

**MURGOR RESOURCES INC.**  
**(A DEVELOPMENT STAGE CORPORATION)**  
**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX-MONTH PERIOD ENDED OCTOBER 31, 2007**

**STATEMENT CONCERNING THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

Management has compiled the unaudited interim consolidated financial statements as at October 31, 2007 and for the three-month and six-month periods ended October 31, 2007 and 2006. The statements have not been audited or reviewed by the corporation's auditors or any other firm of chartered accountants.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

As at December 21, 2007

The following management's discussion and analysis ("MD&A") of the results of operations and financial condition of Murgor Resources Inc. ("Murgor" or the "Corporation") and its wholly owned subsidiary Murgor Exploraciones S.A.C. for the three-month and six-month periods ended October 31, 2007, 2006 and 2005 should be read in conjunction with the Corporation's audited financial statements and the related notes. The consolidated financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") in Canada and are reported in Canadian dollars unless otherwise noted.

The Corporation's shares are listed for trading on the TSX Venture Exchange under the trading symbol MGR. Additional information on Murgor can be found on SEDAR ([www.sedar.com](http://www.sedar.com)) and on Murgor's web site ([www.murgor.com](http://www.murgor.com)).

## FORWARD LOOKING STATEMENTS

Except for historical information, this contains forward-looking statements relating to, among other things, regulatory compliance, and the sufficiency of current working capital, the estimated cost and availability of funding for the acquisition of properties and the continued exploration and development thereof. Such statements reflect current views of Murgor with respect to future events and are subject to certain risks, uncertainties and assumptions. Estimates provided for fiscal 2008 and beyond are based on assumptions of future events and actual results could vary significantly from these estimates. The reader is cautioned that assumptions used in the preparation of such information may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted as a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the corporation.

## OVERVIEW

Murgor is a mining exploration corporation with a focus on Zinc, Copper and Gold exploration in Canada. The Corporation's *short to mid term exploration – development strategy* includes the acquisition of advanced, near production mineral deposits to bring into production. Meanwhile, the Corporation continues to acquire and explore highly prospective grassroots mining properties in historically prolific greenstone belts in Canada to enhance its current resources.

## NEW PARTNERSHIPS AND TRANSACTIONS

In late 2006 and early 2007, Murgor entered into two strategic partnerships on its most advanced exploration projects in Quebec: the Barry and Windfall properties. Parts of both properties were optioned respectively to Metanor Resources and Noront Resources.

On August 29<sup>th</sup>, 2007, Murgor announced that it was taking its partnership with Metanor Resources Inc. one step further. Murgor sold to Metanor:

- Murgor sold to Metanor 7% of its NSR royalty on the Barry Gold Deposit (Murgor still retains a 1% NSR).
- Murgor sold to Metanor its 100% interest in 8 claims of the Barry I property (keeping a 1% NSR royalty).
- Murgor sold to Metanor its 50% interest in the Barry United property (keeping a 0.5% NSR royalty).
- Murgor optioned to Metanor a 70% interest in its wholly owned Nelligan Property.

The total transaction is valued at CAN \$2.0 million dollars when assuming a price of \$0.80. Metanor will pay an aggregate of CAN \$1,106,250 dollars in cash and will issue 1,126,375 shares of Metanor to Murgor.

The transaction is quite advantageous to Murgor since the Corporation is getting much of its royalty payment up front while continuing to participate in the project as a large shareholder of Metanor and by retaining a 1% NSR royalty.

## ANNUAL GENERAL MEETING AND SHARE CONSOLIDATION

In a press release dated October 01, 2007, Murgor announced its intention to consolidate its issued and outstanding shares on the basis of one share for every six shares issued and outstanding. The Annual General Meeting of Murgor Shareholders was held in Montreal on the 25th of October, 2007, where shareholders were asked to vote on four resolutions:

1. Election of the Board of Directors,
2. Election of Auditors,
3. Share consolidation of 1 for 6, and
4. Shareholder Rights Plan (Poison Pill).

Shareholders present at the meeting were asked to vote by ballot for resolutions 3 and 4 which required two thirds of the votes to pass. All resolutions were passed.

On November 26, 2007, Murgor started trading on a consolidated basis with 18,863,010 issued and outstanding common shares.

## FINANCING

On December 6, 2007, Murgor announced that it had completed a private placement by issuing 1,600,000 “flow-through” common shares to Mavrix of Toronto, Ontario at a price of \$1.02 per share, for total proceeds to Murgor of \$1,632,000.

As a result of the private placement, there are 20,463,010 common shares of Murgor issued and outstanding..

## MINING PROPERTIES

During its second quarter of fiscal year 2008, Murgor’s exploration activities concentrated on its properties in the Flin Flon belt of northern Manitoba and Saskatchewan. Murgor has been exploring six (6) different properties in Manitoba and Saskatchewan for polymetallic volcanogenic massive sulphide deposits. All properties were optioned from HudBay Minerals Inc, or have been staked by Murgor adjacent to those options.

## MANITOBA

### THE HUDVAM PROPERTY

The Hudvam property is located in Manitoba, approximately 47 kilometres NE of the town of Flin Flon.

Murgor is earning a 100% interest in the Hudvam Property from HudBay Minerals Inc. by making aggregate expenditures of \$2.25 million and making escalating cash/share payments for an aggregate amount of \$270,000 over a period of 3 years.

#### **Description of the Property:**

The property covers an area of approximately 17 square kilometres. The favourable geological stratigraphy consists of a 500-1000 metres wide package of volcanic rocks dipping sub-vertically, wedged within granitoid rocks. A strike length of more than four kilometres of a prospective contact between felsic and mafic volcanic rocks needs to be explored in detail on the property. In 1988, Mingold Resources Inc. completed a 312 metre ramp during an underground exploration program but the development was abandoned when the price of metals dropped and when flow-through financing came to an end. This development would allow Murgor to quickly bring the deposit to production.

#### **Mineralization:**

The deposit consists of four lenses of massive to semi massive sulphide of volcanogenic origin with Zones #1 and #3 being the most economically significant. The mineralization consists of variable quantities of pyrite, pyrrhotite, chalcopyrite and sphalerite with banded or brecciated textures. The ore lenses are up to 15 metres wide, trend NE at 060° az. and dip steeply towards the SE at 80°. The lenses plunge at 70° towards the NE. Zone #3 remains untested below a depth of 250 metres whereas Zone #1 is open below a depth of 520 metres.

**Resource:**

The current resource at Hudvam (NI 43-101, Inferred) is estimated as follows:

DEPOSIT	TONNAGE (Metric Tonnes)	GRADE				CONTAINED METAL			
		Cu	Zn	Au	Ag	Cu (lbs)	Zn (lbs)	Au (oz)	Ag (oz)
HUDVAM	1,193,000	1.17%	1.71%	2.94 g/t	10.49 g/t	30,778,000	44,720,000	111,000	403,000

Based on a 2% Copper equivalent cut-off grade. Base case Inferred Resource estimate based on assumed underground mining methods.

**Q2 2008 Exploration:**

Since the Hudvam property is not conducive to summer drilling programs, exploration work, in the summer and fall of 2007 consisted of:

- A review of the Hudvam deposit data and a new 3D model of the orebody to better plan future definition drilling programs.
- Continued detailed compilation at the property-scale to define new targets.
- A geological mapping and prospecting program at the property-scale to verify the surface expression of ground infinitEM anomalies. Complete results are pending.
- Camp construction and preparation for the drilling season starting in January of 2008.

Murgor has also secured the services of Golder Associates to carry-out a pre-feasibility of the deposit.

**NEW TARGETS:**

So far, examination and reinterpretation of historical and new data, along with the geophysical work completed to date, has led Murgor to define several high priority targets in the immediate area surrounding the known mineralized zones, and on the property at large.

- **The Broadhurst Zone:** A highly altered conformable horizon in the stratigraphic footwall of the deposit where shallow drill holes have intersected up to 1.19 m. at 0.37% Cu and 3.23 % Zn) and where offhole Pulse EM anomalies that point to a conductor.
- **The down-plunge extension of Zone #1:** The down-plunge extension of lens #1 has never been tested at depths below 520 metres and recent compilation work suggests a facies change to the mineralization at depth.
- **The faulted extension of Zone #3:** Testing of a very large area of the mineralized horizon below Zone #3 that remains untested below 250 metres vertical.
- **Depth extension of Zone #4:** The Infinitem survey points to the depth extension of Zone #4, where a strong conductor has been detected. In drill core, Zone #4 has been intersected systematically at shallow depths with results as high as: 2.29% copper and 6.07% zinc over 0.90 m.
- **SW strike extension of Zones #3 and #4:** The Infinitem survey shows a number of strong conductors in the SW strike extension of the Hudvam deposit that remain untested.

**FUTURE WORK:**

Winter of 2008:

- Murgor plans a drilling program, estimated to total 10,000 metres, to test exploration targets at the property-scale and to upgrade the NI 43-101 compliant resource to the Indicated and Measured categories.

Spring to year end 2008:

- New NI 43-101 compliant resource estimate of the Hudvam deposit.
- Feasibility study of the Hudvam deposit.

## THE WIM PROPERTY

The Wim property is located in Manitoba, approximately 16 kilometres north of the Town of Snow Lake.

Murgor is earning a 100% interest in the Wim Property (two claim groups covering approximately 12 square kilometres) from HudBay Minerals Inc. by making aggregate expenditures of \$2.0M and making escalating cash/share payments for an aggregate amount of \$320,000 over a period of 3 years.

Murgor also holds a 100% interest in nine claims staked by the Company to cover the strike extensions of the Wim deposit. This portion of the property covers an additional 16 square kilometres.

### Description of the Property:

The property covers approximately 27 square kilometres in two claim groups. A very broad halo of intensely altered rocks and over eight kilometres of prospective stratigraphy are observed on both the joint venture property with HudBay and the wholly owned Murgor property.

The Wim deposit occurs within a volcanic sequence, at the contact between dominantly mafic and felsic rocks. The stratigraphic units trend to NW at approximately 310° az. and are dipping overturned at 50°- 60° towards the NE. Younging directions are towards the SW. A large diorite sill (up to 125 metres wide) occurs in the footwall of the deposit. This diorite sill is believed to be syn-volcanic, and thought to have generated the necessary heat for the formation of the deposit. The Wim deposit occurs approximately 450 metres to the southwest of a large granitoid intrusion that now forms a gneissic dome.

### Mineralization:

The Wim deposit consists of one large ore lens of volcanogenic origin. Mineralization consists of massive to semi-massive sulphide consisting of pyrite, chalcopyrite, pyrrhotite and sub-ordinate sphalerite. To date, the mineralized zone, extends from 245 metres to 640 metres below surface, and over a strike length of nearly 500 metres. The lens remains largely open in all directions. The ore lens is conformable to stratigraphy, trends to the NW at approximately 310° az. and is dipping 45°- 50° towards the NE. The general plunge of the ore lens is 40° to the NW. The mineralized zone is up to 15 metres wide.

### Resource:

The current resource at the Wim deposit (NI 43-101, Inferred) is estimated as follows:

DEPOSIT	TONNAGE (MetricTonnes)	GRADE				CONTAINED METAL			
		Cu	Zn	Au	Ag	Cu (lbs)	Zn (lbs)	Au (oz)	Ag (oz)
WIM	2,062,000	1.92%	0.26%	1.65 g/t	5.58 g/t	87,333,000	11,943,000	110,000	370,000

Based on a 2% Copper equivalent cut-off grade. Base case Inferred Resource estimate based on assumed underground mining methods.

### Q2 2008 Exploration:

During the summer of 2007, Murgor's exploration of the Wim property consisted of:

- A detailed compilation to at the deposit scale to refine the 3D model of the orebody to better plan future definition drilling programs.
- A detailed compilation at the property-scale to define new targets.
- A geological mapping and prospecting program at the property-scale to verify the surface expression of ground infinitEM, VTEM and SpectrEM anomalies.
- The completion of an access road to the Wim deposit (from the Town of Snow Lake).

During the fall of 2007, Murgor's exploration of the Wim property consisted of:

- A 15 hole drilling program was completed at Wim on December 10<sup>th</sup>, 2007, for a total of 7,240 metres. The program was designed to upgrade the Wim deposit resource to an Indicated and Measured category, as well as to test property-scale exploration targets.

So far, results from the first three drill holes have been released and results from another eleven drill holes are pending (drill hole #4 was abandoned and no results are expected). Drill hole #1 was an infill hole whereas holes #2 and #3 extended the strike length of the deposit by over 35%. Results of the first three drill holes are as follows:

WZS07-001 – 2.83% Cu, 3.35 g/t Au, 12.49 g/t Ag and 0.25% Zn over 11.10 meters  
WSZ07-002 – 2.23% Cu, 1.13 g/t Au, 8.62 g/t Ag and 0.82% Zn over 2.23 meters  
WSZ07-003 – 2.33% Cu, 2.69 g/t Au, 12.01 g/t Ag and 0.28% Zn over 5.74 meters

Results from all other drill holes will be released as soon as they become available once they pass Murgor's QA/QC procedure.

### **NEW TARGETS:**

Examination and reinterpretation of historical data, along with the geophysical work completed to date, has led Murgor to define several high priority targets in the immediate area surrounding the known mineralized zones, and on the property at large.

- **Extensions of the ore lens:** The extensions of the ore lens remain largely untested in every direction.
- **Lake 1 Felsic Centre:** Compilation of existing data suggests that a second felsic centre is located approximately 600 metres northwest, and at the same stratigraphic horizon as the Wim deposit. This felsic centre is characterized by three stacked exhalative horizons with values of up to 0.71% Cu and 0.87% Zn over 2.8 metres, and by number of strong infinitem and VTEM conductors.
- **Lake 2 Geophysical targets:** A strong conductor detected with Infinitem, located 1.7 kilometres to the SE and at the same stratigraphic level as the Wim deposit. The conductor lies at a minimum depth of 200 metres vertical has a strike length of more than 300 metres and a minimum vertical extent of 400 metres.

### **FUTURE WORK:**

Murgor's objective at Wim property is to earn the 100% interest in the property by the end of 2008 and complete a feasibility study of the deposit by mid-2009. The preliminary work schedule to achieve this objective is as follows.

January to October of 2008:

- Murgor plans a 13,000 meter drilling program designed to:
  1. Test geological and geophysical targets at the property-scale.
  2. Upgrade the NI 43-101 compliant resource of the deposit to the Indicated and Measured categories.

October, 2008 to Mid-2009:

- New NI 43-101 compliant resource estimate of the Wim deposit.
- Feasibility study of the Wim deposit.

## **THE SNOW-H PROJECT**

The Snow-H project is located in Manitoba, five kilometres east of the Town of Snow Lake just north of Highway 391 and extends for 40 kilometres east of the town site.

Murgor is earning a 50% interest in the project from HudBay Minerals Inc. by making aggregate exploration expenditures of \$2,500,000 over 3 years.

Murgor also holds a 100% interest in one claim staked in November of 2006 and covering the strike extensions of the Watts River deposit.

### **Description of the Property:**

The Snow-H Project consists of current mining properties and any future mining properties acquired by Murgor or HudBay within the 105,586 hectare area of the project (current mining properties cover an area of close to 30,000 hectares). Murgor also gains access to HudBay's extensive exploration database in the area (including the data from over 5,670 line kilometre SPECTREM airborne electromagnetic survey carried-out by HBED in the mid '90's). Only 255 holes have been drilled at the Snow-H project, in an area that spans 40 kilometres in length by approximately 26 kilometres in width.

The Snow-H project covers 1,055 square kilometres of the very prospective eastern extension of the Snow Lake mining camp but also, the northern part of the Eastern Trans-Hudson transect (ETHHT). So far the significant discoveries of the ETHHT include:

- **Watts River Deposit** (3,11M tonnes @ 2.37% Cu and 2.80% Zn)
- **Harmin Deposit** (15.6 m @ 2.1% Cu, 3.4% Zn, 0.2 g/t Au, 21.0 g/t Ag)
- **Talbot Lake Deposit** (9.7 m @ 12.4% Cu, 3.5% Zn, 11.2 g/t Au, 184.4 g/t Ag).

Evidence of Volcanogenic Massive Sulphide (VMS) mineralization has already been discovered adjacent to the Snow-H project boundaries (see section on resource below). At the hart of the project, the Ros-10 intersection of 0.57 metre @ 0.24% Cu, 2.69% Zn and 5.1 g/t Ag, showed the potential of the Snow-H project by proving that the mineralizing processes operating at the Watts Lake Deposit are also present in the central part of the project.

In the western part of the project area, in the extension of the Snow Lake mining camp, the geology consists of the same volcanic and sedimentary rocks that host the many VMS deposits of Snow Lake. The rocks show multiple phases of deformation as suggested by exposed fold interference patterns. In the eastern part of the project area,

the geology is largely unknown due to fluvio-glacial cover, but geophysical signatures and drilling so far suggest a continuation of the same geological units.

**Resource:**

Several Volcanogenic Massive Sulphide (VMS) deposits are located in the immediate area and their prospective stratigraphic horizons project onto the Snow-H. These deposits include:

- **The Bur Deposit: Historical Resource: 1,29M tonnes @ 1.93% Cu and 8.09% Zn**

The Bur deposit is located approximately 1.4 kilometres west of the Snow-H project boundary.

- **The Osborne Lake Deposit: Historical Production: 2,81M tonnes @ 3.14% Cu, 1.50% Zn, 4.11 g/t Ag**

The Osborne Lake deposit is located approximately 5.3 kilometres west of the Snow-H project boundary.

- **The Watts River Deposit: Historical Resource: 3,11M tonnes @ 2.37% Cu and 2.80% Zn**

The Watts River deposit is located approximately eight kilometres south of the Snow-H project boundary.

**O2 2008 Exploration:**

During the summer of 2007, Murgor completed the following work at the Snow-H project:

- Murgor completed an extensive compilation of all geophysical surveys and drilling to extract as much information as possible from existing data. The compilation also served to compare Anglo-American's Spectrem anomalies with the new VTEM anomalies flown by Murgor in early 2007. The compilation also helped to determine if Anglo-American's Spectrem geophysical targets were all drill tested.
- Murgor completed a helicopter supported geological mapping and prospecting program in the western part of the project area to verify the surface expression of older SpectrEM anomalies that have not been drill-tested. None of the anomalies could be verified due to overburden cover.

**NEW TARGETS:**

Examination and reinterpretation of historical data, along with new geophysical work completed to date, has led Murgor to define several high priority targets that will be tested in the near future.

- **Infinitem Anomalies Targets:** At least four high priority targets were outlined at the hart of the Snow-H property in the immediate area surrounding the Ros-10 occurrence.
- **Spectrem Airborne Anomalies Targets:** A compilation of the existing drill holes has shown that the 5,670 line kilometre Spectrem survey by Anglo-American, covering 1,055 square kilometres, was followed up by a total of 14 drill holes. Hundreds of untested or poorly tested Spectrem conductors remain to be evaluated and prioritized.
- **VTEM Helicopter borne Anomalies Targets:** Many conductors have been detected by the newer, higher resolution VTEM method that had not been detected by Spectrem.

**FUTURE WORK:**

The preliminary work schedule for the remainder of 2007 and for the first half of 2008 is as follows:

January to October of 2008:

- Murgor is planning a 3,000 metre drill program to test high priority conductors at Snow-H.
- Murgor is planning a basal till geochemical survey in the eastern part of the Snow-H project area to penetrate the glacial cover and potentially detect dispersion trails associated with sulphide mineralization.
- Murgor is planning a 2,750 line kilometre helicopter borne VTEM survey.

# SASKATCHEWAN

## FON PROPERTY

The Fon property is located in Saskatchewan, approximately 40 kilometres west of the town of Flin Flon.

Murgor is earning a 100% interest in the Fon property (24 claims covering 24 square kilometres) from HudBay Minerals Inc, by making aggregate expenditures of \$3.5M and escalating cash/share payments for an aggregate amount of \$520,000 over four years.

Murgor also holds a 100% interest in four claims staked in January of 2007 and covering the strike extensions of both the Fon and Abbott Lake deposits. This portion of the property covers an additional 14.4 square kilometres.

### Description of the Property:

The property covers nearly 40 square kilometres including both the HudBay option and the new claims wholly owned by Murgor. The property includes two deposits (both located on the HudBay option): the Fon zinc deposit (see resource estimate below) and the smaller Abbott Lake deposit where historical resources stand at **177,000 tonnes @ 2.53% Cu, 0.77% Zn, 49.04 g/t Ag**.

Both deposits are hosted in a sequence of felsic volcanic and volcanoclastic rocks characterized by multiple phases of deformation and amphibolite grade metamorphism. The rocks trend generally east-west but a fold closure located approximately four kilometres west of the Fon deposit repeats the favourable horizon in the southern part of the property where the Abbott Lake deposit occurs. The favourable mineralized horizon which hosts both deposits is present over a strike length of more than eight kilometres on the properties. Although the favourable horizon has been drilled at shallow depths, it remains to be explored in detail.

### Mineralization:

The mineralization at the Fon deposit consists of massive to semi-massive sulphide with pyrite, pyrrhotite, sphalerite, trace chalcopryrite and locally galena.

The Fon deposit consists of at least five lenses that extend from surface to a vertical depth of 760 metres and over a strike length of 1.3 kilometres. One of these lenses, the "Brown Lens", contains in excess of 2.5 million short tons of mineralization grading 2.41% zinc. By removing the sub-economic Brown Lens and other small, low grade satellite lenses from the resource, the four remaining lenses account for a NI 43-101 compliant Inferred resource of **1,68 million tonnes at a grade of 6.79% Zn, 0.27% Cu, 16.79 g/t Ag** with a 3% Zn cut-off grade.

The deposit trends approximately at 290° az. and dips 50° towards the north. The plunge of the orebody is variable and probably due to the multiple phases of folding in the area.

The down plunge extensions of the Blue Lens towards the east and the down plunge extension of the Lower Red Lens to the west remain largely open for exploration.

At the Abbott Lake deposit, the mineralization consists dominantly of heavy stringer sulphide with pyrite, chalcopryrite, pyrrhotite and sphalerite. The Abbott Lake deposit extends from surface to a vertical depth of 250 meters and for a strike length of up to 400 metres. The lens remains only poorly tested at depth and on strike.

### Resource:

The current resource at the Fon deposit (NI 43-101, Inferred) is estimated as follows:

DEPOSIT	TONNAGE (Metric Tonnes)	GRADE				CONTAINED METAL			
		Cu	Zn	Au	Ag	Cu (lbs)	Zn (lbs)	Au (oz)	Ag (oz)
FON	4,543,126	0.25%	3.73%	-	10.88 g/t	25,039,440	373,588,445	-	1,752,761

\* Metric tonnes, Based on 1% Zinc cut-off grade.

### Q2 2008 Exploration:

The Fon Property is not conducive to summer drilling programs and not much exposure is available for mapping and sampling. Therefore, Murgor's exploration program at Fon during the summer and fall of 2007 consisted of an extensive and ongoing compilation of all data available at the deposit and property-scale. At the property-scale, the program is designed to identify new exploration targets (geophysical and geological). At the deposit-scale, the compilation will help to refine the 3D model of the ore lenses and provide new targets in the extensions of the existing lenses.

### NEW TARGETS:

Drilling at Fon spans several decades and drill holes have been examined by a multitude of variably trained geologists with several different nomenclatures. Furthermore, many of the holes were drilled before the advent of volcanogenic massive sulphide deposit (VMS) theory. Examination and reinterpretation of this historical data, along with the geophysical work completed to date, has led Murgor to define several high priority targets in the immediate area surrounding the known mineralized zones, and on the property at large.

### **Extensions of the ore lenses at Fon**

The Fon deposit, the down-plunge extensions of the two richest lenses of the Fon deposit remain to be thoroughly tested. In the western part of the deposit, the Lower Red ore lens (66,926 tonnes grading 16.14% Zn), and in the eastern part of the deposit the Blue FW East ore lens (10,723 tonnes grading 9.84% Zn). These extensions of the existing lenses will be drill-tested in the 2008 drilling program.

### **Extensions of the ore lens at Abbott Lake**

The Abbott Lake deposit, the extensions of the ore lens have only been summarily tested. Furthermore, although the Abbott Lake lens has been defined over a strike length of up to 400 metres, the Infinitem survey shows a strong to moderate conductor over a strike length of more than 1.1 kilometre. The extensions of the existing lens at Abbott Lake will be drill-tested in the 2008 drilling program. Drilling will be oriented with the help of three dimensional modelling from the InfinitEM data.

### **Geophysical targets**

A number of VTEM and Infinitem geophysical targets will be verified from surface in the summer of 2007 during a geological mapping and prospecting program. If warranted, these targets will by drill tested as of January of 2008. The targets can be grouped as follows:

1. Infinitem target immediately east of the Abbott Lake deposit: A large anomaly was detected by InfinitEM in the eastern extension of the Abbott Lake deposit horizon. The anomaly is located less than 100 metres east of the Abbott Lake deposit and has a strike length of 600 metres. The anomaly has a minimum depth of 250 metres and extends to a depth of 625 metres. It has never been detected in the past due to its depth and has never been drill tested. This is a very exciting target to be tested early in 2008 when winter conditions allow for drilling in the area. The eastern extension of the Abbott Lake horizon remains largely untested and projects onto the claims that are 100% owned by Murgor.
2. Infinitem target NE of the Fon deposit: A NW trending fault cutting the eastern part of the Fon conductor can be interpreted from the Infinitem survey. According to this interpretation, the eastern part of the Fon horizon was displaced 400 to 600 metres towards the north and juxtaposed to a regional conductor. The eastern extension of the Fon horizon remains untested and projects onto the claims that are 100% owned by Murgor.
3. VTEM targets west of the Fon and Abbott Lake deposits: Three conductors have been detected by the VTEM survey west of the Fon and Abbott Lake deposits. The conductors lie on or very close to the mineralized horizon that hosts the Fon and Abbott Lake deposits where magnetic and conductivity maps show the horizon to be folded. The conductors have strike lengths of 500 to 600 metres and at least one is associated to a magnetic high and is located close to the fold closure.
4. Infinitem and VTEM conductors east of the Abbott Lake deposit: Three short length conductors (200 metres) have been detected by both VTEM and Infinitem on the mineralized horizon just east of the Abbott Lake deposit. The three conductors are respectively located 600 metres, 1.8 kilometres and 3 kilometres of the Abbott Lake deposit on the claims that are held 100% by Murgor.

### **FUTURE WORK:**

Murgor's objective at the Fon property is to earn the 100% interest in the property by the end of 2009 and evaluate the economics of the deposit shortly thereafter. Starting in January of 2008, Murgor will have one drill rig shared between the Fon, Flin-D and Snow-H properties. The objective of the drilling program at Fon is:

1. To test the targets listed above and other targets which may be generated in the fall of 2007.
2. To explore the high grade portions of the Fon deposit such as the extensions of the Lower Red lens (66,926 tonnes grading 16.14% Zn) and the Blue FW lens, (10,723 tonnes grading 9.84% Zn).
3. To upgrade the high grade parts of the Fon deposit to an Indicated and Measured category, in preparation for a new NI 43-101 compliant resource estimate in 2009.

## **THE FLIN-D PROJECT AND TYR PROPERTY**

The SE corner of the Flin-D project is located in Saskatchewan, 10 kilometres to the WNW of the town of Flin Flon. From that point, the project area extends approximately 30 kilometres to the west and 27 kilometres to the north.

The Tyr Property is also located in Saskatchewan, approximately 20 kilometres NW of the town of Flin Flon. The Tyr Property consists of one mining claim within the Flin-D project area, located within 5 kilometres to the north of paved Highway 106 and accessible by a combination of all weather gravel roads and drill roads.

- Murgor is earning a 50% interest in the Flin-D project from HudBay Minerals Inc. by making aggregate exploration expenditures of \$2,500,000 over 3 years.
- Murgor is earning a 100% interest in the Tyr property from HudBay Minerals Inc. by making aggregate exploration expenditures of \$300,000 and making escalating cash/share payments for an aggregate amount of \$50,000 over 3 years.
- Murgor also holds a 100% interest in eight claims that are contiguous to the Flin-D project area, and that cover 3,650 hectares.

### **Description of the Property:**

**The Flin-D** project consists of current mining properties and any future mining properties acquired by Murgor or HudBay within the 80,518 hectare area of the project (current mining properties cover an area of 124,440 hectares). Murgor also gains access to HudBay's extensive exploration database in the area (including the data from over 3,850 line kilometre SPECTREM airborne electromagnetic survey carried-out by HBED and Anglo-American in the mid '90's. The project area covers hundreds of kilometres of the NW extension of the Flin Flon, Triple 7 and Callinan Mine horizon which account for more than **89,000,000 tonnes of massive sulphide ore** to date. The project area also covers the NW extension of the Trout Lake Mine (**20,000,000 tonnes**). Both deposits are located approximately 15 kilometres to the ESE of the Flin-D project area.

The rocks of the area are essentially the same as that of the Flin Flon mining camp area and consist of the bimodal volcanic rocks (mafic to felsic) that host the VMS deposits (the Amisk Group). A sequence of clastic sedimentary rocks lies unconformably stratigraphically above the volcanic rocks (the Missi Group). The rocks of the Flin-D area show multiple phases of deformation as suggested by exposed fold interference patterns. Within the project area, metamorphic grade increases towards the north from upper greenschist to the upper Amphibolite facies. By all standards, the Flin-D project area remains virtually untested with a total of 497 drill holes completed by HBED on the project area (including the Tyr deposit).

**The Tyr property** comprises one mining claim covering 58 hectares and a 600 metre strike extent of the same stratigraphy that hosts the Flin Flon, Triple 7 and Callinan Mines approximately 20 kilometres to the SSE.

The Tyr deposit consists of a single ore lens of volcanogenic origin, extending from surface to 150 metres vertical depth with a strike length of 125 metres and an average width of 2.1 metres. The deposit trends generally east-west and has a 45° to 50° dip to the north. The mineralization consists of semi-massive to massive sulphide including pyrite, chalcopyrite, pyrrhotite and sphalerite. The property covers 600 metres of strike extent of the favourable Flin Flon Mine stratigraphy.

### **Resource:**

Aside from a number of smaller occurrences, the only Resource known to date on the Flin-D project area consists of the Tyr deposit. Where the historical resource stands at: **99,654t @ 3.36% Cu, 1.40% Zn & 9.60 g/t Ag** (Rusk, 1979, *Polygonal Reserve calculation pre-dating NI 43-101*).

### **Q2 2008 Exploration:**

Murgor's exploration work at the Flin-D project and Tyr property consisted of:

- An ongoing compilation of all geophysical surveys and drill hole data at the project-scale to extract as much information as possible from existing data including a revue of all existing data (497 drill holes, 3,850 line kilometres of Spectrem Airborne data and a number of localized ground geophysical surveys).
- A fixed-wing aircraft supported geological mapping and prospecting program designed to verify areas of geological interest at the project scale and to verify the surface expression of SpectrEM, VTEM and InfinitEM anomalies. A new prospective sector was outlined in the NW part of the project area which was subsequently staked.

### **NEW TARGETS:**

Examination and reinterpretation of historical data, along with new geophysical work completed to date, has led Murgor to define several high priority targets that will be tested in the near future.

- **VTEM and Infinitem Anomalies Targets:** At least three high priority geophysical targets were outlined in the Tyr area for follow-up work.
- **Spectrem Airborne Anomalies Targets:** A compilation of the existing drill holes on the Flin-D project area shows that the 3,850 line kilometre SpectrEM survey by Anglo-American, covering 805 square kilometres, was followed up by a total of 17 drill holes. Hundreds of untested or poorly tested SpectrEM conductors remain to be evaluated and prioritized.
- **VTEM Helicopter borne Anomalies Targets:** Many conductors have been detected by the newer, higher resolution VTEM method that had not been detected by SpectrEM. These targets are presently being evaluated and prioritized.

### **FUTURE WORK:**

The preliminary work schedule for the remainder of 2007 and for the first half of 2008 is as follows:

- Drill testing of high priority conductors at Flin-D (estimated at 3,000 metres).
- New sectors of the Flin-D project area will be covered by an 1,800 line kilometre helicopter borne VTEM survey.

## **QUEBEC**

### **THE BARRY GOLD PROPERTY**

The Barry property is located approximately 100 km east of the town of Lebel-Sur-Quevillon and 180 km southwest of the town of Chibougamau in the Province of Quebec. The property consists of 255 claims covering 4,011 ha. The bulk of the property is held jointly by Murgor Resources and Freewest Resources Canada Inc., except for 14 claims (224 Ha) at the heart of the property, which are wholly-owned by Murgor. The Barry Au Deposit is located on ground that is 100% owned by Murgor.

#### ***Murgor – Metanor Transaction***

On September 6<sup>th</sup>, 2007, Murgor reduced its interest in the Barry 1 property to a 1% NSR royalty, and its interest in the Barry United Property to an interest of 0.5% NSR royalty. Details of the transaction are shown above in the section titled “New Partnerships and Transactions. The most recent NI 43-101 resource estimate at the Barry Deposit, released by Metanor on April 10, 2007, is summarized below:

<b>RESOURCE CATEGORY</b>	<b>TONNAGE</b>	<b>GRADE (g/t)</b>	<b>CONTAINED GOLD</b>
Indicated Resource	385,000 mt	4.23 g/t Au	<b>52,300 oz.</b>
Inferred Resource	966,000 mt	4.07 g/t Au	<b>126,600 oz.</b>

\*The resources were calculated using a cut-off grade of 2.0 g/t Au and a specific gravity of 2.80 g/cm<sup>3</sup>, in a mineralized zone lying from surface to a vertical depth of 50 meters, over a strike length of approximately 500 meters.

### **CURRENT AND FUTURE EXPLORATION WORK AT THE BARRY PROPERTY:**

All future exploration will be carried-out by Metanor Resources Inc.

### **THE WINDFALL GOLD PROPERTY**

The Windfall property is located approximately 100 km east of the town of Lebel-Sur-Quevillon and 180 km southwest of the town of Chibougamau in the Province of Quebec. The property which consists of 213 claims and covers 8,995 ha, is held jointly by Murgor and Freewest Resources Canada Inc. On February 5<sup>th</sup>, 2007, Murgor and Freewest optioned 29 claims of the property to Noront Resources Inc. to explore and develop the Windfall property.

#### ***Murgor – Noront transaction:***

On February 5<sup>th</sup>, 2007, Murgor signed an option agreement with Noront Resources Ltd. and Freewest Resources Canada Inc. whereby Noront can earn a 50% interest in 29 claims of Murgor and Freewest's Windfall Property. Murgor and Freewest retain a 100% interest in 184 claims of the Windfall property including the NE extension of the gold bearing structures.

The objective is to test and sample gold zones F-11 and F-17, previously discovered by Murgor, with an underground exploration ramp that would start on the newly optioned ground. The ramp will also provide access to a number of deeper mineralized zones on the Noront property.

Under the terms of the agreement, Noront issued a total of 375,000 common shares of Noront to the Murgor and will incur exploration expenditures estimated at \$4 million, in order to earn a participating interest of 50% in the claims. Noront may earn an additional 10% participating interest by providing a positive feasibility study. If Noront fulfills its obligations, Murgor will retain a 20%-25% interest in the Windfall property.

### **CURRENT AND FUTURE EXPLORATION AT WINDFALL:**

Murgor did not carry out any exploration work at the Windfall Property since December 2006 and is currently seeking partners to continue exploring the rest of this highly prospective property while it is concentrating its efforts on the exploration of its Flin Flon belt properties.

### **THE NELLIGAN GOLD PROPERTY**

The property consists of fifty (50) mining claims located in Nelligan, Benoit and Lesueur Townships, less than five kilometres southwest of the town of Desmaraisville and the Bachelor Lake Gold Mine and mill.

Murgor acquired a one hundred percent (100%) interest in the Nelligan gold Property in north-western Quebec on November 20<sup>th</sup>, 2006 subject to a 2% Net Smelter Return royalty of which Murgor can purchase 1% at anytime at a cost of \$1,000,000.

#### ***Murgor – Metanor Transaction***

On September 6<sup>th</sup>, 2007, Murgor optioned the Nelligan Property to Metanor Resources. Under the terms of the agreement, Metanor may acquire an interest of up to 70% of the property. Details of the transaction are shown above in the section titled "New Partnerships and Transactions. Metanor will also have to incur exploration expenditures of \$450,000 over three year following the signature of the agreement.

### **EXPLORATION AT NELLIGAN:**

From August to November 2006, Murgor carried-out a property-scale geological mapping and prospecting program that culminated with a mechanical trenching and channel sampling program.

The trenches were excavated to expose a NE-trending and steeply dipping mineralized shear zone where three channel samples yielded **124 g/t Au over 2.53 metres** including a 53 cm section grading 582 g/t Au. The other channel samples returned 2.82 g/t Au over 1.19 metres and 2.65 g/t Au over 1.07 metres (see press release dated December 14<sup>th</sup>, 2006).

The mineralized shear zone is three to six metres wide and has been followed over a distance of 230 metres along strike. The structure is hosted by a medium to coarse grained gabbro and is characterized by sericite, fuschite and iron carbonate and contains up to 15% disseminated pyrite. Several specks of visible gold are also present in the shear zone.

### **CURRENT AND FUTURE EXPLORATION WORK AT NELLIGAN:**

Future exploration work over the next three years will be carried-out by Metanor Resources.

### **THE EAGLE RIVER GOLD-COPPER-ZINC PROPERTY**

The Eagle River property is located approximately 110 km east of the town of Lebel-Sur-Quevillon and 170 km southwest of the town of Chibougamau in the Province of Quebec. The property which consists of 154 claims that cover 8,679 ha, is held jointly by Murgor and Freewest Resources Canada Inc.

The Eagle River Property was initially staked for its gold potential in 2003, but preliminary geological mapping and sampling also revealed an excellent setting for base metal Cu-Zn mineralization of volcanogenic origin. The property covers 20 km of strike length of the northern extension of the NE-trending Barry Lake-Masere deformation corridor and 5 km of strike length of the EW-trending Urban-Barry deformation zone. The southwest part of the property covers the highly prospective zone of intersection between the two shear zones - an area that covers 25 km<sup>2</sup>. The Eagle River Property also covers rocks that are believed to be the eastern extension of the Windfall Felsic Complex to which gold is associated at the Windfall Property.

The summer 2005 exploration program at Eagle River consisted of property-scale geological mapping and prospecting carried-out simultaneously with a B-horizon soil survey. The soil surveys were designed to cover ground and helicopter-borne electromagnetic conductors. Zones of interest were later tested by mechanical trenching during the fall of 2005.

Only a few conductors were explained by surface prospecting. Samples of exhalative units near those conductors returned assays of up to 0.05% Cu and 0.2% Zn. A number of strong B-horizon soil anomalies were located over EM conductors with values of up to 743 ppm for Cu, 887 ppm for Zn, 100 ppm for Pb and 25 ppb for Au. A mechanical trenching and sampling program was carried-out in the fall 2005 to test those geochemical anomalies and although sulphide zones were discovered, no significant values were encountered.

### **CURRENT AND FUTURE EXPLORATION WORK AT EAGLE RIVER:**

Murgor has not carried-out any exploration work at the Eagle River property since the fall of 2005 and is currently seeking a partner to advance the exploration efforts on the Eagle River property.

### **THE LA TRÈVE PGE-Cu-Ni PROPERTY**

The La Trève PGE-Cu-Ni Properties consist of 283 claims that cover 7,799 hectares in the Béré, Lantagnac, Guettard and Daine Townships, approximately 80 kilometres WNW of the Chibougamau Mining District in north-western Quebec. The La Trève I (106 claims) and La Trève II (27 claims) properties are owned 100% by Murgor. The remaining 150 claims, comprising the La Trève III, IV, V and extension properties, are jointly held by Murgor and Freewest (50% each).

All of the La Trève properties except La Trève II are subject to an agreement with Dianor Resources Inc. whereby Dianor holds the rights to explore, mine, extract and sell diamonds from the La Trève I, III, IV and V properties. All other commodities remain the property of Murgor and/or Freewest.

The best mineral occurrences at La Trève remain the La Trève I, IA and IV Cu-Ni-PGE occurrences (LT I: **12.9 g/t PGE, 0.45% Cu, 0.69% Co and 0.75% Ni**; LT IA: **1.27 g/t PGE, 0.19% Cu and 0.10% Ni** and LT IV: **1.17 g/t Pt+Pd+Au and 0.63% Cu-Ni-Co over 6.95m**).

Murgor carried-out a brief exploration program at the La Trève properties during the summer of 2005. The objective of the program was to verify, through geological mapping and prospecting, the surface expression of magnetic anomalies, conductors and Cu-Ni-Co-Pd MMI soil anomalies on the properties that were defined by Dianor during their exploration of the property for diamonds. Field work could not locate any outcrop in the areas of interest.

### **FUTURE EXPLORATION AT LA TRÈVE:**

Murgor has not carried-out any exploration work at La Trève since the summer of 2005 and is currently seeking a partner to advance the exploration efforts on the La Trève properties.

### **THE FANCAMP GOLD PROPERTY**

The 100% Murgor owned Fancamp property covers 66 claims (2,277 ha) located in the western part of Fancamp Township, approximately 30 kilometres SE of the town of Chapais and 55 kilometres south of the town of Chibougamau in north-western Québec.

Through staking in 2004, the Fancamp Property now covers, covers a six (6) kilometre strike length of the Fancamp Deformation zone. The Fancamp Deformation Zone is host to the Chevrier Gold deposit (1.1Mt @ 6.4 g/t Au and 230Mt @ 0.3 g/t Au), which is located approximately 5 kilometres NE of the Fancamp Property.

In January of 2005, Murgor resumed exploration at the Fancamp Property after a hiatus of nearly 10 years. In the mid-80's, Murgor conducted extensive exploration on the property that concentrated on two mineralized zones and included modest underground developments. This work yielded results such as **6.10 m. @ 8.22 g/t Au, 3.36 m. @ 5.14 g/t Au and 3.05 m. @ 4.60 g/t Au**.

In 2006, Murgor carried-out 60 kilometers of line cutting that was followed by a 46 kilometer induced polarization ground geophysics survey. Results of the geophysical survey show a 2.7 kilometer long high chargeability, high resistivity anomaly trending NE and flanking a high magnetic anomaly. All mineralized zones are situated within this anomaly.

From June to October, 2006, Murgor carried out prospecting, and approximately eight hundred and sixty-seven square metres (867 m<sup>2</sup>) of mechanical trenching, followed by channel sampling and detailed trench mapping. Grab samples collected during the prospecting and field investigations assayed up to 47.9 g/t Au for samples from the A zone, up to 10.15 g/t Au for samples from the B zone, and up to 8.77 g/t Au for samples from two newly discovered gold occurrences. Significant assay results were also obtained from channel samples at Trench A

including 2.24 g/t Au over 3.52 metres, 3.81 g/t Au over 1.97 metres, and 5.96 g/t Au over 1.01 metres. The best mineralized intercept encountered at Trench B is 6.57 g/t Au over 0.95 metres.

## **CURRENT AND FUTURE EXPLORATION AT FANCAMP:**

Murgor has not carried-out any exploration work at the Fancamp property since October 2006. The Corporation is not planning any work at the Fancamp property in the immediate future and will likely be seeking a partner to advance the exploration efforts at Fancamp.

## **THE BENOIST GOLD PROPERTY**

The Benoist property consists of 92 mining claims covering 1,458 hectares located approximately 170 kilometres northeast of the Val D'Or mining district and 165 kilometres southwest of the Chibougamau mining district; 1 kilometre SE of the town of Miquelon in north-western Québec. The property is owned 50-50 by Murgor and Freewest Resources Canada Inc.

The Benoist property is located in the eastern part of the Archean, Abitibi greenstone belt. The property is underlain dominantly by intermediate to mafic volcanic flows and volcanoclastic rocks that are intruded by numerous small granodioritic quartz-phyric plutons. All rock types are crosscut by a number of NE-trending brittle-ductile shear zones which include the mineralized Pusticamica, South Gold and Lakeshore shear zones. The mineralized shear zones trend NE with sub-vertical dips.

Gold mineralization consists of massive pyrite veinlets with minor chalcopyrite and trace amounts of sphalerite, occurring within the Pusticamica shear zone and its splay, the South Gold shear zone within a quartz-phyric granodioritic intrusion. The mineralized body is sub-vertical with a strike length of 70 meters and a NS width of 40-50 meters. Alteration consists of silicification, sericitization, chloritization and pyritization. In 1993, Minnova calculated Inferred Reserves on the Pusticamica Zone, of **531,000 tons grading 0.161 oz/ton Au, 0.353 oz/ton Ag and 0.27% Cu** within a geological resource of 5.1 million tons grading 0.055 oz/ton Au.

The Benoist project remains a great asset to Murgor despite the fact that Murgor did not conduct any exploration work at Benoist in 2007. Considering the in situ value of metals contained in the Pusticamica Deposit, management feels the value of the Benoist Property is well above the currently carried value of the project. The project is under evaluation before further work is considered.

## **ONTARIO**

### **THE CLAY LAKE Cu-Zn PROPERTY**

The Clay Lake property consists of 5 claims (66 units) covering an area of 16,896 hectares in the Shebandowan greenstone belt west of Thunder Bay. The Clay Lake Property was acquired by staking in 2005, following a significant Cu-Zn discovery in the belt located approximately 5 kilometers to the SE.

In May 2005, a 110 line kilometre helicopter-borne Magnetic-Electromagnetic VTEM survey was flown over the Clay Lake Property in an effort to locate possible conductors indicative of the same type of mineralization as Freewest's new Cu-Zn discovery. Results of this survey were very encouraging as a total of 9 untested conductors were defined on the property with 4 of these short conductors located at the contact between rhyolites and mafic volcanic rocks.

In the summer of 2005, Murgor launched an extensive exploration program of geological mapping, prospecting and lithogeochemical sampling designed to verify the surface expression of the VTEM conductors as well as their geological and geochemical setting. In January of 2006, a six (6) hole drilling program was carried-out at Clay Lake, totalling 931.5 meters with a total of 179 core samples sent for assay.

The summer exploration program was highlighted by the discovery of a new gold occurrence from which two grab samples returned assays of **19.2 g/t Au and 22.1 g/t Au**.

The new gold occurrence is located adjacent to a moderate EM conductor hosted by a sedimentary unit. Gold mineralization is hosted by a strongly potassic-altered, moderately sheared, quartz-feldspar porphyry dike of unknown thickness and consists of disseminated pyrite with minor quartz stockwork veining.

Elsewhere on the property, although it was impossible to verify the helicopter-borne conductors in the field due to the depth of the conductors or their location in bogs, fieldwork confirmed that the conductors are occurring at the stratigraphic top or within the rhyolite package. Furthermore, in the footwall of the westernmost conductor, whole rock geochemistry shows that the quartz-phyric rhyolite has a high silica content, is enriched in Fe, Ca and

Mg, and is strongly depleted in Na (all suggestive of hydrothermal processes associated with a volcanogenic base metal mineralization).

Drilling encountered an important sulphide-bearing horizon up to 20 meters wide, over a strike length of at least 2 kilometers and sitting at the stratigraphic top of a rhyolitic unit. The horizon shows banded and stringer pyrite and pyrrhotite in felsic pyroclastic rocks that are intensely altered in chlorite-magnetite-sericite and locally garnet. Best results of the program are from drill hole MCL-06-05 where assays returned 0.33% Cu over 50 centimeters and 0.19% Cu over 1.0 meter.

### **FUTURE EXPLORATION AT CLAY LAKE:**

Murgor has not carried-out any exploration at Clay Lake since January of 2006 despite the fact that a deep penetrating ground electromagnetic survey and additional drilling are warranted to test the exhalative horizon at depth. Murgor is seeking a partner to advance the exploration efforts on the Clay Lake properties.

### **THE MISHIBISHU GOLD PROPERTY**

The Mishibishu property consists of 114 mining claim units that cover 4,560 acres in north-western Ontario, 50 kilometres west of the town of Wawa and 10 kilometres north of Lake Superior.

The Property is located in the Archean Mishibishu Greenstone Belt, and is underlain by mafic volcanic rocks and clastic sedimentary rocks bounded to the east and west by large intrusive bodies of tonalitic composition.

The Mishibishu Property covers a strike length of 10 kilometres of the Mishi Creek Deformation Zone and a strike length of 3 kilometres of the Rook Lake Deformation Zone. Both deformation zones are EW- to NW-trending, dip steeply towards the north, and locally exceed 1 kilometre in width. Both shear zones have localized extensive shear-vein systems and high grade gold mineralization in a geological setting that is remarkably similar to the known gold deposits in the area, which are all owned by River Gold Inc:

- The producing Eagle River Gold Mine (2.86 Mt grading 8.84 g/t Au), located 6 kilometres to the south,
- The past producing Mishi open pit (1.25 Mt grading 4.8 g/t Au), located 12 kilometres to the north, and
- The past producing Magnacon Mine (1.54 Mt grading 6.9 g/t Au), also the site of the operating Eagle River Mill, located 12 kilometres to the north.

The property hosts numerous gold occurrences that have yielded potentially economic grades of mineralization, yet the property remains largely under-explored. Some 30 gold showings, assaying in excess of 1.0 g/t Au, have been located by previous workers, and include:

- The Marten Zone, which sits at the heart of the property, where drilling and trenching uncovered significant gold mineralization over a strike length of 300m (drill intercept of up to 5.05 g/t Au over 7.45 m), and
- The Dorset Zone, which sits immediately to the north of the property and locally straddles the property boundary over a strike length of 2 kilometers, where drill results include 3.74 g/t Au over a true width of 21.53 m, 3.02 g/t Au over 5.92 m, and 5.23 g/t Au over 3.70 m in three separate drill holes. Although the Dorset Zone generally lies just outside of the property boundaries, its east and west strike extensions lie within the property.

### **CURRENT AND FUTURE EXPLORATION AT MISHIBISHU:**

In May of 2006, management elected to option the Mishibishu property to Terex Resources Inc. (now Trelawney Resources Inc.) Trelawney holds an extensive land position in the area and was a logical exploration partner for Mishibishu. Trelawney has been exploring the property extensively since the agreement was signed and will be carrying-out future exploration at the property.

## **THE MYSTERY GOLD PROPERTY**

The Mystery property consists of 32 mining claim units that cover 512 hectares in Moss Township, 120 kilometres west of the town of Thunder Bay, north-western Ontario. The Mystery property is located in the Shebandowan Belt and cover the Northeast extension of the La Rose Shear Zone, where Freewest Resources Canada Inc. has intermittently exposed a mineralized corridor over a 3.5 kilometre strike length in 2004.

In the summer of 2004, Murgor carried-out a modest exploration program that successfully outlined the La Rose Shear Zone crossing the central part of the property in a NE-trending topographic low. Along this topographic low, strongly deformed sedimentary rocks and boudinaged felsic dikes were sampled and returned anomalous gold values of up to 1.3 g/t Au.

This initial program was followed-up in the fall of 2004 by a 30 line kilometre soil geochemical survey and an induced polarization geophysical survey that outlined several high chargeability anomalies coincident with gold in soil anomalies. Later, in May of 2005, a helicopter-borne Magnetic-Electromagnetic VTEM survey outlined a number of weak conductors on the NE extension of the La Rose Gold-bearing structure.

In the summer of 2005, a brief exploration program of geological mapping, prospecting and sampling was carried-out at the Mystery property. The exploration program was designed to verify the surface expression of high chargeability induced polarization anomalies, helicopter-borne VTEM anomalies and B-horizon soil anomalies. No significant results were encountered.

### **FUTURE EXPLORATION AT MYSTERY:**

Murgor has not carried-out any exploration work at the Mystery property since the summer of 2005 and is currently seeking a partner to advance the exploration efforts on the Mystery property.

## **NEW BRUNSWICK**

### **THE MOUNT PLEASANT GOLD PROPERTY**

The 100% Murgor owned Mount Pleasant Gold Property consists of 47 claims (752 hectares), located 70 kilometres south of the city of Fredericton, in south-western New Brunswick. The property covers the same favourable geological setting as the Clarence Stream Gold Deposit, 10 kilometres to the west.

Initial interpretation of government geophysical surveys of the property outlined an unexplored, 4.5 km<sup>2</sup> dilational jog, located in the central part of the Mount Pleasant property, where a large Sn, Zn, Bi, W soil geochemical anomaly (not analyzed for Au by Billiton in 1980) was located. A dilational jog is a fault-bounded area of low pressure, where mineralizing fluids are drawn while the faults are active.

On March 22, 2006, Murgor optioned the Mount Pleasant Property to Geodex Minerals Ltd, and on May 30<sup>th</sup>, 2007, Geodex had completed its acquisition of a 60% interest in the property. At the same date, Murgor and Geodex have granted an option to mining giant Teck-Cominco Ltd. whereby Teck-Cominco can earn an interest of up to 65% of the Mount Pleasant property by incurring exploration expenditures of \$21,500,000 or by completing a full feasibility study. If Teck-Cominco fulfills its obligations, Murgor's interest in the Mount Pleasant property would be reduced to a 14% interest.

Future exploration will be carried-out by Teck-Cominco Ltd.

### **THE ELMTREE GOLD PROPERTY**

The Elmtree Property consists of 76 mining claims covering 1,216 hectares, located approximately 25 km by road North West of the town of Bathurst, New Brunswick. On October 12, 2005, Murgor acquired the right to earn a 100% interest in the property.

The dominant and most important geological feature of the Elmtree Property is the Elmtree fault which transects the central part of the property and juxtaposes the units of the Ordovician Belledune River Melange to the north and the calcareous metasedimentary rocks of the Silurian Chaleur Group to the south. The Elmtree fault trends N070 degrees and dips steeply to the north-northwest and the property covers approximately nine (9) kilometres of its strike extent.

Approximately 3 kilometres west of the property, the Elmtree fault is intruded by a small gabbroic sill which is host to the Elmtree Gold Deposit and occurrences. At the Elmtree deposit, trenching has outlined mineralized zones assaying up to **8 g/t Au over 9.00 meters** and drilling has intersected zones of **up to 6.0 g/t Au over ~13 meters**.

Mineralization at the Elmtree deposit consists of gold bearing zones of disseminated sulphides (up to 25% combined sulphide) within zones of silica flooding. Sulphides consist of diminishing amounts of arsenopyrite, pyrrhotite, and pyrite with minor chalcopyrite, stibnite and sphalerite.

The deposit was discovered in 1984 through a grassroots prospecting program following up As-Sb soil and stream sediment anomalies.

In the fall of 2005 Murgor carried out a B-horizon soil geochemistry survey on the central part of the Elmtree Property. A total of 1,028 samples were collected to cover an area of 1.8 km by 2.2 km in the NS direction.

Three important soil anomalies were outlined above the Elmtree fault. The anomalies have coincident high values of up to 217 ppb Au, 26.8 ppm Ag, 1235 ppm As, 504 ppm Pb, 770 ppm Zn and 124 ppm Cu. These values are comparable to those reported historically above the Elmtree Gold deposit.

### **FUTURE EXPLORATION AT ELMTREE:**

A follow-up exploration program of line-cutting, additional B-horizon soil sampling, magnetic and induced polarization geophysical surveys and potentially drilling has been recommended following the initial soil geochemistry survey at Elmtree. Murgor has not carried-out this follow-up exploration work, however, and is now looking for a serious exploration partner to carry-out exploration work at Elmtree.

## **THE PERU PROPERTIES**

In January of 2007, Murgor acquired a package of eleven (11) high potential grassroots exploration properties in Peru from gold mining giant AngloGold Ashanti. The acquisition was made by Murgor through Murgor Exploraciones S.A.C. its wholly owned Peruvian subsidiary. The transaction follows a corporate decision by AngloGold Ashanti to reduce its early stage exploration activities in Peru. The six properties cover a total of 12,400 hectares and are 100% owned by Murgor, subject to a 1% net smelter return royalty to AngloGold Ashanti.

In early 2007, Murgor evaluated its newly acquired properties and for strategic reasons, elected to keep the six (6) most promising properties only.

Murgor's properties in Peru are all at the grassroots level and were initially acquired by AngloGold Ashanti for their large-scale alteration, anomalous metal values and proximity to large-scale structures that host such world class gold deposits as Yanacocha and Lagunas Norte (Alto-Chicama). The exploration properties are located throughout Peru in the departments of Ancash, Apurimac, Arequipa, Cusco, Junin and Lima.

Several of the properties show occurrences of gold and polymetallic mineralization. Furthermore, old mine workings are located either within the properties or immediately adjacent to the property boundaries, indicating well developed mineralizing systems. All of Murgor's exploration properties are located within well defined metallogenic districts with high potential for economic mineralization.

### **FUTURE EXPLORATION OF ITS PERU PROPERTIES:**

Murgor has not carried-out any exploration work in Peru since evaluating the properties in the field and to better focus on its Manitoba and Saskatchewan properties, Murgor is currently looking for serious exploration partners to carry-out exploration work.

## RESULTS OF OPERATIONS

### Three-month period ended October 31, 2007 compared with three-month period ended October 31, 2006

For the three month ended October 31, 2007, the Corporation reported net income of \$1,405,401 compared to a net loss of \$174,575 for the three-month period ended October 31, 2006. Revenue totaled \$1,386,107 at October 31, 2007 (\$14,298 - October 31, 2006). The net increase of \$1,371,809 consisted of an increase of \$7,500 of interest income on bank balances as a result of the equity financings in fiscal 2007 and on the exercise of warrants; \$831,841 of gains on the disposal of marketable securities (\$Nil – October 31, 2006); \$533,217 of tax credit refunds of certain Quebec exploration expenditures not renounced to private equity investors (\$Nil – October 31, 2006); offset by a reduction of \$749 (\$819 – October 31, 2006) in operator's fees charged for project administration due to lower joint venture exploration expenditures incurred during the period.

Net income for the three-month period ended October 31, 2007 included a write-off, write-down of properties of \$106,839 (\$40,251 – October 31, 2006). Effective May 1, 2007, the Corporation adopted the revised Canadian Institute of Chartered Accountants' Handbook Section 3855 - Financial instruments - recognition and measurement, the Corporation has classified their marketable securities as held for trading, and accordingly they are recognized on the balance sheet at their fair values, and changes in fair value are recognized in income in the period in which the change arises. Fair value is determined by the price of the shares at the balance sheet date. The corresponding gain on adjustment of value of marketable securities was \$325,346 at October 31, 2007 (\$Nil – October 31, 2006). Expenses excluding the write-off, write-down of properties and gain on adjustment of value of marketable securities totaled \$199,213 (\$148,622 – October 31, 2006). The increase in Professional and accounting fees of \$15,449 to \$53,740 (\$38,291 – October 31, 2006) was as a result of increased fees incurred during the period to reflect the significant increase in activities of the Corporation. Administration expenses and other totaled \$28,009 at October 31, 2007 compared to \$16,002 at October 31, 2006. The net increase of \$12,007 related mainly to a reduction in salaries expenses of \$7,049 resulting from a re-negotiation of shared office and related expenses with Freewest Resources Canada Inc.; the implementation of a new accounting system of \$15,084; and the awarding of a scholarship \$1,699. Filing costs and shareholders' information totaled \$117,464 compared to \$87,261 (October 31, 2006). The increase of \$30,203 related mainly to higher advertising, promotion and public relation costs incurred during the period. Interest on the Part XII.6 tax as a consequence of the look-back rule was \$Nil for the three-month periods ended October 31, 2007 and 2006.

The Corporation prospectively adopted the recommendations of the Canadian Institute of Chartered Accountants ("CICA") related to Stock based compensation and other stock payments in fiscal 2004. The fair value of the 875,000 options granted during the fiscal year ended April 30, 2005 amounted to \$55,706 after giving effect to the deduction of \$24,000 for the non-vested portion of the options which expired upon the resignation of the optionee in 2006. The fair value was estimated by using the Black-Scholes options pricing model with the following weighted-average assumptions and is being recorded as an expense over the eighteen month vesting period. For the three-month period ended October 31, 2007 a total of \$Nil was recorded. The fair value of the 1,600,000 options granted during the fiscal year ended April 30, 2006 amounted to \$160,898 and was estimated by using the Black-Scholes options pricing model with the following weighted average assumptions and is being recorded as an expense over the eighteen month vesting period. For the three-month period ended October 31, 2007 a total of \$13,638 was recorded as an exploration expenditure. The fair value of the 1,760,000 options granted during the fiscal year ended April 30, 2007 amounted to \$309,129 and was estimated by using the Black-Scholes options pricing model with the following weighted average assumptions and is being recorded as an expense over the eighteen month vesting period. For the three-month period ended October 31, 2007 a total of \$Nil was recorded. The fair value of the 750,000 options granted during the fiscal year ending April 30, 2008 amounted to \$80,279 and was estimated by using the Black-Scholes options pricing model with the following weighted average assumptions and is being recorded as an expense over the eighteen month vesting period. For the three-month period ended October 31, 2007 a total of \$Nil was recorded.

### **Three-month period ended October 31, 2006 compared with three-month period ended October 31, 2005**

For the three month ended October 31, 2006, the Corporation reported a net loss of \$174,575 (\$127,434 – October 31, 2005). Revenue totaled \$14,298 at October 31, 2006 as compared to \$49,219 at October 31, 2005. The net decrease of \$34,921 consisted of an increase of \$7,535 of interest income on bank balances as a result of the equity financings in fiscal 2006 and on the exercise of warrants and stock options which was offset by a reduction of \$13,831 in operator's fees charged for project administration due to lower joint venture exploration expenditures incurred during the period and a gain of \$28,625 on the disposal of marketable securities during the three month period ended October 31, 2005. No interest expense on the Part XII.6 tax as a consequence of the look-back rule was paid during the three month period ended October 31, 2006 (\$26,869 – October 31, 2005).

The net loss for the three-month period ended October 31, 2006 included a write-off due to abandonment of properties of \$40,251 (\$28,328 – October 31, 2005). Expenses excluding the write-off due to abandonment of properties totaled \$148,622 (\$148,325 – October 31, 2005). The decrease in Professional and accounting fees of \$29,033 to \$38,291 (\$67,324 – October 31, 2005) was as a result of decreased fees incurred during the period as well as the higher year-end accruals reflected in the October 31, 2005 amount. Administration expenses and other totaled \$16,002 at October 31, 2006 compared to \$12,046 at October 31, 2005. The increase of \$3,956 related mainly to office salaries expense resulting from a re-negotiation of shared office and related expenses with Freewest Resources Canada Inc. Filing costs and shareholders' information totaled \$87,261 compared to \$30,017 (October 31, 2005). The increase of \$57,244 related mainly to higher advertising, promotion, and public relation costs incurred during the period. The cost of Marketable securities was \$45,750 as at October 31, 2006 (\$Nil – October 31, 2005) while their market value was \$51,000 (\$Nil – October 31, 2005) respectively. As marketable securities are carried at the lower of cost and market, no adjustment of value of marketable securities was required (\$Nil – October 31, 2005).

The Corporation prospectively adopted the recommendations of the Canadian Institute of Chartered Accountants ("CICA") related to Stock based compensation and other stock payments in fiscal 2004. The fair value of the options granted during the fiscal year ended April 30, 2006 amounted to \$160,898 (after giving effect to the deduction of \$24,000 for the non-vested portion of the options which expired upon the resignation of the optionee in 2006) which was estimated by using the Black-Scholes option pricing model and is being recorded as an expense over the eighteen months vesting period. As a result, \$27,711 was included in deferred exploration expenditures and \$27,347 was reflected in the operations under Stock option compensation. The amounts to be recorded for 2007 and 2008 are \$114,334 and \$39,712 respectively. For the three-month period ended October 31, 2006, \$36,785 was included in deferred exploration expenditures (\$2,500 – October 31, 2005) and \$7,068 was reflected in Stock option compensation (\$12,069 – October 31, 2005).

### **Six-month period ended October 31, 2007 compared with six-month period ended October 31, 2006**

For the six-month ended October 31, 2007, the Company reported net income of \$959,140 or \$0.008 per share basic and fully diluted compared to a net loss of \$299,467 or (\$0.004) per share basic and fully diluted.

Revenue totaled \$1,463,972 at October 31, 2007 as compared to \$34,965 at October 31, 2006. The net increase of \$1,429,007 consisted of an increase of \$17,076 of interest income on bank balances as a result of the equity financings in fiscal 2007 and on the exercise of warrants; \$886,876 of gains on the disposal of marketable securities (\$Nil – October 31, 2006); \$533,217 of tax credit refunds of certain Quebec exploration expenditures not renounced to private equity investors (\$Nil – October 31, 2006); offset by a reduction of \$8,162 (\$8,348 – October 31, 2006) in operator's fees charged for project administration due to lower joint venture exploration expenditures incurred during the period.

Net income for the six-month period ended October 31, 2007 included a write-off, write-down of properties of \$275,345 (\$78,660 – October 31, 2006). Effective May 1, 2007, the Corporation adopted the revised Canadian Institute of Chartered Accountants' Handbook Section 3855 - Financial instruments - recognition and measurement, the Corporation has classified their marketable securities as held for trading, and accordingly they are recognized on the balance sheet at their fair values, and changes in fair value are recognized in income in the period in which the change arises. Fair value is determined by the price of the shares at the balance sheet date. The corresponding gain on adjustment of value of marketable securities was \$233,893 at October 31, 2007 ((\$4,000) – October 31, 2006). Expenses excluding the write-off, write-down of properties and gain on

adjustment of value of marketable securities totaled \$463,380 (\$251,772 – October 31, 2006). The increase in Professional and accounting fees of \$45,675 to \$121,951 (\$76,276 – October 31, 2006) was as a result of increased fees incurred during the period to reflect the significant increase in activities of the Corporation. Administration expenses and other totaled \$76,972 at October 31, 2007 compared to \$32,576 at October 31, 2006. The net increase of \$44,396 related mainly to an increase in salaries expenses of \$2,725 resulting from a re-negotiation of shared office and related expenses with Freewest Resources Canada Inc.; the implementation of a new accounting system of \$26,061; and the awarding of a scholarship of \$13,370. Filing costs and shareholders' information totaled \$161,478 compared to \$106,289 (October 31, 2006). The increase of \$55,189 related mainly to higher advertising, promotion and public relation costs incurred during the period. Interest on the Part XII.6 tax as a consequence of the look-back rule was \$Nil for the six-period ended October 31, 2007 compared to \$280 for the six month period ended October 31, 2006. For the six-month period ended October 31, 2007 a total of \$102,979 was recorded in Stock option compensation (\$36,351 – October 31, 2006).

### **Six-month period ended October 31, 2006 compared with six-month period ended October 31, 2005**

For the six-month ended October 31, 2006, the Company reported a net loss of \$299,467 or \$0.0038 per share, compared to a loss of \$201,209 or \$0.0033 per share (October 31, 2005).

Revenue totaled \$34,965 at October 31, 2006 as compared to \$80,174 at October 31, 2005. The decrease of \$45,209 was comprised of an increase of \$12,743 of interest income on bank balances as a result of the equity financings in fiscal 2006 and exercise of warrants and stock options offset by a reduction of \$29,327 in operator's fees charged for project administration and \$28,625 from the gain on disposal of marketable securities (October 31, 2005).

The net loss for the six-month period ended October 31, 2006 included a write-off due to abandonment of properties of \$78,660 (\$83,782 – October 31, 2005). Expenses excluding the write-off due to abandonment of properties totaled \$255,772 (\$197,601 – October 31, 2005). The decrease in Professional and accounting fees of \$6,288 to \$76,276 (\$82,564 – October 31, 2005) was as a result of decreased fees incurred during the period as well as the higher year-end accruals reflected in the October 31, 2005. Administration expenses and other totaled \$32,576 at October 31, 2006 compared to \$19,231 at October 31, 2005. The increase of \$13,345 consisted mainly of higher office salaries expense resulting from a re-negotiation of shared office and related expenses with Freewest Resources Canada Inc. of \$14,928; foreign exchange expenses of \$1,380; higher director's and officer's liability insurance of \$377 offset by \$4,848 for Tax on capital included in the six month period ended October 31, 2005. Filing costs and shareholders' information totaled \$106,289 compared to \$51,868 (October 31, 2005). The increase of \$54,421 related mainly to higher advertising, promotion, and public relation costs related to the significant increase in the activities at the Corporation. Interest expenses of \$280 (\$26,869 – October 31, 2005) were incurred as a result of the period in which the exploration expenditures were incurred.

For the six-month period ended October 31, 2006, \$36,785 was included in deferred exploration expenditures (\$17,000 – October 31, 2005) and \$36,351 was reflected in Stock option compensation (\$17,069 – October 31, 2005).

## SUMMARY OF QUARTERLY RESULTS

The following table presents unaudited selected financial information for eight of the most recently completed financial quarters:

	2008		2007				2006	
	Q2 \$	Q1 \$	Q4 \$	Q3 \$	Q2 \$	Q1 \$	Q4 \$	Q3 \$
Revenues	1,386,107	77,865	43,409	41,796	14,298	19,481	28,277	20,337
Net (loss) income	1,405,401	(446,263)	(351,239)	989,521	(174,575)	(124,892)	(423,326)	380,872
Basic net (loss) income per share	0.012	(0.004)	(0.003)	0.010	(0.002)	(0.001)	(0.005)	0.006
Fully diluted net (loss) income per share	0.012	(0.004)	(0.003)	0.010	(0.002)	(0.001)	(0.005)	0.006

The Corporation has no dividend policy and has no intention of developing a dividend policy in the foreseeable future. The Corporation has paid no dividends and has no retained earnings from which it might pay dividends.

### LIQUIDITY

#### Six-month period ended October 31, 2007 compared with six-month period ended October 31, 2006

As at October 31, 2007, the Corporation maintained a cash and equivalent position of \$2,982,048 (\$1,129,056 as at October 31, 2006) and working capital of \$3,104,645 as compared to a working capital of \$1,112,968 as at October 31, 2006. The Corporation has no long-term debt. Management is of the opinion that the current cash position is sufficient to meet current commitments. Full development of some mineral properties would require substantially more financial resources. Traditionally, the Corporation has been able to rely on its ability to raise financing in public and private negotiated equity offerings. The Corporation may also advance the development of mineral properties through joint-venture participation.

Murgor did not complete any financings during the six-month periods ended October 31, 2007 and October 31, 2006. A total of 922,857 shares were issued on the exercise of stock options with total proceeds to the Corporation of \$120,000 (\$Nil – October 31, 2006). No warrants were exercised during the six-month period ended October 31, 2007 while 3,920,266 shares were issued on the exercise of warrants with total proceeds to the Corporation of \$783,830 during the six-month period ended October 31, 2006.

#### Six-month period ended October 31, 2006 compared with six-month period ended October 31, 2005

As at October 31, 2006, the Corporation maintained a cash and equivalent position of \$1,129,056 (\$928,614 as at October 31, 2005) and working capital of \$1,112,968 as compared to a working capital of \$1,234,730 as at October 31, 2005. The Corporation has no long-term debt. Management is of the opinion that the current cash position is sufficient to meet current commitments. Full development of some mineral properties would require substantially more financial resources. Traditionally, the Corporation has been able to rely on its ability to raise financing in public and private negotiated equity offerings. The Corporation may also advance the development of mineral properties through joint-venture participation.

Murgor did not complete any financings during the six-month periods ended October 31, 2006. During the six-month period ended October 31, 2005, Murgor completed a \$150,000 flow-through financing and issuance of 1,500,000 common shares. Issue costs related to the financing totaled \$17,037.

## MINING PROPERTIES AND DEFERRED COSTS

	April 30, 2007	Expenditures	Proceeds from option agreements	(Write-off)	October 31, 2007
	\$	\$	\$	\$	\$
<b>Quebec</b>					
Fancamp					
Acquisition	39,947	-	-	-	39,947
Exploration	1,735,489	10	-	-	1,735,499
Benoist					
Acquisition	32,802	-	-	-	32,802
Exploration	849,993	-	-	-	849,993
Barry					
Acquisition	215,394	14	(1,185,108)	(21)	(969,721)
Exploration	2,932,290	8,883	-	-	2,941,173
Windfall					
Acquisition	79,957	3,250	(243,750)	-	(160,543)
Exploration	1,884,555	1,897	-	-	1,886,452
La Trève					
Acquisition	142,057	-	-	-	142,057
Exploration	324,678	-	-	-	324,678
Eagle River					
Acquisition	10,018	-	-	-	10,018
Exploration	138,198	-	-	-	138,198
Nelligan					
Acquisition	36,931	2,455	(50,000)	-	(10,614)
Exploration	93,759	8	-	-	93,767
Others					
Acquisition	-	-	-	-	-
Exploration	-	6,120	-	(6,120)	-
	<b>8,516,068</b>	<b>22,637</b>	<b>(1,478,858)</b>	<b>(6,141)</b>	<b>7,053,706</b>
<b>Ontario</b>					
Mishibishu					
Acquisition	55,598	-	(31,500)	-	24,098
Exploration	248,650	-	-	-	248,650
Mystery					
Acquisition	2,400	-	-	-	2,400
Exploration	132,757	-	-	-	132,757
Clay Lake					
Acquisition	5,015	-	-	-	5,015
Exploration	233,397	9	-	-	233,406
Others					
Acquisition	-	13,829	-	-	13,829
Exploration		135,026	-	(135,026)	-
	<b>677,817</b>	<b>148,864</b>	<b>(31,500)</b>	<b>(135,026)</b>	<b>660,155</b>

## MINING PROPERTIES AND DEFERRED COSTS (Cont'd)

	April 30, 2007	Expenditures	Proceeds from option agreements	(Write-off)	October 31, 2007
	\$	\$	\$	\$	\$
<b>New Brunswick</b>					
Mount Pleasant					
Acquisition	(26,345)	-	(96,000)	-	(122,345)
Exploration	81,787	-	-	-	81,787
Elmtree					
Acquisition	30,349	24,054	-	-	54,403
Exploration	21,861	11,079	-	-	32,940
Other					
Acquisition	-	-	-	-	-
Exploration	-	3,000	-	(3,000)	-
	<b>107,652</b>	<b>38,133</b>	<b>(96,000)</b>	<b>(3,000)</b>	<b>46,785</b>
<b>Manitoba</b>					
Hudvam					
Acquisition	390	20,024	-	-	20,414
Exploration	1,479,612	184,966	-	(47,627)	1,616,951
Wim					
Acquisition	68,344	20,048	-	-	88,392
Exploration	647,443	1,115,975	-	(17,268)	1,746,150
Zyl					
Acquisition	-	-	-	-	-
Exploration	-	3,387	-	(47,627)	(44,240)
Snow-H					
Acquisition	126,135	4,048	-	-	130,183
Exploration	498,291	155,246	-	-	653,537
Others					
Acquisition	-	3,350	-	-	3,350
Exploration		87,522	-	(87,522)	-
	<b>2,820,215</b>	<b>1,594,566</b>	<b>-</b>	<b>(200,044)</b>	<b>4,214,737</b>
<b>Saskatchewan</b>					
Fon					
Acquisition	18,035	20,000	-	-	38,035
Exploration	1,341,955	133,714	-	(34,130)	1,441,539
Flin-D					
Acquisition	85,659	107,464	-	-	193,123
Exploration	376,041	107,056	-	-	483,097

## MINING PROPERTIES AND DEFERRED COSTS (Cont'd)

	April 30, 2007	Expenditures	Proceeds from option agreements	(Write-off)	October 31, 2007
	\$	\$	\$	\$	\$
<b>Saskatchewan (Cont'd)</b>					
Tyr					
Acquisition	274	10,000	-	-	10,274
Exploration	49,196	4,970	-	-	54,166
Other					
Acquisition	-	-	-	-	-
Exploration	-	17,176	-	(17,176)	-
	<b>1,871,160</b>	<b>400,380</b>	<b>-</b>	<b>(51,306)</b>	<b>2,220,234</b>
<b>Canadian Properties</b>	<b>13,992,912</b>	<b>2,204,580</b>	<b>(1,606,358)</b>	<b>(395,517)</b>	<b>14,195,617</b>
<b>South America</b>					
Acquisition	199,533	46,957	-	-	246,490
Exploration	-	26,479	-	(26,479)	-
	199,533	73,436	-	(26,479)	246,490
<b>Stock Option Compensation</b>	101,323	47,579	-	-	148,902
	<b>14,293,768</b>	<b>2,325,595</b>	<b>(1,606,358)</b>	<b>(421,996)</b>	<b>14,591,009</b>

For the six-month period ended October 31, 2007, the Corporation incurred exploration expenditures totaling \$2,002,523 of which \$16,918 was incurred in Quebec; \$135,035 in Ontario; \$14,079 in New Brunswick; \$1,547,096 in Manitoba; \$262,916 in Saskatchewan and \$26,479 in South America. The exploration expenditures incurred in Canada of \$1,976,044 were funded through the amount raised from Murgor's private placement equity financings and the proceeds from the exercise of stock options and warrants.

## ADMINISTRATION EXPENSES AND OTHER

The table below details the amounts included in Administration expenses and other of \$76,972 for the six-month period ended October 31, 2007 (\$32,576 – October 31, 2006):

	October 31, 2007	October 31, 2006
	\$	\$
Office Expenses		
Dues and Subscriptions	1,546	951
Insurance	5,024	5,108
Office Supplies and Other	4,318	2,589
Rent and Office Services	6,000	6,000
Salaries	20,653	17,928
Accounting System	26,061	-
Scholarship	13,370	-
	<b>76,972</b>	<b>32,576</b>

## CAPITAL STOCK

### a) The authorized and issued capital stock of the Corporation consists of the following:

#### Authorized:

An unlimited number of no par value common shares.

	<b>Number of Shares</b>	<b>Amount</b>
	<b>#</b>	<b>\$</b>
<b>Issued:</b>		
Balance at beginning, April 30, 2007 (audited)	112,002,586	23,222,752
Issuance of shares on acquisition of mining properties	253,488	43,750
Issuance of shares for exercise of options	922,857	120,000
Balance at November 26, 2007	<u>113,178,931</u>	<u>23,386,502</u>
Consolidated balance at November 26, 2007	18,863,010	23,386,502
Issuance of shares under flow-through agreements	1,600,000	1,632,000
Issued and fully paid	20,463,010	25,018,502
Tax benefits renounced on flow-through shares	-	-
Balance at December 21, 2007 (unaudited)	<u><b>20,463,010</b></u>	<u><b>25,018,502</b></u>

### b) Stock option plan

	<b>Number of Options</b>	<b>Weighted Average Exercise Price</b>
	<b>#</b>	<b>\$</b>
Balance at beginning April 30, 2007 (audited)	7,566,593	0.16
Granted	750,000	0.51
Exercised	(922,857)	0.13
Cancelled/Expired	(88,736)	0.14
Balance at November 26, 2007	<u>7,305,000</u>	<u>0.20</u>
Consolidated balance at November 26, 2007	1,217,483	<u>1.21</u>
Balance at December 21, 2007 (unaudited)	<u><b>1,217,483</b></u>	<u><b>1.21</b></u>

### Accounting for the stock-based compensation plan

The fair value of the 875,000 options granted during the fiscal year ended April 30, 2005 amounted to \$55,706 after giving effect to the deduction of \$24,000 for the non-vested portion of the options which expired upon the resignation of the optionee in 2006. The fair value was estimated by using the Black-Scholes options pricing model with the following weighted-average assumptions and is being recorded as an expense over the eighteen month vesting period. For the three-month and six-month periods ended October 31, 2007 a total of \$Nil was recorded.

Number of Options granted	375,000	500,000
Weighted risk-free interest rate	2.45%	3.24%
Expected volatility	108.5%	116%
Dividend yield	Nil	Nil
Weighted average expected life	2 years	5 years

## CAPITAL STOCK (Cont'd)

### Accounting for the stock-based compensation plan (Cont'd)

The fair value of the 1,600,000 options granted during the fiscal year ended April 30, 2006 amounted to \$158,906 after giving effect to the deduction of \$1,992 for the non-vested portion of the options which expired upon the resignation of the optionee in 2007 and was estimated by using the Black-Scholes options pricing model with the following weighted average assumptions and is being recorded as an expense over the eighteen month vesting period. For the three-month period ended October 31, 2007 a total of \$13,638 was recorded as an exploration expenditure. For the six-month period ended October 31, 2007 a total of \$29,283 was recorded as an administration expense and \$13,638 as an exploration expenditure.

Number of Options Granted	150,000	300,000	100,000	750,000	300,000
Weighted risk-free interest rate	4.25%	4.00%	4.00%	4.00%	4.00%
Expected volatility	91%	113%	110%	110%	110%
Dividend yield	Nil	Nil	Nil	Nil	Nil
Weighted average expected life	3 years	5 years	5 years	5 years	5 years

The fair value of the 1,760,000 options granted during the fiscal year ended April 30, 2007 amounted to \$309,129 and was estimated by using the Black-Scholes options pricing model with the following weighted-average assumptions and is being recorded as an expense over the eighteen month vesting period. For the three-month and six-month periods ended October 31, 2007 a total of \$62,661 was recorded as an administration expense and \$33,940 as exploration expenditure.

Number of Options granted	600,000	100,000	100,000
Weighted risk-free interest rate	4.25%	3.75%	4.25%
Expected volatility	84%	100%	82%
Dividend yield	Nil	Nil	Nil
Weighted average expected life	3 years	5 years	2 years

Number of Options granted	1,150,000	200,000	150,000
Weighted risk-free interest rate	3.75%	3.75%	3.75%
Expected volatility	90%	90%	90%
Dividend yield	Nil	Nil	Nil
Weighted average expected life	5 years	5 years	5 years

The fair value of the 750,000 options granted during the fiscal year ended April 30, 2008 amounted to \$80,279 and was estimated by using the Black-Scholes options pricing model with the following weighted-average assumptions and is being recorded as an expense over the eighteen month vesting period. For the three-month and six-month periods ended October 31, 2007 a total of \$11,035 was recorded as an administration expense and \$Nil as an exploration expenditure.

Number of Options granted	400,000	100,000	250,000
Weighted risk-free interest rate	4.17%	4.54%	4.22%
Expected volatility	75.7%	86.3%	115.8%
Dividend yield	Nil	Nil	Nil
Weighted average expected life	2 years	5 years	5 years

## CAPITAL STOCK (Cont'd)

### c) Warrants

	<b>Number of Warrants</b>	<b>Weighted Average Exercise Price</b>
	<b>#</b>	<b>\$</b>
Balance at beginning April 30, 2007 (audited)	26,346,925	0.27
Exercised	-	-
Expired	-	-
Balance at November 26, 2007	<u>26,346,925</u>	<u>0.27</u>
Consolidated balance at November 26, 2007	<u>4,391,156</u>	<u>1.60</u>
Balance at December 21, 2007 (unaudited)	<u><b>4,391,156</b></u>	<u><b>1.60</b></u>

## RELATED PARTY TRANSACTIONS

All related party transactions are in the normal course of operations and are measured at the exchange value which is the amount of consideration established and agreed to by the related parties. A director and an officer of the Corporation are also a director and an officer of a related corporation.

The related corporation charged an aggregate amount of \$22,842 (\$24,460 – October, 2006) for administrative costs, services, shared office expenses and exploration expenditures. A total of \$12,500 (\$Nil – October 31, 2006) in remuneration was paid to an Officer in his capacity as Secretary-Treasurer & CFO. Prepaid expenses included an amount of \$10,747 (\$4,730 – October 31, 2006) representing advances to directors and officers for upcoming office and exploration expenditures.

## OFF-BALANCE SHEET ARRANGEMENTS

The Corporation does not have any off-balance sheet arrangements.

## CRITICAL ACCOUNTING POLICIES

The Corporation prepares its consolidated financial statements in conformity with Generally Accepted Accounting Principles (“GAAP”) in Canada. The Corporation detailed its significant accounting policies in Note 2 to its audited consolidated financial statements for the year ended April 30, 2007 and has identified the following accounting policies, which are believed to be the most critical in fully understanding and evaluating the reported financial results:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of impairment of assets, mineral property carrying values, useful lives for depreciation and amortization, determination of liability for taxes as a result of flow-through renunciation reversals and determination of fair value for stock based transactions. Financial results as determined by actual events could differ from those estimates.

Mineral exploration and development costs are capitalized on an individual basis until such time as an economic ore body is defined or the prospect is abandoned. Costs for a producing prospect will be amortized over a period of years, pro-rata to anticipated income, while the costs for the prospects abandoned are written off. The recoverability of the amounts capitalized for the undeveloped mineral properties is dependent upon the

determination of economically recoverable ore reserves, confirmation of the Corporation's interest in the underlying mineral claims, the ability to obtain the necessary financing to complete their development and future profitable production or proceeds from the disposition thereof. The Corporation assesses its capitalized resource property costs on a regular basis. A property is written down or written off when the Corporation determines that a permanent impairment has occurred or when exploration results indicate that no further work is warranted. A sale of an interest in claims is credited directly to expenditures until such time as all related expenditures are recovered and direct costs incurred to maintain claims are capitalized. 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 Corporation has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing.

From time to time, the Corporation may acquire or dispose of properties pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as resource property costs or recoveries when the payments are made or received.

The Corporation is engaged primarily in mineral exploration and manages related industry risk issues directly. The Corporation may be at risk for environmental issues and fluctuations in commodity pricing. Management is not aware of and does not anticipate any significant environmental remediation costs or liabilities in respect of its current operations.

The financial statements are presented in Canadian dollars. Foreign denominated monetary assets and liabilities are translated to their Canadian dollar equivalents using foreign exchange rates in effect at the balance sheet date. Non-monetary items are translated at historical exchange rates, except for items carried at market value, which are translated at the rate of exchange in effect at the balance sheet date. Revenues and expenses are translated at average rates of exchange during the period. Exchange gains or losses arising on foreign currency translation are included in the determination of operating results for the period.

The Corporation has two stock option plans as described in note 8(b) to its audited consolidated financial statements for the year ended April 30, 2007. Effective May 1, 2003, the Corporation adopted prospectively the recommendations of the Canadian institute of chartered accountants handbook Section 3870, Stock-based compensation and other stock-based payments and began expensing prospectively its stock-based compensation. This Section defines notably recognition, measurement and disclosure standards for stock-based payments to non-employees and employees. Under these standards, all stock-based payments made to non-employees and employees are systematically accounted for in the Corporation's financial statements. These standards define a fair value-based method of accounting. Under this method, compensation cost should be measured at the grant date based on the fair value of the award and is recognized over the related service period. The cost of the stock option compensation plan is recognized in deferred exploration expenditures and administration expenses with a corresponding credit to Contributed surplus using the fair value based method of accounting of awards.

Earnings per share computations are based upon the weighted average number of common shares outstanding during the years. The Corporation uses the treasury stock method, to compute the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon the exercise of options and warrants. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. In the year of a loss, no diluted loss per share is provided as the inclusion of outstanding share purchase options and warrants would be anti-dilutive.

The Corporation uses the asset and liability method of accounting for income taxes. Under the asset and liability method, 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 enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of substantive enactment. When the future realization of income tax assets does not meet the test of being more likely than not to occur, a valuation allowance in the amount of the potential future benefit is taken and no net asset is recognized.

The resource expenditure deductions for income tax purposes related to exploration activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian tax legislation. Under the recommendations of the Emerging Issues Committee (EIC 146), future income tax liabilities resulting from the renunciation of qualified mineral expenditures by the Corporation is recorded as a reduction in share capital, provided there is reasonable assurance that the expenditure will be incurred.

Income is recorded on as-earned basis.

Exploration funds consist of cash, term deposits and short-term investments and represent the unexpended proceeds of financing under the terms of which the Corporation committed to spending the amounts on the exploration of mining properties in Canada.

The Corporation considers cash and cash equivalents to include amounts held in banks and highly liquid investments with remaining maturities at point of purchase of 90 days or less. The Corporation places its cash and cash equivalents with institutions of high-credit worthiness.

The Corporation is entitled to refundable mining rights tax credits on certain mining exploration expenditures incurred in Canada. These tax credits will be applied against the costs incurred.

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

## **CHANGES IN ACCOUNTING POLICIES**

Effective May 1, 2007, the Corporation adopted the revised Canadian Institute of Chartered Accountants' Handbook Section 3855 - Financial instruments - recognition and measurement, the Corporation has classified their marketable securities as held for trading, and accordingly they are recognized on the balance sheet at their fair values, and changes in fair value are recognized in income in the period in which the change arises. Fair value is determined by the price of the shares at the balance sheet date.

The Corporation also adopted a new accounting policy related to the amortization of Equipment effective May 1, 2007. The Corporation records amortization of Equipment over a three year period on a straight-line basis.

## **FINANCIAL INSTRUMENTS**

The Corporation's financial instruments consist of cash, cash held for exploration work, marketable securities, accounts receivable, accounts payable and accrued liabilities, due to related parties and due to related corporation. Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from the financial instruments. The fair value of these financial instruments approximates their carrying value due to their short-term maturity or capacity for prompt liquidation.

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

Management is responsible for the preparation of the financial statements and other financial information relating to the Corporation included in this interim report. The financial statements have been prepared in accordance with generally accepted accounting principles in Canada and necessarily include amounts based on estimates and judgements of management. Management has established these amounts in a reasonable manner, in order to ensure that the financial statements are presented fairly in all material respects. The Corporation has established and maintains disclosure controls and procedures over financial reporting. The certifying officers have evaluated the effectiveness of the issuer's disclosure controls and procedures as at October 31, 2007 and have concluded that such procedures are adequate and effective to ensure accurate and complete disclosures in this interim report.

(Signed: André C. Tessier)  
**President & CEO**

(Signed: Mark Schneiderman)  
**Secretary-Treasurer & CFO**

**Montreal, Quebec**  
**December 21, 2007**

**MURGOR RESOURCES INC.**  
**(A DEVELOPMENT STAGE CORPORATION)**  
**INTERIM CONSOLIDATED BALANCE SHEETS**  
**AS AT**

	<b>October 31 2007 (Unaudited)</b>	<b>April 30 2007 (Audited)</b>
	<u>\$</u>	<u>\$</u>
<b>Assets</b>		
Current assets		
Cash (note 4)	2,982,048	2,424,069
Cash held for exploration work (note 4)	-	26,279
Marketable securities (note 5)	733,321	45,750
Accounts receivable (note 6)	155,235	347,653
Prepaid expenses (note 8)	70,569	57,182
	<u>3,941,173</u>	<u>2,900,933</u>
Equipment (net of accumulated amortization of \$20,000)	100,000	-
Mining properties and deferred costs	<u>14,591,009</u>	<u>14,293,768</u>
	<u><u>18,632,182</u></u>	<u><u>17,194,701</u></u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	832,844	642,383
Due to related parties (note 8)	-	14,063
Due to related corporation (note 8)	3,684	16,049
	<u>836,528</u>	<u>672,495</u>
<b>Shareholders' equity</b>		
Capital stock (note 7)	23,386,502	23,222,752
Contributed surplus (note 7)	951,093	800,535
Deficit	<u>(6,541,941)</u>	<u>(7,501,081)</u>
	<u>17,795,654</u>	<u>16,522,206</u>
	<u><u>18,632,182</u></u>	<u><u>17,194,701</u></u>

*See accompanying notes to financial statements*

Approved on Behalf of the Board:

(signed) André C. Tessier      Director

(signed) Mackenzie I. Watson      Director

**MURGOR RESOURCES INC.**  
**(A DEVELOPMENT STAGE CORPORATION)**  
**INTERIM CONSOLIDATED STATEMENTS OF INCOME AND DEFICIT**  
**(UNAUDITED)**

	Three-month period ended		Six-month period ended	
	October 31		October 31	
	2007	2006	2007	2006
	\$	\$	\$	\$
<b>Revenue</b>				
Interest	20,979	13,479	43,693	26,617
Gain on disposal of marketable securities	831,841	-	886,876	-
Other income	533,217	-	533,217	-
Operator's fees	70	819	186	8,348
	<u>1,386,107</u>	<u>14,298</u>	<u>1,463,972</u>	<u>34,965</u>
<b>Expenses</b>				
Professional and accounting fees	53,740	38,291	121,951	76,276
Administration expenses and other	28,009	16,002	76,972	32,576
Filing costs and shareholders' information	117,464	87,261	161,478	106,289
Interest	-	-	-	280
Write-off, write-down of properties	106,839	40,251	275,345	78,660
(Gain) loss on adjustment of value of marketable securities	(325,346)	-	(233,893)	4,000
Stock option compensation	-	7,068	102,979	36,351
	<u>(19,294)</u>	<u>188,873</u>	<u>504,832</u>	<u>334,432</u>
Net income (loss) for the period	1,405,401	(174,575)	959,140	(299,467)
Deficit - beginning of period	<u>(7,947,342)</u>	<u>(6,860,307)</u>	<u>(7,501,081)</u>	<u>(6,735,415)</u>
<b>Deficit - end of period</b>	<u>(6,541,941)</u>	<u>(7,034,882)</u>	<u>(6,541,941)</u>	<u>(7,034,882)</u>
Basic and fully diluted net income(loss) per share	<u>0.012</u>	<u>(0.002)</u>	<u>0.008</u>	<u>(0.004)</u>
Weighted average number of outstanding shares	<u>112,930,410</u>	<u>78,654,890</u>	<u>112,682,694</u>	<u>78,429,252</u>

*See accompanying notes to financial statements*

**MURGOR RESOURCES INC.**  
**(A DEVELOPMENT STAGE CORPORATION)**  
**INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(UNAUDITED)**

	Three-month period ended		Six-month period ended	
	October 31		October 31	
	2007	2006	2007	2006
	\$	\$	\$	\$
<b>Cash flows from (used in) operating activities</b>				
Net income (loss)	1,428,947	(174,575)	982,684	(299,467)
Adjustments for:				
(Gain) loss on disposal of marketable securities	(831,841)	-	(886,876)	-
Write-off, write-down of properties	106,839	40,251	275,345	78,660
Stock option compensation	-	7,068	102,979	36,351
(Gain) loss on adjustment of value of marketable securities	(325,346)	-	(233,893)	4,000
	<u>378,599</u>	<u>(127,256)</u>	<u>240,239</u>	<u>(180,456)</u>
Changes in non-cash components of working capital				
Accounts receivable	121,648	145,024	192,416	101,095
Prepaid expenses	37,562	(8,913)	17,769	(8,858)
Accounts payable and accrued liabilities	398,784	(117,815)	186,171	19,416
Due to related parties	(8,025)	14,726	(14,063)	6,150
Due to related corporation	(20,325)	195,137	(12,365)	229,764
	<u>529,644</u>	<u>228,159</u>	<u>369,928</u>	<u>347,567</u>
Cash flows from (used in) operating activities	<u>908,243</u>	<u>100,903</u>	<u>610,167</u>	<u>167,111</u>
<b>Cash flows from (used in) investing activities</b>				
Proceeds on disposal of marketable securities	1,021,291	-	1,103,326	-
Acquisition of equipment	-	-	(120,000)	-
Mining claims acquired	(161,845)	(132,325)	(184,785)	(145,158)
Exploration expenditures deferred	(1,199,594)	(248,435)	(1,933,258)	(977,315)
Proceeds from option agreements	906,250	10,000	936,250	15,000
	<u>566,102</u>	<u>(370,760)</u>	<u>(198,467)</u>	<u>(1,107,473)</u>
Cash flows from (used in) investing activities	<u>566,102</u>	<u>(370,760)</u>	<u>(198,467)</u>	<u>(1,107,473)</u>
<b>Cash flows from financing activities</b>				
Common shares issued	-	12,500	120,000	796,330
	<u>-</u>	<u>12,500</u>	<u>120,000</u>	<u>796,330</u>
Cash flows from financing activities	<u>-</u>	<u>12,500</u>	<u>120,000</u>	<u>796,330</u>
Increase (Decrease) in cash and cash equivalents	1,474,345	(257,357)	531,700	(144,032)
Cash and cash equivalents - beginning of period	1,507,703	1,386,413	2,450,348	1,273,088
<b>Cash and cash equivalents - end of period</b>	<b><u>2,982,048</u></b>	<b><u>1,129,056</u></b>	<b><u>2,982,048</u></b>	<b><u>1,129,056</u></b>
<b>Cash and cash equivalents are composed of:</b>				
Cash	<u>2,982,048</u>	<u>1,129,056</u>	<u>2,982,048</u>	<u>1,129,056</u>
<b>ADDITIONAL INFORMATION</b>				
Interest received	20,979	13,479	43,693	26,617
Interest paid	-	-	-	280
Income taxes paid	-	-	-	-

*See accompanying notes to financial statements*

**MURGOR RESOURCES INC.**  
**(A DEVELOPMENT STAGE CORPORATION)**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**AT OCTOBER 31, 2007**  
**(UNAUDITED)**

**1. Nature of operations and going concern**

The Corporation is presently engaged in the business of exploration and development of its mining properties and has not yet determined whether these properties contain ore reserves that are economically recoverable.

The recoverability of amounts shown for mining properties and related deferred costs is dependent upon the discovery of economically recoverable reserves, confirmation of the Corporation's interest in the underlying mining claims, the ability of the Corporation to obtain necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

To date, the Corporation has not earned significant revenues and is considered to be in the development stage. The Corporation has an accumulated deficit of \$6,541,941 at October 31, 2007.

The accompanying financial statements have been prepared using Canadian generally accepted accounting principles applicable to a going concern. However, the Corporation is in the development stage and is subject to the risks and challenges particular to companies at this stage. There is no assurance that the Corporation projects will be successful. As a result, there may be substantial doubt regarding the going concern assumption. The Corporation continuing operations are dependent on the ability to secure adequate financing, the discovery of economically recoverable mineral reserves, securing and maintaining title or beneficial interest in the mining properties and on future profitable production or proceeds from the disposition of the mineral property interests. While the Corporation is expending its best efforts to achieve the above plans, there is no assurance that any such activity will generate sufficient funds for operations. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption be inappropriate.

**2. Significant accounting policies**

**a) Consolidated financial statements**

These consolidated financial statements include the accounts of the Corporation and of its wholly-owned subsidiary Murgor Exploraciones S.A.C.

**b) Basis of presentation**

These financial statements are prepared in accordance with generally accepted accounting principles in Canada. The significant accounting policies followed by the Corporation have been applied consistently in the preparation of these financial statements. These accounting policies are summarized below.

**c) Amortization**

The Corporation records amortization of equipment over a three year period on a straight-line basis.

**d) Use of estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of impairment of assets, mineral property carrying values, useful lives for depreciation and amortization, determination of liability for taxes as a result of flow-through renunciation reversals and determination of fair value for stock based transactions. Financial results as determined by actual events could differ from those estimates.

**MURGOR RESOURCES INC.**  
**(A DEVELOPMENT STAGE CORPORATION)**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**AT OCTOBER 31, 2007**

**e) Mining properties and deferred costs**

Mineral exploration and development costs are capitalized on an individual basis until such time as an economic ore body is defined or the prospect is abandoned. Costs for a producing prospect will be amortized over a period of years, pro-rata to anticipated income, while the costs for the prospects abandoned are written off.

The recoverability of the amounts capitalized for the undeveloped mineral properties is dependent upon the determination of economically recoverable ore reserves, confirmation of the Corporation's interest in the underlying mineral claims, the ability to obtain the necessary financing to complete their development and future profitable production or proceeds from the disposition thereof.

The Corporation assesses its capitalized resource property costs on a regular basis. A property is written down or written off when the Corporation determines that a permanent impairment has occurred or when exploration results indicate that no further work is warranted. A sale of an interest in claims is credited directly to expenditures until such time as all related expenditures are recovered and direct costs incurred to maintain claims are capitalized.

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 Corporation has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing.

**f) Property option agreements**

From time to time, the Corporation may acquire or dispose of properties pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as resource property costs or recoveries when the payments are made or received.

**g) Risk management**

The Corporation is engaged primarily in mineral exploration and manages related industry risk issues directly. The Corporation may be at risk for environmental issues and fluctuations in commodity pricing. Management is not aware of and does not anticipate any significant environmental remediation costs or liabilities in respect of its current operations.

**h) Foreign currency translation**

The financial statements are presented in Canadian dollars. Foreign denominated monetary assets and liabilities are translated to their Canadian dollar equivalents using foreign exchange rates in effect at the balance sheet date. Non-monetary items are translated at historical exchange rates, except for items carried at market value, which are translated at the rate of exchange in effect at the balance sheet date. Revenues and expenses are translated at average rates of exchange during the period. Exchange gains or losses arising on foreign currency translation are included in the determination of operating results for the period.

**i) Financial Instruments**

Effective May 1, 2007, the Corporation adopted the revised Canadian Institute of Chartered Accountants' Handbook Section 3855 - Financial instruments - recognition and measurement, the Corporation has classified their marketable securities as held for trading, and accordingly they are recognized on the balance sheet at their fair values, and changes in fair value are recognized in income in the period in which the change arises. Fair value is determined by the price of the shares at the balance sheet date.

**MURGOR RESOURCES INC.**  
**(A DEVELOPMENT STAGE CORPORATION)**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**AT OCTOBER 31, 2007**

**j) Stock-based compensation**

The Corporation has two stock option plans as described in note 8(b) to its audited consolidated financial statements for the year ended April 30, 2007. Effective May 1, 2003, the Corporation adopted prospectively the recommendations of the Canadian institute of chartered accountants handbook Section 3870, Stock-based compensation and other stock-based payments and began expensing prospectively its stock-based compensation. This Section defines notably recognition, measurement and disclosure standards for stock-based payments to non-employees and employees. Under these standards, all stock-based payments made to non-employees and employees are systematically accounted for in the Corporation's financial statements. These standards define a fair value-based method of accounting. Under this method, compensation cost should be measured at the grant date based on the fair value of the award and is recognized over the related service period. The cost of the stock option compensation plan is recognized in deferred exploration expenditures and administration expenses with a corresponding credit to Contributed surplus using the fair value based method of acco

**k) Earnings per share**

Earnings per share computations are based upon the weighted average number of common shares outstanding during the periods. The Corporation uses the treasury stock method, to compute the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon the exercise of options and warrants. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. In the period of a loss, no diluted loss per share is provided as the inclusion of outstanding share purchase options and warrants would be anti-dilutive.

**l) Income taxes**

The Corporation uses the asset and liability method of accounting for income taxes. Under the asset and liability method, 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 enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of substantive enactment. When the future realization of income tax assets does not meet the test of being more likely than not to occur, a valuation allowance in the amount of the potential future benefit is taken and no net asset is recognized.

**m) Flow-through shares**

The resource expenditure deductions for income tax purposes related to exploration activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian tax legislation. Under the recommendations of the Emerging Issues Committee (EIC 146), future income tax liabilities resulting from the renunciation of qualified mineral expenditures by the Corporation is recorded as a reduction in share capital, provided there is reasonable assurance that the expenditure will be incurred.

**n) Revenue recognition**

Income is recorded on as-earned basis.

**MURGOR RESOURCES INC.**  
**(A DEVELOPMENT STAGE CORPORATION)**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**AT OCTOBER 31, 2007**

**o) Cash held for exploration**

Exploration funds consist of cash, term deposits and short-term investments and represent the unexpended proceeds of financing under the terms of which the Corporation committed to spending the amounts on the exploration of mining properties in Canada.

**p) Cash and cash equivalents**

The Corporation considers cash and cash equivalents to include amounts held in banks and highly liquid investments with remaining maturities at point of purchase of 90 days or less. The Corporation places its cash and cash equivalents with institutions of high-credit worthiness.

**q) Mining rights tax credit and tax credit for mining exploration companies**

The Corporation is entitled to refundable mining rights tax credits on certain mining exploration expenditures incurred in Canada. These tax credits will be applied against the costs incurred.

**r) Comparative figures**

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

**3. Fair value of financial instruments**

The Corporation's financial instruments consist of cash, cash held for exploration work, marketable securities, accounts receivable, accounts payable and accrued liabilities, due to related parties and due to related corporation. Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from the financial instruments. The fair value of these financial instruments approximates their carrying value due to their short-term maturity or capacity for prompt liquidation.

**4. Cash and cash held for exploration work**

Interest earned on cash deposits fluctuated daily at bank prime less 2.25% annually.

**5. Marketable securities**

Effective May 1, 2007, the Corporation adopted the revised Canadian Institute of Chartered Accountants' Handbook Section 3855 - Financial instruments - recognition and measurement and has classified the marketable securities as held for trading. The fair value of the marketable securities at October 31, 2007 was \$733,321. The changes in fair value for the three-month and six-month periods ended October 31, 2007 of \$325,346 and \$233,893 were recorded as income in the respective periods.

**6. Accounts receivable**

Accounts receivable consist mainly of recoverable goods and services taxes paid by the Corporation.

**MURGOR RESOURCES INC.**  
**(A DEVELOPMENT STAGE CORPORATION)**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**AT OCTOBER 31, 2007**

**7. Capital stock**

(a) The authorized and issued capital stock of the Corporation consists of the following:

Authorized: An unlimited number of common shares

	<u>Amount</u>	<u>Number of</u>
	\$	Shares
		#
Balance April 30, 2007 (audited)	23,222,752	112,002,586
Issuance of shares on acquisition of mining properties	43,750	253,488
Issuance of shares for exercise of stock options	<u>120,000</u>	<u>922,857</u>
Balance October 31, 2007 (unaudited)	<u><b>23,386,502</b></u>	<u><b>113,178,931</b></u>

(b) Stock option plan

	<u>Number of</u>	<u>Weighted</u>
	Options	Average
	#	Exercise
		Price
		\$
Balance April 30, 2007 (audited)	7,566,593	0.16
Cancelled / Expired	(88,736)	0.14
Exercised	(922,857)	0.13
Granted	<u>500,000</u>	<u>0.65</u>
Balance October 31, 2007 (unaudited)	<u><b>7,055,000</b></u>	<u><b>0.20</b></u>

Accounting for the stock-based compensation plan

The fair value of the 875,000 options granted during the fiscal year ended April 30, 2005 amounted to \$55,706 after giving effect to the deduction of \$24,000 for the non-vested portion of the options which expired upon the resignation of the optionee in 2006. The fair value was estimated by using the Black-Scholes options pricing model with the following weighted-average assumptions and is being recorded as an expense over the eighteen month vesting period. For the three-month and six-month periods ended October 31, 2007 a total of \$Nil was recorded.

Number of options granted	375,000	500,000
Weighted risk-free interest rate	2.45%	3.24%
Expected volatility	108.5%	116.0%
Dividend yield	Nil	Nil
Weighted average expected life	2 years	5 years

**MURGOR RESOURCES INC.**  
**(A DEVELOPMENT STAGE CORPORATION)**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**AT OCTOBER 31, 2007**

**7. Capital stock (cont'd)**

Accounting for the stock-based compensation plan (cont'd)

The fair value of the 1,600,000 options granted during the fiscal year ended April 30, 2006 amounted to \$158,906 after giving effect to the deduction of \$1,992 for the non-vested portion of the options which expired upon the resignation of the optionee in 2007 and was estimated by using the Black-Scholes options pricing model with the following weighted average assumptions and is being recorded as an expense over the eighteen month vesting period. For the three-month period ended October 31, 2007 a total of \$13,638 was recorded as an exploration expenditure. For the six-month period ended October 31, 2007 a total of \$29,283 was recorded as an administration expense and \$13,638 as an exploration expenditure.

Number of options granted	150,000	300,000	100,000	750,000	300,000
Weighted risk-free interest rate	4.25%	4.00%	4.00%	4.00%	4.00%
Expected volatility	91%	113%	110%	110%	110%
Dividend yield	Nil	Nil	Nil	Nil	Nil
Weighted average expected life	3 years	5 years	5 years	5 years	5 years

The fair value of the 1,760,000 options granted during the fiscal year ended April 30, 2007 amounted to \$309,129 and was estimated by using the Black-Scholes options pricing model with the following weighted average assumptions and is being recorded as an expense over the eighteen month vesting period. For the three-month and six-month periods ended October 31, 2007 a total of \$62,661 was recorded as an administration expense and \$33,940 as an exploration expenditure.

Number of options granted	600,000	100,000	100,000
Weighted risk-free interest rate	4.25%	3.75%	4.25%
Expected volatility	84%	100%	82%
Dividend yield	Nil	Nil	Nil
Weighted average expected life	3 years	5 years	2 years

Number of options granted	1,150,000	200,000	150,000
Weighted risk-free interest rate	3.75%	3.75%	3.75%
Expected volatility	90%	90%	90%
Dividend yield	Nil	Nil	Nil
Weighted average expected life	5 years	5 years	5 years

The fair value of the 750,000 options granted during the fiscal year ending April 30, 2008 amounted to \$80,279 and was estimated by using the Black-Scholes options pricing model with the following weighted average assumptions and is being recorded as an expense over the eighteen month vesting period. For the three-month and six-month periods ended October 31, 2007 a total of \$11,035 was recorded as an administration expense and \$Nil as an exploration expenditure.

Number of options granted	400,000	100,000	250,000
Weighted risk-free interest rate	4.17%	4.54%	4.22%
Expected volatility	75.7%	86.3%	115.8%
Dividend yield	Nil	Nil	Nil
Weighted average expected life	2 years	5 years	5 years

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**7. Capital stock (cont'd)**

(c) Warrants

	<b>Number of Warrants</b>	<b>Weighted Average Exercise Price</b>
	<b>#</b>	<b>\$</b>
Balance April 30, 2007 (audited)	26,346,925	0.27
Granted	-	-
Exercised/Expired	-	-
Balance October 31, 2007 (unaudited)	<b>26,346,925</b>	<b>0.27</b>

(d) Contributed surplus

	<b>Amount</b>
	<b>\$</b>
Balance April 30, 2007 (audited)	800,535
Stock-based compensation	150,558
Balance October 31, 2007 (unaudited)	<b>951,093</b>

**8. Related party transactions**

All related party transactions are in normal course of operations and are measured at the exchange value which is the amount of consideration established and agreed to by the related parties.

(i) Prepaid expenses include an amount of \$10,747 (\$4,730 - October 31, 2006) representing advances to directors and officers for office and exploration expenditures.

(ii) A director and an officer of the Corporation are also a director and an officer of a related corporation. The related corporation charged an aggregate amount of \$22,842 (\$24,460 - October 31, 2006) for administrative costs and services, shared office expenses and exploration expenditures.

(iii) Due to related corporation represents the net amount of charges for shared office and related expenses, as well as joint venture exploration expenditures between Murgor Resources Inc. and Freewest Resources Canada Inc.

One director and one officer are shareholders of the Corporation and are also a director and an officer of Freewest Resources Canada Inc..

(iv) Amounts due to related parties are non-interest bearing with no specific terms of repayment.

(v) Remuneration in the amount of \$12,500 (\$Nil - October 31, 2006) was paid to an officer in his capacity as Secretary-Treasurer and CFO.

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**9. Subsequent events**

On November 22, 2007, the Corporation announced that it had filed Articles of Amendment so as to consolidate its issued and outstanding common shares on the basis of one share for every six shares issued and outstanding. The consolidation of Murgor's common shares was approved by Murgor's shareholders at an annual special meeting of shareholders held on October 25, 2007 and has received regulatory approval. Murgor's shares began trading on the consolidated basis on the TSX Venture Exchange on November 26, 2007 under the new stock symbol "MGR".

Murgor's shareholders also adopted the shareholder rights plan at the an annual special meeting of shareholders held on October 25, 2007.

On December 5, 2007, the Corporation completed a private placement by issuing 1,600,000 "flow-through" common shares to Mavrix of Toronto at a price of \$1.02 per share, for total proceeds to Murgor of \$1,632,000.