

# **EVERTON RESOURCES INC.**

**(A development stage Company)**

## **Interim Consolidated Financial Statements**

**January 31, 2007 and 2006**

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## Management Responsibility for Interim Financial Statements

To the Shareholders and Directors of Everton Resources Inc.

The interim consolidated financial statements and the notes thereto are the responsibility of the management of Everton Resources Inc. These interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles, using management's best estimates and judgements where appropriate.

Management has developed and maintained a system of internal controls to provide reasonable assurance that all assets are safeguarded and to facilitate the preparation of relevant, reliable and timely financial information.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls. The Audit Committee, which is comprised of Directors, none of whom are employees or officers of the Company, meets with management to satisfy itself that management is properly discharging its financial reporting responsibilities to the Directors who approve the interim consolidated financial statements.

The auditors of Everton Resources Inc. have not performed a review of the unaudited financial statements for the three months ended January 31, 2007 and January 31, 2006.

(signed) André Audet  
André Audet, CEO

(signed) Marc Carbonneau  
Marc Carbonneau, CFO

**Everton Resources Inc.**

(A development stage Company)

Interim Consolidated Balance Sheets

	January 31, 2007	October 31, 2006
	(Unaudited)	(Audited)
	\$	\$
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	1,431,319	1,455,364
Marketable securities	15,000	17,250
Accounts receivable (note 7)	281,635	363,793
Tax credits and mining duties receivable	1,295,573	1,390,365
Advances to operators	23,975	20,755
Prepaid expenses	73,578	100,226
	<u>3,121,080</u>	<u>3,347,753</u>
Property, plant and equipment (note 5)	51,289	54,569
Mineral exploration properties (note 6)	1,112,867	1,011,875
Deferred exploration expenses (note 6)	4,162,488	3,470,563
	<u>8,447,725</u>	<u>7,884,760</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities	360,278	416,508
Current obligation under capital lease (note 5)	9,705	1,772
	<u>369,983</u>	<u>418,280</u>
Long term liabilities		
Obligation under capital lease	-	8,366
	<u>369,983</u>	<u>426,646</u>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (note 8)	16,468,612	14,849,688
Warrants (note 8)	58,712	583,356
Contributed surplus (note 9)	1,278,401	1,218,909
Accumulated other comprehensive loss (note 10)	(2,250)	-
Deficit	(9,725,733)	(9,193,839)
	<u>8,077,742</u>	<u>7,458,114</u>
	<u>8,447,725</u>	<u>7,876,394</u>

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

On behalf of the Board,  
(signed) "André Audet"

On behalf of the Board,  
(signed) "Alain Krushnisky"

**Everton Resources Inc.**

(A development stage Company)

Interim Consolidated Statements of Operations (unaudited)

	Three months Ended January 31, 2007	Three months Ended January 31, 2006
	\$	\$
Administrative expenses		
Management and consulting fees	85,684	57,426
Salaries and benefits	268,803	148,984
Travel and promotion	106,707	47,166
Report to shareholders	1,943	2,256
Conferences and subscription	10,200	7,546
Stationery and office supplies	6,762	7,276
Professional fees	32,686	19,404
Insurance	4,617	6,842
Bank charges and interest	921	1,320
General expenses	6,850	35,269
Amortization of property, plant and equipment	5,220	1,867
	<u>530,393</u>	<u>335,356</u>
Other expenses (income)		
Interest and other income	(10,379)	(911)
Option payments (note 6)	-	(15,518)
Write-down of mining properties and deferred exploration expenses	11,878	72,180
	<u>1,499</u>	<u>55,751</u>
Net loss	<u>531,892</u>	<u>391,107</u>
Basic and diluted net loss per common share	<u>0.01</u>	<u>0.01</u>
Basic and diluted weighted average number of common shares outstanding	<u>45,912,804</u>	<u>33,896,815</u>

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

**Everton Resources Inc.**

(A development stage Company)

Interim Consolidated Statements of Deferred Exploration Expenses (unaudited)

	Three months Ended January 31, 2007	Three months Ended January 31, 2006
	\$	\$
Balance, beginning of the period	3,470,563	1,226,878
Additions		
Drilling	245,504	147,384
Project consulting	3,448	22,434
Geophysical survey	140,649	4,933
Geological survey	136,567	107,606
Geochemical survey	164,156	7,074
Report preparation	11,864	-
Renewal of licenses and permits	71,215	910
General field expenses	102,201	34,944
	875,604	325,285
Contribution of partners	(18,731)	-
	856,873	325,285
Write-down of deferred exploration expenses	(11,878)	(72,180)
Tax credits and mining duties	(153,070)	(32,783)
	(164,948)	(104,963)
Balance, end of the period	4,162,488	1,447,200

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**Everton Resources Inc.**

(A development stage Company)

Interim Consolidated Statements of Deficit (unaudited)

	<u>January 31, 2007</u>	<u>January 31, 2006</u>
	\$	\$
Deficit, beginning of period	9,193,839	7,780,394
Net loss	531,892	391,107
Deficit, end of period	<u>9,725,731</u>	<u>8,171,501</u>

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

**Everton Resources Inc.**

(A development stage Company)

Interim Consolidated Statements of Comprehensive Loss (unaudited)

	Three months Ended January 31, 2007	Three months Ended January 31, 2006
	\$	\$
Net loss for the period	531,892	391,107
Other comprehensive loss		
Unrealized loss on available-for-sale investment (note 10)	2,250	-
Comprehensive loss for the period	<u>534,142</u>	<u>391,107</u>

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

**Everton Resources Inc.**

(A development stage Company)

Interim Consolidated Statements of Cash Flows (unaudited)

	Three months Ended January 31, 2007	Three months Ended January 31, 2006
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Net loss	(531,892)	(391,106)
Non-cash items		
Amortization of property, plant and equipment	5,220	1,867
Stock based compensation	94,995	59,912
Write-down of deferred exploration expenses	11,878	72,180
Changes in non-cash working capital items (note 10)	113,307	207,702
Cash flows used in operating activities	<u>(306,492)</u>	<u>(49,445)</u>
<b>INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(1,939)	(32,325)
Mineral exploration property costs	(100,992)	(76,350)
Deferred exploration expenses	(920,825)	(397,475)
Tax credits and mining duties received	247,863	-
Cash flows used in investing activities	<u>(775,893)</u>	<u>(506,150)</u>
<b>FINANCING ACTIVITIES</b>		
Payments on capital lease obligation	(436)	-
Common shares issued	1,058,778	457,567
Cash flows from financing activities	<u>1,058,342</u>	<u>457,567</u>
Decrease in cash and cash equivalents	(24,045)	(98,027)
Cash and cash equivalents, beginning of year	1,455,364	717,937
Cash and cash equivalents, end of year	<u>1,431,319</u>	<u>619,910</u>
Non-cash supplemental information:		
Change in deferred exploration expense included in accounts payable	(63,952)	(72,191)
Change in fair value of warrants	524,643	241,544
Fair value of exercised options	35,502	40,327
Common shares issued to increase interest in mineral properties	-	38,500

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

## **Everton Resources Inc.**

(A development stage Company)

Notes to Interim Consolidated Financial Statements (unaudited)

January 31, 2007 and 2006

### **1. Governing statutes and nature of operations**

Everton Resources Inc. (the "Company" or "Everton") was incorporated under the Business Corporations Act (Alberta) on November 7, 1996 and commenced operations on December 19, 1996. Until June 2002, the Company was involved in an internet related business. In November 2002, the Company commenced its current nature of operations which involves acquisition, exploration and development of mineral resource properties. The Company is in the exploration stage and does not derive any revenue from the development of its properties.

Until it is determined that the Company's properties contain mineral reserves or resources that can be economically mined, they are classified as mineral exploration properties. The recoverability of deferred exploration expenses is dependent upon: the discovery of economically recoverable reserves and resources; securing and maintaining title and beneficial interest in the properties; the ability to obtain necessary financing to complete exploration, development and construction of processing facilities; obtaining certain government approvals; and attaining profitable production.

### **2. Going concern assumption**

These interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles and on the basis of a going concern assumption meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

For the period ended January 31, 2007, the Company reported a loss of \$531,892 and an accumulated deficit of approximately \$9.7 million at that date. In addition to ongoing working capital requirements, the Company must secure sufficient funding for its existing commitments for exploration and development programs and general and administration costs. These circumstances lend substantial doubt as to the ability of the Company to meet its commitments as they come due.

In recognition of these circumstances, the Company has secured funding in the amount of approximately \$1.1 million following the exercise of warrants and options by shareholders to fund operations and advance the Company's Canadian exploration program (note 6). Also, in February, the Company closed a private placement financing for gross proceeds of \$12.5 million. These undertakings are sufficient to enable the Company to fund all aspects of its operations for the next two years.

The carrying amounts of assets, liabilities, revenues and expenses presented in the interim financial statements and the balance sheet classifications have not been adjusted as would be required if the going concern assumption was not appropriate.

### **3. Change in accounting policies**

Effective November 01, 2006, the Company has adopted two new accounting standards related to financial instruments that were issued by the Canadian Institute of Chartered Accountants in 2005. These accounting policy changes were adopted on a prospective basis with no restatement of prior period financial statements. The new standards and accounting policy changes are as follows:

#### Financial Instruments – Recognition and Measurement (Section 3855)

Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Instruments classified as held for trading are measured at fair value with unrealized gains and losses recognized on the statement of loss.

The Company has classified its investment as available-for-sale and therefore carries it at fair market value, with the unrealized gain or loss recorded in shareholders' equity as a component of other comprehensive income. These amounts will be reclassified from shareholders' equity to net income when the investment is sold. Previously, investments were carried at the lower of cost and market value.

## **Everton Resources Inc.**

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Notes to Interim Consolidated Financial Statements (unaudited)

January 31, 2007 and 2006

### Comprehensive Income (Section 1530)

Comprehensive income is the change in shareholders' equity during a period from transactions and other events and circumstances from non-owner sources. In accordance with this new standard, the Company now reports a consolidated statement of comprehensive loss and a new category, accumulated other comprehensive income, has been added to the shareholders' equity section of the consolidated balance sheet. The components of this new category will include unrealized gains and losses on financial assets classified as available-for-sale. The components of accumulated other comprehensive income for the three month period ended January 31, 2007 are disclosed in note 10.

#### **4. Accounting policies**

##### **a) Basis of presentation**

These unaudited interim financial statements, which are expressed in Canadian dollars, have been prepared by management in accordance with accounting principles generally accepted in Canada and include all of the assets, liabilities and expenses of the Company, its 100% owned Dominican Republic subsidiaries Everton Minera Dominicana and Tropical Resources. All inter-company balances and transactions have been eliminated upon consolidation. Everton Resources Inc. and its subsidiaries are collectively referred to herein as the "Company" or "Everton".

The accounting policies used in the preparation of these interim consolidated financial statements are in compliance to those used in the Company's annual consolidated financial statements. These unaudited interim consolidated financial statements do not include all of the disclosures included in the annual financial statements. Accordingly, these unaudited interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes thereto for the year ended October 31, 2006.

##### **b) Use of estimates**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and disclosures in the notes thereto.

The most significant items requiring the use of management estimates and valuation assumptions are related to the recoverable value of mining assets (mineral exploration properties and deferred exploration expenses) and the ability to continue as a going concern. These estimates and valuation assumptions were made by management using careful judgment, based on the most current geological information available and its planned course of action, as well as on assumptions about future business, economic and capital market conditions. Actual results could differ from estimates used in preparing these financial statements and such differences could be material.

**Everton Resources Inc.**

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Notes to Interim Consolidated Financial Statements (unaudited)

January 31, 2007 and 2006

**5. Property, plant and equipment**

	Cost \$	Accumulated Amortization \$	January 31, 2007 Net Book Value \$	October 31, 2006 Net Book Value \$
Computer equipment	26,233	10,598	15,635	16,903
Computer software	20,199	12,624	7,575	10,100
Furniture and equipment	23,219	4,053	19,166	18,184
	69,651	27,275	42,376	45,187
Furniture and equipment under capital lease	10,424	1,511	8,913	9,382
	80,075	28,786	51,289	54,569

**6. Mineral properties and deferred exploration expenses**

	January 31, 2007		October 31, 2006	
	Mineral properties \$	Deferred Exploration Expenses \$	Mineral properties \$	Deferred Exploration Expenses \$
a) Opinaca	194,646	1,176,142	154,646	1,081,537
b) Wildcat	250,028	520,145	250,028	431,410
c) Eastmain River Area	186,929	94,328	183,299	44,097
d) James Bay Area	105,809	143,412	54,495	129,475
e) Star Lake	12,653	14,515	12,652	11,839
f) Evans	16,368	23,664	16,368	23,664
g) Cuance	-	557,400	-	417,552
g) Los Hojanchos	-	228,521	-	214,902
h) Loma El Mate	183,836	802,996	183,836	785,091
i) Miches	57,845	218,935	57,845	153,044
j) Jobo Claro	92,081	181,248	92,081	53,548
k) Maimon Copper	-	146,369	-	71,824
l) La Mireya	5,635	15,315	5,635	1,519
m) Hot Springs	-	-	-	11,878
n) Other	7,037	39,499	990	39,183
	1,112,867	4,162,489	1,011,875	3,470,563

## Everton Resources Inc.

(A development stage Company)

Notes to Interim Consolidated Financial Statements (unaudited)

January 31, 2007 and 2006

### a) Opinaca, Quebec

On December 13, 2004, Everton signed an option agreement with Azimut Exploration ("Azimut") to earn up to 50% in 546 claims by spending \$4,800,000 in exploration work and by making cash payments of \$340,000 over 5 years. The claims are adjacent to the Eleonore gold discovery, in the James Bay territory in Quebec. Under the same agreement, the Company has the option to increase its interest from 50% to 65% by paying an amount of \$40,000 a year to Azimut for the next five years and by incurring minimum work expenditures of \$200,000 a year for same period. This increase can only be acquired once the following payments and minimum exploration expenses have been made.

To earn its 50 % interest, the Company must make cash payments and incur exploration expenses in the following timelines:

	Cash Payments	Exploration Expenses
	\$	\$
Upon execution of the agreement	90,000 (1)	
On or before December 9, 2005	40,000 (1)	500,000 (3)
On or before December 9, 2006	40,000 (2)	900,000 (3)
On or before December 9, 2007	50,000	900,000
On or before December 9, 2008	60,000	1,200,000
On or before December 9, 2009	60,000	1,300,000
	340,000	4,800,000

(1) These amounts were paid to Azimut Exploration before October 31, 2006.

(2) This amount was paid to Azimut Exploration on December 9, 2006

(3) These amounts were incurred as exploration expenses before December 9, 2006.

### b) Wildcat, Quebec

On January 25, 2005, Everton acquired a 100% interest in 579 claims grouped in 7 different blocks. These claims were acquired from an independent prospector for cash consideration of \$100,000 and the issuance of 300,000 shares of Everton for a value of \$120,000. These claims are also adjacent to the Eleonore gold discovery. In November 2006, the Company staked an additional 158 claims to the east of Wildcat 5. This new claim block is called wildcat 8. The Company also increased the size of Wildcat 4 by acquiring an additional 26 claims and increased the size of Wildcat 7 by acquiring an additional 23 claims.

### c) Eastmain River Area, Quebec

On May 4, 2005, Everton acquired 227 claims in the Otish Mountains from Majescor Resources Inc. (a related party) for cash consideration of \$75,000.

On May 4, 2005, Everton signed an agreement with an independent staking syndicate to acquire a 100% interest in 837 claims divided into two blocks in exchange for the 227 claims it owned in the Otish Mountains, a cash consideration of \$25,000 and the issuance of 200,000 shares of the Company for a value of \$77,000.

In May 2005, Everton acquired by map-staking another 441 claims in the Eastmain River area, bringing the whole Eastmain Project to a total of 1,278 claims.

## Everton Resources Inc.

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Notes to Interim Consolidated Financial Statements (unaudited)

January 31, 2007 and 2006

### d) James Bay Area, Quebec

In 2005, four other projects were acquired by map-staking in the James Bay territory of Quebec. From the northernmost to the southernmost, the properties are Pine Hill, Sakami, Wapamisk and Conviac. During 2006, the Company conducted geological surveys on the Mirabelli property which is also located in the James Bay Area.

### e) Star Lake, Quebec

In September 2005, Everton signed a strategic alliance with Gestion IamGold-Québec Inc. to enable it to acquire from the Company a 50% interest in Star Lake by spending \$100,000 in exploration work and making cash payments totaling \$60,000 (\$20,000 in 2005 which generated a gain of \$15,783 and \$40,000 in 2006 which generated a gain of \$31,565). All of the above conditions were met and the Company has acquired its 50% interest.

### f) Evans, Quebec

In 2005, three projects were acquired by map-staking in the James Bay territory of Quebec: Battleship, Sirmac and Scott Lake.

### g) Cuance and Los Hojanchos, Dominican Republic

On August 26, 2003, Everton entered into an option agreement to earn up to 70% in three gold and base metals concessions, namely Cuance, Los Hojanchos and Loma de Payabo concessions. All of the concessions, known as the Everton Concession Group, are located in the Central Cordillera of the Dominican Republic within the Maimon copper and Los Ranchos Formations.

On December 28, 2006, in an amendment to this agreement, Everton can earn a 50% interest in two of these properties, Cuance and Los Hojanchos, in return for exploration expenditures of US \$585,000 (CAD \$657,000) per concession for a total of US \$1,170,000 (CAD \$1,314,000). These concessions are subject to a 1.5% net smelter royalty, which can be acquired for CDN \$750,000. To earn its interest, the Company must, at its option, incur the following exploration expenditures:

	Cuance	Los Hojanchos
On or before July 31, 2007	US \$585,000 (CAD \$657,000)	US \$585,000 (CAD \$657,000)

Upon earning the 50% interest, the Company can increase its interest to 70% by completing a bankable feasibility study within two years.

### h) Loma El Mate, Dominican Republic

By agreement dated December 8, 2003, the Company entered into an earn-in agreement with Linear Resources Inc. for the Loma El Mate Project, located in the Dominican Republic, which is contiguous to the southeast corner of the Pueblo Viejo Gold Mine concession. The Company had the option to acquire a 50% interest in the property by incurring cumulative expenditures of US \$500,000 (CAD \$567,000) over a two year period, issuing 200,000 common shares and paying an option fee of US \$70,000 (CAD \$79,000). All of the above conditions were met (including the issue of 100,000 common shares in 2004 valued at \$40,000, 50,000 common shares in 2005 valued at \$20,000 and 50,000 common shares in 2006 valued at \$38,500) and the Company has acquired its 50% interest.

## **Everton Resources Inc.**

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Notes to Interim Consolidated Financial Statements (unaudited)

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### **i) Miches, Dominican Republic**

In February 2006, Everton signed an agreement to acquire up to 85% interest in the Miches Group of Concessions located in the eastern part of Dominican Republic. The Miches concessions consist of four properties: La Guara, Leal, Las Cayas, and El Piquito.

Everton has the option to acquire up to an 85% interest in the four concessions from two independent Dominican companies by spending a total US \$1,800,000 (CAD \$2,022,000) in exploration work and by paying option fees of US \$175,000 (CAD \$197,000) over a period of 3 years.

### **j) Jobo Claro, Dominican Republic**

In September 2005, Everton signed an agreement with a local concession holder to acquire a 100% interest in the Jobo Claro concession adjacent to the Pueblo Viejo Mine, in the Dominican Republic.

Everton had the exclusive option to evaluate the Jobo Claro project for an initial period of 180 days from the effective date of September 10<sup>th</sup>, 2005, by paying US\$30,000 (CAD \$36,000). Further to an amendment to this agreement dated March 2006, Everton paid an additional amount of US\$30,000 (CAD \$34,000) to maintain its option to evaluate the Jobo Claro project, for up to 360 days from the effective date of September 10<sup>th</sup>, 2005. Further to a second amendment dated September 10, 2006, Everton paid an additional amount of US\$20,000 (CAD \$22,000) to maintain its option to evaluate the Jobo Claro project until March 10<sup>th</sup>, 2007. After that period, Everton can acquire a 100% interest in the project by paying US\$180,000 (CAD \$202,000).

### **k) Maimon Copper, Dominican Republic**

In January 2005, five polymetallic concessions were granted to the Company: Miranda, Loma Blanca, Caballero, Los Naranjos and Tocoa. These five concessions which are located within the Maimon Formation in Dominican Republic are held 100% by the Company. In November 2005, the Company was granted another three polymetallic concessions in the same area: La Sidra, El Lliano and La Yautia.

### **l) La Mireya, Dominican Republic**

In May 2006, the Company executed an agreement with GlobeStar Mining Corp. "Globestar" to acquire a 100% interest in La Mireya gold concession in the eastern cordillera of the Dominican Republic.

Under the terms of the agreement with GlobeStar, Everton exchanged its 50% joint venture interest in the Corozal and Cercadillo nickel laterite concessions in return for GlobeStar's La Mireya gold concession. Everton retains a 1% net smelter royalty on Corozal and Cercadillo while GlobeStar retains a 2% net smelter royalty on La Mireya. GlobeStar and Everton also have the right to purchase half of the other's net smelter royalty at any time for US\$500,000 (CAD \$562,000).

### **m) Hot Springs, British Columbia**

By agreement dated April 11, 1997 the Company acquired a 100% interest in certain claims in British Columbia from four directors in exchange for 417,143 shares of the Company. During a prior year, all related resource property costs were written down to a nominal value. During the period ended January 31, 2007, the property was 100% written down for an amount of \$11,878.

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### n) Other

Other properties consist mostly of eastern Dominican Republic concessions: Loma del Valle, Candelaria de Piedra, Cacique de Piedra and Altas Misas. The Company is in process of obtaining these concessions from the Dominican Republic authorities.

### 7. Related party transactions

Related party transactions not disclosed elsewhere in these financial statements are as follows:

Under an agreement between the Company and Majescor Resources Inc. (which shares common management), the Company pays the cost of shared salaries and benefits, rent and office expenses which are then reimbursed at cost by Majescor Resources Inc. During the period, the cost of shared salaries and benefits was \$64,236 (2006 - \$41,778) and rent and office expenses were \$8,280 (2006 - Nil). Included in accounts receivable is \$50,314 (2006 - \$46,168) due from Majescor Resources Inc.

Under an agreement between the Company and Uranium World Energy Inc. (which shares common management), the Company receives a quarterly compensation of \$16,250 (2006 - Nil) from Uranium World Energy Inc. for administrative services provided by the Company's employees (bookkeeping, filings and other accounting services). Included in accounts receivable is \$5,742 (2006 - 12,644) due from Uranium World Energy Inc.

These transactions were measured at the exchange amount, that is the amount established and accepted by the parties and were conducted in the normal course of business.

### 8. Share capital

#### a) Authorized

Unlimited number of common shares without par value.

#### Issued

	January 31, 2007		October 31, 2006	
	Number of shares	\$	Number of shares	\$
<b>Balance - beginning of period</b>	43,921,950	14,849,688	33,709,953	8,652,500
Shares issued for cash (net of issue costs)	-	-	3,000,000	132,675
Shares issued on the exercise of warrants	2,536,747	1,542,092	6,815,597	5,791,885
Shares issued on the exercise of options	104,000	76,832	346,400	234,128
Shares issued to increase participation in mineral properties	-	-	50,000	38,500
<b>Balance - end of period</b>	<b>46,562,697</b>	<b>16,468,612</b>	<b>43,921,950</b>	<b>14,849,688</b>

**Everton Resources Inc.**

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**b) Warrants**

	January 31, 2007		October 31, 2006	
	Number of warrants	Weighted average exercise price \$	Number of warrants	Weighted average exercise price \$
Balance – Beginning of period	2,751,033	0.41	6,566,630	0.40
Granted	-	-	3,000,000	0.70
Exercised	(2,536,747)	0.40	(6,815,597)	0.53
Expired	-	-	-	-
Balance – End of period	214,286	0.40	2,751,033	0.41

As at January 31, 2007, the following stock purchase warrants were outstanding and exercisable:

Number	Exercise Price \$	Black-Scholes Value \$	Expiry Date
214,286	0.40	58,712	March 5, 2007 (1)

(1) These warrants were exercised at or before the expiry date.

**c) Stock option plan**

The Company has a stock option plan approved by its shareholders. At the 2005 annual general meeting, shareholders approved the resolution to increase the maximum number of options from 3,800,000 to 4,500,000. Common shares reserved for issuance under the plan is based on a rolling maximum of 10% of the Company's outstanding common shares. These options may be granted to the Company's employees, officers, directors, and non-employees, subject to regulatory terms and approval. The exercise price of each option can be set equal to or greater than the closing market price, less allowable discounts, of the common shares on the TSX Venture Exchange on the day prior to the date of the grant of the option. Options have a maximum term of ten years and terminate 60 days following the termination of the optionee's employment, except in cases of retirement or death. Vesting of options is made at the discretion of the Board of Directors at the time the options are granted.

	January 31, 2007		October 31, 2006	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Balance – Beginning of period	3,629,850	0.50	3,021,250	0.36
Granted	440,000	1.31	1,255,000	0.78
Exercised	(104,000)	0.40	(346,400)	0.38
Expired	-	-	(300,000)	0.41
Balance – End of period	3,965,850	0.59	3,629,850	0.50

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The fair value of each option granted is estimated at the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	<u>2007</u>	<u>2006</u>
Expected dividend yield	0.00%	0.00%
Expected stock price volatility	97%	103%
Risk-free interest rate	3.87%-3.99%	3.98%-4.36%
Expected life of options	5 years	5 years
Weighted average fair value	\$1.01	\$1.08

The Company has recorded the following amounts as stock based compensation:

	<u>January 31, 2007</u>	<u>January 31, 2006</u>
	\$	\$
Salaries and benefits	41,893	29,063
Management and consulting fees	53,102	30,849
Total stock based compensation	<u>94,995</u>	<u>59,912</u>

**9. Contributed surplus**

Contributed surplus consists of the following components:

	<u>January 31, 2007</u>	<u>October 31, 2006</u>
	\$	\$
Balance – beginning of period	1,218,909	937,767
Stock options granted (note 8)	94,995	394,255
Stock options exercised	(35,502)	(113,113)
Balance – end of period	<u>1,278,401</u>	<u>1,218,909</u>

**10. Accumulated other comprehensive income**

Accumulated other comprehensive income is comprised as follows:

Balance, October 31, 2006	<u>\$</u> -
Unrealized loss on available-for-sale investment	(2,250)
Balance, January 31, 2007	<u>(2,250)</u>

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### 11. Changes in non-cash working capital items

Changes in the non-cash working capital consists of the following items:

	January 31, 2007	January 31, 2006
	\$	\$
Accounts receivable	82,158	29,172
Prepaid expenses	26,648	(41,706)
Advances to operators	(3,220)	148,950
Accounts payable and accrued liabilities	7,721	71,286
Total changes in non-cash working capital	<u>113,307</u>	<u>207,702</u>

### 12. Segmented information

The Company has determined that it only operates in one segment, being acquisition, exploration and development of mineral properties with the aim of discovering commercially exploitable deposits of minerals. Total assets segmented by geographical area are as follows:

	January 31, 2007	October 31, 2006
	\$	\$
Canada	5,913,955	5,754,719
Dominican Republic	2,533,770	2,130,041
Total	<u>8,447,725</u>	<u>7,884,760</u>

### 13. Comparative figures

Certain of the comparative figures have been reclassified to conform with the current year's presentation.

### 14. Subsequent events

- a) In February 2007, the Company closed a private placement financing of 10,000,000 Units at a price of \$1.25 per Unit for gross proceeds of \$12,500,000. Each Unit is comprised of one common share and one-half of one common share purchase warrant. Each Warrant will entitle the holder to purchase one common share of Everton at a price of \$1.65 until August 20, 2008, provided that if the weighted-average price of the common shares of the Company on the TSX Venture Exchange is equal to or greater than \$2.50 for 20 consecutive trading days, the holder will have 30 days to exercise their warrants failing which the warrants will expire, provided that such expiry date shall be no earlier than June 21, 2007. Shareholders will be notified when the force exercise has been triggered. The brokered private placement was completed by a syndicate of agents led by Orion Securities Inc. and including Canaccord Adams Inc.. In connection with the private placement, the Agents received cash commission equal to 6.5% of the gross proceeds of the Offering. The Agents also received compensation options equal to 6.5% of the total number of Units sold pursuant to the Offering. Each Compensation Option entitles the Agents to purchase one Unit at the Issue Price until August 20, 2008. Everton will use the net proceeds from the Offering to fund its further exploration and development in the Opinaca region of James Bay, Quebec, to further advance the Company's exploration activities in the Dominican Republic, and for general corporate purposes.

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- b) In March 2007, the Company signed an agreement with an independent staking syndicate to acquire the entire interest in 1,480 claims in the James Bay territory of Quebec. Under the terms of the agreement, The Company will acquire a 100% interest in the 1,480 claims by paying the syndicate \$125,000 within five days of the receipt of Exchange approval and the issuance of 380,000 common shares of EVR upon confirmation of the titles. The properties are subject to a 2% NSR payable to the syndicate. The Company has the option to purchase up to one-half of the 2% royalty for \$1,000,000.
  
- c) In March 2007, the Company decided to increase the number of shares reserved for issuance under its stock option plan, subject to regulatory approval, from 4,500,000 options to 5,680,698 options, representing 10% of the outstanding shares.