual results could differ from those reported. Management believes that the estimates are reasonable.

Income Taxes

The Company follows the CICA Handbook Section 3465 in accounting for corporate income taxes which focuses on the amounts of income taxes payable or receivable that will arise if an asset is realized or a liability is settled for its carrying amount. The resulting future income tax asset or liability is recorded based on substantially enacted income tax rates. In the case of unused tax losses, income tax reductions and certain items that have a tax basis but cannot be identified with an asset or liability on the balance sheet, the recognition of future income tax assets is determined by reference to the likely realization of such benefits at the balance sheet date.

Flow-Through Financing

During the year, the Company issued flow-through shares pursuant to a private placement. Under this arrangement, shares are issued which transfer the tax deductibility of mineral property exploration expenditures to investors. Proceeds received on the issuance of these shares have been credited to capital stock and the related exploration costs will be charged to mining and resources properties in the year in which they are incurred.

METALS CREEK RESOURCES CORP.

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December 31, 2007

The entire amount of flow-through financing received will be renounced to the investors under the provisions of the Income Tax Act. Accordingly, as the actual expenditures are incurred, they will carry no tax deductibility and will be recorded in the period in which the expenditures are incurred, and the result will be tax differences. Future income tax liabilities resulting from these tax differences are recorded in the period in which the expenditures are renounced as a reduction of capital stock, provided there is reasonable assurance that the expenditures will be made.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two year period.

Risk Management

The Company is engaged primarily in the mineral exploration field and manages related industry risk issues directly. The Company is at risk for environmental issues and fluctuations in commodity pricing.

The Company is not exposed to significant credit concentration risk or interest rate risk.

The Company's functional currency is the Canadian dollar. All current exploration occurs within Canada. There is no significant foreign exchange risk to the Company.

Property and Equipment

Purchased property and equipment are recorded at cost. Amortization is provided using the declining balance method using annual rates as follows:

Computer equipment	55%
Computer software	100%

Cash and cash equivalents

Cash and cash equivalents are comprised of cash and cashable guaranteed investment certificates.

Asset Retirement Obligation

The Company follows CICA 3110, "Asset Retirement Obligations" which requires companies to record the fair value of an asset retirement obligations as a liability in the period in which it incurred a legal obligation associated with the retirement of tangible long-lived assets that result from the acquisition, construction, development and/or normal use of the assets. The obligation is measured initially at fair value using present value methodology and the resulting costs are capitalized into the carrying amount of the related asset. In subsequent periods, the liability will be adjusted for any changes in the amount of timing of the underlying future cash flows. Capitalized asset retirement costs are depreciated on the same basis as the related asset and the discounted accretion of the liability is included in determining the results of operations.

Impairment of Long-lived Assets

The Company periodically evaluates the future recoverability of its long-lived assets. Impairment losses or write-downs are measured as the difference between the carrying amount and the fair value of the asset and are recorded in the event the net book value of such assets are determined to be not recoverable based on the estimated undiscounted future cash flows attributes to these assets.

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Revenue Recognition

Revenue is recognized when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the sales price is fixed or determinable and collectibility is reasonably assured. To date the Company has not earned any revenue other than interest income earned on its short-term investments.

General and Administrative Expenses

The Company charges all general and administrative expenses not directly related to exploration activity to operations as incurred.

Financial Instruments

The carrying amount of cash in bank, accounts and other receivables, accounts payable and accrued liabilities is comparable to its fair value due to the approaching maturity of these financial instruments.

3. CHANGE IN ACCOUNTING POLICIES

Financial Instruments

The company has adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA") relating to financial statements.

Financial Instruments – recognition and measurement (CICA Handbook Section 3855)

These standards set out criteria for the recognition and measurement of financial instruments for fiscal years beginning on or after October 1, 2006. This standard required all financial instruments within its scope, including derivatives, to be included on a company's balance sheet and measured either at fair value or, in certain circumstances when fair value may not be consideration the most relevant, at cost or amortized cost. Changes in fair value are to be recognized in the statements of operations and deficit.

All financial assets and liabilities are recognized when the company's outstanding financial assets and liabilities at the effective date of adoption are recognized and measured in accordance with the new requirements as if these requirements had always been in effect.

All financial instruments are classified into one of the following five categories; held for trading, held-to-maturity, loans and receivable, available-for-sale financial assets or other financial liabilities. Initial and subsequent measurement and recognition of changes in the value of financial instruments depend on their initial classification.

Held for trading financial instruments are measured at fair value. All gains and losses are included in net loss in the period in which they arise.

Held-to-maturity investments, loans and receivables, and other financial liabilities are initially measured at fair value and subsequently measured at amortized cost. Amortization of premiums or discounts and losses due to impairment are included in current period net loss.

Available-for-sale financial assets are measured at fair value. Revaluation gains and losses are included in comprehensive income until the asset is removed from the balance sheet.

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All derivative financial instruments are classified as held for trading financial instruments and are measured at fair value, even when they are part of a hedging relationship. All gains and losses are included in the net loss in the period in which they arise.

In accordance with this new standard, the company has classified its financial instruments as disclosed in Note 2.

Hedging (CICA Handbook Section 3865)

This new standard specifies the circumstances under which hedge accounting is permissible and how hedge accounting may be performed. The company currently does not have any hedges.

Comprehensive Income (CICA Handbook Section 1530)

Comprehensive income is the change in shareholders' equity during the period from transactions and other events from non-owner sources. This standard requires certain gains and losses that would otherwise be recorded as part of net loss to be presented in other "comprehensive income" until it is considered appropriate to recognize into net loss. This standard requires the presentation of comprehensive income, and its components in a separate financial statement that is displayed with the same prominence as the other financial statements. The company currently does not have any comprehensive income.

4. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	Dec 31, 2007 Net
Computer equipment	\$ 1,458	\$ 401	\$ 1,057
Computer software	15,636	7,818	7,818
	<u>\$ 17,094</u>	<u>\$ 8,219</u>	<u>\$ 8,875</u>

5. MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

Mineral properties and deferred exploration expenditures are comprised as follows:

Deferred exploration expenditures	\$ 459,081
Acquisition costs and staking costs of properties	<u>187,923</u>
	<u>\$ 647,004</u>
<u>Properties</u>	
Dog Paw Gold Project	\$ 524,538
Sheffield Lake Project	36,002
Sops Arm Project	27,864
Gabbro Lake Project	3,178
Creelman, Fraleck, Marconi, Stobie Properties	20,493
Other Properties	<u>34,929</u>
	<u>\$ 647,004</u>

a) **Dog Paw Gold Property**

The Company has acquired an option on the Dog Paw gold project which is located approximately 40 km east of Kenora, Ontario and consists of 23 claims totaling 269 units. The company has entered into an option agreement with Endurance Gold Corp (an unrelated company), whereby under the Initial Option the Company can earn a 70% interest in the property by making share payments totaling 400,000 shares and completing work commitments of \$200,000 on the property. Provided the Initial Option is exercised, the Company may exercise a Second Option to earn a further 5% in the property by issuing a further 50,000

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common shares and spending an additional \$250,000 on the property. After the Company has earned a 75% interest a joint venture will be formed on a 75% the Company and 25% Endurance Gold Corp. basis.

The share payments shall be issued as follows:

First Option	400,000 common shares (issued March 30, 2007)
Second Option	50,000 common shares

b) **Wicks Lake and Panama Lake Gold Properties**

The Panama Lake Gold property is located in the southern portion of the Birch-Uchi Lake Greenstone belt in Northwestern Ontario and consists of 2 claims totaling 24 units. The Wicks Lake gold property is located in the Northwestern Ontario approximately 1.5 km south of the Dog Paw Gold property and consists of 1 claim totaling 11 units.

The properties were purchased from Stares Contracting Corp., subject to a 2% NSR royalty. Consideration for the acquisition was \$20,000 cash and 150,000 shares.

c) **Sheffield Lake Project**

The Sheffield Lake project consists of 395 claims located approximately 30 km Northeast of Deer Lake, Newfoundland.

d) **Sops Arm Project**

The Sops Arm project consists of 739 claims located approximately 50 km Northeast of Deer Lake, Newfoundland.

e) **Gabbro Lake Project**

The Gabbro Lake project consists of 313 claims located approximately 120 km Northeast of Labrador City, Labrador.

During the year, the Company entered into a formal joint venture agreement with Golden Dory Resources on the Gabbro Lake Project. Under the terms of the agreement the Company and Golden Dory Resources formed the joint venture on a 50:50 basis with the Company being the primary operator.

f) **Fraleck Property**

The Fraleck Property consists of 56 claim units in 4 contiguous mining claims located in Fraleck and Creelman Townships which are approximately 50 km north of Sudbury, Ontario.

g) **Marconi Property**

The Marconi Property consists of 64 claim units in 4 contiguous mining claims located in Marconi and Stobie Townships which are approximately 70 km north-northeast of Sudbury, Ontario.

h) **Other Properties**

Included in Other Properties are the following:

Mundiregina Property;
Cheesman Lake Property; and Genex Property.

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December 31, 2007

6 CAPITAL STOCK**(a) Share Capital**

The authorized capital of the Company consists of an unlimited number of common shares and an unlimited number of preference shares issuable in series.

Details of share capital transactions for the period ended December 31, 2007 and 2006 are as follows:

	<u>Number of Shares</u>	<u>Amount</u>
Balance, December 31, 2005	7,470,000	\$ 925,739
Exercise of Agent Options	<u>75,000</u>	<u>11,250</u>
Balance, December 31, 2006	7,545,000	936,989
Cancellation of shares, failure to complete a Qualifying Transaction within the time limit imposed by the Exchange (June 2007)	(745,000)	-
Adjustment for Reverse Takeover Transaction	<u>-</u>	<u>(349,342)</u>
Balance, Reverse Takeover	6,800,000	587,647
Common shares issued for cash at \$0.01 per share (i)	8,880,000	88,800
Less: common shares surrendered for cancellation and returned to treasury	(685,000)	(6,850)
Common shares issued for cash at \$0.35 per share pursuant to private placement (ii)	714,286	250,000
Less: value of warrants issued with common shares		(49,390)
Flow-through common shares issued pursuant to private placements (net of tax effect valuation adjustment of \$57,792)(iii)	400,000	102,208
Common shares issued under option agreement (Dog Paw Gold property - net) (note 5(a))	400,000	89,432
Common shares issued to acquire gold properties (Stares Contracting - net) (note 5(b))	150,000	-
Common shares issued for cash at \$1 per unit in conjunction with Closing of Acquisition (iv)		
Flow-through common shares issued (net of tax effect valuation adjustment of \$572,502)	1,585,000	1,012,498
Common shares issued	270,250	270,250
Less: share issue costs		(172,388)
Less: value of warrants issued with common shares		(481,944)
Less: value of broker warrants issued	<u>-</u>	<u>(14,553)</u>
Balance, December 31, 2007	<u>18,514,536</u>	<u>\$ 1,675,710</u>

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Consolidated Notes to Financial Statements

December 31, 2007

During the year ended December 31, 2007, the Company completed the following private placements:

- (i) 8,880,000 common shares at a price of \$0.01 per common share for gross proceeds of \$88,000. 685,000 common shares were later surrendered for cancellation and returned to treasury.
- (ii) 714,286 common share units at a price of \$0.35 per unit for gross proceeds of \$250,000. Each unit is comprised of one common share and one-half of a common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one common share at an exercise price of \$0.50 at any time until March 2008. The fair value of the 357,143 common share purchase warrants received by investors have been estimated at \$49,390 using the Black-Scholes option pricing model and the following assumptions: dividend yield of 0%, expected volatility of 128%, a risk-free interest rate of 3.87% and an expected life of 12 months. The value of these warrants reduced the proceeds attributable to share capital and are recognized under capital stock as warrants.
- (iii) 400,000 flow-through common shares at a price of \$0.40 per flow-through share for gross proceeds of \$160,000.
- (iv) In connection with closing of the Acquisition, the Company closed a private placement of 1,855,250 units, at \$1 per unit, for gross proceeds. Each unit is comprised of one common shares and one common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one common share at an exercise price of \$1.25 at any time until December 2009. Of the placement 1,585,000 were flow-through with the balance of 270,250 being non-flow through. The fair value of the 1,855,250 common share purchase warrants received by investors have been estimated at \$481,944 using the Black-Scholes option pricing model and the following assumptions: dividend yield of 0%, expected volatility of 30%, a risk-free interest rate of 4.5% and an expected life of 24 months. The value of these warrants reduced the proceeds attributable to share capital and are recognized under capital stock as warrants.

In connection with the above private placement, the Company paid finders fees of \$144,152 and issued 120,000 agents warrants, each agent warrants being exercisable into a common share of the Company at \$1 per share, expiring in December 2009. The warrants issued were valued at \$14,553.

(b) Share Purchase Warrants

Details of share purchase warrant transactions for the period ended December 31, 2007 are as follows:

Granted during the period:	Weighted Average			Expiry
	# of Warrants	Amount	Exercise Price	
- Pursuant to private placements (note 6(a)(ii))	357,143	\$ 49,390	\$0.50	Mar 2008
- Pursuant to private placements(note 6(a)(iv))	1,855,250	481,944	\$1.25	Dec 2009
- Broker warrants	<u>120,000</u>	<u>14,553</u>	\$1.00	Dec 2009
Total	<u>2,332,393</u>	<u>\$ 545,887</u>		

(c) Stock Options

A summary of the Company's options at December 31, 2007 and the changes for the year then ended is as follows:

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December 31, 2007

	Options Outstanding	Weighted-Average Exercise Price	Expiry
December 31, 2006 and 2007	739,500	\$0.15	Sep 2009

The following table summarizes information about the options outstanding at December 31, 2007:

	Options outstanding	Remaining
Exercise Price	739,500	1.75 years

(d) Share Issuance – Option Agreements

On February 24, 2007, the Company issued 400,000 common shares in order to acquire an option on the Dog Paw Gold Property as described in note 5(a).

On February 24, 2007, the Company issued 150,000 common shares in order to exercise the option to acquire the Wicks Lake and Panama Lake Gold Properties as described in (note 5(b)).

(e) Shares held in escrow

Pursuant to the requirements of the Exchange, 13,655,000 common shares remain subject to escrow: of which 10,762,077 are subject to a value escrow agreement and 2,892,923 are subject to a surplus escrow.

7. WARRANTS

Balance, December 31, 2005 and 2006	\$	-
Fair value of warrants issued in 2007:		
Note 6(a)(ii)		49,390
Note 6(a)(iv)		481,944
Fair value of agent's warrants issued		<u>14,553</u>
Balance, December 31, 2007	\$	<u>545,887</u>

8. RELATED PARTY TRANSACTIONS

The option on the mineral property referred to in note 5(b) was acquired by the Company from Stares Contracting Corp. Michael Stares is the President of Stares Contracting Corp. and a director of the Company. Under the terms of the agreement, Stares Contracting Corp. received \$20,000 and 150,000 common shares in the Company plus a royalty (see notes 5(b) for details). The transactions were recorded at the carrying amount.

The Company paid or accrued the following amounts to related parties during the period ended December 31, 2007:

<u>Payee</u>	<u>Description of Relationship</u>	<u>Nature of Transaction</u>	<u>(\$)</u>
Stares Contracting Corp.	Company controlled by Stephen Stares and Michael Stares, Directors	Payments for property claims exploration activities capitalized in deferred exploration expenditures and refundable security deposits	126,151

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Clint Barr	Director	Payments for exploration activities capitalized in deferred exploration expenditures reimbursement of expenses, and refundable security deposits	17,625
Alexander Stares/ Stares Prospecting Ltd.	Director/Company controlled by Alexander Staresactivities,	Payments for exploration capitalized in deferred exploration expenditures, reimbursement of expenses	51,807
Gordon J. Fretwell Law Corporation	Company controlled by Gordon Fretwell, Director	Legal fees expensed and accrued during the period	56,428
Michael Stares	Director	Payment for exploration activities, capitalized in deferred exploration expenditures	10,860
Michael MacIsaac	Officer	Payment for exploration activities capitalized in deferred exploration expenditures, reimbursement of expenses	37,579
Nick Tsimidis	Officer and Director	Reimbursement of expenses	16,972

The purchases from/fees charged by related parties are in the normal course of operation and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Included in accounts payable and accrued liabilities is \$26,719 payable to Michael MacIsaac, \$15,857 payable to Wayne Reid, \$48,941 payable to Gordon J. Fretwell Law Corporation for legal services and \$63,017 payable to Stares Contracting Corp. for exploration activities capitalized in deferred exploration expenditures.

9. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, short term investments, accounts and other receivables, accounts payable and accrued liabilities and promissory notes payable. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risk from these financial instruments.

10. INCOME TAXES

The Company adopts the asset and liability method of accounting for income taxes (see note 2).

(a) Provision for Income Taxes

The provision for (recovery of) income taxes differs from the amount that would have resulted by applying Canadian federal and provincial statutory tax rates of 36.1%.

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Loss before taxes	\$ (146,625)
Expected income tax expense (recovery) calculated using statutory rates	(53,960)
Losses not tax benefited	<u>53,960</u>
Income tax expense (recovery)	<u>\$ -</u>

(b) Future Tax Balances

The tax effects of temporary differences that give rise to future income tax assets and future income tax liabilities at the combined Canadian federal and provincial statutory tax rates of 36.1% are as follows:

Future tax assets – long term portion	
Non-capital losses	\$ 206,036
- Renunciation of flow-through proceeds	572,502
- Renunciation of flow-through proceeds	57,792
- Mineral properties	50,568
Valuation allowance	<u>(206,036)</u>
	<u>\$ 680,862</u>

(c) Income Tax Information

The Company has \$439,081 of undeducted exploration and exploration costs which are available for deduction against future income for Canadian tax purposes. In addition, the Company has non-capital losses which will expire, if unused, as follows:

Year of Expiry	Amount
2014	\$ 20,433
2015	71,334
2026	122,929
2027	<u>347,609</u>
TOTAL	<u>\$ 562,305</u>

The Company evaluates its valuation allowance requirements based on projected future operations. When circumstances change and this causes a change in management's judgment about the recoverability of future tax assets, the impact of the change on the valuation allowance is reflected in current income.

During 2007, the company recorded a future tax liability of \$680,862 in accordance with the accounting treatment of Canadian flow-through shares and the issuance of warrant and option share agreements under CICA Handbook EIC-146.

11. STAKING SECURITY DEPOSITS

Staking security deposits of \$196,650 represents security deposits paid to the Government of Newfoundland and Labrador in connection with mineral property claims located in the Province of Newfoundland. These staking security deposits are refundable to the company upon submission by the company of a report covering the first year work requirements which meets the requirements of the Government of Newfoundland and Labrador.

METALS CREEK RESOURCES CORP.

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12. SUPPLEMENTAL CASH FLOW INFORMATION

Non-cash investing and financing activities:

		2007
Shares issued for option on mineral properties	\$	89,432
Brokers warrants issued	\$	14,553

13. LOSS PER SHARE

Basic loss per share figures are calculated using the weighted average number of common shares outstanding during the period (9,930,426).

Fully diluted loss per share figures are calculated after taking into account all stock options and warrants granted. Exercise of the outstanding warrants and options would be anti-dilutive with respect to loss per share calculations and therefore fully-diluted loss per share is not presented.

14. SUBSEQUENT EVENTS

Subsequent to December 31, 2007, the Company entered into a formal joint venture agreement with Uranium City Resources on both the Sheffield Lake and Sops Arm Projects. Under the terms of the agreements, Uranium City Resources can earn a 50% interest in the property by spending \$1.4 million over a three year period with the Company being the primary operator over the earn in period.

In addition, subsequent to the year, the Company retained The Windward Agency to provide investor and public relations. The Windward Agency is based in Charlotte North Carolina, and will receive a monthly retainer of US\$5,000 plus approved expenses, renewable on a month to month basis.