

EVERTON RESOURCES INC.
(A development stage Company)

Interim Consolidated Financial Statements

For the three and nine months ended July 31, 2008

Management's Responsibility for Financial Statements	2
Financial Statements	
Consolidated Balance Sheets	3
Consolidated Operations	4
Consolidated Deferred Exploration Expenses	5
Consolidated Deficit	6
Consolidated Comprehensive Loss	7
Consolidated Cash Flows	8
Notes to Consolidated Financial Statements	9 to 18

Management's Responsibility for Interim Financial Statements

To the Shareholders of Everton Resources Inc.

The interim consolidated financial statements and the notes thereto for the three and nine months ended July 31, 2008 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 auditors of Everton Resources Inc. have not performed a review of the consolidated financial statements for the three and nine months ended July 31, 2008.

(signed) André Audet
André Audet, CEO

(signed) Marc Carbonneau
Marc Carbonneau, CFO

Everton Resources Inc.
(A development stage Company)
Consolidated Balance Sheets
As at

	July 31 2008	October 31, 2007
	(Unaudited)	(Audited)
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	5,356,877	2,537,239
Short-term investments	-	5,468,851
Marketable securities	6,750	10,000
Accounts receivable	340,827	190,507
Amounts due from related parties (Note 6)	51,034	48,492
Tax credits and mining duties receivable	1,191,356	1,904,970
Advances to operators	-	12,706
Prepaid expenses	130,623	69,135
	<u>7,077,467</u>	<u>10,241,900</u>
Long-term investment (Note 3)	2,220,000	-
Property, plant and equipment (Note 4)	47,323	50,952
Mineral exploration properties (Note 5)	1,783,877	2,201,870
Deferred exploration expenses (Note 5)	8,909,165	6,669,196
	<u>20,037,832</u>	<u>19,163,918</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	647,152	360,603
SHAREHOLDERS' EQUITY		
Share capital (Note 7)	25,669,677	25,467,445
Warrants (Note 7)	3,616,176	3,616,176
Contributed surplus (Note 8)	2,530,093	1,946,319
Accumulated other comprehensive income (loss)	1,009,500	(7,250)
Deficit	(13,434,766)	(12,219,375)
	<u>19,390,680</u>	<u>18,803,315</u>
	<u>20,037,832</u>	<u>19,163,918</u>

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

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

On behalf of the Board,
(signed) "Michael Farrant"
Michael Farrant, Director

Everton Resources Inc.

(A development stage Company)

Consolidated Operations (unaudited)

	Three months Ended July 31, 2008	Three months Ended July 31, 2007	Nine months Ended July 31, 2008	Nine months Ended July 31, 2007
	\$	\$	\$	\$
Operating expenses				
Management and consulting fees	21,268	29,241	80,647	91,059
Salaries and benefits	121,088	109,387	354,952	466,531
Stock-based compensation	202,976	249,342	583,774	437,425
Travel and promotion	14,617	26,043	71,816	214,702
Report to shareholders	2,466	1,541	21,520	23,026
Conferences and subscription	10,344	5,784	24,823	45,264
Stationery and office supplies	8,837	4,285	26,682	17,290
Professional fees	10,051	21,310	76,707	84,566
Insurance	6,374	8,878	22,554	22,373
Bank charges and interest	2,469	1,221	6,870	4,958
General expenses	38,129	8,994	87,941	58,587
Loss (gain) on foreign exchange	2,534	(2,789)	11,019	(4,174)
Amortization of property, plant and equipment	4,585	5,918	13,521	16,485
Write-down of deferred exploration expenses	-	106,229	5,256	118,107
Project evaluation	-	-	4,721	-
Loss from operations	445,738	575,384	1,392,803	1,596,199
Other income				
Interest income	(39,707)	(88,648)	(177,412)	(177,260)
Net loss	406,031	486,737	1,215,391	1,418,939
Basic and diluted net loss per common share	0.01	0.01	0.02	0.03
Basic and diluted weighted average number of common shares outstanding	57,798,869	57,411,986	57,653,029	52,717,971

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

Everton Resources Inc.

(A development stage Company)

Consolidated Deferred Exploration Expenses (unaudited)

	Three months Ended July 31, 2008	Three months Ended July 31, 2007	Nine months Ended July 31, 2008	Nine months Ended July 31, 2007
	\$	\$	\$	\$
Balance, beginning of the period	8,188,545	5,505,612	6,669,196	3,470,563
Additions				
Drilling	277,816	620	1,343,744	816,812
Project consulting	59,978	40,902	185,469	83,694
Geophysical survey	44,539	22,258	309,709	751,188
Geological survey	385,303	731,829	865,095	1,015,660
Geochemical survey	43,117	137,080	147,933	416,026
Report preparation	68,278	24,926	327,089	61,295
Claims renewal	20,384	25,447	26,447	293,877
General field expenses	80,672	279,539	522,282	589,769
	980,087	1,262,601	3,727,768	4,028,321
Contribution of partners	(99,174)	-	(99,174)	(57,518)
	880,913	1,262,601	3,628,594	3,970,803
Write-down of deferred exploration expenses	-	(106,229)	(5,256)	(118,107)
Cost of mining properties sold	-	-	(467,908)	-
Tax credits and mining duties	(160,293)	(482,183)	(915,461)	(1,143,458)
	(160,293)	(588,412)	(1,388,625)	(1,261,565)
Balance, end of the period	8,909,165	6,179,801	8,909,165	6,179,801

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

Everton Resources Inc.

(A development stage Company)

Consolidated Deficit (unaudited)

	Three months Ended July 31, 2008	Three months Ended July 31, 2007	Nine months Ended July 31, 2008	Nine months Ended July 31, 2007
	\$	\$	\$	\$
Deficit, beginning of period	13,028,735	10,126,041	12,219,375	9,193,839
Net loss	406,031	486,737	1,215,391	1,418,939
Deficit, end of period	<u>13,434,766</u>	<u>10,612,778</u>	<u>13,434,766</u>	<u>10,612,778</u>

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

Everton Resources Inc.

(A development stage Company)

Consolidated comprehensive loss (unaudited)

	Three months Ended July 31, 2008	Three months Ended July 31, 2007	Nine months Ended July 31, 2008	Nine months Ended July 31, 2007
	\$	\$	\$	\$
Net loss for the period	(406,031)	(486,737)	(1,215,391)	(1,418,939)
Other comprehensive income (loss)				
Unrealized gain (loss) on available-for sale investments	(180,750)	(2,750)	1,016,750	(7,250)
Comprehensive loss for the period	<u>(586,781)</u>	<u>(489,487)</u>	<u>(198,641)</u>	<u>(1,426,189)</u>

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

Everton Resources Inc.

(A development stage Company)

Consolidated Cash Flows (unaudited)

	Three months Ended July 31, 2008	Three months Ended July 31, 2007	Nine months Ended July 31, 2008	Nine months Ended July 31, 2007
	\$	\$	\$	\$
OPERATING ACTIVITIES				
Net loss	(406,031)	(486,737)	(1,215,391)	(1,418,939)
Non-cash items				
Amortization of property, plant and equipment	4,585	5,918	13,521	16,485
Stock based compensation	202,976	249,342	583,774	437,425
Write-down of deferred exploration expenses	-	106,229	5,256	118,107
Changes in non-cash working capital items (Note 9)	(74,997)	(69,153)	(200,427)	(33,958)
Cash flows used in operating activities	<u>(273,467)</u>	<u>(194,401)</u>	<u>(813,267)</u>	<u>(880,880)</u>
INVESTING ACTIVITIES				
Short-term investments	-	1,425,133	5,468,851	(5,403,347)
Acquisition of property, plant and equipment	(1,550)	(2,283)	(9,892)	(7,070)
Mineral exploration property costs	(184,554)	-	(298,849)	(798,240)
Deferred exploration expenses	(855,790)	(872,142)	(3,303,262)	(3,651,180)
Tax credits and mining duties received	1,629,076	-	1,629,076	294,877
Cash flows from (used in) investing activities	<u>587,182</u>	<u>550,708</u>	<u>3,485,924</u>	<u>(9,564,960)</u>
FINANCING ACTIVITIES				
Payments on capital lease obligation	-	-	-	(8,366)
Common shares issued	100,500	-	142,270	13,650,492
Share issue costs	-	-	4,711	(932,827)
Cash flows from financing activities	<u>100,500</u>	<u>-</u>	<u>146,981</u>	<u>12,709,299</u>
Increase in cash and cash equivalents	414,215	356,307	2,819,638	2,263,459
Cash and cash equivalents, beginning of period	<u>4,942,662</u>	<u>3,362,516</u>	<u>2,537,239</u>	<u>1,455,364</u>
Cash and cash equivalents, end of period	<u><u>5,356,877</u></u>	<u><u>3,718,823</u></u>	<u><u>5,356,877</u></u>	<u><u>3,718,823</u></u>
	\$	\$	\$	\$
Non-cash supplemental information:				
Deferred exploration expenses included in accounts payable	614,647	664,890	614,647	664,890
Common shares received in exchange of mineral properties	-	-	1,200,000	-
Common shares issued to increase interest in mineral properties	-	-	15,250	850,800
Common shares issued in payment of deferred exploration expenses	40,000	-	40,000	-

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

Everton Resources Inc.

(A development stage Company)

Notes to Consolidated Financial Statements (unaudited)

July 31, 2008

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. Basis of presentation and accounting changes

The accompanying interim unaudited consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). They are consistent with the policies and practices used in the preparation of the Company's audited annual consolidated financial statements, except for the adoption of new standards described in the following paragraphs. These interim unaudited consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the years ended October 31, 2007 and 2006.

Effective November 1, 2007, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants ("CICA") under CICA Handbook Section 3862, "Financial Instruments – Disclosures", Section 3863, "Financial instruments – Presentation" and Section 1535, "Capital Disclosures". These new standards relate only to disclosure and presentation and have no impact on the Company's results.

Section 3862 describes the required disclosure for the assessment of the significance of financial instruments on an entity's financial position and performance and of the nature and extent of risk arising from financial instruments to which the entity is exposed and how the entity manages those risks.

The purpose of Section 3863 is to enhance the Financial Statements user's understanding of the significance of financial instruments to the Company's financial position, performance and cash flows. It carries forward the presentation-related requirements of Section 3861 "Financial Instruments – Disclosure and Presentation".

Section 1535 establishes standards for disclosing information about an entity's capital and how it is managed to enable users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital.

3. Long term investment

Further to a sale agreement dated November 22, 2007, and amended on December 5, 2007, the Company sold the following 18 properties located in the James Bay Area to NQ Exploration Inc. ("NQ"): Aylmer, Candlestick, Castle (including Castle south), Conviac, Corvet Sud, Eastmain, Eastmain Nord, Gauchet, Jobert, Le Moyne, Morand, Pine Hill, Pine Hill Nord, Pontax, Sakami, Duncan, Wapamisk and Star Lake in exchange for 12,000,000 common shares of NQ valued at a price of \$0.10 per share. On April 30, 2008, NQ completed its Initial Public Offering. The common shares are classified as long-term investment and are measured at fair value with changes in fair value recorded in other comprehensive income until the financial asset is derecognized or impaired.

Everton Resources Inc.

(A development stage Company)

Notes to Consolidated Financial Statements (unaudited)

July 31, 2008

3. Long term investment (continued)

	Cost	Unrealized gain	As at July 31, 2008 Fair value
	\$	\$	\$
12,000,000 common shares of NQ Exploration Inc.	1,200,000	1,020,000	2,220,000

4. Property, plant and equipment

	July 31, 2008		October 31, 2007	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Computer equipment	42,219	21,417	20,802	21,539
Computer software	31,554	27,471	4,083	3,015
Furniture and equipment	36,531	14,093	22,438	26,398
	<u>110,304</u>	<u>62,981</u>	<u>47,323</u>	<u>50,952</u>

The cost and accumulated amortization was \$100,412 and \$49,460 respectively as of October 31, 2007.

5. Mineral exploration properties and deferred exploration expenses

	July 31, 2008		October 31, 2007	
	Mineral Properties	Deferred Exploration Expenses	Mineral Properties	Deferred Exploration Expenses
	\$	\$	\$	\$
a) Opinaca	244,646	2,887,778	194,646	2,314,422
b) Wildcat	260,953	1,215,624	250,028	909,198
c) Eastmain River Area	-	-	137,887	122,326
c) James Bay Area	56,014	72,595	622,844	313,273
c) Star Lake	-	-	9,333	41,945
d) Fosse du Labrador	164,963	157,819	-	18,490
e) Cuance	-	1,010,686	-	733,681
e) Los Hojanchos	-	316,342	-	315,505
f) Loma El Mate	183,836	894,562	183,836	825,539
g) Jobo Claro	302,280	486,317	302,280	261,881
h) Maimon Copper	-	614,200	-	306,582
i) La Mireya	5,635	23,224	5,635	18,764
j) Ampliacion	422,740	1,049,583	422,740	467,291
j) Loma Hueca	107,980	32,734	67,940	8,804
k) Fresso	34,590	95,992	-	-
l) Other	240	51,709	4,701	11,496
TOTAL	<u>1,783,877</u>	<u>8,909,165</u>	<u>2,201,870</u>	<u>6,669,196</u>

Everton Resources Inc.

(A development stage Company)

Notes to Consolidated Financial Statements (unaudited)

July 31, 2008

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. As at July 31, 2008, the remaining commitments are as follows:

	Cash Payments	Exploration Expenses
	\$	\$
On or before December 9, 2008	60,000	1,200,000
On or before December 9, 2009	60,000	1,300,000
	<u>120,000</u>	<u>2,500,000</u>

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 initial payments and minimum exploration expenses have been made.

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. In 2006, the Company increased its land package known as Wildcat by staking an additional 207 claims. These claims are also adjacent to the Eleonore gold discovery. During the period ended April 30, 2008, the Company acquired by staking an additional 95 claims on the area known as Wildcat 8.

c) James Bay Area, Quebec

The mineral properties and deferred exploration expenses in James Bay Area as at July 31, 2008 relate to expenditures incurred on various properties held by the Company, acquired by map-staking.

d) Fosse du Labrador, Quebec

On February 11, 2008, the Company signed an agreement with Ressources Tectonic Inc. to acquire a 100% interest in the Kan property for cash consideration of \$70,000 over three years and by incurring \$310,000 in exploration expenses. On March 3, 2008, the Company paid Ressources Tectonic \$15,000. As at July 31, 2008, the remaining commitments are as follows:

	Cash Payments	Exploration Expenses
	\$	\$
On or before February 11, 2009	15,000	10,000
On or before February 11, 2010	15,000	50,000
On or before February 11, 2011	25,000	250,000
	<u>55,000</u>	<u>310,000</u>

Ressources Tectonic Inc. retains a 1.5% Net Smelter Return; half of this royalty (0.75%) can be bought by the Company at any time for \$750,000.

During the period ending July 31, 2008, the Company acquired by map-staking 1,447 designated claims in 13 new projects: Goose, Fox, Lac Aulneau, Colombet, Leopard, Diana, Lemming, Jack Rabbit, Lac Ribero, Otelnuck, Minowean, Canyon and Romer.

Everton Resources Inc.

(A development stage Company)

Notes to Consolidated Financial Statements (unaudited)

July 31, 2008

e) Cuanace 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 the Cuanace, Los Hojanchos and Loma de Payabo concessions. On February 20, 2008, in an amendment to the initial agreement, Everton agreed to incur exploration expenditures totaling US \$1,170,000 by July 31, 2009 to earn a 50% interest in two of these properties, Cuanace and Los Hojanchos (a minimum of US \$585,000 per concession). These concessions are subject to a 1.5% net smelter royalty, which can be acquired for CDN \$750,000. Upon earning the 50% interest, the Company can increase its interest to 70% by completing a bankable feasibility study within two years.

f) Loma El Mate, Dominican Republic

On December 8, 2003, the Company entered into an earn-in agreement with Linear Resources Inc. to acquire a 50% interest in the Loma El Mate Project in exchange for incurring exploration expenditures, issuing shares and paying an option fee. The Company acquired its 50% interest in 2006. In April 2007, the Company signed an option agreement with Linear to increase its interest in the concession to 65%, by incurring all additional expenditures on the concession to the completion of a bankable feasibility study.

g) 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, 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, 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, 2007. On March 10, 2007, the Company paid US\$180,000 (CAD \$210,000) to the local concession holder and acquired a 100% interest in the project.

h) Maimon Copper, Dominican Republic

In January 2005, five polymetallic concessions were granted to the Company, known as Miranda, Loma Blanca, Caballero, Los Naranjos and Tocoa. These five concessions are held 100% by the Company. In November 2005, the Company was granted another three polymetallic concessions, known as La Sidra, El Llano and La Yautia.

i) La Mireya, Dominican Republic

Under the terms of the agreement with GlobeStar Mining Corp., dated May 2006, 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\$512,850).

Everton Resources Inc.

(A development stage Company)

Notes to Consolidated Financial Statements (unaudited)

July 31, 2008

j) Ampliacion and Loma Hueca, Dominican Republic

In April 2007, the Company obtained an option to acquire from Linear Gold Corp. ("Linear") an undivided 50% interest in the Ampliacion and Loma Hueca Concessions. The Company can earn its interest in the Ampliacion Concession by making cash payments totaling US\$700,000 (CAD\$717,990), work commitments of US\$2,500,000 (CAD\$2,564,250) and issuing 1,200,000 common shares over a three-year period. The Company can increase its interest in the concession to 65% by incurring all additional expenditures on the concession to the completion of a bankable feasibility study and by paying Linear US\$2,000,000 (CAD\$2,019,000) and issuing 1,000,000 additional common shares. The Company can earn its interest in the Loma Hueca Concession by making cash payments totaling US\$100,000 (CAD\$102,570), work commitments of US\$600,000 (CAD\$615,420) and issuing 200,000 common shares over a three-year period. The Company can increase its interest in the concession to 65% by incurring all additional expenditures on the concession to the completion of a bankable feasibility study and by paying Linear US\$250,000 (CAD\$256,425) and issuing 300,000 additional common shares. As at July 31, 2008, the Company had issued 250,000 shares (valued at \$330,250), made a cash payment of US\$275,000 (CAD\$200,470) and incurred \$1,087,883 of exploration expenses on both properties.

k) Fresso

On May 28, 2008, the Company signed an option agreement with Asesores Internacionales Especializados, S.A. (the "concession owner") to acquire a 100% interest in the Fresso concession located in the north-western Dominican Republic for a cash consideration of US \$35,000 (CAD \$34,591) to the concession owner for a one-year evaluation period. At the Company's request, this evaluation period can be extended for two additional six-month periods for a payment of US\$17,500 (CAD \$17,950) per period. Upon conclusion of the evaluation period, the Company can acquire 100% interest in the property for a final cash payment of US\$140,000 (CAD \$143,958). The concession owner is entitled to a 0.50% Net Smelter Return ("NSR"). The Company will have the option to acquire 50% of this NSR at any time for US\$250,000 (CAD \$256,425). The first payment of US\$35,000 (CAD \$34,591) was made on May 28, 2008.

l) Other

Other property costs relate mostly to expenditures incurred on various concessions held in the Dominican Republic.

6. Related party transactions

Related party transactions not disclosed elsewhere in these consolidated 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 three-month and nine-month periods ended July 31, 2008, the cost of shared salaries and benefits were respectively \$27,888 and \$83,577 (\$43,842 and \$160,130 in 2007) and rent and office expenses were respectively \$10,599 and \$31,797 (\$8,280 and \$24,840 in 2007). Included in amounts due from related parties is \$13,006 (\$27,681 as at October 31, 2007) due from Majescor Resources Inc.

Under an agreement between the Company and Uranium World Energy Inc. (which shares common management), during the three-month and nine-month periods ended July 31, 2008, the Company received a compensation of respectively \$nil and \$48,750 (\$16,250 and \$48,750 in 2007) from Uranium World Energy Inc. for administrative services provided by the Company's employees (bookkeeping, filings and other accounting services). The agreement was terminated effective April 30, 2008. Included in amounts due from related parties is \$11,375 (\$11,483 as at October 31, 2007) due from Uranium World Energy Inc.

Everton Resources Inc.

(A development stage Company)

Notes to Consolidated Financial Statements (unaudited)

July 31, 2008

Under an agreement effective October 1, 2007 between the Company and Mazorro 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 Mazorro Resources Inc. During the three-month and nine-month periods ended July 31, 2008, the cost of shared salaries and benefits were respectively \$23,451 and \$70,353 (2007 - nil) and rent and office expenses were respectively \$2,949 and \$8,847 (2007 - nil). Included in amounts due from related parties is \$17,698 (\$9,328 as at October 31, 2007) due from Mazorro Resources Inc.

Under an agreement between the Company and Adventure Gold 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 Adventure Gold Inc. During the three-month and nine-month periods ended July 31, 2008, the cost of shared salaries and benefits were respectively \$23,424 and \$70,272 (2007- nil) and rent and office expenses were respectively \$4,326 and \$9,978 (2007 - nil). Included in amounts due from related parties is \$8,955 (2007 – nil).

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.

The amounts due from related parties are without interest and terms of repayment.

7. Share capital

a) Authorized

Unlimited number of common shares without par value.

Issued

	Three months Ended July 31, 2008		Nine months Ended July 31, 2008	
	Number of shares	\$	Number of shares	\$
Balance, beginning and end of period	57,707,833	25,529,177	57,473,983	25,467,445
Shares issued on the exercise of options	502,500	100,500	711,350	142,270
Shares issued to increase participation in mineral properties	-	-	25,000	15,250
Shares issued in payment of deferred exploration expenses	80,000	40,000	80,000	40,000
Adjustment to share issue costs	-	-	-	4,712
Balance - end of period	58,290,333	25,669,677	58,290,333	25,669,677

Everton Resources Inc.

(A development stage Company)

Notes to Consolidated Financial Statements (unaudited)

July 31, 2008

b) Warrants

As at July 31, 2008, the outstanding number of warrants exercisable into common shares is as follows:

	Three months ended July 31, 2008			Nine months ended July 31, 2008		
	Number of warrants	Weighted average exercise price \$	Black- Scholes Value \$	Number of warrants	Weighted average exercise price \$	Black- Scholes Value \$
Balance, beginning and end of period	5,975,000	1.61	3,616,176	5,975,000	1.61	3,616,176

Description	Number	Exercise Price \$	Expiry Date
February 2007 private placement	5,000,000	1.65	August 20, 2008
Broker Warrants	975,000	1.38	August 20, 2008
	<u>5,975,000</u>		

c) Stock option plan

The following table sets out the activity in stock options:

	Three months Ended July 31, 2008		Nine months Ended July 31, 2008	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Balance, beginning of period	4,805,000	0.67	4,963,850	0.65
Granted	200,000	0.40	250,000	0.47
Exercised	(502,500)	0.20	(711,350)	0.20
Balance, end of period	<u>4,502,500</u>	<u>0.71</u>	<u>4,502,500</u>	<u>0.71</u>

As at July 31, 2008, the following options were outstanding and exercisable:

Range of exercise prices	Number outstanding	Weighted average remaining Contractual life	Weighted average exercise price	Number exercisable
\$0.20-\$0.45	2,092,500	1.59	\$0.40	1,917,500
\$0.75-\$1.38	2,410,000	3.46	\$0.95	2,366,250
	<u>4,502,500</u>			<u>4,283,750</u>

Everton Resources Inc.

(A development stage Company)

Notes to Consolidated Financial Statements (unaudited)

July 31, 2008

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

	<u>2008</u>	<u>2007</u>
Expected dividend yield	0.00%	0.00%
Expected stock price volatility	88%	97%
Risk-free interest rate	3.38%	4.71%
Expected life of options	5 years	5 years
Weighted average fair value	\$0.25	\$0.59

8. Contributed surplus

Contributed surplus consists of the following components:

	Three months Ended July 31, 2008	Three months Ended July 31, 2007	Nine months Ended July 31, 2008	Nine months Ended July 31, 2007
	\$	\$	\$	\$
Balance, beginning of period	2,327,117	1,371,489	1,946,319	1,218,909
Stock-based compensation cost	202,976	249,342	583,774	437,425
Black-Scholes value of exercised options	-	-	-	(35,503)
Balance, end of period	<u>2,530,093</u>	<u>1,620,831</u>	<u>2,530,093</u>	<u>1,620,831</u>

9. Changes in non-cash working capital items

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

	Three months Ended July 31, 2008	Three months Ended July 31, 2007	Nine months Ended July 31, 2008	Nine months Ended July 31, 2007
	\$	\$	\$	\$
Accounts receivable	33,721	(72,282)	(150,320)	(16,634)
Amounts due from related parties	(30,810)	22,262	(2,542)	27,034
Prepaid expenses	(51,949)	(14,943)	(61,488)	(17,000)
Advances to operators	-	-	12,706	8,049
Accounts payable and accrued liabilities	(5,825)	(4,190)	1,217	(35,407)
Other current liabilities	(20,134)	-	-	-
Total changes in non-cash working capital	<u>(74,997)</u>	<u>(69,153)</u>	<u>(200,427)</u>	<u>(33,958)</u>

Everton Resources Inc.

(A development stage Company)

Notes to Consolidated Financial Statements (unaudited)

July 31, 2008

10. Segmented information

The Company has determined that it only operates in one segment, being acquisition, exploration and development of mineral properties for economically recoverable reserves. Long term assets segmented by geographical area are as follows:

	July 31, 2008	October 31, 2007
	\$	\$
Canada	7,340,977	4,990,409
Dominican Republic	5,619,388	3,931,609
Total	<u>12,960,365</u>	<u>8,922,018</u>

11. Contingent liability

In the Company's MD&A for the quarter ended January 31, 2008 (filed on Sedar on March 31, 2008), we reported that the company had received a notice from the optionor under the Miches option agreement disputing the Company's termination of that agreement on September 21, 2007 after incurring approximately US\$340,000 (CAD\$325,000) of a proposed second year work program of US\$600,000 and claiming damages in the amount of \$600,000. On July 3rd, 2008, the Company's Dominican Republic subsidiary was served with a notice of arbitration in respect of this claim, and has agreed to proceed to arbitration. At present, the resolution of this claim is not reasonably determinable.

12. Risk management, Financial instruments and Capital management

The Company's risk management is coordinated by the officers of the Company, in close-cooperation with the members of the board of directors.

The Company's financial instruments at July 31, 2008 consist of cash and cash equivalents, marketable securities, receivables and accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying value. It is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments.

The Company has limited exposure to financial risk arising from fluctuations in foreign exchange rates (US dollars and Dominican Peso "DOP") and the degree of volatility of these rates. As at July 31, 2008, financial assets and liabilities in foreign currency represent cash, accounts receivable, and prepaid expenses totaling DOP 2 255 867 (CAD\$ 37,698). The amount of expenditures in foreign currency during the three-month period ended July 31, 2008 is approximately USD \$270,392 (CAD\$279,116) DOP 5 918 724 (CAD\$167,657).

The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

The Company manages its liquidity needs by carefully monitoring cash outflows due in day-to-day business. Liquidity needs are monitored in various time bands, including 30-day projection, 180-day and 360-day lookout periods. Due to the nature of the activities of the Company, funding for long-term liquidity needs are dependent on the Company's ability to obtain additional financing, through various means, including equity financing.

The Company's capital management objectives are to ensure its ability to continue as a going concern and to provide an adequate return to its shareholders. As long as the Company is in the exploration and development stages of its mining properties, it is not the intention of the Company to contract debt obligations to finance its work programs.

Everton Resources Inc.

(A development stage Company)

Notes to Consolidated Financial Statements (unaudited)

July 31, 2008

13. Future accounting standards

Going Concern – Inclusion of Guidelines in Section 1400, “General Standards of Financial Statement Presentation”

In June 2007, the Canadian Institute of Chartered Accountants modified Section 1400, “General Standards of Financial Statement Presentation”, in order to require that management make an assessment of the Company’s ability to continue as a going concern over a period which is at least, but not limited to, twelve months from the balance sheet date. These new requirements are effective for fiscal years beginning on or after January 1, 2008 and the Company will implement them as of November 1, 2008. The new requirements only address disclosures, and will have no impact on the Company’s financial results.

14. Subsequent events

On August 20, 2008, 5,975,000 warrants expired, without being exercised.

On September 11, 2008, 100,000 options expired, without being exercised.

On September 24, 2008, 1,020,000 options were forfeited.

15. Comparative figures

Certain of the comparative figures have been reclassified to conform with the current period’s presentation.