

TREVALI RESOURCES CORP.
(Formerly Gateway Technologies Corporation)

Consolidated Financial Statements
December 31, 2006 and 2005

<u>Index</u>	<u>Page</u>
Auditors' Report to the Shareholders	1
Consolidated Financial Statements	
Consolidated Balance Sheets	2
Consolidated Statements of Operations and Deficit	3
Consolidated Statements of Cash Flows	4
Notes to Consolidated Financial Statements	5 - 10

AUDITORS' REPORT

TO THE SHAREHOLDERS OF TREVALI RESOURCES CORP. (Formerly Gateway Technologies Corporation)

We have audited the consolidated balance sheets of Trevali Resources Corp. (formerly Gateway Technologies Corporation) as at December 31, 2006 and 2005 and the consolidated statements of operations and deficit and cash flows for the years then ended. 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 audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those 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 consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2006 and 2005 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"Smythe Ratcliffe LLP" (signed)

Chartered Accountants

Vancouver, British Columbia
April 4, 2007

TREVALI RESOURCES CORP.
(Formerly Gateway Technologies Corporation)
Consolidated Balance Sheets
December 31

	2006	2005
Assets		
Current		
Cash	\$ 1,517	\$ 6,536
Accounts receivable	45	6,165
	1,562	12,701
Equipment (note 6)	0	1,130
	\$ 1,562	\$ 13,831
Liabilities		
Current		
Accounts payable (note 10)	\$ 86,520	\$ 145,500
Advances from directors and officers, without interest or stated terms of repayment	0	26,407
	86,520	171,907
Loan Payable (note 7)	0	44,910
	86,520	216,817
Shareholders' Deficit		
Capital Stock (note 8)	6,271,709	6,015,200
Contributed Surplus	1,121,922	1,121,922
Deficit	(7,478,589)	(7,340,108)
	(84,958)	(202,986)
	\$ 1,562	\$ 13,831

Approved on behalf of the Board:

"J.N. Godding"
..... Director
J.N. Godding

"D. Sheane"
..... Director
D. Sheane

TREVALI RESOURCES CORP.
(Formerly Gateway Technologies Corporation)
Consolidated Statements of Operations and Deficit
Years Ended December 31

	2006	2005
Revenues		
Installation and support services	\$ 0	\$ 16,651
Software sales, net	0	8,813
	0	25,464
Administrative Expenses		
Directors' fees	75,000	0
Professional fees	72,827	10,763
Consulting fees	55,000	625
Trust, filing and banking	17,059	6,872
Bad debt	4,200	0
Office and administrative	3,828	6,167
Shareholders' information	434	1,473
Telephone	30	128
Software	0	1,241
Amortization	0	484
	228,378	27,753
Loss Before Other Items	(228,378)	(2,289)
Other Items		
Write-off of equipment	(1,130)	0
Write-off of notes receivable	0	(600,000)
	(1,130)	(600,000)
Loss Before Discontinued Operations	(229,508)	(602,289)
Loss from Discontinued Operations	(20)	(66,885)
Gain from Abandonment of Discontinued Operations (note 5)	91,047	0
Net Loss for Year	(138,481)	(669,174)
Deficit, Beginning of Year	(7,340,108)	(6,670,934)
Deficit, End of Year	\$ (7,478,589)	\$ (7,340,108)
Loss Per Share	\$ (0.03)	\$ (0.24)
Weighted Average Number of Common Shares Outstanding	4,495,355	2,820,122

TREVALI RESOURCES CORP.
(Formerly Gateway Technologies Corporation)
Consolidated Statements of Cash Flows
Years Ended December 31

	2006	2005
Operating Activities		
Net loss	\$ (138,481)	\$ (669,174)
Items not involving cash		
Amortization	0	484
Gain from abandonment of discontinued operation	(91,047)	0
Directors' fees and consulting fees paid in common shares	130,000	0
Write-off of receivable	4,200	600,000
Write-off of equipment	1,130	0
Write-down of C.D. Rom development costs	0	50,000
Write-down of inventory	0	4,392
	(94,198)	(14,298)
Changes in non-cash working capital		
Accounts receivable	5,322	(5,262)
Inventory	0	120
Accounts payable	83,857	26,190
	89,179	21,048
Cash Provided by (Used in) Operating Activities	(5,019)	6,750
Financing Activities		
Repayment of loan payable	0	(26)
Repayments to directors	0	(957)
Cash Used in Financing Activities	0	(983)
Inflow (Outflow) of Cash	(5,019)	5,767
Cash, Beginning of Year	6,536	769
Cash, End of Year	\$ 1,517	\$ 6,536
Supplemental Cash Flow Information		
Interest paid	\$ 0	\$ 0
Income taxes paid	\$ 0	\$ 0
Accounts payable settled by the issuance of common shares	\$ 256,509	\$ 0

TREVALI RESOURCES CORP.
(Formerly Gateway Technologies Corporation)
Notes to Consolidated Financial Statements
Years Ended December 31, 2006 and 2005

1. NATURE OF OPERATIONS AND REALIZATION OF ASSETS

The Company was in the business of software development using non-normalized, multi-dimensional relational database technologies and application generators. During 2006, the Company discontinued all previous operations and is now inactive and in the process of searching for a new business.

Pursuant to a board resolution dated May 16, 2006, the Company has consolidated its capital on a 1 for 2 basis, and changed its name to Trevali Resources Corp. from Gateway Technologies Corporation.

2. GOING-CONCERN

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles on a going-concern basis. This presumes funds will be available to finance on-going development, operations and capital expenditures and the realization of assets and the payment of liabilities in the normal course of operations for the foreseeable future. Management intends to raise additional capital through share issuances to finance operations.

The Company has minimal capital resources presently available to meet obligations which normally can be expected to be incurred by similar companies, and has an accumulated deficit of \$7,478,589 (2005 - \$7,340,108) and working capital deficit of \$84,958 (2005 - \$159,206). These factors raise substantial doubt about the Company's ability to continue as a going-concern, which is dependent on its ability to obtain and maintain an appropriate level of financing on a timely basis and to achieve sufficient cash flows to cover obligations and expenses. The outcome of these matters cannot be predicted. These financial statements do not give effect to any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going-concern.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of consolidation

These financial statements include the accounts of the Company and its wholly-owned subsidiary, Gateway Multimedia Inc. All significant intercompany balances and transactions have been eliminated.

As at March 31, 2006, Gateway Multimedia Inc. discontinued its operations.

(b) Amortization

Amortization of equipment is calculated on a declining-balance basis at 30% per annum.

TREVALI RESOURCES CORP.
(Formerly Gateway Technologies Corporation)
Notes to Consolidated Financial Statements
Years Ended December 31, 2006 and 2005

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Income taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, 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 basis, and losses carried forward. Future tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in operations in the periods in which the change is enacted or substantially assured. The amount of future income tax assets recognized is limited to the amount of the benefit that is more likely than not to be realized.

(d) Loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the year. The Company uses the treasury stock method for calculating diluted loss per share. However, diluted loss per share is not presented where the effects of various conversions and exercise of options and warrants would be anti-dilutive.

(e) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates include the determination of rates for amortization and valuation allowance for future tax assets. While management believes the estimates used are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

(f) Revenue recognition

Revenue is recognized when the product is sold or the service is provided.

4. FINANCIAL INSTRUMENTS

(a) Fair value

The carrying values of cash, accounts receivable and accounts payable approximate their fair values because of the short-term maturity of these financial instruments.

(b) Interest rate risk

The Company's long-term debt is at a fixed interest rate, and therefore, the Company's exposure to interest rate cash flow risk during the term of the debt is minimal.

TREVALI RESOURCES CORP.
(Formerly Gateway Technologies Corporation)
Notes to Consolidated Financial Statements
Years Ended December 31, 2006 and 2005

4. FINANCIAL INSTRUMENTS (Continued)

(c) Credit risk

The Company is exposed to credit risk with respect to its accounts receivable; however, this is minimized by the Company's history with its customers. The Company maintains provisions for potential credit losses, and any such losses to date have been within management's expectations.

5. 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.

On March 31, 2006, the subsidiary had assets of \$98, liabilities of \$317,624 (including \$226,479 owing to the parent company), share capital of \$1 and an accumulated deficit of \$317,528. The abandonment of the subsidiary resulted in a net gain of \$91,047.

6. EQUIPMENT

2006			
	Cost	Accumulated Amortization	Net
Computer equipment	\$ 0	\$ 0	\$ 0

2005			
	Cost	Accumulated Amortization	Net
Computer equipment	\$ 14,830	\$ 13,700	\$ 1,130

7. LOAN PAYABLE

Pursuant to an agreement dated October 19, 1998, BC Telecom Foundation advanced \$50,000 to Gateway Multimedia Inc. to assist in the completion of the Company's C.D. Rom product, "The Wheelhouse Companion - Challenge Edition".

The loan was secured as follows:

- (i) promissory note bearing interest at 7% per annum;
- (ii) general security agreement on all the undertaking, property and assets of Gateway Multimedia Inc.; and
- (iii) assignment of copyright.

The loan was repayable based on a royalty of 10% of the gross selling price of the product, payable quarterly.

TREVALI RESOURCES CORP.
(Formerly Gateway Technologies Corporation)
Notes to Consolidated Financial Statements
Years Ended December 31, 2006 and 2005

8. CAPITAL STOCK

(a) Authorized
 Unlimited Class A common shares without par value

(b) Issued and allotted

	Shares	Amount
Balance, December 31, 2004 and 2005	2,820,122	\$ 6,015,200
Shares allotted but not issued	(98,653)	0
Issued for debt settlement	2,440,080	244,009
Private placement	250,000	12,500
Fractional share cancellation on share consolidation	(328)	0
Balance, December 31, 2006	5,411,221	\$ 6,271,709

(i) As at December 31, 2006, there were 98,653 (2005 – 98,653) shares allotted but not issued.

(ii) On May 17, 2006, the Company completed a 1 for 2 share consolidation which has been applied retroactively in these financial statements unless otherwise stated.

(iii) In May 2006, the Company issued 2,440,080 common shares at a price of \$0.10 per share to settle accounts payable and advances payable to directors and consultants in the amount of \$244,008.

(iv) In July 2006, the Company completed a non-brokered private placement of 250,000 common shares at a price of \$0.05 per share for proceeds of \$12,500.

9. INCOME TAX LOSSES

The reconciliation of income tax provision computed at statutory rates to the reported income tax provision is as follows:

	2006	2005
Income tax rate	34.12%	34.12%
Income tax benefit computed at Canadian statutory rates	\$ 47,250	228,322
Gain from abandonment of discontinued operations	31,065	0
Write-off of notes receivable	0	(204,720)
Write-down of C.D. Rom development costs	0	(17,060)
Write-down of inventory	0	(1,499)
	78,315	5,043
Unrecognized tax losses	(78,315)	(5,043)
	\$ 0	\$ 0

TREVALI RESOURCES CORP.
(Formerly Gateway Technologies Corporation)
Notes to Consolidated Financial Statements
Years Ended December 31, 2006 and 2005

9. INCOME TAX LOSSES (Continued)

The components of the future income tax assets are as follows:

	2006	2005
Non-capital loss carry-forwards for Canadian tax purposes	\$ 514,000	\$ 354,000
Appropriate tax rate	34.12%	34.12%
	175,377	120,785
Valuation allowance	(175,377)	(120,785)
	\$ 0	\$ 0

The valuation allowance reflects the Company's estimate that the tax assets, more likely than not, will not be realized.

The Company has operating losses that may be carried forward to apply against future years' income for Canadian income tax purposes. The tax effect has not been recorded in the financial statements. These losses expire as follows:

Available to	Amount
2007	\$ 106,000
2008	86,000
2009	76,000
2010	7,000
2014	7,000
2015	2,000
2026	230,000
	\$ 514,000

TREVALI RESOURCES CORP.
(Formerly Gateway Technologies Corporation)
Notes to Consolidated Financial Statements
Years Ended December 31, 2006 and 2005

10. RELATED PARTY TRANSACTIONS

- (a) During the year, the Company made the following payments to officers, directors and/or companies related to directors of the Company. These services were measured at the exchange amount, which is the amount agreed upon by the transacting parties.

	2006	2005
Directors' fee	\$ 75,000	\$ 0
Consulting fees	5,000	625
Accounting and administration	3,828	8,250
Occupancy costs	0	4,725
	\$ 83,828	\$ 13,600

- (b) Amounts due to related parties are as follows:

	2006	2005
Included in accounts payable	\$ 2,039	\$ 106,427