

EVERTON RESOURCES INC.
(A development stage Company)
Consolidated Financial Statements
October 31, 2008 and 2007

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Management's Responsibility for Financial Statements

To the Shareholders and Directors of Everton Resources Inc.

The consolidated financial statements for the years ended October 31, 2008 and 2007, the notes thereto and other financial information contained in the annual report are the responsibility of the management of Everton Resources Inc. These consolidated 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, the majority of whom are not employees or officers of the Company, meets with management as well as the external auditors to satisfy itself that management is properly discharging its financial reporting responsibilities to the Directors who approve the consolidated financial statements.

The consolidated financial statements have been audited by Raymond Chabot Grant Thornton LLP, the independent auditors, in accordance with Canadian generally accepted auditing standards, on behalf of the shareholders.

The auditors have full and unrestricted access to the Audit Committee.

(signed) André Audet
André Audet, CEO

(signed) Khadija Abounaim
Khadija Abounaim, CFO



Auditors' Report

To the Shareholders of
Everton Resources Inc.

Raymond Chabot Grant Thornton LLP
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We have audited the consolidated balance sheets of Everton Resources Inc. as at October 31, 2008 and 2007 and the consolidated statements of operations, deferred exploration expenses, deficit, comprehensive loss, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

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

Raymond Chabot Grant Thornton LLP

Chartered Accountants,
Licensed Public Accountants

Ottawa, Canada
February 27, 2009

Everton Resources Inc.

(A development stage Company)

Consolidated Balance Sheets

As at October 31

	2008	2007
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	3,952,215	2,537,239
Short-term investments	-	5,468,851
Marketable securities	3,750	10,000
Accounts receivable	42,524	190,507
Amounts due from related parties (Note 10)	8,955	48,492
Tax credit and mining duties receivable	1,313,092	1,904,970
Advances to operators	-	12,706
Prepaid expenses	166,800	69,135
	<hr/>	<hr/>
	5,487,336	10,241,900
Long-term investment (Note 7)	621,975	-
Property, plant and equipment (Note 8)	42,738	50,952
Mineral exploration properties (Note 9)	1,766,905	2,201,870
Deferred exploration expenses (Note 9)	9,756,154	6,669,196
	<hr/>	<hr/>
	17,675,108	19,163,918
	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	176,870	360,603
SHAREHOLDERS' EQUITY		
Share capital (Note 11)	25,664,965	25,467,445
Warrants (Note 11)	-	3,616,176
Contributed surplus (Note 12)	6,243,342	1,946,319
Accumulated other comprehensive loss	(13,500)	(7,250)
Deficit	(14,396,569)	(12,219,375)
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	17,498,238	18,803,315
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	17,675,108	19,163,918
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Contingency (Note 17)

The accompanying notes are an integral part of these 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
For the Years Ended October 31

	2008	2007	Cumulative from November 1, 2002 to October 31, 2008
	\$	\$	\$
Operating expenses			
Management and consulting fees	104,803	112,432	731,894
Stock-based compensation (Note 11)	680,847	785,225	2,798,094
Salaries and benefits	493,529	623,453	1,930,004
Travel and promotion	120,382	296,411	1,041,596
Report to shareholders	22,412	24,188	190,935
Stationery and office supplies	31,657	27,916	142,317
Professional fees	87,780	112,498	771,582
Insurance	29,121	31,251	102,216
Bank charges and interest	8,579	6,030	28,400
General expenses	138,598	52,687	472,810
Amortization of property, plant and equipment	18,106	25,894	65,501
Write-down of mining properties and deferred exploration expenses	65,326	1,145,988	3,489,789
Project evaluation	7,442	50,516	57,958
	<u>1,808,582</u>	<u>3,294,489</u>	<u>11,823,096</u>
Other expenses (income)			
Interest and other income (Note 5)	(209,413)	(268,953)	(560,610)
Option payments	-	-	(47,348)
Gain on sale of marketable securities	-	-	(29,551)
Write-down of marketable securities	-	-	1,656
Financing fees	-	-	11,500
Share of net loss of NQ (Note 7)	578,025	-	578,025
	<u>368,612</u>	<u>(268,953)</u>	<u>(46,328)</u>
Loss from continued operations	2,177,194	3,025,536	11,776,768
Discontinued operations	-	-	153,404
Net loss	<u>2,177,194</u>	<u>3,025,536</u>	<u>11,930,172</u>
Basic and diluted net loss per common share	<u>0.04</u>	<u>0.06</u>	
Basic and diluted weighted average number of common shares outstanding	<u>57,813,226</u>	<u>53,912,018</u>	

Everton Resources Inc.

(A development stage Company)

Consolidated Deferred Exploration Expenses

For the Years Ended October 31

			Cumulative from November 1, 2002 to October 31, 2008
	2008	2007	2008
	\$	\$	\$
Balance, beginning of year	6,669,196	3,470,563	-
Additions			
Drilling	1,628,272	1,257,676	4,418,188
Project consulting	203,708	141,454	501,004
Geophysical survey	309,710	913,652	1,880,770
Geological survey	1,305,737	1,575,852	5,356,719
Geochemical survey	198,523	586,114	1,387,196
Report preparation	388,807	119,291	563,035
Renewal of licenses and permits	119,131	305,675	523,997
General field expenses	578,666	768,220	2,746,869
	4,732,554	5,667,934	17,377,778
Contribution of partners	(99,174)	(57,518)	(411,343)
	4,633,380	5,610,416	16,966,435
Write-down of deferred exploration expenses	(41,316)	(681,470)	(2,584,496)
Cost of mining properties sold (Note 9c)	(467,908)	-	(467,908)
Tax credits and mining duties	(1,037,198)	(1,730,313)	(4,157,877)
	(1,546,422)	(2,411,783)	(7,210,281)
Balance, end of year	9,756,154	6,669,196	9,756,154

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

Everton Resources Inc.
(A development stage Company)
Consolidated Deficit
For the Years Ended October 31

	<u>2008</u>	<u>2007</u>
	\$	\$
Deficit, beginning of the year	12,219,375	9,193,839
Net loss	<u>2,177,194</u>	<u>3,025,536</u>
Deficit, end of the year	<u><u>14,396,569</u></u>	<u><u>12,219,375</u></u>

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

Everton Resources Inc.
(A development stage Company)
Consolidated Comprehensive Loss
For the Years Ended October 31

	<u>2008</u>	<u>2007</u>
	\$	\$
Net loss for the year	2,177,194	3,025,536
Other comprehensive loss		
Unrealized loss on available-for-sale investments	<u>6,250</u>	<u>7,250</u>
Comprehensive loss for the year	<u><u>2,183,444</u></u>	<u><u>3,032,786</u></u>

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

Everton Resources Inc.
(A development stage Company)
Consolidated Cash Flows
For the Years Ended October 31

	2008	2007	Cumulative from November 1, 2002 to October 31, 2008
	\$	\$	\$
OPERATING ACTIVITIES			
Net loss	(2,177,194)	(3,025,536)	(11,930,172)
Non-cash items			
Amortization of property, plant and equipment	18,106	25,894	65,501
Stock-based compensation	680,847	785,225	2,798,094
Write-down of deferred exploration expenses	41,316	681,470	2,584,496
Write-down of mineral properties	24,010	464,518	905,293
Write-down of marketable securities	-	-	1,656
Gain on sale of marketable securities	-	-	(29,551)
Share of net loss of NQ	578,025	-	578,025
Changes in non-cash working capital items (Note 13)	133,728	123,980	(106,474)
Cash flows used in operating activities	(701,162)	(944,449)	(5,133,132)
INVESTING ACTIVITIES			
Short-term investments	5,468,851	(5,468,851)	-
Acquisition of marketable securities	-	-	(310,961)
Proceeds from sale of marketable securities	-	-	321,606
Acquisition of property, plant and equipment	(9,892)	(22,277)	(97,096)
Mineral exploration property costs	(305,887)	(803,713)	(2,000,240)
Deferred exploration expenses	(4,808,280)	(5,626,367)	(16,812,017)
Tax credits and mining duties received	1,629,076	1,215,708	2,844,784
Cash flows from (used in) investing activities	1,973,868	(10,705,500)	(16,053,924)
FINANCING ACTIVITIES			
Payments on capital lease obligation	-	(10,138)	(10,424)
Common shares issued	142,270	13,678,682	26,530,953
Share issue costs	-	(936,720)	(1,488,771)
Cash flows from financing activities	142,270	12,731,824	25,031,758
Increase in cash and cash equivalents	1,414,976	1,081,875	3,844,702
Cash and cash equivalents, beginning of year	2,537,239	1,455,364	107,513
Cash and cash equivalents, end of year	3,952,215	2,537,239	3,952,215
<i>Cash and cash equivalents:</i>			
Cash	491,438	607,768	491,438
Cash equivalents	3,460,777	1,929,471	3,460,777
	3,952,215	2,537,239	3,952,215
<i>Non-cash supplemental information:</i>			
Deferred exploration expenses included in accounts payable	114,415	329,315	
Fair value of exercised options	-	57,815	
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	-	

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

Everton Resources Inc.

(A development stage Company)

Notes to Consolidated Financial Statements

October 31, 2008 and 2007

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 mineral exploration property costs and 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 consolidated 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.

The Company completed, in February 2007, a private placement for net proceeds of \$11.6 million to fund operations and advance the Company's exploration program in Canada and Dominican Republic. Also, in 2007, the Company issued more common shares following the exercise of warrants and options by shareholders, for net proceeds of \$1.1 million. In management's opinion, as at October 31, 2008, the Company still has sufficient resources to enable them to fund all aspects of its operations for more than twelve months. However, in light of operating losses incurred in past years, an accumulated deficit and the existence of a contingency (see Note 17), there is doubt about the Company's ability to continue as a going concern beyond twelve months. In addition to ongoing working capital requirements, the Company will have to secure sufficient funding for its exploration and development programs and general and administrative costs.

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

3. Accounting changes

On November 1, 2007, in accordance with the applicable transitional provisions, the Company applied the recommendations of new Section 1506, "Accounting Changes", of the Canadian Institute of Chartered Accountants' Handbook. This new section, effective for the years beginning on or after January 1, 2007, prescribes the criteria for changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and corrections of errors. Furthermore, the new standard requires the communication of the new primary sources of GAAP that are issued but not yet effective or not yet adopted by the Company. The new standard has no impact on the Company's financial results.

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October 31, 2008 and 2007

On November 1, 2007, in accordance with the applicable transitional provisions, 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 for an entity's financial position and performance and the evaluation of the nature and extent of risks 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 users' 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. It describes the disclosure of the entity's objectives, policies and processes for managing capital, the quantitative data about the entity regards as capital, whether the entity has complied with any capital requirements, and, if it has not complied, the consequences of such non-compliance.

4. Accounting policies

a) Basis of presentation

These consolidated 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, and its 100% owned subsidiaries in British Virgin Islands: Pan Caribbean Metals Inc. and Dominican Metals Inc. 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".

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 consolidated financial statements and such differences could be material.

c) Financial assets and liabilities

On initial recognition, all financial assets and liabilities are measured and recognized at their fair value, except for financial assets and liabilities resulting from certain related party transactions. Transaction costs from loans and receivables increase the carrying amount of the related financial assets. Transaction costs from other financial liabilities reduce carrying amount of the related financial liabilities. Subsequently, financial assets and liabilities are measured and recognized as follows:

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Cash and cash equivalents are classified as held for trading and are measured at fair value with changes in the fair value recognized in net income in the periods in which they arise.

Short term investments and marketable securities are classified as available-for-sale financial assets and are measured at fair value with changes in fair value recorded in other comprehensive income until the financial asset is derecognized or impaired.

Accounts receivable and amounts due from related parties are classified as loans and receivables. They are measured at amortized cost, which is generally the initially recognized amount, less any allowance for doubtful accounts.

Accounts payable and accrued liabilities are classified as other financial liabilities. They are measured at amortized cost using the effective interest rate method.

d) Cash and cash equivalents

Cash and cash equivalents include investments in bankers' acceptances and treasury bills with maturities at the date of acquisition of three months or less and which are readily convertible into cash.

e) Short term investments and marketable securities

Marketable securities consist of shares in public companies. Short term investments consist of bankers' acceptances and treasury bills with maturities at the date of acquisition ranging from 3 months to 6 months.

f) Long-term investment

Investments in companies over which the Company exercises significant influence are accounted for using the equity method.

g) Property, plant and equipment

Property, plant and equipment are tested for recoverability when events or changes in circumstances indicate that their carrying amount may not be recoverable. The carrying amount of a long-lived asset is not recoverable when it exceeds the sum of the undiscounted cash flows expected from its use and eventual disposal. In such a case, an impairment loss must be recognized and is equivalent to the excess of the carrying amount of a long-lived asset over its fair value.

The Company provides for amortization on property, plant and equipment at the following rates:

- Computer equipment – 30% declining balance
- Computer software – 100% declining balance
- Furniture and equipment – 20% declining balance

h) Mineral exploration properties and deferred exploration expenses

The Company records its interest in mining properties and areas of geological interest at cost less option payments and other recoveries.

Exploration costs relating to the Company's interests and projects are capitalized on the basis of specific claim blocks or areas of geological interest until the mining properties to which they are related are placed into production, sold, allowed to lapse or abandoned. Management reviews the carrying values of mining properties on a regular basis to determine whether any write downs are necessary. These costs will be amortized over the estimated useful life of mining properties following commencement of production or

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written off if the mining properties or projects are sold, allowed to lapse or abandoned. General exploration expenditures not related to specific mining properties are expensed as incurred.

The recoverability of the amounts shown for mining interests is dependent on the existence of economically recoverable reserves, the ability of the Company to obtain financing to complete the development of such reserves and meet its obligations under various agreements and the success of future operations or dispositions. The Company has not yet determined whether its resource properties contain economically recoverable reserves.

Although the Company has taken steps to verify title to the mineral claims in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

i) Environmental and reclamation costs

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for future removal and site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company vary greatly from country to country and are not predictable. The Company's policy is to meet or, if possible, surpass standards set by relevant legislation by the application of technically proven and economically feasible measures.

An estimate for the future costs of site restoration is made based upon estimates that consider the anticipated method and extent of site reclamation required to meet legal standards. If required, a provision for the estimated costs is recognized by increasing the carrying amount of the related long-lived asset by the same amount as the liability. Since the Company is not at the production stage yet, no such provision is to be estimated.

Reclamation costs incurred are charged against this provision. The effects of changes in regulations and cost assumptions are recognized when determined.

j) Loss per share

Basic loss per share is computed by dividing the net loss for the year available to common shareholders by the weighted average number of common shares outstanding during the year. The computation of diluted loss per share assumes the conversion or exercise of securities only when such conversion or exercise would have a dilutive effect on earnings per share. The dilutive effect of outstanding stock options and warrants described in Note 11 is reflected in diluted loss per share by application of the treasury stock method.

k) Share capital

The proceeds from the exercise of stock options and warrants are recorded as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company.

Share capital issued for non-monetary consideration is recorded at an amount based on fair market value based upon the trading price of those shares on the TSX.V the day before the transaction date.

Share issue expenses are recorded as a reduction of share capital when the related shares are issued.

Proceeds from unit placements are allocated between shares and warrants issued according to their fair value using the residual method. Under this method, the warrant component is valued first and the

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difference between the proceeds from the unit placements and the fair value of the amounts is assigned to the share capital component.

l) Stock-based compensation

The Company measures the compensation cost of stock options issued under employee and non-employee compensation plans using a fair value-based method. Compensation costs are measured at the grant date based on the fair value of the award using Black-Scholes option pricing model and are recognized over the related service period as an expense with a corresponding increase to contributed surplus.

m) Foreign currency translation

The functional currency of the Company is the Canadian dollar. Monetary assets and liabilities denominated in currencies other than the Canadian dollar and integrated foreign operations are translated using the exchange rate in effect at the balance sheet date, whereas other assets and liabilities are translated at the exchange rate in effect at the transaction date. Expenses are translated at exchange rates in effect during the period with the exception of expenses relating to non-monetary assets and liabilities which are translated at the historical rate. Translation gains or losses are included in the determination of income or loss in the statement of operations in the period in which they arise.

n) Income taxes

The Company accounts for income taxes under the asset and liability method that requires the recognition of future income tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and tax basis of assets and liabilities. The Company provides a valuation allowance on net future tax assets when it is more likely than not, that such assets will not be realized.

o) Tax credits and mining duties

The Government of Québec provides a non-taxable refundable credit for losses to help operators meet exploration, mineral deposit evaluation and mine development costs by refunding part of eligible expenditures incurred. The credit is equal to 12% of the lesser of:

- the amount of the annual loss; and
- the exploration, mineral deposit evaluation and mine development expenses.

The Government of Québec also offers businesses, having establishments and that carry on activities in Québec, a refundable tax credit for mineral exploration activities, covering up to 45% of exploration expenses.

Tax credits and mining duties which are earned as a result of qualifying mineral exploration expenses, are recognized when the exploration expenses are incurred. They are applied to reduce related mineral exploration expenses in the period recognized.

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5. Information included in consolidated operations

	2008	2007
	\$	\$
Foreign exchange loss (gain)	30,307	(8,595)
Interest from available-for-sale financial assets	191,254	267,311
Interest from held-for-trading financial assets	18,159	1,642

6. Cash, cash equivalents and short term investments

Cash equivalents total \$3,460,777 as at October 31, 2008 (\$1,929,471 as at October 31, 2007). These have interest rates ranging from 2.51% to 2.68% (4.61% to 4.67% in 2007), and mature in November and December 2008.

Investments (in the form of bankers acceptance) with maturities from the date of acquisition of 90 days to 6 months total \$Nil at October 31, 2008 (\$5,468,851 as at October 31, 2007 with interest rates ranging from 4.23% to 4.32% in 2007 and maturities ranging from November 2007 to February 2008). Short term investments are carried at fair value.

7. 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 Company has a significant influence in NQ and therefore the equity method was used as the basis of accounting for the investment from the date of acquisition. As at October 31, 2008, the Company has a 44% ownership interest in NQ. The share of net loss of NQ recognized reflects the change of the holding interest during the year.

	2008	2007
	\$	\$
Balance, at acquisition	1,200,000	-
Share of net loss of NQ	(578,025)	-
Balance, end of year	<u>621,975</u>	<u>-</u>

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The common shares are held in escrow, and will be released according to the following schedule:

Date	Number of shares
April 30, 2008	1,200,000
October 27, 2008	1,800,000
April 25, 2009	1,800,000
October 22, 2009	1,800,000
April 20, 2010	1,800,000
October 17, 2010	1,800,000
April 15, 2011	1,800,000
	<u>12,000,000</u>

The market value of the Company's investment in NQ Exploration Inc. as at October 31, 2008 is \$1,440,000.

8. Property, plant and equipment

	October 31, 2008		October 31, 2007	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Computer equipment	42,219	23,263	18,956	21,539
Computer software	31,554	28,891	2,663	3,015
Furniture and equipment	36,531	15,412	21,119	26,398
	<u>110,304</u>	<u>67,566</u>	<u>42,738</u>	<u>50,952</u>

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

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9. Mineral exploration properties and deferred exploration expenses

	October 31, 2008		October 31, 2007	
	Mineral Properties \$	Deferred Exploration Expenses \$	Mineral Properties \$	Deferred Exploration Expenses \$
a) Opinaca	244,646	2,942,074	194,646	2,314,422
b) Wildcat	260,953	1,294,707	250,028	909,198
c) Eastmain River Area	-	-	137,887	122,326
c) James Bay Area	39,042	81,848	622,844	313,469
c) Star Lake	-	-	9,333	41,945
d) Fosse du Labrador	164,963	230,221	-	18,490
e) Cuance	-	1,012,353	-	733,681
e) Los Hojanchos	-	316,342	-	315,505
f) La Cueva (Loma El Mate)	183,836	898,380	183,836	825,539
g) Jobo Claro	302,280	509,084	302,280	261,881
h) Maimon Copper	-	1,046,809	-	306,582
i) La Mireya	5,635	28,483	5,635	18,764
j) Ampliacion Pueblo Viejo	422,740	1,070,201	422,740	461,725
j) Ponton (Loma Hueca)	107,980	54,777	67,940	8,804
k) Fresso	34,590	206,319	-	-
l) Other	240	64,556	4,701	16,865
TOTAL	1,766,905	9,756,154	2,201,870	6,669,196

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 (1)
On or before December 9, 2006	40,000 (1)	900,000 (1)
On or before December 9, 2007	50,000 (1)	900,000 (1)
On or before December 9, 2008	60,000 (1)	1,200,000 (1)
On or before December 9, 2009	60,000	1,300,000 (1)
	<u>340,000</u>	<u>4,800,000</u>

(1) Each of these cash payments and exploration expenses were paid or incurred on or before the dates noted in the agreement.

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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 year ended October 31, 2008, the Company acquired by staking an additional 95 claims on the area known as Wildcat 8.

c) Eastmain River Area, James Bay Area and Star Lake, Quebec

In the current year, \$467,908 of deferred exploration expenses and \$732,092 in mineral exploration properties were sold to NQ Exploration Inc. in exchange for common shares of that company (Note 7).

During the year ended October 31, 2008, the Company further wrote down the cost of Aylmer, Eastmain, Sakami, Duncan and Star Lake by \$4,754 in deferred exploration expenses.

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

During the year ended October 31, 2008, the Company wrote down the cost of Nouveau Quebec and Sarcelle to \$Nil (\$24,010 in acquisition costs and \$13,470 in exploration expenses) as the projects no longer fit the Company's strategy.

d) Fosse du Labrador, Quebec

On February 11, 2008, the Company signed an agreement with Ressources Tectonic Inc. ("Tectonic:") to acquire a 100% interest in the Kan and Ferricrete properties for cash consideration of \$70,000 over three years and by incurring \$310,000 in exploration expenses in the following timelines:

	Cash Payments	Exploration Expenses
	\$	\$
Upon execution of the agreement	15,000 (1)	-
On or before February 11, 2009	15,000 (2)	10,000
On or before February 11, 2010	15,000	50,000
On or before February 11, 2011	25,000	250,000
	<u>70,000</u>	<u>310,000</u>

(1) This cash payment was made on March 3, 2008.

(2) This payment was not made as the Company terminated the agreement with Tectonic subsequent to year end (See Note 21).

The agreement allows Tectonic to retain a 1.5% Net Smelter Return; half of this royalty (0.75%) can be bought by the Company at any time for \$750,000.

A 2% net smelter return bonus will also be paid to Diagnos Inc. for each economical discovery on the studied zone in this mineral property. Everton has the option to acquire 1% of NSR at any time for \$1,000,000.

In addition, during the year ended October 31, 2008, the Company acquired by map-staking 1,447 designated claims in 13 new projects in the same area: Goose, Fox, Lac Aulneau, Colombet, Leopard, Diana, Lemming, Jack Rabbit, Lac Ribero, Otelnuck, Minowean, Canyon and Romer.

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e) Cuanace and Los Hojanchos, Dominican Republic

On August 26, 2003, Everton entered into an option agreement with Globestar Mining Corporation ("Globestar") to earn up to a 70% interest in three gold and base metals concessions, namely Cuanace, Los Hojanchos and Loma de Payabo concessions. The concessions, collectively known as the Everton Concession Group, are located in the Central Cordillera of the Dominican Republic within the Maimon Copper and Los Ranchos Formations. The above agreement has been amended on August 17, 2007 and again on September 29, 2008, the nature of the amendment was to extend the exploration commitment date.

Everton agreed to incur exploration expenditures totalling US \$1,170,000 (CAD \$1,423,305) 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 CAD \$750,000. Upon earning the 50% interest, the Company can increase its interest to 70% by completing a bankable feasibility study within two years.

	Cuanace	Los Hojanchos
On or before July 31, 2009 (1)	US \$585,000 (CAD \$711,652)	US \$585,000 (CAD \$711,652)

(1) Globestar is the operator on these projects and is responsible for cash calling the Company sufficient amounts, in working programs, to complete the committed expenditures and to keep the joint venture in good standing. As at October 31, 2008, the remaining expenditure to be incurred to earn 50% interest in the properties amounts to US\$47,200 (CAD \$57,420).

f) La Cueva (Loma El Mate), Dominican Republic

On December 8, 2003, the Company entered into an earn-in agreement with Linear Resources Inc. ("Linear") for the La Cueva (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 issuance 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. 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 \$39,650). 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.

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h) 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 Llano and La Yautia.

i) 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% NSR on Corozal and Cercadillo while Globestar retains a 2% NSR on La Mireya. Globestar and Everton also have the right to purchase half of the other's NSR at any time for US\$500,000 (CAD \$608,250).

j) Ampliacion Pueblo Viejo and Ponton (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 Pueblo Viejo and Ponton (Loma Hueca) Concessions.

The Company can earn its interest in the Ampliacion Pueblo Viejo Concession by making cash payments totaling US\$700,000 (CAD \$851,550), work commitments of US\$2,500,000 (CAD \$3,041,250) and issuing 1,200,000 common shares over a three-year period.

	Cash Payments USD\$		Work Commitments USD\$		Common Shares	
On or before March 6, 2007	100,000	(1)			200,000	(1)
March 6, 2008	100,000	(2)	500,000	(3)	250,000	(2)
March 6, 2009	200,000		800,000		350,000	
March 6, 2010	300,000		1,200,000		400,000	
	<u>700,000</u>		<u>2,500,000</u>		<u>1,200,000</u>	

(1) These amounts were paid and these shares were issued to Linear on or before the dates noted in the agreement.

(2) Renewal fees are pending with government agency, and therefore terms of agreement are halted.

(3) These expenditures were incurred on or before the dates noted in the agreement.

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 \$2,433,000) and issuing 1,000,000 additional common shares.

The Company can earn its interest in the Ponton (Loma Hueca) Concession by making cash payments totaling US\$100,000 (CAD \$121,650), work commitments of US\$600,000 (CAD \$729,900) and issuing 200,000 common shares over a three-year period.

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	Cash Payments USD\$		Work Commitments USD\$		Common Shares
On or before March 6, 2007	25,000	(1)			25,000 (1)
March 6, 2008	25,000	(1)	100,000	(2)	25,000 (1)
March 6, 2009	25,000		200,000		50,000
March 6, 2010	25,000		300,000		100,000
	<u>100,000</u>		<u>600,000</u>		<u>200,000</u>

(1) These amounts were paid and these shares were issued to Linear on or before the dates noted in the agreement.

(2) These expenditures were incurred on or before the dates noted in the agreement.

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 \$304,125) and issuing 300,000 additional common shares.

As at October 31, 2008, the Company had issued 250,000 shares (valued at \$330,250), made a cash payment of US\$175,000 (CAD\$200,470) and incurred US\$1,092,227 (CAD\$1,328,694) 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 \$21,289) 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 \$170,310). 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 \$304,125). The first payment of US\$35,000 (CAD \$34,591) was made on May 28, 2008.

l) Other

Other properties consist mostly of eastern Dominican Republic concessions. During the year ended October 31, 2008, the Company wrote down the cost of Lac Scott, Battleship, Cacique de Piedra, Sonador and Los Mosquitos to \$Nil (\$23,092 in exploration expenses) as these projects no longer fit the Company's strategy.

10. 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. ("Majescor") (which shares common management), the Company charges Majescor for shared salaries and benefits, rent and office expenses. During the year, the cost of shared salaries and benefits was \$111,552 (2007 - \$190,201) and rent and office expenses were \$42,400 (2007 - \$33,893). Included in amounts due from related parties is \$Nil (2007 - \$27,681) due from Majescor.

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Under an agreement between the Company and Uranium World Energy Inc. ("UWE") (which shares common management), the Company received compensation of \$32,500 (2007 – \$65,000) from UWE for administrative services provided by the Company's employees (bookkeeping, filings and other accounting services). This agreement was terminated effective April 30, 2008. Included in amounts due from related parties is \$Nil (2007 – \$11,483) due from UWE.

Under an agreement effective October 1, 2007 between the Company and Mazorro Resources Inc. ("Mazorro") (which shares common management), the Company charges Mazorro for shared salaries and benefits, rent and office expenses. The cost of shared salaries and benefits was \$93,804 (2007 - \$7,815) and rent and office expenses were \$11,796 (2007 - \$985). This agreement was terminated effective October 31, 2008. Included in amounts due from related parties is \$Nil (2007 - \$9,328) due from Mazorro.

Under an agreement between the Company and Adventure Gold Inc. ("Adventure") (which shares common management), the Company charges Adventure for shared salaries and benefits, rent and office expenses. The cost of shared salaries and benefits was \$93,696 (2007- \$Nil) and rent and office expenses were \$13,104 (2007 - \$Nil). Included in amounts due from related parties is \$8,955 (2007 – \$Nil) due from Adventure.

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.

11. Share capital

a) Authorized

Unlimited number of common shares without par value.

Issued

	Number of shares	\$
Balance, October 31, 2006	43,921,950	14,849,688
Shares issued for cash (net of issue costs)	10,000,000	7,947,105 (1)
Shares issued on the exercise of warrants	2,751,033	1,686,517
Shares issued on the exercise of options	196,000	133,335
Shares issued to increase participation in mineral properties	605,000	850,800
Balance, October 31, 2007	57,473,983	25,467,445
Shares issued on the exercise of options	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
Balance, October 31, 2008	58,290,333	25,664,965

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(1) On February 20, 2007, the Company completed a brokered private placement for gross proceeds of \$12,500,000. The private placement was comprised of 10,000,000 Units at a price of \$1.25 per Unit. Each Unit is comprised of one common share and one-half of one common share purchase warrant. Each whole warrant entitled the holder to purchase one common share of the Company 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. The Company paid commissions totaling \$812,500 and issued 650,000 broker warrants. Other share issuance costs total \$124,219. Each broker warrants entitles the holder to acquire one unit at \$1.25 until August 20, 2008. The warrants and the broker warrants have been recorded at a fair value of \$3,616,176 based on the Black-Scholes option pricing model using the following assumptions: risk-free interest rate of 4.10%, expected life of warrants of 1.5 years, annualized volatility of 96% and dividend rate of 0%. The value of the warrants and the broker warrants, the commissions paid to the brokers and other issue costs were presented as a reduction of share capital.

b) Warrants

	October 31, 2008			October 31, 2007		
	Number of warrants	Weighted average exercise price \$	Black-Scholes Value \$	Number of warrants	Weighted average exercise price \$	Black-Scholes Value \$
Balance, beginning of year	5,975,000	1.61	3,616,176	2,751,033	0.41	583,356
Granted	-	-	-	5,975,000	1.61	3,616,176
Exercised	-	-	-	(2,751,033)	0.41	(583,356)
Expired	(5,975,000)	1.61	(3,616,176)	-	-	-
Balance, end of year	-	-	-	5,975,000	1.61	3,616,176

c) Stock option plan

Common shares reserved for issuance under the Company's stock option plan is based on a rolling maximum of 10% of the Company's outstanding common shares. At the 2006 annual general meeting, shareholders approved the resolution to increase the maximum number of options from 4,500,000 to 5,680,698. These options may be granted to the Company's employees, officers, directors, and non-employees, subject to regulatory 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.

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	October 31, 2008		October 31, 2007	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Balance, beginning of year	4,963,850	0.65	3,629,850	0.50
Granted	1,250,000	0.17	1,550,000	0.96
Exercised	(711,350)	0.20	(196,000)	0.24
Forfeited	(1,020,000)	0.80	(20,000)	1.24
Expired	(100,000)	0.25	-	-
Balance, end of year	<u>4,382,500</u>	<u>0.56</u>	<u>4,963,850</u>	<u>0.65</u>

As at October 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
\$0.10-\$0.45	2,742,500	2.73	\$0.29	1,717,500
\$0.78-\$1.38	<u>1,640,000</u>	3.39	\$0.96	<u>1,602,500</u>
	<u>4,382,500</u>			<u>3,320,000</u>

As at October 31, 2007, 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	2,603,850	1.61	\$0.34	2,603,850
\$0.78-\$1.38	<u>2,360,000</u>	4.19	\$0.95	<u>1,028,750</u>
	<u>4,963,850</u>			<u>3,632,600</u>

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:

	2008	2007
Expected dividend yield	0.00%	0.00%
Expected stock price volatility	89%	97%
Risk-free interest rate	3.19%	4.71%
Expected life of options	5 years	5 years
Weighted average fair value	\$0.10	\$0.59

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12. Contributed surplus

Contributed surplus consists of the following components:

	2008	2007
	\$	\$
Balance, beginning of year	1,946,319	1,218,909
Stock options granted	680,847	785,225
Stock options exercised	-	(57,815)
Warrants expired	3,616,176	-
Balance, end of year	<u>6,243,342</u>	<u>1,946,319</u>

13. Changes in non-cash working capital items

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

	2008	2007
	\$	\$
Accounts receivable	147,983	114,474
Amounts due from related parties	39,537	10,320
Advances to operators	12,706	8,049
Prepaid expenses	(97,665)	31,091
Accounts payable and accrued liabilities	31,167	(39,954)
Total changes in non-cash working capital	<u>133,728</u>	<u>123,980</u>

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14. Income taxes

A reconciliation of the combined Canadian federal and provincial income tax with the Company's effective tax rate is as follows:

	2008	2007
	\$	\$
Net loss	<u>(2,177,194)</u>	<u>(3,025,536)</u>
Statutory rate	31.09%	36.12%
Expected recovery of income tax	(676,890)	(1,092,824)
Effect of stock based compensation	211,675	283,623
Share issue costs	(150,398)	(174,730)
Other permanent differences	5,230	12,247
Effect of future tax rate change on opening balances	627,598	164,564
Effect of future tax rate change	679,135	-
Difference between effective and future tax rate	41,032	-
Effect of changes in the valuation allowance	(626,934)	780,941
Foreign income tax loss carryforward	(150,000)	-
Other	39,552	26,179
Provision for income taxes	<u>-</u>	<u>-</u>

The Canadian statutory Income tax rate of 31.09% is comprised of federal income tax at approximately 19.94% and provincial tax at approximately 11.15%.

The primary temporary differences which gave rise to future income taxes (recovery) at October 31, 2008 and 2007 are as follows:

	2008	2007
	\$	\$
Future tax assets		
Income tax loss carryforwards	1,881,591	1,890,160
Long-term investment	167,627	-
Fixed and intangible assets	19,732	18,167
Resource properties	749,391	962,986
Share issue costs	-	573,962
Resource properties	2,818,341	3,445,275
Less: valuation allowance	(2,818,341)	(3,445,275)
Net future tax assets	<u>-</u>	<u>-</u>

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As at October 31, 2008, the Company has income tax loss carryforwards of approximately \$5,988,000 in Canada and approximately \$600,000 in foreign jurisdictions. These losses expire as follows:

	<u>Federal</u>	<u>Foreign</u>
	\$	\$
2009	195,000	120,000
2010	382,000	120,000
2011	755,000	120,000
2012	811,000	120,000
2013	-	120,000
2026	1,016,000	-
2027	1,527,000	-
2028	1,302,000	-
	<u>5,988,000</u>	<u>600,000</u>

15. 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:

	<u>October 31, 2008</u>	<u>October 31, 2007</u>
	\$	\$
Canada	5,955,445	4,990,408
Dominican Republic	6,232,327	3,931,610
Total	<u>12,187,772</u>	<u>8,922,018</u>

16. Commitments

The Company has entered into a long-term lease agreement expiring on August 31, 2011 which calls for lease payments of \$197,353 for the rental of office space. The minimum lease payments for the next three years are \$69,654 in, 2009 and 2010 and \$58,045 in 2011.

17. Contingent liability

During the year ended October 31, 2008, the Company 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 3, 2008, the Company's Dominican Republic subsidiary, Everton Minera Dominicana, S.A., was served with a notice of arbitration in respect of this claim, and has agreed to proceed to arbitration. At present, the Company is awaiting formal constitution of the arbitral panel and the fixing of a date by it for a first hearing; the resolution of this claim is not yet reasonably determinable. In management's opinion, this notice is unwarranted, accordingly, no provision has been recorded in the consolidated financial statements.

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18. 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 October 31, 2008 consist of cash and cash equivalents, short-term investments and marketable securities which are recorded at fair value. Other financial instruments include accounts receivables, amounts due from related parties, 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 credit risks arising from these financial instruments.

The Company has exposure to financial risk arising from fluctuations in exchange rates (US dollars and Dominican Peso "DOP") and the degree of volatility of these rates. As at October 31, 2008, financial assets and liabilities in foreign currency represent cash, accounts receivable and prepaid expenses totaling DOP 1,167,525 (DOP 1,587,618 as at October 31, 2007) and US\$70,000 (\$Nil as at October 31, 2007); accounts payable and accrued liabilities in foreign currency totalling DOP 145,490 (\$Nil as at October 31, 2007) and US\$59,296 (US\$148,764 as at October 31, 2007). The amount of expenditures in foreign currency during the year ended October 31, 2008 is approximately DOP 22,986,013 (CAD\$702,106) and US\$1,100,611 (CAD\$1,122,472). Although the Company has significant future commitments denominated in foreign currencies, the Company does not use forward exchange contracts to reduce exchange risk exposure to foreign currency risk.

At October 31, 2008, if the CAD had weakened 10 percent against the US dollar and the Dominican Peso with all other variables held constant, net loss for the year would have been CAD\$4,915 higher. Conversely, if the CAD had strengthened 10 percent against the US dollar and the Dominican Peso with all other variables held constant, net loss would have been CAD\$4,915 lower.

The Company has limited exposure to financial risk arising from fluctuations in interest rates earned on short-term investments (which are comprised of a treasury bill and banker's acceptances held at the same Canadian financial institution, earning interest at rates of 1.00%, 2.68%, and 2.51% and maturing in November and December) and the volatility of these rates. As at October 31, 2008, the short-term investments total \$3,460,777 and the interest income derived from these investments during the year totals \$191,254.

During the year ended October 31, 2008, had the interest rate on investments been 1% higher with all other variables held constant, the net loss and comprehensive loss for the year would have been \$50,453 lower arising as a result of higher interest income and lower recoveries of future income taxes. Conversely, had the interest rate on investments been 1% lower with all other variables held constant, net loss and comprehensive loss for the year would have been \$50,453 higher.

The Company manages its liquidity needs by carefully monitoring cash outflows required in day-to-day business. Liquidity needs are monitored in various time bands, including 30-day projection, 180-day and 360-day outlook 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 pursue its exploration and development programs, support its operating expenses, thus continuing 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. The Company defines its capital as shareholders' equity.

Everton Resources Inc.

(A development stage Company)

Notes to Consolidated Financial Statements

October 31, 2008 and 2007

19. Comparative figures

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

20. 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.

Goodwill and Intangible Assets (Section 3064)

In February 2008, the CICA published new section 3064, "Goodwill and Intangible assets", to replace Section 3062, "Goodwill and Other Intangible Assets". Publication of this new section resulted in the withdrawal of Section 3450, "Research and Development Costs", and consequential amendments to certain recommendations in the CICA Handbook. The new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets by profit-oriented enterprises. This new section is effective for fiscal years beginning on or after October 1, 2008 and the Company will implement it as of November 1, 2008. The Company's management is not able to assess the impact that the application of this new section will have on the consolidated financial statements.

International Financing Reporting Standards

The Canadian Accounting Standards Board requires all public companies to adopt International Financial Reporting Standards ("IFRS") for interim and annual financial statements for fiscal years beginning on or after January 1, 2011. Companies will be required to provide IFRS comparative information for the previous fiscal period. The transition from Canadian Generally Accepted Accounting Principles to IFRS will be applicable for the Company's first quarter of fiscal 2012.

The adoption of IFRS will impact the consolidated financial statements of the Company. The Company is assessing the impact of implementing IFRS and is developing plans to facilitate a timely conversion.

21. Subsequent events

On February 9, 2009, the Company terminated the option agreement with Tectonic on the Kan and Ferricrete properties located in Fosse du Labrador. Consequently, the Company will write down the costs of the properties to \$Nil (\$19,080 in acquisition costs and \$31,977 in exploration expenses).