

STRONGBOW EXPLORATION INC.

CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 31, 2008

AUDITORS' REPORT

To the Shareholders of
Strongbow Exploration Inc.

We have audited the consolidated balance sheets of Strongbow Exploration Inc. as at January 31, 2008 and 2007 and the consolidated statements of operations and 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 consolidated financial statements present fairly, in all material respects, the financial position of the Company as at January 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.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Accountants

May 19, 2008



STRONGBOW EXPLORATION INC.
CONSOLIDATED BALANCE SHEETS
AS AT JANUARY 31

	2008	2007
ASSETS		
Current		
Cash and equivalents	\$ 3,402,291	\$ 8,924,951
Marketable securities (Note 4)	1,478,186	719,948
Receivables	455,231	277,724
Prepaid expenses	<u>51,494</u>	<u>49,557</u>
	5,387,202	9,972,180
Investments and advances to affiliates (Note 5)	1,815,849	400,000
Property and equipment (Note 6)	120,629	137,481
Mineral properties (Note 7)	<u>10,772,589</u>	<u>7,529,320</u>
	<u>\$ 18,096,269</u>	<u>\$ 18,038,981</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current		
Accounts payable and accrued liabilities	<u>\$ 213,265</u>	<u>\$ 379,739</u>
Shareholders' equity		
Capital stock (Note 8)	20,223,336	19,849,581
Contributed surplus (Note 8)	2,722,202	1,688,606
Deficit	(4,499,074)	(3,878,945)
Accumulated other comprehensive loss (Note 11)	<u>(563,460)</u>	<u>-</u>
	<u>17,883,004</u>	<u>17,659,242</u>
	<u>\$ 18,096,269</u>	<u>\$ 18,038,981</u>

Nature and continuance of operations (Note 1)

Commitments (Note 13)

Subsequent events (Note 14)

On behalf of the Board:

"D. Grenville Thomas"

Director

"Kenneth A. Armstrong"

Director

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

STRONGBOW EXPLORATION INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
YEAR ENDED JANUARY 31

	2008	2007
EXPENSES		
Advertising and promotion	\$ 197,076	\$ 150,398
Amortization	44,007	45,150
Insurance	50,471	56,052
Office, miscellaneous and rent	180,642	165,410
Professional fees	68,878	95,820
Regulatory and filing fees	20,547	24,835
Salaries and benefits	388,038	276,835
Stock-based compensation (Note 8)	<u>599,461</u>	<u>346,620</u>
Loss before other items	<u>(1,549,120)</u>	<u>(1,161,120)</u>
OTHER ITEMS		
Arrangement expenses (Note 5)	(365,512)	-
Cost recoveries	20,843	68,455
Equity income of affiliated company (Note 5)	1,968	-
Gain on sale of investments (Note 4)	-	9,420,009
Gain on termination of agreement (Note 4)	1,400,000	-
Gain on sale of mineral property (Note 5)	-	392,935
Gain on sale of subsidiary (Note 4)	-	600,000
Interest income	221,233	71,443
Project administration fees	5,975	14,717
Write-down of marketable securities	-	(63,250)
Write-off of mineral properties (Note 7)	<u>(578,577)</u>	<u>(2,698,924)</u>
	<u>705,930</u>	<u>7,805,385</u>
Income (loss) before income taxes	(843,190)	6,644,265
Future income tax recovery (Note 10)	<u>223,061</u>	<u>713,000</u>
Income (loss) for the year	(620,129)	7,357,265
Deficit, beginning of year	<u>(3,878,945)</u>	<u>(11,236,210)</u>
Deficit, end of year	<u>\$ (4,499,074)</u>	<u>\$ (3,878,945)</u>
Basic and diluted income (loss) per share	\$ (0.01)	\$ 0.15
Weighted average number of shares outstanding	53,814,862	48,328,067

CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS
AS AT JANUARY 31

	2008
Loss for the year	\$ (620,129)
Unrealized losses on available for sale financial assets arising during the year	<u>(2,060,768)</u>
Comprehensive loss for the year	<u>\$(2,680,897)</u>

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

STRONGBOW EXPLORATION INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEAR ENDED JANUARY 31

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) for the year	\$ (620,129)	\$ 7,357,265
Items not involving cash:		
Amortization	44,007	45,150
Stock-based compensation	599,461	346,620
Equity income from an affiliate	(1,968)	-
Gain on sale of investments	-	(9,420,009)
Gain on sale on termination of agreement	(1,400,000)	-
Gain on sale of mineral property	-	(392,935)
Gain on sale of subsidiary	-	(600,000)
Write-down marketable securities	-	63,250
Write-off of mineral properties	578,577	2,698,924
Future income tax recovery	(223,061)	(713,000)
Changes in non-cash working capital items:		
Increase in receivables	(210,696)	(156,788)
Increase in prepaid expenses	(1,937)	(15,356)
(Increase)/decrease in accounts payable and accrued liabilities	<u>(1,097)</u>	<u>73,137</u>
Net cash used in operating activities	<u>(1,236,843)</u>	<u>(713,742)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of capital stock	4,105,194	1,986,715
Share issue costs	(135,304)	(9,603)
Private sale of North Arrow shares	<u>2,410</u>	<u>-</u>
Net cash provided by financing activities	<u>3,972,300</u>	<u>1,977,112</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures on mineral properties, net	(7,528,996)	(3,735,114)
Recoveries on mineral properties	110,078	339,663
Acquisition of property and equipment	(27,155)	(40,357)
Investments and advances to affiliates	(812,044)	-
Proceeds from the sale of investments	<u>-</u>	<u>10,580,009</u>
Net cash provided by (used in) investing activities	<u>(8,258,117)</u>	<u>7,144,201</u>
Change in cash and equivalents during the year	(5,522,660)	8,407,571
Cash and equivalents, beginning of year	<u>8,924,951</u>	<u>517,380</u>
Cash and equivalents, end of year	<u>\$ 3,402,291</u>	<u>\$ 8,924,951</u>
Cash paid during the year for interest	<u>\$ -</u>	<u>\$ -</u>
Cash paid during the year for income taxes	<u>\$ -</u>	<u>\$ -</u>

Supplemental disclosure with respect to cash flows (Note 12)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company's principal business activity is the exploration of mineral properties. To date, the Company has not generated significant revenues from operations and is considered to be in the exploration stage.

The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties and related deferred costs is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the financing necessary to complete the development of its mineral properties and upon future profitable production.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. Continued operations of the Company are dependent on the Company's ability to complete equity financings or generate profitable operations in the future. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. SIGNIFICANT ACCOUNTING POLICIES

Changes in accounting policies

Effective February 1, 2007, the Company prospectively adopted the Canadian Institute of Chartered Accountants ("CICA") recommendations pertaining to financial instruments (Section 3855 and 3861), which establishes standards for the recognition, measurement, disclosure and presentation of financial assets, financial liabilities and non-financial derivatives. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Instruments classified as held for trading are measured at fair value with unrealized gains and losses recognized on the statement of operations and deficit. The Company has classified its cash and equivalents as held for trading. Receivables are classified as loans and receivables and accounts payable and accrued liabilities are classified as other liabilities. This change in accounting policy had no material effect on the Company's previous financial statements. The Company has classified its marketable securities as available-for-sale and therefore carries them at fair market value, with the unrealized gain or loss recorded in shareholders' equity as a component of other comprehensive income. These amounts will be reclassified from shareholders' equity to net income when they are sold. Previously, investments in public companies were carried at cost, less provisions for other than temporary declines in value. This change in accounting policy resulted in a \$1,730,992 increase in the carrying value of marketable securities as at January 31, 2007, and opening accumulated other comprehensive income being increased by \$1,497,308, net of future income taxes, as disclosed in Note 11. The Company's investments are classified as held-to-maturity and are measured at amortized cost.

Effective February 1, 2007, the Company prospectively adopted the CICA recommendations pertaining to hedges (Section 3865), which establish standards for the identification, designation, documentation and effectiveness of hedging relationships for the purpose of applying hedge accounting. The purpose of hedge accounting is to ensure that gains, losses, revenues and expenses from effective hedging relationships are recorded in earnings in the same period. This change in accounting policy had no effect on the consolidated financial statements for the year ended January 31, 2008 as the Company has not designated any hedging relationships.

Effective February 1, 2007, the Company prospectively adopted the CICA recommendations regarding the reporting and disclosure of comprehensive income (Section 1530). Comprehensive income consists of changes in the equity of the Company from sources other than the Company's share owners, and includes earnings of the Company, the foreign currency translation adjustment relating to self-sustaining foreign operations and unrealized gains and losses on changes in fair values of available for sale assets and effective cash flow hedging instruments. Other comprehensive income comprises revenues, expenses and gains and losses that are recognized in comprehensive income but are excluded from earnings for the period. Comprehensive income is required to be disclosed in a separate statement in the consolidated financial statements.

Effective February 1, 2007, the Company prospectively adopted the CICA recommendations regarding the presentation of equity and changes in equity (Section 3251). These recommendations require separate presentation of the components of equity, including retained earnings, accumulated other comprehensive income, contributed surplus, share capital and reserves, and the changes therein.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary Jadebay Limited ("Jadebay"), a company incorporated in Ireland up to the date of disposal in December 2006 (Note 4). All significant inter-company transactions and balances have been eliminated upon consolidation.

Use of estimates

The preparation of consolidated financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the year. Significant areas where management applies judgement include the assessment of possible impairment of the carrying value of assets, decisions as to when exploration and development costs should be capitalized or expensed, determination of the rate at which amortization is charged to operations, valuation allowances applied against future tax assets and factors affecting valuations of stock-based compensation. The Company regularly reviews its estimates and assumptions, however, actual results could differ from these estimates and these differences could be material.

Cash and equivalents

Cash and equivalents include highly liquid investments with original maturities of three months or less.

Marketable securities

Prior to February 1, 2007, marketable securities were stated at the lower of cost or market value and consist of shares listed on the TSX Venture Exchange. Effective February 1, 2007, marketable securities are measured at fair value.

Property and equipment

Equipment is recorded at cost less accumulated amortization. Amortization is provided for annually at the following rates:

Furniture and equipment	20% declining balance
Computer equipment	30% declining balance
Software	1 year straight-line
Leasehold improvements	Term of the lease

Investments

Long-term investments are carried at cost. If it is determined that the value of the investments are permanently impaired, they are written down to net realizable value.

Investments in companies over which the Company has significant influence are accounted for by the equity method, by which the original cost of the investment is adjusted for the Company's share of earnings or losses and dividends or distributions since significant influence was acquired. Investments are classified as held-to-maturity and are measured at their carrying values.

Mineral properties

All costs related to the acquisition, exploration and development of mineral properties are capitalized by property. If economically recoverable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. When a property is abandoned, all related costs are written off to operations. If, after management review, it is determined that the carrying amount of a mineral property is impaired, that property is written down to its estimated net realizable value. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Mineral properties (cont'd...)

The amounts shown for mineral properties do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development and future profitable production or proceeds from the disposition thereof.

Asset retirement obligations

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.

Changes in the liability for an asset retirement obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in the statement of operations. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset. The Company does not have any asset retirement obligations.

Earnings (loss) per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on earnings (loss) per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period.

Basic earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the year.

The table below is a reconciliation of the denominator used in the calculation of basic and diluted earnings per share:

	<u>2008</u>	<u>2007</u>
Weighted average number of common shares outstanding – basic	53,814,862	48,328,067
Dilution effect of stock options	-	444,141
Weighted average number of common shares outstanding – diluted	<u>53,814,862</u>	<u>48,772,208</u>

Outstanding stock options are the only instruments that are dilutive to earnings (loss) per share. For 2008, 5,423,500 (2007 – 2,262,000) stock options and 2,863,561 (2007 – 1,000,000) warrants that were anti-dilutive have been excluded from the calculation of earnings (loss) per share.

Stock-based compensation

The Company uses the fair value method for stock-based compensation whereby all awards to employees and nonemployees will be recorded at fair value on the date of the grant and expensed over the period of vesting. The Company uses the Black-Scholes option-pricing model to estimate the fair value of each stock option at the date of grant. Any consideration paid by the option holders to purchase shares is credited to capital stock.

Income taxes

Future income taxes are recorded using the asset and liability method whereby future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment or enactment occurs. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Flow-through shares

Canadian tax legislation permits a company to issue flow-through shares whereby the deduction for tax purposes relating to qualified resource expenditures is claimed by the investors rather than the Company. The Company records a future income tax liability and a reduction in capital stock for the estimated tax benefit transferred to shareholders.

When flow-through expenditures are renounced, a portion of future income tax assets not recognized in previous years, due to the recording of a valuation allowance, will be recognized as a recovery of future income taxes in the statement of operations.

Comparative figures

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

Recent accounting pronouncements

Assessing going concern

The Accounting Standards Board ("AcSB") amended CICA handbook Section 1400, to include requirements for management to assess and disclose an entity's ability to continue as a going concern. This section applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008.

Financial instruments

The AcSB issued CICA Handbook Section 3862, *Financial Instruments – Disclosures*, which requires entities to provide disclosures in their financial statements that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks. The principles in this section complement the principles for recognizing, measuring and presenting financial assets and financial liabilities in Section 3855 – *Financial Instruments – Recognition and Measurement*, Section 3863, *Financial Instruments – Presentation*, and Section 3865, *Hedges*. The section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007.

The AcSB issued CICA Section 3863, *Financial Instruments – Presentation*, which is to enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows. This section establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007.

Capital disclosures

The AcSB issued CICA Handbook Section 1535, which establishes standards for disclosing information about an entity's capital and how it is managed. This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007.

Goodwill and intangible assets

CICA Handbook Section 3062 replaces the current standard for goodwill and intangible assets and establishes revised standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The new standard also provides guidance for the treatment of pre-production and start-up costs and requires that these costs be expensed as incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

The company will adopt the requirements commencing in the interim period ending March 31, 2008 and is currently considering the impact this will have on the Company's financial statements.

International financial reporting standards

In addition to the above accounting pronouncements the Canadian Accounting Standards Board ("AcSB") in 2006 published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with International Financial Reporting Standards ("IFRS") over an expected five-year transition period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

3. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and equivalents, marketable securities, receivables, investments and accounts payable and accrued liabilities. 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. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

4. MARKETABLE SECURITIES

Bayswater Uranium Corporation

In December 2005, the Company and Bayswater Uranium Corporation ("Bayswater") entered into a purchase and sale agreement whereby the Company agreed to sell its wholly-owned subsidiary, Jadebay, to Bayswater. The Company closed the sale of Jadebay in exchange for 1,500,000 common shares of Bayswater, received at a value of \$600,000 in March 2006. As Jadebay had no assets or liabilities, its nominal carrying value resulted in a gain on sale of \$600,000. The market value of these shares as at January 31, 2008 is \$870,000 (2007 - \$2,295,000).

Tournigan Gold Corporation

In February 2004, the Company and Tournigan Gold Corporation ("Tournigan") entered into a purchase and sale agreement (the "Ulster Acquisition Agreement") whereby the Company agreed to sell its wholly-owned subsidiary, Ulster Minerals Ltd. ("Ulster"), to Tournigan in exchange for 10,000,000 common shares of Tournigan plus cash consideration based on Tournigan's future use of certain tax pools available in Ulster.

The sale closed in December 2004 and the Company received 5,000,000 shares of Tournigan at a value of \$1,450,000. In fiscal 2006, the Company sold 1,000,000 common shares of Tournigan for proceeds of \$504,890 resulting in a gain of \$214,890. During the year ended January 31, 2007, the Company sold the remaining 4,000,000 shares for proceeds of \$10,580,009 resulting in a gain of \$9,420,009. As at January 31, 2007, the Company had sold all of its investment in Tournigan.

In February 2007, the Company and Tournigan agreed to terminate the remaining terms of the Ulster Acquisition Agreement, thereby eliminating Tournigan's future cash and share issuance obligations to the Company. In consideration, Tournigan issued 500,000 common shares to the Company (received at a value of \$1,400,000) with a fair market value of \$525,000 at January 31, 2008. The shares received resulted in the Company recognizing a gain on termination of the agreement of \$1,400,000.

STRONGBOW EXPLORATION INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JANUARY 31, 2008

4. MARKETABLE SECURITIES (cont'd...)

Other

In addition, the Company holds common shares of several other publicly-traded Canadian listed companies. As at January 31, 2008, the total cost of these marketable securities was \$129,584 (2007 - \$119,948) with a fair market value of \$83,186 (2007 - \$155,940).

5. INVESTMENTS AND ADVANCES TO AFFILIATES

The Company's investments and advances to affiliates consist of the following:

	2008	2007
Investment – Anglo Columbia Mines Inc.	\$ 400,000	\$ 400,000
Investment – North Arrow Minerals Inc.	1,403,805	-
Advances to North Arrow Minerals Inc.	<u>12,044</u>	<u>-</u>
	<u>\$ 1,815,849</u>	<u>\$ 400,000</u>

Anglo-Columbia Mines Inc.

In December 2006, the Company sold its interest in the Chu Chua mineral claims to Anglo-Columbia Mines Inc. ("Anglo-Columbia"), a private B.C. based company in exchange for 4,000,000 common shares of Anglo-Columbia, received at a value of \$400,000 resulting in a gain on sale of mineral properties of \$392,935 during the year ended January 31, 2007.

North Arrow Minerals Inc.

On May 9, 2007, the Company completed a Plan of Arrangement with North Arrow Minerals Inc. ("North Arrow"). The Company transferred to North Arrow certain of its mineral property interests at their carrying value of \$3,561,246 and \$800,000 cash in exchange for 15,000,000 shares of North Arrow. The Company then distributed 10,170,261 common shares of North Arrow received to the Company's shareholders of record as at May 9, 2007 through a legal reduction of capital of \$3,390,000 (Note 8). The difference between the legal reduction of capital and the carrying value of the North Arrow shares of \$433,000 has been credited to contributed surplus. Each shareholder of the Company received one North Arrow share for every five shares of the Company held, subject to reduction for small lot holders.

The Company accounts for its investment in North Arrow using the equity method. As at January 31, 2008, the Company's carrying value of its investment in North Arrow was \$1,403,805 representing approximately a 22.1% ownership interest and consists of:

Cost of original investment in North Arrow Minerals Inc.	\$ 1,404,246
Accumulated equity loss	(110,025)
Accumulated dilution gain	111,994
Private sale of 8,283 common shares	<u>(2,410)</u>
	<u>\$ 1,403,805</u>

In addition, as at January 31, 2008 the Company had advanced \$12,044 to North Arrow for exploration expenditures and start-up costs. This advance is non-interest bearing, unsecured and due upon demand. Subsequent to the year end, North Arrow repaid this advance.

STRONGBOW EXPLORATION INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JANUARY 31, 2008

6. PROPERTY AND EQUIPMENT

	As at January 31, 2008			As at January 31, 2007		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Furniture and Equipment	\$ 57,275	\$ 39,220	\$ 18,055	\$ 57,275	\$ 34,706	\$ 22,569
Computer Equipment	182,200	120,131	62,069	155,045	98,698	56,347
Software	38,816	38,816	-	38,816	34,258	4,558
Leasehold Improvements	84,400	43,895	40,505	84,400	30,393	54,007
	<u>\$ 362,691</u>	<u>\$ 242,062</u>	<u>\$ 120,629</u>	<u>\$ 335,536</u>	<u>\$ 198,055</u>	<u>\$ 137,481</u>

7. MINERAL PROPERTIES

	January 31, 2007	Expended During The Year	Write-off of Costs and Recoveries	Transferred to North Arrow (Note 5)	January 31, 2008
Gold and Base Metal Properties, British Columbia					
Exploration costs	\$ 1,740,878	\$ 1,780,244	\$ (311,426)	\$ -	\$ 3,209,696
Acquisition costs	300,245	169,789	(213,897)	-	256,137
Geological and assays	297,674	181,019	(17,456)	-	461,237
Office and salaries	961,567	636,420	(83,350)	-	1,514,637
	<u>3,300,364</u>	<u>2,767,473</u>	<u>(626,129)</u>	<u>-</u>	<u>5,441,707</u>
Gold and Base Metal Properties, NWT, NU and Sask.					
Exploration costs	1,184,179	3,951,192	(3,297)	(859,782)	4,272,292
Acquisition costs	1,161,248	149,987	(6,780)	(914,931)	389,524
Geological and assays	264,792	75,005	-	(261,685)	78,113
Office and salaries	818,312	505,401	(15,340)	(743,350)	565,022
	<u>3,428,531</u>	<u>4,681,585</u>	<u>(25,417)</u>	<u>(2,779,748)</u>	<u>5,304,951</u>
Uranium Properties, Generative					
Exploration costs	-	-	-	-	-
Acquisition costs	45,495	-	(35,205)	-	10,290
Geological and assays	-	-	-	-	-
Office and salaries	7,100	304	-	-	7,404
	<u>52,595</u>	<u>304</u>	<u>(35,205)</u>	<u>-</u>	<u>17,694</u>
Diamond Properties, NWT and Nunavut					
Exploration costs	5,054	-	-	(5,054)	-
Acquisition costs	300,522	33,496	(1,016)	(333,002)	-
Geological and assays	204,812	481	-	(205,293)	-
Office and salaries	237,442	1,311	(605)	(238,148)	-
	<u>747,830</u>	<u>35,288</u>	<u>(1,621)</u>	<u>(781,497)</u>	<u>-</u>
Other	-	8,520	(283)	-	8,237
TOTAL	<u>\$ 7,529,320</u>	<u>\$ 7,493,170</u>	<u>\$ (688,655)</u>	<u>\$ (3,561,246)</u>	<u>\$ 10,772,589</u>

STRONGBOW EXPLORATION INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JANUARY 31, 2008

7. MINERAL PROPERTIES (cont'd...)

	January 31, 2006	Expended During The Period	Recoveries	Write-off of Costs	January 31, 2007
Gold and Base Metal Properties, British Columbia					
Exploration costs	\$ 464,475	\$ 1,464,472	\$ (188,069)	\$ -	\$ 1,740,878
Acquisition costs	142,270	161,798	(3,823)	-	300,245
Geological and assays	76,101	229,647	(8,074)	-	297,674
Office and salaries	144,999	908,634	(92,066)	-	961,567
	<u>827,845</u>	<u>2,764,551</u>	<u>(292,032)</u>	<u>-</u>	<u>3,300,364</u>
Gold and Base Metal Properties, NWT and Nunavut					
Exploration costs	2,880,250	186,138	-	(1,882,209)	1,184,179
Acquisition costs	780,815	533,977	(12,967)	(140,577)	1,161,248
Geological and assays	253,542	11,250	-	-	264,792
Office and salaries	678,985	217,826	(34,632)	(43,867)	818,312
	<u>4,593,592</u>	<u>949,191</u>	<u>(47,599)</u>	<u>(2,066,653)</u>	<u>3,428,531</u>
Uranium Properties, Generative					
Exploration costs	-	-	-	-	-
Acquisition costs	45,495	-	-	-	45,495
Geological and assays	-	-	-	-	-
Office and salaries	3,089	4,011	-	-	7,100
	<u>48,584</u>	<u>4,011</u>	<u>-</u>	<u>-</u>	<u>52,595</u>
Diamond Properties, NWT and Nunavut					
Exploration costs	79,942	11,914	-	(86,802)	5,054
Acquisition costs	322,549	(77)	-	(21,950)	300,522
Geological and assays	339,438	111,656	-	(246,282)	204,812
Office and salaries	262,754	20,451	(32)	(45,731)	237,442
	<u>1,004,683</u>	<u>143,944</u>	<u>(32)</u>	<u>(400,765)</u>	<u>747,830</u>
Diamond Properties, Greenland					
Exploration costs	86,168	6,693	-	(92,861)	-
Acquisition costs	7,422	(139)	-	(7,283)	-
Geological and assays	74,690	13,662	-	(88,352)	-
Office and salaries	33,261	9,749	-	(43,010)	-
	<u>201,541</u>	<u>29,965</u>	<u>-</u>	<u>(231,506)</u>	<u>-</u>
TOTAL	\$ 6,676,245	\$ 3,891,662	\$ (339,663)	\$ (2,698,924)	\$ 7,529,320

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties is in good standing.

During the year ended January 31, 2008, the Company wrote-off \$578,577 relating to certain properties and recorded recoveries of \$110,078.

7. MINERAL PROPERTIES (cont'd...)

Gold and Base Metal Properties, British Columbia

Bitterroot Agreement

In June 2006, the Company concluded an option agreement with a prospector and Bitterroot Resources Ltd. ("Bitterroot") whereby Bitterroot may earn a 100% interest in certain claims known as the "Big Southeaster" property on Vancouver Island. Under the terms of this agreement, Bitterroot must make a cash payment of \$10,000 (the Company's share is \$3,300 (received)) and issue 150,000 common shares of Bitterroot over a three year period (the Company's share is 33.0% of the total common shares to be issued – 16,667 received at a value of \$9,667 during the previous fiscal year and 16,333 received at a value of \$9,636 during the current fiscal year). In addition, Bitterroot must issue \$50,000 worth of common shares to the Company and the prospector, prior to the third anniversary of the agreement and Bitterroot must incur exploration expenditures totaling \$50,000 before the second anniversary of the agreement. The Company will retain a 0.66% net smelter return royalty ("NSR") on the property, one-half of which (0.33%) may be purchased by Bitterroot for \$330,000.

Ponderosa Property

In August 2007, the Company entered into an agreement with Almaden Minerals Ltd. ("Almaden") whereby the Company may earn a 60% interest in the Ponderosa property, located within the Spences Bridge area of British Columbia. Under the terms of the agreement with Almaden, the Company may earn a 60% interest in the Ponderosa property by issuing to Almaden 1,050,000 shares (200,000 issued at a value of \$106,000) and by completing exploration expenditures of \$4,000,000 prior to December 31, 2012. The agreement included a commitment to spend \$150,000 exploring the property prior to December 31, 2007 (completed).

In December 2007, the Company terminated the option agreement and returned the Ponderosa property to Almaden. Accordingly, the Company wrote-off capitalized acquisition and exploration expenditures of \$412,219.

Skoonka Creek

In June 2005, the Company and Almaden concluded an option agreement whereby the Company could earn up to a 60% interest in the Skoonka Creek gold property in southern British Columbia. During the year ended January 31, 2007, the Company earned a 51% interest in the Skoonka property by having incurred \$2,000,000 on exploration and by having issued a total of 600,000 common shares to Almaden. The Company had a second option to earn an additional 9% interest but elected not to proceed with a second option. Instead, the Company and Almaden have formed a joint venture under which future exploration will be funded 51% by the Company and 49% by Almaden. During the year-ended January 31, 2008, Almaden elected not to contribute to the exploration program. The Company has elected to solely fund the exploration program and as a result, its interest in the property will increase proportionately based on a standard dilution formula.

Spences Bridge Properties

In December 2005, the Company staked five mineral claims in the Spences Bridge area of British Columbia. The Company has a 100% interest in the claims, subject to a 1% NSR in favour of a prospector which may be purchased by the Company for \$1,000,000 at any time.

During the year ended January 31, 2008, the Company terminated two separate agreements with a prospector whereby the Company could have earned a 100% interest in certain other claims in the area by meeting certain exploration expenditure and share payment commitments through 2012. The Company wrote-off of \$52,363 related to these agreements.

7. MINERAL PROPERTIES (cont'd...)

Gold and Base Metal Properties, Northwest Territories and Nunavut

The Company maintains interests in various other gold and base metal properties in the Northwest Territories and Nunavut. During the year-ended January 31, 2008, certain of the Company's gold and base metal properties, including the Anialik, Canoe Lake, Regan Lake and Ulu South properties, were transferred to North Arrow as part of the Plan of Arrangement (Note 5). Mineral property write-offs of \$25,417 during the year-ended January 31, 2008 relate to general exploration.

Nunavut Tunngavik Incorporated ("NTI") Properties, Nunavut

Under the terms of a March 2003 agreement with Nunavut Tunngavik Incorporated ("NTI"), the Company earned a 100% interest in the NTI properties located in the West Kitikmeot region of Nunavut. All of the NTI properties were transferred to North Arrow as part of the Plan of Arrangement (Note 5).

Nickel King (Anki) Project, NWT

The Company holds a 100% interest in a number of mineral claims in the southern Northwest Territories. Certain of these mineral claims are subject to a 3% NSR on base and precious metals production and an additional 2% gross overriding royalty ("GOR"). The Company may purchase the entire NSR at any time for \$1,500,000 and the Company may purchase one-half (1%) of the GOR at any time for \$2,500,000.

Snowbird Nickel Project, Canada

In February 2007, the Company staked new mineral claims and was granted permits in northern Saskatchewan and south-eastern Northwest Territories.

Silvertip Project, Nunavut

In November 2006, the Company acquired, by staking, a 100% interest in six mineral claims in Nunavut. A portion of these claims are subject to a 1% NSR that can be purchased by the Company at any time for \$1,000,000. The Company has the option to earn a 100% interest in a seventh mineral claim known as the "Pale" claim. Under the terms of this option agreement, the Company may earn its interest in the Pale claim by making staged cash payments totalling \$80,000 over four years and by incurring an aggregate of \$317,500 in exploration expenditures over a four year period. Upon earning a 100% interest in the Pale claim, the claim will be subject to a 2% NSR, of which one-half (1%) may be purchased at any time for \$1,000,000.

In February 2007, the Company concluded a Memorandum of Understanding ("MOU") with NTI to allow the Company to explore certain Inuit Owned Lands ("IOLs") in the Back River area, Nunavut. The MOU contemplates the execution of an option agreement allowing the Company to earn a 100% interest in the property by completing a first year work program and by making annual work commitments and rental payments on the property. In addition, the option agreement will include a potential election by NTI to back-in to a working interest in a proposed mine development.

In May 2007, as part of the Plan of Arrangement (Note 5) with North Arrow, the Company granted an option to North Arrow, whereby North Arrow may earn a 60% interest in the Silvertip Project by spending \$5,000,000 to explore the property prior to December 31, 2011 with a firm commitment to spend \$300,000 prior to December 31, 2007 (completed). A portion of the area into which North Arrow is earning an interest from the Company is subject to the terms of the MOU and any subsequent option agreement between the Company and NTI.

7. MINERAL PROPERTIES (cont'd...)

Gold and Base Metal Properties, Northwest Territories and Nunavut (cont'd...)

Other Properties, NWT

In May 2007, the Company acquired an option to earn a 100% interest in certain mineral claims in the Northwest Territories. Under the terms of the option agreement, the Company must fund staking costs to acquire additional minerals claims and make staged payments totalling \$500,000 over five years (\$10,000 paid May 31, 2007; \$7,500 paid December 2007). The property is subject to a 2.5% NSR of which the Company may purchase 1% at anytime for \$500,000. The Company may acquire an additional 1% of the royalty (bringing its interest to 2% of the NSR) at anytime for \$2,000,000.

Uranium Projects, Generative, Canada

In January 2006, the Company and Bayswater concluded an agreement to generate uranium exploration projects in Canada ("CUJV"). Under the terms of this agreement, Bayswater will contribute up to \$500,000 over five years to fund the acquisition of uranium projects identified by the Company and, upon identification of such project(s), Bayswater will be required to incur a further \$600,000 in exploration expenditures within two years on each of up to three uranium projects identified by the Company as "Earn-in projects", whereby Bayswater and the Company will each hold a 50% interest in the generative project, with Bayswater as the Operator.

In February 2006, the Company and Bayswater acquired ten prospecting permits in the northern part of the North Thelon Basin, Nunavut. In April 2006, the Company and Bayswater granted a 1% NSR on metals and a 1% GOR on diamonds to a third party in consideration for staking certain claims in the South Thelon area of the NWT. The Company and Bayswater retain the right to purchase one-half of the royalties (0.5%) at any time for \$1,000,000. Both North Thelon and South Thelon properties were acquired under the terms of the CUJV generative exploration program and have been separately identified by the Company as Earn-in projects.

Bayswater and the Company are related by virtue of a common director.

Diamond Properties, Northwest Territories and Nunavut

During the year ended January 31, 2008, all of the Company's remaining diamond properties including the Bear, Lac de Gras, Tenacity South, Blue Lake and Napaktulik properties were transferred to North Arrow as part of the Plan of Arrangement (Note 5). Mineral property write-offs of \$1,483 during the year ended January 31, 2008 relate to the Blue Lake and Jewel properties.

STRONGBOW EXPLORATION INC.
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JANUARY 31, 2008

8. CAPITAL STOCK AND CONTRIBUTED SURPLUS

	Number of Shares	Amount	Contributed Surplus
Authorized			
Unlimited common shares without par value			
Issued			
As at January 31, 2006	46,086,604	\$ 18,376,855	\$ 1,413,600
Private placement	2,000,000	1,000,000	-
Property option agreements	310,000	137,000	-
Share issue costs	-	(9,603)	-
Exercise of warrants	1,626,087	731,007	(66,404)
Exercise of options	771,250	327,322	(5,210)
Tax benefits renounced to flow-through share subscribers (Note 10)	-	(713,000)	-
Stock-based compensation	-	-	346,620
As at January 31, 2007	<u>50,793,941</u>	<u>19,849,581</u>	<u>1,688,606</u>
Private placement	4,710,000	4,003,500	-
Compensation units	263,522	223,994	-
Share issue costs	-	(425,586)	66,288
Exercise of options	278,500	166,847	(65,153)
Tax benefits renounced to flow-through share subscribers (Note 10)	-	(311,000)	-
Reduction of capital (Note 5)	-	(3,390,000)	433,000
Property option agreement	200,000	106,000	-
Stock-based compensation	-	-	599,461
As at January 31, 2008	<u>56,245,963</u>	<u>\$ 20,223,336</u>	<u>\$ 2,722,202</u>

Share issuances

In September 2006, the Company issued 300,000 common shares at a value of \$129,000 to Almaden as part of an option agreement to earn a 51% interest in the Skoonka Creek property.

In October 2006, the Company closed a non-brokered private placement with Anglo Celtic Exploration Ltd. of 2,000,000 flow-through units at a price of \$0.50 per unit for gross proceeds of \$1,000,000. Each flow-through unit consists of one flow-through share and one-half of one non-flow-through share purchase warrant. Each whole warrant will entitle the holder to purchase one non-flow-through share of the Company at \$0.60 per share until October 6, 2007.

In November 2006, the Company issued 10,000 common shares at a value of \$8,000 to Yukon 37999 Inc. ("Yukon") in consideration for Yukon staking certain claims on the Company's behalf in the Hearne Channel area of the Northwest Territories.

In July 2007, the Company completed a brokered private placement of 4,710,000 flow-through units at a price of \$0.85 per flow through unit for gross proceeds of \$4,003,500. Each flow through unit consists of one flow through share and one-half of one common share purchase warrant. Each whole share purchase warrant can be exercised for one common share at a price of \$1.10 until January 12, 2009.

As part of the July 2007 private placement, the Company paid a finders' fee of \$56,251 in cash and 263,522 compensation units valued at a price of \$0.85 per unit. Each compensation unit consisted of one non-flow-through common share and one half of one common share purchase warrant, with each whole warrant having the same terms as the warrants in the private placement. The Company also issued agent warrants to purchase 376,800 shares of the Company at \$0.85 per common share exercisable until January 12, 2009. The estimated fair value of the agent warrants is \$66,288 and has been recorded in contributed surplus.

In August 2007, the Company issued 200,000 common shares with a value of \$106,000 to Almaden pursuant to the Ponderosa property option agreement (Note 7).

STRONGBOW EXPLORATION INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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8. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)

The following weighted average assumptions were used for the Black Scholes valuation of compensatory warrants issued as part of the July 2007 financing:

	Year Ended January 31, 2008
Risk-free interest rate	4.7%
Expected life of warrants	1.5 years
Annualized volatility	78%
Dividend rate	0.00%

Stock options and warrants

In June 2007, the Company's shareholders approved the adoption of the 2007 Stock Option Plan (the "Plan"), which replaces the Company's former stock option plan and establishes a rolling number of shares issuable under the new plan in the amount of 10% of the Company's issued shares at the date of grant.

Under the terms of the Plan, the exercise price of each option granted cannot be less than the market price at the date of grant, less a discount up to 25% in accordance with the policies of the TSX Venture Exchange ("TSX-V"). Options granted can have a term up to 10 years with vesting provisions determined by the directors in accordance with TSX-V policies for Tier 2 Issuers. Typically, the Company has granted stock options at or above the market price on the grant date, with a vesting period of 25% upon grant and 25% every six months thereafter.

As at January 31, 2008, the following stock options and warrants were outstanding:

	Number of Shares	Exercise Price	Number Vested	Expiry Date
Options	5,000	\$ 0.5544	5,000	February 28, 2008 (subsequently expired)
	3,500	0.8400	3,500	February 28, 2008 (subsequently expired)
	43,750	0.8400	43,750	December 10, 2008
	150,000	0.8232	150,000	June 2, 2009
	1,098,750	0.6300	1,098,750	July 30, 2009
	545,000	0.2898	545,000	February 2, 2010
	237,500	0.2940	237,500	June 13, 2010
	10,000	0.2940	10,000	September 23, 2010
	675,000	0.6636	675,000	March 16, 2011
	590,000	0.3696	442,500	September 15, 2011
	40,000	0.5040	20,000	February 16, 2012
	1,015,000	0.6552	507,500	March 29, 2012
	1,010,000	0.4600	252,500	December 21, 2012
Warrants	2,486,761	\$ 1.10	2,486,761	January 12, 2009
	376,800	0.85	376,800	January 12, 2009

In May 2007, as part of the Plan of Arrangement with North Arrow (Note 5), the exercise price of the options held by directors, officers and employees was adjusted to 84% of the pre-Arrangement exercise price.

STRONGBOW EXPLORATION INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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8. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, January 31, 2006	3,929,000	\$ 0.64
Granted	1,560,000	0.66
Cancelled/expired	(690,750)	0.94
Exercised	<u>(771,250)</u>	0.42
Balance, January 31, 2007	4,027,000	0.70
Granted	2,065,000	0.56
Exercised	(278,500)	0.37
Cancelled/expired	<u>(390,000)</u>	0.65
Balance, January 31, 2008	5,423,500	\$ 0.54
Number of options currently exercisable	4,463,500	\$ 0.48

The weighted average fair value of stock options granted during the current fiscal period was \$0.35 (2007 - \$0.41) per option.

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, January 31, 2006	1,626,087	\$ 0.41
Granted	1,000,000	0.60
Exercised	<u>(1,626,087)</u>	0.41
Balance, January 31, 2007	1,000,000	0.60
Granted	2,863,561	1.07
Expired	<u>(1,000,000)</u>	0.60
Balance, January 31, 2008	2,863,561	\$ 1.07

8. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)

Stock-based compensation

During the year ended January 31, 2008, the Company granted 2,065,000 (January 31, 2007 – 1,560,000) stock options with a fair value of \$712,863 (January 31, 2007 – \$644,185), which is being recognized over the vesting periods of the options. Total stock-based compensation recognized during the year ended January 31, 2008 was \$599,461 (2007 – \$346,620).

The following weighted average assumptions were used for the Black Scholes valuation of stock options granted:

	Year Ended January 31, 2008	Year Ended January 31, 2007
Risk-free interest rate	3.85% ~ 4.04%	4.0%
Expected life of options	3 years	5 years
Annualized volatility	81% ~ 86%	83% ~ 84%
Dividend rate	0.00%	0.00%

9. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties not disclosed elsewhere in these financial statements:

- a. Charged rent of \$73,589 (2007 - \$78,097) to Stornoway Diamond Corporation (“Stornoway”), a company with a common director.
- b. Charged rent of \$nil (2007 - \$12,383) to Helio Resources Corp., a company with a common director.

Included in receivables are amounts due from Stornoway totaling \$71,099 (January 31, 2007 - \$195,570) for reimbursement of exploration, administrative costs and rent paid by the Company on Stornoway’s behalf.

Included in accounts payable is \$16,052 (January 31, 2007 –\$11,598) payable to a company controlled by a director.

These transactions were in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed to by the related parties.

STRONGBOW EXPLORATION INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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10. INCOME TAXES

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

	2008	2007
Income (loss) before income taxes	\$ (843,190)	\$ 6,644,265
Expected income tax recovery (expense)	\$ 285,855	\$ (2,388,835)
Non-deductible items	58,853	1,514,173
Tax assets transferred on Plan of Arrangement	(1,423,870)	-
Recognized (unrecognized) benefit of other tax assets	(32,205)	92,721
Recognized benefit of resource expenditures	1,334,428	487,256
Recognized benefit of non-capital losses	-	1,007,685
Future income tax recovery	\$ 223,061	\$ 713,000

As at January 31, 2008, the Company has \$Nil in non-capital losses available for deduction against future year's taxable income.

Subject to certain restrictions, the Company has approximately \$10,100,000 of mineral property expenditures and \$278,000 in non-refundable tax credits available to reduce taxable income of future years.

During the year ended January 31, 2008, the Company issued 4,710,000 common shares (2007 – 2,000,000 common shares) on a flow-through basis for gross proceeds of \$4,003,500 (2007 - \$1,000,000). The flow-through agreements require the Company to renounce certain tax deductions for Canadian exploration expenses incurred on the Company's mineral properties to the flow-through participants. The Company has renounced exploration expenditures of \$1,000,000 (2007 - \$2,301,700) which resulted in a future income tax recovery and a charge against capital stock of \$311,000 (2007 - \$713,000).

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

	2008	2007
Future income tax assets:		
Mineral properties	\$ 129,692	\$ 171,769
Investments	209,194	-
Equipment	23,431	41,219
Share issuance costs and other tax assets	228,653	111,339
	590,970	324,327
Less: valuation allowance	(590,970)	(324,327)
	\$ -	\$ -

STRONGBOW EXPLORATION INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JANUARY 31, 2008

11. ACCUMULATED OTHER COMPREHENSIVE LOSS

Balance, January 31, 2007	\$ -
Adjustment for cumulative unrealized gains on available-for-sale investments at February 1, 2007 net of future income taxes	1,497,308
Unrealized losses on available-for-sale investments, net of future income taxes	<u>(2,060,768)</u>
As at January 31, 2008	\$ (563,460)

12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

At January 31, 2008, cash and equivalents of \$3,402,291 (2007 - \$8,924,951) consisted of cash on deposit of \$3,387,291 (2007 - \$830,996) and short-term investments of \$15,000 (2007 - \$8,093,955).

The significant non-cash transactions for the year ended January 31, 2008 were:

- The Company receiving 500,000 common shares of Tournigan valued at \$1,400,000 pursuant to the termination of an agreement (Note 4).
- The Company incurring mineral property expenditures of \$61,560 that are included in accounts payable and accrued liabilities and the Company accruing a recovery of mineral property expenditures of \$8,122 that is included in receivables.
- The Company receiving 16,333 common shares of Bitterroot valued at \$9,637 pursuant to the property option agreement (Note 7).
- The Company issuing 200,000 common shares with a value of \$106,000 to Almaden, pursuant to a property option agreement (Note 7).
- The Company issuing 376,800 agent's warrants with a value of \$66,288 as part of a private placement in July 2007 (Note 8).

The significant non-cash transactions for the year ended January 31, 2007 were:

- The Company receiving 1,500,000 common shares of Bayswater valued at \$600,000 pursuant to the sale of the Company's subsidiary, Jadebay (Note 4).
- The Company receiving 150,000 common shares of Tanqueray valued at \$31,500 pursuant to a property option agreement (Note 7).
- The Company receiving 4,000,000 common shares of Anglo-Columbia valued at \$400,000 pursuant to the sale of the Chu Chua mineral claims (Note 5) and recording a cost recovery of \$41,311 included in receivables.
- The Company receiving 16,667 common shares of Bitterroot valued at \$9,667 pursuant to a property option agreement (Note 7).
- The Company issuing 300,000 common shares valued at \$129,000 pursuant to the Skoonka property option agreement (Note 7).
- The Company issuing 10,000 common shares valued at \$8,000 pursuant to a property option agreement (Note 7).
- The Company incurring mineral property expenditures of \$226,937 that are included in accounts payable and accrued liabilities.

13. COMMITMENTS

The Company is committed to minimum future lease payments for premises through to January 31, 2011 as follows:

Fiscal year ending January 31, 2009	\$ 165,376
Fiscal year ending January 31, 2010	\$ 165,376
Fiscal year ending January 31, 2011	\$ 151,460

The Company's lease costs may be reduced due to recoveries through sub-leases.

14. SUBSEQUENT EVENTS

- a) In March 2008, the Company engaged Contact Financial Corporation ("Contact") to provide investor relations services for the Company. Under the terms of the agreement, the Company will pay a monthly fee of \$8,000 to Contact. In addition, the Company granted 200,000 stock options with an exercise price of \$0.54 to Contact. The options expire March 3, 2013 and vest in equal amounts on a semi-annual basis over eighteen months, being fully vested September 3, 2009.
- b) On May 13, 2008, the Company appointed Canaccord Capital Corporation as its lead agent, in a syndicate with Haywood Securities Inc. (together, the "Agents") to offer, on a private placement basis, up to 7,500,000 flow through units at a price of \$0.40 per flow through unit for gross proceeds of up to \$3,000,000. In addition, the Company arranged for a non-brokered private placement of an additional 750,000 flow through units for further proceeds of \$300,000 (completed May 15, 2008). The lead agent has an over-allotment option to place a further 1,750,000 flow-through units, exercisable up to 48 hours prior to completion of the offering. Each flow through unit, whether brokered or non-brokered, will consist of one flow through share and one-half of one common share purchase warrant. Each Warrant will be exercisable into one common share at a price of \$0.45 for a period of twelve months from Closing.

The Company has agreed to pay the Agents a fee of 7% of the gross proceeds from the sale of the flow-through units sold through them, payable in cash or non-flow-through units at the option of the Agents. If paid in units, the units will be issued at \$0.40 per unit and will consist of one common share of the Company and one half of one common share purchase warrant, with such warrants having the same terms as the Warrants issued to the subscribers.

As additional compensation, the Agents will be issued broker's warrants entitling the Agents to subscribe for that number of common shares of the Company equal to 7% of the number of flow-through units sold by the Company through the Agents exercisable at \$0.40 per share for a period of twelve months from the date of the closing of the offering. In addition, the lead agent will be paid a corporate finance fee.

The offering of the flow-through units is subject to regulatory approval.