MOSAM CAPITAL CORP.

FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

Three and nine months ended October 31, 2007

(Unaudited – Prepared by Management)

MOSAM CAPITAL CORP.

(the “Company”)

INTERIM FINANCIAL STATEMENTS
Three and nine months ended October 31, 2007

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of Company’s management.

The Company’s independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity’s auditor.

December 21, 2007

MOSAM CAPITAL CORP

Balance Sheets
(Unaudited - Prepared by Management)
(Expressed in Canadian dollars)

October 31, 2007 and January 31, 2007

	October 31, 2007	January 31, 2007
	(unaudited)	(audited)
Assets		
Current assets:		
Cash and cash equivalents	$ 311,805	$ 1,327,190
Receivables	8,161	4,847
	319,966	1,332,037
Investments (note 3)	899,999	-
	$ 1,219,965	$ 1,332,037
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ -	$ 4,000
Due to related parties	4,427	3,049
	4,427	7,049
Shareholders' equity:		
Contributed surplus	164,156	164,156
Share capital (note 4)	1,299,048	1,297,532
Deficit	(247,666)	(136,700)
	1,215,538	1,324,988
	$ 1,219,965	$ 1,332,037

Nature of operations (note 1)

See accompanying notes to financial statements.

MOSAM CAPITAL CORP.

Statements of Operations and Deficit
(Unaudited - Prepared by Management)
(Expressed in Canadian dollars)

Nine months ended October 31, 2007 and 2006

	Three months ended October 31, 2007	Three months ended October 31, 2006	Nine months ended October 31, 2007	Nine months ended October 31, 2006
Expenses:				
Bank charges and interest	$ 58	$ 105	$ 175	$ 188
Consulting	500	-	500	-
Office and rent	6,995	178	14,836	178
Professional fees	2,686	-	4,073	927
Provision for impairment of investments (note 3)	100,000	-	100,000	-
Regulatory fees	500	665	7,833	945
Transfer agent	2,560	540	3,914	540
Travel, advertising and promotion	66	-	719	-
	113,365	1,488	132,050	2,778
Other items:				
Interest and other income	2,535	3,108	5,249	5,617
Gain on disposal of short-term investment	-	-	15,835	-
	2,535	3,108	21,084	5,617
Earnings (loss) and comprehensive earnings (loss) for the period	(110,830)	1,620	(110,966)	2,839
Retained earnings (deficit), beginning of period	(136,836)	1,219	(136,700)	-
Retained earnings (deficit), end of period	$ (247,666)	$ 2,839	$ (247,666)	$ 2,839
Basic and diluted loss per share	$ (0.01)	$ -	$ (0.01)	$ -
Weighted average number of shares outstanding	8,750,000	3,750,000	8,750,000	3,013,187

See accompanying notes to financial statements.

MOSAM CAPITAL CORP.

Statements of Cash Flows
(Unaudited - Prepared by Management)
(Expressed in Canadian dollars)

Nine months ended October 31, 2007and 2006

	Three months ended October 31, 2007	Three months ended October 31, 2006	Nine months ended October 31, 2007	Nine months ended October 31, 2006
Operations:				
Earnings (loss) and comprehensive earnings (loss) for the period	$ (110,830)	$ 1,620	$ (110,966)	$ 2,839
Items not involving cash:				
Gain on disposal of investments	-	-	(15,835)	-
Provision for impairment of investments	100,000	-	100,000	-
Changes in non-cash working capital items:				
Receivables	(2,180)	(1,597)	(3,315)	(2,230)
Accounts payable and accrued liabilities	-	(3,210)	(4,000)	15,350
Due to related parties	4,427	(1,000)	1,378	-
	(8,583)	(4,187)	(32,738)	15,959
Investing:				
Proceeds on sale of investments	-	-	2,024,835	-
Funds invested in commercial paper	-	-	(3,008,999)	-
	-	-	(984,164)	-
Financing:				
Deferred finance costs	-	(36,681)	-	(54,681)
Shares issued for cash	-	-	-	510,000
Share issue costs	-	-	1,517	-
	-	(36,681)	1,517	455,319
Increase (decrease) in cash and cash equivalents	(8,583)	(40,868)	(1,015,385)	471,278
Cash and cash equivalents, beginning of period	320,388	512,146	1,327,190	-
Cash and cash equivalents, end of period	$ 311,805	$ 471,278	$ 311,805	$ 471,278
Supplementary information:				
Cash paid during the period :				
Interest	$ -	$ -	$ -	$ -
Income taxes	-	-	-	-

See accompanying notes to 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 approvals.

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) Change in accounting policies:

Effective August 1, 2007, the Company adopted the provisions of the following new Canadian Institute of Chartered Accountants ("CICA") accounting standards:

i. Comprehensive Income (Section 1530):

This section describes standards for reporting and disclosing comprehensive income, its components and related changes in equity. Comprehensive income includes net income as well as changes in equity during a period from transactions and events from non-owner sources, such as unrealized gains or losses on available-for-sale financial instruments. Adopting this standard has no impact on the Company's consolidated financial statements for the period ended October 31, 2007.

2. Significant account policies:

(b) Change in accounting policies (continued):

ii Financial Instruments - Recognition and Measurement (Section 3855):

This section describes the standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. Under the new standard, all financial instruments will be classified as one of the following: held-for-trading, held-to-maturity, loans and receivables, available- for-sale financial assets or other financial liabilities.

- Held-for-trading financial instruments are measured at fair value. All gains and losses resulting from changes in their fair value are included in net earnings (loss) in the period in which they arise.

- Held-to-maturity investments, loans and receivables, and other financial liabilities are initially measured at fair value and subsequently measured at amortized cost. Amortization of premiums or discounts and transaction costs are amortized into net earnings (loss), using the effective interest method.

- Available-for-sale financial assets are measured at fair value, with unrealized gains and losses recorded in other comprehensive income until the asset is realized, at which time they will be recorded in net earnings (loss). Other than temporary impairments on available-for-sale financial assets are recorded in net earnings (loss).

iii Financial Instruments - Disclosure and Presentation (Section 3861):

CICA Section 3861 sets out standards which address the presentation of financial instruments and non-financial derivates, and identifies the related information that should be disclosed. These standards also revise the requirements for entities to provide accounting policy disclosures, including disclosure of the criteria for designating as held-for-trading those financial assets or liabilities that are not required to be classified as held-for-trading; whether categories of normal purchases and sales of financial assets are accounted for at trade date or settlement date; the accounting policy for transaction costs on financial assets and financial liabilities classified as other than held-for-trading; and provides several new requirements for disclosure about fair value.

The Company’s financial instruments include cash and cash equivalents, receivables, accounts payable and accrued liabilities and due to related parties. The fair values of these financial instruments approximate their carrying values because of their short term nature. The Company classified its investments as available-for-sale securities and had no held-to-maturity financial assets as at October 31, 2007.

2. Summary of significant accounting policies (continued):

(b) Change in accounting policies (continued):

iv. Hedging (Section 3865):

CICA Section 3865 specifies the circumstances under which hedge accounting is permissible and how hedge accounting may be performed. The Company currently does not hold any financial instruments designated for hedge accounting.

(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 are computed by dividing the earnings (loss) by the weighted average number of common shares outstanding during the period. 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) 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.

3. Investments:

As at October 31, 2007, the Company held approximately $1.0 million investment in non-bank Canadian Asset-Backed Commercial Paper ("ABCP"). This investment matured on September 26, 2007 but was not repaid due to unfavorable conditions in the Canadian capital markets.

The ABCP market is currently the subject of an agreement ("the Montreal Accord") entered into on August 16, 2007 by banks, asset providers and major investors. This agreement involves a restructuring of ABCP with the intention of replacing the ABCP with notes having a maturity similar to the maturity of the underlying assets and creating a market for them to trade. The restructuring which was originally scheduled to close on December 14, 2007 has been extended and full legal restructuring is expected to complete not later than March 14, 2008.

There is presently no active market for the ABCP held by the Company and the funds cannot be accessed until such time as the restructuring contemplated by the Montreal Accord has been completed or some alternative acceptable resolution is found. Since the investment is no longer capable of reasonably prompt liquidation, the Company has reclassified this investment to long-term assets as at October 31, 2007.

At October 31, 2007, management has estimated the fair value impairment on ABCP held as prescribed by Section 3855 by using a probability weighted valuation technique incorporating uncertainties regarding return, credit risk of underlying assets, amounts to be received and maturity dates. Since these investments are currently subject to a stand still agreement, these estimates are not based on observable market prices or rates. In addition, there is no certainty regarding the eventual success of the Montreal Accord and consequently the timing and amount of any future cash flows may vary materially from current estimates.

Based on this fair value estimation, the Company has recorded an impairment charge in the amount of $100,000 in the three months ended October 31, 2007. There can be no assurance that this estimate will be realized or that it will be adequate. Subsequent adjustments, which could be material, may be required in future reporting periods.

4. Share capital:

(a) Authorized:

Unlimited number of common shares without par value.

(Expressed in Canadian dollars)

4. Share capital (continued):

(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, October 31, 2007	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. At January 31, 2007, 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

4. Share capital (continued):

(b) Issued and fully paid (continued):

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.

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.

(c) 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.

(Expressed in Canadian dollars)

4. Share capital (continued):

(c) Stock options and charitable options (continued):

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 was $0.13 per option.

5. Related party transactions:

During the nine months ended October 31, 2007, the Company entered into the following transactions with related parties:

(a) Paid or accrued $13,500 (2006 - $nil) for rent and office expenses to a company having directors and officers in common.

(b) Paid or accrued $2,898 (2006 - $962) for legal fees to a company controlled by an officer of the company.