MAGNA RESOURCES LTD.
An Exploration Stage Enterprise

FINANCIAL STATEMENTS

JULY 31, 2008

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Chartered Accountants

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AUDITORS' REPORT

To the Shareholders of
Magna Resources Ltd.

We have audited the balance sheets of Magna Resources Ltd. (an exploration stage enterprise) as at July 31, 2008 and 2007 and the statements of operations and deficit 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 audit 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 July 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.

CHANG LEE LLP

Vancouver, Canada
October 7, 2008

Chartered Accountants

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BALANCE SHEETS
AS AT JULY 31,

	2008	2007
ASSETS		
Current		
Cash and cash equivalents	$ 114,836	$ 276,844
GST receivable	4,900	601
	119,736	277,445
Deferred Charges	48,500	-
Mineral Properties (Note 3)	48,500	27,500
Deferred Exploration Expenditures (Note 3)	18,972	-
	$ 235,708	$ 304,945
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 750	$ 1,423
Shareholders' Equity		
Share capital (Note 4)	1,001,250	996,250
Deficit	(766,292)	(692,728)
	234,958	303,522
	$ 235,708	$ 304,945

Nature of Operations (Note 1)
Subsequent Events (Note 7)

On behalf of the Board:

"Rudy de Jonge" President *"Darryl Yea"* Director
Rudy de Jonge Darryl Yea

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

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STATEMENTS OF OPERATIONS AND DEFICIT
FOR THE YEARS ENDED JULY 31

	2008	2007
EXPENSES		
Accounting and legal fees	$ 64,981	$ 10,683
Bank charges	404	80
Stock based compensation	(1,350)	682,500
Transfer agent and filing fees	14,014	540
LOSS BEFORE OTHER INCOME	(78,049)	(693,803)
Other income		
Interest income	4,485	1,075
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	(73,564)	(692,728)
DEFICIT, BEGINNING OF THE YEAR	(692,728)	-
DEFICIT, END OF YEAR	$ (766,292)	$ (692,728)
Basic and diluted loss per share	$ (0.01)	$ (0.57)
Weighted average number of common shares – basic and diluted	7,984,932	1,216,082

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STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JULY 31,

	2008	2007
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Net loss for the year	$ (73,564)	$ (692,728)
Adjustment for items not involving cash:		
Stock based compensation	(1,350)	682,500
Changes in non-cash operating working capital:		
(Increase) decrease in GST receivables	(4,299)	(601)
Increase (decrease) in accounts payable and accrued liabilities	(673)	1,423
(Increase) decrease in deferred exploration expenses	(18,972)	-
Net cash flows used in operating activities	(98,858)	(9,406)
CASH FLOWS FROM (USED IN) INVESTMENT ACTIVITIES		
Mineral properties acquisition	(16,000)	(20,000)
Net cash flows used in investing activities	(16,000)	(20,000)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Deferred charges	(48,500)	-
Proceeds of share issuances	1,350	306,250
Net cash flows from (used in) financing activities	(47,150)	306,250
Net change in cash and cash equivalents	(162,008)	276,844
Cash and cash equivalents, beginning of year	276,844	-
Cash and cash equivalents, end of year	$ 114,836	$ 276,844
Supplemental disclosure with respect to cash flows (Note 6)		
Interest paid in cash	$ -	$ -
Income taxes paid in cash	$ -	$ -

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

MAGNA RESOURCES LTD.
An Exploration Stage Enterprise

SCHEDULES OF MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES
FOR THE YEARS ENDED JULY 31,

	2008	2007
Acquisition Expenditures		
Balance, beginning of year	$ 27,500	$ -
Incurred during the year	21,000	27,500
Balance, end of year	$ 48,500	$ 27,500
Deferred Exploration Expenditures		
Balance, beginning of year	$ -	$ -
Assaying	1,285	-
Consulting and professional fees	11,492	-
Geological studies	6,195	-
Balance, end of year	$ 18,972	$ -

1. NATURE OF OPERATIONS

The Company was incorporated on June 5, 2006 under the laws of British Columbia. The Company's principal business activity is the exploration of mineral properties.

The accompanying financial statements have been prepared on the basis of Canadian generally accepted accounting principles ("GAAP") applicable to a going concern. The appropriateness of using the going concern basis is dependent upon, among other things, future profitable operations and the ability of the Company to raise additional capital. Specifically, the recovery of the Company's investment in resource properties and related deferred expenditures is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to develop the properties and establish future profitable production from the properties, or from the proceeds of their disposition. The Company has not earned any operating revenues to date and is considered to be in the exploration stage. These financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should we be unable to continue as a going concern. Management of the Company is of the option that it will be in position to raise ongoing financing, however, there is no assurance that the Company will be able to obtain additional financing. The net carrying value of its assets may be materially less than the carrying amount stated in the balance sheets and its liabilities extinguished at values different than those stated in the balance sheets.

2. SIGNIFICANT ACCOUNTING POLICIES

Estimates, Assumptions and Measurement Uncertainty

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates. Areas requiring significant management estimates relate to the determination of impairment of mineral properties, expected tax rates for future income tax recoveries, fair value of stock-based payments and useful lives for amortization of long-lived assets.

Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance to be cash equivalents. There were no cash equivalents at July 31, 2008.

Deferred Charges

The Company adopted Emerging Issues Committee (EIC) 94, "Accounting for Corporate Transaction Costs" and recorded the costs incurred in connection with the proposed corporate transaction eligible for deferral as a non-current deferred charge.

Asset Retirement Obligations

An asset retirement obligation is a legal obligation associated with the retirement of tangible long-lived assets that the Company is required to settle. This would include obligations related to future removal of property and equipment, and site restoration costs. The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability. The Company currently does not have any significant asset retirement obligations.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Mineral Properties

The cost of mineral properties and related exploration and development costs are capitalized and deferred until the properties are placed into production, sold or abandoned. These costs will be amortized against revenue from future commercial production or written off if the properties are sold, allowed to lapse, abandoned or impaired. Properties acquired under option agreements, whereby payments are made at the sole discretion of the Company, are recorded in the accounts at such time as the payments are made. It is reasonably possible that economically recoverable reserves may not be discovered and accordingly a material portion of the carrying value of mineral properties and related deferred exploration costs could be written off. Although the Company has taken steps to verify title to mineral properties in which it has an interest, according to the usual industry standards for the stage of exploration of such properties, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected title defects.

Impairment of Long-Lived Assets

The Company follows the recommendations of the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3063, "Impairment of Long-Lived Assets". Section 3063 establishes standards for recognizing, measuring and disclosing impairment of long-lived assets held for use. The Company conducts its impairment test on long-lived assets when events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment is recognized when the carrying amount of an asset to be held and used exceeds the undiscounted future net cash flows expected from its use and disposal. If there is an impairment, the impairment amount is measured as the amount by which the carrying amount of the asset exceeds its fair value, calculated using discounted cash flows when quoted market prices are not available.

Earnings (Loss) Per Share

Basic earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares using the treasury method. The treasury method assumes that proceeds received from the exercise of stock options and warrants are used to repurchase common shares at the prevailing market rate. Diluted loss per share is equal to the basic loss per share as there was no dilutive securities as at July 31, 2008.

Income Taxes

The Company accounts for income taxes using the asset and liability method, whereby future tax assets and liabilities are recognized for the future income tax consequences attributable to differences between the carrying values of the asset and liabilities and their respective income tax bases. Future income tax assets and liabilities are measured using substantively enacted income tax rates expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled. The effect on future income taxes and liabilities of a change in rates is included in operations in the period that includes the substantive enactment date. Where the probability of a realization of a future income tax asset is more likely than not, a valuation allowance is recorded.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Stock-Based Compensation

The Company accounts for stock options granted using CICA Handbook Section 3870 "Stock-Based Compensation and Other Stock- Based Payments". Under this Handbook section, the Company is required to expense, over the vesting period, the fair value of the options and awards granted. Accordingly, the fair value of the options at the date of grant is accrued and charged to operations, with a corresponding credit to contributed surplus, on a straight-line basis over the vesting period. If and when the stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital.

Risk Management

The Company is engaged in mineral exploration and development and is accordingly exposed to environmental risks associated with mineral exploration activity. The Company is currently in the initial exploration stages on its property interests and has not determined whether significant site reclamation costs will be required. The Company would only record liabilities for site reclamation when reasonably determinable and when such costs can be reliably quantified.

Comprehensive Income (CICA Handbook Section 1530)

Comprehensive income is the change in shareholders' equity during a period from transactions and other events and circumstances from non-owner sources. In accordance with this new standard, when applicable, the Company's financial statements will include a statement of comprehensive income/loss and a new category, accumulated other comprehensive income/loss, will be added to the shareholders' equity section of the balance sheet. The components of this new category will include unrealized gains and losses on financial assets classified as available-for-sale and the effective portion of cash flow hedges, if any. There were no such components to be recognized in comprehensive income for the year ended July 31, 2008.

Financial Instruments

The Company's financial instruments consist of cash and cash equivalent and accounts payable and accrued liabilities. The Company has classified its cash and cash equivalents as held for trading, which is measured at fair value. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost. As at July 31, 2008, the carrying and fair value amounts of the Company's financial instruments related to cash and cash equivalents and accounts payable and accrued liabilities are the same due to their short terms to maturity. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Recent accounting pronouncements

In June 2007, the CICA amended Section 1400 to include requirements to assess an entity's ability to continue as a going concern and disclose any material uncertainties that cast doubt on its ability to continue as a going concern. The mandatory effective date is for annual and interim financial statements for years beginning on or after January 1, 2008. This new requirement will be adopted by the Company effective August 1, 2008. The adoption of this Section will not have an impact on the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Recent accounting pronouncements (Cont'd)

The CICA issued a new accounting standard, Section 1535, Capital Disclosures, which requires the disclosure of both qualitative and quantitative information that provides users of financial statements with information to evaluate the entity's objectives, policies and processes for managing capital. The new section will be effective for the company beginning August 1, 2008. The Company does not expect the impact of the adoption of this new section on the financial statements to be significant.

Two new accounting standards were issued by the CICA, Section 3862, Financial Instruments – Disclosures ("Section 3862"), and Section 3863, Financial Instruments – Presentation ("Section 3863") which replace CICA, Section 3861, Financial Instruments – Disclosure and Presentation. The objective of Section 3862 is to provide users with information to evaluate the significance of the financial instruments on the entity's financial position and performance, the nature and extent of risks arising from financial instruments, and how the entity manages those risks. The provisions of Section 3863 deal with the classification of financial instruments, related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. These new sections are effective for the Company beginning August 1, 2008. The Company does not expect the impact of the adoption of these new sections on the financial statements to be significant.

In January 2006, the CICA Accounting Standards Board (AcSB) adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards in Canada for public companies are expected to converge with International Financial Reporting Standards ("IFRS") by the end of 2011. The impact of the transition to IFRS on the Company's financial statements has not yet been determined.

3. MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

Mining claims – Dent Township, Ontario

During the fiscal 2007, the Company signed an assignment agreement with Triple Dragon Resources Inc. (Assignor) and Rubicon Minerals Inc. (Optionor) on October 27, 2006. The Optionor is the owner of three mining claims: #4200361 to #4200363 inclusive located in Dent Township, claim map M-2155, Red Lake Mining Division, Ontario. On March 14, 2006, the Optionor granted an option to the Assignor to acquire an undivided 100% interest in and to the property. The Optionor retained a 2% Net Smelter Return. One half (1/2) of the NSR (1%) can be purchase from the Optionor at any time for $1,000,000. The exercise terms of the Shanty Bay Option Agreement are $96,000 and 100,000 common shares to the Optionor as follows:

Date	Cash		Shares	
Upon signing	$8,000	(paid)	30,000	(issued at $0.125 per share)
First anniversary of signing (3/14/07)	$12,000	(paid)	30,000	(issued at $0.125 per share)
2nd anniversary of signing (3/14/08)	$16,000	(paid)	40,000	(issued at $0.125 per share)
3rd anniversary of signing (3/14/09)	$20,000			
4th anniversary of signing (3/14/10)	$40,000			
	$96,000		100,000	

3. MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (Cont'd)

During the year ended July 31, 2008 the Company incurred expenditures of $18,972 for exploration expenses on the property, and paid $16,000 and issued 40,000 common shares to the Optionor pursuant to the terms of the Shanty Bay Option Agreement.

4. SHARE CAPITAL

a. Authorized: Unlimited common shares with no par value

b. Issued and Outstanding

	Number of Shares	Amount
Balance, August 1, 2006	-	-
Shares issued for cash	7,910,000	$ 306,250
Re-valued at $0.125 per share	-	682,500
Shares issued for mineral property	60,000	7,500
Balance, July 31, 2007	7,970,000	996,250
Shares returned to treasury at $0.02 per share	(4,070,000)	(81,400)
Re-valued at $0.125 per share cancelled	-	(427,350)
Shares issued for cash at $0.025 per share	4,070,000	101,750
Re-valued at $0.125 per share	-	407,000
Shares returned to treasury at $0.125 per share	(760,000)	(95,000)
Shares issued for cash at $0.10 per share	760,000	76,000
Re-valued at $0.125 per share	-	19,000
Shares issued for mineral property at $0.125 per share	40,000	5,000
Balance, July 31, 2008	8,010,000	$ 1,001,250

During the fiscal 2007 the Company issued 6,500,000 common shares at $0.02 per share, which were re-valued at $0.125 per share and the Company recognized a stock based compensation expense of $682,500. The Company also issued 1,410,000 and 60,000 common shares at $0.125 per share for cash and mineral properties respectively. On February 29, 2008 4,070,000 common shares issued at $0.02 and 760,000 common shares issued at $0.125 per share were returned to treasury and the Company issued 4,070,000 common shares at $0.025 per share and 760,000 common shares at $0.10 per share, which were also re-valued to $0.125 per share. As a result, the Company recognized a net reduction in stock based compensation expense of $1,350. On March 17, 2008, the Company issued 40,000 common shares for mineral property at a deemed value of $0.125 per share.

c. Escrow Shares

The Company has 7,260,000 common shares held in escrow by the Company's transfer agent. All of the common shares in escrow will be released as follows: 10% on the date the Company's securities are listed on a Canadian exchange and 15% every six months thereafter.

4. SHARE CAPITAL (Cont'd)

d. Stock Options

The Company adopted stock option plan whereby the Company is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option equals the market price of the Company's shares as calculated on the date of grant. The options can be granted for a maximum term of 5 years. As at July 31, 2008 the Company has not granted any stock options.

5. RELATED PARTY TRANSACTIONS

During the fiscal 2007, the Company signed an assignment agreement with Triple Dragon Resources Inc., and one of the directors of the Company was a promoter of Triple Dragon Resources Inc. See note 3 for details.

6. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2008	2007
Loss before income taxes	$ (73,564)	$ (692,728)
Expected income tax recovery	$ (23,173)	$ (236,359)
Items not deductible for income tax purposes	(425)	232,869
Income tax benefit not recognized	23,598	3,490
Total income tax recovery	$ -	$ -

The significant components of the Company's future income tax assets are as follows:

	2008	2007
Future income tax assets:		
Non-capital loss carry-forwards	$ 25,145	$ 3,490
Valuation allowance	(25,145)	(3,490)
Net future income tax assets	$ -	$ -

The Company has approximately $82,442 of non-capital losses, which may be applied to reduce taxable income in future years. If not utilized, the losses expire through to 2028. Subject to certain restrictions, the Company also has resource expenditures available to reduce taxable income in future years. Future tax benefits which may arise as a result of these non-capital losses and resource deductions have not been recognized in these financial statements and have been offset by a valuation allowance.

7. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

See note 3 and 4b.

8. SUBSEQUENT EVENTS

On October 16, 2008 the Company completed its initial public offering of 2,000,000 common shares at a price of $0.16 per share. The gross proceeds of the offering will be $320,000. The proceeds will be used to finance exploration work on the Shanty Bay mining claims. The financing agent's fees and commissions consist of a non-refundable corporate finance fee of $25,000, warrants to purchase 200,000 common shares at a price of $0.16 per share, expiring October 16, 2010, and a cash commission of $32,000. The Company's common shares commenced trading on the Canadian Trading & Quotation System ("CNQ") on October 22, 2008 under the trading symbol "MNA".