

TREVALI RESOURCES CORP.

INTERIM FINANCIAL STATEMENTS

SEPTEMBER 30, 2007

(Unaudited – prepared by management)

These unaudited interim financial statements of Trevali Resources Corp. for the nine months ended September 30, 2007 have been prepared by management and approved by the Audit Committee and the Board of Directors. These interim financial statements have not been reviewed by the Company's external auditors.

TREVALI RESOURCES CORP.
INTERIM BALANCE SHEETS
(Unaudited – prepared by management)

| | September 30, 2007 | December 31, 2006 |
|--|-----------------------|----------------------|
| ASSETS | | |
| Current | | |
| Cash | \$ 11,289,599 | \$ 1,517 |
| Receivables | <u>8,465</u> | <u>45</u> |
| | 11,298,064 | 1,562 |
| Deferred acquisition costs (Note 5) | <u>3,043,933</u> | <u>-</u> |
| | <u>\$ 14,341,997</u> | <u>\$ 1,562</u> |

LIABILITIES AND SHAREHOLDERS' EQUITY

| | | |
|--|----------------------|--------------------|
| Current | | |
| Accounts payable and accrued liabilities | \$ 139,450 | \$ 50,568 |
| Advances payable (Note 6) | <u>-</u> | <u>35,952</u> |
| | <u>139,450</u> | <u>86,520</u> |
| Shareholders' equity | | |
| Capital stock (Note 7) | 20,567,712 | 6,271,709 |
| Contributed surplus (Note 7) | 1,121,922 | 1,121,922 |
| Deficit | <u>(7,487,087)</u> | <u>(7,478,589)</u> |
| | <u>14,202,547</u> | <u>(84,958)</u> |
| | <u>\$ 14,341,997</u> | <u>\$ 1,562</u> |

Nature and continuance of operations (Note 1)

Subsequent event (Note 10)

On behalf of the Board:

| | | | |
|---|----------|---|----------|
| <u>“Anton Drescher”</u> Anton Drescher | Director | <u>“J. Norman Godding”</u> J. Norman Godding | Director |
|---|----------|---|----------|

The accompanying notes are an integral part of these interim financial statements.

TREVALI RESOURCES CORP.
INTERIM STATEMENTS OF OPERATIONS AND DEFICIT
(Unaudited – prepared by management)

| | For the three months ended September 30, 2007 | For the three months ended September 30, 2006 | For the nine months ended September 30, 2007 | For the nine months ended September 30, 2006 |
|---|---|---|--|--|
| EXPENSES | | | | |
| Consulting fees | \$ 20,000 | \$ - | \$ 20,000 | \$ 55,000 |
| Directors' fees | - | - | - | 75,000 |
| Office and miscellaneous | 1,597 | 1,928 | 1,824 | 3,858 |
| Professional fees | 6,500 | 3,781 | 20,679 | 34,695 |
| Shareholder communications | 801 | - | 1,421 | - |
| Transfer agent and filing fees | <u>3,654</u> | <u>4,581</u> | <u>12,785</u> | <u>14,733</u> |
| Loss before other items | <u>(32,552)</u> | <u>(10,290)</u> | <u>(56,709)</u> | <u>(183,286)</u> |
| OTHER ITEMS | | | | |
| Interest income | 46,056 | - | 48,211 | - |
| Loss on disposal of assets | <u>-</u> | <u>-</u> | <u>-</u> | <u>(227,611)</u> |
| | <u>46,056</u> | <u>-</u> | <u>48,211</u> | <u>(227,611)</u> |
| Net income (loss) for the period | 13,504 | (10,290) | (8,498) | (410,897) |
| Deficit, beginning of period | <u>(7,500,591)</u> | <u>(7,423,207)</u> | <u>(7,478,589)</u> | <u>(7,022,600)</u> |
| Deficit, end of period | <u>\$ (7,487,087)</u> | <u>\$ (7,433,497)</u> | <u>\$ (7,487,087)</u> | <u>\$ (7,433,497)</u> |
| Basic and diluted income (loss) per common share | \$ 0.01 | \$ (0.01) | \$ (0.01) | \$ (0.03) |
| Weighted average number of common shares outstanding | 21,117,036 | 5,260,202 | 1,047,430 | 5,260,202 |

The accompanying notes are an integral part of these interim financial statements.

TREVALI RESOURCES CORP.
INTERIM STATEMENTS OF CASH FLOWS
(Unaudited – prepared by management)

| | For the three months ended September 30, 2007 | For the three months ended September 30, 2006 | For the nine months ended September 30, 2007 | For the nine months ended September 30, 2006 |
|--|---|---|--|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Net income (loss) for the period | \$ 13,504 | \$ (10,290) | \$ (8,498) | \$ (410,897) |
| Items not affecting cash: | | | | |
| Loss on disposal of assets | - | - | - | 227,611 |
| Changes in non-cash working capital items: | | | | |
| (Increase) decrease in receivables | 5,538 | 6,697 | (8,420) | 776 |
| Increase (decrease) in accounts payable and accrued liabilities | <u>15,501</u> | <u>132</u> | <u>(768)</u> | <u>(44,574)</u> |
| Net cash used in operating activities | <u>34,543</u> | <u>(3,461)</u> | <u>(17,686)</u> | <u>(227,084)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Deferred acquisition costs | <u>(2,954,283)</u> | <u>-</u> | <u>(2,954,283)</u> | <u>-</u> |
| Net cash used in investing activities | <u>(2,954,283)</u> | <u>-</u> | <u>(2,954,283)</u> | <u>-</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Issuance of common shares, net | 13,370,564 | - | 14,296,003 | 244,009 |
| Advances payable, net | <u>-</u> | <u>4,389</u> | <u>(35,952)</u> | <u>(11,407)</u> |
| Net cash provided by financing activities | <u>13,370,564</u> | <u>4,389</u> | <u>14,260,051</u> | <u>232,602</u> |
| Change in cash during the period | 10,450,824 | 928 | 11,288,082 | (5,518) |
| Cash, beginning of period | <u>838,775</u> | <u>90</u> | <u>1,517</u> | <u>6,536</u> |
| Cash, end of period | <u>\$ 11,289,599</u> | <u>\$ 1,018</u> | <u>\$ 11,289,599</u> | <u>\$ 1,018</u> |
| Cash paid for interest | \$ - | \$ - | \$ - | \$ - |

SUPPLEMENTAL DISCLOSURE IN RESPECT TO CASH FLOWS (Note 9)

The accompanying notes are an integral part of these interim financial statements.

TREVALI RESOURCES CORP.
NOTES TO THE INTERIM FINANCIAL STATEMENTS
SEPTEMBER 30, 2007
(Unaudited – prepared by management)

1. NATURE AND CONTINUANCE OF OPERATIONS

Trevali Resources Corp. (the “Company”) was in the business of software development. During 2006, the Company discontinued all previous operations and is now in the process of searching for a new business.

These interim financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. Continued operations of the Company are dependent on the Company's ability to receive continued financial support, complete public equity financing, or generate profitable operations in the future.

These interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

| | September 30, 2007 | December 31, 2006 |
|------------------------------|-----------------------|----------------------|
| Deficit | \$ (7,487,087) | \$ (7,478,589) |
| Working capital (deficiency) | 11,158,614 | (84,958) |

2. BASIS OF PRESENTATION

These unaudited interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial statements. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, the accompanying financial information reflects all adjustments, consisting primarily of normal and recurring adjustments considered necessary for fair presentation of the results for the interim period. Operating results for the nine months ended September 30, 2007 are not necessarily indicative of the results that may be expected for the year ending December 31, 2007. These interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial information and follow the same accounting policies as the annual financial statements. Accordingly, these financial statements should be read in conjunction with the 2006 annual financial statements and notes thereto.

3. CHANGES IN ACCOUNTING POLICIES

Deferred acquisition costs

Costs, such as legal, accounting, due diligence and filing fees related to potential business acquisitions are deferred and applied towards the cost of the acquisition when completed. Such costs will be expensed if the potential acquisition is no longer considered viable by management.

TREVALI RESOURCES CORP.
NOTES TO THE INTERIM FINANCIAL STATEMENTS
SEPTEMBER 30, 2007
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3. CHANGE IN ACCOUNTING POLICIES (Cont'd...)

Recent accounting pronouncements

The Canadian Institute of Chartered Accountants issued the following standards effective for the fiscal years beginning on or after October 1, 2006: Accounting Standards Section 1530 "Comprehensive Income", Accounting Standards Section 3855 "Financial Instruments – Recognition and Measurement" Accounting Standard Section 3861 "Financial Instruments – Presentation and Disclosure" and Accounting Standards Section 3865 – "Hedges". These sections require certain financial instruments and hedge transactions to be recorded at fair value. The standards also introduce the concept of comprehensive income and accumulated other comprehensive income.

The Company adopted these standards effective January 1, 2007 on a prospective basis without retroactive restatement of prior periods. Under the new standard, financial instruments designated as "held for trading" and "available for sale" will be carried at their fair value while financial instruments designated as "loans and receivables", "financial liabilities" and those classified as "held to maturity" will be carried at their amortized cost. All derivatives will be carried on the consolidated balance sheet at their fair value. Mark-to-market adjustments on these instruments will be included in net income. Transaction costs incurred to acquire financial instruments will be included in the underlying balance. As at September 30, 2007, there was no impact on the Company's financial statements.

4. GAIN FROM ABANDONMENT OF DISCONTINUED OPERATIONS

The Company's subsidiary, Gateway Multimedia Inc., ceased operations on March 31, 2006; the Company directors determined that they would no longer support the subsidiary and abandoned it as of that date.

5. DEFERRED ACQUISITION COSTS

Subsequent to September 30, 2007, the Company entered into an Assignment Agreement with Companaia Santander Inc., a Peruvian Company ("Santander"), whereby the Company can acquire a 100% interest in Santander's zinc property located in the province of De Huaral Departamento de Lima, Peru. As consideration for the mineral property interest, the Company is required to pay a 3.5% net smelter royalty ("NSR") to Santander on any future production. The NSR payment is to commence on January 1, 2008 for US\$100,000 per month. Any NSR payments made prior to commencement of production will be applied to any actual future royalties payable. Approval of this transaction is subject to an upcoming meeting of the creditors of Santander to approve the restructuring plan. As at September 30, 2007, the Company had acquired the majority of the liabilities of Santander (Note 10).

The following costs have been incurred in connection with the transaction:

| | | | | |
|--|----------------------|---------------|----|----------------|
| Acquisition of Santander's liabilities | | | \$ | 1,786,101 |
| Legal fees | | | | 19,000 |
| Exploration advance | | | | 663,781 |
| Exploration expenditures: | camp costs | \$49,157 | | |
| | Consultants | 324,305 | | |
| | field administration | 106,875 | | |
| | field equipment | 81,505 | | |
| | field supplies | <u>13,209</u> | | |
| | | | | <u>575,051</u> |
| | | | \$ | 3,043,933 |

TREVALI RESOURCES CORP.
NOTES TO THE INTERIM FINANCIAL STATEMENTS
SEPTEMBER 30, 2007
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6. ADVANCES PAYABLE

Advances payable are without interest or specific terms of repayment.

7. CAPITAL STOCK

| | Number of Shares | Amount | Contributed Surplus |
|---|---------------------|---------------|------------------------|
| Authorized: | | | |
| Unlimited Class A common shares without par value | | | |
| Issued: | | | |
| As at December 31, 2006 | 5,411,221 | \$ 6,271,709 | \$ 1,121,922 |
| Shares issued for cash | 23,340,000 | 14,902,500 | - |
| Share issuance costs | - | (606,497) | - |
| As at September 30, 2007 | 28,751,221 | \$ 20,567,712 | \$ 1,121,922 |

During the nine months ended September 30, 2007, the Company:

- a) completed two non-brokered private placements for total proceeds of \$937,500 through the issuance of 9,375,000 shares at a price of \$0.10 per share.
- b) completed a non-brokered private placement for total proceeds of \$5,790,000 through the issuance of 5,790,000 units at a price of \$1.00 per unit. Each unit consists of one common share and one-half share purchase warrant. Each whole warrant is exercisable into one additional common share of the Company at a price of \$1.50 per share until August 23, 2009. A finder's fee of \$300,000 was paid in connection with this private placement.
- c) completed a non-brokered private placement for total proceeds of \$8,175,000 through the issuance of 8,175,000 units at a price of \$1.00 per unit. Each unit consists of one common share and one-half share purchase warrant. Each whole warrant is exercisable into one additional common share of the Company at a price of \$1.50 per share until September 4, 2009. Finders' fees totaling \$262,500 were paid in connection with this private placement.

Stock Options

As at September 30, 2007, the Company had no stock options outstanding.

Warrants

As at September 30, 2007, the Company had outstanding share purchase warrants, enabling the holders to acquire common shares as follows:

TREVALI RESOURCES CORP.
NOTES TO THE INTERIM FINANCIAL STATEMENTS
SEPTEMBER 30, 2007
(Unaudited – prepared by management)

7. CAPITAL STOCK (Cont'd...)

Warrants (Cont'd...)

| Number of Shares | Exercise Price | Expiry Date |
|---------------------|-------------------|-------------------|
| 2,895,000 | \$1.50 | August 23, 2009 |
| <u>4,087,500</u> | \$1.50 | September 4, 2009 |
| <u>6,982,500</u> | | |

Warrant transactions are as follows:

| | Number of Warrants | Weighted Average Exercise Price |
|---|-----------------------|--|
| Balance as at December 31, 2006 | - | \$ - |
| Issued | <u>6,982,500</u> | 1.50 |
| <u>Balance as at September 30, 2007</u> | <u>6,982,500</u> | <u>\$ 1.50</u> |

8. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

- a) Paid or accrued professional fees of \$8,350 (2006 - \$Nil) to a director and to a company with a common director.
- b) Paid or accrued directors' fees of \$Nil (2006 - \$75,000) to directors or companies related to directors.
- c) Paid or accrued consulting fees of \$20,000 (2006 - \$5,000) to a company with a director in common.

Included in accounts payable is \$23,320 (December 31, 2006 - \$2,039) due to companies controlled by a director and to companies with a common director for unpaid consulting, investor relations and deferred exploration costs.

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.

TREVALI RESOURCES CORP.
NOTES TO THE INTERIM FINANCIAL STATEMENTS
SEPTEMBER 30, 2007
(Unaudited – prepared by management)

9. SUPPLEMENTAL DISCLOSURE IN RESPECT TO CASH FLOWS

The significant non-cash transaction for the three months ended September 30, 2007 included the accrual of \$89,650 of fees included in deferred acquisition costs.

10. SUBSEQUENT EVENT

Subsequent to September 30, 2007, the Company advanced \$1,953,700 (US\$2,000,000) to secure the purchase of discounted liabilities of Santander and for ongoing exploration and acquisition costs in connection with the Peruvian transaction (Note 5).