MOSAM CAPITAL CORP.

FINANCIAL STATEMENTS
(Stated in Canadian Dollars)

JANUARY 31, 2008 AND 2007

AUDITOR'S REPORT

BALANCE SHEET

STATEMENT OF LOSS AND DEFICIT

STATEMENT OF CASH FLOWS

NOTES TO FINANCIAL STATEMENTS

MINNI, CLARK & COMPANY
CERTIFIED GENERAL ACCOUNTANTS

SUITE 200 – 551 HOWE STREET
VANCOUVER, BRITISH COLUMBIA
CANADA V6C 2C2

Jerry A. Minni, C.G.A. *
Bryce A. Clark, C.G.A., *

TELEPHONE: (604)683-0343
FAX: (604)683-4499

* Incorporated Professional

AUDITORS' REPORT

To the Directors,
Mosam Capital Corp.

We have audited the balance sheets of MOSAM CAPITAL CORP. as at January 31, 2008 and 2007 and the statements of loss, 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 audit.

We conducted our audit 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 financial statements present fairly, in all material respects, the financial position of the Company as at January 31, 2008 and 2007 and the results of its operations and changes in its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"MINNI, CLARK & COMPANY"
CERTIFIED GENERAL ACCOUNTANT

Vancouver, Canada
May 27, 2008

MOSAM CAPITAL CORP.

BALANCE SHEET AS AT JANUARY 31, 2008

ASSETS

	2008	2007
CURRENT		
Cash and cash equivalents	$ 280,038	$ 1,327,190
Interest receivable	8,924	-
Short term investment (Note 3)	817,145	-
Deposits	1,500	-
GST receivable	7,228	4,847
	$ 1,114,835	$ 1,332,037

LIABILITIES

	2008	2007
CURRENT		
Accounts payable and accrued liabilities	$ 7,000	$ 4,000
Due to related parties (Note 4)	-	3,049
	7,000	7,049

SHAREHOLDERS' EQUITY

	2008	2007
SHARE CAPITAL (Note 5)	1,299,048	1,297,532
CONTRIBUTED SURPLUS (Note 5)	164,156	164,156
DEFICIT	(355,369)	(136,700)
	1,107,835	1,324,988
	$ 1,114,835	$ 1,332,037

Nature of Operations (Note 1)

APPROVED BY THE DIRECTORS:

"Brian Kerzner"

"Robert Baxter"

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

MOSAM CAPITAL CORP.

STATEMENT OF LOSS AND DEFICIT

FOR THE YEAR ENDED JANUARY 31, 2008

	2008	2007
EXPENSES		
Bank charges and interest	$ 227	$ 239
Directors fees:		
Stock-based compensation	-	108,765
Office and rent	21,836	3,072
Professional fees	11,573	19,129
Regulatory fees	8,583	945
Transfer agent	4,663	1,619
Travel and promotion:		
Incurred	737	1,461
Stock-based compensation	-	13,821
	47,619	149,051
OTHER INCOME AND EXPENSES		
Interest	13,115	-
Gain on short term investments	15,835	12,351
Provision of impairment of short term investments	(200,000)	-
	(171,050)	12,351
NET (LOSS) FOR THE YEAR	(218,669)	(136,700)
DEFICIT, BEGINNING OF THE YEAR	(136,700)	-
DEFICIT, END OF THE YEAR	$ (355,369)	$ (136,700)
Basic and diluted earnings per common share	$ (0.02)	$ (0.03)
Weighted average number of common shares outstanding	8,750,000	4,075,616

MOSAM CAPITAL CORP.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JANUARY 31, 2008

	2008	2007
OPERATING ACTIVITIES		
Net loss for the year	$ (218,669)	$ (136,700)
Gain on short-term investments	(15,835)	-
Item not involving cash:		
Stock-based compensation	-	122,586
Provision for impairment of short-term investment	200,000	-
Changes in non-cash working capital items:		
Interest receivable	(8,924)	-
Deposit	(1,500)	-
GST receivable	(2,381)	(4,847)
Accounts payable and accrued liabilities	3,000	4,000
Due to related parties	(3,049)	3,049
	(47,358)	(11,912)
INVESTING ACTIVITIES		
Proceeds on sale of short term investments	2,015,835	-
Purchase of short term investments (net)	(3,017,145)	-
	(1,001,310)	-
FINANCING ACTIVITIES		
Proceeds from common shares subscriptions	-	1,510,000
Share issue costs	1,516	(170,898)
	1,516	1,339,102
INCREASE (DECREASE) IN CASH	(1,047,152)	1,327,190
CASH, BEGINNING OF THE YEAR	1,327,190	-
CASH, END OF YEAR	$ 280,038	$ 1,327,190

SUPPLEMENTAL CASH FLOW INFORMATION:

	2008	2007
Cash paid during the year:		
Interest	$ -	$ -
Income taxes	$ -	$ -
Financing activity:		
Share issue costs	$ -	$ 41,570

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

1. NATURE OF OPERATIONS

The Company was incorporated under the provisions of the Business Corporations Act (British Columbia) on February 1, 2006.

The Company is a capital pool company pursuant to the policies of the TSX Venture Exchange ("Exchange"). The Company is in the development stage and its principal business is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction as defined by the rules of the Exchange. Such a transaction will be subject to shareholder and regulatory approval.

The Company's continuing operations are dependent upon its ability to identify, evaluate and negotiate a Qualifying Transaction. If the Qualifying Transaction is identified or completed, additional funding may be required and there is no assurance that the Company will be able to obtain such financing, if any, on reasonable terms.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenue and expenses during the reporting period. Actual results could differ from those estimates used in the financial statements.

(b) Financial instruments

The Company adopted CICA Section 3855, Financial Instrument – Recognition and Measurement. The section establishes standards for determining when a financial asset, financial liability or non-financial derivative is to be recognized on the balance sheet and weather it will be measured using a cost-based or fair value method. The adoption of this new accounting policy had no significant effect on these financial statements.

The carrying amounts of cash and cash equivalents, interest receivable, short-term investments, deposits, GST receivable, accounts payable and accrued liabilities and due to related parties approximate fair value because of the short-term maturity of these items.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(c) Earnings (Loss) per share

The Company uses the treasury stock method for the computation and disclosure of earnings (loss) per share. Basic earnings (loss) per share is computed by dividing the earnings (loss) by the weighted average number of common shares outstanding during the year. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares from the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds received from in-the-money stock options and warrants are used to acquire common shares at the average market price during the reporting period.

(d) Stock-based compensation

The Company has a stock-based compensation plan which is described in note 3(c) .The Company accounts for all stock-based payments and awards under the fair value based method.

Under the fair value based method, stock-based payments to non-employees are measured at the fair value of the consideration received, or the fair value of the equity instruments issued, or liabilities incurred, whichever is more reliably measurable. The fair value of stock-based payments to non-employees is periodically re-measured until counterparty performance is complete, and any charge therein is recognized over the vesting period of the award and in the same manner as if the Company had paid cash instead of paying with or using equity instruments. The cost of stock-based payments to non-employees that are fully vested and non-forfeitable at the grant date is measured and recognized at that date.

Compensation cost attributable to awards to employees is measured at fair value at the grant date and recognized over the vesting period. Compensation cost attributable to awards to employees that call for settlement in cash or other assets is measured at intrinsic value and recognized over the vesting period. Changes in intrinsic value between the grant date and the measurement date result in a change in the measure of compensation cost. Compensation cost is generally recognized on a straight-line basis over the vesting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(e) Income Taxes

The Company uses the asset and liability method of accounting for income taxes. Under the method, future income taxes are recognized for the future income tax consequences attributable to differences between financial statement carrying values and their corresponding tax values (temporary differences) and tax loss carry forwards. Future income tax assets and liabilities are measured using enacted or substantively enacted income tax rates expected to apply when the temporary differences are expected to be recovered or settled. The effect on future income tax assets and liabilities of a change in tax rates is included in income in the period in which the change occurs. The amount of future income tax assets recognized is limited to the amount that, in the opinion of management, is more likely than not to be realized.

(f) Risk management

The Company has not yet generated significant revenues and as a result is not exposed to significant credit concentration risk. The Company is not exposed to significant interest rate risk.

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

g) Comprehensive income

The Company adopted CICA Section 1530, *Comprehensive Income*. This section requires the presentation of statement of comprehensive income and its components. Comprehensive income includes net income or loss and other comprehensive income. Other comprehensive income may include holding gains and losses on available-for sale securities, gains and losses on certain derivative instruments and foreign gains and losses from self sustaining foreign operations. The adoption of this new accounting policy had no significant effect on these financial statements. During the current period the Company did not have any other comprehensive income components.

h) Hedges

This standard applicable when a company chooses to designate a hedging relationship for accounting purposes. It builds on the previous AcG-13, "Hedging Relationships", and CICA 1650, "Foreign Currency Translation", by specifying how hedge accounting is applied and what disclosures are necessary when it is applied. The Company had no hedging relationships as at January 31, 2008. The adoption of this standard did not have an impact on the Company's financial statements.

3. SHORT TERM INVESTMENTS

The Company continues to hold $1,000,000 investment in short-term investment issued by trust sponsored and managed by non-bank entities. The underlying security represents secured debt obligations commonly known as “Asset Backed Commercial Paper” (“ABCP”). In mid August 2007, a number of sponsors on non-bank managed ABCP, including those with which the Company had invested, announced that they could not place ABCP due to un-favourable conditions in the Canadian capital markets. Since then various proposals have been put forward with respect to a settlement or payment plan arrangement, subject to court and regulatory approval. To date an arrangement has not received approval

Management estimates the fair market value of impairment according to CICA Handbook Section 3855. Potential investors for similar note will expect a higher than average return. Based on the fair value estimate of the recoverability of the investment, the Company recorded an impairment charge on the statement of operation of $200,000. There is no certainty however, that a restructuring arrangement will be implemented or the full $800,000 will be recovered. Management will strive to recover, by all means available and necessary, the maximum value from the disposition of the ABCP or any restructured securities it receives.

4. RELATED PARTY TRANSACTIONS

During the year ended January 31, 2008, the Company entered into the following transactions with related parties:

a) Paid or accrued $2,898 (2007 - $23,273) for legal fees to a company controlled by an officer of the Company.

b) Paid or accrued $18,000 (2007- $1,500) for rent and office expenses to a company having former directors and officers in common.

c) Paid $ 2,500 (2007-Nil) for office expense to a company having former directors and officers in common.

5. SHARE CAPITAL

(a) Authorized:

Unlimited number of common shares without par value.

5. SHARE CAPITAL - continurd

(b) Issued and fully paid:

	Number of Shares	Amount	Contributed Surplus
Balance, February 1, 2006	-	$ -	$ -
Common shares issued for cash	3,750,000	510,000	-
Initial public offering	5,000,000	1,000,000	-
Share issue costs	-	(210,952)	-
Stock-based compensation	-	-	122,586
Agents options issued	-	-	41,570
Balance, January 31, 2007 and January 31, 2008	8,750,000	$ 1,299,048	$ 164,156

Pursuant to common share subscription agreements dated February 1, 2006 and June 30, 2006, 2,400,000 common shares at a price of $0.10 per share were issued to directors and officers of the Company and 1,350,000 common shares at a price of $0.20 per share were issued to associates of directors and officers of the Company for gross proceeds of $510,000. Pursuant to an escrow agreement, all of the 2,400,000 common shares issued at a price of $0.10 per share will be held in escrow. Under the escrow agreement, 10% of the escrowed common shares will be released from escrow following issuance of the final Exchange bulletin (“Final Exchange Bulletin”) upon completion of the Qualifying Transaction and 15% will be released every six months thereafter over a period of thirty six months. If the Company meets the Exchange’s Tier 1 status after receipt of the Final Exchange Bulletin, the release of escrow shares is accelerated.

During the year ended January 31, 2007, the Company completed an initial public offering of 5,000,000 common shares at $0.20 per share for gross proceeds of $1,000,000. The agent received a commission of 10% of the gross proceeds of the offering or $0.02 per share and an administration fee of $10,000. The Company also granted the agent non-transferable options (“agent’s options”) to acquire 500,000 common shares at an exercise price of $0.20 per common share exercisable for a period of 2 years expiring November 30, 2008. The estimated fair value of the agent’s options of $41,570 is included in share issue costs and was valued with an option valuation model using the following assumptions:

Risk free interest rate	3.81%
Expected dividend yield	0%
Stock price volatility	73%
Expected life of options	2 years

A total of 50% of the common shares held pursuant to the exercise of the agent’s options may be sold prior to the completion of the Qualifying Transaction, and the remaining 50% may be sold after completion of the Qualifying Transaction. The agent was also reimbursed by the Company for other agent’s expenses incurred pursuant to the offering, including legal fees of $9,906.

5. SHARE CAPITAL - continued

All common shares of the Company that may be acquired by non arm's length parties to the Company, including common shares under the offering and all common shares of the Company acquired by any person or company who becomes a control person under the secondary market prior to the completion of the Qualifying Transaction are required to be deposited in escrow.

Stock options and charitable options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Such options will be exercisable for a period of up to 5 years from the date of grant.

In connection with the foregoing, the number of common shares reserved for issuance to any individual director or officer will not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed two percent (2%) of the issued and outstanding common shares. Any common shares acquired pursuant to the exercise of options prior to completion of the Qualifying Transaction, must be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued.

During the year ended January 31, 2007, the Company granted 875,000 incentive stock options to its directors and officers at a price of $0.20 per share for a period of 5 years expiring November 30, 2011. In addition, the Company granted 87,000 incentive stock options to three charitable organizations at a price of $0.20 per share for a period of 10 years expiring November 30, 2016.

During the year ended January 31, 2007 under the fair value based method, $122,586 in compensation expense was recorded in the statement of operations for these options. The compensation costs reflected in these financial statements were calculated using Black-Scholes option pricing model using the following weighted average assumptions:

Risk free interest rate	3.75%
Expected dividend yield	0%
Stock price volatility	73%
Expected life of options	5.45 years

The weighted average fair value of options granted during the year ended January 31, 2007 and January 31, 2008 was $0.13 per option.

6. INCOME TAXES

At January 31, 2008 the tax effects of the significant components with the Company's future income tax assets are as follows:

	2008	2007
Future income tax assets		
Non-capital losses	$ 28,851	$ 16,903
Share issue costs	47,321	47,851
	76,172	64,754
Less:		
Valuation allowance	(76,172)	(64,754)
Net future income tax assets	$ -	$ -

The Company has non-capital tax loss carry forwards of approximately $82,433 (2007 - $48,294) and share issue costs of $135,202 (2007 - $136,718) that are available to reduce taxable income in future periods. These tax loss carry forwards expire in 2017 and 2028.

In addition the Company has $92,083 (2007-Nil) of net capital loss carry forwards that may be used to reduced taxable income resulting from capital gains.

Due to uncertainty surrounding the realization of future income tax assets, the Company has recognized a 100% valuation allowance against its future income tax assets.

7. SUBSEQUENT EVENT

Subsequent to January 31, 2008 the Company issued 439,000 common shares pursuant to option agreements.