



**2007**

**RESTATED**

**FIRST QUARTER REPORT**

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**NOVEMBER 30, 2006**

# TOURNIGAN GOLD CORPORATION

## 2007 FIRST QUARTER REPORT

Consolidated Balance Sheets  
(expressed in Canadian dollars)

	Restated – Note 4	
	November 30, 2006	August 31, 2006
	\$ (unaudited)	\$ (audited)
<b>ASSETS</b>		
<b>Current</b>		
Cash	1,332,435	663,452
Short-term investments	39,765,648	42,188,280
Other receivables	557,744	383,487
Marketable securities	46,500	30,000
Prepaid expenses and deposits	191,327	444,599
	<b>41,893,654</b>	43,709,818
Due From Related Parties (Note 11)	11,916	98,269
Exploration Properties (Note 5)	19,684,603	16,580,090
Long-Term Investment	554,033	200,000
Property and Equipment	623,759	517,362
	<b>62,767,965</b>	61,105,539
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	2,181,205	1,539,202
Due to related parties (Note 11)	94,721	57,220
	<b>2,275,926</b>	1,596,422
<b>Shareholders' Equity</b>		
Share Capital (Note 6)	96,910,970	95,333,346
Contributed Surplus (Note 7)	7,685,674	7,325,437
Accumulated Other Comprehensive Income (Note 8)	370,533	–
Deficit	(44,475,138)	(43,149,666)
	<b>60,492,039</b>	59,509,117
	<b>62,767,965</b>	61,105,539

Subsequent events (Note 12)

On behalf of the Board:

\_\_\_\_\_  
"Michael Hopley" Director \_\_\_\_\_ "James Walchuck" Director

See accompanying notes to the unaudited interim consolidated financial statements.

# TOURNIGAN GOLD CORPORATION

## 2007 FIRST QUARTER REPORT

Consolidated Statements of Loss and Deficit  
(Unaudited - expressed in Canadian dollars)

	Restated - Note 4 For the Three Months Ended November 30,	
	2006	2005
	\$	\$
<b>OPERATING EXPENSES</b>		
Salaries, consulting and stock-based compensation	1,096,731	522,316
Property investigations and corporate development	366,010	17,512
Administration	180,157	60,952
Legal and professional fees	83,026	31,792
Travel	72,798	60,619
Investor relations	70,939	71,948
Regulatory fees	6,776	5,210
Interest and bank charges	3,301	2,381
	<b>(1,879,738)</b>	<b>(772,730)</b>
<b>OTHER ITEMS</b>		
Interest income	447,093	29,415
Foreign exchange gain (loss)	107,173	(1,583)
Recovery of note receivable	-	708,720
	<b>554,266</b>	<b>736,552</b>
<b>Net Loss</b>	<b>(1,325,472)</b>	<b>(36,178)</b>
<b>Deficit, Beginning of Period</b>	<b>(43,149,666)</b>	<b>(34,440,263)</b>
<b>Deficit, End of Period</b>	<b>(44,475,138)</b>	<b>(34,476,441)</b>
<b>Basic and Diluted Loss Per Share</b>	<b>(0.01)</b>	<b>(0.00)</b>
<b>Weighted Average Number of Outstanding Shares</b>	<b>112,201,641</b>	<b>75,605,601</b>

# TOURNIGAN GOLD CORPORATION

## 2007 FIRST QUARTER REPORT

Consolidated Statement of Comprehensive Loss  
(Unaudited - expressed in Canadian dollars)

	<b>Restated - Note 4</b> <b>For the Three Months Ended</b> <b>November 30, 2006</b>
	<b>\$</b>
<b>Net loss for the period</b>	(1,325,472)
Other comprehensive income:	
Unrealized losses on available-for-sale investments (Note 8)	(124,382)
<b>Comprehensive loss for the period</b>	<b>(1,449,854)</b>

# TOURNIGAN GOLD CORPORATION

## 2007 FIRST QUARTER REPORT

### Consolidated Statements of Cash Flows (Unaudited - expressed in Canadian dollars)

	Restated - Note 4 For the Three Months Ended November 30,	
	2006	2005
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	(1,325,472)	(36,178)
Items not affecting cash:		
Stock-based compensation expense	645,549	110,110
Amortization	11,752	9,842
	<b>(668,171)</b>	<b>83,774</b>
Net changes in operating balances:		
Other receivables	(11,457)	(47,266)
Prepaid expenses and deposits	111,274	(23,253)
Accounts payable and accrued expenses	237,692	(73,171)
Related parties, net	123,854	24,989
	<b>(206,808)</b>	<b>(34,927)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Short term investments, net	2,422,632	-
Exploration property expenditures	(2,274,371)	(1,012,015)
Purchase of property and equipment	(129,709)	(12,105)
	<b>18,552</b>	<b>(1,024,120)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issuance of share capital, net of issue costs	857,239	5,713,350
<b>Increase in cash during the period</b>	<b>668,983</b>	<b>4,654,303</b>
<b>Cash, beginning of period</b>	<b>663,452</b>	<b>1,647,216</b>
<b>Cash, end of period</b>	<b>1,332,435</b>	<b>6,301,519</b>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Cash paid during the period for interest	3,301	2,379
Cash paid during the period for income taxes	-	-
<b>NON-CASH TRANSACTIONS (NOTE 10)</b>		

**TOURNIGAN GOLD CORPORATION**  
**CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
*November 30, 2006*

**NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

*As at November 30, 2006 and for the three month period then ended*  
(expressed in Canadian dollars)

**1. NATURE OF OPERATIONS AND GOING CONCERN**

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Tournigan Gold Corporation ("the Company") is a public company listed on the TSX Venture Exchange in Canada and the Frankfurt Stock Exchange in Germany. The Company's principal business activity is the sourcing, exploration and development of mineral properties.

Although existing cash resources are currently expected to provide sufficient funds through the upcoming fiscal year, the capital expenditures required to achieve planned principal operations are substantial. As a result, the Company will be required to seek additional financing.

**2. BASIS OF PRESENTATION**

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The accompanying restated unaudited interim consolidated financial statements of the Company have been prepared in accordance with Canadian generally accepted accounting principles for interim financial statements and accordingly do not include all disclosures required for annual financial statements.

Except for the changes in accounting policies described in Note 3, these restated unaudited interim consolidated financial statements (Note 4) follow the same significant accounting policies and methods of application as the Company's restated annual consolidated financial statements for the year ended August 31, 2006. These restated interim consolidated financial statements should be read in conjunction with the restated annual consolidated financial statements.

In the opinion of management, all adjustments (including normal recurring accruals) considered necessary for fair presentation have been included. Operating results for these interim periods are not necessarily indicative of the results that may be expected for the full fiscal year ending August 31, 2007. The majority of exploration costs are incurred in the months of April to October due to seasonal weather conditions in the Northern Hemisphere.

Certain of the prior period's figures have been reclassified to conform to the current period's presentation. Such reclassification is for presentation purposes only and has no effect on previously-reported results.

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**3. CHANGES IN ACCOUNTING POLICIES**

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Effective September 1, 2006, the Company has adopted three new accounting standards related to financial instruments that were issued by the Canadian Institute of Chartered Accountants ("CICA") in 2005. These accounting policy changes were adopted on a prospective basis with no restatement of prior period financial statements. The new standards and accounting policy changes are as follows:

*Financial Instruments – Recognition and Measurement (CICA Handbook Section 3855)*

In accordance with this new standard the Company now classifies all financial instruments as either held-to-maturity, available-for-sale, held for trading or loans and receivables. Financial assets held to maturity, loans and receivables and financial liabilities other than those held for trading, are measured at amortized cost. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Instruments classified as held for trading are measured at fair value with unrealized gains and losses recognized on the statement of loss.

The Company has classified its short-term investments as held for trading and therefore carries its investments at fair market value, with the unrealized gain or loss recorded in interest income. This change in accounting policy had no material effect on the Company's previous financial statements.

The Company has classified its marketable securities and long-term investment as available-for-sale and therefore carries them at fair market value, with the unrealized gain or loss recorded in shareholders' equity as a component of other comprehensive income. These amounts will be reclassified from shareholders' equity to net income when they are sold. Previously, investments in public companies were carried at cost, less provisions for other than temporary declines in value. This change in accounting policy resulted in a \$15,000 increase in the carrying value of marketable securities and a \$479,915 increase in the carrying value of the long-term investment as at September 1, 2006, representing the aggregate cumulative unrealized gains at that time as disclosed in Note 8.

*Comprehensive Income (CICA Handbook Section 1530)*

Comprehensive income is the change in shareholders' equity during a period from transactions and other events and circumstances from non-owner sources. In accordance with this new standard, the Company now reports a consolidated statement of comprehensive loss and a new category, accumulated other comprehensive income, has been added to the shareholders' equity section of the consolidated balance sheet. The components of this new category will include unrealized gains and losses on financial assets classified as available-for-sale and the effective portion of cash flow hedges, if any. The components of accumulated other comprehensive income for the three month period ended November 30, 2006 are disclosed in Note 8.

*Hedges (CICA Handbook Section 3865)*

The new standard specifies the criteria under which hedge accounting can be applied and how hedge accounting can be executed. The Company has not designated any hedging relationships.

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**4. RESTATEMENT**

In the fourth quarter of fiscal 2007 the Company concluded that the accounting for its stock-based compensation was incorrect. The non-cash measurement and recognition errors were as follows:

- (a) The Company used the news release date as the grant date for accounting purposes for certain stock option grants. For accounting purposes, the initial measurement date should have been the later of the date of authorization by Tournigan's Board of Directors or, for employees, the date of inception of service.
- (b) The Company treated all stock options as granted to employees when in fact certain stock options were granted to non-employees. Employee stock options are measured at their fair value on the grant date and recognized over the vesting period. The Company's non-employee stock options should have been measured at their fair value upon vesting and, prior to vesting, recognized based on the service provided to the reporting date and at their then-current fair values. In addition, non-employee stock options should have been valued using their contractual term to expiry rather than their expected term.
- (c) The vesting periods for certain stock option grants were incorrectly reflected in the financial statements such that the stock-based compensation costs should have been recognized in earlier periods.
- (d) Certain stock option cancellations were incorrectly reflected in the financial statements.

The restatement for the above items had the effect of increasing (decreasing) the non-cash costs of stock-based compensation by: \$3,057,878, \$136,327 and \$104,451 for the fiscal years ended August 31, 2006, 2005 and 2004, respectively; and \$763,515 and (\$180,110) for the three months ended November 30, 2006 and 2005, respectively.

The Company has also determined that a portion of its stock-based compensation costs relating to certain employees and consultants should have been included in capitalized exploration property costs rather than presented as period expenses. This change in accounting presentation, after giving effect to the recognition and measurement errors described above, capitalized stock-based compensation in the amounts of: \$986,111, \$45,733 and \$140,540 for the fiscal years ended August 31, 2006, 2005 and 2004, respectively; and \$435,073 and \$13,460 for the three months ended November 30, 2006 and 2005, respectively.

The net effects of these changes in accounting treatment are summarized in the tables below:

<b>Consolidated Balance Sheets</b>	<b>November 30, 2006</b>		<b>August 31, 2006</b>	
	<b>As</b>		<b>As</b>	
	<b>Previously Reported</b>	<b>Restated</b>	<b>Previously Reported</b>	<b>Restated</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Exploration properties	<b>18,077,146</b>	<b>19,684,603</b>	15,407,706	16,580,090
Share capital	<b>96,189,064</b>	<b>96,910,970</b>	94,861,399	95,333,346
Contributed surplus	<b>4,345,409</b>	<b>7,685,674</b>	4,498,728	7,325,437
Deficit	<b>(42,020,424)</b>	<b>(44,475,138)</b>	(41,023,394)	(43,149,666)

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**4. RESTATEMENT (cont'd)**

	For the Three Months Ended November 30,			
	2006		2005	
	As Previously Reported \$	Restated \$	As Previously Reported \$	Restated \$
<b>Consolidated Statements of Loss</b>				
Salaries, consulting fees and stock-based compensation expense	768,289	1,096,731	715,886	522,316
Net loss	(997,030)	(1,325,472)	(229,748)	(36,178)
Basic and diluted loss per share	(0.01)	(0.01)	(0.00)	(0.00)
Comprehensive loss	(626,497)	(1,449,854)	—	—

**Consolidated Statement of Cash Flow**

The restatement had no effect on operating, investing and financing cash flows.

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**5. EXPLORATION PROPERTIES**

Three Months Ended November 30, 2006	Restated – Note 4							Total
	Uranium			Gold			Other	
	Slovakia Kuriskova \$	Slovakia Other \$	United States \$	Slovakia Kremnica \$	N. Ireland Curraghinalt \$	USA Nevada \$	Gold, VMS \$	
Balance, August 31, 2006	1,760,032	54,977	1,127,590	6,679,954	6,526,120	147,111	284,306	<b>16,580,090</b>
Acquisition costs	–	–	28,077	–	–	–	–	<b>28,077</b>
Exploration costs:								
Licenses and permits	320	10,080	178,741	400	36,601	3,428	8,280	<b>237,850</b>
Mapping and surveying	–	–	17,133	–	–	10,026	–	<b>27,159</b>
Drilling and assays	632,200	107,800	–	394,280	165,964	12,311	83,440	<b>1,395,995</b>
Office and field work	15,320	27,800	–	64,996	23,575	935	–	<b>132,626</b>
Personnel, geological consulting and travel	40,320	15,440	50,248	179,163	23,372	57,118	1,440	<b>367,101</b>
Stock-based compensation	111,219	–	98,331	190,046	15,251	4,976	15,250	<b>435,073</b>
Public and government relations	–	–	–	148,960	–	–	–	<b>148,960</b>
Socio-environmental studies	27,440	–	–	120,837	5,614	–	–	<b>153,891</b>
Studies and evaluations	–	–	–	124,535	53,246	–	–	<b>177,781</b>
Total costs incurred	826,819	161,120	372,530	1,223,217	323,623	88,794	108,410	<b>3,104,513</b>
Balance, November 30, 2006	2,586,851	216,097	1,500,120	7,903,171	6,849,743	235,905	392,716	<b>19,684,603</b>

Year Ended August 31, 2006	Restated – Note 4							Total
	Uranium			Gold			Other	
	Slovakia Kuriskova \$	Slovakia Other \$	United States \$	Slovakia Kremnica \$	N. Ireland Curraghinalt \$	USA Nevada \$	Gold, VMS \$	
Balance, beginning of year	13,346	2,773	200,914	2,786,275	6,210,352	–	224,958	9,438,618
Acquisition costs	–	–	87,000	–	–	39,606	–	126,606
Exploration costs:								
Licence and permits	–	–	358,684	–	–	28,076	75,465	462,225
Mapping and surveying	24,746	14,988	4,093	12,007	7,875	–	–	63,709
Drilling and assays	1,175,077	–	15,989	1,001,482	155,128	–	1,722	2,349,398
Office and field	18,721	3,747	70,487	161,152	8,944	15,926	23,261	302,238
Personnel, geological consulting and travel	125,912	33,469	296,269	759,644	78,767	61,205	13,567	1,368,833
Stock-based compensation	274,481	–	94,154	568,799	46,379	2,298	–	986,111
Public and government relations	34,442	–	–	209,047	–	–	–	243,489
Socio-environmental	7,681	–	–	413,873	–	–	–	421,554
Studies and evaluations	85,626	–	–	767,675	18,675	–	–	871,976
Total costs incurred	1,746,686	52,204	926,676	3,893,679	315,768	147,111	114,015	7,196,139
Write-down	–	–	–	–	–	–	(54,667)	(54,667)
Balance, end of year	1,760,032	54,977	1,127,590	6,679,954	6,526,120	147,111	284,306	16,580,090

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 (expressed in Canadian dollars)

**6. SHARE CAPITAL**

The Company has an unlimited number of common shares without par value authorized for issuance. The issued common shares are as follows:

	<b>Shares</b>	<b>Amount</b>
	<b>#</b>	<b>Restated</b>
		<b>Note 4</b>
		<b>\$</b>
Balance, August 31, 2006	111,931,263	95,333,346
Shares issued for cash and other:		
Options	615,003	1,443,482
Warrants	63,678	134,142
<b>Balance, November 30, 2006</b>	<b>112,609,944</b>	<b>96,910,970</b>

**Warrants** – The Company has share purchase warrants outstanding as follows:

<b>Exercise Price</b>	<b>Balance at August 31, 2006</b>	<b>Issued</b>	<b>(Exercised)</b>	<b>(Expired)</b>	<b>Balance at November 30, 2006</b>	<b>Expiry Date</b>
\$ 0.55	2,500,000	–	–	–	2,500,000	August 31, 2007
\$ 0.55	2,500,000 <sup>(1)</sup>	–	–	–	2,500,000 <sup>(1)</sup>	September 8, 2007
\$ 0.65	1,761,250 <sup>(1)</sup>	–	(11,250)	–	1,750,000 <sup>(1)</sup>	March 31, 2007
\$ 1.65	936,210	–	(52,428)	–	883,782	February 22, 2008
	<b>7,697,460</b>	<b>–</b>	<b>(63,678)</b>	<b>–</b>	<b>7,633,782</b>	

<sup>(1)</sup> The Company may require these warrants to be exercised at any time.

The Company has entered into an undertaking agreement with a shareholder. The undertaking confirms that the shareholder has agreed not to exercise its warrants to the extent that such exercise would result in the shareholder holding 20% or more of the Company's issued shares. The warrants subject to this undertaking consist of 250,000 warrants exercisable at \$0.65 expiring on March 31, 2007 and 2,500,000 warrants exercisable at \$0.55 expiring on August 31, 2007.

**7. CONTRIBUTED SURPLUS**

	<b>Restated</b>
	<b>Note 4</b>
	<b>\$</b>
Balance, August 31, 2006	7,325,437
Stock-based compensation	1,080,622
Stock options and agents' warrants exercised	(720,385)
<b>Balance, November 30, 2006</b>	<b>7,685,674</b>

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**8. ACCUMULATED OTHER COMPREHENSIVE INCOME**

	\$
Balance, August 31, 2006	–
Adjustment for cumulative unrealized gains on available-for-sale investments at September 1, 2006 (Note 3)	494,915
Unrealized losses on available-for-sale investments	(124,382)
<b>Balance, November 30, 2006</b>	<b>370,533</b>

**9. STOCK OPTION PLAN AND STOCK-BASED COMPENSATION**

	<b>Options</b>	<b>Weighted Average Exercise Price \$</b>
Outstanding, August 31, 2006	8,105,001	1.28
Granted	260,000	2.80
Exercised	(615,003)	1.24
Forfeited	(339,998)	1.49
Outstanding, November 30, 2006	7,410,000	1.32

As at November 30, 2006, the Company has stock options outstanding and exercisable as follows:

	<b>Restated – Note 4</b>				
	<b>Options Outstanding</b>			<b>Options Exercisable</b>	
	<b>Weighted Average</b>		<b>Weighted</b>	<b>Weighted</b>	
	<b>Remaining</b>		<b>Average Exercise</b>	<b>Average Exercise</b>	
<b>Range of Exercise</b>	<b>Outstanding</b>	<b>Contractual Life</b>	<b>Price</b>	<b>Number</b>	<b>Price</b>
<b>Prices</b>	<b>#</b>	<b>(yrs)</b>	<b>\$</b>	<b>Exercisable</b>	<b>\$</b>
\$0.25 – 0.50	1,931,555	2.97	0.40	1,931,555	0.40
\$1.45 – 1.50	3,368,445	4.25	1.46	1,624,451	1.45
\$1.64 – 1.86	1,850,000	4.36	1.83	1,650,001	1.85
\$2.02 – 3.76	260,000	4.97	2.80	90,000	2.81
	7,410,000	3.97	1.32	5,296,007	1.22

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**9. STOCK OPTION PLAN AND STOCK-BASED COMPENSATION (cont'd)**

For purposes of the Black-Scholes calculation, the following weighted-average assumptions were used for the three months ended November 30, 2006:

	<b>Restated – Note 4</b>	
	<b>Employees and Directors</b>	<b>Non-Employees</b>
Risk free interest rate	3.9%	4.1%
Expected dividend yield	0%	0%
Expected stock price volatility	82%	86%
Expected life of options	2 Years	5 Years
Weighted average per share fair value of options granted in the period	\$1.28	\$2.12

**10. NON-CASH TRANSACTIONS**

	<b>Restated – Note 4</b>	
	<b>Three Months Ended</b>	
	<b>November 30,</b>	
	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
Stock-based compensation capitalized to exploration properties	<b>435,073</b>	13,460
Amortization capitalized to exploration properties	<b>11,560</b>	–
Shares issued for exploration properties	–	87,000
Agents' fees paid in shares	–	37,500

**11. RELATED PARTY TRANSACTIONS AND BALANCES**

Amounts due from and to directors, officers, companies they control, and companies with common directors and/or officers are unsecured, without interest or fixed terms of repayment.

The Company had the following related party transactions:

	<b>Three Months Ended</b>	
	<b>November 30,</b>	
	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
Consulting fees to companies controlled by directors	<b>15,000</b>	184,500
Consulting fees to companies controlled by officers	<b>18,000</b>	15,000
Legal fees to a law firm in which a director is a partner	<b>3,546</b>	2,907
Cost reimbursements from companies with common directors and/or officers	<b>20,590</b>	73,390

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**12. SUBSEQUENT EVENTS**

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- a) In January 2007, the Company granted 200,000 employee stock options exercisable at \$3.10 per share for a period of five years. The options are subject to vesting provisions with 66,667 vested on the day of grant, 66,667 vesting on January 19, 2008 and 66,666 on January 19, 2009.
- b) Subsequent to November 30, 2006, 37,448 warrants were exercised at \$1.65 per common share.