

E-ENERGY VENTURES INC.

Report and Financial Statements

March 31, 2007

SAM S. MAH INC.

Chartered Accountant

#1850 – 1066 West Hastings Street, Vancouver, B.C. V6E 3X2

Tel: (604) 682-8858

Fax: (604) 688-8479

E-Mail: sam_mah@telus.net

AUDITOR'S REPORT

**To the Shareholders,
E-Energy Ventures Inc.**

I have audited the balance sheets of E-Energy Ventures Inc. as at March 31, 2007 and 2006 and the statements of operations and deficit and cash flows for each of the years then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 my opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2007 and 2006 and the results of its operations and its cash flows for each of the years then ended in accordance with Canadian generally accepted accounting principles.

Vancouver, Canada
July 24, 2007



Chartered Accountant

E-ENERGY VENTURES INC.**Balance Sheet****As at March 31, 2007**

	<u>2007</u>	<u>2006</u>
ASSET		
<i>Current</i>		
Cash and cash equivalents	\$ 642,885	\$ 11,875
GST receivable	22,507	837
Prepaid and deposit	<u>11,463</u>	<u>-</u>
	676,855	12,712
Equipment – (Note 3)	1,455	2,078
Mineral property and deferred exploration costs – (Note 4)	<u>2,178,312</u>	<u>278,750</u>
	<u>\$ 2,856,622</u>	<u>\$ 293,504</u>

LIABILITIES*Current*

Accounts payable and accrued liabilities	<u>\$ 19,803</u>	<u>\$ 60,947</u>
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SHAREHOLDERS' EQUITY

Capital stock – (Note 6)	9,405,895	6,593,644
Contributed surplus – (Note 7)	475,070	164,627
Deficit	<u>(7,044,146)</u>	<u>(6,525,678)</u>
	<u>2,836,819</u>	<u>232,593</u>
	<u>\$ 2,856,622</u>	<u>\$ 293,540</u>

Nature and continuance of operations - (Note 1)**Subsequent events – (Note 12)***Approved by the Board:*

“Simon Tam”, Director

“David Rankin”, Director

See accompanying notes to the financial statements

E-ENERGY VENTURES INC.
Statement of Operations
For the Year March 31, 2007

	2007	2006
General and Administrative Expense		
Administration fees – (Note 5)	\$ 6,000	\$ 6,000
Amortization	623	603
Consulting fees – (Note 5)	52,500	30,000
Filing fees	35,608	10,399
Interest	290	342
Investor relations	20,000	-
Management fees – (Note 5)	-	12,000
Office and miscellaneous	6,097	2,890
Professional fees	76,063	25,241
Rent – (Note 5)	7,500	6,000
Shareholder information	3,963	2,570
Stock based compensation – (Note 7)	310,443	164,627
Transfer agent fees	12,110	9,022
Travel and promotion	22,581	209
Loss before other item	(553,778)	(269,903)
Other items		
Write-off of prior years accounts payable	18,268	-
Interest income	17,042	928
Loss for the year	(518,468)	(268,975)
Deficit, beginning of year	(6,525,678)	(6,256,703)
Deficit, end of year	\$ (7,044,146)	\$ (6,525,678)
Basic and diluted loss per common share	\$ (0.02)	\$ (0.01)
Weighted average number of shares outstanding	34,488,137	18,097,516

See accompanying notes to the financial statements

E-ENERGY VENTURES INC.
Statement of Operations
For the Year March 31, 2007

	2007	2006
Operating activities		
Loss for the year	\$ (518,468)	\$ (268,975)
Items not affecting cash:		
Amortization	623	603
Write-off of prior year's accounts payable	18,268	-
Stock-based compensation	<u>310,443</u>	<u>164,627</u>
	(189,134)	(103,745)
Change in non-cash working capital items:		
Increase in receivables	(21,670)	764
Increase in prepaid and deposit	(11,463)	1,842
Increase in accounts payable and accrued liabilities	<u>(75,105)</u>	<u>(10,479)</u>
	<u>(297,372)</u>	<u>(111,618)</u>
Investing activities		
Equipment	-	(2,681)
Mineral property and deferred exploration costs	<u>(823,869)</u>	<u>(273,500)</u>
	<u>(823,869)</u>	<u>(276,181)</u>
Financing activities		
Proceeds from issuance of shares	1,817,200	617,781
Share subscription received	-	(204,000)
Issuance costs	(64,949)	16,080
Loan payable to related party	-	(62,389)
Due to related party	<u>-</u>	<u>(138,613)</u>
	<u>1,752,251</u>	<u>228,859</u>
Increase (decrease) in cash during the year	631,010	(158,940)
Cash and cash equivalents, beginning of year	<u>11,875</u>	<u>170,815</u>
Cash and cash equivalents,* end of year	<u>\$ 642,885</u>	<u>\$ 11,875</u>

* Cash and cash equivalents consist of cash balances and short-term investment

Supplemental disclosure with respect to cash flows – (Note 9)

See accompanying notes to the financial statements

1. Nature and Continuance of Operation

The Company was incorporated under the laws of the Province of British Columbia and is in the business of exploration and development of mineral properties. To date, the Company has not earned significant revenues and is considered to be in the exploration stage.

The company is in the process of exploring and developing its mineral properties and has not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties and related deferred exploration costs are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These financial statements have been prepared assuming the Company will continue on 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.

	2007	2006
Working capital (deficiency)	\$ 657,052	\$ (48,234)
Deficit	\$ (7,044,146)	\$ (6,525,678)

2. Significant Accounting Policies

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 amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from these estimates.

Mineral Property and Deferred Exploration Costs

All costs related to the acquisition, exploration and development of mineral properties are capitalized by property. If economically recoverable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. When a property is abandoned, all related costs are written off to operation. If, after management review, it is determined that the carrying amount of a mineral property is impaired, that property is written down to its estimated net realizable value. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

2. Significant Accounting Policies - cont'd

Mineral Property and Deferred Exploration Costs - cont'd

The amounts shown for mineral properties do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Cost of Maintaining Mineral Properties

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

Equipment

Equipment consists of computer equipment. The computer equipment is recorded at cost and amortized at an annual rate of 30% using the declining balance method.

Asset Retirement Obligations

An asset retirement obligation is a legal obligation associated with the retirement of tangible long-lived assets that the Company is required to settle. This would include obligations related to future removal of property and equipment, and site restoration costs. The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability. The adoption of this accounting policy during the current fiscal year has not affected the Company's financial statements.

Stock-Based Compensation

Effective April 1, 2003, the Company adopted the fair value method whereby the Company recognizes compensation costs for the granting of all stock options and direct awards of stock.

Loss Per Share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss 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 year.

Basic loss per share is calculated using the weighted-average number of common shares outstanding during the year. The Company has no potentially dilutive options or warrants outstanding.

Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, GST receivable, account payable and accrued liabilities. 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, unless otherwise noted.

2. Significant Accounting Policies - cont'd

Future Income Taxes

Future 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 bases. 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 substantive enactment or 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 that excess.

3. Equipment

	<u>Cost</u>	<u>Amortization</u>	<u>2007 Net</u>	<u>2006 Net</u>
Computer equipment	\$ 2,681	\$ 1,227	\$ 1,455	\$ 2,078

In the year of acquisition, amortization is taken at half the normal rates.

The carrying value of equipment is reviewed whenever events or changes in circumstance indicate the recoverable value may be less than the carrying amount. Recoverable value is based on management's estimates of undiscounted future net cash flows expected to be recovered from specific asset or groups of assets through use or future disposition. Where impairment is indicated, impairment charges are recorded in the reporting period in which impairment is determined by management.

4. Mineral Property and Deferred Exploration Costs

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 conveyancing history characteristic of many mining properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing.

Stormy Mountain Molybdenum Property, Yukon Territories

Pursuant to a Purchase Agreement dated February 21, 2006, the Company acquired a 100% interest in certain mining claim units located in the Watson Lake Mining District of the Yukon Territories, referred to as the Stormy Mountain Molybdenum Property (the "Property"). The Property is subject to a 2% Net Smelter Royalty ("NSR") with the Company having the right to purchase 1% of the NSR for \$1,000,000 from the vendors. In consideration, the Company paid \$75,000 in cash and issued 2,000,000 common shares. The Company paid a finder's fee of 293,750 common shares in connection with the acquisition of the property.

4. Mineral Property and Deferred Exploration Costs - cont'd

Rivard Gold Property, Ontario

Pursuant to an Assignment Agreement dated August 8, 2006, the Company acquired an option to earn a 100% interest in the Rivard gold property mineral lease at the west end of the Red Lake gold mining camp in northwest Ontario. To exercise such option, the Company is required to make cash payment of \$500,000 over 4 years and to issue 2,500,000 common shares. The property is subject to a 3% net smelter return royalty. The Company paid \$70,000 as a first stage payment and issued 2,500,000 common shares.

Uchi Lake Gold Property, Ontario

Pursuant to an Option Agreement dated November 15, 2006, the Company acquired an option to earn a 100% interest in the Uchi Lake gold property, located east of Red Lake, Ontario. To exercise such option, the Company is required to make cash payment of \$200,000 over 30 months, issue 2,000,000 common shares and incur \$500,000 in exploration expenditures over a three-year period. The property is subject to a 2% net smelter return royalty which the Company can buy down to a 1% NSR at a cost of \$1,000,000. The Company paid \$50,000 as a first stage payment and issued 2,000,000 common shares.

	Stormy Mountain	Rivard Gold Property	Uchi Lake Gold Property	Total
Balance, March 31, 2006	\$ 278,750	\$ -	\$ -	\$ 278,750
Acquisition costs				
Cash payments	-	70,001	50,000	120,001
Shares to Vendors	-	700,000	360,000	1,060,000
Finder's fee	-	-	-	-
	-	770,001	410,000	1,180,001
Deferred exploration costs				
Assays camp and general	2,100	2,500	-	4,600
Drilling	-	183,199	-	183,199
Geological Consulting	13,669	517,874	2,319	531,762
	13,669	703,573	2,319	719,561
Balance, March 31, 2007	\$ 292,419	\$ 1,473,574	\$ 412,319	\$ 2,178,312

5. Related Party Transactions

The Company entered into the following transactions with related parties:

- a) Paid or accrued \$37,500 (2006-\$30,000) for consulting fees to a company controlled by a director of the Company.

5. Related Party Transactions – cont'd

b) Paid or accrued to a management company related to a director of the Company the following:

	<u>2007</u>	<u>2006</u>
Management fees	\$ -	\$ 12,000
Rent	7,500	6,000
Administration fees	<u>6,000</u>	<u>6,000</u>
	<u>\$ 13,500</u>	<u>\$ 24,000</u>

The amounts charged to the Company for the services provided have been determined by negotiation among the parties and in certain cases, by signed agreements. These transactions were in the normal course of operations and were measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

6. Capital Stock

	<u>2007</u>		<u>2006</u>	
	Number of Shares	Amount	Number of Shares	Amount
Balance, March 31, 2006	19,127,453	\$ 6,593,644	8,833,703	\$ 5,975,864
Issued for cash				
Private placement	12,000,000	840,000	8,000,000	480,000
Private placement	2,700,000	405,000	-	-
Private placement	1,814,285	508,000	-	-
Exercise of stock options	150,000	21,000	-	-
Exercise of warrants	360,000	43,200	-	-
Issued for mineral property	2,500,000	700,000	-	-
Issued for mineral property	2,000,000	360,000	2,000,000	160,000
Issued for finder's fees	532,107	50,550	293,750	23,500
Issued for finder's fees	90,714	25,400	-	-
Share issue expenses	-	(140,899)	-	(45,720)
Balance, March 31, 2007	<u>41,274,559</u>	<u>\$ 9,405,895</u>	<u>19,127,453</u>	<u>\$ 6,593,644</u>

Transactions during the year:

- i) In June 2006, the Company completed a non-brokered private placement of 12 million units at \$0.07 per unit for a total of \$840,000. Each unit will consist of 1 common share and 1 non-transferable share purchase warrant for the purchase of 1 further common share at the exercise price of \$0.12 per share until June 6, 2008. The Company also issued 263,158 common shares at a deemed value of \$0.07 per share and 268,949 common shares at a deemed value of \$0.095 per share for a total of 532,107 common shares as finder's fees.

6. Capital Stock - cont'd

- ii) In July 2006, the Company completed a non-brokered private placement of 2,700,000 units at a price of \$0.15 per unit for a total of \$405,000. Each unit will consist of 1 common share and 1 non-transferable share purchase warrant for the purchase of 1 further common share at the exercise price of \$0.22 per share until July 26, 2008
- iii) In December 2006, the Company completed a non-brokered private placement for 1,814,285 flow-through units at a price of \$0.28 per unit for gross proceeds of \$508,000. The Company also issued 90,714 common shares as a finder's fee and 181,428 agent's warrants that are exercisable into common shares for a two-year period. The units have the same terms as the flow-through units, except they are not flow-through.
- iv) 150,000 stock options were exercised at \$0.14 per share.
- v) 360,000 share purchase warrants were exercised at \$0.12 per share.
- vi) In October 2006, the Company issued 2,500,000 common shares to acquire an option to earn a 100% interest in the Rivard gold property. See Note 4.
- vii) In December 2006, the Company issued 2,000,000 common shares to acquire an option to earn a 100% interest in the Uchi Lake gold property. See Note 4.

Stock Options

The Company has a stock option plan whereby it is authorized to grant options to directors and employees to acquire up to 10% of issued and outstanding common stock. Under the policy, the exercise price of each option equals the market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of 5 years.

	Number of Shares	Weighted Average Exercise Price \$	Weighted Average Life Remaining in years
Balance, March 31, 2006	1,100,000	0.14	4.0
Granted	500,000	0.12	2.0
Granted	100,000	0.27	2.3
Granted	500,000	0.27	2.7
Granted	400,000	0.25	5.0
Exercised	(150,000)	0.14	-
Cancelled	(100,000)	0.14	-
Cancelled	(350,000)	0.27	-
Balance, March 31, 2007	<u>2,000,000</u>	<u>0.17</u>	<u>3.7</u>

6. Capital Stock – cont'd

The following stock options were outstanding at March 31, 2007

Number	Price	Expiring
850,000	\$ 0.14	May 20/2010
500,000	0.12	Apr. 17/2009
100,000	0.27	Nov. 21/2009
150,000	0.27	Sept. 21/2009
<u>400,000</u>	0.25	Mar. 21/2002
<u>2,000,000</u>		

Share Purchase Warrants

	Number of Shares	Weighted Average Exercise Price \$	Weighted Average Life Remaining in years
Balance, March 31, 2006	8,000,000	0.12	0.1
Granted	12,000,000	0.22	2.2
Granted	2,700,000	0.22	2.3
Granted	1,088,570	0.50	2.7
Exercised	(200,000)	0.12	-
Exercised	(160,000)	0.12	-
Expired	<u>(7,800,000)</u>	0.12	-
Balance, March 31, 2007	<u>15,628,570</u>	<u>0.24</u>	<u>2.3</u>

The following warrants were outstanding at March 31, 2007

Number	Price	Expiring
11,840,000	\$ 0.12	Jun. 6/2008
2,700,000	0.22	Jul. 26/2008
1,088,570	0.50 Yr. 1	Dec. 26/2007
<u> </u>	0.75 Yr. 2	Dec. 26/2008
<u>15,628,570</u>		

7. Contributed Surplus and Stock Based Compensation

Stock Options Granted

During the year ended March 31, 2007, the Company granted the following options:

- 500,000 share purchase options to certain directors of the Company, exercisable at \$0.12 per share, expiring on April 17, 2009.
- 100,000 share purchase options to a certain consultant of the Company, exercisable at \$0.27 per share, expiring on July 17, 2009.
- 500,000 share purchase options to a certain consultant of the Company, exercisable at \$0.27 per share, expiring on September 17, 2009.
- 400,000 share purchase options to certain directors of the Company, exercisable at \$0.25 per share, expiring March 21, 2012.

The Company used the Black-Scholes option pricing model to determined the fair value of the options with the following assumptions:

	<u>2007</u>	<u>2006</u>
- weighted average risk free interest rate	4.65%	4.33%
- dividend yield of	0%	0%
- weighted average expected volatility	232.23%	204.0%
- weighted average expected life	3.53 years	5 years

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 estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options and warrants.

8. Segmented Information

The Company primarily operates in one reportable operating segment, being the acquisition and development of mineral properties in Canada.

9. Supplemental Disclosure with Respect to Cash Flows

	<u>2007</u>	<u>2006</u>
Cash paid during the year for interest	<u>\$ -</u>	<u>\$ -</u>

The significant non-cash transaction for the years ended March 31, 2007 and 2006.

	<u>2007</u>	<u>2006</u>
Share issued for mineral properties	<u>\$ 1,060,000</u>	<u>\$ -</u>

10. Income Taxes

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

	<u>2007</u>	<u>2006</u>
Loss for the year	\$ (518,468)	\$ (268,975)
Expected income tax (recovery) at statutory rates	(176,798)	(22,425)
Deductible expenses, net	97,577	(5,219)
Unrecognized benefits of non-capital losses	<u>79,221</u>	<u>100,974</u>
Total income tax	<u>\$ -</u>	<u>\$ -</u>

Detail of future income tax assets are as follow:

	<u>2007</u>	<u>2006</u>
Future income tax assets		
Resource properties	\$ 1,361,000	\$ 1,361,000
Cumulative eligible capital	17,000	17,000
Tax value of equipment in excess of book value	3,589	3,589
Non-capital loss carry forwards	<u>324,000</u>	<u>255,000</u>
	1,705,589	1,636,589
Valuation allowance	<u>(1,705,589)</u>	<u>(1,636,689)</u>
Net future income tax asset	<u>\$ -</u>	<u>\$ -</u>

The Company has available for deduction against future taxable income, non-capital losses of approximately \$950,000. These losses, if not utilized, will expire through to 2027. 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, resource expenditures and other tax assets have not been recognized in these financial statements and have been offset by a valuation allowance.

11. Commitments

The Company has certain commitments described under Note 4 relating to its mineral properties.

On February 2, 2007, the Company entered into a renewable three-month investor relations contract at a monthly fee of \$3,750.

12. Subsequent Events

Subsequent to March 31, 2007:

- a) 3,218,557 share purchase warrants were exercised at \$0.12 per share.
- b) 150,000 share purchase warrants, were exercised at \$0.22 per share.
- c) 50,000 stock options were granted on May 23, 2007 to an investor relations firm exercisable at \$0.50 per share for three years.
- d) 1,500,000 stock options were granted to certain directors and officers at price of \$0.33 per share for 5 years.
- e) 50,000 stock options were exercised at \$0.12 per share.
- f) 100,000 stock options were exercised at \$0.14 per share.
- g) The Company closed a non-brokered private placement of 7,250,000 units at a price of \$0.18 per unit for a total of \$1,305,000. Each unit will consist of 1 common share and 1 non-transferable share purchase warrant for the purchase of 1 further common share at the exercise price of \$0.25 per share in the first year and \$0.30 per share in the second year.
- h) Subject to regulatory approval, the Company announced it has entered into Memorandum of Understanding with XiXia Zhao Min Mining Co. Ltd., a private company incorporated in China ("XiXia") for a right to sign an agreement for the acquisition of up to 70% of its joint venture interest in the Nanyang Molybdenum Property for U.S. \$21,000,000.

The Company announced that it has amended the terms of the Memorandum of Understanding whereby the Company has the right to acquire up to 70% of the capital stock of XiXia by paying US\$21,000,000 in two installments; the first payment of US\$3,150,000 will be paid on the date of signing the formal agreement; and the second payment of US\$17,850,000 will be made upon receipt of regulatory approval.

Because of the environmental impact on the area and the discovery of significant fossils near the exploration site, the Company has decided not to proceed with the amended Memorandum of Understanding to acquire up to 70% of the shares of XiXia.

- i) The Company announced it has closed the first tranche of its non-brokered private placement of 8,962,500 common share units at \$0.40 per unit for gross proceeds of \$3,585,000. Each unit consists of one common share and one-half of a transferable common share purchase warrant entitling the holder to acquire one additional share at \$0.55 per share. The Company paid a finder's fee of \$351,000 in cash.