MOSAM CAPITAL CORP.

FINANCIAL STATEMENTS
(Stated in Canadian Dollars)

July 31, 2008

(Unaudited – Prepared by Management)

MOSAM CAPITAL CORP.

(the “Company”)

INTERIM FINANCIAL STATEMENTS
Three and six months ended July 31, 2008

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.

September 24, 2008

MOSAM CAPITAL CORP

Balance Sheets
(Unaudited – Prepared by Management)
(Stated in Canadian dollars)

	July 31, 2008	January 31, 2008
Assets		
CURRENT		
Cash and cash equivalents	$ 373,694	$ 280,038
Interest receivable	-	8,924
Short term investment (Note 3)	800,435	817,145
Deposits	1,500	1,500
GST receivable	8,768	7,228
	$ 1,184,397	$ 1,114,835
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 10,483	$ 7,000
	10,483	7,000
Shareholders' equity:		
Contributed surplus	107,236	164,156
Share capital (note 4)	1,458,768	1,299,048
Deficit	(392,090)	(355,369)
	1,173,914	1,107,835
	$ 1,184,397	$ 1,114,835

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.

Statements of Operations and Deficit
(Unaudited – Prepared by Management)
(Stated in Canadian Dollars)

	Three months ended July 31, 2008	Three months ended July 31, 2007	Six months ended July 31, 2008	Six months ended July 31, 2007
Expenses:				
Bank charges and interest	$ 51	$ 77	$ 106	$ 117
Office and rent	4,525	3,340	11,136	7,840
Professional fees	7,090	211	16,324	1,386
Regulatory fees	5,175	3,583	10,375	7,333
Transfer agent	1,263	643	2,220	1,355
Travel	-	-	-	653
	22,057	7,854	40,161	18,684
Other items:				
Interest income	1,750	487	3,440	2,713
Gain on disposal of short-term investment	-	15,835	-	15,835
Earnings (loss) and comprehensive earnings (loss) for the period	(16,354)	8,468	(36,721)	(136)
Retained earnings (deficit), beginning of period	(375,736)	(145,304)	(355,369)	(136,700)
Retained earnings (deficit), end of period	$ (392,090)	$ (136,836)	$ (392,090)	$ (136,836)
Basic and diluted loss per share	$ -	$ -	$ -	$ -
Weighted average number of shares outstanding	8,978,100	8,750,000	8,978,100	8,750,000

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

MOSAM CAPITAL CORP.

Statements of Cash Flows

(Unaudited-Prepared by Management)

(Stated in Canadian Dollars)

	Three months ended July 31,		Six months ended July 31,	
	2008	2007	2008	2007
Operations:				
Earnings (loss) and comprehensive earnings (loss) for the period	$ (16,354)	$ 8,468	$ (36,721)	$ (136)
Items not involving cash				
Gain on disposal of short-term investment	-	(15,835)	-	(15,835)
Changes in non-cash working capital items:				
Receivables	(745)130	(345)	7,385	(1,135)
Accounts payable and accrued liabilities	(1,517),000	(7,075)	3,483	(7,049),485
	(18,617)	(14,787)	(25,854)	(24,155)
Investing:				
Short term investments	16,710	15,836	16,710	(984,164)
Financing:				
Shares issued for cash	15,000	-	102,800	-
Share issue costs	-	1,517	-	1,517
Increase (decrease) in cash and cash equivalents	13,093	(2,566)	93,656	(1,006,802)
Cash and cash equivalents, beginning of period	360,601	317,822	280,038	1,327,190
Cash and cash equivalents, end of period	$ 373,694	$ 320,388	$ 373,694	$ 320,388
Supplementary information:			-	-

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 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) Financial Instruments

CICA Section 3855, Financial Instrument – Recognition and Measurement establishes standards for determining when a financial asset, financial liability or non-financial derivative is to be recognized on the balance sheet and whether it will be measured using a cost-based or fair value method. 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.

(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.

2. Summary of significant accounting policies (continued):

(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.

(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:

CICA Section 1530, Comprehensive Income, 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 exchange gains and losses from self sustaining foreign operations. During the current period the Company did not have any other comprehensive income components.

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.

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 during the prior year 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. Share capital:

(a) Authorized:

Unlimited number of common shares without par value.

(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, 2008	8,750,000	$ 1,299,048	$ 164,156
Exercise of options for cash	514,000	102,800	-
Exercise of options – fair value	-	56,920	(56,920)
Balance, July 31, 2008	9,264,000	$ 1,458,768	$ 107,236

4. Share capital (continued):

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

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.

4. Share capital (continued):

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 was $0.13 per option.

5. Related party transactions:

During the six months ended July 31, 2008, the Company entered into the following transactions with related parties:

(a) Paid or accrued $7,000 (2007 - $7,500) for rent and office expenses to a company controlled by an officer of the Company.

(b) Paid or accrued $16,324 (2007 - $211) for legal fees to a company controlled by an officer of the company.

6. Subsequent events:

Nil